

107TH CONGRESS  
1ST SESSION

# S. 1060

To amend the Internal Revenue Code of 1986 to provide that certain postsecondary educational benefits provided by an employer to children of employees shall be excludable from gross income as part of an educational assistance program.

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IN THE SENATE OF THE UNITED STATES

JUNE 19, 2001

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

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## A BILL

To amend the Internal Revenue Code of 1986 to provide that certain postsecondary educational benefits provided by an employer to children of employees shall be excludable from gross income as part of an educational assistance program.

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. CERTAIN POSTSECONDARY EDUCATIONAL**  
 2 **BENEFITS PROVIDED BY AN EMPLOYER TO**  
 3 **CHILDREN OF EMPLOYEES EXCLUDABLE**  
 4 **FROM GROSS INCOME UNDER EDUCATIONAL**  
 5 **ASSISTANCE PROGRAMS.**

6 (a) IN GENERAL.—Section 127 of the Internal Rev-  
 7 enue Code of 1986 (relating to educational assistance pro-  
 8 grams) is amended by redesignating subsections (d) and  
 9 (e) as subsection (e) and (f), respectively, and inserting  
 10 after subsection (e) the following:

11 “(d) POST SECONDARY EDUCATIONAL BENEFITS  
 12 PROVIDED TO CHILDREN OF EMPLOYEES.—

13 “(1) IN GENERAL.—For purposes of this sec-  
 14 tion, educational assistance provided by the employer  
 15 to a child (as defined in section 151(c)(3)) of an em-  
 16 ployee of such employer pursuant to an educational  
 17 assistance program shall be treated as educational  
 18 assistance provided for the exclusive benefit of the  
 19 employee.

20 “(2) DOLLAR LIMITATIONS.—The amount ex-  
 21 cluded from the gross income of the employee by  
 22 reason of paragraph (1) for a taxable year with re-  
 23 spect to amounts provided to each child of such em-  
 24 ployee shall not exceed \$2,000.

25 “(3) LIMITATION ON EDUCATIONAL ASSIST-  
 26 ANCE.—Paragraph (1) shall only apply to expenses

1       paid or incurred in connection with the enrollment  
2       or attendance of a child of an employee at an edu-  
3       cational institution described in section 529(e)(5).”.

4       (b)       CONFORMING        AMENDMENT.—Section  
5       51A(b)(5)(B)(iii) of the Internal Revenue Code of 1986  
6       is amended by striking “127(d)” and inserting “127(e)”.

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

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