

109TH CONGRESS
1ST SESSION

H. R. 1518

To amend the Internal Revenue Code of 1986 to expand the exclusion for employer-provided educational assistance to include educational assistance provided to dependents of employees.

IN THE HOUSE OF REPRESENTATIVES

APRIL 6, 2005

Mr. KELLER (for himself, Mr. FOLEY, and Mr. ENGLISH of Pennsylvania) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to expand the exclusion for employer-provided educational assistance to include educational assistance provided to dependents of employees.

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 “Family Friendly Em-
5 ployers Act of 2005”.

1 **SEC. 2. EXCLUSION FOR EMPLOYER-PROVIDED EDU-**
2 **CATIONAL ASSISTANCE PROVIDED TO DE-**
3 **PENDENTS OF EMPLOYEES.**

4 (a) IN GENERAL.—Paragraph (1) of section 127(c)
5 of the Internal Revenue Code of 1986 (defining edu-
6 cational assistance) is amended—

7 (1) by inserting “or a dependent of the em-
8 ployee” after “education of the employee” in sub-
9 paragraph (A), and

10 (2) by inserting “or dependent” after “em-
11 ployee” in subparagraph (B) and in the material fol-
12 lowing subparagraph (B).

13 (b) SEPARATE LIMITATION FOR DEPENDENTS.—
14 Subsection (a) of section 127 of such Code is amended
15 by adding at the end the following new paragraph:

16 “(3) MAXIMUM EXCLUSION FOR ASSISTANCE
17 FURNISHED TO DEPENDENTS.—If, but for this para-
18 graph, this section would exclude from gross income
19 more than \$2,500 of educational assistance fur-
20 nished to the dependents of an employee (in the ag-
21 gregate) during a calendar year, this section shall
22 apply only to the first \$2,500 of such assistance so
23 furnished.”.

24 (c) CONFORMING AMENDMENT.—Paragraph (2) of
25 section 127(a) of such Code is amended—

1 (1) by striking “an individual” and inserting
2 “the employee”, and

3 (2) in the heading thereof by striking “MAX-
4 IMUM EXCLUSION” and inserting “MAXIMUM EXCLU-
5 SION FOR ASSISTANCE FURNISHED TO EMPLOYEE”.

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

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