

109TH CONGRESS
1ST SESSION

S. 605

To amend the Internal Revenue Code of 1986 to restore the phaseout of personal exemptions and the overall limitation on itemized deductions, and to create a trust fund for the funding of education programs.

IN THE SENATE OF THE UNITED STATES

MARCH 11, 2005

Mr. HARKIN (for himself and Mr. DURBIN) 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 restore the phaseout of personal exemptions and the overall limitation on itemized deductions, and to create a trust fund for the funding of education programs.

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 Funding
5 Act of 2005”.

1 **SEC. 2. RESTORATION OF PHASEOUT OF PERSONAL EX-**
 2 **EMPTIONS.**

3 (a) IN GENERAL.—Paragraph (3) of section 151(d)
 4 of the Internal Revenue Code of 1986 (relating to exemp-
 5 tion amount) is amended by striking subparagraphs (E)
 6 and (F).

7 (b) EFFECTIVE DATE.—The amendment made by
 8 this section shall apply to taxable years beginning after
 9 December 31, 2005.

10 **SEC. 3. RESTORATION OF PHASEOUT OF OVERALL LIMITA-**
 11 **TION ON ITEMIZED DEDUCTIONS.**

12 (a) IN GENERAL.—Section 68 of the Internal Rev-
 13 enue Code of 1986 is amended by striking subsections (f)
 14 and (g).

15 (b) EFFECTIVE DATE.—The amendment made by
 16 this section shall apply to taxable years beginning after
 17 December 31, 2005.

18 **SEC. 4. DEDICATION OF REVENUES FOR EDUCATION PRO-**
 19 **GRAMS.**

20 (a) CREATION OF TRUST FUND.—There is estab-
 21 lished in the Treasury of the United States a trust fund
 22 to be known as the “Education Trust Fund”, consisting
 23 of such amounts as may be appropriated or credited to
 24 the Education Trust Fund as provided in this section.

25 (b) TRANSFERS TO EDUCATION TRUST FUND.—

1 (1) IN GENERAL.—There are hereby appro-
2 priated to the Education Trust Fund amounts equiv-
3 alent to the sum of 50 percent of the net PEP reve-
4 nues and 50 percent of the net Pease revenues re-
5 ceived in the Treasury.

6 (2) DEFINITIONS.—

7 (A) NET PEP REVENUES.—For purposes
8 of paragraph (1), the term “net PEP revenues”
9 means the amount estimated by the Secretary
10 of the Treasury based on the taxes received
11 under chapter 1 of the Internal Revenue Code
12 of 1986 which are attributable to the amend-
13 ment made by section 2 of this Act.

14 (B) NET PEASE REVENUES.—For purposes
15 of paragraph (1), the term “net Pease reve-
16 nues” means the amount estimated by the Sec-
17 retary of the Treasury based on the taxes re-
18 ceived under chapter 1 of the Internal Revenue
19 Code of 1986 which are attributable to the
20 amendment made by section 3 of this Act.

21 (c) EXPENDITURES FROM TRUST FUND.—Amounts
22 in the Education Trust Fund shall be available, as pro-
23 vided in appropriations Acts, only for programs adminis-
24 tered by the Department of Education to the degree that

1 funding for the specified programs are increased from the
2 fiscal year 2005 level.

3 (d) OTHER SPECIAL RULES.—Rules similar to the
4 rules of subchapter B of chapter 98 of the Internal Rev-
5 enue Code of 1986 shall apply for purposes of this section.

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