

105TH CONGRESS  
2D SESSION

# H. R. 3278

To amend the Internal Revenue Code of 1986 to increase the amount allowable as a first-year contribution to education individual retirement accounts and to adjust for inflation the amount allowable thereafter as an annual contribution to such accounts.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 25, 1998

Mr. WELDON of Florida introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to increase the amount allowable as a first-year contribution to education individual retirement accounts and to adjust for inflation the amount allowable thereafter as an annual contribution 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 “College Education and  
5 Graduation Enhancement (COLLEGE) Act”.

6 **SEC. 2. EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.**

7 (a) 1ST-YEAR CONTRIBUTIONS.—

1           (1) IN GENERAL.—Clause (ii) of section  
2           530(b)(1)(A) of the Internal Revenue Code of 1986  
3           is amended by striking “\$500” and inserting “the  
4           contribution limit for such taxable year”.

5           (2) DEFINITION.—Subsection (b) of section 530  
6           of such Code is amended by adding at the end the  
7           following new paragraph:

8           “(4) CONTRIBUTION LIMIT.—The term ‘con-  
9           tribution limit’ means—

10           “(A) \$5,000 for the taxable year in which  
11           such account is created or organized, and

12           “(B) \$500 for each taxable year thereafter  
13           for which a contribution may be made.”

14           (3) CONFORMING AMENDMENTS.—

15           (A) Subparagraph (C) of section 530(d)(4)  
16           of such Code is amended by striking “\$500”  
17           and inserting “the contribution limit for such  
18           taxable year”.

19           (B) Subparagraph (A) of section  
20           4973(e)(1) of such Code is amended by striking  
21           “\$500” and inserting “the contribution limit  
22           (as defined in section 530(b)(4)) for such tax-  
23           able year”.

24           (b) ADJUSTMENT FOR INFLATION.—Subsection (b)  
25 of section 530 of such Code (as amended by subsection

1 (a)(2) of this section) is further amended by adding at  
2 the end the following new paragraph:

3 “(5) INFLATION ADJUSTMENT.—

4 “(A) IN GENERAL.—In the case of a tax-  
5 able year beginning in a calendar year after  
6 1998, the \$500 amount contained in paragraph  
7 (4)(B) shall be increased by an amount equal  
8 to—

9 “(i) \$500, multiplied by

10 “(ii) the cost-of-living adjustment de-  
11 termined under section 1(f)(3) for the cal-  
12 endar year in which the taxable year be-  
13 gins, determined by substituting ‘1997’ for  
14 ‘1992’ in subparagraph (B) thereof.

15 “(B) ROUNDING.—If any increase deter-  
16 mined under subparagraph (A) is not a multiple  
17 of \$5, such increase shall be rounded to the  
18 next higher multiple of \$5.”

19 (c) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to taxable years beginning after  
21 December 31, 1997.

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