

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3136
OFFERED BY MR. TIERNEY OF MASSACHUSETTS**

Add at the end the following new sections:

1 **SEC. 3. REFINANCING PROGRAMS.**

2 (a) PROGRAM AUTHORITY.—Section 451(a) of the
3 Higher Education Act of 1965 (20 U.S.C. 1087a(a)) is
4 amended—

5 (1) by striking “and (2)” and inserting “(2)”;

6 and

7 (2) by inserting “; and (3) to make loans under
8 section 460A and section 460B” after “section
9 459A”.

10 (b) REFINANCING PROGRAM.—Part D of title IV of
11 the Higher Education Act of 1965 (20 U.S.C. 1087a et
12 seq.) is amended by adding at the end the following:

13 **“SEC. 460A. REFINANCING FFEL AND FEDERAL DIRECT
14 LOANS.**

15 “(a) IN GENERAL.—Beginning not later than 180
16 days after the date of enactment of the Advancing Com-
17 petency-Based Education Demonstration Project Act of
18 2013, the Secretary shall establish a program under which
19 the Secretary, upon the receipt of an application from a

1 qualified borrower, reissues the borrower's original loan
2 under this part or part B as a loan under this part, in
3 accordance with the provisions of this section, in order to
4 permit the borrower to obtain the interest rate provided
5 under subsection (c).

6 “(b) REISSUING LOANS.—

7 “(1) FEDERAL DIRECT LOANS.—Upon applica-
8 tion of a qualified borrower, the Secretary shall re-
9 issue a Federal Direct Stafford Loan, a Federal Di-
10 rect Unsubsidized Stafford Loan, a Federal Direct
11 PLUS Loan, or a Federal Direct Consolidation
12 Loan of the qualified borrower, for which the first
13 disbursement was made, or the application for the
14 consolidation loan was received before July 1, 2013,
15 in an amount equal to the sum of—

16 “(A) the unpaid principal, accrued unpaid
17 interest, and late charges of the original loan;
18 and

19 “(B) the administrative fee under sub-
20 section (d)(3).

21 “(2) DISCHARGING AND REISSUING FFEL PRO-
22 GRAM LOANS AS REFINANCED FEDERAL DIRECT
23 LOANS.—Upon application of a qualified borrower
24 for any loan that was made, insured, or guaranteed
25 under part B and for which the first disbursement

1 was made, or the application for the consolidation
2 loan was received, before July 1, 2010, the Secretary
3 shall reissue such loan as a loan under this part, in
4 an amount equal to the sum of the unpaid principal,
5 accrued unpaid interest, and late charges of the
6 original loan and the administrative fee under sub-
7 section (d)(3), to the borrower in accordance with
8 the following:

9 “(A) The Secretary shall pay the proceeds
10 of such reissued loan to the eligible lender of
11 the loan made, insured, or guaranteed under
12 part B, in order to discharge the borrower from
13 any remaining obligation to the lender with re-
14 spect to the original loan.

15 “(B) The Secretary shall reissue—

16 “(i) a loan originally made, insured,
17 or guaranteed under section 428 as a Fed-
18 eral Direct Stafford Loan;

19 “(ii) a loan originally made, insured,
20 or guaranteed under section 428B as a
21 Federal Direct PLUS Loan;

22 “(iii) a loan originally made, insured,
23 or guaranteed under section 428H as a
24 Federal Direct Unsubsidized Stafford
25 Loan; and

1 “(iv) a loan originally made, insured,
2 or guaranteed under section 428C as a
3 Federal Direct Consolidation Loan.

4 “(C) The interest rate for each loan re-
5 issued under this paragraph shall be the rate
6 provided under subsection (c).

