

115TH CONGRESS  
1ST SESSION

# H. R. 500

To amend the Internal Revenue Code of 1986 to exclude from gross income any discharge of indebtedness income on education loans of deceased or disabled veterans.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 12, 2017

Mr. DESJARLAIS (for himself, Mrs. BLACK, Mrs. BLACKBURN, Mr. BRAT, Mr. COHEN, Mr. COOPER, Mr. DUNCAN of Tennessee, Mr. FLEISCHMANN, Mr. KING of Iowa, Mr. KUSTOFF of Tennessee, Mr. MASSIE, Mr. ROE of Tennessee, Mr. ROHRABACHER, Mr. STIVERS, and Mrs. BROOKS of Indiana) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income any discharge of indebtedness income on education loans of deceased or disabled veterans.

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. SHORT TITLE.**

4 This Act may be cited as the “Tax Relief for our Na-  
5 tion’s Heroes Act” or the “Andrew P. Carpenter Tax  
6 Act”.

1 **SEC. 2. DISCHARGE OF INDEBTEDNESS INCOME ON EDU-**  
2 **CATION LOANS OF DECEASED OR DISABLED**  
3 **VETERANS.**

4 (a) IN GENERAL.—Subsection (f) of section 108 of  
5 the Internal Revenue Code of 1986 is amended by adding  
6 at the end the following new paragraph:

7 “(5) DECEASED OR DISABLED VETERANS.—

8 “(A) IN GENERAL.—In the case of any  
9 student loan described in subparagraph (C) of  
10 a covered individual, no amount which (but for  
11 this paragraph) would otherwise be includible in  
12 gross income by reason of the discharge (in  
13 whole or in part) of such loan shall be includ-  
14 ible in gross income of any signer or cosigner  
15 on such loan.

16 “(B) COVERED INDIVIDUAL.—The term  
17 ‘covered individual’ means an individual—

18 “(i) who is a veteran or member of  
19 the Armed Forces of the United States,  
20 who served on active duty in the Armed  
21 Forces of the United States, and

22 “(ii) who—

23 “(I) is deceased—

24 “(aa) as a result of a serv-  
25 ice-connected death, or

1 “(bb) as a result of a serv-  
2 ice-connected disability incurred  
3 as a result of such active duty  
4 service, or

5 “(II) has a service-connected dis-  
6 ability the Secretary of Veterans Af-  
7 fairs has rated as total.

8 “(C) STUDENT LOAN DESCRIBED.—For  
9 purposes of subparagraph (A), a student loan  
10 described in this subparagraph is a loan that—

11 “(i) is made, insured, or guaranteed  
12 under title IV of the Higher Education Act  
13 of 1965, or

14 “(ii) is a private education loan (as  
15 defined in section 140(a)(7) of the Truth  
16 in Lending Act (15 U.S.C. 1650(a)(7))),  
17 made by an entity (other than an entity  
18 described in paragraph (2)) to an indi-  
19 vidual to assist the individual in attending  
20 an educational organization described in  
21 section 170(b)(1)(A)(ii).

22 “(D) SERVICE-CONNECTED.—For purposes  
23 of subparagraph (A), the term ‘service-con-  
24 nected’ has the meaning given such term by

1           section 101(16) of title 38, United States  
2           Code.”.

3           (b) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to discharges of indebtedness oc-  
5 ccurring on or after October 7, 2001.

6           (c) WAIVER OF LIMITATION FOR CREDITS AND RE-  
7 FUNDS ATTRIBUTABLE TO THIS ACT.—If the credit or re-  
8 fund of any overpayment of tax resulting from the applica-  
9 tion of the amendment made by subsection (a) to a period  
10 before the date of enactment of this Act is prevented as  
11 of such date by the operation of any law or rule of law  
12 (including res judicata), such credit or refund may never-  
13 theless be allowed or made if the claim therefor is filed  
14 before the close of the 2-year period beginning on the date  
15 of the enactment of this Act.

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