

119TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

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

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IN THE SENATE OF THE UNITED STATES

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

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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.

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 “Student Loan Bond  
5       Expansion Act of 2026”.

6       **SEC. 2. QUALIFIED STUDENT LOAN BONDS EXEMPT FROM**  
7                       **VOLUME CAP AND ALTERNATIVE MINIMUM**  
8                       **TAX.**

9       (a) EXEMPTION FROM VOLUME CAP.—

1           (1) IN GENERAL.—Section 146(g) of the Inter-  
2           nal Revenue Code of 1986 is amended by redesignig-  
3           nating paragraphs (2) through (6) as paragraphs  
4           (3) through (7), respectively, and by inserting after  
5           paragraph (1) the following new paragraph:

6           “(2) any qualified student loan bond,”.

7           (2) SPECIAL RULE FOR APPLICATION OF  
8           POOLED FINANCING BOND RULES.—Section  
9           149(f)(6) of such Code is amended by adding at the  
10          end the following new subparagraph:

11           “(C) SPECIAL RULE FOR QUALIFIED STU-  
12          DENT LOAN BONDS.—For purposes of subpara-  
13          graph (A), in the case of any qualified student  
14          loan bond, the term ‘ultimate borrower’ shall  
15          not include any student borrower.”.

16          (3) CONFORMING AMENDMENT.—Section  
17          146(g) of such Code is amended by striking “Para-  
18          graphs (4) and (5)” in the last sentence and insert-  
19          ing “Paragraphs (5) and (6)”.

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

1                   “(iv) EXCEPTION FOR QUALIFIED  
2                   STUDENT LOAN BONDS.—For purposes of  
3                   clause (i), the term ‘private activity bond’  
4                   shall not include any bond issued after the  
5                   date of the enactment of this clause if such  
6                   bond is a qualified student loan bond (as  
7                   defined in section 144(b)). The preceding  
8                   sentence shall not apply to any refunding  
9                   bond unless such preceding sentence ap-  
10                  plied to the refunded bond (or in the case  
11                  of a series of refundings, the original  
12                  bond).”.

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