

114TH CONGRESS
2D SESSION

H. R. 6237

To amend the Internal Revenue Code of 1986 to coordinate the reduction in the American Opportunity Tax Credit with Federal Pell Grants, to the extent such grants are attributable to expenses not eligible for such credit, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 28, 2016

Mr. DANNY K. DAVIS of Illinois 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 coordinate the reduction in the American Opportunity Tax Credit with Federal Pell Grants, to the extent such grants are attributable to expenses not eligible for such credit, 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 “American Opportunity
5 Tax Credit Reform Act”.

1 **SEC. 2. AMERICAN OPPORTUNITY TAX CREDIT COORDINA-**
2 **TION WITH PELL GRANTS.**

3 (a) **IN GENERAL.**—Section 25A(i) of the Internal
4 Revenue Code of 1986 is amended by adding at the end
5 the following new paragraph:

6 “(8) **COORDINATION WITH PELL GRANTS NOT**
7 **USED FOR QUALIFIED TUITION AND RELATED EX-**
8 **PENSES.**—For purposes of this subsection, any
9 amount determined with respect to an individual
10 under subsection (g)(2) which is attributable to a
11 Federal Pell Grant under section 401 of the Higher
12 Education Act of 1965 (20 U.S.C. 1070a) shall be
13 reduced (but not below zero) by the amount of ex-
14 penses (other than qualified tuition and related ex-
15 penses) which are taken into account in determining
16 the cost of attendance (as defined in section 472 of
17 the Higher Education Act of 1965, as in effect on
18 the date of the enactment of this paragraph) of such
19 individual at an eligible educational institution for
20 the academic period for which the credit under this
21 section is being determined.”.

22 (b) **EFFECTIVE DATE.**—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2016.

1 **SEC. 3. EXPANSION OF PELL GRANT EXCLUSION FROM**
2 **GROSS INCOME.**

3 (a) **IN GENERAL.**—Section 117(b)(1) of the Internal
4 Revenue Code of 1986 is amended—

5 (1) by striking the period at the end and insert-
6 ing “, or”,

7 (2) by striking “received by an individual as a
8 scholarship” and inserting the following: “received
9 by an individual—

10 “(A) as a scholarship”, and

11 (3) by adding at the end the following new sub-
12 paragraph:

13 “(B) as a Federal Pell Grant under section
14 401 of the Higher Education Act of 1965 (20
15 U.S.C. 1070a).”.

16 (b) **EFFECTIVE DATE.**—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2016.

○