

118TH CONGRESS
1ST SESSION

S. 426

To amend the Internal Revenue Code of 1986 to increase and provide an inflation adjustment for the limitation on distributions from qualified tuition programs that may be used for elementary and secondary tuition.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 15, 2023

Mr. KENNEDY 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 increase and provide an inflation adjustment for the limitation on distributions from qualified tuition programs that may be used for elementary and secondary tuition.

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 “Inflation-Adjusted
5 Education Investment Act”.

1 **SEC. 2. INCREASE ON LIMITATION ON EXPENSES USED FOR**
 2 **ELEMENTARY AND SECONDARY TUITION.**

3 (a) IN GENERAL.—The last sentence of section
 4 529(e)(3)(A) of the Internal Revenue Code of 1986 is
 5 amended by striking “\$10,000” and inserting “\$12,000”.

6 (b) INFLATION ADJUSTMENT.—Section 529(e)(3) of
 7 the Internal Revenue Code of 1986 is amended by adding
 8 at the end the following new subparagraph:

9 “(C) INFLATION ADJUSTMENT.—

10 “(i) IN GENERAL.—In the case of any
 11 taxable year beginning in a calendar year
 12 after 2023, the \$12,000 amount in sub-
 13 paragraph (A) shall be increased by an
 14 amount equal to—

15 “(I) such dollar amount, multi-
 16 plied by

17 “(II) the cost-of-living adjust-
 18 ment determined under section 1(f)(3)
 19 for the calendar year in which the tax-
 20 able year begins, determined by sub-
 21 stituting ‘calendar year 2022’ for ‘cal-
 22 endar year 2016’ in subparagraph
 23 (A)(ii) thereof.

24 “(ii) ROUNDING.—Any increase deter-
 25 mined under clause (i) shall be rounded to
 26 the nearest multiple of \$500.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2022.

○