

108TH CONGRESS
1ST SESSION

H. R. 3251

To amend the Internal Revenue Code of 1986 to increase and enhance the Hope Scholarship Credit and to repeal the Lifetime Learning Credit.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 2003

Mr. McDERMOTT (for himself, Mr. GEORGE MILLER of California, Mr. MATSUI, and Mr. KILDEE) 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 increase and enhance the Hope Scholarship Credit and to repeal the Lifetime Learning Credit.

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 “Personal Access to
5 Continued Education Act of 2003”.

6 **SEC. 2. HOPE SCHOLARSHIP CREDIT MADE REFUNDABLE;**

7 **REPEAL OF LIFETIME LEARNING CREDIT.**

8 (a) HOPE CREDIT TO BE REFUNDABLE.—Section
9 25A of the Internal Revenue Code of 1986 (relating to

1 Hope and Lifetime Learning credits) is hereby moved to
2 subpart C of part IV of subchapter A of chapter 1 of such
3 Code (relating to refundable credits) and inserted after
4 section 35.

5 (b) REPEAL OF LIFETIME LEARNING CREDIT.—Sub-
6 section (a) of section 36 of such Code (as moved by sub-
7 section (a) and redesignated by subsection (c)) is amended
8 by striking “the sum of—” and all that follows and insert-
9 ing “the Hope Scholarship Credit.”.

10 (c) TECHNICAL AMENDMENTS.—

11 (1) Section 36 of such Code is redesignated as
12 section 37.

13 (2) Section 25A of such Code (as moved by
14 subsection (a)) is redesignated as section 36.

15 (3) Section 36 of such Code (as redesignated by
16 paragraph (2)) is amended as follows:

17 (A) Such section is amended by striking
18 subsection (c) and redesignating subsections (d)
19 through (i) as subsections (c) through (h), re-
20 spectively.

21 (B) Subsection (f)(2)(A) of such section
22 (as amended by subparagraph (A)) is amended
23 by striking “(b), (c), and (d)” and inserting
24 “(b) and (c)”.

1 (C) Subsection (g)(2)(A) of such section
2 (as amended by subparagraph (A)) is amended
3 by striking “subsection (d)(2)” and inserting
4 “subsection (c)(2)”.

5 (4) Paragraph (1) of section 36(a) of such Code
6 (as redesignated by paragraph (2)) is amended by
7 striking “this chapter” and inserting “this subtitle”.

8 (5) Subparagraph (B) of section 72(t)(7) of
9 such Code is amended by striking “section
10 25A(g)(2)” and inserting “section 36(f)(2)”.

11 (6) Subparagraph (A) of section 135(d)(2) of
12 such Code is amended by striking “section 25A” and
13 inserting “section 36”.

14 (7) Section 221(e) of such Code is amended—

15 (A) in paragraph (2)(B), by striking “sec-
16 tion 25A(g)(2)” and inserting “section
17 36(f)(2)” and by striking “section 25A(f)(2)”
18 and inserting “section 36(e)(2)”, and

19 (B) in paragraph (3), by striking “section
20 25A(b)(3)” and inserting “section 36(b)(3)”.

21 (8) Section 222 of such Code is amended—

22 (A) in subsection (c)(2)(A) by striking
23 “section 25A” and inserting “36”, and

24 (B) in subsection (d)(1)—

1 (i) by striking “section 25A(f)” and
2 inserting “section 36(e)”, and

3 (ii) by striking “section 25A(g)(2)”
4 and inserting “36(f)(2)”.

5 (9) Section 529 of such Code is amended—

6 (A) in subsection (c)(3)(B)(v)(I) by strik-
7 ing “section 25A(g)(2)” and inserting “section
8 36(f)(2)”,

9 (B) in subsection (c)(3)(B)(v)(II) by strik-
10 ing “section 25A” and inserting “section 36”,
11 and

12 (C) in subsection (e)(3)(B)(i) by striking
13 “section 25A(b)(3)” and inserting “section
14 36(b)(3)”.

15 (10) Section 530(d) of such Code is amended—

16 (A) in paragraph (2)(C)(i)(I) by striking
17 “section 25A(g)(2)” and inserting “section
18 36(f)(2)”,

19 (B) in paragraph (2)(C)(i)(II) by striking
20 “section 25A” and inserting “section 36”, and

21 (C) in paragraph (4)(B)(iii) by striking
22 “section 25A(g)(2)” and inserting “section
23 36(f)(2)”.

24 (11) Subsection (e) of section 6050S of such
25 Code is amended by striking “section 25A (without

1 regard to subsection (g)(2) thereof” and inserting
2 “section 36 (without regard to subsection (f)(2)
3 thereof”).

4 (12) Subparagraph (J) of section 6213(g)(2) of
5 such Code is amended by striking “section
6 25A(g)(1)” and inserting “section 36(f)(1)”.

7 (13) Paragraph (2) of section 1324(b) of title
8 31, United States Code, is amended by inserting “or
9 36” after “section 35”.