7 “(c) INTEREST RATES.—

8 “(1) IN GENERAL.—The interest rate for the
9 reissued Federal Direct Stafford Loans, Federal Di-
10 rect Unsubsidized Stafford Loans, Federal Direct
11 PLUS Loans, and Federal Direct Consolidation
12 Loans, shall be a rate equal to—

13 “(A) in any case where the original loan
14 was a loan under section 428 or 428H, a Fed-
15 eral Direct Stafford loan, or a Federal Direct
16 Unsubsidized Stafford Loan, that was issued to
17 an undergraduate student, a rate equal to the
18 rate for Federal Direct Stafford Loans and
19 Federal Direct Unsubsidized Stafford Loans
20 issued to undergraduate students for the 12-
21 month period beginning on July 1, 2013, and
22 ending on June 30, 2014;

23 “(B) in any case where the original loan
24 was a loan under section 428 or 428H, a Fed-
25 eral Direct Stafford Loan, or a Federal Direct

1 Unsubsidized Stafford Loan, that was issued to
2 a graduate or professional student, a rate equal
3 to the rate for Federal Direct Unsubsidized
4 Stafford Loans issued to graduate or profes-
5 sional students for the 12-month period begin-
6 ning on July 1, 2013, and ending on June 30,
7 2014;

8 “(C) in any case where the original loan
9 was a loan under section 428B or a Federal Di-
10 rect PLUS Loan, a rate equal to the rate for
11 Federal Direct PLUS Loans for the 12-month
12 period beginning on July 1, 2013, and ending
13 on June 30, 2014; and

14 “(D) in any case where the original loan
15 was a loan under section 428C or a Federal Di-
16 rect Consolidation Loan, a rate equal to the
17 rate for Federal Direct PLUS Loans for the
18 12-month period beginning on July 1, 2013,
19 and ending on June 30, 2014.

20 “(2) FIXED RATE.—The applicable rate of in-
21 terest determined under paragraph (1) for a re-
22 issued loan under this section shall be fixed for the
23 period of the loan.

24 “(d) TERMS AND CONDITIONS OF LOANS.—

1 “(1) IN GENERAL.—A loan that is reissued
2 under this section shall have the same terms and
3 conditions as the original loan, except as otherwise
4 provided in this section.

5 “(2) NO AUTOMATIC EXTENSION OF REPAY-
6 MENT PERIOD.—Reissuing a loan under this section
7 shall not result in the extension of the duration of
8 the repayment period of the loan, and the borrower
9 shall retain the same repayment term that was in ef-
10 fect on the original loan. Nothing in this paragraph
11 shall be construed to prevent a borrower from elect-
12 ing a different repayment plan at any time in ac-
13 cordance with section 455(d)(3).

14 “(3) ADMINISTRATIVE FEE.—The Secretary
15 shall charge the borrower of a loan reissued under
16 this section an administrative fee of not more than
17 0.5 percent of the sum of the unpaid principal, and
18 accrued unpaid interest and late charges, of the
19 original loan.

20 “(e) DEFINITION OF QUALIFIED BORROWER.—

21 “(1) IN GENERAL.—For purposes of this sec-
22 tion, the term ‘qualified borrower’ means a bor-
23 rower—

24 “(A) of a loan under this part or part B
25 for which the first disbursement was made, or

1 the application for a consolidation loan was re-
2 ceived, before July 1, 2013; and

3 “(B) who meets the eligibility requirements
4 based on income or debt-to-income ratio estab-
5 lished by the Secretary.

6 “(2) INCOME REQUIREMENTS.—Not later than
7 180 days after the date of enactment of this section,
8 the Secretary shall establish eligibility requirements
9 based on income or debt-to-income ratio that take
10 into consideration providing access to refinancing
11 under this section for borrowers with the greatest fi-
12 nancial need.

13 “(f) EXPIRATION OF AUTHORITY.—The Secretary’s
14 authority to reissue loans under this section shall expire
15 on the date that is determined in accordance with section
16 4 of the Advancing Competency-Based Education Dem-
17 onstration Project Act of 2013.

18 **“SEC. 460B. FEDERAL DIRECT REFINANCED PRIVATE LOAN**
19 **PROGRAM.**

20 “(a) DEFINITIONS.—In this section:

21 “(1) ELIGIBLE PRIVATE EDUCATION LOAN.—
22 The term ‘eligible private education loan’ means a
23 private education loan, as defined in section 140 of
24 the Truth in Lending Act (15 U.S.C. 1650), that—

1 “(A) was disbursed to the borrower before
2 July 1, 2013; and

3 “(B) was for the borrower’s own postsec-
4 ondary educational expenses for an eligible pro-
5 gram at an institution of higher education par-
6 ticipating in the loan program under this part,
7 as of the date that the loan was disbursed.

