To amend the Internal Revenue Code of 1986 to provide incentives for employers to establish student loan repayment programs and to make contributions to qualified tuition programs on behalf of children of employees.

IN THE HOUSE OF REPRESENTATIVES

MAY 11, 2016

Mr. DOLD introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide incentives for employers to establish student loan repayment programs and to make contributions to qualified tuition programs on behalf of children of employees.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Higher Education Loan Payments for Students and Parents Act” or the “HELP for Students and Parents Act”.

SEC. 2. EXCLUSION FOR EMPLOYER PAYMENT OF QUALIFIED EDUCATION LOANS AND CERTAIN QUALIFIED TUITION PLAN CONTRIBUTIONS.

(a) In General.—Section 127(c)(1) of the Internal Revenue Code of 1986 is amended by striking “and” at the end of subparagraph (A), by redesignating subparagraph (B) as subparagraph (D), and by inserting after subparagraph (A) the following new subparagraphs:

“(B) the payment by an employer of principal or interest on any qualified education loan (as defined in section 221(d)(1)) incurred by the employee,

“(C) any qualified dependent 529 contributions (as defined in section 45S(d)) made by the employer, and”.

(b) Effective Date.—The amendments made by this section shall apply to payments made by employers after December 31, 2016.

SEC. 3. EMPLOYER PROVIDED HIGHER EDUCATION ASSISTANCE CREDIT.

(a) In General.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:
“SEC. 45S. EMPLOYER-PROVIDED HIGHER EDUCATION ASSISTANCE CREDIT.

“(a) IN GENERAL.—For purposes of section 38, the employer-provided higher education assistance credit determined under this section for the taxable year is an amount equal to the sum of—

“(1) 50 percent of the student loan repayment expenditures of the taxpayer for the taxable year, and

“(2) 50 percent of the qualified dependent 529 contributions made by the taxpayer for the taxable year.

“(b) DOLLAR LIMITATION.—The amount taken into account under each of paragraphs (1) and (2) with respect to any employee for any taxable year shall not exceed $5,250.

“(c) STUDENT LOAN REPAYMENT EXPENDITURE.—For purposes of this section, the term ‘student loan repayment expenditure’ means any amount paid by an employer for principal or interest on any qualified education loan (as defined in section 221(d)(1)) incurred by an employee.

“(d) QUALIFIED DEPENDENT 529 CONTRIBUTION.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualified dependent 529 contribution’ means any amount contributed by an employer to a qualified tuition pro-
gram the designated beneficiary of which is a qualifying child of an employee.

“(2) QUALIFYING CHILD.—The term ‘qualifying child’ means a child who—

“(A) has not attained the age of 19 at the time of the contribution, or

“(B) is a student who has not attained the age of 24 at the time of the contribution.

“(e) SPECIAL RULES.—

“(1) SELF-EMPLOYED INDIVIDUALS.—The term ‘employee’ includes for any year, an individual who is an employee within the meaning of section 401(c)(1) (relating to self-employed individuals).

“(2) EMPLOYER.—An individual who owns the entire interest in an unincorporated trade or business shall be treated as his own employer. A partnership shall be treated as the employer of each partner who is an employee within the meaning of paragraph (2).”.

(b) CREDIT PART OF GENERAL BUSINESS CREDIT.—

Section 38(b) of such Code is amended by striking “plus” at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting “, plus”, and by adding at the end the following new paragraph:
“(37) the employer-provided higher education assistance credit determined under section 45S.”.

(c) Denial of Deduction.—Section 280C of such Code is amended by adding at the end the following new subsection:

“(j) Employer-Provided Higher Education Assistance Credit.—No deduction shall be allowed for that portion of the student loan repayment expenditures (as defined in section 45S(c)) and qualified dependent 529 contributions (as defined in section 45S(d)) otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for such taxable year under section 45S with respect to any such expenditures or contributions, as the case may be.”.

(d) Clerical Amendment.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following new item:

“Sec. 45S. Employer-provided higher education assistance credit.”.

(e) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2016.