10 (14) The heading for section 36 of such Code
11 is amended to read as follows:

12 **“SEC. 36. HOPE SCHOLARSHIP CREDIT.”.**

13 (15) The table of sections for subpart C of part
14 IV of subchapter A of chapter 1 of the Internal Rev-
15 enue Code of 1986 is amended by striking the item
16 relating to section 36 and inserting the following:

“Sec. 36. Hope and Lifetime Learning credits.
“Sec. 37. Overpayments of tax.”

17 (16) The table of sections for subpart A of such
18 part IV is amended by striking the item relating to
19 section 25A.

20 (d) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years beginning after
22 December 31, 2004.

1 **SEC. 3. EXPANSION OF HOPE SCHOLARSHIP CREDIT.**

2 (a) ELIGIBLE STUDENT.—Paragraph (3) of section
3 36(b) of the Internal Revenue Code of 1986 (as amended
4 by section 2) is amended to read as follows:

5 “(3) ELIGIBLE STUDENT.—For purposes of
6 this section—

7 “(A) IN GENERAL.—Except as provided in
8 subparagraph (B), the term ‘eligible student’
9 means, with respect to any academic period, a
10 student who meets the requirements of section
11 484(a)(1) of the Higher Education Act of 1965
12 (20 U.S.C. 1091(a)(1)), as in effect on the date
13 of the enactment of this section.

14 “(B) SPECIAL RULE FOR JOB SKILLS
15 COURSES.—In the case of any course of instruc-
16 tion at an eligible educational institution to ac-
17 quire or improve job skills of the individual,
18 such term means the individual.”.

19 (b) REPEAL OF LIMITATIONS RELATING TO CREDIT
20 ALLOWED ONLY FOR FIRST 2 YEARS OF POSTSECONDARY
21 EDUCATION AND CONVICTIONS FOR CERTAIN OF-
22 FENSES.—Paragraph (2) of section 36(b) of such Code
23 (as amended by section 2) is amended by striking subpara-
24 graphs (C) and (D).

25 (c) INCREASE IN CREDIT AMOUNT.—

1 (1) IN GENERAL.—Paragraph (1) of section
2 36(b) of such Code (as amended by section 2) is
3 amended—

4 (A) in subparagraph (A) by striking
5 “\$1,000” and inserting “\$1,500”, and

6 (B) in subparagraph (B) by striking “ap-
7 plicable limit” and inserting “\$2,500”.

8 (2) INFLATION ADJUSTMENT.—Subparagraph
9 (A) of section 36(h)(1) of such Code (as amended by
10 section 2) is amended—

11 (A) by striking “2001” and inserting
12 “2005”, and

13 (B) by striking “\$1,000” and inserting
14 “dollar”.

15 (d) HOPE SCHOLARSHIP CREDIT NOT REDUCED BY
16 FEDERAL PELL GRANTS AND SUPPLEMENTAL EDU-
17 CATIONAL OPPORTUNITY GRANTS.—Subsection (f) of sec-
18 tion 36 of such Code (as amended by section 2) is amend-
19 ed by adding at the end the following new paragraph:

20 “(8) PELL AND SEOG GRANTS.—For purposes
21 of the Hope Scholarship Credit, paragraph (2) shall
22 not apply to amounts paid for an individual as a
23 Federal Pell Grant or a Federal supplemental edu-
24 cational opportunity grant under subparts 1 and 3,
25 respectively, of part A of title IV of the Higher Edu-

1 cation Act of 1965 (20 U.S.C. 1070a and 1070b et
2 seq., respectively).”.

3 (e) QUALIFIED TUITION AND RELATED EXPENSES
4 EXPANDED TO INCLUDE BOOKS, SUPPLIES, EQUIPMENT,
5 AND JOB SKILL COURSES.—

6 (1) IN GENERAL.—Paragraph (1) of section
7 36(e) of such Code (as amended by section 2)) is
8 amended by adding at the end the following new
9 subparagraphs:

10 “(D) ADDITIONAL EXPENSES ALLOWED
11 FOR HOPE SCHOLARSHIP CREDIT.—For pur-
12 poses of the Hope Scholarship Credit, such
13 term shall include fees, books, supplies, and
14 equipment required for courses of instruction at
15 the eligible educational institution.

16 “(E) JOB SKILLS COURSES.—Such term
17 shall include expenses described in subpara-
18 graph (A) (determined after the application of
19 subparagraphs (B) and (C)) with respect to any
20 course of instruction at an eligible educational
21 institution to acquire or improve job skills of
22 the individual.”.

23 (2) EXPANDED HOPE EXPENSES NOT SUBJECT
24 TO INFORMATION REPORTING REQUIREMENTS.—
25 Subsection (e) of section 6050S of such Code (as

1 amended by section 2) is amended by striking “sub-
2 section (f)(2)” and inserting “subsections (e)(1)(D)
3 and (e)(2)”.

4 (f) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2004.

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