

116TH CONGRESS
1ST SESSION

H. R. 898

To amend the Internal Revenue Code of 1986 to provide for lifelong learning accounts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 30, 2019

Mr. KILMER (for himself, Mr. THOMPSON of Pennsylvania, Mr. PETERS, Mr. FITZPATRICK, Mr. POSEY, Miss RICE of New York, Mrs. LURIA, and Ms. KUSTER of New Hampshire) 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 for lifelong learning accounts, and for other purposes.

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 “Skills Investment Act
5 of 2019”.

6 **SEC. 2. COVERDELL LIFELONG LEARNING ACCOUNTS.**

7 (a) IN GENERAL.—

1 (1) RENAMING OF COVERDELL EDUCATION SAV-
 2 INGS ACCOUNTS.—Section 530 of the Internal Rev-
 3 enue Code of 1986 is amended—

4 (A) by striking “Coverdell education sav-
 5 ings account” each place it appears and insert-
 6 ing “Coverdell lifelong learning account”; and

7 (B) by striking “**COVERDELL EDU-**
 8 **CATION SAVINGS ACCOUNTS**” in the heading
 9 and inserting “**COVERDELL LIFELONG**
 10 **LEARNING ACCOUNTS**”.

11 (2) CONFORMING AMENDMENTS.—

12 (A) Section 26(b)(2)(E) of the Internal
 13 Revenue Code of 1986 is amended by striking
 14 “Coverdell education savings accounts” and in-
 15 serting “Coverdell lifelong learning accounts”.

16 (B) Section 72(e)(9) of such Code is
 17 amended—

18 (i) by striking “Coverdell education
 19 savings account” and inserting “Coverdell
 20 lifelong learning account”; and

21 (ii) by striking “**COVERDELL EDU-**
 22 **CATION SAVINGS ACCOUNT**” in the heading
 23 and inserting “**COVERDELL LIFELONG**
 24 **LEARNING ACCOUNT**”.

1 (C) Section 135(c)(2)(C) of such Code is
2 amended—

3 (i) by striking “Coverdell education
4 savings account” and inserting “Coverdell
5 lifelong learning account”; and

6 (ii) by striking “COVERDELL EDU-
7 CATION SAVINGS ACCOUNT” in the heading
8 and inserting “COVERDELL LIFELONG
9 LEARNING ACCOUNT”.

10 (D) Section 408A(e)(2)(A)(ii) of such Code
11 is amended by striking “Coverdell education
12 savings account” and inserting “Coverdell life-
13 long learning account”.

14 (E) Section 529(c) of such Code is amend-
15 ed—

16 (i) by striking “COVERDELL EDU-
17 CATION SAVINGS ACCOUNTS” in the head-
18 ing of paragraph (3)(B)(vi) and inserting
19 “COVERDELL LIFELONG LEARNING AC-
20 COUNT”; and

21 (ii) by striking “an Coverdell edu-
22 cation savings account” in paragraph (6)
23 and inserting “a Coverdell lifelong learning
24 account”.

1 (F) Section 877A(e)(2) of such Code is
2 amended by striking “Coverdell education sav-
3 ings account” and inserting “Coverdell lifelong
4 learning account”.

5 (G) Section 4973 of such Code is amend-
6 ed—

7 (i) by striking “Coverdell education
8 savings account” each place it appears in
9 subsections (a)(4) and (e)(2)(A) and in-
10 serting “Coverdell lifelong learning ac-
11 count”;

12 (ii) by striking “Coverdell education
13 savings accounts” in subsection (e)(1) and
14 inserting “Coverdell lifelong learning ac-
15 counts”; and

16 (iii) by striking “COVERDELL EDU-
17 CATION SAVINGS ACCOUNTS” in the head-
18 ing of subsection (e) and inserting
19 “COVERDELL LIFELONG LEARNING AC-
20 COUNT”.

21 (H) Section 4975 of such Code is amend-
22 ed—

23 (i) by striking “Coverdell education
24 savings account” each place it appears in
25 subsections (c)(5) and (e)(1)(F) and in-

serting “Coverdell lifelong learning account”; and

(ii) by striking “COVERDELL EDUCATION SAVINGS ACCOUNTS” in the heading of subsection (c)(5) and inserting “COVERDELL LIFELONG LEARNING ACCOUNTS”.

