

going to spend beyond our limits and, in fact, we would actually see a reduction in deficit of the kind the Senator spoke to. There is no question that with that kind of restraint here, the markets have responded and our citizens and our work force are now experiencing the kind of economic growth of which we are all extremely proud.

#### AMENDMENTS SUBMITTED

#### THE RECIPROCAL TRADE AGREEMENT ACT OF 1997

#### GRASSLEY AMENDMENT NO. 1545

(Ordered to lie on the table.)

Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill (S. 1269) to establish objectives for negotiating and procedures for implementing certain trade agreements; as follows:

Add the following subsection (d) to section 3:

(1) Notwithstanding any other provision of law, the U.S. Government shall not enter into any treaty or other international agreement that, in whole or in part, would have the purpose or effect of transferring any jurisdiction or authority to decide cases under U.S. law away from the federal judiciary.

(2) Notwithstanding any other provision of law, the trade agreement negotiating authority of this section 3 of this Act shall not apply to the negotiation of any trade agreement that would have the purpose or effect of transferring any jurisdiction or authority to decide cases under U.S. law away from the federal judiciary, and the trade agreement approval procedures shall not apply to implementing bills submitted with respect to any such trade agreement.

#### THE EDUCATION SAVINGS ACT FOR PUBLIC AND PRIVATE SCHOOLS

#### MCCONNELL (AND OTHERS) AMENDMENT NO. 1546

(Ordered to lie on the table.)

Mr. MCCONNELL (for himself, Mr. GRAHAM, Mr. GRASSLEY, and Ms. LANDRIEU) submitted an amendment intended to be proposed by them to the bill (H.R. 2646) to amend the Internal Revenue Code of 1986 to allow tax-free expenditures from education individual retirement accounts for elementary and secondary school expenses, to increase the maximum annual amount of contributions to such accounts, and for other purposes; as follows:

At the appropriate place in the bill, insert the following new sections:

#### SEC. \_\_\_\_ EXCLUSION FROM GROSS INCOME OF EDUCATION DISTRIBUTIONS FROM QUALIFIED STATE TUITION PROGRAMS.

(a) ALLOWANCE OF EXCLUSION.—

(1) IN GENERAL.—Subparagraph (B) of section 529(c)(3) of the Internal Revenue Code of 1986 (relating to distributions) is amended to read as follows:

“(B) QUALIFIED HIGHER EDUCATION DISTRIBUTIONS.—In the case of a qualified higher education distribution under subsection (f)—

“(i) subparagraph (A) shall not apply, and  
“(ii) no amount shall be includible in gross income with respect to such distribution.”

(2) QUALIFIED HIGHER EDUCATION DISTRIBUTION DEFINED.—Section 529 of such Code (relating to qualified State tuition programs) is amended by adding at the end the following new subsection:

“(f) QUALIFIED HIGHER EDUCATION DISTRIBUTION.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualified higher education distribution’ means any distribution (or portion thereof) which constitutes a payment directly to an eligible educational institution for qualified higher education expenses of the designated beneficiary for enrollment or attendance at such institution.

“(2) ROOM AND BOARD FOR STUDENTS LIVING OFF CAMPUS.—

“(A) IN GENERAL.—The term ‘qualified higher education distribution’ includes distributions not described in paragraph (1) to the extent that the amount of such distributions for the taxable year does not exceed the amount treated as qualified higher education expenses of the designated beneficiary under subsection (e)(3)(B)(i)(II).

“(B) RESTRICTIONS.—Subparagraph (A) shall only apply with respect to distributions for any academic period if—

“(i) distributions described in paragraph (1) are made for such period for expenses other than room and board, and

“(ii) the designated beneficiary certifies to the qualified State tuition program that the beneficiary resides in a dwelling unit not operated or maintained by an eligible educational institution.

“(3) EXCLUSION ELECTIVE; LIMITATION TO ONE PROGRAM.—

“(A) ELECTION.—This subsection shall apply for a taxable year only if the designated beneficiary elects its application.

“(B) LIMITATION TO ONE PROGRAM.—This subsection shall apply only to distributions from the qualified State tuition program designated by the beneficiary in the first election taking effect under subparagraph (A). Such designation, once made, shall be irrevocable.

“(4) AGGREGATION.—All distributions from the qualified State tuition program designated under paragraph (3)(B) shall be treated as 1 distribution for purposes of this subsection.”

