

113TH CONGRESS
1ST SESSION

H. R. 529

To amend the Internal Revenue Code of 1986 to allow certain individuals a credit against income tax for contributions to 529 plans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 6, 2013

Ms. JENKINS (for herself and Mr. KIND) 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 allow certain individuals a credit against income tax for contributions to 529 plans, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Savings Enhancement
5 for Education in College Act”.

6 **SEC. 2. CREDIT FOR CONTRIBUTIONS TO 529 PLANS.**

7 (a) IN GENERAL.—Subsection (d) of section 25B of
8 the Internal Revenue Code of 1986 (relating to elective
9 deferrals and IRA contributions by certain individuals) is

1 amended by redesignating paragraph (2) as paragraph (3)
2 and by inserting after paragraph (1) the following new
3 paragraph:

4 “(2) CONTRIBUTIONS TO QUALIFIED TUITION
5 PROGRAMS.—

6 “(A) IN GENERAL.—The term ‘qualified
7 savings contribution’ includes the amount of
8 any purchase or contribution described in para-
9 graph (1)(A) of section 529(b) to a qualified
10 tuition program (as defined in such section)
11 if—

12 “(i) the taxpayer has the power to au-
13 thorize distributions and otherwise admin-
14 ister the account, and

15 “(ii) the designated beneficiary of
16 such purchase or contribution is the tax-
17 payer, the taxpayer’s spouse, or an indi-
18 vidual with respect to whom the taxpayer
19 is allowed a deduction under section 151.

20 “(B) LIMITATION BASED ON COMPENSA-
21 TION.—The amount treated as a qualified sav-
22 ings contribution by reason of subparagraph
23 (A) for any taxable year shall not exceed the
24 sum of—

1 “(i) the compensation (as defined in
2 section 219(f)(1)) includible in the tax-
3 payer’s gross income for the taxable year,
4 and

5 “(ii) the amount excluded from the
6 taxpayer’s gross income under section 112
7 (relating to combat pay) for such year.

8 “(C) DETERMINATION OF ADJUSTED
9 GROSS INCOME.—Solely for purposes of deter-
10 mining the applicable percentage under sub-
11 section (b) which applies with respect to the
12 amount treated as a qualified savings contribu-
13 tion by reason of subparagraph (A), adjusted
14 gross income (determined without regard to this
15 subparagraph) shall be increased by the excess
16 (if any) of—

17 “(i) the social security benefits re-
18 ceived during the taxable year (within the
19 meaning of section 86), over

20 “(ii) the amount included in gross in-
21 come for such year under section 86.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 25B of such Code is amended by
24 striking “qualified retirement savings” each place it

1 appears in the text and inserting “qualified sav-
2 ings”.

3 (2) The subsection heading for section 25B(d)
4 of such Code is amended by striking “RETIRE-
5 MENT”.

6 (3) Subparagraph (A) of section 25B(d)(3) of
7 such Code, as redesignated by subsection (a), is
8 amended—

9 (A) by striking “paragraph (1)” the first
10 place it appears and inserting “paragraph (1)
11 or (2)”, and

12 (B) by striking “paragraph (1)” the sec-
13 ond place it appears and inserting “paragraph
14 (1), or (2), as the case may be,”.

15 (4) The heading for section 25B of such Code
16 is amended by striking “**AND IRA CONTRIBU-**
17 **TIONS**” and inserting “**, IRA CONTRIBUTIONS,**
18 **AND QUALIFIED TUITION PROGRAM CONTRIBU-**
19 **TIONS**”.

20 (5) The table of sections for subpart A of part
21 IV of subchapter A of chapter 1 of such Code is
22 amended by striking the item relating to section 25B
23 and inserting the following new item:

“Sec. 25B. Elective deferrals, IRA contributions, and qualified tuition program contributions by certain individuals.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to contributions made after De-
3 cember 31, 2012, in taxable years ending after such date.

4 **SEC. 3. EXCLUSION FROM GROSS INCOME FOR EMPLOYER**
5 **CONTRIBUTIONS TO QUALIFIED TUITION**
6 **PROGRAMS.**

7 (a) IN GENERAL.—Part III of subchapter B of chap-
8 ter 1 of the Internal Revenue Code of 1986 (relating to
9 items specifically excluded from gross income) is amended
10 by inserting after section 127 the following new section:

11 **“SEC. 127A. EMPLOYER CONTRIBUTIONS TO QUALIFIED**
12 **TUITION PROGRAMS.**

13 “(a) IN GENERAL.—Gross income of an employee
14 does not include amounts paid by the employer as con-
15 tributions to a qualified tuition program held by the em-
16 ployee or spouse of the employee if the contributions are
17 made pursuant to a program which is described in sub-
18 section (b).

