

89TH CONGRESS
1ST SESSION

H. R. 9194

IN THE HOUSE OF REPRESENTATIVES

JUNE 17, 1965

Mr. FOGARTY introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1954 to allow a credit against income tax to individuals for certain expenses incurred in providing higher education.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) subpart A of part IV of subchapter A of chapter 1
4 of the Internal Revenue Code of 1954 (relating to credits
5 allowable) is amended by renumbering section 39 as 40,
6 and by inserting after section 38 the following new section:

1 **"SEC. 39. EXPENSES OF HIGHER EDUCATION.**

2 “(a) **GENERAL RULE.**—There shall be allowed to an
3 individual, as a credit against the tax imposed by this chapter
4 for the taxable year, an amount, determined under sub-
5 section (b), of the expenses of higher education paid by
6 him during the taxable year to one or more institutions of
7 higher education in providing an education above the twelfth
8 grade for himself or for any other individual.

9 “(b) **LIMITATIONS.**—

10 “(1) **AMOUNT PER INDIVIDUAL.**—The credit
11 under subsection (a) for expenses of higher education
12 of any individual paid during the taxable year shall be
13 an amount equal to the sum of—

14 “(A) 75 percent of so much of such expenses
15 as does not exceed \$200,

16 “(B) 25 percent of so much of such expenses as
17 exceeds \$200 but does not exceed \$500, and

18 “(C) 10 percent of so much of such expenses as
19 exceeds \$500 but does not exceed \$1,500.

20 “(2) **PRORATION OF CREDIT WHERE MORE THAN**
21 **ONE TAXPAYER PAYS EXPENSES.**—If expenses of higher
22 education of an individual are paid by more than one
23 taxpayer during the taxable year, the credit allowable
24 to each such taxpayer under subsection (a) shall be
25 the same portion of the credit determined under para-

1 graph (1) which the amount of expenses of higher
2 education of such individual paid by the taxpayer during
3 the taxable year is of the total amount of expenses of
4 higher education of such individual paid by all taxpayers
5 during the taxable year.

6 “(3) REDUCTION OF CREDIT.—The credit under
7 subsection (a) for expenses of higher education of any
8 individual paid during the taxable year, as determined
9 under paragraphs (1) and (2) of this subsection, shall
10 be reduced by an amount equal to 1 percent of the
11 amount by which the adjusted gross income of the tax-
12 payer for the taxable year exceeds \$25,000.

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

14 “(1) EXPENSES OF HIGHER EDUCATION.—The
15 term ‘expenses of higher education’ means—

16 “(A) tuition and fees required for the enroll-
17 ment or attendance of a student at a level above the
18 twelfth grade at an institution of higher education,
19 and

20 “(B) fees, books, supplies, and equipment re-
21 quired for courses of instruction above the twelfth
22 grade at an institution of higher education.

23 Such term does not include any amount paid, directly or
24 indirectly, for meals, lodging, or similar personal, living,
25 or family expenses. In the event an amount paid for

1 tuition or fees includes an amount for meals, lodging, or
2 similar expenses which is not separately stated, the por-
3 tion of such amount which is attributable to meals, lodg-
4 ing, or similar expenses shall be determined under regu-
5 lations prescribed by the Secretary or his delegate.

6 “(2) INSTITUTION OF HIGHER EDUCATION.—The
7 term ‘institution of higher education’ means an educa-
8 tional institution (as defined in section 151 (e) (4))—

9 “(A) which regularly offers education at a level
10 above the twelfth grade, and

11 “(B) contributions to or for the use of which
12 constitute charitable contributions within the mean-
13 ing of section 170 (c).

14 “(d) SPECIAL RULES.—

15 “(1) ADJUSTMENT FOR CERTAIN SCHOLARSHIPS
16 AND VETERANS’ BENEFITS.—The amounts otherwise
17 taken into account under subsection (a) as expenses
18 of higher education of any individual during any period
19 shall be reduced (before the application of subsection
20 (b)) by any amounts received by such individual dur-
21 ing such period as—

22 “(A) a scholarship or fellowship grant (within
23 the meaning of section 117 (a) (1)) which under
24 section 117 is not includible in gross income, and

25 “(B) education and training allowance under

1 chapter 33 of title 38 of the United States Code or
2 educational assistance allowance under chapter 35
3 of such title.

4 “(2) NONCREDIT AND RECREATIONAL, ETC.,
5 COURSES.—Amounts paid for expenses of higher educa-
6 tion of any individual shall be taken into account under
7 subsection (a) —

8 “(A) in the case of an individual who is a
9 candidate for a baccalaureate or higher degree, only
10 to the extent such expenses are attributable to
11 courses of instruction for which credit is allowed
12 toward a baccalaureate or higher degree, and

13 “(B) in the case of an individual who is not
14 a candidate for a baccalaureate or higher degree,
15 only to the extent such expenses are attributable to
16 courses of instruction necessary to fulfill require-
17 ments for the attainment of a predetermined and
18 identified educational, professional, or vocational
19 objective.

20 “(3) APPLICATION WITH OTHER CREDITS.—The
21 credit allowed by subsection (a) to the taxpayer shall
22 not exceed the amount of the tax imposed on the tax-
23 payer for the taxable year by this chapter, reduced
24 by the sum of the credits allowable under this subpart
25 (other than under this section and section 31).

1 “(e) **DISALLOWANCE OF EXPENSES AS DEDUCTION.**—
2 No deduction shall be allowed under section 162 (relating
3 to trade or business expenses) for any expense of higher
4 education which (after the application of subsection (b))
5 is taken into account in determining the amount of any
6 credit allowed under subsection (a). The preceding sen-
7 tence shall not apply to the expenses of higher education of
8 any taxpayer who, under regulations prescribed by the
9 Secretary or his delegate, elects not to apply the provisions
10 of this section with respect to such expenses for the taxable
11 year.

12 “(f) **REGULATIONS.**—The Secretary or his delegate
13 shall prescribe such regulations as may be necessary to carry
14 out the provisions of this section.”

15 (b) The table of sections for such subpart A is amended
16 by striking out the last item and inserting in lieu thereof
17 the following:

“Sec. 39. Expenses of higher education.

“Sec. 40. Overpayments of tax.”

18 **SEC. 2.** The amendments made by this Act shall apply
19 to taxable years beginning after December 31, 1964.

89TH CONGRESS
1ST SESSION

H. R. 9194

A BILL

To amend the Internal Revenue Code of 1954 to allow a credit against income tax to individuals for certain expenses incurred in providing higher education.

By Mr. FOGARTY

JUNE 17, 1965

Referred to the Committee on Ways and Means