

103D CONGRESS  
1ST SESSION

# H. R. 959

To amend the Internal Revenue Code of 1986 to restore the prior law exclusion for scholarships and fellowships and to restore the deduction for interest on educational loans.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 17, 1993

Mr. PRICE (for himself, Mr. LANCASTER, Mr. COX, Mr. FRANK of Massachusetts, Mr. HEFNER, Mr. SCHUMER, Mr. BAKER of Louisiana, Mr. MINETA, Mr. PENNY, Mr. MILLER of California, Mr. RANGEL, Mr. MARTINEZ, Mr. SANDERS, Mr. WALSH, Mr. STUDDS, Mrs. CLAYTON, Mr. SLATTERY, Mr. RICHARDSON, Mr. BOUCHER, Mr. LIVINGSTON, Mr. THOMAS of Wyoming, Mr. WATT, Mr. KANJORSKI, Mr. GONZALEZ, Mr. ACKERMAN, Mrs. MORELLA, Mrs. COLLINS of Illinois, Mr. BRYANT, Mr. HUGHES, Ms. LONG, Mrs. LOWEY, Mr. SKAGGS, Ms. SLAUGHTER, Mr. COLEMAN, Mr. LAROCO, Mr. FROST, Mr. HOCHBRUECKNER, Mr. DURBIN, Mr. NEAL of North Carolina, Mr. PARKER, Mr. VALENTINE, Mr. WASHINGTON, Mr. STOKES, Mr. ROHRABACHER, Mr. YOUNG of Florida, Mr. ANDREWS of Maine, Ms. PELOSI, Mr. SAWYER, Mr. CLEMENT, Mr. EMERSON, Mr. BACCHUS of Florida, Mr. EVANS, Mr. WYDEN, Mr. ENGEL, Mr. CRAMER, Mr. ABERCROMBIE, Ms. DELAURO, Mr. DEFazio, Ms. NORTON, Mr. RAVENEL, Mr. OWENS, Miss COLLINS of Michigan, Mr. FILNER, Mr. LAFALCE, Mr. VENTO, Mr. JOHNSON of South Dakota, Mr. WELDON, Mr. BARTLETT of Maryland, and Mr. TUCKER) introduced the following bill; which was referred to the Committee on Ways and Means

MARCH 23, 1993

Additional sponsors: Mr. GLICKMAN, Mrs. MINK, Mrs. BYRNE, Mr. STRICKLAND, Ms. CANTWELL, Mr. SCHIFF, Mr. INSLEE, Mr. TOWNS, Mr. FORD of Michigan, Ms. FURSE, Mr. FISH, Mr. BERMAN, Mr. ROMERO-BARCELÓ, and Mr. HINCHEY

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# A BILL

To amend the Internal Revenue Code of 1986 to restore the prior law exclusion for scholarships and fellowships and to restore the deduction for interest on educational loans.

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. RESTORATION OF PRIOR LAW EXCLUSION FOR**  
4 **SCHOLARSHIPS AND FELLOWSHIPS.**

5 Section 123 of the Tax Reform Act of 1986 (relating  
6 to scholarships), and the amendments made by such sec-  
7 tion, are hereby repealed; and the Internal Revenue Code  
8 of 1986 shall be applied and administered as if such sec-  
9 tion, and amendments, had never been enacted.

10 **SEC. 2. RESTORATION OF DEDUCTION FOR INTEREST ON**  
11 **EDUCATIONAL LOANS.**

12 (a) IN GENERAL.—Paragraph (2) of section 163(h)  
13 of the Internal Revenue Code of 1986 (defining personal  
14 interest) is amended by striking “and” at the end of sub-  
15 paragraph (D), by redesignating subparagraph (E) as sub-  
16 paragraph (F), and by inserting after subparagraph (D)  
17 the following new subparagraph:

18 “(E) any interest on a qualified edu-  
19 cational loan, and”.

20 (b) QUALIFIED EDUCATIONAL LOAN DEFINED.—  
21 Subsection (h) of section 163 of such Code is amended

1 by striking paragraph (5) and inserting the following new  
2 paragraph:

3 “(5) QUALIFIED EDUCATIONAL LOAN.—For  
4 purposes of this subsection—

5 “(A) IN GENERAL.—The term ‘qualified  
6 educational loan’ means any indebtedness in-  
7 curred to pay qualified educational expenses  
8 which are paid or incurred within a reasonable  
9 period of time before or after the indebtedness  
10 is incurred.

11 “(B) QUALIFIED EDUCATIONAL EX-  
12 PENSES.—For purposes of this paragraph—

13 “(i) IN GENERAL.—The term ‘quali-  
14 fied educational expenses’ means qualified  
15 tuition and related expenses of the tax-  
16 payer, his spouse, or a dependent for at-  
17 tendance at an educational institution de-  
18 scribed in section 170(b)(1)(A)(ii).

19 (ii) “QUALIFIED TUITION AND RELAT-  
20 ED EXPENSES.—The term ‘qualified tui-  
21 tion and related expenses’ means—

22 “(I) tuition and fees required for  
23 enrollment or attendance at an edu-  
24 cational institution described in sec-  
25 tion 170(b)(1)(A)(ii),

1                   “(II) fees, books, supplies, and  
2                   equipment required for courses of in-  
3                   struction at such an institution, and

4                   “(III) reasonable living expenses  
5                   while away from home.

6                   “(C) DEPENDENT.—For purposes of this  
7                   paragraph, the term ‘dependent’ has the mean-  
8                   ing given such term by section 152.

9                   “(D) COORDINATION WITH PARAGRAPH  
10                  (3)(C)(ii).—Any qualified educational loan shall  
11                  not be taken into account for purposes of apply-  
12                  ing the limitation of paragraph (3)(C)(ii).”

13                  (c) EFFECTIVE DATE.—The amendments made by  
14                  this section shall apply to taxable years beginning after  
15                  December 31, 1986.

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