

110TH CONGRESS
1ST SESSION

H. R. 87

To amend the Internal Revenue Code of 1986 to improve and expand education savings accounts.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 2007

Mrs. BIGGERT 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 improve and expand education savings accounts.

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 “401Kids Family Sav-
5 ings Act of 2007”.

6 **SEC. 2. EXTENSION OF DATE FOR SUNSET OF CERTAIN**
7 **EDUCATION SAVINGS INCENTIVES.**

8 In the case of the provisions of, and amendments
9 made by, subtitle A of title IV of the Economic Growth
10 and Tax Relief Reconciliation Act of 2001 (relating to

1 education savings incentives), section 901 of such Act (re-
2 lating to sunset of provisions of Act) shall be applied by
3 substituting “December 31, 2015” for “December 31,
4 2010” in subsection (a)(1) thereof.

5 **SEC. 3. DISTRIBUTIONS FROM EDUCATION SAVINGS AC-**
6 **COUNTS FOR FIRST HOME PURCHASES**
7 **TREATED AS QUALIFIED DISTRIBUTIONS.**

8 (a) **IN GENERAL.**—Subsections (b)(1), (d)(2)(A),
9 (d)(2)(B), (d)(2)(C)(ii)(II), and (d)(2)(D) of section 530
10 of the Internal Revenue Code of 1986 are each amended
11 by striking “qualified education expenses” and inserting
12 “qualified expenses”.

13 (b) **QUALIFIED EXPENSES.**—Subsection (b) of sec-
14 tion 530 of such Code is amended—

15 (1) by redesignating paragraphs (2) through
16 (4) as paragraphs (3) through (5), respectively, and
17 by inserting after paragraph (1) the following new
18 paragraph:

19 “(2) **QUALIFIED EXPENSES.**—The term ‘quali-
20 fied expenses’ means—

21 “(A) qualified education expenses (as de-
22 fined in paragraph (3)), and

23 “(B) qualified first-time homebuyer ex-
24 penses (as defined in paragraph (4)).”, and

1 (b) CONFORMING AMENDMENT.—Subsection (e) of
2 section 408A of such Code is amended by inserting the
3 following after the second sentence: “Such term includes
4 a rollover contribution to a Roth IRA from a 401Kids sav-
5 ings account described in section 530(d)(5).”.

6 (c) 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.

9 **SEC. 5. RENAMING COVERDELL EDUCATION SAVINGS AC-**
10 **COUNTS AS 401KIDS SAVINGS ACCOUNTS.**

11 (a) IN GENERAL.—Section 530 of the Internal Rev-
12 enue Code of 1986 is amended by striking “Coverdell edu-
13 cation savings account” each place it appears and insert-
14 ing “401Kids savings account”.

15 (b) CONFORMING AMENDMENTS.—

16 (1) The following provisions of the Internal
17 Revenue Code of 1986 are amended by striking
18 “Coverdell education savings” each place it appears
19 and inserting “401Kids savings”:

20 (A) Section 26(b)(2)(E).

21 (B) Section 72(e)(9).

22 (C) Section 135(c)(2)(C).

23 (D) Section 529(e)(6).

24 (E) Subsections (a) and (e) of section
25 4973(a).

1 (F) Subsections (c) and (e) of section
2 4975.

3 (G) Section 6693(a)(2)(E).

4 (2) The headings for the following provisions of
5 such Code are amended by striking “COVERDELL
6 EDUCATION SAVINGS” and inserting “401KIDS SAV-
7 INGS”:

8 (A) Section 72(e)(9).

9 (B) Section 135(c)(2)(C).

10 (C) Section 529(c)(3)(B)(vi).

11 (D) Section 530(b)(1).

12 (E) Section 4973(e).

13 (F) Section 4975(c)(5).

14 (3) The heading for section 4973(e) of such
15 Code is amended by striking “COVERDELL EDU-
16 CATION SAVINGS” and inserting “401KIDS SAV-
17 INGS”.

18 (4) The heading for section 530 of such Code
19 is amended to read as follows:

20 **“SEC. 530. 401KIDS SAVINGS ACCOUNTS.”.**

21 (5) The item in the table of contents for part
22 VII of subchapter F of chapter 1 of such Code relat-
23 ing to section 530 is amended to read as follows:

“Sec. 530. 401Kids savings accounts.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

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