

109TH CONGRESS  
1ST SESSION

# H. R. 625

To amend the Internal Revenue Code of 1986 to allow the Hope Scholarship Credit to cover fees, books, supplies, and equipment and to exempt Federal Pell Grants and Federal supplemental educational opportunity grants from reducing expenses taken into account for the Hope Scholarship Credit.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 2005

Mr. CAMP (for himself, Mr. MCGOVERN, Mr. PAUL, Mr. WELLER, Mr. DOYLE, Mr. HOLDEN, Ms. CORRINE BROWN of Florida, Mr. VAN HOLLEN, Mr. FOLEY, Mr. GUTIERREZ, Mr. SCHIFF, Mr. BARTLETT of Maryland, Mr. MCDERMOTT, Mr. FILNER, Mrs. WILSON of New Mexico, Mr. MCHUGH, Mr. WEXLER, Mr. ROGERS of Michigan, Mr. WALSH, Mr. LATOURETTE, Mr. ENGLISH of Pennsylvania, Mr. UDALL of New Mexico, Mr. FRANK of Massachusetts, Mr. OWENS, Ms. WATSON, Mrs. MUSGRAVE, Mr. HINCHEY, Mr. JOHNSON of Illinois, Mr. SHIMKUS, Mr. TERRY, Ms. NORTON, and Mr. HAYWORTH) 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 allow the Hope Scholarship Credit to cover fees, books, supplies, and equipment and to exempt Federal Pell Grants and Federal supplemental educational opportunity grants from reducing expenses taken into account for the Hope Scholarship Credit.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. EXPANSION OF EDUCATIONAL EXPENSES AL-**  
2 **LOWED AS PART OF HOPE SCHOLARSHIP**  
3 **CREDIT.**

4 (a) **QUALIFIED TUITION AND RELATED EXPENSES**  
5 **EXPANDED TO INCLUDE BOOKS, SUPPLIES, AND EQUIP-**  
6 **MENT.**—Paragraph (1) of section 25A(f) of the Internal  
7 Revenue Code of 1986 (defining qualified tuition and re-  
8 lated expenses) is amended by adding at the end the fol-  
9 lowing new subparagraph:

10 “(D) **ADDITIONAL EXPENSES ALLOWED**  
11 **FOR HOPE SCHOLARSHIP CREDIT.**—For pur-  
12 poses of the Hope Scholarship Credit, such  
13 term shall include fees, books, supplies, and  
14 equipment required for courses of instruction at  
15 the eligible educational institution.”.

16 (b) **HOPE SCHOLARSHIP CREDIT NOT REDUCED BY**  
17 **FEDERAL PELL GRANTS AND SUPPLEMENTAL EDU-**  
18 **CATIONAL OPPORTUNITY GRANTS.**—Subsection (g) of sec-  
19 tion 25A of such Code (relating to special rules) is amend-  
20 ed by adding at the end the following new paragraph:

21 “(8) **PELL AND SEOG GRANTS.**—For purposes  
22 of the Hope Scholarship Credit, paragraph (2) shall  
23 not apply to amounts paid for an individual as a  
24 Federal Pell Grant or a Federal supplemental edu-  
25 cational opportunity grant under subparts 1 and 3,  
26 respectively, of part A of title IV of the Higher Edu-

1 cation Act of 1965 (20 U.S.C. 1070a and 1070b et  
2 seq., respectively).”.

3 (c) EXPANDED HOPE EXPENSES NOT SUBJECT TO  
4 INFORMATION REPORTING REQUIREMENTS.—Subsection  
5 (e) of section 6050S of such Code (relating to definitions)  
6 is amended by striking “subsection (g)(2)” and inserting  
7 “subsections (f)(1)(D) and (g)(2)”.

8 (d) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to expenses paid after December  
10 31, 2004 (in tax years ending after such date), for edu-  
11 cation furnished in academic periods beginning after such  
12 date.

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