II

119TH CONGRESS
2D SESSION

S. 3761

To amend the Internal Revenue Code of 1986 to exempt qualified student loan bonds from the volume cap and the alternative minimum tax.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 3, 2026

Mr. GRASSLEY (for himself, Mr. WELCH, and Mr. CASSIDY) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to exempt qualified student loan bonds from the volume cap and the alternative minimum tax.

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 "Student Loan Bond Expansion Act of 2026".

SEC. 2. QUALIFIED STUDENT LOAN BONDS EXEMPT FROM VOLUME CAP AND ALTERNATIVE MINIMUM TAX.

(a) EXEMPTION FROM VOLUME CAP.—

(1) IN GENERAL.—Section 146(g) of the Internal Revenue Code of 1986 is amended by redesignating paragraphs (2) through (6) as paragraphs (3) through (7), respectively, and by inserting after paragraph (1) the following new paragraph:

"(2) any qualified student loan bond,".

(2) SPECIAL RULE FOR APPLICATION OF POOLED FINANCING BOND RULES.—Section 149(f)(6) of such Code is amended by adding at the end the following new subparagraph:

"(C) SPECIAL RULE FOR QUALIFIED STUDENT LOAN BONDS.—For purposes of subparagraph (A), in the case of any qualified student loan bond, the term 'ultimate borrower' shall not include any student borrower.".

(3) CONFORMING AMENDMENT.—Section 146(g) of such Code is amended by striking "Paragraphs (4) and (5)" in the last sentence and inserting "Paragraphs (5) and (6)".

(b) EXEMPTION FROM ALTERNATIVE MINIMUM TAX.—Section 57(a)(5)(C) of the Internal Revenue Code of 1986 is amended by redesignating clauses (iv), (v), and (vi) as clauses (v), (vi), and (vii), respectively, and by inserting after clause (iii) the following new clause:

"(iv) EXCEPTION FOR QUALIFIED STUDENT LOAN BONDS.—For purposes of clause (i), the term 'private activity bond' shall not include any bond issued after the date of the enactment of this clause if such bond is a qualified student loan bond (as defined in section 144(b)). The preceding sentence shall not apply to any refunding bond unless such preceding sentence applied to the refunded bond (or in the case of a series of refundings, the original bond).".

(c) EFFECTIVE DATES.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

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