

106TH CONGRESS
1ST SESSION

H. R. 2873

To amend the Internal Revenue Code of 1986 to allow individuals a deduction for contributions to education individual retirement accounts, to increase the amount which may be contributed to such accounts, to permit such accounts to be used to pay elementary and secondary education expenses and training expenses of older individuals, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 15, 1999

Mr. ENGLISH 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 individuals a deduction for contributions to education individual retirement accounts, to increase the amount which may be contributed to such accounts, to permit such accounts to be used to pay elementary and secondary education expenses and training expenses of older individuals, and for other purposes.

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 “Education for Life Act
5 of 1999”.

1 **SEC. 2. MODIFICATIONS TO EDUCATION INDIVIDUAL RE-**
 2 **TIREMENT ACCOUNTS.**

3 (a) WITHDRAWALS FOR ELEMENTARY AND SEC-
 4 ONDARY SCHOOL EXPENSES AND FOR JOB TRAINING EX-
 5 PENSES BY OLDER INDIVIDUALS.—

6 (1) IN GENERAL.—Section 530(b)(2) of the In-
 7 ternal Revenue Code of 1986 is amended to read as
 8 follows:

9 “(2) QUALIFIED EDUCATION EXPENSES.—

10 “(A) IN GENERAL.—The term ‘qualified
 11 education expenses’ means—

12 “(i) qualified elementary and sec-
 13 ondary education expenses (as defined in
 14 paragraph (4)),

15 “(ii) qualified higher education ex-
 16 penses (as defined in section 529(e)(3)),
 17 and

18 “(iii) qualified job training expenses
 19 (as defined in paragraph (5)).

20 Such expenses shall be reduced as provided in
 21 section 25A(g)(2).

22 “(B) QUALIFIED STATE TUITION PRO-
 23 GRAMS.—Such term shall include amounts paid
 24 or incurred to purchase tuition credits or cer-
 25 tificates, or to make contributions to an ac-
 26 count, under a qualified State tuition program

1 (as defined in section 529(b)) for the benefit of
2 the beneficiary of the account.”.

3 (2) QUALIFIED ELEMENTARY AND SECONDARY
4 EDUCATION EXPENSES; QUALIFIED JOB TRAINING
5 EXPENSES.—Section 530(b) of such Code is amend-
6 ed by adding at the end the following new para-
7 graphs:

8 “(4) QUALIFIED ELEMENTARY AND SECONDARY
9 EDUCATION EXPENSES.—

10 “(A) IN GENERAL.—The term ‘qualified el-
11 ementary and secondary education expenses’
12 means tuition, fees, tutoring, special needs serv-
13 ices, books, supplies, computer equipment (in-
14 cluding related software and services) and other
15 equipment, transportation, and supplementary
16 expenses required for the enrollment or attend-
17 ance of the designated beneficiary of the trust
18 at a public, private, or religious school.

19 “(B) SPECIAL RULE FOR
20 HOMESCHOOLING.—Such term shall include ex-
21 penses described in subparagraph (A) required
22 for education provided for homeschooling if the
23 requirements of any applicable State or local
24 law are met with respect to such education.

1 “(C) SCHOOL.—The term ‘school’ means
 2 any school which provides elementary education
 3 or secondary education (through grade 12), as
 4 determined under State law.

5 “(5) QUALIFIED JOB TRAINING EXPENSES.—

6 “(A) IN GENERAL.—The term ‘qualified
 7 job training expenses’ means—

8 “(i) tuition and fees required for the
 9 enrollment or attendance of a worker in an
 10 applicable training program,

11 “(ii) fees, books, supplies, and equip-
 12 ment required for an applicable training
 13 program, and

14 “(iii) a reasonable allowance for meals
 15 and lodging while attending an applicable
 16 training program.

17 “(B) APPLICABLE TRAINING PROGRAM.—

18 For purposes of subparagraph (A), the term
 19 ‘applicable training program’ means—

20 “(i) any applicable program (as de-
 21 fined in section 314(g) of the Job Training
 22 Partnership Act), and

23 “(ii) any training program approved
 24 under section 236 of the Trade Act of
 25 1974.”.

