

111TH CONGRESS
1ST SESSION

S. 143

To amend the Internal Revenue Code of 1986 to provide for a college opportunity tax credit.

IN THE SENATE OF THE UNITED STATES

JANUARY 6, 2009

Mr. KERRY 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 provide for a college opportunity tax credit.

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 “College Opportunity
5 Tax Credit Act of 2009”.

6 **SEC. 2. COLLEGE OPPORTUNITY TAX CREDIT.**

7 (a) IN GENERAL.—Section 25A of the Internal Rev-
8 enue Code of 1986 (relating to Hope scholarship credit)
9 is amended by redesignating subsection (i) as subsection

1 (j) and by inserting after subsection (h) the following new
 2 subsection:

3 “(i) COLLEGE OPPORTUNITY TAX CREDIT.—In the
 4 case of any taxable year beginning in 2009 or 2010—

5 “(1) HOPE SCHOLARSHIP CREDIT.—

6 “(A) INCREASE IN CREDIT.—The Hope
 7 scholarship credit shall be an amount equal to
 8 the sum of—

9 “(i) 100 percent of so much of the
 10 qualified tuition and related expenses paid
 11 by the taxpayer during the taxable year
 12 (for education furnished to the eligible stu-
 13 dent during any academic period beginning
 14 in such taxable year) as does not exceed
 15 \$2,000, plus

16 “(ii) 50 percent of such expenses so
 17 paid as exceeds \$2,000 but does not exceed
 18 \$6,000.

19 “(B) HOPE SCHOLARSHIP CREDIT MADE
 20 REFUNDABLE.—

21 “(i) IN GENERAL.—The aggregate
 22 credits allowed under subpart C shall be
 23 increased by the amount of the credit
 24 which would be allowed under this sec-
 25 tion—

1 “(I) by reason of subsection
2 (a)(1) (after the application of this
3 paragraph), and

4 “(II) without regard to this sub-
5 paragraph and the limitation under
6 section 26(a) or paragraph (3), as the
7 case may be.

8 “(ii) TREATMENT OF CREDIT.—The
9 amount of the credit allowed under this
10 subparagraph shall not be treated as a
11 credit allowed under this subpart and shall
12 reduce the amount of credit otherwise al-
13 lowable under subsection (a) without re-
14 gard to section 26(a) or paragraph (3), as
15 the case may be.

16 “(C) CREDIT ALLOWED FOR 4 YEARS.—
17 Subparagraphs (A) of subsection (b)(2) shall be
18 applied by substituting ‘4’ for ‘2’.

19 “(D) CREDIT ALLOWED FOR ANY YEAR OF
20 POST-SECONDARY EDUCATION.—Subsection
21 (b)(2) shall be applied without regard to sub-
22 paragraph (C).

23 “(2) LIFETIME LEARNING CREDIT.—

24 “(A) IN GENERAL.—In the case of any
25 student for whom an election is in effect under

1 this paragraph for any taxable year, the Life-
 2 time Learning Credit for such taxable year is
 3 an amount equal to the sum of—

4 “(i) 40 percent of so much of the
 5 qualified tuition and related expenses paid
 6 by the taxpayer during the taxable year
 7 (for education furnished to the student
 8 during any academic period beginning in
 9 such taxable year) as does not exceed
 10 \$1,000, plus

11 “(ii) 20 percent of such expenses so
 12 paid as exceeds \$1,000 but does not exceed
 13 the applicable limit.

14 “(B) APPLICABLE LIMIT.—For purposes of
 15 subparagraph (A)(ii), the applicable limit for
 16 any taxable year is an amount equal to 3 times
 17 the dollar amount in effect under subparagraph
 18 (A)(i) for such taxable year.

19 “(C) SPECIAL RULES FOR DETERMINING
 20 EXPENSES.—

21 “(i) COORDINATION WITH HOPE
 22 SCHOLARSHIP CREDIT.—The qualified tui-
 23 tion and related expenses taken into ac-
 24 count with respect to a student under sub-
 25 section (a)(1) for the taxable year shall not

1 be taken into account under this para-
 2 graph.

3 “(ii) EXPENSES FOR JOB SKILLS
 4 COURSES ALLOWED.—For purposes of sub-
 5 paragraph (A), qualified tuition and re-
 6 lated expenses shall include expenses de-
 7 scribed in subsection (f)(1) with respect to
 8 any course of instruction at an eligible
 9 educational institution to acquire or im-
 10 prove job skills of the student.

11 “(3) LIMITATION BASED ON AMOUNT OF
 12 TAX.—In the case of a taxable year to which section
 13 26(a)(2) does not apply, the credit allowed under
 14 subsection (a) for the taxable year shall not exceed
 15 the excess of—

16 “(A) the sum of the regular tax liability
 17 (as defined in section 26(b)) plus the tax im-
 18 posed by section 55, over

19 “(B) the sum of the credits allowed under
 20 this subpart (other than this section and sec-
 21 tions 23, 24, and 25B) and section 27 for the
 22 taxable year.”.

23 (b) TECHNICAL AMENDMENT.—Section 1324(b) of
 24 title 31, United States Code, is amended by inserting
 25 “25B(i)(1)(B)” before “35”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2008.

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