(I) Section 6693(a)(2)(F) of such Code is amended by striking “Coverdell education savings accounts” and inserting “Coverdell lifelong learning accounts”.

(J) The table of sections for part VIII of subchapter F of chapter 1 of such Code is amended by striking “Coverdell education savings accounts” and inserting “Coverdell lifelong learning accounts”.

(3) TREATMENT OF EXISTING ACCOUNTS.—For purposes of section 530(b)(1) of the Internal Revenue Code of 1986, any account established before January 1, 2019, and designated as a Coverdell education savings account shall be deemed to have been designated as a Coverdell lifelong learning account.

(b) EXPANDED USE OF ACCOUNTS.—

(1) ELIGIBLE EXPENSES.—

(A) IN GENERAL.—Section 530(b)(2)(A) of the Internal Revenue Code of 1986 is amended by striking “and” at the end of clause (i), by striking the period at the end of clause (ii) and inserting “, and”, and by adding at the end the following new clause:

“(iii) qualified educational or skill development expenses (as defined in paragraph (5)).”.

(B) QUALIFIED EDUCATIONAL OR SKILL DEVELOPMENT EXPENSES.—Section 530(b) of such Code is amended by adding at the end the following new paragraph:

“(5) QUALIFIED EDUCATIONAL OR SKILL DEVELOPMENT EXPENSES.—The term ‘qualified educational or skill development expenses’ means—

“(A) expenses paid or incurred—

“(i) after the beneficiary attains age 16, and

“(ii) for participation or enrollment of the beneficiary in services or activities that are—

“(I) training services described in section 134(c)(3)(D) of the Workforce Innovation and Opportunity Act (29

1 U.S.C. 3174(c)(3)(D)) that are of-
2 ferred by a provider included on the
3 list of eligible providers of training
4 services described in section 122 of
5 such Act (29 U.S.C. 3152),

6 “(II) career and technical edu-
7 cation activities defined in section 3 of
8 the Carl D. Perkins Career and Tech-
9 nical Education Act of 2006 (20
10 U.S.C. 2302) that are offered through
11 an eligible institution (as defined in
12 such section),

13 “(III) career services described in
14 clauses (iii), (iv), and (xi) of section
15 134(c)(2)(A) of the Workforce Inno-
16 vation and Opportunity Act (29
17 U.S.C. 3174(c)(2)(A)) that are pro-
18 vided by providers eligible under sec-
19 tion 134(c)(2)(C) of such Act,

20 “(IV) youth activities described
21 in section 129(c)(2) of the Workforce
22 Innovation and Opportunity Act (29
23 U.S.C. 3164(c)(2)) that are provided
24 by eligible providers of youth work-

1 force investment activities under sec-
2 tion 123 of such Act, or

3 “(V) adult education and literacy
4 activities, as defined in section 203 of
5 the Adult Education and Family Lit-
6 eracy Act (29 U.S.C. 3272), that are
7 provided by eligible providers of adult
8 education and literacy activities under
9 section 231 of such Act (29 U.S.C.
10 3321),

11 “(B) expenses for transportation required
12 for or provided by any of the services or activi-
13 ties described in subparagraph (A),

14 “(C) expenses for testing necessary for en-
15 rollment in, or certification in connection with,
16 services or activities described in subparagraph
17 (A), or

18 “(D) expenses for the purchase of any
19 computer technology or equipment (as defined
20 in section 170(e)(6)(F)(i)) or internet access
21 and related services, if such technology, equip-
22 ment, or services are to be used by the bene-
23 ficiary for services or activities described in sub-
24 paragraph (A) during any of the years the ben-
25 eficiary is participating in or enrolled in any of

1 the services or activities described in subpara-
2 graph (A).”.

3 (c) MODIFICATION OF RULES RELATING TO AGE RE-
4 STRICTIONS AND CONTRIBUTIONS.—

5 (1) \$10,000 ACCOUNT LIMIT AFTER AGE 30.—

6 (A) IN GENERAL.—Subparagraph (E) of
7 section 530(b)(1) of the Internal Revenue Code
8 of 1986 is amended by inserting “in excess of
9 \$10,000” after “any balance to the credit of
10 the designated beneficiary”.

11 (B) CONTRIBUTION LIMIT.—Paragraph (1)
12 of section 530(b)(1) of such Code is amended
13 by striking “or” at the end of clause (ii), by
14 striking the period at the end of clause (iii) and
15 inserting “, or”, and by adding at the end the
16 following new clause:

17 “(iv) in the case of a beneficiary who
18 is over the age of 30, if such contribution
19 would result in the balance of the account
20 exceeding \$10,000.”.

