

105TH CONGRESS  
2D SESSION

# H. R. 3307

To amend the Internal Revenue Code of 1986 to allow individuals a deduction for contributions to education individual retirement accounts, to increase the amount which may be contributed to such accounts, to permit such accounts to be used to pay elementary and secondary education expenses and training expenses of older individuals, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 3, 1998

Mr. ENGLISH of Pennsylvania (for himself, Mr. WELDON of Pennsylvania, and Mr. PAUL) 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 allow individuals a deduction for contributions to education individual retirement accounts, to increase the amount which may be contributed to such accounts, to permit such accounts to be used to pay elementary and secondary education expenses and training expenses of older individuals, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Education for Life Act  
3 of 1998”.

4 **SEC. 2. MODIFICATIONS TO EDUCATION INDIVIDUAL RE-**  
5 **TIREMENT ACCOUNTS.**

6 (a) **WITHDRAWALS FOR ELEMENTARY AND SECOND-**  
7 **ARY SCHOOL EXPENSES AND FOR JOB TRAINING EX-**  
8 **PENSES BY OLDER INDIVIDUALS.—**

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

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

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

15 “(i) qualified elementary and second-  
16 ary education expenses (as defined in para-  
17 graph (4)),

18 “(ii) qualified higher education ex-  
19 penses (as defined in section 529(e)(3)),  
20 and

21 “(iii) qualified job training expenses  
22 (as defined in paragraph (5)).

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

25 “(B) **QUALIFIED STATE TUITION PRO-**  
26 **GRAMS.—**Such term shall include amounts paid

1 or incurred to purchase tuition credits or cer-  
2 tificates, or to make contributions to an ac-  
3 count, under a qualified State tuition program  
4 (as defined in section 529(b)) for the benefit of  
5 the beneficiary of the account.”.

6 (2) QUALIFIED ELEMENTARY AND SECONDARY  
7 EDUCATION EXPENSES; QUALIFIED JOB TRAINING  
8 EXPENSES.—Section 530(b) of such Code is amend-  
9 ed by adding at the end the following new para-  
10 graphs:

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

13 “(A) IN GENERAL.—The term ‘qualified el-  
14 elementary and secondary education expenses’  
15 means tuition, fees, tutoring, special needs serv-  
16 ices, books, supplies, computer equipment (in-  
17 cluding related software and services) and other  
18 equipment, transportation, and supplementary  
19 expenses required for the enrollment or attend-  
20 ance of the designated beneficiary of the trust  
21 at a public, private, or religious school.

22 “(B) SPECIAL RULE FOR HOME-  
23 SCHOOLING.—Such term shall include expenses  
24 described in subparagraph (A) required for edu-  
25 cation provided for homeschooling if the re-

1            requirements of any applicable State or local law  
2            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            “(5) QUALIFIED JOB TRAINING EXPENSES.—

8            “(A) IN GENERAL.—The term ‘qualified  
9            job training expenses’ means—

10            “(i) tuition and fees required for the  
11            enrollment or attendance of a worker in an  
12            applicable training program,

13            “(ii) fees, books, supplies, and equip-  
14            ment required for an applicable training  
15            program, and

16            “(iii) a reasonable allowance for meals  
17            and lodging while attending an applicable  
18            training program.

19            “(B) APPLICABLE TRAINING PROGRAM.—

20            For purposes of subparagraph (A), the term  
21            ‘applicable training program’ means—

22            “(i) any applicable program (as de-  
23            fined in section 314(g) of the Job Training  
24            Partnership Act), and

1                   “(ii) any training program approved  
2                   under section 236 of the Trade Act of  
3                   1974.”.

4                   (3) CONTRIBUTIONS TO ACCOUNT PERMITTED  
5                   UNTIL BENEFICIARY ATTAINS AGE 55.—Clause (ii)  
6                   of section 530(b)(1)(A) of such Code is amended by  
7                   striking “age 18” and inserting “age 55”.

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

12                  (b) INCREASE IN MAXIMUM CONTRIBUTIONS TO  
13                  EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.—Sub-  
14                  sections (b)(1)(A)(iii) and (d)(4)(C) of section 530, and  
15                  section 4973(e)(1)(A), of such Code are each amended by  
16                  striking “\$500” and inserting “\$2,500”.

