

108TH CONGRESS
1ST SESSION

S. 1096

To amend the Internal Revenue Code of 1986 to provide that certain postsecondary educational benefits provided by an employer to children of employees shall be excludable from gross income as part of an educational assistance program.

IN THE SENATE OF THE UNITED STATES

MAY 21, 2003

Mr. BAYH introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide that certain postsecondary educational benefits provided by an employer to children of employees shall be excludable from gross income as part of an educational assistance program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. CERTAIN POSTSECONDARY EDUCATIONAL**
 2 **BENEFITS PROVIDED BY AN EMPLOYER TO**
 3 **CHILDREN OF EMPLOYEES EXCLUDABLE**
 4 **FROM GROSS INCOME UNDER EDUCATIONAL**
 5 **ASSISTANCE PROGRAMS.**

6 (a) IN GENERAL.—Section 127 of the Internal Rev-
 7 enue Code of 1986 (relating to educational assistance pro-
 8 grams) is amended by redesignating subsection (d) as sub-
 9 section (e), and inserting after subsection (e) the fol-
 10 lowing:

11 “(d) POST SECONDARY EDUCATIONAL BENEFITS
 12 PROVIDED TO CHILDREN OF EMPLOYEES.—

13 “(1) IN GENERAL.—For purposes of this sec-
 14 tion, educational assistance provided by the employer
 15 to a child (as defined in section 151(c)(3)) of an em-
 16 ployee of such employer pursuant to an educational
 17 assistance program shall be treated as educational
 18 assistance provided for the exclusive benefit of the
 19 employee.

20 “(2) DOLLAR LIMITATIONS.—The amount ex-
 21 cluded from the gross income of the employee by
 22 reason of paragraph (1) for a taxable year with re-
 23 spect to amounts provided to each child of such em-
 24 ployee shall not exceed \$2,000.

25 “(3) LIMITATION ON EDUCATIONAL ASSIST-
 26 ANCE.—Paragraph (1) shall only apply to expenses

1 paid or incurred in connection with the enrollment
2 or attendance of a child of an employee at an edu-
3 cational institution described in section 529(e)(5).”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall apply to taxable years beginning after
6 the date of enactment of this Act.

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