

107TH CONGRESS
1ST SESSION

S. 488

To amend the Internal Revenue Code of 1986 to provide for a refundable education opportunity tax credit.

IN THE SENATE OF THE UNITED STATES

MARCH 8, 2001

Mr. ALLEN (for himself, Mr. WARNER, and Mr. CRAIG) 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 provide for a refundable education opportunity tax credit.

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 “Education Opportunity
5 Tax Credit Act”.

6 **SEC. 2. REFUNDABLE CREDIT FOR ELEMENTARY AND SEC-**
7 **ONDARY SCHOOL EXPENSES.**

8 (a) IN GENERAL.—Subpart C of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of
10 1986 (relating to refundable credits) is amended by redess-

1 ignating section 35 as section 36 and by inserting after
2 section 34 the following new section:

3 **“SEC. 35. CREDIT FOR ELEMENTARY AND SECONDARY**
4 **SCHOOL EXPENSES.**

5 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
6 dividual who maintains a household which includes as a
7 member one or more qualifying students (as defined in
8 subsection (b)(1)), there shall be allowed as a credit
9 against the tax imposed by this subtitle for the taxable
10 year an amount equal to the qualified elementary and sec-
11 ondary education expenses with respect to such students
12 which are paid or incurred by the individual during such
13 taxable year.

14 “(b) MAXIMUM CREDIT.—The credit allowed by sub-
15 section (a) for any taxable year shall not exceed the great-
16 er of—

17 “(1) \$1000 per qualifying student, or

18 “(2) \$2000.

19 “(c) QUALIFYING STUDENT.—For purposes of this
20 section, the term “qualifying student” means a dependent
21 of the taxpayer (within the meaning of section 152) who
22 is enrolled in school on a full-time basis.

23 “(d) QUALIFIED ELEMENTARY AND SECONDARY
24 EDUCATION EXPENSES.—For purposes of this section—

1 “(1) IN GENERAL.—The term ‘qualified elemen-
2 tary and secondary education expenses’ means tutor-
3 ing and computer technology or equipment expenses.

4 “(2) COMPUTER TECHNOLOGY OR EQUIP-
5 MENT.—The term ‘computer technology or equip-
6 ment’ has the meaning given such term by section
7 170(e)(6)(E)(i) and includes Internet access and re-
8 lated services.

9 “(e) SCHOOL.—For purposes of this section, the term
10 ‘school’ means any public, charter, private, religious, or
11 home school which provides elementary education or sec-
12 ondary education (through grade 12), as determined
13 under State law.

14 “(f) DENIAL OF DOUBLE BENEFIT.—No deduction
15 shall be allowed under this chapter for any contribution
16 for which credit is allowed under this section.

17 “(g) ELECTION TO HAVE CREDIT NOT APPLY.—A
18 taxpayer may elect to have this section not apply for any
19 taxable year.”.

20 (b) CONFORMING AMENDMENTS.—

21 (1) Section 1324(b)(2) of title 31, United
22 States Code, is amended by striking “or” before
23 “enacted” and by inserting before the period at the
24 end “, or from section 35 of such Code”.

1 (2) The table of sections for subpart C of part
2 IV of subchapter A of chapter 1 of the Internal Rev-
3 enue Code of 1986 is amended by striking the item
4 relating to section 35 and inserting the following
5 new items:

 “Sec. 35. Credit for elementary and secondary school expenses.
 “Sec. 36. Overpayments of tax.”.

6 (c) **EFFECTIVE DATE.**—The amendments made by
7 this section shall apply to taxable years beginning after
8 December 31, 2000.

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