

105TH CONGRESS
1ST SESSION

H. R. 2373

To amend the Internal Revenue Code of 1986 to allow tax-free expenditures from education individual retirement accounts for elementary and secondary school expenses and to increase the maximum annual amount of contributions to such accounts.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 1, 1997

Mr. GINGRICH (for himself, Mr. ARMEY, Mr. DELAY, Mr. SOLOMON, Mr. LIVINGSTON, Mr. ARCHER, Mr. THOMAS, Ms. DUNN, Mr. BOEHNER, Mr. MCINTOSH, Mr. LINDER, Ms. PRYCE of Ohio, Mr. CRAPO, Mr. BLILEY, Mr. PICKERING, Mr. INGLIS of South Carolina, Mr. TALENT, Mr. NUSSLE, Ms. GRANGER, Mr. CRANE, Mr. COLLINS, Mr. CHRISTENSEN, Mr. BUNNING, Mr. HAYWORTH, Mr. HERGER, Mr. SAM JOHNSON of Texas, Mr. WELLER, Mr. ENSIGN, Mr. GOODLING, Mr. HOEKSTRA, Mr. RIGGS, Mr. BALLENGER, Mr. GREENWOOD, Mr. NORWOOD, Mr. PAUL, Mr. PETERSON of Pennsylvania, Mr. SOUDER, Mr. PARKER, Mr. BURTON of Indiana, Mr. ROHRABACHER, Mr. COBURN, Mr. MILLER of Florida, Mr. MANZULLO, Mr. CHAMBLISS, Mr. GIBBONS, Mr. RILEY, Mr. SNOWBARGER, Mr. BARTLETT of Maryland, Mrs. FOWLER, Mr. STEARNS, Mr. CHABOT, Mr. NEUMANN, Mr. HEFLEY, Mr. HILL, Mr. PITTS, Mr. RYUN, Mr. ROGAN, Mr. BARTON of Texas, Mr. SUNUNU, Mr. FLAKE, Mr. HUNTER, Mr. GRAHAM, Mrs. EMERSON, Mr. KNOLLENBERG, Mr. POMBO, Mr. LIPINSKI, Mr. WELDON of Florida, Mr. HULSHOF, Mr. HASTINGS of Washington, Mr. BARR of Georgia, Mr. SHAYS, and Mr. PAPPAS) 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 allow tax-free expenditures from education individual retirement accounts for elementary and secondary school expenses

and to increase the maximum annual amount of contributions to such 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 “Parents and Students
5 Savings Account Plus Act”.

6 **SEC. 2. MODIFICATIONS TO EDUCATION INDIVIDUAL RE-**
7 **TIREMENT ACCOUNTS.**

8 (a) **TAX-FREE EXPENDITURES FOR ELEMENTARY**
9 **AND SECONDARY SCHOOL EXPENSES.—**

10 (1) **IN GENERAL.—**Section 530(b)(2) of the In-
11 ternal Revenue Code of 1986 is amended to read as
12 follows:

13 “(2) **QUALIFIED EDUCATION EXPENSES.—**

14 “(A) **IN GENERAL.—**The term ‘qualified
15 education expenses’ means—

16 “(i) qualified higher education ex-
17 penses (as defined in section 529(e)(3)),
18 and

19 “(ii) qualified elementary and second-
20 ary education expenses (as defined in para-
21 graph (4)).

22 Such expenses shall be reduced as provided in
23 section 25A(g)(2).

1 “(B) QUALIFIED STATE TUITION PRO-
2 GRAMS.—Such term shall include amounts paid
3 or incurred to purchase tuition credits or cer-
4 tificates, or to make contributions to an ac-
5 count, under a qualified State tuition program
6 (as defined in section 529(b)) for the benefit of
7 the beneficiary of the account.”

8 (2) QUALIFIED ELEMENTARY AND SECONDARY
9 EDUCATION EXPENSES.—Section 530(b) of such
10 Code is amended by adding at the end the following
11 new paragraph:

12 “(4) QUALIFIED ELEMENTARY AND SECONDARY
13 EDUCATION EXPENSES.—

14 “(A) IN GENERAL.—The term ‘qualified el-
15 elementary and secondary education expenses’
16 means tuition, fees, tutoring, special needs serv-
17 ices, books, supplies, equipment, transportation,
18 and supplementary expenses required for the
19 enrollment or attendance of the designated ben-
20 efiary of the trust at a public, private, or sec-
21 tarian school.

22 “(B) SPECIAL RULE FOR
23 HOMESCHOOLING.—Such term shall include ex-
24 penses described in subparagraph (A) required
25 for education provided for homeschooling if the

1 requirements of any applicable State or local
2 law are met with respect to such education.

3 “(C) SCHOOL.—The term ‘school’ means
4 any school which provides elementary education
5 or secondary education (through grade 12), as
6 determined under State law.”

7 (3) CONFORMING AMENDMENTS.—Subsections
8 (b)(1) and (d)(2) of section 530 of such Code are
9 each amended by striking “higher” each place it ap-
10 pears in the text and heading thereof.

11 (b) INCREASE IN MAXIMUM ANNUAL CONTRIBU-
12 TIONS.—

13 (1) IN GENERAL.—Section 530(b)(1)(A)(iii) of
14 the Internal Revenue Code of 1986 is amended by
15 striking “\$500” and inserting “\$2,000”.

16 (2) CONFORMING AMENDMENTS.—

17 (A) Section 530(d)(4)(C) of such Code is
18 amended by striking “\$500” and inserting
19 “\$2,000”.

20 (B) Section 4973(e)(1)(A) of such Code is
21 amended by striking “\$500” and inserting
22 “\$2,000”.

23 (c) EFFECTIVE DATE; REFERENCES.—

24 (1) EFFECTIVE DATE.—The amendments made
25 by this section shall take effect as if included in the

1 amendments made by section 213 of the Taxpayer
2 Relief Act of 1997.

3 (2) REFERENCES.—Any reference in this sec-
4 tion to any section of the Internal Revenue Code of
5 1986 shall be a reference to such section as added
6 by the Taxpayer Relief Act of 1997.

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