

108TH CONGRESS  
2D SESSION

# S. 2087

To amend the Internal Revenue Code of 1986 to expand the Hope Scholarship and Lifetime Learning Credits.

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 12, 2004

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

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## A BILL

To amend the Internal Revenue Code of 1986 to expand the Hope Scholarship and Lifetime Learning Credits.

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. HOPE SCHOLARSHIP CREDIT.**

4 (a) EXPANSION OF CREDIT.—

5 (1) IN GENERAL.—Section 25A(b) of the Inter-  
6 nal Revenue Code of 1986 (relating to Hope Schol-  
7 arship Credit) is amended—

8 (A) in paragraph (1), by striking “the sum  
9 of” and all that follows and inserting “100 per-  
10 cent of so much of the qualified tuition and re-

1           lated expenses paid by the taxpayer during the  
2           taxable year (for education furnished to the eli-  
3           gible student during any academic period begin-  
4           ning in such taxable year) as does not exceed  
5           \$2,500.”,

6                   (B) in paragraph (2)(A), by striking “2”  
7           in the text and in the heading and inserting  
8           “4”,

9                   (C) in paragraph (2)(C), by striking “2”  
10          in the text and in the heading and inserting  
11          “4”, and

12                   (D) by striking paragraph (4).

13           (2)    CONFORMING    AMENDMENTS.—Section  
14           25A(h)(1)(A) of such Code (relating to inflation ad-  
15           justments) is amended—

16                   (A) by striking “2001” and inserting  
17           “2004”,

18                   (B) by striking “each of the \$1,000  
19           amounts” and inserting “the \$2,500 amount”,  
20           and

21                   (C) by striking “2000” and inserting  
22           “2003”.

23           (b) EFFECTIVE DATE.—The amendments made by  
24           this section shall apply to taxable years beginning after  
25           December 31, 2003.

1 **SEC. 2. REFUNDABILITY OF HOPE AND LIFETIME LEARN-**  
2 **ING CREDIT.**

3 (a) REFUNDABLE CREDIT.—

4 (1) IN GENERAL.—Section 25A of the Internal  
5 Revenue Code of 1986 is hereby moved to subpart  
6 C of part IV of subchapter A of chapter 1 of such  
7 Code (relating to refundable credits) and inserted  
8 after section 35.

9 (2) TECHNICAL AMENDMENTS.—

10 (A) Section 36 of such Code is redesignig-  
11 nated as section 37.

12 (B) Section 25A of such Code (as moved  
13 by subsection (a)) is redesignated as section 36.

14 (C) Paragraph (1) of section 36(a) of such  
15 Code (as redesignated by paragraph (2)) is  
16 amended by striking “this chapter” and insert-  
17 ing “this subtitle”.

18 (D) Section 36 of such Code (as so redesi-  
19 gnated) is amended by redesignating sub-  
20 section (i) as subsection (j) and by inserting  
21 after subsection (h) the following new sub-  
22 section:

23 “(i) COORDINATION WITH ADVANCE PAYMENT.—

24 With respect to any taxable year, the amount which would  
25 (but for this subsection) be allowed as a credit to the tax-  
26 payer under subsection (a) shall be reduced (but not below

1 zero) by the aggregate amount paid on behalf of such tax-  
2 payer under section 7528 for such taxable year.”.

3 (E) Subparagraph (B) of section 72(t)(7)  
4 of such Code is amended by striking “section  
5 25A(g)(2)” and inserting “section 36(g)(2)”.

6 (F) Subparagraph (A) of section 135(d)(2)  
7 of such Code is amended by striking “section  
8 25A” and inserting “section 36”.

9 (G) Section 221(d) of such Code is  
10 amended—

11 (i) by striking “section 25A(g)(2)” in  
12 paragraph (2)(B) and inserting “section  
13 36(g)(2)”,

14 (ii) by striking “section 25A(f)(2)” in  
15 paragraph (2)(B) and inserting “section  
16 36(f)(2)”, and

17 (iii) by striking “section 25A(b)(3)”  
18 in paragraph (3) and inserting “section  
19 36(b)(3)”.

20 (H) Section 222 of such Code is  
21 amended—

22 (i) by striking “section 25A” in sub-  
23 paragraph (A) of subsection (e)(2) and in-  
24 serting “section 36”,

1 (ii) by striking “section 25A(f)” in  
2 subsection (d)(1) and inserting “section  
3 36(f)”, and

4 (iii) by striking “section 25A(g)(2)”  
5 in subsection (d)(1) and inserting “section  
6 36(g)(2)”.

7 (I) Section 529 of such Code is amended—

8 (i) by striking “section 25A(g)(2)” in  
9 subclause (I) of subsection (e)(3)(B)(v)  
10 and inserting “section 36(g)(2)”,

11 (ii) by striking “section 25A” in sub-  
12 clause (II) of subsection (e)(3)(B)(v) and  
13 inserting “section 36”, and

14 (iii) by striking “section 25A(b)(3)”  
15 in clause (i) of subsection (e)(3)(B) and in-  
16 serting “section 36(b)(3)”.

