

105TH CONGRESS
1ST SESSION

H. R. 1633

To amend the Internal Revenue Code of 1986 to allow a refundable credit
for education expenses.

IN THE HOUSE OF REPRESENTATIVES

MAY 15, 1997

Mr. PITTS 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 allow a
refundable credit for education expenses.

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 “Children’s Education
5 Tax Credit Act”.

6 **SEC. 2. CREDIT FOR EDUCATION EXPENSES.**

7 (a) IN GENERAL.—Subpart C of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of
9 1986 (relating to refundable credits) is amended by redes-

1 ignating section 35 as section 36 and by inserting after
 2 section 34 the following new section:

3 **“SEC. 35. EDUCATION EXPENSES.**

4 “(a) GENERAL RULE.—In the case of an individual,
 5 there shall be allowed as a credit against the tax imposed
 6 by this subtitle for the taxable year, the amount of the
 7 qualified education expenses paid by the taxpayer during
 8 the taxable year for the education of the taxpayer, the tax-
 9 payer’s spouse, or any individual with respect to whom the
 10 taxpayer is allowed a deduction under section 151(c).

11 “(b) LIMITATION.—

12 “(1) AMOUNT PER INDIVIDUAL.—The amount
 13 allowed as a credit under subsection (a) for any tax-
 14 able year with respect to the qualified education ex-
 15 penses of any 1 individual shall not exceed \$450.

16 “(2) PRORATION OF CREDIT WHERE MORE
 17 THAN ONE TAXPAYER PAYS EXPENSES.—If the
 18 qualified education expenses of an individual are
 19 paid by more than one taxpayer during any calendar
 20 year, the dollar limitation under paragraph (1) shall
 21 be allocated among such taxpayers in proportion to
 22 their respective shares of the qualified education ex-
 23 penses of such individual paid during such calendar
 24 year by all such taxpayers.

25 “(c) DEFINITIONS.—For purposes of this section—

1 “(1) QUALIFIED EDUCATION EXPENSES.—

2 “(A) IN GENERAL.—The term ‘qualified
3 education expenses’ means amounts paid for—

4 “(i) tuition and fees required for the
5 enrollment or attendance of a student at
6 an eligible educational institution, and

7 “(ii) fees, books, supplies, and equip-
8 ment required for courses of instruction at
9 an eligible educational institution.

10 “(B) MEALS AND LODGING EXPENSES NOT
11 INCLUDED.—Such term does not include any
12 amount paid, directly or indirectly, for meals,
13 lodging, or similar personal, living, or family ex-
14 penses. In the event an amount paid for tuition
15 or fees includes an amount for meals, lodging,
16 or similar expenses which is not separately stat-
17 ed, the portion of such amount which is attrib-
18 utable to meals, lodging, or similar expenses
19 shall be determined under regulations pre-
20 scribed by the Secretary.

21 “(C) SPECIAL RULE FOR HOME SCHOOL-
22 ING.—In the case of education furnished in the
23 home (as a substitute for public education)
24 which meets the requirements of State law re-
25 lating to compulsory school attendance, the

1 term ‘qualified education expenses’ means
 2 amounts paid for books, computer software,
 3 and other supplies used in furnishing such edu-
 4 cation.

5 “(2) ELIGIBLE EDUCATIONAL INSTITUTION.—

6 The term ‘eligible educational institution’ means—

7 “(A) an institution of higher education,

8 “(B) a vocational school,

9 “(C) a secondary school, or

10 “(D) an elementary school.

11 “(3) INSTITUTION OF HIGHER EDUCATION.—

12 The term ‘institution of higher education’ means the
 13 institutions described in section 1201(a) or 481(a)
 14 of the Higher Education Act of 1965.

15 “(4) VOCATIONAL SCHOOL.—The term ‘voca-
 16 tional school’ means an area vocational education
 17 school as defined in section 521(3) of the Carl D.
 18 Perkins Vocational Education Act.

19 “(5) ELEMENTARY AND SECONDARY
 20 SCHOOLS.—The terms ‘elementary school’ and ‘sec-
 21 ondary school’ have the respective meanings given
 22 such terms by section 14101 of the Elementary and
 23 Secondary Education Act of 1965.

24 “(d) SPECIAL RULES.—

1 “(1) ADJUSTMENT FOR CERTAIN SCHOLAR-
2 SHIPS AND VETERANS’ BENEFITS.—The amounts
3 otherwise taken into account under subsection (a) as
4 qualified education expenses of any individual during
5 any period shall be reduced (before the application
6 of subsection (b)) by the sum of the amounts re-
7 ferred to in section 135(d)(1) which are received
8 with respect to such individual for the taxable year.

9 “(2) ELIGIBLE COURSES.—Except as provided
10 in subsection (c)(1)(C), amounts paid for qualified
11 education expenses of any individual shall be taken
12 into account under subsection (a) only to the extent
13 such expenses—

14 “(A) are attributable to courses of instruc-
15 tion offered by an elementary or secondary
16 school, or

17 “(B) are attributable to courses of instruc-
18 tion for which credit is allowed toward a bacca-
19 laurate or graduate degree by an institution of
20 higher education or toward a certificate of re-
21 quired course work at a vocational school.

22 “(3) INDIVIDUAL MUST BE AT LEAST HALF-
23 TIME STUDENT.—Except as provided in subsection
24 (c)(1)(C), no credit shall be allowed under sub-
25 section (a) for amounts paid during the taxable year

1 for qualified education expenses with respect to any
2 individual unless that individual, during any 4 cal-
3 endar months during the calendar year in which the
4 taxable year of the taxpayer begins, is at least a
5 half-time student at an eligible education institution.

6 “(4) SPOUSE.—No credit shall be allowed under
7 subsection (a) for amounts paid during the taxable
8 year for qualified education expenses for the spouse
9 of the taxpayer unless—

10 “(A) the taxpayer is entitled to an exemp-
11 tion for his spouse under section 151(b) for the
12 taxable year, or

13 “(B) the taxpayer files a joint return with
14 his spouse for the taxable year.

15 “(e) DISALLOWANCE OF EXPENSES AS DEDUC-
16 TION.—No deduction shall be allowed under section 162
17 (relating to trade or business expenses) for any qualified
18 education expense which (after the application of sub-
19 section (b)) is taken into account in determining the
20 amount of any credit allowed under subsection (a). The
21 preceding sentence shall not apply to the qualified edu-
22 cation expenses of any taxpayer who, under regulations
23 prescribed by the Secretary, elects not to apply the provi-
24 sions of this section with respect to such expenses for the
25 taxable year.

1 “(f) REGULATIONS.—The Secretary shall prescribe
2 such regulations as may be necessary to carry out the pro-
3 visions of this section.”

4 (b) TECHNICAL AMENDMENTS.—

5 (1) Paragraph (2) of section 1324(b) of title
6 31, United States Code, is amended by inserting be-
7 fore the period “or from section 35 of such Code”.

8 (2) The table of sections for subpart C of part
9 IV of subchapter A of chapter 1 of such Code is
10 amended by striking the last item and inserting the
11 following new items:

“Sec. 35. Education expenses.
“Sec. 36. Overpayments of tax.”

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 the date of the enactment of this Act.

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