115TH CONGRESS
2D SESSION

S. _____

To amend the Internal Revenue Code of 1986 and the Higher Education Act of 1965 to facilitate the disclosure of tax return information to carry out the Higher Education Act of 1965, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. ALEXANDER (for himself, Mr. WHITEHOUSE, Mrs. MURRAY, and Mr. GARDNER) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 and the Higher Education Act of 1965 to facilitate the disclosure of tax return information to carry out the Higher Education Act of 1965, and for other purposes.

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 ''Faster Access to Federal Student Aid Act of 2018''.

SEC. 2. SECURE DISCLOSURE OF TAX-RETURN INFORMATION TO CARRY OUT THE HIGHER EDUCATION ACT OF 1965.

(a) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—

(1) IN GENERAL.—Paragraph (13) of section 6103(l) of the Internal Revenue Code of 1986 is amended to read as follows:

"(13) DISCLOSURE OF RETURN INFORMATION TO CARRY OUT THE HIGHER EDUCATION ACT OF 1965.—

"(A) INCOME-CONTINGENT OR INCOME-BASED REPAYMENT AND TOTAL AND PERMANENT DISABILITY DISCHARGE.—The Secretary shall, upon written request from the Secretary of Education, disclose to officers, employees, and contractors of the Department of Education, as specifically authorized and designated by the Secretary of Education, only for the purpose of (and to the extent necessary in) establishing, renewing, administering, and conducting analyses and forecasts for estimating costs related to income-contingent or income-based repayment programs, and the discharge of loans based on a total and permanent disability (within the meaning of section 437(a) of

the Higher Education Act of 1965), under title IV of the Higher Education Act of 1965, the following return information (as defined in subsection (b)(2)) with respect to taxpayers identified by the Secretary of Education as participating in the loan programs under title IV of such Act, for taxable years specified by such Secretary:

''(i) Taxpayer identity information with respect to such taxpayer.

''(ii) The filing status of such taxpayer.

''(iii) Type of tax return from which the return information is provided.

''(iv) The adjusted gross income of such taxpayer.

''(v) Total number of exemptions claimed, or total number of individuals and dependents claimed, as applicable, on the return.

''(vi) Number of children with respect to which tax credits under section 24 are claimed on the return.

''(vii) Other information determined to be necessary by agreement between the

Secretary and the Secretary of Education to administer the Federal financial aid programs as required by the Higher Education Act of 1965.

''(B) FEDERAL STUDENT FINANCIAL AID.—The Secretary shall, upon written request from the Secretary of Education, disclose to officers, employees, and contractors of the Department of Education, as specifically authorized and designated by the Secretary of Education, only for the purpose of (and to the extent necessary in) determining eligibility for, and amount of, Federal student financial aid under programs authorized by title IV of the Higher Education Act of 1965 and conducting analyses and forecasts for estimating costs related to such programs, the following return information (as defined in subsection (b)(2)) with respect to taxpayers identified by the Secretary of Education as applicants for Federal student financial aid under title IV of such Act, for taxable years specified by such Secretary:

''(i) Taxpayer identity information with respect to such taxpayer.

"(ii) The filing status of such taxpayer.

"(iii) Type of tax return from which the return information is provided.

"(iv) The adjusted gross income of such taxpayer.

"(v) The amount of any net earnings from self-employment (as defined in section 1402), wages (as defined in section 3121(a) or 3401(a)), and taxable income from a farming business (as defined in section 236A(e)(4)) for the period reported on the return.

"(vi) The total income tax of such taxpayer.

"(vii) Total number of exemptions claimed, or total number of individuals and dependents claimed, as applicable, on the return.

"(viii) Number of children with respect to which tax credits under section 24 are claimed on the return.

"(ix) Amount of any credit claimed under section 25A for the taxable year.

"(x) Amount of individual retirement account distributions not included in adjusted gross income for the taxable year.

"(xi) Amount of individual retirement account contributions and payments to self-employed SEP, Keogh, and other qualified plans which were deducted from income for the taxable year.

"(xii) The amount of tax-exempt interest.

"(xiii) Amounts from retirement pensions and annuities not included in adjusted gross income for the taxable year.

"(xiv) If applicable, the fact that there is no return filed for such taxpayer for the applicable year.

"(xv) Other information determined to be necessary by agreement between the Secretary and the Secretary of Education to administer the Federal financial aid programs as required by the Higher Education Act of 1965.

"(C) RESTRICTION ON USE OF DISCLOSED INFORMATION.—

''(i) IN GENERAL.—Return information disclosed under subparagraphs (A) and (B) may be used by officers, employees, and contractors of the Department of Education, as specifically authorized and designated by the Secretary of Education, only for the purposes and to the extent necessary described in such subparagraphs and for mitigating risks (as defined in clause (ii)) relating to the programs described in such subparagraphs.

''(ii) MITIGATING RISKS.—For purposes of this subparagraph, the term 'mitigating risks' means, with respect to the programs described in subparagraphs (A) and (B)—

''(I) analyzing or estimating costs associated with potential changes to the need-analysis formula,

''(II) oversight activities by the Office of Inspector General of the Department of Education as authorized by the Inspector General Act of 1978, as amended,

"(III) developing or administering statistical models that inform support to populations of Federal student loan borrowers who are at risk of default or delinquency,

"(IV) reducing the net cost of improper payments to Federal financial aid recipients, and

"(V) producing aggregate statistics for reporting, research, or consumer information on the performance of programs or institutions of higher education participating in the programs under title IV of the Higher Education Act of 1965.