8 “(2) FEDERAL DIRECT REFINANCED PRIVATE
9 LOAN.—The term ‘Federal Direct Refinanced Pri-
10 vate Loan’ means a loan issued under subsection
11 (b)(1).

12 “(3) PRIVATE EDUCATIONAL LENDER.—The
13 term ‘private educational lender’ has the meaning
14 given the term in section 140 of the Truth in Lend-
15 ing Act (15 U.S.C. 1650).

16 “(4) QUALIFIED BORROWER.—The term ‘quali-
17 fied borrower’ means an individual who—

18 “(A) has an eligible private education loan;

19 “(B) has been current on payments on the
20 eligible private education loan for the 6 months
21 prior to the date of the qualified borrower’s ap-
22 plication for refinancing under this section, and
23 is in good standing on the loan at the time of
24 such application;

1 “(C) is not in default on the eligible pri-
2 vate education loan or on any loan made, in-
3 sured, or guaranteed under this part or part B
4 or E; and

5 “(D) meets the eligibility requirements
6 based on income or debt-to-income ratio estab-
7 lished by the Secretary under subsection (b)(2).

8 “(b) PROGRAM AUTHORIZED.—

9 “(1) IN GENERAL.—The Secretary, in consulta-
10 tion with the Secretary of the Treasury, shall carry
11 out a program under which the Secretary, upon ap-
12 plication by a qualified borrower who has an eligible
13 private education loan, shall issue such borrower a
14 loan under this part in accordance with the fol-
15 lowing:

16 “(A) The loan issued under this program
17 shall be in an amount equal to the sum of the
18 unpaid principal, accrued unpaid interest, and
19 late charges of the private education loan and
20 the origination fee under subsection (f).

21 “(B) The Secretary shall pay the proceeds
22 of the loan issued under this program to the
23 private educational lender of the private edu-
24 cation loan, in order to discharge the qualified

1 borrower from any remaining obligation to the
2 lender with respect to the original loan.

3 “(C) The Secretary shall require that the
4 qualified borrower undergo loan counseling that
5 provides all of the information and counseling
6 required under clauses (i) through (viii) of sec-
7 tion 485(b)(1)(A) before the loan is reissued in
8 accordance with this section, and before the
9 proceeds of such loan are paid to the private
10 educational lender.

11 “(D) The Secretary shall issue the loan as
12 a Federal Direct Refinanced Private Loan,
13 which shall have the same terms, conditions,
14 and benefits as a Federal Direct Unsubsidized
15 Stafford Loan, except as otherwise provided in
16 this section.

17 “(2) INCOME REQUIREMENTS.—Not later than
18 180 days after the date of enactment of the Advanc-
19 ing Competency-Based Education Demonstration
20 Project Act of 2013, the Secretary shall establish
21 eligibility requirements based on income or debt-to-
22 income ratio that take into consideration providing
23 access to refinancing under this section for bor-
24 rowers with the greatest financial need.

25 “(c) INTEREST RATE.—

1 “(1) IN GENERAL.—The interest rate for a
2 Federal Direct Refinanced Private Loan is—

3 “(A) in the case of a Federal Direct Refi-
4 nanced Private Loan for a private education
5 loan originally issued for undergraduate post-
6 secondary educational expenses, a rate equal to
7 the rate for Federal Direct Stafford Loans and
8 Federal Direct Unsubsidized Stafford Loans
9 issued to undergraduate students for the 12-
10 month period beginning on July 1, 2013, and
11 ending on June 30, 2014; and

12 “(B) in the case of a Federal Direct Refi-
13 nanced Private Loan for a private education
14 loan originally issued for graduate or profes-
15 sional degree postsecondary educational ex-
16 penses, a rate equal to the rate for Federal Di-
17 rect Unsubsidized Stafford Loans issued to
18 graduate or professional students for the 12-
19 month period beginning on July 1, 2013, and
20 ending on June 30, 2014.

