

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

# H. R. 1351

To amend the Internal Revenue Code of 1986 to treat computer technology and equipment as eligible higher education expenses for 529 plans, to allow certain individuals a credit against income tax for contributions to 529 plans, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 5, 2009

Mr. POMEROY (for himself, Mr. TIBERI, Mr. MEEK of Florida, Mr. KIND, and Ms. JENKINS) 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 treat computer technology and equipment as eligible higher education expenses for 529 plans, to allow certain individuals a credit against income tax for contributions to 529 plans, and for other purposes.

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 “Savings Enhancement  
5 for Education in College Act”.

1 **SEC. 2. COMPUTER TECHNOLOGY AND EQUIPMENT AL-**  
2 **LOWED AS A QUALIFIED HIGHER EDUCATION**  
3 **EXPENSE FOR SECTION 529 ACCOUNTS.**

4 (a) IN GENERAL.—Section 529(e)(3)(A) of the Inter-  
5 nal Revenue Code of 1986 is amended by striking “and”  
6 at the end of clause (i), by striking the period at the end  
7 of clause (ii), and by adding at the end the following:

8 “(iii) expenses paid or incurred for  
9 the purchase of any computer technology  
10 or equipment (as defined in section  
11 170(e)(6)(F)(i)) or Internet access and re-  
12 lated services, if such technology, equip-  
13 ment, or services are to be used primarily  
14 by the designated beneficiary while enrolled  
15 at an eligible educational institution.

16 Clause (iii) shall not include expenses for com-  
17 puter software designed for sports, games, or  
18 hobbies unless the software is predominantly  
19 educational in nature.”.

20 (b) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to expenses paid or incurred after  
22 December 31, 2010.

23 **SEC. 3. CREDIT FOR CONTRIBUTIONS TO 529 PLANS.**

24 (a) IN GENERAL.—Subsection (d) of section 25B of  
25 the Internal Revenue Code of 1986 (relating to elective  
26 deferrals and IRA contributions by certain individuals) is

1 amended by redesignating paragraph (2) as paragraph (3)  
2 and by inserting after paragraph (1) the following new  
3 paragraph:

4           “(2) CONTRIBUTIONS TO QUALIFIED TUITION  
5 PROGRAMS.—

6           “(A) IN GENERAL.—The term ‘qualified  
7 savings contribution’ includes the amount of  
8 any purchase or contribution described in para-  
9 graph (1)(A) of section 529(b) to a qualified  
10 tuition program (as defined in such section)  
11 if—

12                   “(i) the taxpayer has the power to au-  
13 thorize distributions and otherwise admin-  
14 ister the account, and

15                   “(ii) the designated beneficiary of  
16 such purchase or contribution is the tax-  
17 payer, the taxpayer’s spouse, or an indi-  
18 vidual with respect to whom the taxpayer  
19 is allowed a deduction under section 151.

20           “(B) LIMITATION BASED ON COMPENSA-  
21 TION.—The amount treated as a qualified sav-  
22 ings contribution by reason of subparagraph  
23 (A) for any taxable year shall not exceed the  
24 sum of—

1 “(i) the compensation (as defined in  
2 section 219(f)(1)) includible in the tax-  
3 payer’s gross income for the taxable year,  
4 and

5 “(ii) the amount excluded from the  
6 taxpayer’s gross income under section 112  
7 (relating to combat pay) for such year.

8 “(C) DETERMINATION OF ADJUSTED  
9 GROSS INCOME.—Solely for purposes of deter-  
10 mining the applicable percentage under sub-  
11 section (b) which applies with respect to the  
12 amount treated as a qualified savings contribu-  
13 tion by reason of subparagraph (A), adjusted  
14 gross income (determined without regard to this  
15 subparagraph) shall be increased by the excess  
16 (if any) of—

17 “(i) the social security benefits re-  
18 ceived during the taxable year (within the  
19 meaning of section 86), over

20 “(ii) the amount included in gross in-  
21 come for such year under section 86.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 25B of such Code is amended by  
24 striking “qualified retirement savings” each place it

1 appears in the text and inserting “qualified sav-  
2 ings”.

3 (2) The subsection heading for section 25B(d)  
4 of such Code is amended by striking “RETIRE-  
5 MENT”.

6 (3) Subparagraph (A) of section 25B(d)(3) of  
7 such Code, as redesignated by subsection (a), is  
8 amended—

9 (A) by striking “paragraph (1)” the first  
10 place it appears and inserting “paragraph (1)  
11 or (2)”, and

12 (B) by striking “paragraph (1)” the sec-  
13 ond place it appears and inserting “paragraph  
14 (1), or (2), as the case may be,”.

15 (4) The heading for section 25B of such Code  
16 is amended by striking “**AND IRA CONTRIBU-**  
17 **TIONS**” and inserting “**, IRA CONTRIBUTIONS,**  
18 **AND QUALIFIED TUITION PROGRAM CONTRIBU-**  
19 **TIONS**”.

20 (5) The table of sections for subpart A of part  
21 IV of subchapter A of chapter 1 of such Code is  
22 amended by striking the item relating to section 25B  
23 and inserting the following new item:

“Sec. 25B. Elective deferrals, IRA contributions, and qualified tuition program  
contributions by certain individuals.”.

