

116TH CONGRESS
1ST SESSION

H. R. 4038

To amend the Internal Revenue Code of 1986 to exclude certain post-graduation scholarship grants from gross income in the same manner as qualified scholarships to promote economic growth.

IN THE HOUSE OF REPRESENTATIVES

JULY 25, 2019

Mr. LAHOOD (for himself and Ms. SEWELL of Alabama) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to exclude certain post-graduation scholarship grants from gross income in the same manner as qualified scholarships to promote economic growth.

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 “Workforce Develop-
5 ment Through Post-Graduation Scholarships Act of
6 2019”.

1 **SEC. 2. POST-GRADUATION SCHOLARSHIP GRANTS EX-**
2 **CLUDED FROM GROSS INCOME IN SAME MAN-**
3 **NER AS QUALIFIED SCHOLARSHIPS.**

4 (a) IN GENERAL.—Section 117(a) of the Internal
5 Revenue Code of 1986 is amended—

6 (1) by striking the period at the end and insert-
7 ing “, or”;

8 (2) by striking “any amount received” and in-
9 serting the following: “any amount which—

10 “(1) is received”; and

11 (3) by adding at the end the following new
12 paragraph:

13 “(2) is a post-graduation scholarship grant re-
14 ceived by or paid on behalf of an individual.”.

15 (b) POST-GRADUATION SCHOLARSHIP GRANT.—Sec-
16 tion 117(b) of such Code is amended by redesignating
17 paragraph (2) as paragraph (3) and by inserting after
18 paragraph (1) the following new paragraph:

19 “(2) POST-GRADUATION SCHOLARSHIP
20 GRANT.—

21 “(A) IN GENERAL.—The term ‘post-grad-
22 uation scholarship grant’ means any grant pro-
23 gram—

24 “(i) which is established by an organi-
25 zation which—

1 “(I) is described in section
2 501(c)(3) and exempt from tax under
3 section 501(a), and

4 “(II) is either a private founda-
5 tion (other than a private foundation
6 established by an organization de-
7 scribed in section 170(b)(1)(A)(ii) or
8 an organization described in section
9 170(b)(1)(A)(iii) the principal purpose
10 or function of which is the provision
11 of medical education) or a community
12 trust described in section
13 170(b)(1)(A)(vi),

14 “(ii) which is designed to encourage
15 individuals to serve in occupations of
16 unmet needs or in areas of unmet needs
17 (as such terms are used in section
18 108(f)(2)(D)(ii)), and

19 “(iii) under which, in accordance with
20 the conditions of a grant, such organiza-
21 tion repays any portion of an applicable
22 education loan incurred by an individual.

23 “(B) APPLICABLE EDUCATION LOAN.—For
24 purposes of subparagraph (A)(iii), the term ‘ap-
25 plicable education loan’ means, with respect to

1 any individual, a qualified education loan (as
2 defined in section 221(d)(1)) incurred to pay
3 qualified higher education expenses (as defined
4 in section 221(d)(2)) of such individual.”.

5 (c) AMOUNT NOT TREATED AS TAXABLE EXPENDI-
6 TURE BY PRIVATE FOUNDATION.—Section 4945(g) of
7 such Code is amended by striking “or” at the end of para-
8 graph (2), by striking the period at the end of paragraph
9 (3) and inserting “, or”, and by adding at the end the
10 following new paragraph:

11 “(4) the grant is a post-graduation scholarship
12 grant (as defined in section 117(b)(2)).”.

13 (d) DENIAL OF DOUBLE BENEFIT.—Section 221(e)
14 of such Code is amended by redesignating paragraphs (2)
15 and (3) as paragraphs (3) and (4), respectively, and by
16 inserting after paragraph (1) the following new paragraph:

17 “(2) DENIAL OF DOUBLE BENEFIT IN CASE OF
18 POST-GRADUATION SCHOLARSHIP GRANTS.—Any in-
19 terest which is paid as part of a post-graduation
20 scholarship grant and excluded from gross income
21 under section 117 shall not be taken into account
22 under this section.”.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

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