21 “(2) COMBINED UNDERGRADUATE AND GRAD-
22 UATE STUDY LOANS.—If a Federal Direct Refi-
23 nanced Private Loan is for a private educational
24 loan originally issued for both undergraduate and
25 graduate or professional postsecondary educational

1 expenses, the interest rate shall be a rate equal to
2 the rate for Federal Direct PLUS Loans for the 12-
3 month period beginning on July 1, 2013, and ending
4 on June 30, 2014.

5 “(3) FIXED RATE.—The applicable rate of in-
6 terest determined under this subsection for a Fed-
7 eral Direct Refinanced Private Loan shall be fixed
8 for the period of the loan.

9 “(d) NO INCLUSION IN AGGREGATE LIMITS.—The
10 amount of a Federal Direct Refinanced Private Loan, or
11 a Federal Direct Consolidated Loan to the extent such
12 loan was used to repay a Federal Direct Refinanced Pri-
13 vate Loan, shall not be included in calculating a bor-
14 rower’s annual or aggregate loan limits under section 428
15 or 428H.

16 “(e) NO ELIGIBILITY FOR SERVICE-RELATED RE-
17 PAYMENT.—Notwithstanding sections 428K(a)(2)(A),
18 428L(b)(2), 455(m)(3)(A), and 460(b), a Federal Direct
19 Refinanced Private Loan, or any Federal Direct Consoli-
20 dation Loan to the extent such loan was used to repay
21 a Federal Direct Refinanced Private Loan, shall not be
22 eligible for any loan repayment or loan forgiveness pro-
23 gram under section 428K, 428L, or 460 or for the repay-
24 ment plan for public service employees under section
25 455(m).

1 “(f) ORIGINATION FEE.—The Secretary shall charge
2 the borrower of a Federal Direct Refinanced Private Loan
3 an origination fee that equals the origination fee charged
4 for Federal Direct Unsubsidized Stafford Loans disbursed
5 on the date upon which the Federal Direct Refinanced
6 Private Loan is issued.

7 “(g) EXPIRATION OF AUTHORITY.—The Secretary’s
8 authority to reissue loans under this section shall expire
9 on the date that is determined in accordance with section
10 4 of the Advancing Competency-Based Education Dem-
11 onstration Project Act of 2013.”.

12 (c) AMENDMENTS TO PUBLIC SERVICE REPAYMENT
13 PLAN PROVISIONS.—Section 455(m) of the Higher Edu-
14 cation Act of 1965 (20 U.S.C. 1087e(m)) is amended—

15 (1) by redesignating paragraphs (3) and (4) as
16 paragraphs (4) and (5), respectively;

17 (2) by inserting after paragraph (2) the fol-
18 lowing:

19 “(3) SPECIAL RULES FOR SECTION 460A
20 LOANS.—

21 “(A) REFINANCED FEDERAL DIRECT
22 LOANS.—Notwithstanding paragraph (1), in de-
23 termining the number of monthly payments
24 that meet the requirements of such paragraph
25 for an eligible Federal Direct Loan reissued

1 under section 460A that was originally a loan
2 under this part, the Secretary shall include all
3 monthly payments made on the original loan
4 that meet the requirements of such paragraph.

5 “(B) REFINANCED FFEL LOANS.—In the
6 case of an eligible Federal Direct Loan reissued
7 under section 460A that was originally a loan
8 under part B, only monthly payments made
9 after the date on which the loan was reissued
10 may be included for purposes of paragraph
11 (1).”; and

12 (3) in paragraph (4)(A) (as redesignated by
13 paragraph (1)), by inserting “(including any Federal
14 Direct Stafford Loan, Federal Direct PLUS Loan,
15 Federal Direct Unsubsidized Stafford Loan, or Fed-
16 eral Direct Consolidation Loan reissued under sec-
17 tion 460A)” before the period at the end.

