

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1518

To amend the Internal Revenue Code of 1986 to expand the exclusion for employer-provided educational assistance to include educational assistance provided to dependents of employees.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 6, 2005

Mr. KELLER (for himself, Mr. FOLEY, and Mr. ENGLISH of Pennsylvania) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to expand the exclusion for employer-provided educational assistance to include educational assistance provided to dependents of employees.

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 “Family Friendly Em-  
5       ployers Act of 2005”.

1 **SEC. 2. EXCLUSION FOR EMPLOYER-PROVIDED EDU-**  
2 **CATIONAL ASSISTANCE PROVIDED TO DE-**  
3 **PENDENTS OF EMPLOYEES.**

4 (a) IN GENERAL.—Paragraph (1) of section 127(c)  
5 of the Internal Revenue Code of 1986 (defining edu-  
6 cational assistance) is amended—

7 (1) by inserting “or a dependent of the em-  
8 ployee” after “education of the employee” in sub-  
9 paragraph (A), and

10 (2) by inserting “or dependent” after “em-  
11 ployee” in subparagraph (B) and in the material fol-  
12 lowing subparagraph (B).

13 (b) SEPARATE LIMITATION FOR DEPENDENTS.—  
14 Subsection (a) of section 127 of such Code is amended  
15 by adding at the end the following new paragraph:

16 “(3) MAXIMUM EXCLUSION FOR ASSISTANCE  
17 FURNISHED TO DEPENDENTS.—If, but for this para-  
18 graph, this section would exclude from gross income  
19 more than \$2,500 of educational assistance fur-  
20 nished to the dependents of an employee (in the ag-  
21 gregate) during a calendar year, this section shall  
22 apply only to the first \$2,500 of such assistance so  
23 furnished.”.

24 (c) CONFORMING AMENDMENT.—Paragraph (2) of  
25 section 127(a) of such Code is amended—

1           (1) by striking “an individual” and inserting  
2           “the employee”, and

3           (2) in the heading thereof by striking “MAX-  
4           IMUM EXCLUSION” and inserting “MAXIMUM EXCLU-  
5           SION FOR ASSISTANCE FURNISHED TO EMPLOYEE”.

6           (d) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to taxable years beginning after  
8 the date of the enactment of this Act.

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