21 (2) INCREASED AGE LIMIT FOR CONTRIBU-
22 TIONS.—Clause (ii) of section 530(b)(1)(A) of the
23 Internal Revenue Code of 1986 is amended by strik-
24 ing “age 18” and inserting “age 70”.

1 (3) INCREASED CONTRIBUTION LIMITATION
2 FOR INDIVIDUALS OVER AGE 30.—

3 (A) IN GENERAL.—Section
4 530(b)(1)(A)(iii) of the Internal Revenue Code
5 of 1986 is amended by inserting “(\$4,000 in
6 the case of an account the designated bene-
7 ficiary of which has attained age of 30 before
8 the end of the taxable year)” after “\$2,000”.

9 (B) CONFORMING AMENDMENT.—Section
10 4973(e)(1)(A) of such Code is amended by
11 striking “\$2,000” and inserting “the limitation
12 applicable under section 530(b)(1)(A)(iii)”.

13 (4) NO CHANGE IN BENEFICIARY AFTER AGE
14 30.—Paragraph (6) of section 530(d) of the Internal
15 Revenue Code of 1986 is amended by striking “shall
16 not be treated as a distribution for purposes of para-
17 graph (1) if the new beneficiary” and inserting
18 “shall not be treated as a distribution for purposes
19 of paragraph (1) if—

20 “(A) the old beneficiary has not attained
21 age 30 before the date of the change in bene-
22 ficiary, and

23 “(B) the new beneficiary”.

24 (d) CREDIT FOR EMPLOYER CONTRIBUTIONS.—

1 (1) IN GENERAL.—Subpart D of part IV of
2 subchapter A of chapter 1 of the Internal Revenue
3 Code of 1986 is amended by adding at the end the
4 following new section:

5 **“SEC. 45T. EMPLOYEE EDUCATIONAL SKILLS AND DEVEL-**
6 **OPMENT EXPENSES.**

7 “(a) GENERAL RULE.—For purposes of section 38,
8 the employee educational skills and development contribu-
9 tion credit determined under this section for any taxable
10 year is 25 percent of the nonelective contributions made
11 by the taxpayer during the taxable year to a Coverdell life-
12 long learning account (as defined in section 530(b)) the
13 designated beneficiary of which is an employee of the tax-
14 payer.

15 “(b) SPECIAL RULES AND DEFINITIONS.—For pur-
16 poses of this section—

17 “(1) EMPLOYEE.—

18 “(A) CERTAIN EMPLOYEES EXCLUDED.—

19 The term ‘employee’ shall not include—

20 “(i) an employee within the meaning
21 of section 401(c)(1),

22 “(ii) any 2-percent shareholder (as de-
23 fined in section 1372(b)) of an S corpora-
24 tion,

1 “(iii) any 5-percent owner (as defined
2 in section 416(i)(1)(B)(i)) of taxpayer, or

3 “(iv) any individual who bears any of
4 the relationships described in subpara-
5 graphs (A) through (G) of section
6 152(d)(2) to, or is a dependent described
7 in section 152(d)(2)(H) of, an individual
8 described in clause (i), (ii), or (iii).

9 “(B) LEASED EMPLOYEES.—The term
10 ‘employee’ shall include a leased employee with-
11 in the meaning of section 414(n).

12 “(2) NONELECTIVE CONTRIBUTION.—The term
13 ‘nonelective contribution’ means an employer con-
14 tribution other than an employer contribution pursu-
15 ant to a salary reduction arrangement.

16 “(3) AGGREGATION AND OTHER RULES MADE
17 APPLICABLE.—

18 “(A) AGGREGATION RULES.—All employ-
19 ers treated as a single employer under sub-
20 section (b), (c), (m), or (o) of section 414 shall
21 be treated as a single employer for purposes of
22 this section.

23 “(B) OTHER RULES.—Rules similar to the
24 rules of subsections (c), (d), and (e) of section
25 52 shall apply.”.

1 (2) CREDIT TREATED AS PART OF GENERAL
 2 BUSINESS CREDIT.—Section 38(b) of such Code is
 3 amended by striking “plus” at the end of paragraph
 4 (31), by striking the period at the end of paragraph
 5 (32) and inserting “, plus”, and by adding at the
 6 end the following new paragraph:

7 “(33) the employee educational skills and devel-
 8 opment contribution credit determined under section
 9 45T(a).”.