18 (d) INCOME-BASED REPAYMENT.—Section 493C of
19 the Higher Education Act of 1965 (20 U.S.C. 1098e) is
20 amended by adding at the end the following:

21 “(f) SPECIAL RULE FOR REFINANCED LOANS.—

22 “(1) REFINANCED FEDERAL DIRECT AND FFEL
23 LOANS.—In calculating the period of time during
24 which a borrower of a loan that is reissued under
25 section 460A has made monthly payments for pur-

1 poses of subsection (b)(7), the Secretary shall deem
2 the period to include all monthly payments made for
3 the original loan, and all monthly payments made
4 for the reissued loan, that otherwise meet the re-
5 quirements of this section.

6 “(2) FEDERAL DIRECT REFINANCED PRIVATE
7 LOANS.—In calculating the period of time during
8 which a borrower of a Federal Direct Refinanced
9 Private Loan under section 460B has made monthly
10 payments for purposes of subsection (b)(7), the Sec-
11 retary shall include only payments—

12 “(A) that are made after the date of the
13 issuance of the Federal Direct Refinanced Pri-
14 vate Loan; and

15 “(B) that otherwise meet the requirements
16 of this section.”.

17 **SEC. 4. FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS.**

18 (a) IN GENERAL.—Subchapter A of chapter 1 of the
19 Internal Revenue Code of 1986 is amended by adding at
20 the end the following new part:

21 **“PART VII—FAIR SHARE TAX ON HIGH-INCOME**
22 **TAXPAYERS**

“Sec. 59B. Fair share tax.

23 **“SEC. 59B. FAIR SHARE TAX.**

24 “(a) GENERAL RULE.—

1 “(1) PHASE-IN OF TAX.—In the case of any
2 high-income taxpayer, there is hereby imposed for a
3 taxable year (in addition to any other tax imposed
4 by this subtitle) a tax equal to the product of—

5 “(A) the amount determined under para-
6 graph (2), and

7 “(B) a fraction (not to exceed 1)—

8 “(i) the numerator of which is the ex-
9 cess of—

10 “(I) the taxpayer’s adjusted
11 gross income, over

12 “(II) the dollar amount in effect
13 under subsection (c)(1), and

14 “(ii) the denominator of which is the
15 dollar amount in effect under subsection
16 (c)(1).

17 “(2) AMOUNT OF TAX.—The amount of tax de-
18 termined under this paragraph is an amount equal
19 to the excess (if any) of—

20 “(A) the tentative fair share tax for the
21 taxable year, over

22 “(B) the excess of—

23 “(i) the sum of—

1 “(I) the regular tax liability (as
2 defined in section 26(b)) for the tax-
3 able year,

4 “(II) the tax imposed by section
5 55 for the taxable year, plus

6 “(III) the payroll tax for the tax-
7 able year, over

8 “(ii) the credits allowable under part
9 IV of subchapter A (other than sections
10 27(a), 31, and 34).

11 “(b) TENTATIVE FAIR SHARE TAX.—For purposes
12 of this section—

13 “(1) IN GENERAL.—The tentative fair share tax
14 for the taxable year is 30 percent of the excess of—

15 “(A) the adjusted gross income of the tax-
16 payer, over

17 “(B) the modified charitable contribution
18 deduction for the taxable year.

19 “(2) MODIFIED CHARITABLE CONTRIBUTION
20 DEDUCTION.—For purposes of paragraph (1)—

21 “(A) IN GENERAL.—The modified chari-
22 table contribution deduction for any taxable
23 year is an amount equal to the amount which
24 bears the same ratio to the deduction allowable

1 under section 170 (section 642(c) in the case of
2 a trust or estate) for such taxable year as—

3 “(i) the amount of itemized deduc-
4 tions allowable under the regular tax (as
5 defined in section 55) for such taxable
6 year, determined after the application of
7 section 68, bears to

8 “(ii) such amount, determined before
9 the application of section 68.

10 “(B) TAXPAYER MUST ITEMIZE.—In the
11 case of any individual who does not elect to
12 itemize deductions for the taxable year, the
13 modified charitable contribution deduction shall
14 be zero.

