

117TH CONGRESS
1ST SESSION

S. 2465

To amend the Internal Revenue Code of 1986 to make the American Opportunity Tax Credit fully refundable, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 22, 2021

Mr. MENENDEZ (for himself, Mr. BROWN, Mr. WYDEN, and Mr. PADILLA) 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 make the American Opportunity Tax Credit fully refundable, 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 Enhancement Act of 2021”.

6 **SEC. 2. ENHANCEMENT OF AMERICAN OPPORTUNITY TAX**
7 **CREDIT.**

8 (a) IN GENERAL.—Section 25A of the Internal Rev-
9 enue Code of 1986 is amended—

1 (1) in subsection (b)—

2 (A) by striking paragraph (1) and insert-
3 ing the following:

4 “(1) PER STUDENT CREDIT.—In the case of
5 any eligible student for whom an election is in effect
6 under this section for any taxable year, the Amer-
7 ican Opportunity Tax Credit is an amount equal to
8 100 percent of so much of the qualified tuition and
9 related expenses paid by the taxpayer during the
10 taxable year (for education furnished to the eligible
11 student during any academic period beginning in
12 such taxable year) as does not exceed \$5,000.”, and

13 (B) in paragraph (2)(D)—

14 (i) in the heading, by inserting “SERI-
15 OUS” before “FELONY”, and

16 (ii) by striking “Federal or State fel-
17 ony offense consisting of the possession or
18 distribution of a controlled substance” and
19 inserting “Federal drug-related offense for
20 which the minimum term of imprisonment
21 is not less than 15 years”,

22 (2) in subsection (d)—

23 (A) in paragraph (1)—

1 (i) in the heading, by striking “IN
2 GENERAL” and inserting “LIFETIME
3 LEARNING CREDIT”,

4 (ii) by striking “The American Oppor-
5 tunity Tax Credit and the Lifetime Learn-
6 ing Credit shall each” and inserting “The
7 Lifetime Learning Credit shall”, and

8 (iii) by striking “each such” and in-
9 serting “such”,

10 (B) by redesignating paragraph (2) as
11 paragraph (3), and

12 (C) by inserting after paragraph (1) the
13 following:

14 “(2) AMERICAN OPPORTUNITY TAX CREDIT.—

15 In the case of the American Opportunity Tax Credit,
16 paragraph (1) shall be applied—

17 “(A) in subparagraph (A)(ii) of such para-
18 graph, by substituting ‘\$125,000 (\$250,000’ for
19 ‘\$80,000 (\$160,000’, and

20 “(B) in subparagraph (B) of such para-
21 graph, by substituting ‘\$25,000 (\$50,000’ for
22 ‘\$10,000 (\$20,000’.”, and

23 (3) in subsection (i)—

24 (A) in the heading, by striking “PORTION
25 OF”, and

1 (B) by striking “Forty percent” and in-
2 serting “100 percent”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 the date of enactment of this Act.

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