17 (J) Section 530 of such Code is  
18 amended—

19 (i) by striking “section 25A(g)(2)” in  
20 subclause (I) of subsection (d)(2)(C)(i) and  
21 inserting “section 36(g)(2)”,

22 (ii) by striking “section 25A” in sub-  
23 clause (II) of subsection (d)(2)(C)(i) and  
24 inserting “section 36”, and

1 (iii) by striking “section 25A(g)(2)”  
2 in clause (iii) of subsection (d)(4)(B) and  
3 inserting “section 36(g)(2)”.

4 (K) Subsection (e) of section 6050S of  
5 such Code is amended by striking “section  
6 25A” and inserting “section 36”.

7 (L) Subparagraph (J) of section  
8 6213(g)(2) of such Code is amended by striking  
9 “section 25A(g)(1)” and inserting “section  
10 36(g)(1)”.

11 (M) Paragraph (2) of section 1324(b) of  
12 title 31, United States Code, is amended by in-  
13 serting before the period “or from section 36 of  
14 such Code”.

15 (N) The table of sections for subpart C of  
16 part IV of subchapter A of chapter 1 of such  
17 Code is amended by striking the item relating  
18 to section 36 and inserting the following:

“Sec. 36. Hope and Lifetime Learning credits.  
“Sec. 37. Overpayments of tax.”.

19 (O) The table of sections for subpart A of  
20 part IV of such Code is amended by striking  
21 the item relating to section 25A.

22 (b) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to taxable years beginning after  
24 December 31, 2003.

1 **SEC. 3. ADVANCE PAYMENT OF CREDIT FOR HOPE SCHOL-**  
2 **ARSHIP AND LIFETIME LEARNING.**

3 (a) IN GENERAL.—Chapter 77 of the Internal Rev-  
4 enue Code of 1986 (relating to miscellaneous provisions)  
5 is amended by redesignating section 7528 as section 7529  
6 and inserting after section 7527 the following new section:

7 **“SEC. 7528. ADVANCE PAYMENT OF CREDIT FOR HOPE**  
8 **SCHOLARSHIP AND LIFETIME LEARNING.**

9 “(a) GENERAL RULE.—Not later than August 1,  
10 2004, the Secretary shall establish a program for making  
11 payments on behalf of certified individuals to eligible edu-  
12 cational institutions (as defined in section 36(f)(2)) for  
13 such individuals.

14 “(b) LIMITATION ON ADVANCE PAYMENTS DURING  
15 ANY TAXABLE YEAR.—The Secretary may make pay-  
16 ments under subsection (a) only to the extent that the  
17 total amount of such payments made on behalf of any indi-  
18 vidual during the taxable year does not exceed the quali-  
19 fied tuition and related expenses (within the meaning of  
20 section 36(f)(1)) incurred by such individual at such eligi-  
21 ble educational institution during the taxable year.

22 “(c) CERTIFIED INDIVIDUAL.—For purposes of this  
23 section, the term ‘certified individual’ means any indi-  
24 vidual for whom a qualified education costs credit eligi-  
25 bility certificate is in effect.

1       “(d) QUALIFIED EDUCATION COSTS CREDIT ELIGI-  
2 BILITY CERTIFICATE.—For purposes of this section, the  
3 term ‘qualified education costs credit eligibility certificate’  
4 means any written statement that an individual has in-  
5 curred costs which are qualified tuition and related ex-  
6 penses (within the meaning of section 36(f)(1)) if such  
7 statement provides such information as the Secretary may  
8 require for purposes of this section.”.

9       (b) DISCLOSURE OF RETURN INFORMATION FOR  
10 PURPOSES OF CARRYING OUT A PROGRAM FOR ADVANCE  
11 PAYMENT OF CREDIT FOR HOPE SCHOLARSHIP AND  
12 LIFETIME LEARNING.—

13           (1) IN GENERAL.—Subsection (l) of section  
14 6103 of such Code (relating to disclosure of returns  
15 and return information for purposes other than tax  
16 administration) is amended by adding at the end the  
17 following new paragraph:

18           “(21) DISCLOSURE OF RETURN INFORMATION  
19 FOR PURPOSES OF CARRYING OUT A PROGRAM FOR  
20 ADVANCE PAYMENT OF CREDIT FOR HOPE SCHOLAR-  
21 SHIP AND LIFETIME LEARNING.—The Secretary may  
22 disclose to educational institutions for any certified  
23 individual (as defined in section 7528(c)) return in-  
24 formation with respect to such certified individual  
25 only to the extent necessary to carry out the pro-

1       gram established by section 7528 (relating to ad-  
2       vance payment of credit for hope scholarship and  
3       lifetime learning).”.

