

Amendment Offered by Mr. Doggett of Texas

The amendment would restore the over \$65 billion in cuts to tax relief for students and teachers by striking section 1204 of the bill (which repealed the above-and-line deductions for interest payments on qualified education loans and tuition and related expenses, and repealed the exclusions for interest on United States savings bonds used to pay for tuition, qualified tuition reductions, and employer-provided education assistance), and reinstating the \$250 above the line deduction for out-of-pocket teacher expense. The bill would also expand the American Opportunity Act to increase the credit to a lifetime limit of \$15,000, triple the refundable portion of the credit (from \$500 to \$1,500), add flexibility in the credit for part-time students, and fix an inconsistency in the code that currently disadvantages students who receive Pell Grants by allowing the AOTC to go towards the costs of education that the Pell Grant does not cover.

AMENDMENT

OFFERED BY MR. DOGGETT OF TEXAS

Strike section 1204.

In section 1312(b)(1)(A), strike “subparagraphs (B), (C), and (D)” and insert “subparagraphs (B) and (C)”.

At the end, add the following:

1 **TITLE VI—IMPROVED AMERICAN** 2 **OPPORTUNITY TAX CREDIT**

3 **SEC. 6001. REPEAL OF PROPOSED POLICY CHANGES TO** 4 **AMERICAN OPPORTUNITY TAX CREDIT.**

5 Section 1201 of this Act is repealed and shall have
6 no force or effect.

7 **SEC. 6002. EXTENSION AND MODIFICATION OF AMERICAN** 8 **OPPORTUNITY TAX CREDIT.**

9 (a) IN GENERAL.—Section 25A of the Internal Rev-
10 enue Code of 1986 is amended to read as follows:

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

12 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
13 dividual who is an eligible student for any taxable year,
14 there shall be allowed as a credit against the tax imposed
15 by this chapter for such taxable year the amount deter-

1 mined under subsection (b) with respect to such indi-
2 vidual.

3 “(b) AMOUNT OF CREDIT.—

4 “(1) STUDENT ENROLLED AT LEAST $\frac{1}{2}$ TIME.—

5 In the case of an eligible student who is carrying at
6 least $\frac{1}{2}$ the normal full-time workload for the course
7 of study the student is pursuing, the amount deter-
8 mined under this subsection with respect to such in-
9 dividual is the sum of—

10 “(A) 100 percent of so much of the quali-
11 fied tuition and related expenses paid by the
12 taxpayer during the taxable year (for education
13 furnished to the eligible student during any
14 academic period beginning in such taxable year)
15 as does not exceed \$2,000, plus

16 “(B) 25 percent of such expenses so paid
17 as exceeds \$2,000 but does not exceed \$4,000.

18 “(2) OTHER STUDENTS.—In the case of an eli-
19 gible student not described in paragraph (1), the
20 amount determined under this subsection with re-
21 spect to such individual is 25 percent of so much of
22 the qualified tuition and related expenses paid by
23 the taxpayer during the taxable year (for education
24 furnished to the eligible student during any aca-

1 demic period beginning in such taxable year) as does
2 not exceed \$10,000.

3 “(c) LIMITATION BASED ON MODIFIED ADJUSTED
4 GROSS INCOME.—

5 “(1) IN GENERAL.—The amount which would
6 (but for this paragraph) be taken into account under
7 this section for the taxable year shall be reduced
8 (but not below zero) by the amount determined
9 under paragraph (2).

10 “(2) AMOUNT OF REDUCTION.—The amount
11 determined under this paragraph is the amount
12 which bears the same ratio to the amount which
13 would be so taken into account as—

14 “(A) the excess of—

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

17 “(ii) \$80,000 (\$160,000 in the case of
18 a joint return), bears to

19 “(B) \$10,000 (\$20,000 in the case of a
20 joint return).

21 “(3) MODIFIED ADJUSTED GROSS INCOME.—

22 For purposes of this paragraph, the term ‘modified
23 adjusted gross income’ means the adjusted gross in-
24 come of the taxpayer for the taxable year increased

1 by any amount excluded from gross income under
2 section 911, 931, or 933.

3 “(d) OTHER LIMITATIONS AND SPECIAL RULES.—

4 For purposes of this section:

5 “(1) LIFETIME DOLLAR LIMITATION.—In the
6 case of qualified tuition and related expenses with
7 respect to any eligible student, the aggregate
8 amount of the credits allowed in the taxable year
9 and any prior taxable year for such eligible student
10 (whether beginning before or after Tax Cuts and
11 Jobs Act) shall not exceed \$15,000, determined
12 without regard to whether—

13 “(A) such credits are claimed on the re-
14 turn of tax filed by the eligible student or by
15 another taxpayer, or

16 “(B) such expenses are treated as paid by
17 the eligible student or by another taxpayer.

