AMENDMENT TO RULES COMMITTEE PRINT 115-39

OFFERED BY MR. DANNY K. DAVIS OF ILLINOIS

At the end, add the following:

TITLE VI—STUDENT LOANS

SEC. 6001. TREATMENT OF STUDENT LOAN PAYMENTS AS ELECTIVE DEFERRALS FOR PURPOSES OF MATCHING CONTRIBUTIONS.

(a) In general.—Subparagraph (A) of section 401(m)(4) of the Internal Revenue Code of 1986 is amended by striking “and” at the end of clause (i), by striking the period at the end of clause (ii) and inserting “, and”, and by adding at the end the following new clause:

“(iii) subject to the requirements of paragraph (13), any employer contribution made to a defined contribution plan on behalf of an employee on account of a qualified student loan payment, except that the employee may elect for up to 50 percent of the employer contribution to be made to the principal on a qualified student loan.”.
(b) Qualified Student Loan Payment.—Paragraph (4) of section 401(m) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(D) Qualified Student Loan Payment.—The term ‘qualified student loan payment’ means a payment made by an employee in repayment of a qualified education loan (as defined in section 221(d)(1)) incurred to pay qualified higher education expenses (as defined in section 221(d)(2), without regard to any reduction under subparagraphs (A) and (B) thereof) of the employee, but only—

“(i) to the extent such payments in the aggregate for the year do not exceed an amount equal to—

“(I) the limitation applicable under section 402(g) for the year (or, if lesser, the employee’s compensation (as defined in section 415(c)(3)) for the year), reduced by

“(II) the elective deferrals made by the employee for such year, and

“(ii) if the employee provides evidence of such loan and such payments to the em-
ployer making the matching contribution under this paragraph.”.

(c) Matching Contributions for Qualified Student Loan Payments.—Subsection (m) of section 401 of the Internal Revenue Code of 1986 is amended by redesignating paragraph (13) as paragraph (14), and by inserting after paragraph (12) the following new paragraph:

“(13) Matching contributions for qualified student loan payments.—

“(A) In general.—For purposes of paragraph (4)(A)(iii), an employer contribution made to a defined contribution plan on account of a qualified student loan payment shall be treated as a matching contribution for purposes of this title if—

“(i) the plan provides matching contributions on account of elective deferrals at the same rate as contributions on account of qualified student loan payments,

“(ii) the plan provides matching contributions on account of qualified student loan payments only on behalf of employees otherwise eligible to make elective deferrals, and
“(iii) under the plan, all employees eligible to receive matching contributions on account of elective deferrals are eligible to receive matching contributions on account of qualified student loan payments.

“(B) TREATMENT FOR PURPOSES OF NON-DISCRIMINATION RULES, ETC.—

“(i) NONDISCRIMINATION RULES.—

For purposes of subparagraph (A)(iii), subsection (a)(4), and section 410(b), matching contributions described in paragraph (4)(A)(iii) shall not fail to be treated as available to an employee solely because such employee does not have debt incurred under a qualified education loan (as defined in section 221(d)(1)).

“(ii) STUDENT LOAN PAYMENTS NOT TREATED AS PLAN CONTRIBUTION.—Except as provided in clause (iii), a qualified student loan payment shall not be treated as a contribution to a plan under this title.

“(iii) MATCHING CONTRIBUTION RULES.—Solely for purposes of meeting the requirements of paragraph (11)(B) or (12) of this subsection, or paragraph
(11)(B)(i)(II), (12)(B), or (13)(D) of subsection (k), a plan may treat a qualified student loan payment as an elective deferral or an elective contribution, whichever is applicable.

“(C) TREATMENT OF CERTAIN STUDENT LOAN PRINCIPAL PAYMENTS AS MATCHING CONTRIBUTIONS.—Amounts elected by an employee under paragraph (4)(A)(iii) to be made to reduce the principal on a qualified student loan shall be treated as an employer contribution for purposes of subparagraph (A).

“(D) REGULATIONS.—The Secretary shall promulgate regulations setting forth the conditions under which a plan administrator may rely on evidence submitted by an employee of qualified student loan payments made by the employee. Such conditions shall not require independent verification of the payments absent reason to believe the information provided by the employee is incorrect.”.

(d) SIMPLE RETIREMENT ACCOUNTS.—Paragraph (2) of section 408(p) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:
“(F) MATCHING CONTRIBUTIONS FOR QUALIFIED STUDENT LOAN PAYMENTS.—

“(i) IN GENERAL.—Subject to the rules of clause (iii), an arrangement shall not fail to be treated as meeting the requirements of subparagraph (A)(iii) solely because under the arrangement, solely for purposes of such subparagraph, qualified student loan payments are treated as amounts elected by the employee under subparagraph (A)(i)(I) to the extent such payments do not exceed—

“(I) the applicable dollar amount under subparagraph (E) (after application of section 414(v)) for the year (or, if lesser, the employee’s compensation (as defined in section 415(c)(3)) for the year), reduced by

“(II) any other amounts elected by the employee under subparagraph (A)(i)(I) for the year.

“(ii) QUALIFIED STUDENT LOAN PAYMENT.—For purposes of this subparagraph, the term ‘qualified student loan payment’ means a payment made by an
employee in repayment of a qualified education loan (as defined in section 221(d)(1)) incurred to pay qualified higher education expenses (as defined in section 221(d)(2), without regard to any reduction under subparagraphs (A) and (B) thereof) of the employee, but only if the employee provides evidence of such loan and such payments to the employer making the matching contribution.

“(iii) APPLICABLE RULES.—Clause (i) shall apply to an arrangement only if, under the arrangement—

“(I) matching contributions on account of qualified student loan payments are provided only on behalf of employees otherwise eligible to elect contributions under subparagraph (A)(i)(I), and

“(II) all employees otherwise eligible to participate in the arrangement are eligible to receive matching contributions on account of qualified student loan payments.
“(iv) Regulations.—The Secretary shall promulgate regulations setting forth the conditions under which a plan administrator may rely on evidence submitted by an employee of qualified student loan payments made by the employee. Such conditions shall not require independent verification of the payments absent reason to believe the information provided by the employee is incorrect.”.

(e) Effective Date.—The amendments made by this section shall apply to contributions made for years beginning after December 31, 2017.

SEC. 6002. CORPORATE RATE INCREASE TO ACHIEVE REVENUE NEUTRALITY.

(a) In General.—The rate of tax specified in section 11(b)(1) of the Internal Revenue Code of 1986 (after the amendment made by section 3001(a)) shall be increased by such number of percentage points as is necessary to fully offset the reduction in Federal revenues which result from the amendments by sections 6001.

(b) Effective Date.—Subsection (a) shall apply as if such provision were an amendment made by section 3001(a).