

107TH CONGRESS
1ST SESSION

S. 225

To amend the Internal Revenue Code of 1986 to provide incentives to public elementary and secondary school teachers by providing a tax credit for teaching expenses, professional development expenses, and student education loans.

IN THE SENATE OF THE UNITED STATES

JANUARY 31, 2001

Mr. WARNER 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 incentives to public elementary and secondary school teachers by providing a tax credit for teaching expenses, professional development expenses, and student education loans.

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 TEACHER-Tax
5 Credit Act”.

1 **SEC. 2. CREDIT FOR TEACHING EXPENSES, PROFESSIONAL**
2 **DEVELOPMENT EXPENSES, AND INTEREST**
3 **ON HIGHER EDUCATION LOANS OF PUBLIC**
4 **ELEMENTARY AND SECONDARY SCHOOL**
5 **TEACHERS.**

6 (a) **IN GENERAL.**—Subpart A of part IV of sub-
7 chapter A of chapter 1 of the Internal Revenue Code of
8 1986 (relating to nonrefundable personal credits) is
9 amended by inserting after section 25A the following new
10 section:

11 **“SEC. 25B. TEACHING EXPENSES, PROFESSIONAL DEVELOP-**
12 **MENT EXPENSES, AND INTEREST ON HIGHER**
13 **EDUCATION LOANS OF PUBLIC ELEMENTARY**
14 **AND SECONDARY SCHOOL TEACHERS.**

15 “(a) **ALLOWANCE OF CREDIT.**—In the case of an eli-
16 gible teacher, there shall be allowed as a credit against
17 the tax imposed by this chapter for the taxable year an
18 amount equal to the sum of—

19 “(1) the qualified education expenses paid or
20 incurred by the taxpayer during the taxable year,

21 “(2) the qualified professional development ex-
22 penses paid or incurred by the taxpayer during the
23 taxable year, and

24 “(3) interest paid by the taxpayer during the
25 taxable year on any qualified education loan.

1 “(b) MAXIMUM CREDIT.—The credit allowed by sub-
2 section (a) for the taxable year shall not exceed \$1,000.

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

4 “(1) ELIGIBLE TEACHER.—The term ‘eligible
5 teacher’ means an individual who is a kindergarten
6 through grade 12 classroom teacher, instructor,
7 counselor, aide, or principal in a public elementary
8 or secondary school on a full-time basis for an aca-
9 demic year ending during a taxable year.

10 “(2) ELEMENTARY AND SECONDARY
11 SCHOOLS.—The terms ‘elementary school’ and ‘sec-
12 ondary school’ have the respective meanings given
13 such terms by section 14101 of the Elementary and
14 Secondary Education Act of 1965, as in effect of the
15 date of enactment of this section.

16 “(3) QUALIFIED EDUCATION EXPENSES.—The
17 term ‘qualified education expenses’ means expenses
18 for books, supplies (other than nonathletic supplies
19 for courses of instruction in health or physical edu-
20 cation), computer equipment (including related soft-
21 ware and services) and other equipment, and supple-
22 mentary materials used by an eligible teacher in the
23 classroom.

24 “(4) QUALIFIED PROFESSIONAL DEVELOPMENT
25 EXPENSES.—

1 “(A) IN GENERAL.—The term ‘qualified
2 professional development expenses’ means
3 expenses—

4 “(i) for tuition, fees, books, supplies,
5 and equipment required for the enrollment
6 or attendance of an individual in a qualified
7 course of instruction, and

8 “(ii) with respect to which a deduction
9 is allowable under section 162 (determined
10 without regard to this section).

11 “(B) QUALIFIED COURSE OF INSTRUCTION.—The term ‘qualified course of instruction’ means a course of instruction which—

14 “(i) directly relates to the curriculum
15 and academic subjects in which an eligible
16 teacher provides instruction,

17 “(ii) is designed to enhance the ability
18 of an eligible teacher to understand and
19 use State standards for the academic subjects
20 in which such teacher provides instruction,

22 “(iii) provides instruction in how to
23 teach children with different learning
24 styles, particularly children with disabilities
25 and children with special learning needs

1 (including children who are gifted and tal-
2 ented),

14 “(5) QUALIFIED EDUCATION LOAN.—The term
15 ‘qualified education loan’ has the meaning given
16 such term by section 221(e)(1), but only with re-
17 spect to qualified higher education expenses of the
18 taxpayer.

19 "(d) DENIAL OF DOUBLE BENEFIT.—

20 “(1) IN GENERAL.—No deduction or other
21 credit shall be allowed under this chapter for any
22 amount taken into account for which credit is al-
23 lowed under this section.

24 “(2) COORDINATION WITH EXCLUSIONS.—A
25 credit shall be allowed under subsection (a) for

1 qualified professional development expenses only to
2 the extent the amount of such expenses exceeds the
3 amount excludable under section 135, 529(c)(1), or
4 530(d)(2) for the taxable year.

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

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

11 (b) CONFORMING AMENDMENT.—The table of sec-
12 tions for subpart A of part IV of subchapter A of chapter
13 1 of the Internal Revenue Code of 1986 is amended by
14 inserting after the item relating to section 25A the fol-
15 lowing new item:

“Sec. 25B. Teaching expenses, professional development expenses,
and interest on higher education loans of public ele-
mentary and secondary school teachers.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2001.

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