18 If, in any taxable year, the aggregate amount of
19 such credits equals or exceeds \$15,000, the amount
20 allowed as a credit under subsection (a) in any sub-
21 sequent taxable year with respect to such student
22 shall be zero.

23 “(2) IDENTIFICATION REQUIREMENTS.—

24 “(A) STUDENTS.—

1 “(i) IN GENERAL.—No credit shall be
2 allowed under this section to a taxpayer
3 with respect to the qualified tuition and re-
4 lated expenses of an eligible student unless
5 the taxpayer includes the name and tax-
6 payer identification number of such eligible
7 student on the return of tax for the taxable
8 year.

9 “(ii) ISSUANCE.—The requirements of
10 clause (i) shall not be treated as met un-
11 less the individual’s taxpayer identification
12 number was issued on or before the due
13 date for filing the return of tax for the tax-
14 able year.

15 “(B) TAXPAYER.—No credit shall be al-
16 lowed under this section if the identifying num-
17 ber of the taxpayer was issued after the due
18 date for filing the return for the taxable year.

19 “(C) INSTITUTION.—No credit shall be al-
20 lowed under this section unless the taxpayer in-
21 cludes the employer identification number of
22 any institution to which qualified tuition and
23 related expenses were paid with respect to the
24 individual.

1 “(3) ADJUSTMENT FOR CERTAIN SCHOLAR-
2 SHIPS, ETC.—

3 “(A) IN GENERAL.—The amount of quali-
4 fied tuition and related expenses otherwise
5 taken into account under this section with re-
6 spect to an individual for an academic period
7 shall be reduced (before the application of sub-
8 sections (b) and (c)) by the sum of any
9 amounts paid for the benefit of such individual
10 which are allocable to such period as—

11 “(i) a qualified scholarship which is
12 excludable from gross income under section
13 117,

14 “(ii) an educational assistance allow-
15 ance under chapter 30, 31, 32, 34, or 35
16 of title 38, United States Code, or under
17 chapter 1606 of title 10, United States
18 Code, and

19 “(iii) a payment (other than a gift,
20 bequest, devise, or inheritance within the
21 meaning of section 102(a)) for such indi-
22 vidual’s educational expenses, or attrib-
23 utable to such individual’s enrollment at an
24 eligible educational institution, which is ex-

1 cludable from gross income under any law
2 of the United States.

3 “(B) COORDINATION WITH PELL GRANTS
4 NOT USED FOR QUALIFIED TUITION AND RE-
5 LATED EXPENSES.—Any amount determined
6 with respect to an individual under subpara-
7 graph (A) which is attributable to a Federal
8 Pell Grant under section 401 of the Higher
9 Education Act of 1965 shall be reduced (but
10 not below zero) by the amount of the expenses
11 (other than qualified tuition and related ex-
12 penses) which are taken into account in deter-
13 mining the cost of attendance (as defined in
14 section 472 of the Higher Education Act of
15 1965, as in effect on the date of the enactment
16 of the Tax Cuts and Jobs Act) of such indi-
17 vidual at an eligible educational institution for
18 the academic period for which the credit under
19 this section is being determined.

20 “(4) TREATMENT OF EXPENSES PAID BY DE-
21 PENDENT.—If a deduction under section 151 with
22 respect to an individual is allowed to another tax-
23 payer for a taxable year beginning in the calendar
24 year in which such individual’s taxable year begins—

1 “(A) no credit shall be allowed under this
2 section to such individual for such individual’s
3 taxable year, and

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

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

15 “(6) DENIAL OF DOUBLE BENEFIT.—No credit
16 shall be allowed under this section for any expense
17 for which a deduction is allowed under any other
18 provision of this chapter.

19 “(7) NO CREDIT FOR MARRIED INDIVIDUALS
20 FILING SEPARATE RETURNS.—If the taxpayer is a
21 married individual (within the meaning of section
22 7703), this section shall apply only if the taxpayer
23 and the taxpayer’s spouse file a joint return for the
24 taxable year.

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

7 “(e) ELECTION NOT TO HAVE SECTION APPLY.—A
8 taxpayer may elect not to have this section apply with re-
9 spect to the qualified tuition and related expenses of an
10 individual for any taxable year.

11 “(f) DEFINITIONS.—For purposes of this section:

12 “(1) ELIGIBLE STUDENT.—The term ‘eligible
13 student’ means, with respect to any taxable year, an
14 individual who—

15 “(A) is enrolled for at least one academic
16 period which begins during such taxable year at
17 an eligible educational institution, and

18 “(B) meets the requirements of section
19 484(a)(1) of the Higher Education Act of 1965,
20 as in effect on the date of the enactment of the
21 Tax Cuts and Jobs Act.

