

104TH CONGRESS
1ST SESSION

H. R. 157

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.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1995

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 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. SHORT TITLE.**

4 This Act may be cited as the “Student Tax Equity
5 Act of 1995”.

1 **SEC. 2. RESTORATION OF PRIOR LAW EXCLUSION FOR**
2 **SCHOLARSHIPS AND FELLOWSHIPS.**

3 (a) IN GENERAL.—Each provision of law amended by
4 section 123 of the Tax Reform Act of 1986 is amended
5 to read as if the amendments made by such section had
6 not been enacted.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years ending after the
9 date of the enactment of this Act.

10 **SEC. 3. 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
22 by adding at the end the following new paragraph:

23 “(6) QUALIFIED EDUCATIONAL LOAN.—

24 “(A) IN GENERAL.—For purposes of this
25 subsection, the term ‘qualified educational loan’
26 means any indebtedness incurred to pay quali-

1 fied educational expenses which are paid or in-
2 curred within a reasonable period of time before
3 or after the indebtedness is incurred.

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

6 “(i) IN GENERAL.—The term ‘quali-
7 fied educational expenses’ means qualified
8 tuition and related expenses of the tax-
9 payer, his spouse, or a dependent for at-
10 tendance at an educational institution de-
11 scribed in section 170(b)(1)(A)(ii).

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

15 “(I) tuition and fees required for
16 enrollment or attendance at an edu-
17 cational institution described in sec-
18 tion 170(b)(1)(A)(ii),

19 “(II) fees, books, supplies, and
20 equipment required for courses of in-
21 struction at such an institution, and

22 “(III) reasonable living expenses
23 while away from home.

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

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

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years ending after the
10 date of the enactment of this Act.

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