

107TH CONGRESS
1ST SESSION

H. R. 84

To amend the Internal Revenue Code of 1986 to provide tax incentives
for education.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 2001

Mr. ENGLISH (for himself and Mr. PAUL) 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 provide
tax incentives for education.

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 “Higher Education
5 Affordability and Availability Act”.

6 SEC. 2. EXCLUSION FROM GROSS INCOME OF EDUCATION

7 **DISTRIBUTIONS FROM QUALIFIED TUITION
8 PROGRAMS; COVERAGE OF PRIVATE PRO-
9 GRAMS.**

10 (a) EXCLUSION.—

5 “(B) DISTRIBUTIONS FOR QUALIFIED
6 HIGHER EDUCATION EXPENSES.—If a dis-
7 tributee elects the application of this subpara-
8 graph for any taxable year—

24 (2) ADDITIONAL TAX ON AMOUNTS NOT USED
25 FOR HIGHER EDUCATION EXPENSES.—Section 529

1 of such Code is amended by adding at the end the
2 following new subsection:

3 “(f) ADDITIONAL TAX FOR DISTRIBUTIONS NOT
4 USED FOR EDUCATIONAL EXPENSES.—

5 “(1) IN GENERAL.—The tax imposed by section
6 530(d)(4) shall apply to payments and distributions
7 from qualified tuition programs in the same manner
8 as such tax applies to education individual retire-
9 ment accounts.

10 “(2) EXCESS CONTRIBUTIONS RETURNED BE-
11 FORE DUE DATE OF RETURN.—Paragraph (1) shall
12 not apply to the distribution to a contributor of any
13 contribution paid during a taxable year to a qual-
14 iied tuition program to the extent that such con-
15 tribution exceeds the limitation in section 4973(e) if
16 such distribution (and the net income with respect
17 to such excess contribution) meets requirements
18 comparable to the requirements of clauses (i) and
19 (ii) of section 530(d)(4)(C).”

20 (3) COORDINATION WITH EDUCATION CRED-
21 ITS.—Section 25A(e)(2) of such Code is amended by
22 inserting “529(c)(3)(B) or” before “530(d)(2)”.

23 (4) CONFORMING AMENDMENT.—Paragraph (2)
24 of section 26(b) of such Code is amended by redesign-
25 nating subparagraphs (E) through (Q) as subpara-

1 graphs (F) through (R), respectively, and by inserting
2 after subparagraph (D) the following new sub-
3 paragraph:

4 “(E) section 529(f) (relating to additional
5 tax on certain distributions from qualified tui-
6 tion programs),”.

7 (5) EFFECTIVE DATE.—The amendments made
8 by this subsection shall apply to distributions after
9 December 31, 2000, for education furnished in aca-
10 demic periods beginning after such date.

11 (b) ELIGIBLE EDUCATIONAL INSTITUTIONS PER-
12 MITTED To MAINTAIN QUALIFIED TUITION PROGRAMS.—

13 (1) IN GENERAL.—Paragraph (1) of section
14 529(b) of such Code (defining qualified State tuition
15 program) is amended by inserting “or by one or
16 more eligible educational institutions” after “main-
17 tained by a State or agency or instrumentality there-
18 of”.

19 (2) CONFORMING AMENDMENTS.—

20 (A) The text and headings of sections 529
21 and 530 of such Code are amended by striking
22 “qualified State tuition program” each place it
23 appears and inserting “qualified tuition pro-
24 gram”.

1 (B)(i) The section heading of section 529
2 of such Code is amended to read as follows:

3 "SEC. 529. QUALIFIED TUITION PROGRAMS."

11 (c) CHANGE OF QUALIFIED TUITION PROGRAM OR
12 OF DESIGNATED BENEFICIARY.—

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