

112TH CONGRESS  
2D SESSION

# S. 2287

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for contributions to a trust used to provide need-based college scholarships.

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## IN THE SENATE OF THE UNITED STATES

APRIL 17, 2012

Mr. COONS 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 allow a credit against income tax for contributions to a trust used to provide need-based college scholarships.

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 “Communities Com-  
5 mitted to College Tax Credit Act of 2012”.

1 **SEC. 2. CREDIT FOR CONTRIBUTIONS TO A TRUST USED TO**  
 2 **PROVIDE NEED-BASED COLLEGE SCHOLAR-**  
 3 **SHIPS.**

4 (a) IN GENERAL.—Subpart B of part IV of sub-  
 5 chapter A of chapter 1 of the Internal Revenue Code of  
 6 1986 (relating to other credits) is amended by adding at  
 7 the end the following new section:

8 **“SEC. 30E. CONTRIBUTIONS TO TRUST USED TO PROVIDE**  
 9 **NEED-BASED COLLEGE SCHOLARSHIPS.**

10 “(a) ALLOWANCE OF CREDIT.—In addition to any  
 11 deduction allowable under this title, there shall be allowed  
 12 as a credit against the tax imposed by this chapter for  
 13 the taxable year an amount equal to 50 percent of des-  
 14 ignated qualified college scholarship funding contributions  
 15 made by the taxpayer during the taxable year.

16 “(b) DESIGNATED QUALIFIED COLLEGE SCHOLAR-  
 17 SHIP FUNDING CONTRIBUTION.—For purposes of this  
 18 section—

19 “(1) IN GENERAL.—The term ‘designated quali-  
 20 fied college scholarship funding contribution’ means  
 21 any charitable contribution (as defined in section  
 22 170(c))—

23 “(A) which is paid in cash by the taxpayer  
 24 to a qualified scholarship funding trust, and

25 “(B) which is designated by the trust for  
 26 purposes of this section.

1           “(2)    QUALIFIED    SCHOLARSHIP    FUNDING  
2           TRUST.—The term ‘qualified scholarship funding  
3           trust’ means a trust—

4                   “(A) which is established and maintained  
5                   in the United States by an organization—

6                           “(i) described in section 501(c)(3) and  
7                           exempt from tax under section 501(a), and

8                           “(ii) organized primarily for edu-  
9                           cational purposes,

10                   “(B) which is part of a plan of one or  
11                   more local education agencies (as defined in  
12                   section 9101 of the Elementary and Secondary  
13                   Education Act of 1965) of the State in which  
14                   such trust is established and maintained to pro-  
15                   vide scholarships to children of such agencies,  
16                   and

17                   “(C) the written governing instrument of  
18                   which—

19                           “(i) requires that the income of the  
20                           trust be used exclusively to provide quali-  
21                           fied scholarships (as defined in section  
22                           117(b)) to individuals who—

23                           “(I) are candidates for a degree  
24                           at an institution of higher education  
25                           (within the meaning given such term

1 by section 101 of the Higher Edu-  
 2 cation Act of 1965 (20 U.S.C. 1001)),  
 3 and

4 “(II) have demonstrated financial  
 5 need in accordance with section 471  
 6 of such Act (20 U.S.C. 1087kk), and  
 7 “(ii) requires that the assets of the  
 8 trust not be distributed for any purpose.

9 “(c) LIMITATIONS.—

10 “(1) IN GENERAL.—There is a national quali-  
 11 fied college scholarship funding contribution limita-  
 12 tion of \$1,000,000,000.

13 “(2) ALLOCATION OF LIMITATION.—

14 “(A) IN GENERAL.—Such national limita-  
 15 tion shall be allocated by the Secretary among  
 16 the qualified scholarship funding trusts which  
 17 have registered with the Secretary on or before  
 18 the 180th day after the date of the enactment  
 19 of this section. Each trust’s share of such na-  
 20 tional limitation shall be the amount which  
 21 bears the same ratio to such limitation as the  
 22 number of school age children of such trust’s  
 23 sponsoring agencies bears to the aggregate  
 24 number of school age children of the sponsoring

1 agencies of all trusts which have so registered  
2 with the Secretary.

