

106TH CONGRESS
1ST SESSION

S. 474

To amend the Internal Revenue Code of 1986 to provide a deduction for contributions to education individual retirement accounts, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 25, 1999

Mr. SCHUMER introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a deduction for contributions to education individual retirement accounts, 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 “Save for College Act
5 of 1999”.

6 **SEC. 2. DEDUCTION FOR CONTRIBUTIONS TO EDUCATION**
7 **INDIVIDUAL RETIREMENT ACCOUNTS.**

8 (a) IN GENERAL.—Part VII of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 (relating to

1 additional itemized deductions for individuals) is amended
 2 by redesignating section 222 as section 223 and by insert-
 3 ing after section 221 the following new section:

4 **“SEC. 222. EDUCATION INDIVIDUAL RETIREMENT AC-**
 5 **COUNTS.**

6 “In the case of an individual, there shall be allowed
 7 as a deduction the amount paid in cash during the taxable
 8 year by such individual to an education individual retire-
 9 ment account under section 530.”

10 (b) DEDUCTION ALLOWED IN ARRIVING AT AD-
 11 JUSTED GROSS INCOME.—Paragraph (7) of section 62(a)
 12 of such Code (relating to retirement savings) is
 13 amended—

14 (1) by inserting “OR EDUCATION” after “RE-
 15 TIREMENT” in the heading of such paragraph, and

16 (2) by inserting before the period at the end the
 17 following: “and the deduction allowed by section 222
 18 (relating to education individual retirement ac-
 19 counts)”.

20 (c) MODIFICATIONS TO EDUCATION INDIVIDUAL RE-
 21 TIREMENT ACCOUNTS.—

22 (1) INCREASE IN CONTRIBUTION LIMIT.—Sec-
 23 tion 530(b)(1)(A)(iii) of such Code (defining edu-
 24 cation individual retirement account) is amended by
 25 striking “\$500” and inserting “\$2,000”.

1 (2) INCREASE IN AGI LIMITS.—Section
 2 530(c)(1) of such Code (relating to reduction in per-
 3 mitted contributions based on adjusted gross in-
 4 come) is amended—

5 (A) by striking “\$95,000 (\$150,000” in
 6 subparagraph (A)(ii) and inserting “\$100,000
 7 (\$140,000”, and

8 (B) by striking subparagraph (B) and in-
 9 serting the following new subparagraph:

10 “(B) \$20,000.”

11 (3) INFLATION ADJUSTMENTS.—Section 530 of
 12 such Code is amended by adding at the end the fol-
 13 lowing new subsection:

14 “(i) INFLATION ADJUSTMENTS.—

15 “(1) DOLLAR LIMITATION ON AMOUNT OF CON-
 16 TRIBUTION.—

17 “(A) IN GENERAL.—In the case of a tax-
 18 able year beginning after 1999, the \$2,000
 19 amount under subsection (b)(1)(A)(iii) shall be
 20 increased by an amount equal to—

21 “(i) such dollar amount, multiplied by

22 “(ii) the cost-of-living adjustment de-
 23 termined under section 1(f)(3) for the cal-
 24 endar year in which the taxable year be-
 25 gins, determined by substituting ‘calendar

1 year 1998’ for ‘calendar year 1992’ in sub-
2 paragraph (B) thereof.

3 “(B) ROUNDING.—If any amount as ad-
4 justed under subparagraph (A) is not a multiple
5 of \$100, such amount shall be rounded to the
6 next lowest multiple of \$100.

7 “(2) INCOME LIMITS.—

8 “(A) IN GENERAL.—In the case of a tax-
9 able year beginning after 1999, the \$100,000
10 and \$140,000 amounts under subsection
11 (c)(1)(A)(ii) shall each be increased by an
12 amount equal to—

13 “(i) such dollar amount, multiplied by

14 “(ii) the cost-of-living adjustment de-
15 termined under section 1(f)(3) for the cal-
16 endar year in which the taxable year be-
17 gins, determined by substituting ‘calendar
18 year 1998’ for ‘calendar year 1992’ in sub-
19 paragraph (B) thereof.

20 “(B) ROUNDING.—If any amount as ad-
21 justed under subparagraph (A) is not a multiple
22 of \$5,000, such amount shall be rounded to the
23 next lowest multiple of \$5,000.”

24 (d) CLERICAL AMENDMENT.—The table of sections
25 for part VII of subchapter B of chapter 1 of such Code

1 is amended by striking the item relating to section 222
2 and inserting the following new items:

“Sec. 222. Education individual retirement accounts.
“Sec. 223. Cross references.”

3 (e) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to contributions made in taxable
5 years beginning after December 31, 1998.

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