

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 3393  
OFFERED BY MR. CAMP OF MICHIGAN**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Student and Family  
3 Tax Simplification Act”.

**4 SEC. 2. CONSOLIDATION OF CERTAIN TAX BENEFITS FOR  
5 EDUCATIONAL EXPENSES.**

6 (a) AMERICAN OPPORTUNITY TAX CREDIT.—Section  
7 25A of the Internal Revenue Code of 1986 is amended  
8 to read as follows:

**9 “SEC. 25A. AMERICAN OPPORTUNITY TAX CREDIT.**

10 “(a) IN GENERAL.—In the case of an individual,  
11 there shall be allowed as a credit against the tax imposed  
12 by this chapter for the taxable year, with respect to each  
13 eligible student, an amount equal to the sum of—

14 “(1) 100 percent of so much of the qualified  
15 tuition and related expenses paid by the taxpayer  
16 during the taxable year (for education furnished to  
17 the eligible student during any academic period be-

1       ginning in such taxable year) as does not exceed  
2       \$2,000, plus

3               “(2) 25 percent of so much of such expenses so  
4       paid as exceeds the dollar amount in effect under  
5       paragraph (1) but does not exceed twice such dollar  
6       amount.

7       “(b) PORTION OF CREDIT REFUNDABLE.—So much  
8       of the credit allowable under subsection (a) with respect  
9       to each eligible student (determined without regard to this  
10      subsection and section 26(a) and after application of all  
11      other provisions of this section) as does not exceed \$1,500  
12      shall be treated as a credit allowable under subpart C (and  
13      not under this part). The preceding sentence shall not  
14      apply to any taxpayer for any taxable year if such tax-  
15      payer is a child to whom section 1(g) applies for such tax-  
16      able year.

17      “(c) LIMITATION BASED ON MODIFIED ADJUSTED  
18      GROSS INCOME.—

19               “(1) IN GENERAL.—The amount allowable as a  
20      credit under subsection (a) for any taxable year shall  
21      be reduced (but not below zero) by an amount which  
22      bears the same ratio to the amount so allowable (de-  
23      termined without regard to this subsection and sub-  
24      section (b) but after application of all other provi-  
25      sions of this section) as—

1 “(A) the excess of—

2 “(i) the taxpayer’s modified adjusted  
3 gross income for such taxable year, over

4 “(ii) \$80,000 (twice such amount in  
5 the case of a joint return), bears to

6 “(B) \$10,000 (twice such amount in the  
7 case of a joint return).

8 “(2) MODIFIED ADJUSTED GROSS INCOME.—

9 For purposes of this subsection, the term ‘modified  
10 adjusted gross income’ means the adjusted gross in-  
11 come of the taxpayer for the taxable year increased  
12 by any amount excluded from gross income under  
13 section 911, 931, or 933.

14 “(d) OTHER LIMITATIONS.—No credit shall be al-  
15 lowed under this section with respect to any eligible stu-  
16 dent for any taxable year if—

17 “(1) such student was taken into account in de-  
18 termining the credit allowed under this section (by  
19 the taxpayer or any other individual) for any 4 prior  
20 taxable years, or

21 “(2) such student has completed (before the be-  
22 ginning of such taxable year) the first 4 years of  
23 postsecondary education at an eligible educational  
24 institution.

25 “(e) DEFINITIONS.—For purposes of this section—

1           “(1) ELIGIBLE STUDENT.— The term ‘eligible  
2 student’ means, with respect to any academic period,  
3 a student who—

4           “(A) meets the requirements of section  
5 484(a)(1) of the Higher Education Act of 1965  
6 (20 U.S.C. 1091(a)(1)), as in effect on August  
7 5, 1997, and

8           “(B) is carrying at least ½ the normal  
9 full-time work load for the course of study the  
10 student is pursuing.

11           “(2) QUALIFIED TUITION AND RELATED EX-  
12 PENSES.—

13           “(A) IN GENERAL.—The term ‘qualified  
14 tuition and related expenses’ means tuition,  
15 fees, and course materials, required for enroll-  
16 ment or attendance of—

17           “(i) the taxpayer,

18           “(ii) the taxpayer’s spouse, or

19           “(iii) any dependent of the taxpayer

20           with respect to whom the taxpayer is al-

21           lowed a deduction under section 151,

22           at an eligible educational institution for courses

23           of instruction of such individual at such institu-

24           tion.

1           “(B) EXCEPTION FOR EDUCATION INVOLV-  
2           ING SPORTS, ETC.—Such term does not include  
3           expenses with respect to any course or other  
4           education involving sports, games, or hobbies,  
5           unless such course or other education is part of  
6           the individual’s degree program.

7           “(C) EXCEPTION FOR NONACADEMIC  
8           FEES.—Such term does not include student ac-  
9           tivity fees, athletic fees, insurance expenses, or  
10          other expenses unrelated to an individual’s aca-  
11          demic course of instruction.

12          “(3) ELIGIBLE EDUCATIONAL INSTITUTION.—  
13          The term ‘eligible educational institution’ means an  
14          institution—

15                 “(A) which is described in section 481 of  
16                 the Higher Education Act of 1965 (20 U.S.C.  
17                 1088), as in effect on August 5, 1997, and

18                 “(B) which is eligible to participate in a  
19                 program under title IV of such Act.

