

105TH CONGRESS
2D SESSION

H. R. 4298

To amend the Internal Revenue Code of 1986 to provide that distributions from qualified State tuition programs which are used to pay educational expenses shall not be includible in gross income and to include as such expenses the cost of room and board.

IN THE HOUSE OF REPRESENTATIVES

JULY 22, 1998

Mr. BACHUS (for himself, Mr. YOUNG of Alaska, Mr. CRAMER, Mr. RILEY, Mr. ADERHOLT, Mr. EVERETT, Mr. MICA, Mr. OXLEY, Mr. MCCOLLUM, and Mr. LATOURETTE) 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 provide that distributions from qualified State tuition programs which are used to pay educational expenses shall not be includible in gross income and to include as such expenses the cost of room and board.

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 “College Savings Pro-
5 tection Act of 1998”.

1 **SEC. 2. MODIFICATIONS OF TAX TREATMENT OF QUALI-**
2 **FIED STATE TUITION PROGRAMS.**

3 (a) EXCLUSION OF DISTRIBUTIONS USED FOR EDU-
4 CATIONAL PURPOSES.—Subparagraph (B) of section
5 529(c)(3) of the Internal Revenue Code of 1986 is amend-
6 ed to read as follows:

7 “(B) DISTRIBUTIONS FOR QUALIFIED
8 HIGHER EDUCATION EXPENSES.—Subpara-
9 graph (A) shall not apply to any distribution to
10 the extent—

11 “(i) the distribution is used exclusively
12 to pay qualified higher education expenses
13 of the distributee, or

14 “(ii) the distribution consists of pro-
15 viding a benefit to the distributee which, if
16 paid for by the distributee, would con-
17 stitute payment of a qualified higher edu-
18 cation expense.”

19 (b) QUALIFIED HIGHER EDUCATION EXPENSES TO
20 INCLUDE ROOM AND BOARD.—Section 529(e)(3) of such
21 Code is amended to read as follows:

22 “(3) QUALIFIED HIGHER EDUCATION EX-
23 PENSES.—The term ‘qualified higher education ex-
24 penses’ means the cost of attendance (within the
25 meaning of section 472 of the Higher Education Act
26 of 1965 (20 U.S.C. 1087ll), as in effect on the date

1 of the enactment of this paragraph) of a designated
2 beneficiary at an eligible educational institution (as
3 defined in section 135(c)(3)).”

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 1996.

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