

111TH CONGRESS
2D SESSION

H. R. 5078

To amend the Internal Revenue Code of 1986 to expand incentives for education.

IN THE HOUSE OF REPRESENTATIVES

APRIL 20, 2010

Mr. HIGGINS (for himself, Mrs. MCCARTHY of New York, Mr. PLATTS, and Mr. ROSKAM) 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 expand incentives for 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 “Higher Education Af-
5 fordability and Equity Act of 2010”.

6 **SEC. 2. EXPANSION OF DEDUCTION FOR INTEREST ON EDU-**
7 **CATION LOANS.**

8 (a) REPEAL OF DOLLAR LIMITATION; INCREASE IN
9 PHASEOUT BEGINNING POINT.—Subsection (b) of section

1 221 of the Internal Revenue Code of 1986 (relating to
2 maximum deduction) is amended to read as follows:

3 “(b) LIMITATION BASED ON MODIFIED ADJUSTED
4 GROSS INCOME.—

5 “(1) IN GENERAL.—The amount which would
6 (but for this subsection) be allowable as a deduction
7 under this section shall be reduced (but not below
8 zero) by the amount determined under paragraph
9 (2).

10 “(2) AMOUNT OF REDUCTION.—The amount
11 determined under this paragraph is the amount
12 which bears the same ratio to the amount which
13 would be so taken into account as—

14 “(A) the excess of—

15 “(i) the taxpayer’s modified adjusted
16 gross income for such taxable year, over

17 “(ii) \$100,000 (\$200,000 in the case
18 of a joint return), bears to

19 “(B) \$15,000 (\$30,000 in the case of a
20 joint return).

21 “(3) MODIFIED ADJUSTED GROSS INCOME.—

22 The term ‘modified adjusted gross income’ means
23 adjusted gross income determined—

24 “(A) without regard to this section and
25 sections 199, 222, 911, 931, and 933, and

1 “(B) after application of sections 86, 135,
2 137, 219, and 469.”.

3 (b) CONFORMING AMENDMENT.—Section 221(f)(1)
4 of such Code is amended to read as follows:

5 “(1) IN GENERAL.—In the case of a taxable
6 year beginning after 2010, the \$100,000 and
7 \$200,000 amounts in subsection (b) shall each be in-
8 creased by an amount equal to—

9 “(A) such dollar amount, multiplied by

10 “(B) the cost-of-living adjustment deter-
11 mined under section 1(f)(3) for the calendar
12 year in which the taxable year begins, deter-
13 mined by substituting ‘calendar year 2009’ for
14 ‘calendar year 1992’ in subparagraph (B)
15 thereof.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2009.

19 **SEC. 3. EDUCATION SAVINGS ACCOUNTS.**

20 (a) INCREASE IN ALLOWABLE CONTRIBUTIONS.—

21 (1) IN GENERAL.—Clause (iii) of section
22 530(b)(1)(A) of the Internal Revenue Code of 1986
23 is amended by striking “\$2,000” and inserting
24 “\$5,000”.

1 (2) CONFORMING AMENDMENT.—Section
2 4973(e)(1)(A) of such Code is amended by striking
3 “\$2,000” and inserting “\$5,000”.

4 (b) REPORTS.—Subsection (h) of section 530 of such
5 Code is amended by striking the period at the end of the
6 last sentence and inserting “, except that reports shall be
7 so filed and furnished for any calendar year not later than
8 June 30 of the following year.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2009.

12 **SEC. 4. ALLOWANCE OF ROOM, BOARD, AND SPECIAL**
13 **NEEDS SERVICES IN THE CASE OF SCHOLAR-**
14 **SHIPS AND TUITION REDUCTION PROGRAMS**
15 **WITH RESPECT TO HIGHER EDUCATION.**

16 (a) IN GENERAL.—Paragraph (1) of section 117(b)
17 of the Internal Revenue Code of 1986 (defining qualified
18 scholarship) is amended by inserting before the period at
19 the end the following: “or, in the case of enrollment or
20 attendance at an eligible educational institution, for quali-
21 fied higher education expenses.”.

22 (b) DEFINITIONS.—Subsection (b) of section 117 of
23 such Code is amended by adding at the end the following
24 new paragraph:

1 “(3) QUALIFIED HIGHER EDUCATION EX-
 2 PENSES; ELIGIBLE EDUCATIONAL INSTITUTION.—
 3 The terms ‘qualified higher education expenses’ and
 4 ‘eligible educational institution’ have the meanings
 5 given such terms in section 529(e).”.

6 (c) TUITION REDUCTION PROGRAMS.—Paragraph
 7 (5) of section 117(d) of such Code (relating to special
 8 rules for teaching and research assistants) is amended by
 9 striking “shall be applied as if it did not contain the
 10 phrase ‘(below the graduate level)’.” and inserting “shall
 11 be applied—

12 “(A) as if it did not contain the phrase
 13 ‘(below the graduate level)’, and

14 “(B) by substituting ‘qualified higher edu-
 15 cation expenses’ for ‘tuition’ the second place it
 16 appears.”.

17 (d) EFFECTIVE DATE.—The amendments made by
 18 this section shall apply to expenses paid after December
 19 31, 2009 (in taxable years ending after such date), for
 20 education furnished in academic periods beginning after
 21 such date.

22 **SEC. 5. REPEAL OF EGTRRA SUNSET APPLICABILITY TO**
 23 **CERTAIN EDUCATION PROVISIONS.**

24 Title IX of the Economic Growth and Tax Relief Rec-
 25 onciliation Act of 2001 (relating to sunset of provisions

1 of such Act) shall not apply to sections 401 and 412 of
2 such Act.

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