20          “(f) SPECIAL RULES.—

21                 “(1) IDENTIFICATION REQUIREMENT.—No  
22                 credit shall be allowed under subsection (a) to a tax-  
23                 payer with respect to the qualified tuition and re-  
24                 lated expenses of an individual unless the taxpayer  
25                 includes the name and taxpayer identification num-

1       ber of such individual, and the employer identifica-  
2       tion number of any institution to which such ex-  
3       penses were paid, on the return of tax for the tax-  
4       able year.

5               “(2) ADJUSTMENT FOR CERTAIN SCHOLAR-  
6       SHIPS, ETC.—

7               “(A) IN GENERAL.—The amount of quali-  
8       fied tuition and related expenses otherwise  
9       taken into account under subsection (a) with re-  
10      spect to an individual for an academic period  
11      shall be reduced (before the application of sub-  
12      section (c)) by the sum of any amounts paid for  
13      the benefit of such individual which are allo-  
14      cable to such period as—

15              “(i) a qualified scholarship which is  
16              excludable from gross income under section  
17              117,

18              “(ii) an educational assistance allow-  
19              ance under chapter 30, 31, 32, 34, or 35  
20              of title 38, United States Code, or under  
21              chapter 1606 of title 10, United States  
22              Code, and

23              “(iii) a payment (other than a gift,  
24              bequest, devise, or inheritance within the  
25              meaning of section 102(a)) for such indi-

1           vidual’s educational expenses, or attrib-  
2           utable to such individual’s enrollment at an  
3           eligible educational institution, which is ex-  
4           cludable from gross income under any law  
5           of the United States.

6           “(B) COORDINATION WITH PELL GRANTS  
7           NOT USED FOR QUALIFIED TUITION AND RE-  
8           LATED EXPENSES.—For purposes of subpara-  
9           graph (A), the amount of any Federal Pell  
10          Grant under section 401 of the Higher Edu-  
11          cation Act of 1965 (20 U.S.C. 1070a) shall be  
12          reduced (but not below zero) by the amount of  
13          expenses (other than qualified tuition and re-  
14          lated expenses) which are taken into account in  
15          determining the cost of attendance (as defined  
16          in section 472 of the Higher Education Act of  
17          1965, as in effect on the date of the enactment  
18          of this paragraph) of such individual at an eligi-  
19          ble educational institution for the academic pe-  
20          riod for which the credit under this section is  
21          being determined.

22          “(3) TREATMENT OF EXPENSES PAID BY DE-  
23          PENDENT.—If a deduction under section 151 with  
24          respect to an individual is allowed to another tax-

1 payer for a taxable year beginning in the calendar  
2 year in which such individual's taxable year begins—

3 “(A) no credit shall be allowed under sub-  
4 section (a) to such individual for such individ-  
5 ual's taxable year, and

6 “(B) qualified tuition and related expenses  
7 paid by such individual during such individual's  
8 taxable year shall be treated for purposes of  
9 this section as paid by such other taxpayer.

10 “(4) TREATMENT OF CERTAIN PREPAY-  
11 MENTS.—If qualified tuition and related expenses  
12 are paid by the taxpayer during a taxable year for  
13 an academic period which begins during the first 3  
14 months following such taxable year, such academic  
15 period shall be treated for purposes of this section  
16 as beginning during such taxable year.

17 “(5) DENIAL OF DOUBLE BENEFIT.—No credit  
18 shall be allowed under this section for any amount  
19 for which a deduction is allowed under any other  
20 provision of this chapter.

21 “(6) NO CREDIT FOR MARRIED INDIVIDUALS  
22 FILING SEPARATE RETURNS.—If the taxpayer is a  
23 married individual (within the meaning of section  
24 7703), this section shall apply only if the taxpayer

1 and the taxpayer's spouse file a joint return for the  
2 taxable year.

3 “(7) NONRESIDENT ALIENS.—If the taxpayer is  
4 a nonresident alien individual for any portion of the  
5 taxable year, this section shall apply only if such in-  
6 dividual is treated as a resident alien of the United  
7 States for purposes of this chapter by reason of an  
8 election under subsection (g) or (h) of section 6013.

9 “(g) INFLATION ADJUSTMENT.—

10 “(1) IN GENERAL.—In the case of a taxable  
11 year beginning after 2018, the \$2,000 amount in  
12 subsection (a)(1), the \$1,500 amount in subsection  
13 (b), and the \$80,000 amount in subsection  
14 (c)(1)(A)(ii) shall each be increased by an amount  
15 equal to—

16 “(A) such dollar amount, multiplied by

17 “(B) the cost-of-living adjustment deter-  
18 mined under section 1(f)(3) for the calendar  
19 year in which the taxable year begins, deter-  
20 mined by substituting ‘calendar year 2017’ for  
21 ‘calendar year 1992’ in subparagraph (B)  
22 thereof.

