

115TH CONGRESS
2D SESSION

H. R. 7021

To amend the Internal Revenue Code of 1986 to provide for distributions from 529 plans to pay certain early education expenses.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 2, 2018

Mr. PAULSEN (for himself and Mr. COFFMAN) 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 provide for distributions from 529 plans to pay certain early education expenses.

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. DISTRIBUTIONS FROM 529 PLANS FOR CERTAIN**
4 **EARLY EDUCATION EXPENSES.**

5 (a) IN GENERAL.—Section 529(e)(3) of the Internal
6 Revenue Code of 1986 is amended by adding at the end
7 the following new subparagraph:

8 “(C) SPECIAL RULES PERMITTING LIM-
9 ITED TREATMENT OF QUALIFIED EARLY EDU-
10 CATION EXPENSES.—

1 “(i) IN GENERAL.—Except as pro-
2 vided in clause (ii), qualified early edu-
3 cation expenses shall be treated as quali-
4 fied higher education expenses.

5 “(ii) LIMITATION.—If the aggregate
6 amount of cash distributions from all
7 qualified tuition programs described in
8 subsection (b)(1)(A)(ii) with respect to a
9 beneficiary for qualified early education ex-
10 penses during any taxable year exceeds
11 \$10,000, such excess shall be treated for
12 purposes of subsection (c)(3) as distribu-
13 tions in excess of the qualified higher edu-
14 cation expenses of the beneficiary.

15 “(iii) QUALIFIED EARLY EDUCATION
16 EXPENSES.—For purposes of this subpara-
17 graph, the term ‘qualified early education
18 expenses’ means expenses for providing
19 educational and other care to a child under
20 age 5 (including childcare provided before
21 and after school), as determined under the
22 law of the State, pursuant to attendance at
23 a school or facility licensed in the State for
24 such purpose.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2018.

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