

106TH CONGRESS
1ST SESSION

S. 138

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for expenses of attending elementary and secondary schools and for contributions to charitable organizations which provide scholarships for children to attend such schools.

IN THE SENATE OF THE UNITED STATES

JANUARY 19, 1999

Mr. KYL introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for expenses of attending elementary and secondary schools and for contributions to charitable organizations which provide scholarships for children to attend such schools.

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 “K-12 Community Par-
5 ticipation Act of 1999”.

1 **SEC. 2. CREDIT FOR ELEMENTARY AND SECONDARY**
 2 **SCHOOL EXPENSES AND FOR CONTRIBU-**
 3 **TIONS TO CHARITABLE ORGANIZATIONS**
 4 **WHICH PROVIDE SCHOLARSHIPS FOR STU-**
 5 **DENTS ATTENDING SUCH SCHOOLS.**

6 (a) IN GENERAL.—Subpart B of part IV of sub-
 7 chapter A of chapter 1 of the Internal Revenue Code of
 8 1986 is amended by adding at the end the following new
 9 section:

10 **“SEC. 30B. CREDIT FOR ELEMENTARY AND SECONDARY**
 11 **SCHOOL EXPENSES AND FOR CONTRIBU-**
 12 **TIONS TO CHARITABLE ORGANIZATIONS**
 13 **WHICH PROVIDE SCHOLARSHIPS FOR STU-**
 14 **DENTS ATTENDING SUCH SCHOOLS.**

15 “(a) ALLOWANCE OF CREDIT.—There shall be al-
 16 lowed as a credit against the tax imposed by this chapter
 17 for the taxable year an amount equal to the sum of—

18 “(1) the qualified elementary and secondary
 19 education expenses which are paid or incurred by
 20 the taxpayer during such taxable year, and

21 “(2) the qualified charitable contributions of
 22 the taxpayer for the taxable year.

23 “(b) MAXIMUM CREDIT.—The credit allowed by sub-
 24 section (a) for any taxable year shall not exceed—

25 “(1) \$100 in the case of taxable years begin-
 26 ning in calendar year 1999,

1 “(2) \$150 in the case of taxable years begin-
2 ning in calendar year 2000,

3 “(3) \$200 in the case of taxable years begin-
4 ning in calendar year 2001, and

5 “(4) \$250 in the case of taxable years begin-
6 ning after calendar year 2001.

7 In the case of a joint return, the limitation under this sub-
8 section shall be twice the dollar amount otherwise applica-
9 ble under the preceding sentence.

10 “(c) QUALIFIED ELEMENTARY AND SECONDARY
11 EDUCATION EXPENSES.—For purposes of this section—

12 “(1) IN GENERAL.—The term ‘qualified elemen-
13 tary and secondary education expenses’ means tui-
14 tion, fees, tutoring, special needs services, books,
15 supplies, computer equipment (including related
16 software and services) and other equipment, trans-
17 portation, and supplementary expenses required for
18 the enrollment or attendance of any individual at a
19 public, private, or religious school.

20 “(2) SPECIAL RULE FOR HOME-SCHOOLING.—
21 Such term shall include expenses described in para-
22 graph (1) required for education provided for
23 homeschooling if the requirements of any applicable
24 State or local law are met with respect to such edu-
25 cation.

1 “(3) SCHOOL.—The term ‘school’ means any
2 school which provides elementary education or sec-
3 ondary education (through grade 12), as determined
4 under State law.

5 “(d) QUALIFIED CHARITABLE CONTRIBUTION.—For
6 purposes of this section—

7 “(1) IN GENERAL.—The term ‘qualified chari-
8 table contribution’ means, with respect to any tax-
9 able year, the amount allowable as a deduction
10 under section 170 (determined without regard to
11 subsection (e)(1)) for cash contributions to a school
12 tuition organization.

13 “(2) SCHOOL TUITION ORGANIZATION.—

14 “(A) IN GENERAL.—The term ‘school tui-
15 tion organization’ means any organization de-
16 scribed in section 170(c)(2) if the annual dis-
17 bursements of the organization for elementary
18 and secondary school scholarship are normally
19 not less than 90 percent of the sum of such or-
20 ganization’s annual gross income and contribu-
21 tions and gifts.

22 “(B) ELEMENTARY AND SECONDARY
23 SCHOOL SCHOLARSHIP.—The term ‘elementary
24 and secondary school scholarship’ means any
25 scholarship excludable from gross income under

1 section 117 for expenses related to education at
2 or below the 12th grade.

3 “(e) SPECIAL RULES.—

4 “(1) DENIAL OF DOUBLE BENEFIT.—No deduc-
5 tion shall be allowed under this chapter for any con-
6 tribution for which credit is allowed under this sec-
7 tion.

8 “(2) APPLICATION WITH OTHER CREDITS.—

9 The credit allowable under subsection (a) for any
10 taxable year shall not exceed the excess (if any) of—

11 “(A) the regular tax for the taxable year,
12 reduced by the sum of the credits allowable
13 under subpart A and the preceding sections of
14 this subpart, over

15 “(B) the tentative minimum tax for the
16 taxable year.

17 “(3) CONTROLLED GROUPS.—All persons who
18 are treated as one employer under subsection (a) or
19 (b) of section 52 shall be treated as 1 taxpayer for
20 purposes of this section.

21 “(f) ELECTION TO HAVE CREDIT NOT APPLY.—A
22 taxpayer may elect to have this section not apply for any
23 taxable year.”

24 (b) CLERICAL AMENDMENT.—The table of sections
25 for subpart B of part IV of subchapter A of chapter 1

1 of such Code is amended by adding at the end the follow-
2 ing new item:

“Sec. 30B. Credit for elementary and secondary school expenses
and for contributions to charitable organizations
which provide scholarships for students attending
such schools.”

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 1998.

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