23 “(2) ROUNDING.—If any amount as adjusted  
24 under paragraph (1) is not a multiple of \$100  
25 (\$1,000 in the case of the amount in subsection

1 (c)(1)(A)(ii)), such amount shall be rounded to the  
2 next lowest multiple of \$100 (\$1,000 in the case of  
3 the amount in subsection (c)(1)(A)(ii)).

4 “(h) REGULATIONS.—The Secretary may prescribe  
5 such regulations or other guidance as may be necessary  
6 or appropriate to carry out this section, including regula-  
7 tions providing for a recapture of the credit allowed under  
8 this section in cases where there is a refund in a subse-  
9 quent taxable year of any amount which was taken into  
10 account in determining the amount of such credit.”.

11 (b) REQUIREMENT TO REPORT TUITION PAID RATH-  
12 ER THAN TUITION BILLED.—Section 6050S(b)(2)(B)(i)  
13 is amended by striking “or the aggregate amount billed”.

14 (c) REPEAL OF DEDUCTION FOR QUALIFIED TUI-  
15 TION AND RELATED EXPENSES.—Part VII of subchapter  
16 B of chapter 1 of such Code is amended by striking section  
17 222 (and by striking the item relating to such section in  
18 the table of sections for such part).

19 (d) CONFORMING AMENDMENTS.—

20 (1) Section 62(a) of such Code is amended by  
21 striking paragraph (18).

22 (2) Section 72(t)(7)(B) of such Code is amend-  
23 ed by striking “section 25A(g)(2)” and inserting  
24 “section 25A(f)(2)”.

1           (3) Sections 86(b)(2)(A), 135(c)(4)(A),  
2           137(b)(3)(A), 199(d)(2)(A), 219(g)(3)(A)(ii), and  
3           221(b)(2)(C)(i) of such Code are each amended by  
4           striking “222.”

5           (4) Section 469(i)(3)(F)(iii) of such Code is  
6           amended by striking “221, and 222” and inserting  
7           “and 221”.

8           (5) Section 529(c)(3)(B)(v)(I) of such Code is  
9           amended by striking “section 25A(g)(2)” and insert-  
10          ing “section 25A(f)(2)”.

11          (6) Section 529(e)(3)(B)(i) of such Code is  
12          amended by striking “section 25A(b)(3)” and insert-  
13          ing “section 25A(d)”.

14          (7) Section 530(d)(2)(C) of such Code is  
15          amended—

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

19                (B) by striking “HOPE AND LIFETIME  
20                LEARNING CREDITS” in the heading and insert-  
21                ing “AMERICAN OPPORTUNITY TAX CREDIT”.

22          (8) Section 530(d)(4)(B)(iii) of such Code is  
23          amended by striking “section 25A(g)(2)” and insert-  
24          ing “section 25A(d)(4)(B)”.

1           (9) Section 6050S(e) of such Code is amended  
2           by striking “subsection (g)(2)” and inserting “sub-  
3           section (f)(2)”.

4           (10) Section 6211(b)(4)(A) of such Code is  
5           amended by striking “subsection (i)(6)” and insert-  
6           ing “subsection (b)”.

7           (11) Section 6213(g)(2)(J) of such Code is  
8           amended by striking “TIN required under section  
9           25A(g)(1)” and inserting “TIN, and employer iden-  
10          tification number, required under section  
11          25A(f)(1)”.

12          (12) Section 1004(c) of division B of the Amer-  
13          ican Recovery and Reinvestment Tax Act of 2009 is  
14          amended—

15                 (A) in paragraph (1)—

16                         (i) by striking “section 25A(i)(6)”  
17                         each place it appears and inserting “sec-  
18                         tion 25A(b)”, and

19                         (ii) by striking “with respect to tax-  
20                         able years beginning after 2008 and before  
21                         2018” each place it appears and inserting  
22                         “with respect to each taxable year”,

23                 (B) in paragraph (2), by striking “Section  
24                 25A(i)(6)” and inserting “Section 25A(b)”, and

1 (C) in paragraph (3)(C), by striking “sub-  
2 section (i)(6)” and inserting “subsection (b)”.

3 (13) The table of sections for subpart A of part  
4 IV of subchapter A of chapter 1 of the Internal Rev-  
5 enue Code of 1986 is amended by striking the item  
6 relating to section 25A and inserting the following  
7 new item:

“Sec. 25A. American opportunity tax credit.”.

8 (e) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to taxable years beginning after  
10 December 31, 2014.

11 **SEC. 3. EXPANSION OF PELL GRANT EXCLUSION FROM**  
12 **GROSS INCOME.**

13 (a) IN GENERAL.—Paragraph (1) of section 117(b)  
14 of the Internal Revenue Code of 1986 is amended—

15 (1) by striking the period at the end and insert-  
16 ing “, or”,

17 (2) by striking “received by an individual as a  
18 scholarship” and inserting the following: “received  
19 by an individual—

20 “(A) as a scholarship”, and

21 (3) by adding at the end the following new sub-  
22 paragraph:

23 “(B) as a Federal Pell Grant under section  
24 401 of the Higher Education Act of 1965 (20  
25 U.S.C. 1070a).”.

1           (b) **EFFECTIVE DATE.**—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2014.

