

112TH CONGRESS
2D SESSION

H. R. 6565

To amend the Internal Revenue Code of 1986 to provide a refundable tax credit for certain expenses of applying to graduate school.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 28, 2012

Ms. RICHARDSON 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 provide a refundable tax credit for certain expenses of applying to graduate school.

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; FINDINGS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Leadership Invests in the Future Through Helping Indi-
6 viduals Gain Higher Education and Retraining Act of
7 2012” or as the “LIFT HIGHER Act of 2012”.

8 (b) FINDINGS.—Congress finds the following:

1 (1) The median student loan debt for students
2 who graduated from college between 2006 and 2010
3 is \$20,000.

4 (2) Application fees for individual schools range
5 from \$40 to \$140. The cost of taking the Graduate
6 Record Exam once is \$150. Law school admission
7 test preparation courses cost upwards of \$1,500.
8 These costs make it difficult for many students to
9 apply to graduate school and discourage others from
10 doing so.

11 (3) The percentage of Americans with graduate
12 degrees is continuing to rise, with 10.9% of the pop-
13 ulation having graduate degrees as of 2011.

14 (4) Persons with advanced degrees earn on av-
15 erage \$3.2 million in their lifetime compared to
16 those holding a bachelors degree who earn about
17 \$2.27 million.

18 (5) It is in the national interest to have highly
19 educated citizenry.

20 (6) University education is the best and most
21 effective way to obtain professional training and
22 skills.

1 **SEC. 2. REFUNDABLE TAX CREDIT FOR GRADUATE SCHOOL**
2 **APPLICATION EXPENSES.**

3 (a) IN GENERAL.—Subpart C of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 is amended by inserting after section 36B the fol-
6 lowing new section:

7 **“SEC. 36C. CREDIT FOR GRADUATE SCHOOL APPLICATION**
8 **EXPENSES.**

9 “(a) ALLOWANCE OF CREDIT.—In the case of a spec-
10 ified graduate school applicant, there shall be allowed as
11 a credit against the tax imposed by this subtitle for such
12 taxable year an amount equal to the qualified graduate
13 school application expenses paid or incurred by such appli-
14 cant during such taxable year.

15 “(b) LIMITATIONS.—

16 “(1) DOLLAR LIMITATION.—The amount allow-
17 able as a credit under subsection (a) with respect to
18 any individual for any taxable year shall not exceed
19 the excess of \$500 over the aggregate amount of the
20 credits allowable under subsection (a) with respect
21 to such individual for all prior taxable years.

22 “(2) LIMITATION BASED ON MODIFIED AD-
23 JUSTED GROSS INCOME.—

24 “(A) IN GENERAL.—The amount allowable
25 as a credit under subsection (a) (determined
26 without regard to this paragraph and after the

1 application of paragraph (1)) for the taxable
 2 year shall be reduced (but not below zero) by
 3 the amount which bears the same ratio to the
 4 amount which is so allowable as—

5 “(i) the excess (if any) of—

6 “(I) the taxpayer’s modified ad-
 7 justed gross income for such taxable
 8 year, over

9 “(II) \$60,000 (\$120,000 in the
 10 case of a joint return), bears to

11 “(ii) \$5,000.

12 “(B) MODIFIED ADJUSTED GROSS IN-
 13 COME.—For purposes of subparagraph (A), the
 14 term ‘modified adjusted gross income’ means
 15 the adjusted gross income of the taxpayer for
 16 the taxable year increased by any amount ex-
 17 cluded from gross income under section 911,
 18 931, or 933.

19 “(c) SPECIFIED GRADUATE SCHOOL APPLICANT.—
 20 For purposes of this section, the term ‘specified graduate
 21 school applicant’ means any individual who applies to an
 22 eligible educational institution (as defined in section
 23 25A(f)(2)) for acceptance into a program of postbaccalau-
 24 reate study leading to a graduate degree from such insti-
 25 tution.

1 “(d) QUALIFIED GRADUATE SCHOOL APPLICATION
2 EXPENSES.—For purposes of this section, the term ‘quali-
3 fied graduate school application expenses’ means amounts
4 paid or incurred—

5 “(1) as an application fee with respect to apply-
6 ing for the program of study referred to in sub-
7 section (c),

8 “(2) as a fee for taking any test which is re-
9 quired in connection with applying for such program
10 of study,

11 “(3) for study and preparation materials
12 (whether printed or electronic) for any test referred
13 to in paragraph (2), or

14 “(4) for tutorial and preparation services for
15 any test referred to in paragraph (2) if such services
16 are provided by a person approved or licensed under
17 State law to provide such services.

18 “(e) CREDIT NOT ALLOWED TO INDIVIDUALS WHO
19 CAN BE CLAIMED AS DEPENDENTS.—No credit shall be
20 allowable under subsection (a) with respect to any indi-
21 vidual with respect to whom a deduction under section 151
22 is allowable to another taxpayer for a taxable year begin-
23 ning in the calendar year in which the taxable year re-
24 ferred to in subsection (a) begins.”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) Subparagraph (A) of section 6211(b)(4) of
2 such Code is amended by inserting “36C,” after
3 “36B,”.

4 (2) Paragraph (2) of section 1324(b) of title
5 31, United States Code, is amended by inserting
6 “36C,” after “36B,”.

7 (c) CLERICAL AMENDMENT.—The table of sections
8 for subpart C of part IV of subchapter A of chapter 1
9 of the Internal Revenue Code of 1986 is amended by in-
10 serting after the item relating to section 36B the following
11 new item:

 “Sec. 36C. Credit for graduate school application expenses.”.

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 the date of the enactment of this Act.

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