Such term does not include the conduct of criminal investigations or prosecutions.

"(iii) REDISCLOSURE TO INSTITUTIONS OF HIGHER EDUCATION, STATE HIGHER EDUCATION AGENCIES, AND DESIGNATED SCHOLARSHIP ORGANIZATIONS.—The Secretary of Education, and officers, employees, and contractors of the Department of Education, may disclose return information received under subparagraph

(B), solely for the use in the application, award, and administration of Federal student financial aid, State aid, or aid awarded by eligible institutions or such entities as the Secretary of Education may designate, to the following persons:

''(I) An institution of higher education with which the Secretary of Education has an agreement under subpart 1 of part A, or part D or E, of title IV of the Higher Education Act of 1965.

''(II) A State higher education agency.

''(III) A scholarship organization which is designated by the Secretary of Education as of the date of the enactment of the Faster Access to Federal Student Aid Act of 2018 as an organization eligible to receive the information provided under this clause.

The preceding sentence shall only apply to the extent that the taxpayer with respect to whom the return information relates provides consent for such disclosure to the

Secretary of Education as part of the application for Federal student financial aid under title IV of the Higher Education Act of 1965.

''(D) REQUIRED NOTIFICATION PERIODS.—

''(i) NOTIFICATION TO CONGRESS.—The Secretary and the Secretary of Education shall issue joint notifications to the Committees on Finance and Health, Education, Labor, and Pensions of the Senate and the Committees on Ways and Means and Education and the Workforce of the House of Representatives not less than 120 days prior to the first disclosure of any type of return information under subparagraph (A)(vii) or (B)(xv) with respect to which such a notification has not been previously made.

''(ii) PUBLIC NOTICE AND COMMENT.—There shall be a public notice and comment period beginning not less than 60 days prior to the first disclosure of any type of return information under subparagraph (A)(vii) or (B)(xv) with respect to

which such a notification has not been previously made, subsequent to the period allotted for Congressional comment under clause (i).''.

(2) CONFIDENTIALITY OF RETURN INFORMATION.—Section 6103(a)(3) of such Code is amended by inserting '', (13)(A), (13)(B)'' after ''(12)''.

(3) CONFORMING AMENDMENTS.—Section 6103(p)(4) of such Code is amended—

(A) by inserting ''(A), (13)(B)'' after ''(13)'' each place it occurs, and

(B) by inserting '', (13)(A), (13)(B)'' after ''(l)(10)'' each place it occurs.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to disclosures made under section 6103(l)(13) of the Internal Revenue Code of 1986 (as amended by this section) after the date of the enactment of this Act.

SEC. 3. NOTIFICATION OF REQUEST FOR TAX RETURN INFORMATION.

(a) IN GENERAL.—Part G of title IV of the Higher Education Act of 1965 (20 U.S.C. 1088 et seq.) is amended by adding at the end the following:

"SEC. 494. NOTIFICATION OF REQUEST FOR TAX RETURN INFORMATION.

''The Secretary shall advise students and borrowers who submit an application for Federal student financial aid under this title or for the discharge of a loan based on permanent and total disability, as described in section 437(a), or who request an income-contingent or income-based repayment plan on their loan (as well as parents and spouses who sign such an application or request or a Master Promissory Note on behalf of those students and borrowers) that the Secretary has the authority to request that the Internal Revenue Service disclose their tax return information (as well as that of parents and spouses who sign such an application or request or a Master Promissory Note on behalf of those students and borrowers) to officers, employees, and contractors of the Department of Education as authorized under section 6103(1)(13) of the Internal Revenue Code of 1986, to the extent necessary for the Secretary to carry out this title.''.

(b) CONFORMING AMENDMENT.—Section 484(q) of the Higher Education Act of 1965 (20 U.S.C. 1091(q)) is amended to read as follows:

''(q) reserved''.

SEC. 4. REPORTS ON IMPLEMENTATION.

(a) IN GENERAL.—Not later than each specified date, the Secretary of Education and the Secretary of the

Treasury shall issue joint reports to the Committees on Health, Education, Labor, and Pensions and Finance of the Senate and the Committees on Education and the Workforce and Ways and Means of the House of Representatives regarding the amendments made by this Act. Each such report shall include, as applicable—

(1) an update on the status of implementation of the amendments made by this Act,

(2) an evaluation of the processing of applications for Federal student financial aid, and applications for income-based repayment and income contingent repayment, under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.), in accordance with the amendments made by this Act, and

(3) implementation issues and suggestions for potential improvements.

(b) SPECIFIED DATE.—For purposes of subsection (a), the term ''specified date'' means—

(1) the date that is 90 days after the date of the enactment of this Act,

(2) the date that is 120 days after the first day that the disclosure process established under section 6103(l)(13) of the Internal Revenue Code of 1986, as amended by section 2(a) of this Act, is oper-

ational and accessible to officers, employees, and contractors of the Department of Education (as specifically authorized and designated by the Secretary of Education), and

(3) the date that is 1 year after the report date described in paragraph (2).