22 “(2) QUALIFIED TUITION AND RELATED EX-
23 PENSES.—

24 “(A) IN GENERAL.—The term ‘qualified
25 tuition and related expenses’ means tuition,

1 fees, and course materials required for the en-
2 rollment or attendance of—

3 “(i) the taxpayer,

4 “(ii) the taxpayer’s spouse, or

5 “(iii) any dependent of the taxpayer

6 with respect to whom the taxpayer is al-

7 lowed a deduction under section 151,

8 at an eligible educational institution for courses

9 of instruction of such individual at such institu-

10 tion.

11 “(B) EXCEPTION FOR EDUCATION INVOLV-

12 ING SPORTS, ETC.—Such term does not include

13 expenses with respect to any course or other

14 education involving sports, games, or hobbies,

15 unless such course or other education is part of

16 the individual’s degree program.

17 “(C) EXCEPTION FOR NONACADEMIC

18 FEES.—Such term does not include student ac-

19 tivity fees, athletic fees, insurance expenses, or

20 other expenses unrelated to an individual’s aca-

21 demic course of instruction.

22 “(3) ELIGIBLE EDUCATIONAL INSTITUTION.—

23 The term ‘eligible educational institution’ means an

24 institution—

1 “(A) which is described in section 481 of
2 the Higher Education Act of 1965, as in effect
3 on the date of the enactment of the Tax Cuts
4 and Jobs Act, and

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

7 “(g) PORTION OF CREDIT REFUNDABLE.—The less-
8 er of—

9 “(1) the credit allowed under this section for a
10 taxable year (determined after application of sub-
11 sections (c)(1) and (d) and without regard to this
12 subsection and section 26(a)(2), as the case may
13 be), or

14 “(2) \$1,500,
15 shall be treated as a credit allowable under subpart C (and
16 not allowed under this section). The preceding sentence
17 shall not apply to any taxpayer for any taxable year if
18 such taxpayer is a child to whom subsection (g) of section
19 1 applies for such taxable year.

20 “(h) RESTRICTIONS ON TAXPAYERS WHO IMPROP-
21 ERLY CLAIMED CREDIT IN PRIOR YEAR.—

22 “(1) TAXPAYERS MAKING PRIOR FRAUDULENT
23 OR RECKLESS CLAIMS.—

1 “(A) IN GENERAL.—No credit shall be al-
2 lowed under this section for any taxable year in
3 the disallowance period.

4 “(B) DISALLOWANCE PERIOD.—For pur-
5 poses of clause (i), the disallowance period is—

6 “(i) the period of 10 taxable years
7 after the most recent taxable year for
8 which there was a final determination that
9 the taxpayer’s claim of credit under this
10 section was due to fraud, and

11 “(ii) the period of 2 taxable years
12 after the most recent taxable year for
13 which there was a final determination that
14 the taxpayer’s claim of credit under this
15 section was due to reckless or intentional
16 disregard of rules and regulations (but not
17 due to fraud).

18 “(2) TAXPAYERS MAKING IMPROPER PRIOR
19 CLAIMS.—In the case of a taxpayer who is denied
20 credit under this section for any taxable year as a
21 result of the deficiency procedures under subchapter
22 B of chapter 63, no credit shall be allowed under
23 this section for any subsequent taxable year unless
24 the taxpayer provides such information as the Sec-

1 retary may require to demonstrate eligibility for
2 such credit.

3 “(i) INFLATION ADJUSTMENT.—In the case of any
4 taxable year beginning in a calendar year after 2018, each
5 dollar amount in subsections (b) and (c)(2), and (d)(1)
6 shall be increased by an amount equal to—

7 “(1) such dollar amount, multiplied by

8 “(2) the cost-of-living adjustment determined
9 under section 1(f)(3) for the calendar year in which
10 the taxable year begins, determined by substituting
11 ‘calendar year 2017’ for ‘calendar year 1992’ in sub-
12 paragraph (B) thereof.

13 In the case of subsections (b) and (d)(1), any increase de-
14 termined under the preceding sentence shall be rounded
15 to the nearest multiple of \$50. In the case of subsection
16 (c)(2), any increase determined under the preceding sen-
17 tence shall be rounded to the nearest multiple of \$500.

18 “(j) REGULATIONS.—The Secretary may prescribe
19 such regulations as may be necessary or appropriate to
20 carry out this section, including regulations providing for
21 a recapture of the credit allowed under this section in
22 cases where there is a refund in a subsequent taxable year
23 of any amount which was taken into account in deter-
24 mining the amount of such credit.”.

25 (b) RETENTION OF LIMITATION.—

1 (1) IN GENERAL.—Subparagraph (D) of section
2 25A(b)(2) of the Internal Revenue Code of 1986, as
3 in effect before the enactment of the Tax Cuts and
4 Jobs Act hereby transferred to section 25A of such
5 Code, as amended by subsection (a), and is inserted
6 as a new subsection (d)(9) of section 25A, as so
7 amended.

