

113TH CONGRESS  
1ST SESSION

# H. R. 2253

To amend the Internal Revenue Code of 1986 to consolidate the current education tax incentives into one credit against income tax for higher education expenses, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 4, 2013

Mr. SCHOCK 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 consolidate the current education tax incentives into one credit against income tax for higher education expenses, 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 “Higher Education and  
5 Skills Obtainment Act”.

1 **SEC. 2. CONSOLIDATION OF EDUCATION TAX INCENTIVES**  
2 **INTO HIGHER EDUCATION AND SKILLS OB-**  
3 **TAINMENT CREDIT.**

4 (a) IN GENERAL.—Section 25A of the Internal Rev-  
5 enue Code of 1986 (relating to Hope and Lifetime Learn-  
6 ing credits) is amended to read as follows:

7 **“SEC. 25A. HIGHER EDUCATION AND SKILLS OBTAINMENT**  
8 **CREDIT.**

9 “(a) ALLOWANCE OF CREDIT.—In the case of any  
10 eligible student for whom an election is in effect under  
11 this section for any taxable year, there shall be allowed  
12 as a credit against the tax imposed by this chapter for  
13 the taxable year an amount equal to the sum of—

14 “(1) 100 percent of so much of the qualified  
15 tuition and related expenses paid by the taxpayer  
16 during the taxable year (for education furnished to  
17 the eligible student during any academic period be-  
18 ginning in such taxable year) as does not exceed  
19 \$2,000, plus

20 “(2) 25 percent of such expenses so paid as ex-  
21 ceeds \$2,000 but does not exceed \$4,000.

22 “(b) LIMITATIONS.—

23 “(1) CREDIT ALLOWED ONLY FOR 4 TAXABLE  
24 YEARS.—The credit under subsection (a) shall not  
25 be allowed for a taxable year with respect to the  
26 qualified tuition and related expenses of an eligible

1 student if the student has completed (before the be-  
2 ginning of such taxable year) 4 years of any com-  
3 bination of postsecondary education at an eligible  
4 educational institution and instruction described in  
5 subsection (c)(2)(B).

6 “(2) LIMITATION BASED ON HOUSEHOLD IN-  
7 COME.—The amount which would (but for this para-  
8 graph) be taken into account under subsection (a)  
9 for the taxable year shall be reduced (but not below  
10 zero) by the amount which bears the same ratio to  
11 the amount which would be so taken into account as  
12 the excess (if any) of—

13 “(A) the household income of the taxpayer  
14 for such taxable year over 400 percent of the  
15 poverty line, bears to

16 “(B) the amount equal to 500 percent of  
17 the poverty line minus the amount equal to 400  
18 percent of the poverty line.

19 “(c) DEFINITIONS.—For purposes of this section—

20 “(1) ELIGIBLE STUDENT.—The term ‘eligible  
21 student’ means, with respect to any academic period,  
22 any individual who—

23 “(A) meets the requirements of section  
24 484(a)(1) of the Higher Education Act of 1965  
25 (20 U.S.C. 1091(a)(1)), as in effect on the date

1 of the enactment of the Taxpayer Relief Act of  
2 1997, and

3 “(B) in the case of a student enrolled in  
4 a degree program, is carrying at least  $\frac{1}{2}$  the  
5 normal full-time work load for the course of  
6 study the student is pursuing.

7 “(2) QUALIFIED TUITION AND RELATED EX-  
8 PENSES.—The term ‘qualified tuition and related ex-  
9 penses’ means tuition, fees, and costs of course ma-  
10 terials—

11 “(A) for education during the taxable year  
12 with respect to the attendance at an eligible  
13 educational institution during any academic pe-  
14 riod beginning in such taxable year of—

15 “(i) the taxpayer,

16 “(ii) the taxpayer’s spouse, or

17 “(iii) any dependent of the taxpayer  
18 with respect to whom the taxpayer is al-

19 lowed a deduction under section 151, and

20 “(B) for a course of instruction from an el-  
21 igible provider to acquire or improve job skills  
22 of the individual during the taxable year (for  
23 education furnished during any academic period  
24 beginning in such taxable year).

1           “(3) ELIGIBLE EDUCATIONAL INSTITUTION.—  
2           The term ‘eligible educational institution’ means an  
3           institution—

4                   “(A) which is described in section 481 of  
5                   the Higher Education Act of 1965, as in effect  
6                   on the date of the enactment of the Taxpayer  
7                   Relief Act of 1997, and

8                   “(B) which is eligible to participate in a  
9                   program under title IV of the Higher Education  
10                  Act of 1965.

11          “(4) POVERTY LINE.—

12                  “(A) IN GENERAL.—The term ‘poverty  
13                  line’ has the meaning given that term in section  
14                  2110(c)(5) of the Social Security Act (42  
15                  U.S.C. 1397jj(c)(5)) with respect to the tax-  
16                  payer’s family of the size involved.

17                  “(B) POVERTY LINE USED.—The poverty  
18                  line used shall be the most recently published  
19                  poverty line as of the 1st day of the regular en-  
20                  rollment period for coverage during such cal-  
21                  endar year.

