

107TH CONGRESS
2D SESSION

S. 2683

To amend the Internal Revenue Code of 1986 to clarify that church employees are eligible for the exclusion for qualified tuition reduction programs of charitable educational organizations.

IN THE SENATE OF THE UNITED STATES

JUNE 26, 2002

Mr. HUTCHINSON 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 clarify that church employees are eligible for the exclusion for qualified tuition reduction programs of charitable educational organizations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. CLARIFICATION OF ELIGIBILITY OF CHURCH**
 2 **EMPLOYEES FOR EXCLUSION FOR QUALIFIED**
 3 **TUITION REDUCTION PROGRAMS OF CHARI-**
 4 **TABLE EDUCATIONAL ORGANIZATIONS.**

5 (a) IN GENERAL.—Paragraph (2) of section 117(d)
 6 of the Internal Revenue Code of 1986 (defining qualified
 7 tuition reduction) is amended to read as follows:

8 “(2) QUALIFIED TUITION REDUCTION.—For
 9 purposes of this subsection—

10 “(A) IN GENERAL.—The term ‘qualified
 11 tuition reduction’ means the amount of any re-
 12 duction in tuition provided to an employee of—

13 “(i) an organization described in sec-
 14 tion 170(b)(1)(A)(ii), or

15 “(ii) an organization described in sec-
 16 tion 170(b)(1)(A)(i) that owns and oper-
 17 ates or controls an organization described
 18 in section 170(b)(1)(A)(ii),

19 for the education (below the graduate level) at
 20 the organization described in clause (i) (or an-
 21 other organization described in section
 22 170(b)(1)(A)(ii)) of a person described in sub-
 23 paragraph (B).

24 “(B) PERSON DESCRIBED.—A person is
 25 described in this subparagraph if such person
 26 is—

1 “(i) the employee referred to in sub-
2 paragraph (A), or

3 “(ii) any person treated as an em-
4 ployee (or whose use is treated as an em-
5 ployee use) under the rules of section
6 132(h).”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to taxable years ending after the
9 date of the enactment of this Act.

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