10 (3) CLERICAL AMENDMENT.—The table of sec-
 11 tions for subpart D of part IV of subchapter A of
 12 chapter 1 of such Code is amended by adding at the
 13 end the following new item:

“Sec. 45T. Employee educational skills and development expenses.”.

14 (e) ALLOWANCE OF DEDUCTION FOR BENE-
 15 FICIARY.—

16 (1) IN GENERAL.—Part VIII of subchapter B
 17 of chapter 1 of the Internal Revenue Code of 1986
 18 is amended by redesignating section 224 as section
 19 225 and by inserting after section 223 the following
 20 new section:

21 **“SEC. 224. COVERDELL LIFELONG LEARNING ACCOUNT**
 22 **CONTRIBUTIONS.**

23 “(a) IN GENERAL.—In the case of an individual
 24 who—

1 “(1) is the designated beneficiary of a Coverdell
2 lifelong learning account (as defined in section
3 530(b)(1)), and

4 “(2) has attained the age of 18 before the close
5 of the taxable year,

6 there shall be allowed as a deduction an amount equal to
7 the contributions for the taxable year by or on behalf of
8 such individual to the account described in paragraph (1).

9 “(b) RECONTRIBUTED AMOUNTS.—No deduction
10 shall be allowed under this section with respect to a roll-
11 over contribution described in section 530(d)(5).”.

12 (2) INCREASE IN ADDITIONAL TAX.—

13 (A) INCREASE.—

14 (i) IN GENERAL.—Section
15 530(d)(4)(A) of the Internal Revenue Code
16 of 1986 is amended by striking “10 per-
17 cent” and inserting “20 percent”.

18 (ii) CONFORMING AMENDMENT.—Sec-
19 tion 529(c)(6) of such Code is amended by
20 inserting “, except that ‘10 percent’ shall
21 be substituted for ‘20 percent’ in subpara-
22 graph (A) thereof” before the period at the
23 end of the first sentence.

24 (B) MODIFICATION OF TAX TREATMENT
25 OF DEDUCTIBLE CONTRIBUTIONS.—Paragraph

1 (1) of section 530(d) is amended to read as fol-
2 lows:

3 “(1) INCLUSION IN GROSS INCOME.—

4 “(A) IN GENERAL.—Any distribution shall
5 be includible in the gross income of the dis-
6 tributee as follows:

7 “(i) So much of the distribution as is
8 equal to or less than the deductible amount
9 shall be fully included in gross income.

10 “(ii) So much of the distribution
11 which exceeds the deductible amount shall
12 be included in gross income in the manner
13 as provided in section 72 (determined by
14 applying such section without regard to
15 any amounts to which clause (i) applies).

16 “(B) DEDUCTIBLE AMOUNT.—For pur-
17 poses of this paragraph, the term ‘deductible
18 amount’ means the excess of—

19 “(i) the sum of contributions to the
20 account for which a deduction was allowed
21 under section 224 in such year and any
22 preceding taxable year, over

23 “(ii) the amount of distributions to
24 which subparagraph (A)(i) applied to in
25 any preceding taxable year.”.

1 (3) CLERICAL AMENDMENT.—The table of sec-
2 tions for part VIII of subchapter B of chapter 1 of
3 such Code is amended by redesignating the item re-
4 lating to section 224 as relating to section 225 and
5 by inserting after the item relating to section 223
6 the following new item:

“Sec. 224. Coverdell lifelong learning account contributions.”.

7 (f) EFFECTIVE DATE.—

8 (1) IN GENERAL.—Except as otherwise pro-
9 vided in this subsection, the amendments made by
10 this section shall take effect on January 1, 2019.

11 (2) ELIGIBLE EXPENSES.—The amendments
12 made by subsection (b) shall apply to distributions
13 made after December 31, 2019.

14 (3) CONTRIBUTIONS.—The amendments made
15 by paragraphs (1)(B) and (2) of subsection (c) shall
16 apply to contributions made after December 31,
17 2019.

18 (4) EMPLOYER CONTRIBUTION CREDIT AND
19 BENEFICIARY DEDUCTIONS.—The amendments
20 made by subsections (d) and (e) shall apply to tax-
21 able years beginning after December 31, 2019.

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