22          “(5) ELIGIBLE PROVIDER.—The term ‘eligible  
23                  provider’ means provider of training services (within  
24                  the meaning of section 134(d)(4)(D) of the Work-  
25                  force Investment Act of 1998) (29 U.S.C.

1 2864(d)(4)(D)) who is identified in accordance with  
2 section 122(e)(3) of such Act (29 U.S.C.  
3 2842(e)(3)).

4 “(d) SPECIAL RULES.—

5 “(1) IDENTIFICATION REQUIREMENTS.—No  
6 credit shall be allowed under subsection (a) to a tax-  
7 payer with respect to an eligible student unless the  
8 taxpayer includes on the return of tax for the tax-  
9 able year—

10 “(A) the name and social security number  
11 of such student, and

12 “(B) the employer identification number,  
13 name, and address of any institution or eligible  
14 provider to which tuition, fees, and costs of  
15 course materials were paid with respect to such  
16 student.

17 “(2) ADJUSTMENT FOR CERTAIN SCHOLAR-  
18 SHIPS.—The expenses otherwise taken into account  
19 under subsection (a) with respect to an individual  
20 for an academic period shall be reduced (before the  
21 application of subsections (a) and (b)) by the sum  
22 of any amounts paid for the benefit of such indi-  
23 vidual which are allocable to such period as—

24 “(A) a qualified scholarship which is ex-  
25 cludable from gross income under section 117,

1           “(B) an educational assistance allowance  
2           under chapter 30, 31, 32, 34, or 35 of title 38,  
3           United States Code, or under chapter 1606 of  
4           title 10, United States Code,

5           “(C) a Federal Pell Grant or a Federal  
6           supplemental educational opportunity grant  
7           under subparts 1 and 3, respectively, of part A  
8           of title IV of the Higher Education Act of 1965  
9           (20 U.S.C. 1070a and 1070b et seq., respec-  
10          tively), and

11          “(D) a payment (other than a gift, be-  
12          quest, devise, or inheritance within the meaning  
13          of section 102(a)) for such student’s edu-  
14          cational expenses, or attributable to such indi-  
15          vidual’s enrollment at an eligible educational in-  
16          stitution, which is excludable from gross income  
17          under any law of the United States.

18          “(3) TREATMENT OF EXPENSES PAID BY DE-  
19          PENDENT.—If a deduction under section 151 with  
20          respect to an individual is allowed to another tax-  
21          payer for a taxable year beginning in the calendar  
22          year in which such individual’s taxable year begins—

23                 “(A) no credit shall be allowed under sub-  
24                 section (a) to such individual for such individ-  
25                 ual’s taxable year, and

1           “(B) amounts paid by such individual dur-  
2           ing such individual’s taxable year shall be treat-  
3           ed for purposes of this section as paid by such  
4           other taxpayer.

5           “(4) TREATMENT OF CERTAIN PREPAY-  
6           MENTS.—If tuition, fees, or costs of course materials  
7           are paid by the taxpayer during a taxable year for  
8           an academic period which begins during the first 3  
9           months following such taxable year, such academic  
10          period shall be treated for purposes of this section  
11          as beginning during such taxable year.

12          “(5) DENIAL OF DOUBLE BENEFIT.—No credit  
13          shall be allowed under this section for any expense  
14          for which deduction is allowed under any other pro-  
15          vision of this chapter.

16          “(6) NO CREDIT FOR MARRIED INDIVIDUALS  
17          FILING SEPARATE RETURNS.—If the taxpayer is a  
18          married individual (within the meaning of section  
19          7703), this section shall apply only if the taxpayer  
20          and the taxpayer’s spouse file a joint return for the  
21          taxable year.

22          “(7) NONRESIDENT ALIENS.—If the taxpayer is  
23          a nonresident alien individual for any portion of the  
24          taxable year, this section shall apply only if such in-  
25          dividual is treated as a resident alien of the United



1 States for purposes of this chapter by reason of an  
2 election under subsection (g) or (h) of section 6013.

3 “(8) SUPPORTING INFORMATION.—No expense  
4 shall be taken into account under this section for a  
5 taxable year unless the taxpayer submits with the  
6 return of tax for the taxable year information sup-  
7 porting such expense.

8 “(e) ELECTION NOT TO HAVE SECTION APPLY.—A  
9 taxpayer may elect not to have this section apply with re-  
10 spect to the expenses of an individual for any taxable year.

11 “(f) VERIFICATION AND CONFIRMATION OF CERTAIN  
12 INFORMATION.—In carrying out this section, the Sec-  
13 retary shall utilize information from the Secretary of Edu-  
14 cation to confirm and verify information relating to edu-  
15 cational institutions and students, including the Inte-  
16 grated Postsecondary Education Data System and the Na-  
17 tional Student Loan Data System.

18 “(g) REGULATIONS.—The Secretary may prescribe  
19 such regulations as may be necessary or appropriate to  
20 carry out this section, including regulations providing for  
21 a recapture of the credit allowed under this section in  
22 cases where there is a refund in a subsequent taxable year  
23 of any expense which was taken into account in deter-  
24 mining the amount of such credit.”.