8 (2) CONFORMING AMENDMENT.—Paragraph (9)
9 of section 25A(d) of such Code, as transferred and
10 inserted by paragraph (1), is amended by striking
11 “The Hope Scholarship Credit under subsection
12 (a)(1)” and inserting “The credit under subsection
13 (a)”.

14 (c) CONFORMING AMENDMENTS.—

15 (1) Subparagraph (B) of section 72(t)(7) of
16 such Code is amended by striking “25A(g)(2)” and
17 inserting “25A(d)(3)”.

18 (2) Paragraph (2) of section 221(d) of such
19 Code is amended—

20 (A) by striking “25A(g)(2)” in subpara-
21 graph (B) and inserting “25A(d)(3)”, and

22 (B) by striking “25A(f)(2)” and inserting
23 “25A(f)(3)”.

24 (3) Paragraph (3) of section 221(d) of such
25 Code is amended by striking “25A(b)(3)” and in-

1 serting “25A(f)(1) (but only with respect to a stu-
2 dent who is carrying at least ½ the normal full-time
3 workload for the course of study the student is pur-
4 suing)”.

5 (4) Clause (v) of section 529(c)(3)(B) of such
6 Code is amended—

7 (A) by striking “25A(g)(2)” in subclause
8 (I) and inserting “25A(d)(3)”, and

9 (B) by striking “HOPE AND LIFETIME
10 LEARNING CREDITS” in the heading and
11 inserting “AMERICAN OPPORTUNITY
12 CREDIT”.

13 (5) Clause (i) of section 529(e)(3)(B) of such
14 Code is amended by striking “25A(b)(3)” and in-
15 serting “25A(f)(1) (but only with respect to a stu-
16 dent who is carrying at least ½ the normal full-time
17 workload for the course of study the student is pur-
18 suing)”.

19 (6) Subparagraph (C) of section 530(d)(2) of
20 such Code is amended—

21 (A) by striking “25A(g)(2)” in clause (i)(I)
22 and inserting “25A(d)(3)”, and

23 (B) by striking “HOPE AND LIFETIME
24 LEARNING CREDITS” in the heading and

1 inserting “AMERICAN OPPORTUNITY
2 CREDIT”.

3 (7) Clause (iii) of section 530(d)(4)(B) of such
4 Code is amended by striking “25A(g)(2)” and in-
5 serting “25A(d)(3)”.

6 (8) Section 1400O of such Code is amended—

7 (A) by striking “25A(f)(2)” and inserting
8 “25A(f)(3)”,

9 (B) by inserting “(as in effect on the date
10 of the enactment of this section)” after
11 “25A(b)(1)” in paragraph (2), and

12 (C) by inserting “(as in effect on the date
13 of the enactment of this section)” after
14 “25A(c)(1)” in paragraph (3).

15 (9) Subsection (e) of section 6050S of such
16 Code is amended by striking “subsection (g)(2)” and
17 inserting “subsection (d)(3)”.

18 (10) Subparagraph (A) of section 6211(b)(4) of
19 such Code is amended by striking “subsection
20 (i)(6)” and inserting “subsection (g)”.

21 (11) Section 6213(g)(2) of such Code is amend-
22 ed—

23 (A) in subparagraph (J), by striking
24 “25A(g)(1)” and inserting “25A(d)(2)”, and

1 (B) in subparagraph (Q), by striking
2 “25A(i)(8)(B)” and inserting “25A(h)(2)” and
3 by striking “25A(i)” and inserting “25A”.

4 (12) Subsection (g) of section 6695(g) of such
5 Code is amended by striking “25A(a)(1)” and in-
6 serting “25A(a)”.

7 (d) CLERICAL AMENDMENT.—The item relating to
8 section 25A in the table of sections for subpart A of part
9 IV of subchapter A of chapter 1 of the Internal Revenue
10 Code of 1986 is amended to read as follows:

“Sec. 25A. American Opportunity Tax Credit.”.

11 (e) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 2017.

14 **SEC. 6003. CORPORATE RATE INCREASE TO ACHIEVE REV-**
15 **ENUE NEUTRALITY.**

16 (a) IN GENERAL.—The rate of tax specified in sec-
17 tion 11(b)(1) of the Internal Revenue Code of 1986 (after
18 the amendment made by section 3001(a)) shall be in-
19 creased by such number of percentage points as is nec-
20 essary to fully offset the aggregate reduction in Federal
21 revenues which result from the amendments and repeals
22 made by sections 6001 and 6002.

1 (b) EFFECTIVE DATE.—Subsection (a) shall apply as
2 if such provision were an amendment made by section
3 3001(a).