17                  (c) DEDUCTION FOR CONTRIBUTIONS TO EDUCATION  
18                  INDIVIDUAL RETIREMENT ACCOUNTS.—

19                  (1) IN GENERAL.—Part VII of subchapter B of  
20                  chapter 1 of such Code (relating to additional  
21                  itemized deductions for individuals) is amended by  
22                  redesignating section 222 as section 223 and by in-  
23                  serting after section 221 the following new section:

1 **“SEC. 222. CONTRIBUTIONS TO EDUCATION INDIVIDUAL**  
2 **RETIREMENT ACCOUNTS.**

3 “(a) DEDUCTION ALLOWED.—In the case of an indi-  
4 vidual, there shall be allowed as a deduction the amount  
5 paid in cash for the taxable year by or on behalf of such  
6 individual to any education individual retirement account  
7 for the benefit of any individual.

8 “(b) MAXIMUM DEDUCTION.—The amount allowable  
9 as a deduction under subsection (a) shall not exceed  
10 \$2,500 with respect to each individual for whose benefit  
11 the payments referred to in subsection (a) are made.

12 “(c) OTHER LIMITATIONS AND RESTRICTIONS.—

13 “(1) BENEFICIARY MUST BE UNDER AGE 55.—  
14 No deduction shall be allowed under this section for  
15 any payment for the benefit of an individual if such  
16 individual has attained age 55 before the date that  
17 the payment is made.

18 “(2) RECONTRIBUTED AMOUNTS.—No deduc-  
19 tion shall be allowed under this section with respect  
20 to a rollover contribution.

21 “(3) EMPLOYER PAYMENTS.—For purposes of  
22 this title, any amount paid by an employer to an  
23 education individual retirement plan shall be treated  
24 as payment of compensation to the employee (other  
25 than a self-employed individual who is an employee  
26 within the meaning of section 401(c)(1)) includible

1 in his gross income in the taxable year for which the  
 2 amount was contributed, whether or not a deduction  
 3 for such payment is allowable under this section to  
 4 the employee.”.

5 (2) DEDUCTION ALLOWED WHETHER OR NOT  
 6 TAXPAYER ITEMIZES OTHER DEDUCTIONS.—Sub-  
 7 section (a) of section 62 of such Code is amended  
 8 by inserting after paragraph (17) the following new  
 9 paragraph:

10 “(18) CONTRIBUTIONS TO EDUCATION INDIVID-  
 11 UAL RETIREMENT ACCOUNTS.—The deduction al-  
 12 lowed by section 222.”.

13 (3) CLERICAL AMENDMENT.—The table of sec-  
 14 tions for part VII of subchapter B of chapter 1 of  
 15 such Code is amended by striking the last item and  
 16 inserting the following new items:

“Sec. 222. Contributions to education individual retirement ac-  
 counts.

“Sec. 223. Cross reference.”.

17 (d) NO PENALTY FOR DISTRIBUTIONS NOT USED  
 18 FOR EDUCATION EXPENSES AFTER DATE BENEFICIARY  
 19 ATTAINS AGE 59½.—Subparagraph (B) of section  
 20 530(d)(4) of such Code (relating to additional tax for dis-  
 21 tributions not used for educational expenses) is amended  
 22 by striking “or” at the end of clause (ii), by striking the  
 23 period at the end of clause (iii) and inserting “, or”, and  
 24 by adding at the end the following new clause:

1                   “(iv) made to the designated bene-  
2                   fiary on or after the date on which the  
3                   designated beneficiary attains age 59½.”.

4           (e) WAIVER OF AGE LIMITATIONS FOR CHILDREN  
5 WITH SPECIAL NEEDS.—Paragraph (1) of section 530(b)  
6 of such Code is amended by adding at the end the follow-  
7 ing flush sentence:

8           “The age limitations in the preceding sentence shall  
9           not apply to any designated beneficiary with special  
10          needs (as determined under regulations prescribed  
11          by the Secretary).”.

12          (f) CORPORATIONS PERMITTED TO CONTRIBUTE TO  
13 ACCOUNTS.—Paragraph (1) of section 530(c) of such  
14 Code is amended by striking “The maximum amount  
15 which a contributor” and inserting “In the case of a con-  
16 tributor who is an individual, the maximum amount the  
17 contributor”.

18          (g) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to taxable years beginning after  
20 December 31, 1998.

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