

111TH CONGRESS
1ST SESSION

H. R. 1351

To amend the Internal Revenue Code of 1986 to treat computer technology and equipment as eligible higher education expenses for 529 plans, to allow certain individuals a credit against income tax for contributions to 529 plans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 5, 2009

Mr. POMEROY (for himself, Mr. TIBERI, Mr. MEEK of Florida, Mr. KIND, and Ms. JENKINS) 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 treat computer technology and equipment as eligible higher education expenses for 529 plans, to allow certain individuals a credit against income tax for contributions to 529 plans, and for other purposes.

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 “Savings Enhancement
5 for Education in College Act”.

1 **SEC. 2. COMPUTER TECHNOLOGY AND EQUIPMENT AL-**
 2 **LOWED AS A QUALIFIED HIGHER EDUCATION**
 3 **EXPENSE FOR SECTION 529 ACCOUNTS.**

4 (a) IN GENERAL.—Section 529(e)(3)(A) of the Inter-
 5 nal Revenue Code of 1986 is amended by striking “and”
 6 at the end of clause (i), by striking the period at the end
 7 of clause (ii), and by adding at the end the following:

8 “(iii) expenses paid or incurred for
 9 the purchase of any computer technology
 10 or equipment (as defined in section
 11 170(e)(6)(F)(i)) or Internet access and re-
 12 lated services, if such technology, equip-
 13 ment, or services are to be used primarily
 14 by the designated beneficiary while enrolled
 15 at an eligible educational institution.

16 Clause (iii) shall not include expenses for com-
 17 puter software designed for sports, games, or
 18 hobbies unless the software is predominantly
 19 educational in nature.”.

20 (b) EFFECTIVE DATE.—The amendments made by
 21 this section shall apply to expenses paid or incurred after
 22 December 31, 2010.

23 **SEC. 3. CREDIT FOR CONTRIBUTIONS TO 529 PLANS.**

24 (a) IN GENERAL.—Subsection (d) of section 25B of
 25 the Internal Revenue Code of 1986 (relating to elective
 26 deferrals and IRA contributions by certain individuals) is

1 amended by redesignating paragraph (2) as paragraph (3)
2 and by inserting after paragraph (1) the following new
3 paragraph:

4 “(2) CONTRIBUTIONS TO QUALIFIED TUITION
5 PROGRAMS.—

6 “(A) IN GENERAL.—The term ‘qualified
7 savings contribution’ includes the amount of
8 any purchase or contribution described in para-
9 graph (1)(A) of section 529(b) to a qualified
10 tuition program (as defined in such section)
11 if—

12 “(i) the taxpayer has the power to au-
13 thorize distributions and otherwise admin-
14 ister the account, and

15 “(ii) the designated beneficiary of
16 such purchase or contribution is the tax-
17 payer, the taxpayer’s spouse, or an indi-
18 vidual with respect to whom the taxpayer
19 is allowed a deduction under section 151.

20 “(B) LIMITATION BASED ON COMPENSA-
21 TION.—The amount treated as a qualified sav-
22 ings contribution by reason of subparagraph
23 (A) for any taxable year shall not exceed the
24 sum of—

1 “(i) the compensation (as defined in
 2 section 219(f)(1)) includible in the tax-
 3 payer’s gross income for the taxable year,
 4 and

5 “(ii) the amount excluded from the
 6 taxpayer’s gross income under section 112
 7 (relating to combat pay) for such year.

8 “(C) DETERMINATION OF ADJUSTED
 9 GROSS INCOME.—Solely for purposes of deter-
 10 mining the applicable percentage under sub-
 11 section (b) which applies with respect to the
 12 amount treated as a qualified savings contribu-
 13 tion by reason of subparagraph (A), adjusted
 14 gross income (determined without regard to this
 15 subparagraph) shall be increased by the excess
 16 (if any) of—

17 “(i) the social security benefits re-
 18 ceived during the taxable year (within the
 19 meaning of section 86), over

20 “(ii) the amount included in gross in-
 21 come for such year under section 86.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 25B of such Code is amended by
 24 striking “qualified retirement savings” each place it

1 appears in the text and inserting “qualified sav-
 2 ings”.

3 (2) The subsection heading for section 25B(d)
 4 of such Code is amended by striking “RETIRE-
 5 MENT”.

6 (3) Subparagraph (A) of section 25B(d)(3) of
 7 such Code, as redesignated by subsection (a), is
 8 amended—

9 (A) by striking “paragraph (1)” the first
 10 place it appears and inserting “paragraph (1)
 11 or (2)”, and

12 (B) by striking “paragraph (1)” the sec-
 13 ond place it appears and inserting “paragraph
 14 (1), or (2), as the case may be,”.

15 (4) The heading for section 25B of such Code
 16 is amended by striking “**AND IRA CONTRIBU-**
 17 **TIONS**” and inserting “**, IRA CONTRIBUTIONS,**
 18 **AND QUALIFIED TUITION PROGRAM CONTRIBU-**
 19 **TIONS**”.

20 (5) The table of sections for subpart A of part
 21 IV of subchapter A of chapter 1 of such Code is
 22 amended by striking the item relating to section 25B
 23 and inserting the following new item:

“Sec. 25B. Elective deferrals, IRA contributions, and qualified tuition program
 contributions by certain individuals.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to contributions made after De-
3 cember 31, 2009.

4 **SEC. 4. INVESTMENT DIRECTION UNDER QUALIFIED TUI-**
5 **TION PROGRAMS.**

6 (a) IN GENERAL.—Paragraph (4) of section 529(b)
7 of the Internal Revenue Code of 1986 (relating to invest-
8 ment direction) is amended by striking the period at the
9 end and inserting “more frequently than 2 times per cal-
10endar year.”.

11 (b) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to years beginning after December
13 31, 2008.

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