

114TH CONGRESS
1ST SESSION

H. R. 1928

To amend the Internal Revenue Code of 1986 to expand the coverage of qualified tuition programs and increase the limitation on contributions to Coverdell education savings accounts.

IN THE HOUSE OF REPRESENTATIVES

APRIL 22, 2015

Mr. MCHENRY (for himself, Mr. MEADOWS, Mr. PITTENGER, Mr. HUDSON, and Mr. ROUZER) 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 the coverage of qualified tuition programs and increase the limitation on contributions to Coverdell education savings accounts.

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 “Empowering Parents
5 to Invest in Choice Act of 2015”.

1 **SEC. 2. QUALIFIED TUITION PROGRAMS EXTENDED TO**
2 **COVER ELEMENTARY AND SECONDARY EDU-**
3 **CATION EXPENSES.**

4 (a) **IN GENERAL.**—Section 529(e)(3) of the Internal
5 Revenue Code of 1986 is amended to read as follows:

6 “(3) **QUALIFIED EDUCATION EXPENSES.**—

7 “(A) **IN GENERAL.**—The term ‘qualified
8 education expenses’ means—

9 “(i) qualified elementary and sec-
10 ondary education expenses (as defined in
11 subparagraph (B)), and

12 “(ii) qualified higher education ex-
13 penses (as defined in subparagraph (C)).

14 “(B) **QUALIFIED ELEMENTARY AND SEC-**
15 **ONDARY EDUCATION EXPENSES.**—

16 “(i) **IN GENERAL.**—The term ‘quali-
17 fied elementary and secondary education
18 expenses’ means—

19 “(I) expenses for tuition, fees,
20 academic tutoring, special needs serv-
21 ices in the case of a special needs ben-
22 efiary, books, supplies, and other
23 equipment which are incurred in con-
24 nection with the enrollment or attend-
25 ance of the designated beneficiary of
26 the trust as an elementary or sec-

1 ondary school student at a public, pri-
2 vate, or religious school,

3 “(II) expenses for the purchase
4 of any computer technology or equip-
5 ment (as defined in section
6 170(e)(6)(F)(i)) or Internet access
7 and related services, if such tech-
8 nology, equipment, or services are to
9 be used by the beneficiary and the
10 beneficiary’s family during any of the
11 years the beneficiary is in school.

12 Subclause (III) shall not include expenses
13 for computer software designed for sports,
14 games, or hobbies unless the software is
15 predominantly educational in nature.

16 “(ii) SCHOOL.—The term ‘school’
17 means any school which provides elemen-
18 tary education or secondary education
19 (kindergarten through grade 12), as deter-
20 mined under State law.

21 “(C) QUALIFIED HIGHER EDUCATION EX-
22 PENSES.—

23 “(i) IN GENERAL.—The term ‘quali-
24 fied higher education expenses’ means—

1 “(I) tuition, fees, books, supplies,
2 and equipment required for the enroll-
3 ment or attendance of a designated
4 beneficiary at an eligible educational
5 institution, and

6 “(II) expenses for special needs
7 services in the case of a special needs
8 beneficiary which are incurred in con-
9 nection with such enrollment or at-
10 tendance.

11 “(ii) ROOM AND BOARD INCLUDED
12 FOR STUDENTS WHO ARE AT LEAST HALF-
13 TIME.—In the case of an individual who is
14 an eligible student (as defined in section
15 25A(b)(3)) for any academic period, such
16 term shall also include reasonable costs for
17 such period (as determined under the
18 qualified tuition program) incurred by the
19 designated beneficiary for room and board
20 while attending such institution. For pur-
21 poses of subsection (b)(6), a designated
22 beneficiary shall be treated as meeting the
23 requirements of this clause.

24 “(iii) LIMITATION ON ROOM AND
25 BOARD INCLUDED FOR STUDENTS WHO

1 ARE AT LEAST HALF-TIME.—The amount
2 treated as qualified higher education ex-
3 penses by reason of clause (ii) shall not ex-
4 ceed—

5 “(I) the allowance (applicable to
6 the student) for room and board in-
7 cluded in the cost of attendance (as
8 defined in section 472 of the Higher
9 Education Act of 1965 (20 U.S.C.
10 10871l), as in effect on the date of the
11 enactment of the Economic Growth
12 and Tax Relief Reconciliation Act of
13 2001) as determined by the eligible
14 educational institution for such pe-
15 riod, or

16 “(II) if greater, the actual invoice
17 amount the student residing in hous-
18 ing owned or operated by the eligible
19 educational institution is charged by
20 such institution for room and board
21 costs for such period.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 72(t)(7)(A) of such Code is amend-
24 ed by striking “529(e)(3)” and inserting
25 “529(e)(3)(C)”.

1 (2) Section 529(c)(3)(B) of such Code is
2 amended by striking “QUALIFIED HIGHER EDU-
3 CATION EXPENSES” in the heading thereof and in-
4 serting “QUALIFIED EDUCATION EXPENSES”.

5 (3) Section 529(c)(3)(B)(i) of such Code is
6 amended by striking “qualified higher education ex-
7 pense” and inserting “qualified education expense”.

8 (4) Section 529 of such Code is amended by
9 striking “qualified higher education expenses” each
10 place it appears and inserting “qualified education
11 expenses” in each of the following:

12 (A) Subsection (b)(1)(A)(i).

13 (B) Subsection (b)(1)(A)(ii).

14 (C) Subsection (b)(6).

15 (D) Subsection (c)(3)(B)(ii)(I).

16 (E) Subsection (c)(3)(B)(v).

17 (F) Subsection (c)(3)(B)(vi)(II).

18 (G) Subsection (c)(6).

19 (5) Section 530(b) of such Code is amended by
20 striking paragraphs (2) and (3) and redesignating
21 paragraph (4) as paragraph (2).

22 (6) Section 1400O(1) of such Code is amended
23 by striking “529(e)(3)” and inserting
24 “529(e)(3)(C)”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2014.

4 **SEC. 3. INCREASED LIMITATION ON CONTRIBUTIONS TO**
5 **COVERDELL EDUCATION SAVINGS AC-**
6 **COUNTS.**

7 (a) IN GENERAL.—Section 530(b)(1)(A)(iii) of the
8 Internal Revenue Code of 1986 is amended by striking
9 “\$2,000” and inserting “\$15,000”.

10 (b) INFLATION ADJUSTMENT.—Section 530 of such
11 Code is amended by adding at the end the following new
12 subsection:

13 “(i) INFLATION ADJUSTMENT.—

14 “(1) IN GENERAL.—In the case of any taxable
15 year beginning after 2015, the \$15,000 amount con-
16 tained in subsection (b)(1)(A)(iii) shall be increased
17 by an amount equal to—

18 “(A) such dollar amount, multiplied by

19 “(B) the cost-of-living adjustment deter-
20 mined under section 1(f)(3) for the calendar
21 year in which the taxable year begins, deter-
22 mined by substituting ‘calendar year 2014’ for
23 ‘calender year 1992’ in subparagraph (B) there-
24 of.

1 “(2) ROUNDING RULE.—Any increase deter-
2 mined under the preceding sentence shall be rounded
3 to the nearest multiple of \$100.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2014.

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