1 (3) CONTRIBUTIONS TO ACCOUNT PERMITTED
 2 UNTIL BENEFICIARY ATTAINS AGE 55.—Clause (ii)
 3 of section 530(b)(1)(A) of such Code is amended by
 4 striking “age 18” and inserting “age 55”.

5 (4) CONFORMING AMENDMENTS.—Subsections
 6 (b)(1) and (d)(2) of section 530 of such Code are
 7 each amended by striking “higher” each place it ap-
 8 pears in the text and heading thereof.

9 (b) INCREASE IN MAXIMUM CONTRIBUTIONS TO
 10 EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.—Sec-
 11 tions 530(b)(1)(A)(iii) and 4973(e)(1)(A) of such Code
 12 are each amended by striking “\$500” and inserting
 13 “\$2,500”.

14 (c) DEDUCTION FOR CONTRIBUTIONS TO EDUCATION
 15 INDIVIDUAL RETIREMENT ACCOUNTS.—

16 (1) IN GENERAL.—Part VII of subchapter B of
 17 chapter 1 of such Code (relating to additional
 18 itemized deductions for individuals) is amended by
 19 redesignating section 222 as section 223 and by in-
 20 serting after section 221 the following new section:

21 **“SEC. 222. CONTRIBUTIONS TO EDUCATION INDIVIDUAL**
 22 **RETIREMENT ACCOUNTS.**

23 “(a) DEDUCTION ALLOWED.—In the case of an indi-
 24 vidual, there shall be allowed as a deduction the amount
 25 paid in cash for the taxable year by or on behalf of such

1 individual to any education individual retirement account
2 for the benefit of any individual.

3 “(b) MAXIMUM DEDUCTION.—The amount allowable
4 as a deduction under subsection (a) shall not exceed
5 \$2,500 with respect to each individual for whose benefit
6 the payments referred to in subsection (a) are made.

7 “(c) OTHER LIMITATIONS AND RESTRICTIONS.—

8 “(1) BENEFICIARY MUST BE UNDER AGE 55.—

9 No deduction shall be allowed under this section for
10 any payment for the benefit of an individual if such
11 individual has attained age 55 before the date that
12 the payment is made.

13 “(2) RECONTRIBUTED AMOUNTS.—No deduc-
14 tion shall be allowed under this section with respect
15 to a rollover contribution.

16 “(3) TIME WHEN CONTRIBUTIONS DEEMED
17 MADE.—For purposes of this section, a taxpayer
18 shall be deemed to have made a contribution to an
19 education individual retirement account on the last
20 day of the preceding taxable year if the contribution
21 is made on account of such taxable year and is made
22 not later than the time prescribed by law for filing
23 the return for such taxable year (not including ex-
24 tensions thereof).

16 “(18) CONTRIBUTIONS TO EDUCATION INDI-
17 VIDUAL RETIREMENT ACCOUNTS.—The deduction al-
18 lowed by section 222.”.

“Sec. 223. Cross reference.”.

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1 ATTAINS AGE 59½.—Subparagraph (B) of section
2 530(d)(4) of such Code (relating to additional tax for dis-
3 tributions not used for educational expenses) is amended
4 by striking “or” at the end of clause (iii), by striking the
5 period at the end of clause (iv) and inserting “, or”, and
6 by adding at the end the following new clause:

7 “(v) made to the designated bene-
8 ficiary on or after the date on which the
9 designated beneficiary attains age 59½.”.

10 (e) WAIVER OF AGE LIMITATIONS FOR CHILDREN
11 WITH SPECIAL NEEDS.—Paragraph (1) of section 530(b)
12 of such Code is amended by adding at the end the fol-
13 lowing flush sentence:

14 “The age limitations in this paragraph shall not
15 apply to any designated beneficiary with special
16 needs (as determined under regulations prescribed
17 by the Secretary).”.

18 (f) CORPORATIONS PERMITTED TO CONTRIBUTE TO
19 ACCOUNTS.—Paragraph (1) of section 530(c) of such
20 Code is amended by striking “The maximum amount
21 which a contributor” and inserting “In the case of a con-
22 tributor who is an individual, the maximum amount the
23 contributor”.

1 (g) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 1999.

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