

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 406

To amend the Internal Revenue Code of 1986 to allow individuals a credit against income tax for tuition and related expenses for public and non-public elementary and secondary education.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 26, 2005

Mr. PAUL (for himself, Mr. BARTLETT of Maryland, Mr. NORWOOD, Mr. SENBRENNER, Mr. TANCREDO, Mrs. MUSGRAVE, and Mr. MARIO DIAZ-BALART of Florida) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow individuals a credit against income tax for tuition and related expenses for public and nonpublic elementary and secondary 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 “Family Education  
5 Freedom Act of 2005”.

1 **SEC. 2. CREDIT FOR TUITION AND RELATED EXPENSES**  
2 **FOR PUBLIC AND NONPUBLIC ELEMENTARY**  
3 **AND SECONDARY EDUCATION.**

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

9 **“SEC. 25C. TUITION AND RELATED EXPENSES FOR PUBLIC**  
10 **AND NONPUBLIC ELEMENTARY AND SEC-**  
11 **ONDARY EDUCATION.**

12 “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
13 dividual, there shall be allowed as a credit against the tax  
14 imposed by this chapter for the taxable year an amount  
15 equal to the qualified educational expenses paid during  
16 such taxable year for the elementary or secondary edu-  
17 cation of any dependent (as defined in section 152) of the  
18 taxpayer at a qualified educational institution.

19 “(b) LIMITATION.—The credit allowed by this section  
20 shall not exceed \$3,000 per student for any taxable year.

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

22 “(1) QUALIFIED EDUCATIONAL EXPENSES.—

23 The term ‘qualified educational expenses’ means cost  
24 of attendance in connection with the elementary or  
25 secondary education of the student at a qualified  
26 educational institution. Under regulations prescribed

1 by the Secretary, rules similar to the rules relating  
2 to cost of attendance (within the meaning of section  
3 472 of the Higher Education Act of 1965 (20  
4 U.S.C. 1087ll) (as in effect on the date of the enact-  
5 ment of this paragraph) shall apply for purposes of  
6 the preceding sentence.

7 “(2) QUALIFIED EDUCATIONAL INSTITUTION.—  
8 The term ‘qualified educational institution’ means  
9 any educational institution (including any private,  
10 parochial, religious, or home school) organized for  
11 the purpose of providing elementary or secondary  
12 education, or both.

13 “(d) COST-OF-LIVING ADJUSTMENT.—

14 “(1) IN GENERAL.—In the case of any taxable  
15 year beginning in a calendar year after 2005, the  
16 \$3,000 amount contained in subsection (b) shall be  
17 increased by an amount equal to—

18 “(A) \$3,000, multiplied by

19 “(B) the cost-of-living adjustment deter-  
20 mined under section 1(f)(3) for the calendar  
21 year in which the taxable year begins by sub-  
22 stituting ‘calendar year 2004’ for ‘calendar year  
23 1992’ in subparagraph (B) thereof.

24 “(2) ROUNDING.—If any increase determined  
25 under paragraph (1) is not a multiple of \$10, such

1       increase shall be rounded to the next highest mul-  
2       tiple of \$10. In the case of a married individual (as  
3       determined under section 7703) filing a separate re-  
4       turn, the preceding sentence shall be applied by sub-  
5       stituting ‘\$5’ for ‘\$10’ each place it appears.

6       “(e) REGULATIONS.—The Secretary shall prescribe  
7       regulations to carry out this section, including regulations  
8       providing for claiming the credit under this section on  
9       Form 1040EZ.”.

10       (b) CLERICAL AMENDMENT.—The table of sections  
11       for subpart A of part IV of subchapter A of chapter 1  
12       of such Code is amended by inserting after the item relat-  
13       ing to section 25B the following new item:

“Sec. 25C. Tuition and related expenses for public and nonpublic elementary  
and secondary education.”.

14       (c) EFFECTIVE DATE.—The amendments made by  
15       this section shall apply to amounts paid in taxable years  
16       beginning after December 31, 2004.

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