19 “(b) MAXIMUM EXCLUSION.—The amount excluded
20 from the gross income of an employee under this section
21 for the taxable year shall not exceed \$600.

22 “(c) QUALIFIED TUITION ASSISTANCE PROGRAM.—
23 For purposes of this section, a qualified tuition assistance
24 program is a separate written plan of an employer for the
25 benefit of such employer’s employees—

1 “(1) under which the employer makes matching
2 contributions to qualified tuition programs of—

3 “(A) such employees,

4 “(B) their spouses, or

5 “(C) any individual with respect to whom
6 such an employee or spouse—

7 “(i) is allowed a deduction under sec-
8 tion 151, and

9 “(ii) has the power to authorize dis-
10 tributions and otherwise administer such
11 individual’s account under the qualified
12 tuition program, and

13 “(2) which meets requirements similar to the
14 requirements of paragraphs (2), (3), (4), (5), and
15 (6) of section 127(b).

16 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-
17 poses of this section—

18 “(1) QUALIFIED TUITION PROGRAM.—The term
19 ‘qualified tuition program’ means a qualified tuition
20 program as defined in section 529(b).

21 “(2) EMPLOYEE AND EMPLOYER.—The terms
22 ‘employee’ and ‘employer’ shall have the meaning
23 given such terms by paragraphs (2) and (3), respec-
24 tively, of section 127(c).

1 “(3) APPLICABLE RULES.—Rules similar to the
2 rules of paragraphs (4), (5), (6), and (7) of section
3 127(c) shall apply.

4 “(e) INFLATION ADJUSTMENT.—

5 “(1) IN GENERAL.—In the case of any taxable
6 year beginning in a calendar year after 2013, the
7 \$600 amount contained in subsection (b)(1) shall be
8 increased by an amount equal to—

9 “(A) such dollar amount, multiplied by

10 “(B) the cost-of-living adjustment deter-
11 mined under section 1(f)(3) for the calendar
12 year in which the taxable year begins, deter-
13 mined by substituting ‘calendar year 2012’ for
14 ‘calendar year 1992’ in subparagraph (B)
15 thereof.

16 Any increase determined under the preceding sen-
17 tence shall be rounded to the nearest multiple of
18 \$50.

19 “(f) CROSS REFERENCE.—For reporting and record-
20 keeping requirements, see section 6039D.”.

21 (b) EXCLUSION FROM EMPLOYMENT TAXES.—

22 (1) Sections 3121(a)(18), 3306(b)(13), and
23 3401(a)(18) of such Code are each amended by in-
24 serting “127A,” after “127,” each place it appears.

1 (2) Section 3231(e)(6) of such Code is amended
2 by striking “section 127” and inserting “section 127
3 or 127A”.

4 (c) REPORTING AND RECORDKEEPING REQUIRE-
5 MENTS.—Section 6039D(d)(1) of such Code is amended
6 by inserting “127A,” after “127,”.

7 (d) OTHER CONFORMING AMENDMENTS.—

8 (1) Sections 125(f), 414(n)(3)(C), and
9 414(t)(2) of such Code are each amended by insert-
10 ing “127A,” after “127,” each place it appears.

11 (2) Section 132(j)(8) of such Code is amended
12 by striking “section 127” and inserting “section 127
13 or 127A”.

14 (3) Section 1397(a)(2)(A) of such Code is
15 amended by inserting at the end the following new
16 clause:

17 “(iii) Any amount paid or incurred by
18 an employer which is excludable from the
19 gross income of an employee under section
20 127A, but only to the extent paid or in-
21 curred to a person not related to the em-
22 ployer.”.

23 (4) Section 209(a)(15) of the Social Security
24 Act (42 U.S.C. 409(a)(15)) is amended by striking
25 “or 129” and inserting “, 127A, or 129”.

1 (e) CLERICAL AMENDMENT.—The table of sections
2 for part III of subchapter B of chapter 1 of such Code
3 is amended by inserting after the item relating to section
4 127 the following new item:

“Sec. 127A. Employer contributions to qualified tuition programs.”.

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

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