

114TH CONGRESS
1ST SESSION

S. 335

To amend the Internal Revenue Code of 1986 to improve 529 plans.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 2, 2015

Mr. GRASSLEY (for himself, Mr. CASEY, Mr. BURR, Mr. WARNER, Mr. ROBERTS, and Mr. CARDIN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to improve
529 plans.

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. COMPUTER TECHNOLOGY AND EQUIPMENT AL-**
4 **LOWED AS A QUALIFIED HIGHER EDUCATION**
5 **EXPENSE FOR SECTION 529 ACCOUNTS.**

6 (a) MADE PERMANENT.—Clause (iii) of section
7 529(e)(3)(A) of the Internal Revenue Code of 1986 is
8 amended by striking “in 2009 or 2010”.

9 (b) ONLY FOR USE PRIMARILY BY THE BENE-
10 FICIARY.—Clause (iii) of section 529(e)(3)(A) of such

1 Code is amended by striking “used by the beneficiary and
2 the beneficiary’s family” and inserting “used primarily by
3 the beneficiary”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to expenses paid or incurred after
6 December 31, 2014.

7 **SEC. 2. ELIMINATION OF DISTRIBUTION AGGREGATION RE-**
8 **QUIREMENTS.**

9 (a) IN GENERAL.—Clause (ii) of section
10 529(c)(3)(D) of the Internal Revenue Code of 1986 is
11 amended by inserting before the comma at the end the
12 following: “, except for purposes of calculating the earn-
13 ings portion of any distribution.”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall apply to distributions after December 31,
16 2014.

17 **SEC. 3. CONTRIBUTION OF AMOUNTS PREVIOUSLY DIS-**
18 **TRIBUTED IN CASE OF WITHDRAWAL FROM**
19 **SCHOOL.**

20 (a) IN GENERAL.—Paragraph (3) of section 529(c)
21 of the Internal Revenue Code of 1986 is amended by add-
22 ing at the end the following new subparagraph:

23 “(E) SPECIAL RULE FOR CONTRIBUTIONS
24 RELATING TO WITHDRAWAL FROM SCHOOL.—In
25 the case of a beneficiary who receives a refund

1 of any qualified higher education expenses from
2 an eligible educational institution in connection
3 with withdrawal from enrollment at such insti-
4 tution, subparagraph (A) shall not apply to that
5 portion of any distribution for the taxable year
6 which is recontributed to a qualified tuition pro-
7 gram of which such individual is a beneficiary,
8 but only to the extent such recontribution is
9 made not later than 60 days after the date of
10 such refund and does not exceed the refunded
11 amount.”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply with respect to distributions after
14 December 31, 2014.

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