3 “(B) SCHOOL AGE CHILDREN OF SPON-  
4 SORING AGENCIES.—For purposes of subpara-  
5 graph (A), the number of school age children of  
6 a trust’s sponsoring agencies is the number of  
7 children of the local education agencies referred  
8 to in subsection (b)(2)(B) who have attained  
9 age 5 but not age 18 for the most recent fiscal  
10 year ending before the date the allocations  
11 under this paragraph are made.

12 “(3) DESIGNATION SUBJECT TO ALLOCATED  
13 LIMITATION AMOUNT.—The amount of contributions  
14 made to a qualified scholarship funding trust which  
15 may be designated by such trust for purposes of this  
16 section shall not exceed the limitation amount allo-  
17 cated to such trust under paragraph (2).

18 “(4) MAXIMUM ALLOCATION PER TRUST.—The  
19 maximum qualified college scholarship funding con-  
20 tribution limitation which may be allocated to each  
21 trust is \$200,000,000. An amount which may not be  
22 allocated to a trust by reason of the preceding sen-  
23 tence shall be allocated as provided in paragraph (2)  
24 among registered qualified scholarship funding

1 trusts whose allocated limitation (without regard to  
2 this sentence) does not exceed \$200,000,000.

3 “(d) APPLICATION WITH OTHER CREDITS.—

4 “(1) BUSINESS CREDIT TREATED AS PART OF  
5 GENERAL BUSINESS CREDIT.—So much of the credit  
6 which would be allowed under subsection (a) for any  
7 taxable year (determined without regard to this sub-  
8 section) to a taxpayer engaged in a trade or business  
9 shall be treated as a credit listed in section 38(b) for  
10 such taxable year (and not allowed under subsection  
11 (a)).

12 “(2) PERSONAL CREDIT.—

13 “(A) IN GENERAL.—For purposes of this  
14 title, the credit allowed under subsection (a) for  
15 any taxable year (determined after application  
16 of paragraph (1)) shall be treated as a credit  
17 allowable under subpart A for such taxable  
18 year.

19 “(B) LIMITATION BASED ON AMOUNT OF  
20 TAX.—In the case of a taxable year to which  
21 section 26(a)(2) does not apply, the credit al-  
22 lowed under subsection (a) for any taxable year  
23 (determined after application of paragraph (1))  
24 shall not exceed the excess of—

1 “(i) the sum of the regular tax liabil-  
 2 ity (as defined in section 26(b)) plus the  
 3 tax imposed by section 55, over

4 “(ii) the sum of the credits allowable  
 5 under subpart A (other than this section  
 6 and sections 23 and 25D) and section 27  
 7 for the taxable year.

8 “(e) APPLICATION OF SECTION.—This section shall  
 9 apply only to contributions made during the 3-year period  
 10 beginning on the 180th day after the date of the enact-  
 11 ment of this section.”.

12 (b) CONFORMING AMENDMENTS.—

13 (1) Sections 24(b)(3)(B), 25A(i)(5)(B),  
 14 25B(g)(2), 26(a)(1), 30(c)(2)(B)(ii),  
 15 30B(g)(2)(B)(ii), 904(i), and 1400C(d)(2) of such  
 16 Code are each amended by striking “and 30D” and  
 17 inserting “30D, and 30E”.

18 (2) Section 25(e)(1)(C)(ii) of such Code is  
 19 amended by inserting “30E,” after “30D,”.

20 (3) Section 30D(c)(2)(B)(ii) of such Code is  
 21 amended by striking “and 25D” and inserting “,  
 22 25D, and 30E”.

23 (4) Section 38(b) of such Code is amended by  
 24 striking “plus” at the end of paragraph (35), by  
 25 striking the period at the end of paragraph (36) and

1 inserting “, plus”, and by adding at the end the fol-  
 2 lowing new paragraph:

3 “(37) the portion of the credit to which section  
 4 30E(d)(1) applies.”.

5 (5) The table of sections for subpart B of part  
 6 IV of subchapter A of chapter 1 of such Code is  
 7 amended by adding at the end the following new  
 8 item:

“Sec. 30E. Contributions to trust used to provide need-based college scholar-  
 ships.”.

9 (c) EFFECTIVE DATE.—The amendments made by  
 10 this section shall apply to contributions made on or after  
 11 the 180th day after the date of the enactment of this Act  
 12 in taxable years ending after such date.

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