II

111TH CONGRESS
1ST SESSION

S. 83

To amend the Internal Revenue Code of 1986 to expand the Coverdell education savings accounts to allow home school education expenses, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 6, 2009

Mr. VITTER introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to expand the Coverdell education savings accounts to allow home school education expenses, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ALLOWANCE OF HOME SCHOOL EXPENSES AS QUALIFIED EDUCATION EXPENSES FOR PURPOSES OF A COVERDELL EDUCATION SAVINGS ACCOUNT.

(a) IN GENERAL.—Paragraph (3) of section 530(b) of the Internal Revenue Code of 1986 (relating to qualified elementary and secondary education expenses) is amended by adding at the end the following new subparagraph:

"(C) PRIVATE SCHOOL.—For purposes of this section, the term 'private school' includes any home school that meets the requirements of State law applicable to such home schools, whether or not such school is deemed a private school for purposes of State law.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2008.

SEC. 2. COVERDELL EDUCATION SAVINGS ACCOUNT CONTRIBUTIONS INDEXED TO INFLATION.

Subsection (b) of section 530 of the Internal Revenue Code of 1986 (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

"(5) ADJUSTMENT FOR INFLATION.—In the case of a taxable year beginning in a calendar year after 2009, the dollar amount in paragraph (1)(A)(iii) shall be increased by an amount equal to—

"(A) such amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2008' for 'calendar year 1992' in subparagraph (B) thereof.''.

SEC. 3. EXPANSION OF EDUCATION SAVINGS INCENTIVES MADE PERMANENT.

Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by adding at the end the following new subsection:

''(c) EXCEPTION.—Subsection (a) shall not apply to the amendments made by section 401.''.

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