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115TH CONGRESS
1ST SESSION

H. R. 1764

To amend the Internal Revenue Code of 1986 to exclude room and board costs and certain research expenses from gross income of certain students.

IN THE HOUSE OF REPRESENTATIVES

MARCH 28, 2017

Mr. MESSER introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to exclude room and board costs and certain research expenses from gross income of certain students.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Fair Treatment of Scholarships and Pell Grants Act of 2017".

SEC. 2. EXCLUSION OF ROOM AND BOARD COSTS AND CERTAIN RESEARCH EXPENSES FROM GROSS INCOME.

(a) IN GENERAL.—Section 117(b)(1) of the Internal Revenue Code of 1986 is amended by striking "used for qualified tuition and related expenses.'' and inserting the following: ``used—

``(A) for qualified tuition and related expenses, or

``(B) for room and board costs.''.

(b) CLARIFICATION WITH RESPECT TO RESEARCH EXPENSES.—Section 117(b)(2)(B) of such Code is amended by inserting ``or for research at such an educational organization'' before the period at the end.

(c) DEFINITIONS.—Section 117(b) of such Code is amended by adding at the end the following new paragraph:

``(3) ROOM AND BOARD COSTS.—For purposes of paragraph (1), the term 'room and board costs' means room and board costs for which there is an allowance under section 472(3) of the Higher Education Act of 1965.''.

(d) LIMITATION.—

(1) IN GENERAL.—Section 117(c) of such Code is amended by adding at the end the following new paragraph:

``(3) EXPENSES FOR RESEARCH.—

``(A) IN GENERAL.—The amount included in qualified tuition and related expenses under subsection (b)(2)(B) for a taxable year for research not required for a course of instruction shall not exceed $300.

"(B) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2017, the $300 amount in subparagraph (A) shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2016' for 'calendar year 1992' in subparagraph (B) of such section.

"(C) ROUNDING.—If any increase determined under subparagraph (B) is not a multiple of $5, such increase shall be rounded to the nearest multiple of $5.".

(2) CONFORMING AMENDMENTS.—Section 117(c) of such Code is amended—

(A) in the heading, by striking "LIMITATION" and inserting "LIMITATIONS", and

(B) in the heading of paragraph (1), by striking "IN GENERAL" and inserting "PAYMENT FOR TEACHING, RESEARCH, AND OTHER SERVICES".

(e) EFFECTIVE DATE.—The amendments made by this section apply with respect to amounts received in taxable years beginning after December 31, 2016.

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