4               (2) PROCEDURES AND RECORDKEEPING RE-  
5       LATED TO DISCLOSURES.—Subsection (p) of such  
6       section is amended—

7                       (A) in paragraph (3)(A) by striking “or  
8                       (18)” and inserting “(18), or (21)”, and

9                       (B) in paragraph (4) by striking “or (20)”  
10                      and inserting “(20), or (21)” each place it ap-  
11                      pears.

12               (3) UNAUTHORIZED INSPECTION OF RETURNS  
13       OR               RETURN               INFORMATION.—Section  
14       7213A(a)(1)(B) of such Code is amended by striking  
15       “(l)(18) or (n)” and inserting “(l)(18), (l)(19), or  
16       (n)”.

17       (c) INFORMATION REPORTING.—

18               (1) IN GENERAL.—Subpart B of part III of  
19       subchapter A of chapter 61 of the Internal Revenue  
20       Code of 1986 (relating to information concerning  
21       transactions with other persons) is amended by in-  
22       serting after section 6050S the following new sec-  
23       tion:

1 **“SEC. 6050U. RETURNS RELATING TO CREDIT FOR HOPE**  
2 **SCHOLARSHIP AND LIFETIME LEARNING.**

3 “(a) **REQUIREMENT OF REPORTING.**—Every person  
4 who is entitled to receive payments for any month of any  
5 calendar year under section 7528 (relating to advance pay-  
6 ment of credit for hope scholarship and lifetime learning)  
7 with respect to any certified individual (as defined in sec-  
8 tion 7528(c)) shall, at such time as the Secretary may pre-  
9 scribe, make the return described in subsection (b) with  
10 respect to each such individual.

11 “(b) **FORM AND MANNER OF RETURNS.**—A return  
12 is described in this subsection if such return—

13 “(1) is in such form as the Secretary may pre-  
14 scribe, and

15 “(2) contains—

16 “(A) the name, address, and TIN of each  
17 individual referred to in subsection (a),

18 “(B) the number of months for which  
19 amounts were entitled to be received with re-  
20 spect to such individual under section 7528 (re-  
21 lating to advance payment of credit for hope  
22 scholarship and lifetime learning),

23 “(C) the amount entitled to be received for  
24 each such year, and

25 “(D) such other information as the Sec-  
26 retary may prescribe.

1       “(c) STATEMENTS TO BE FURNISHED TO INDIVID-  
 2 UALS WITH RESPECT TO WHOM INFORMATION IS RE-  
 3 QUIRED.—Every person required to make a return under  
 4 subsection (a) shall furnish to each individual whose name  
 5 is required to be set forth in such return a written state-  
 6 ment showing—

7               “(1) the name and address of the person re-  
 8       quired to make such return and the phone number  
 9       of the information contact for such person, and

10              “(2) the information required to be shown on  
 11       the return with respect to such individual.

12 The written statement required under the preceding sen-  
 13 tence shall be furnished on or before January 31 of the  
 14 year following the calendar year for which the return  
 15 under subsection (a) is required to be made.”.

16              (2) ASSESSABLE PENALTIES.—

17                   (A) Subparagraph (B) of section  
 18       6724(d)(1) of such Code (relating to defini-  
 19       tions) is amended by redesignating clauses (xii)  
 20       through (xviii) as clauses (xiii) through (xiv),  
 21       respectively, and by inserting after clause (xi)  
 22       the following new clause:

23                           “(xii) section 6050U (relating to re-  
 24       turns relating to credit for hope scholar-  
 25       ship and lifetime learning),”.

1 (B) Paragraph (2) of section 6724(d) of  
 2 such Code is amended by striking “or” at the  
 3 end of subparagraph (AA), by striking the pe-  
 4 riod at the end of subparagraph (BB) and in-  
 5 serting “, or”, and by adding after subpara-  
 6 graph (BB) the following new subparagraph:

7 “(CC) section 6050U (relating to returns  
 8 relating to credit for hope scholarship and life-  
 9 time learning).”.

10 (d) CLERICAL AMENDMENTS.—

11 (1) ADVANCE PAYMENT.—The table of sections  
 12 for chapter 77 of the Internal Revenue Code of 1986  
 13 is amended by adding at the end the following new  
 14 item:

“Sec. 7528. Advance payment of credit for hope scholarship and  
 lifetime learning.”.

15 (2) INFORMATION REPORTING.—The table of  
 16 sections for subpart B of part III of subchapter A  
 17 of chapter 61 of such Code is amended by inserting  
 18 after the item relating to section 6050S the fol-  
 19 lowing new item:

“Sec. 6050U. Returns relating to credit for hope scholarship and  
 lifetime learning.”.

20 (e) EFFECTIVE DATE.—The amendments made by  
 21 this section shall take effect on the date of the enactment  
 22 of this Act.

○