15 “(c) HIGH-INCOME TAXPAYER.—For purposes of this
16 section—

17 “(1) IN GENERAL.—The term ‘high-income tax-
18 payer’ means, with respect to any taxable year, any
19 taxpayer (other than a corporation) with an adjusted
20 gross income for such taxable year in excess of
21 \$1,000,000 (50 percent of such amount in the case
22 of a married individual who files a separate return).

23 “(2) INFLATION ADJUSTMENT.—

24 “(A) IN GENERAL.—In the case of a tax-
25 able year beginning after 2015, the \$1,000,000

1 amount under paragraph (1) shall be increased
2 by an amount equal to—

3 “(i) such dollar amount, multiplied by

4 “(ii) the cost-of-living adjustment de-
5 termined under section 1(f)(3) for the cal-
6 endar year in which the taxable year be-
7 gins, determined by substituting ‘calendar
8 year 2014’ for ‘calendar year 1992’ in sub-
9 paragraph (B) thereof.

10 “(B) ROUNDING.—If any amount as ad-
11 justed under subparagraph (A) is not a multiple
12 of \$10,000, such amount shall be rounded to
13 the next lowest multiple of \$10,000.

14 “(d) PAYROLL TAX.—For purposes of this section,
15 the payroll tax for any taxable year is an amount equal
16 to the excess of—

17 “(1) the taxes imposed on the taxpayer under
18 sections 1401, 1411, 3101, 3201, and 3211(a) (to
19 the extent such taxes are attributable to the rate of
20 tax in effect under section 3101) with respect to
21 such taxable year or wages or compensation received
22 during the taxable year, over

23 “(2) the deduction allowable under section
24 164(f) for such taxable year.

1 “(e) SPECIAL RULE FOR ESTATES AND TRUSTS.—
2 For purposes of this section, in the case of an estate or
3 trust, adjusted gross income shall be computed in the
4 manner described in section 67(e).

5 “(f) NOT TREATED AS TAX IMPOSED BY THIS CHAP-
6 TER FOR CERTAIN PURPOSES.—The tax imposed under
7 this section shall not be treated as tax imposed by this
8 chapter for purposes of determining the amount of any
9 credit under this chapter (other than the credit allowed
10 under section 27(a)) or for purposes of section 55.”.

11 (b) CONFORMING AMENDMENT.—Section 26(b)(2) of
12 the Internal Revenue Code of 1986 is amended by redesignig-
13 nating subparagraphs (C) through (X) as subparagraphs
14 (D) through (Y), respectively, and by inserting after sub-
15 paragraph (B) the following new subparagraph:

16 “(C) section 59B (relating to fair share
17 tax),”.

18 (c) CLERICAL AMENDMENT.—The table of parts for
19 subchapter A of chapter 1 of the Internal Revenue Code
20 of 1986 is amended by adding at the end the following
21 new item:

 “PART VII—FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS”.

22 (d) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2014.

1 **SEC. 5. DEFICIT NEUTRAL IMPLEMENTATION OF STUDENT**
2 **LOAN REFINANCING PROGRAMS.**

3 (a) **AMOUNT OF REVENUE.**—The Secretary of Edu-
4 cation shall estimate the amount that is equal to the
5 amount of the net increase in revenue received in the
6 Treasury during the 10-year period beginning on the date
7 of enactment of this Act attributable to the amendments
8 made by section 3 of this Act.

9 (b) **DEFICIT-NEUTRAL TERMINATION OF THE REFI-**
10 **NANCING PROGRAM.**—The Secretary of Education shall
11 terminate the refinancing programs carried out under sec-
12 tions 460A and 460B of the Higher Education Act of
13 1965 on the date that the net cost of carrying out such
14 refinancing programs is equal to the amount of additional
15 revenue estimated under subsection (a).

16 (c) **METHODOLOGY.**—When estimating cost and rev-
17 enue under this section, the Secretary shall utilize the ac-
18 counting methods and assumptions that are used by the
19 Congressional Budget Office, as of the date of enactment
20 of this Act, to make such estimations.

