

106TH CONGRESS  
1ST SESSION

# H. R. 741

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for expenses of attending elementary and secondary schools and for contributions to such schools and to charitable organizations which provide scholarships for children to attend such schools.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 11, 1999

Mr. SALMON (for himself and Mr. HAYWORTH) introduced the following bill;  
which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for expenses of attending elementary and secondary schools and for contributions to such schools and to charitable organizations which provide scholarships for children to attend such schools.

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 “K–12 Education Excel-  
5       lence Now Act of 1999”.

1 **SEC. 2. CREDIT FOR ELEMENTARY AND SECONDARY**  
2 **SCHOOL EXPENSES AND FOR CONTRIBU-**  
3 **TIONS TO SUCH SCHOOLS AND TO CHARI-**  
4 **TABLE ORGANIZATIONS WHICH PROVIDE**  
5 **SCHOLARSHIPS FOR STUDENTS ATTENDING**  
6 **SUCH SCHOOLS.**

7 (a) IN GENERAL.—Subpart B of part IV of sub-  
8 chapter A of chapter 1 of the Internal Revenue Code of  
9 1986 is amended by adding at the end the following new  
10 section:

11 **“SEC. 30B. CREDIT FOR ELEMENTARY AND SECONDARY**  
12 **SCHOOL EXPENSES AND FOR CONTRIBU-**  
13 **TIONS TO SUCH SCHOOLS AND TO CHARI-**  
14 **TABLE ORGANIZATIONS WHICH PROVIDE**  
15 **SCHOLARSHIPS FOR STUDENTS ATTENDING**  
16 **SUCH SCHOOLS.**

17 “(a) ALLOWANCE OF CREDIT.—There shall be al-  
18 lowed as a credit against the tax imposed by this chapter  
19 for the taxable year an amount equal to the sum of—

20 “(1) the qualified elementary and secondary  
21 education expenses which are paid or incurred by  
22 the taxpayer during such taxable year, and

23 “(2) the qualified charitable contributions of  
24 the taxpayer for the taxable year.

25 “(b) MAXIMUM CREDIT.—The credit allowed by sub-  
26 section (a) for any taxable year shall not exceed—

1           “(1) \$100 in the case of taxable years begin-  
2           ning in calendar year 1999,

3           “(2) \$150 in the case of taxable years begin-  
4           ning in calendar year 2000,

5           “(3) \$200 in the case of taxable years begin-  
6           ning in calendar year 2001, and

7           “(4) \$250 in the case of taxable years begin-  
8           ning after calendar year 2001.

9   In the case of a joint return, the limitation under this sub-  
10 section shall be twice the dollar amount otherwise applica-  
11 ble under the preceding sentence.

12       “(c) QUALIFIED ELEMENTARY AND SECONDARY  
13 EDUCATION EXPENSES.—For purposes of this section—

14           “(1) IN GENERAL.—The term ‘qualified elemen-  
15           tary and secondary education expenses’ means tui-  
16           tion, fees, tutoring, special needs services, books,  
17           supplies, computer equipment (including related  
18           software and services) and other equipment, trans-  
19           portation, and supplementary expenses required for  
20           the enrollment or attendance of any individual at a  
21           public, private, or religious elementary or secondary  
22           school.

23           “(2) SPECIAL RULE FOR HOME-SCHOOLING.—  
24           Such term shall include expenses described in para-  
25           graph (1) required for education provided for

1       homeschooling if the requirements of any applicable  
 2       State or local law are met with respect to such edu-  
 3       cation.

4           “(3) ELEMENTARY OR SECONDARY SCHOOL.—  
 5       The term ‘elementary or secondary school’ means  
 6       any school which provides elementary education or  
 7       secondary education (through grade 12), as deter-  
 8       mined under State law.

9           “(d) QUALIFIED CHARITABLE CONTRIBUTION.—For  
 10      purposes of this section—

11           “(1) IN GENERAL.—The term ‘qualified chari-  
 12      table contribution’ means, with respect to any tax-  
 13      able year, the amount allowable as a deduction  
 14      under section 170 for cash contributions to—

15           “(A) an elementary or secondary school, or

16           “(B) a school tuition organization.

17           “(2) SCHOOL TUITION ORGANIZATION.—

18           “(A) IN GENERAL.—The term ‘school tui-  
 19      tion organization’ means any organization de-  
 20      scribed in section 170(c)(2) if the annual dis-  
 21      bursements of the organization for elementary  
 22      and secondary school scholarship are normally  
 23      not less than 90 percent of the sum of such or-  
 24      ganization’s annual gross income and contribu-  
 25      tions and gifts.

1           “(B) EXCEPTIONS.—Such term shall not  
2           include any organization if substantially all of  
3           its scholarships (by value) may be used to at-  
4           tend only 1 school.

5           “(C) ELEMENTARY AND SECONDARY  
6           SCHOOL SCHOLARSHIP.—The term ‘elementary  
7           and secondary school scholarship’ means any  
8           scholarship excludable from gross income under  
9           section 117 for expenses related to education at  
10          an elementary or secondary school.

11       “(e) SPECIAL RULES.—

12           “(1) DENIAL OF DOUBLE BENEFIT.—No deduc-  
13          tion shall be allowed under this chapter for any con-  
14          tribution for which credit is allowed under this sec-  
15          tion.

16           “(2) APPLICATION WITH OTHER CREDITS.—  
17          The credit allowable under subsection (a) for any  
18          taxable year shall not exceed the excess (if any) of—

19           “(A) the regular tax for the taxable year,  
20          reduced by the sum of the credits allowable  
21          under subpart A and the preceding sections of  
22          this subpart, over

23           “(B) the tentative minimum tax for the  
24          taxable year.

1           “(3) CONTROLLED GROUPS.—All persons who  
2           are treated as one employer under subsection (a) or  
3           (b) of section 52 shall be treated as 1 taxpayer for  
4           purposes of this section.

5           “(f) ELECTION TO HAVE CREDIT NOT APPLY.—A  
6           taxpayer may elect to have this section not apply for any  
7           taxable year.”

8           (b) CLERICAL AMENDMENT.—The table of sections  
9           for subpart B of part IV of subchapter A of chapter 1  
10          of such Code is amended by adding at the end the follow-  
11          ing new item:

                    “Sec. 30B. Credit for elementary and secondary school expenses  
                    and for contributions to such schools and to chari-  
                    table organizations which provide scholarships for  
                    students attending such schools.”

12          (c) EFFECTIVE DATE.—The amendments made by  
13          this section shall apply to taxable years beginning after  
14          December 31, 1998.

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