

103D CONGRESS
1ST SESSION

H. R. 401

To amend the Internal Revenue Code of 1986 to provide a Federal income tax credit for tuition.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. SOLOMON 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 Federal income tax credit for tuition.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That (a) subpart A of part IV of subchapter A of chapter
4 1 of the Internal Revenue Code of 1986 (relating to non-
5 refundable personal credits) is amended by inserting after
6 section 25 the following new section:

7 **“SEC. 25A. TUITION TAX CREDIT.**

8 “(a) GENERAL RULE.—In the case of an individual,
9 there shall be allowed as a credit against the tax imposed
10 by this chapter for the taxable year, the amount, deter-

1 mined under subsection (b), of the educational expenses
2 paid by him during the taxable year to one or more eligible
3 educational institutions for himself, his spouse, or any of
4 his dependents (as defined in section 152).

5 “(b) LIMITATIONS.—

6 “(1) AMOUNT PER INDIVIDUAL.—The credit
7 under subsection (a) for the educational expenses of
8 any individual paid in any taxable year shall be
9 equal to so much of such expenses paid with respect
10 to such individual as does not exceed \$1,000.

11 “(2) PRORATION OF CREDIT WHERE MORE
12 THAN ONE TAXPAYER PAYS EXPENSES.—If edu-
13 cational expenses of an individual are paid by more
14 than one taxpayer during any calendar year, the
15 credit allowable to each such taxpayer under sub-
16 section (a) for any taxable year beginning in such
17 calendar year shall be the same portion of the credit
18 determined under paragraph (1) for such calendar
19 year which the amount of educational expenses of
20 such individual paid by the taxpayer during such
21 calendar year is of the total amount of educational
22 expenses of such individual paid during such cal-
23 endar year by all such taxpayers.

24 “(c) DEFINITIONS.—For purposes of this section—

1 “(1) EDUCATIONAL EXPENSES.—The term
2 ‘educational expenses’ means amounts paid for—

3 “(A) tuition and fees required for the en-
4 rollment or attendance of a student at an eligi-
5 ble educational institution, and

6 “(B) fees, books, supplies, and equipment
7 required for courses of instruction at an eligible
8 educational institution.

9 Such term does not include any amount paid, di-
10 rectly or indirectly, for meals, lodging, or similar
11 personal, living, or family expenses. In the event an
12 amount paid for tuition or fees includes an amount
13 for meals, lodging, or similar expenses which is not
14 separately stated, the portion of such amount which
15 is attributable to meals, lodging, or similar expenses
16 shall be determined under regulations prescribed by
17 the Secretary.

18 “(2) ELIGIBLE EDUCATIONAL INSTITUTION.—
19 The term ‘eligible educational institution’ means—

20 “(A) an institution of higher education,

21 “(B) a vocational school,

22 “(C) a secondary school, or

23 “(D) an elementary school.

24 “(3) INSTITUTION OF HIGHER EDUCATION.—

25 The term ‘institution of higher education’ means the

1 institutions described in section 1201(a) or 481(a)
2 of the Higher Education Act of 1965.

3 “(4) VOCATIONAL SCHOOL.—The term ‘voca-
4 tional school’ means an area vocational education
5 school as defined in section 521(3) of the Carl D.
6 Perkins Vocational Education Act.

7 “(5) ELEMENTARY AND SECONDARY
8 SCHOOLS.—The terms ‘elementary school’ and ‘sec-
9 ondary school’ mean, respectively, any elementary or
10 secondary school (as defined in paragraph (7) of sec-
11 tion 198(a) of the Elementary and Secondary Edu-
12 cation Act of 1965) which is privately operated but
13 only if it is—

14 “(A) accredited or approved under State
15 law (or, in the case of school in a State which
16 has no procedure for the accreditation or ap-
17 proval of privately operated schools, which
18 meets the requirements of State law relating to
19 compulsory school attendance), and

20 “(B) exempt from taxation under section
21 501(a) as an organization described in section
22 501(c)(3).

23 The terms ‘elementary school’ and ‘secondary school’
24 include facilities which offer education for individ-
25 uals who are physically or mentally handicapped as

1 a substitute for public elementary or secondary edu-
2 cation.

3 “(d) SPECIAL RULES.—

4 “(1) ADJUSTMENT FOR CERTAIN SCHOLAR-
5 SHIPS AND VETERANS BENEFITS.—The amounts
6 otherwise taken into account under subsection (a) as
7 educational expenses of any individual during any
8 period shall be reduced (before the application of
9 subsection (b)) by any amounts received by such in-
10 dividual during such period as—

11 “(A) a qualified scholarship (within the
12 meaning of section 117(b)) which under section
13 117 is not includible in gross income, or

14 “(B) an educational assistance allowance
15 under chapters 32, 34, or 35 of title 38 of the
16 United States Code.

17 “(2) ELIGIBLE COURSES.—Amounts paid for
18 educational expenses of any individual shall be taken
19 into account under subsection (a) only to the extent
20 such expenses—

21 “(A) are attributable to courses of instruc-
22 tion offered by an elementary or secondary
23 school, or

24 “(B) are attributable to courses of instruc-
25 tion for which credit is allowed toward a bacca-

1 laureate degree by an institution of higher edu-
2 cation or toward a certificate of required course
3 work at a vocational school and are not attrib-
4 utable to any graduate program of such individ-
5 ual.

6 “(3) INDIVIDUAL MUST BE AT LEAST HALF-
7 TIME STUDENT.—No credit shall be allowed under
8 subsection (a) for amounts paid during the taxable
9 year for educational expenses with respect to any in-
10 dividual unless that individual, during any 4 cal-
11 endar months during the calendar year in which the
12 taxable year of the taxpayer begins, is at least a
13 half-time student at an eligible education institution.

14 “(4) SPOUSE.—No credit shall be allowed under
15 subsection (a) for amounts paid during the taxable
16 year for educational expenses for the spouse of the
17 taxpayer unless—

18 “(A) the taxpayer is entitled to an exemp-
19 tion for his spouse under section 151(b) for the
20 taxable year, or

21 “(B) the taxpayer files a joint return with
22 his spouse for the taxable year.

23 “(e) DISALLOWANCE OF EXPENSES AS DEDUC-
24 TION.—No deduction shall be allowed under section 162
25 (relating to trade or business expenses) for any edu-

1 cational expense which (after the application of subsection
2 (b)) is taken into account in determining the amount of
3 any credit allowed under subsection (a). The preceding
4 sentence shall not apply to the educational expenses of any
5 taxpayer who, under regulations prescribed by the Sec-
6 retary, elects not to apply the provisions of this section
7 with respect to such expenses for the taxable year.

8 “(f) REGULATIONS.—The Secretary shall prescribe
9 such regulations as may be necessary to carry out the pro-
10 visions of this section.”

11 (b) The table of sections for such subpart A is
12 amended by inserting after the item relating to section 25
13 the following new item:

“Sec. 25A. Expenses of higher education.”

14 (c) The amendments made by this section shall apply
15 to taxable years beginning after December 31, 1993.

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