1 (b) REPEAL OF DEDUCTION FOR QUALIFIED TUI-  
2 TION AND RELATED EXPENSES.—

3 (1) IN GENERAL.—Part VII of subchapter B of  
4 chapter 1 of such Code (relating to additional  
5 itemized deductions for individuals) is amended by  
6 striking section 222.

7 (2) CLERICAL AMENDMENT.—The table of sec-  
8 tions for part VII of subchapter B of chapter 1 of  
9 such Code is amended by striking the item relating  
10 to section 222.

11 (c) INFORMATION RETURNS.—

12 (1) IN GENERAL.—Section 6050S(e) of such  
13 Code is amended by striking “subsection (g)(2)” and  
14 inserting “subsection (d)(2)”.

15 (2) ATTENDANCE.—Paragraph (2) of section  
16 6050S(b) of such Code is amended by redesignating  
17 subparagraph (C) as subparagraph (D) and by in-  
18 sserting after subparagraph (B) the following new  
19 subparagraph:

20 “(C) the status of the individual for each  
21 academic period of the year for which payments  
22 are received as—

23 “(i) a full-time or part-time student,

24 “(ii) if a part-time student, whether  
25 the individual is at least half time, and

1                   “(iii) whether the student is a grad-  
2                   uate student.”.

3           (d) OMISSION OF IDENTIFICATION INFORMATION  
4 AND NUMBER OF YEARS CREDIT IS CLAIMED TREATED  
5 AS MATHEMATICAL OR CLERICAL ERROR.—Subparagraph  
6 (J) of section 6213(g)(2) of such Code is amended to read  
7 as follows:

8                   “(J) in the case of information required  
9                   under section 25A (relating to higher education  
10                  obtainment credit)—

11                   “(i) an omission of a correct social se-  
12                   curity number and employer identification  
13                   number of any institution required to be  
14                   included on a return under subsection  
15                   (d)(1) of such section, and

16                   “(ii) an entry on the return claiming  
17                   the credit in violation of the limitation  
18                   under subsection (b)(1) of such return,”.

19           (e) CONFORMING AMENDMENTS.—

20                   (1) Section 62(a) of such Code is amended by  
21                   striking paragraph (18).

22                   (2) Subparagraph (A) of section 86(b)(2) of  
23                   such Code is amended by striking “222,”.

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

4           (4) Subparagraph (A) of section 135(c)(4) of  
5 such Code is amended by striking “222,”.

6           (5) Subparagraph (A) of section 137(b)(3) of  
7 such Code is amended by striking “222,”.

8           (6) Subparagraph (A) of section 199(d)(2) of  
9 such Code is amended by striking “222,”.

10          (7) Clause (ii) of section 219(g)(3)(A) of such  
11 Code is amended by striking “222,”.

12          (8) Clause (i) of section 221(b)(2)(C) of such  
13 Code is amended by striking “222,”.

14          (9) Clause (iii) of section 469(i)(3)(F) of such  
15 Code is amended by striking “221, and 222” and in-  
16 serting “and 221”.

17          (10) Subsection (d) of section 221 of such Code  
18 is amended—

19               (A) by striking “section 25A(g)(2)” in  
20 paragraph (2)(B) and inserting “section  
21 25A(d)(2)”, and

22               (B) by striking “section 25A(f)(2)” in the  
23 second sentence of paragraph (2) and inserting  
24 “section 25A(c)(3)”.

1           (11) Section 221(d)(3) of such Code is amend-  
2           ed by striking “section 25A(b)(3)” and inserting  
3           “section 25A(c)(3)”.

4           (12) Subclause (I) of section 529(c)(3)(B)(v) of  
5           such Code is amended by striking “section  
6           25A(g)(2)” and inserting “25A(d)(2)”.

7           (13) Clause (i) of section 529(e)(3)(B) of such  
8           Code is amended by striking “section 25A(b)(3)”  
9           and inserting “section 221(c)(3)”.

10          (14) Subclause (I) of section 530(d)(2)(C)(i) of  
11          such Code is amended by striking “section  
12          25A(g)(2)” and inserting “section 25A(d)(2)”.

13          (15) Clause (iii) of section 530(d)(4)(B) of such  
14          Code is amended by striking “section 25A(g)(2)”  
15          and inserting “25A(d)(2)”.

16          (16) Section 14000 of such Code is amended  
17          by adding at the end the following flush sentence:

18          “For purposes of this section, any reference to sec-  
19          tion 25A shall be treated as a reference to such section  
20          as in effect on the day before the date of the enactment  
21          of this sentence.”.

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

“Sec. 25A. Higher education and skills obtainment credit.”.

1       (f) SENSE OF CONGRESS.—It is the sense of Con-  
2 gress that any savings in revenues resulting from the en-  
3 actment of this section shall be applied to the currently  
4 projected Pell Grant funding shortfall beginning in 2015  
5 and to deficit reduction.

6       (g) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to expenses paid after December  
8 31, 2013, for education furnished in academic periods be-  
9 ginning after such date.

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