

115TH CONGRESS 1ST SESSION

H. R. 675

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

January 24, 2017

Mr. McHenry 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 2017".

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	eficiary, 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 room and
4	board, uniforms, transportation, and
5	supplementary items and services (in-
6	cluding extended day programs) which
7	are required or provided by a public,
8	private, or religious school in connec-
9	tion with such enrollment or attend-
10	ance, and
11	"(III) expenses for the purchase
12	of any computer technology or equip-
13	ment (as defined in section
14	170(e)(6)(F)(i)) or Internet access
15	and related services, if such tech-
16	nology, equipment, or services are to
17	be used by the beneficiary and the
18	beneficiary's family during any of the
19	years the beneficiary is in school.
20	Subclause (III) shall not include expenses
21	for computer software designed for sports,
22	games, or hobbies unless the software is
23	predominantly educational in nature.
24	"(ii) School.—The term 'school'
25	means any school which provides elemen-

1	tary education or secondary education
2	(kindergarten through grade 12), as deter-
3	mined under State law.
4	"(C) Qualified higher education ex-
5	PENSES.—
6	"(i) In General.—The term 'quali-
7	fied higher education expenses' means—
8	"(I) tuition, fees, books, supplies,
9	and equipment required for the enroll-
10	ment or attendance of a designated
11	beneficiary at an eligible educational
12	institution, and
13	"(II) expenses for special needs
14	services in the case of a special needs
15	beneficiary which are incurred in con-
16	nection with such enrollment or at-
17	tendance.
18	"(ii) Room and board included
19	FOR STUDENTS WHO ARE AT LEAST HALF-
20	TIME.—In the case of an individual who is
21	an eligible student (as defined in section
22	25A(b)(3)) for any academic period, such
23	term shall also include reasonable costs for
24	such period (as determined under the
25	qualified tuition program) incurred by the

1	designated beneficiary for room and board
2	while attending such institution. For pur-
3	poses of subsection (b)(6), a designated
4	beneficiary shall be treated as meeting the
5	requirements of this clause.
6	"(iii) Limitation on room and
7	BOARD INCLUDED FOR STUDENTS WHO
8	ARE AT LEAST HALF-TIME.—The amount
9	treated as qualified higher education ex-
10	penses by reason of clause (ii) shall not ex-
11	ceed—
12	"(I) the allowance (applicable to
13	the student) for room and board in-
14	cluded in the cost of attendance (as
15	defined in section 472 of the Higher
16	Education Act of 1965 (20 U.S.C.
17	1087ll), as in effect on the date of the
18	enactment of the Economic Growth
19	and Tax Relief Reconciliation Act of
20	2001) as determined by the eligible
21	educational institution for such pe-
22	riod, or
23	"(II) if greater, the actual invoice
24	amount the student residing in hous-
25	ing owned or operated by the eligible

1	educational institution is charged by
2	such institution for room and board
3	costs for such period.".
4	(b) Conforming Amendments.—
5	(1) Section 72(t)(7)(A) of such Code is amend-
6	ed by striking "529(e)(3)" and inserting
7	"529(e)(3)(C)".
8	(2) Section $529(c)(3)(B)$ of such Code is
9	amended by striking "QUALIFIED HIGHER EDU-
10	CATION EXPENSES" in the heading thereof and in-
11	serting "QUALIFIED EDUCATION EXPENSES".
12	(3) Section $529(e)(3)(B)(i)$ of such Code is
13	amended by striking "qualified higher education ex-
14	pense" and inserting "qualified education expense".
15	(4) Section 529 of such Code is amended by
16	striking "qualified higher education expenses" each
17	place it appears and inserting "qualified education
18	expenses" in each of the following:
19	(A) Subsection $(b)(1)(A)(i)$.
20	(B) Subsection (b)(1)(A)(ii).
21	(C) Subsection (b)(6).
22	(D) Subsection $(c)(3)(B)(ii)(I)$.
23	(E) Subsection $(c)(3)(B)(v)$.
24	(F) Subsection (c)(3)(B)(vi)(II).
25	(G) Subsection $(c)(6)$.

1	(5) Section 530(b) of such Code is amended by
2	striking paragraphs (2) and (3) and redesignating
3	paragraph (4) as paragraph (2).
4	(6) Section 1400O(1) of such Code is amended
5	by striking "529(e)(3)" and inserting
6	"529(e)(3)(C)".
7	(c) Effective Date.—The amendments made by
8	this section shall apply to taxable years beginning after
9	December 31, 2016.
10	SEC. 3. INCREASED LIMITATION ON CONTRIBUTIONS TO
11	COVERDELL EDUCATION SAVINGS AC-
12	COUNTS.
13	(a) In General.—Section 530(b)(1)(A)(iii) of the
	(a) In General.—Section 530(b)(1)(A)(iii) of the Internal Revenue Code of 1986 is amended by striking
13 14	
13 14 15	Internal Revenue Code of 1986 is amended by striking
13 14 15 16	Internal Revenue Code of 1986 is amended by striking "\$2,000" and inserting "\$12,000". (b) Inflation Adjustment.—Section 530 of such
13 14 15 16	Internal Revenue Code of 1986 is amended by striking "\$2,000" and inserting "\$12,000". (b) Inflation Adjustment.—Section 530 of such
13	Internal Revenue Code of 1986 is amended by striking "\$2,000" and inserting "\$12,000". (b) Inflation Adjustment.—Section 530 of such Code is amended by adding at the end the following new
13 14 15 16 17	Internal Revenue Code of 1986 is amended by striking "\$2,000" and inserting "\$12,000". (b) Inflation Adjustment.—Section 530 of such Code is amended by adding at the end the following new subsection:
13 14 15 16 17 18	Internal Revenue Code of 1986 is amended by striking "\$2,000" and inserting "\$12,000". (b) Inflation Adjustment.—Section 530 of such Code is amended by adding at the end the following new subsection: "(i) Inflation Adjustment.—
13 14 15 16 17 18 19	Internal Revenue Code of 1986 is amended by striking "\$2,000" and inserting "\$12,000". (b) Inflation Adjustment.—Section 530 of such Code is amended by adding at the end the following new subsection: "(i) Inflation Adjustment.— "(1) In general.—In the case of any taxable
13 14 15 16 17 18 19 20	Internal Revenue Code of 1986 is amended by striking "\$2,000" and inserting "\$12,000". (b) Inflation Adjustment.—Section 530 of such Code is amended by adding at the end the following new subsection: "(i) Inflation Adjustment.— "(1) In general.—In the case of any taxable year beginning after 2014, the \$12,000 amount con-

1	"(B) the cost-of-living adjustment deter-
2	mined under section $1(f)(3)$ for the calendar
3	year in which the taxable year begins, deter-
4	mined by substituting 'calendar year 2014' for
5	'calender year 1992' in subparagraph (B) there-
6	of.
7	"(2) ROUNDING RULE.—Any increase deter-
8	mined under the preceding sentence shall be rounded
9	to the nearest multiple of \$100.".
10	(c) Effective Date.—The amendments made by

10 (c) Effective Date.—The amendments made by 11 this section shall apply to taxable years beginning after 12 December 31, 2016.

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