(3) ROOM AND BOARD.—Section 529(e)(3)(B) of such Code is amended to read as follows:

“(B) ROOM AND BOARD INCLUDED FOR STUDENTS WHO ARE AT LEAST HALF-TIME.—

“(i) IN GENERAL.—In the case of a designated beneficiary who is an eligible student (as defined in such section 25A(b)(3)) for any academic period, the term ‘qualified higher education expenses’ shall include—

“(I) amounts paid directly to an eligible educational institution for room and board furnished to the beneficiary during such academic period, or

“(II) if the beneficiary is not residing in a dwelling unit operated or maintained by the eligible educational institution, reasonable costs incurred by the beneficiary for room and board during such academic period.

“(ii) LIMITATIONS ON OFF-CAMPUS ROOM AND BOARD.—

“(I) DOLLAR LIMIT.—The aggregate costs which may be taken into account under clause (i)(II) for any taxable year shall not exceed \$4,500.

“(II) NO MORE THAN 4 ACADEMIC YEARS TAKEN INTO ACCOUNT.—Costs may be taken into account under clause (i)(II) only for that number of academic periods as is equivalent to 4 academic years. Such number shall be reduced by the number of academic periods for which amounts were previously taken into account under clause (i)(I).”

(b) LIMIT ON AGGREGATE CONTRIBUTIONS.—

(1) IN GENERAL.—Section 529(b)(7) of the Internal Revenue Code of 1986 is amended to read as follows:

“(7) AGGREGATE LIMIT ON CONTRIBUTIONS.—A program shall not be treated as a qualified State tuition program if it allows aggregate contributions (including rollover contributions) on behalf of a designated beneficiary to exceed \$35,200.”

(2) TAX ON EXCESS CONTRIBUTIONS.—

(A) IN GENERAL.—Section 4973 of such Code is amended by adding at the end the following new subsection:

“(g) EXCESS CONTRIBUTIONS TO QUALIFIED STATE TUITION PROGRAMS.—

“(1) IN GENERAL.—In the case of a designated beneficiary under 1 or more qualified State tuition programs (as defined in section 529(b)), the amount by which the contributions on behalf of such beneficiary for such taxable year, when added to the aggregate contributions on behalf of such beneficiary for all preceding taxable years, exceeds the dollar limit in effect under section 529(b)(7) for calendar year in which the taxable year begins.

“(2) SPECIAL RULES.—For purposes of paragraph (1), the following contributions shall not be taken into account:

“(A) Any contribution which is distributed out of the qualified State tuition program in a distribution to which section 529(g)(2) applies.

“(B) Any rollover contribution.”

(B) CONFORMING AMENDMENTS.—Section 4973(a) is amended—

(i) by striking “or” at the end of paragraph (3), by inserting “or” at the end of paragraph (5), and by inserting after paragraph (4) the following new paragraph:

“(5) a qualified State tuition program (as defined in section 529),”

(ii) by striking “accounts or annuities” and inserting “accounts, annuities, or programs”, and

(iii) by striking “account or annuity” and inserting “account, annuity, or program”.

(c) COMPLIANCE PROVISIONS.—

(1) ADDITIONAL TAX ON AMOUNTS NOT USED FOR HIGHER EDUCATION EXPENSES.—

(A) IN GENERAL.—Section 529 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(g) ADDITIONAL TAX FOR DISTRIBUTIONS NOT USED FOR EDUCATIONAL EXPENSES.—

“(1) IN GENERAL.—The tax imposed by section 530(d)(4) shall apply to payments and distributions from qualified State tuition programs in the same manner as such tax applies to education individual retirement accounts.

“(2) EXCESS CONTRIBUTIONS RETURNED BEFORE DUE DATE OF RETURN.—Subparagraph (A) shall not apply to the distribution to a contributor of any contribution paid during a taxable year to a qualified tuition program to the extent that such contribution exceeds the limitation in section 4973(g) if such distribution (and the net income with respect to such excess contribution) meet requirements comparable to the requirements of section 530(d)(4)(C).”

(B) CONFORMING AMENDMENT.—Section 529(b)(3) of such Code is repealed.

(2) WITHHOLDING OF TAX ON CERTAIN DISTRIBUTIONS.—Section 529(c) is amended by adding at the end the following new paragraph:

“(6) WITHHOLDING OF TAX ON CERTAIN DISTRIBUTIONS.—

“(A) IN GENERAL.—A qualified State tuition program shall withhold from any distribution an amount equal to 15 percent of the portion of such distribution properly allocable to income on the contract (as determined under section 72).