

108TH CONGRESS
1ST SESSION

H. R. 499

To amend the Internal Revenue Code of 1986 to allow a refundable credit against income tax for tuition expenses incurred for each qualifying child of the taxpayer in attending public or private elementary or secondary school.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 29, 2003

Mr. SMITH of New Jersey 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 allow a refundable credit against income tax for tuition expenses incurred for each qualifying child of the taxpayer in attending public or private elementary or secondary school.

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 “Education, Achieve-
5 ment, and Opportunity Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

16 (4) In 1999, 33,437,000 students were enrolled
17 in public school in grades kindergarten through 8th
18 grade, while 13,375,000 students were enrolled in
19 public school in grades 9 through 12, for a combined
20 total of 52,750,000 children enrolled in public
21 school.

22 (5) When polled by the Department of Edu-
23 cation in 1999, 78 percent of parents with children
24 enrolled in private schools, but just 48 percent of
25 parents with children enrolled in public schools, were

1 very satisfied with the school's discipline provisions,
2 academic standards, and quality and performance of
3 teachers.

4 (6) In the 1993-94 school year, the average
5 class size in public schools was at least twice the av-
6 erage class size in private schools. Larger classes
7 can result in more disruption by misbehaving stu-
8 dents. Thus, class size has a direct effect on the
9 quality of the educational experience of students,
10 teachers, and other staff, as well as parents' satis-
11 faction with their child's school.

12 **SEC. 3. CREDIT FOR ELEMENTARY AND SECONDARY EDU-
13 CATION EXPENSES.**

14 (a) IN GENERAL.—Subpart C of part IV of sub-
15 chapter A of chapter 1 of the Internal Revenue Code of
16 1986 (relating to refundable credits) is amended by redes-
17 ignating section 36 as section 37 and by inserting after
18 section 34 the following new section:

19 **“SEC. 36. ELEMENTARY AND SECONDARY EDUCATION EX-
20 PENSES.**

21 “(a) ALLOWANCE OF CREDIT.—

22 “(1) IN GENERAL.—In the case of an indi-
23 vidual, there shall be allowed as a credit against the
24 tax imposed by this subtitle for the taxable year the
25 amount of the qualified education expenses paid by

1 the taxpayer during the taxable year for each qual-
2 fying child of the taxpayer.

3 “(2) AMOUNT PER CHILD.—The amount of
4 credit allowable under paragraph (1) for any taxable
5 year with respect to the qualified education expenses
6 of each qualifying child of the taxpayer shall not ex-
7 ceed—

8 “(A) \$2,500 for a child enrolled in an ele-
9 mentary school for any portion of the taxable
10 year, and

11 “(B) \$3,500 for a child enrolled in a sec-
12 ondary school for any portion of the taxable
13 year.

14 In any taxable year in which a child meets the re-
15 quirements of both subparagraphs (A) and (B), the
16 amount of credit allowable shall not exceed the sum
17 of the amounts in such subparagraphs.

18 “(b) LIMITATION BASED ON ADJUSTED GROSS IN-
19 COME.—

20 “(1) IN GENERAL.—The amount of the credit
21 allowable under subsection (a) (after the application
22 of subsection (a)(2)) shall be reduced (but not below
23 zero) by \$50 for each \$1,000 (or fraction thereof) by
24 which the taxpayer’s modified adjusted gross income
25 exceeds the threshold amount.

1 “(2) DEFINITIONS AND SPECIAL RULES.—For
2 purposes of this paragraph (1)—

3 “(A) THRESHOLD AMOUNT.—The term
4 ‘threshold amount’ means—

5 “(i) \$150,000 in the case of a joint
6 return, and

7 “(ii) \$75,000 in any other case.

8 “(B) MODIFIED ADJUSTED GROSS IN-
9 COME.—The term ‘modified adjusted gross in-
10 come’ means adjusted gross income increased
11 by any amount excluded from gross income
12 under section 911, 931, or 933.

13 “(C) MARITAL STATUS.—Marital status
14 shall be determined under section 7703.

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

16 “(1) QUALIFYING CHILD.—The term ‘qualifying
17 child’ has the meaning provided by section 24(c).

18 “(2) QUALIFIED EDUCATION EXPENSES.—

19 “(A) IN GENERAL.—The term ‘qualified
20 education expenses’ means amounts paid for—

21 “(i) tuition and fees required for the
22 enrollment or attendance of a student at a
23 qualified educational institution,

24 “(ii) computers, educational software,
25 computer support services, and books re-

quired for courses of instruction at a qualified educational institution,

14 “(vi) academic testing services.

21 The term 'qualified educational institution' means—

22 “(A) an elementary or secondary school (as
23 defined in section 14101 of the Elementary and
24 Secondary Education Act of 1965 (20 U.S.C.
25 8801)), or

1 “(B) any private, parochial, or religious
2 school organized for the purpose of providing el-
3 ementary or secondary education, or both.

4 “(d) ADJUSTMENT FOR COVERDELL SAVINGS AC-
5 COUNT DISTRIBUTIONS.—The amount of qualified edu-
6 cation expenses taken into account under subsection (a)
7 with respect to an individual for a taxable year shall be
8 reduced (before the application of subsection (b)) by the
9 sum of any amounts not includible in gross income under
10 section 530(d)(2)(B) for such taxable year by reason of
11 the qualified elementary and secondary education expenses
12 (as defined in section 530(b)(4)) of such individual for
13 such taxable year.”

14 (b) TECHNICAL AMENDMENTS.—

15 (1) Paragraph (2) of section 1324(b) of title
16 31, United States Code, is amended by striking “or”
17 after “1978,” and by inserting before the period “,
18 or enacted by the Education, Achievement, and Op-
19 portunity Act”.

20 (2) The table of sections for subpart C of part
21 IV of subchapter A of chapter 1 of such Code is
22 amended by striking the last item and inserting the
23 following new items:

“Sec. 36. Elementary and secondary education expenses.
“Sec. 37. Overpayments of tax.”

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

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