

114TH CONGRESS
1ST SESSION

H. R. 553

To amend the Internal Revenue Code of 1986 to encourage the use of 529 plans and Coverdell education savings accounts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 27, 2015

Mr. MESSER 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 encourage the use of 529 plans and Coverdell education savings accounts, 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. ALLOWANCE OF HOME SCHOOL EXPENSES AS**
4 **QUALIFIED EDUCATION EXPENSES FOR PUR-**
5 **POSES OF A COVERDELL EDUCATION SAV-**
6 **INGS ACCOUNT.**

7 (a) IN GENERAL.—Section 530(b)(3) of the Internal
8 Revenue Code of 1986 is amended by adding at the end
9 the following new subparagraph:

1 “(C) PRIVATE SCHOOL.—For purposes of
2 this section, the term ‘private school’ includes
3 any home school that meets the requirements of
4 State law applicable to such home schools,
5 whether or not such school is deemed a private
6 school for purposes of State law.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to taxable years beginning after
9 December 31, 2014.

10 **SEC. 2. ELIMINATION OF COVERDELL EDUCATION SAVINGS**
11 **ACCOUNT CONTRIBUTION LIMITATION.**

12 (a) IN GENERAL.—Section 530(b)(1)(A) of the Inter-
13 nal Revenue Code of 1986 is amended by inserting “or”
14 at the end of clause (i), by striking “or” at the end of
15 clause (ii) and inserting a period, and by striking clause
16 (iii).

17 (b) PROHIBITION ON EXCESS CONTRIBUTIONS.—
18 Section 530(b) of such Code is amended by adding at the
19 end the following new paragraph:

20 “(5) PROHIBITION ON EXCESS CONTRIBU-
21 TIONS.—A program shall not be treated as a Cover-
22 dell education savings account unless it provides
23 adequate safeguards to prevent contributions on be-
24 half of a designated beneficiary in excess of those

1 necessary to provide for the qualified education ex-
2 penses of the beneficiary.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2014.

6 **SEC. 3. 529 PROGRAMS FOR PRE-KINDERGARTEN, ELEMEN-**
7 **TARY, AND SECONDARY EDUCATION EX-**
8 **PENSES.**

9 (a) IN GENERAL.—Section 529(e)(3) of the Internal
10 Revenue Code of 1986 is amended—

11 (1) by redesignating subparagraph (B) as sub-
12 paragraph (C);

13 (2) by striking “QUALIFIED HIGHER EDU-
14 CATION EXPENSES” and all that follows through
15 “The term ‘qualified higher education expenses’
16 means—” and inserting the following: “QUALIFIED
17 EDUCATION EXPENSES.—

18 “(A) IN GENERAL.—The term ‘qualified
19 education expenses’ means—

20 “(i) qualified higher education ex-
21 penses, and

22 “(ii) qualified pre-kindergarten, ele-
23 mentary, and secondary education ex-
24 penses.

1 “(B) QUALIFIED HIGHER EDUCATION EX-
2 PENSES.—The term ‘qualified higher education
3 expenses’ means”; and

4 (3) by adding at the end the following new sub-
5 paragraphs:

6 “(D) QUALIFIED PRE-KINDERGARTEN, EL-
7 EMENTARY, AND SECONDARY EDUCATION EX-
8 PENSES.—The term ‘qualified pre-kindergarten,
9 elementary, and secondary education expenses’
10 means—

11 “(i) expenses for tuition, fees, aca-
12 demic tutoring, special needs services in
13 the case of a special needs beneficiary,
14 books, supplies, and other equipment which
15 are incurred in connection with the enroll-
16 ment or attendance of the designated bene-
17 ficiary of the trust as a pre-kindergarten,
18 elementary, or secondary school student at
19 a public, private, or religious school,

20 “(ii) expenses for room and board,
21 uniforms, transportation, and supple-
22 mentary items and services (including ex-
23 tended day programs) which are required
24 or provided by a public, private, or reli-

1 gious school in connection with such enroll-
2 ment or attendance, and

3 “(iii) expenses for the purchase of any
4 computer technology or equipment (as de-
5 fined in section 170(e)(6)(F)(i)) or Inter-
6 net access and related services, if such
7 technology, equipment, or services are to
8 be used by the beneficiary and the bene-
9 ficiary’s family during any of the years the
10 beneficiary is in school.

11 Clause (iii) shall not include expenses for com-
12 puter software designed for sports, games, or
13 hobbies unless the software is predominantly
14 educational in nature.

15 “(E) SCHOOL.—The term ‘school’ means
16 any school which provides pre-kindergarten, ele-
17 mentary, or secondary education (pre-kinder-
18 garten through grade 12), as determined under
19 State law. Such a school shall be treated as an
20 eligible educational institution for purposes of
21 subsection (b).”.

22 (b) CONFORMING AMENDMENTS.—Section 529 of
23 such Code is amended by striking “qualified higher edu-
24 cation” each place it appears in subsections (b) and (c)
25 and inserting “qualified education”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2014.

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