

114TH CONGRESS  
2D SESSION

# S. 2462

To amend section 117 of the Internal Revenue Code of 1986 to exclude  
Federal student aid from taxable gross income.

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IN THE SENATE OF THE UNITED STATES

JANUARY 21, 2016

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

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## A BILL

To amend section 117 of the Internal Revenue Code of  
1986 to exclude Federal student aid from taxable gross  
income.

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 “Make Student Grants  
5 Truly Tax-Free Act”.

6 **SEC. 2. EXPANSION OF QUALIFIED SCHOLARSHIP EXCLU-**  
7 **SION FROM GROSS INCOME.**

8 (a) IN GENERAL.—Paragraph (1) of section 117(b)  
9 of the Internal Revenue Code of 1986 is amended—

1 (1) by striking “received by an individual as a  
2 scholarship” and inserting “received by an indi-  
3 vidual—

4 “(A) as a scholarship”,

5 (2) by striking the period at the end and insert-  
6 ing a comma, and

7 (3) by adding at the end the following new sub-  
8 paragraphs:

9 “(B) through a scholarship or fellowship  
10 grant program administered by the Secretary of  
11 Education that is based on financial need, in-  
12 cluding a Federal Pell Grant under section 401  
13 of the Higher Education Act of 1965 (20  
14 U.S.C. 1070a),

15 “(C) as an Iraq and Afghanistan Service  
16 Grant under section 420R of the Higher Edu-  
17 cation Act of 1965 (20 U.S.C. 1070h), or

18 “(D) as a TEACH Grant under subpart 9  
19 of part A of title IV of the Higher Education  
20 Act of 1965 (20 U.S.C. 1070g et seq.).”.

21 (b) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to taxable years beginning after  
23 December 31, 2016.

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