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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to expand the exclusion of Pell Grants from gross income, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. DOGGETT introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to expand the exclusion of Pell Grants from gross income, and for other purposes.

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 “Tax-Free Pell Grant
5 Act”.

1 **SEC. 2. EXPANSION OF PELL GRANT EXCLUSION FROM**
2 **GROSS INCOME.**

3 (a) **IN GENERAL.**—Section 117(b)(1) of the Internal
4 Revenue Code of 1986 is amended by striking “received
5 by an individual” and all that follows and inserting “re-
6 ceived by an individual—

7 “(A) as a scholarship or fellowship grant
8 to the extent the individual establishes that, in
9 accordance with the conditions of the grant,
10 such amount was used for qualified tuition and
11 related expenses, or

12 “(B) as a Federal Pell Grant under section
13 401 of the Higher Education Act of 1965 (as
14 in effect on the date of the enactment of the
15 Tax-Free Pell Grant Act).”.

16 (b) **NO ADJUSTMENT UNDER AMERICAN OPPOR-**
17 **TUNITY AND LIFETIME LEARNING CREDITS.**—Section
18 25A(g)(2)(A) of such Code is amended by striking “a
19 qualified scholarship which” and inserting “a qualified
20 scholarship which is described in section 117(b)(1)(A) and
21 which”.

22 (c) **EFFECTIVE DATE.**—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2024.

1 **SEC. 3. EXPANSION OF AMERICAN OPPORTUNITY AND**
2 **LIFETIME LEARNING CREDITS.**

3 (a) IN GENERAL.—Section 25A of the Internal Rev-
4 enue Code of 1986 is amended—

5 (1) in subsection (f)(1)—

6 (A) in subparagraph (A), by striking “tui-
7 tion and fees” and inserting “tuition, fees, com-
8 puter or peripheral equipment, child and de-
9 pendent care expenses, and course materials”,

10 (B) by striking subparagraph (D), and

11 (C) by adding at the end the following new
12 subparagraphs:

13 “(D) CHILD AND DEPENDENT CARE EX-
14 PENSES.—For purposes of this paragraph—

15 “(i) IN GENERAL.—The term ‘child
16 and dependent care expenses’ means
17 amounts paid for the following expenses,
18 but only if such expenses are incurred to
19 enable the taxpayer to be enrolled in an el-
20 igible educational institution for any period
21 for which there are 1 or more qualifying
22 individuals with respect to the taxpayer:

23 “(I) expenses for household serv-
24 ices, and

25 “(II) expenses for the care of a
26 qualifying individual.

1 Such term shall not include any amount
2 paid for services outside the taxpayer’s
3 household at a camp where the qualifying
4 individual stays overnight.

5 “(ii) QUALIFYING INDIVIDUAL.—The
6 term ‘qualifying individual’ has the mean-
7 ing given such term in section 21(b)(1).

8 “(iii) EXCEPTION, DEPENDENT CARE
9 CENTERS.—Rules similar to the rules of
10 subparagraphs (B), (C), and (D) of section
11 21(b)(2) shall apply, except the term ‘child
12 and dependent care expenses’ shall be sub-
13 stituted for the term ‘employment-related
14 expenses’ each place it appears in such
15 subparagraphs.

16 “(E) CHILD AND DEPENDENT CARE EX-
17 PENSES ONLY QUALIFIED EXPENSES WHEN
18 CLAIMED BY ELIGIBLE STUDENT.—Amounts
19 paid for an expense described in subparagraph
20 (E) may not be taken into account under this
21 paragraph for a taxable year unless required for
22 the enrollment or attendance of an individual
23 described in subparagraph (A)(i) or subpara-
24 graph (A)(ii).

1 “(F) COMPUTER OR PERIPHERAL EQUIP-
2 MENT.—

3 “(i) DEFINED.—For purposes of this
4 paragraph, the term ‘computer or periph-
5 eral equipment’ means expenses for the
6 purchase of computer or peripheral equip-
7 ment (as defined in section 168(i)(2)(B),
8 computer software (as defined in section
9 197(e)(3)(B))), or internet access and re-
10 lated services, if such equipment, software,
11 or services are to be used primarily by the
12 individual during any of the years the indi-
13 vidual is enrolled at an eligible educational
14 institution.

15 “(ii) DOLLAR LIMIT ON AMOUNT
16 CREDITABLE.—The aggregate of the
17 amounts paid or expenses incurred for
18 computer or peripheral equipment which
19 may be taken into account under this para-
20 graph for a taxable year by the taxpayer
21 shall not exceed \$1,000.”, and

22 (2) in subsection (g)(5)—

23 (A) in the heading, by adding “OR CRED-
24 IT” at the end, and

1 (B) by inserting “or credit” after “a de-
2 duction”.

3 (b) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2024.