116TH CONGRESS 1ST SESSION	S.
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To amend the Higher Education Act of 1965 to automatically discharge the loans of certain veteran borrowers, and for other purposes.

## IN THE SENATE OF THE UNITED STATES

Mr. Reed (for himself and Mr. Isakson) introduced the following bill; which was read twice and referred to the Committee on

## A BILL

To amend the Higher Education Act of 1965 to automatically discharge the loans of certain veteran borrowers, and for other purposes.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. AUTOMATIC LOAN DISCHARGE FOR CERTAIN
- 4 VETERAN BORROWERS.
- 5 Section 437(a) of the Higher Education Act of 1965
- 6 (20 U.S.C. 1087(a)) is amended—
- 7 (1) by striking paragraph (2) and inserting the
- 8 following:
- 9 "(2) DISABILITY DETERMINATIONS.—With re-
- spect to a borrower who has been identified under

1	clause (1) or (11) of paragraph (3)(A), the Secretary
2	shall—
3	"(A) consider such borrower permanently
4	and totally disabled for the purpose of dis-
5	charging the loans of such borrower under this
6	subsection;
7	"(B) discharge the loans of such borrower
8	under this subsection, without any further ac-
9	tion by the borrower (except that this subpara-
10	graph shall not apply to a borrower who opts
11	out of such discharge under subparagraph (C));
12	"(C) in a case of a borrower who lives in
13	a State that may impose a tax liability (as de-
14	scribed in paragraph (4)) for such a loan dis-
15	charge—
16	"(i) notify the borrower of the pos-
17	sible tax liability; and
18	"(ii) provide an opportunity to opt-out
19	of such loan discharge; and
20	"(D) notify such borrower of potential
21	Federal tax implications of such loan discharge
22	under this subsection."; and
23	(2) by adding at the end the following:
24	"(3) Matching Program.—

1	"(A) In general.—Not less than twice
2	per year, the Secretary of Education and the
3	Secretary of Veterans Affairs shall carry out a
4	computer matching program under which the
5	Secretary of Education identifies a borrower—
6	"(i) who has been assigned a rating of
7	total disability by the Secretary of Vet-
8	erans Affairs for a service-connected dis-
9	ability (as defined in section 101 of title
10	38, United States Code); or
11	"(ii) who has been determined by the
12	Secretary of Veterans Affairs to be unem-
13	ployable due to a service-connected condi-
14	tion.
15	"(B) Minor discrepancies.—With re-
16	spect to each borrower who would have been
17	identified under clause (i) or (ii) of subpara-
18	graph (A) but for a minor discrepancy between
19	the information of the borrower maintained by
20	the Secretary of Education and the Secretary of
21	Veterans Affairs (such as a name discrepancy
22	post marriage, a missing hyphen, a transposed
23	number or letter, or other typo), the Secretary
24	of Education and the Secretary of Veterans Af-

1	fairs shall work together to correct such minor
2	discrepancy of such borrower.
3	"(4) State tax liability.—The Secretary
4	shall determine whether a State may impose a tax
5	liability for the discharge of a loan under this sub-
6	section, and in making that determination, the Sec-
7	retary shall—
8	"(A) in the case of a State which does not
9	have an income tax, or which excludes discharge
10	of student loans from its definition of income
11	for tax purposes, determine that the State will
12	not impose tax liability;
13	"(B) in the case of a State which conforms
14	the relevant provisions of its tax law to section
15	108 of the Internal Revenue Code of 1986, de-
16	termine that the State will not impose tax li-
17	ability; and
18	"(C) in the case of a State which does not
19	conform the relevant provisions of its tax law to
20	section 108 of the Internal Revenue Code of
21	1986, consult with the tax authority of that
22	State to determine if the State would seek to
23	impose tax liability and, if not, determine that
24	a State will not impose tax liability.".