

109TH CONGRESS
2^D SESSION

H. R. 5098

To amend the Internal Revenue Code of 1986 to extend and expand the deduction for tuition and related expenses for higher education and to reduce the maximum interest rate allowable on student loans.

IN THE HOUSE OF REPRESENTATIVES

APRIL 5, 2006

Mr. MEEHAN introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to extend and expand the deduction for tuition and related expenses for higher education and to reduce the maximum interest rate allowable on student loans.

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 “College Debt Allevi-
5 ation Act of 2006”.

1 **SEC. 2. DEDUCTION FOR QUALIFIED TUITION AND RE-**
2 **LATED EXPENSES.**

3 (a) EXTENSION.—Subsection (e) of section 222 of
4 the Internal Revenue Code of 1986 (relating to termi-
5 nation) is amended by striking “December 31, 2005” and
6 inserting “December 31, 2010”.

7 (b) INCREASE IN AMOUNT ALLOWED AS DEDUC-
8 TION.—Subsection (b) of section 222 of such Code (relat-
9 ing to dollar limitations) is amended to read as follows:

10 “(b) DOLLAR LIMITATIONS.—

11 “(1) IN GENERAL.—The amount allowed as a
12 deduction under subsection (a) with respect to the
13 taxpayer for any taxable year shall not exceed the
14 applicable dollar limit.

15 “(2) APPLICABLE DOLLAR LIMIT.—The applica-
16 ble dollar amount shall be equal to—

17 “(A) in the case of a taxpayer whose ad-
18 justed gross income for the taxable year does
19 not exceed \$80,000 (\$160,000 in the case of a
20 joint return), \$8,000, and

21 “(B) in the case of any other taxpayer,
22 zero.

23 “(3) ADJUSTED GROSS INCOME.—For purposes
24 of paragraph (2), adjusted gross income shall be de-
25 termined—

1 “(A) without regard to this section and
2 sections 199, 911, 931, and 933, and

3 “(B) after application of sections 86, 135,
4 137, 219, 221, and 469.”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2005.

8 **SEC. 3. REDUCTION OF STUDENT LOAN INTEREST RATES.**

9 (a) FFEEL LOANS.—Section 427A(*l*) of the Higher
10 Education Act of 1965 (20 U.S.C. 1077a(*l*)) is amended—

11 (1) in paragraph (2), by striking “8.5 percent”
12 and inserting “6.8 percent”; and

13 (2) in paragraph (3)(B), by striking “8.25 per-
14 cent” and inserting “6.8 percent”.

15 (b) DIRECT LOANS.—Section 455(b)(7) of such Act
16 (20 U.S.C. 1087e(b)(7)) is amended—

17 (1) in subparagraph (B), by striking “7.9 per-
18 cent” and inserting “6.8 percent”; and

19 (2) in subparagraph (C)(ii), by striking “8.25
20 percent” and inserting “6.8 percent”.

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