

117TH CONGRESS
1ST SESSION

S. 2191

To amend the Internal Revenue Code of 1986 to exclude certain post-graduation scholarship grants from gross income in the same manner as qualified scholarships to promote economic growth.

IN THE SENATE OF THE UNITED STATES

JUNE 23, 2021

Mr. PETERS (for himself and Mrs. CAPITO) 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 exclude certain post-graduation scholarship grants from gross income in the same manner as qualified scholarships to promote economic growth.

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 “Workforce Develop-
5 ment Through Post-Graduation Scholarships Act of
6 2021”.

1 **SEC. 2. POST-GRADUATION SCHOLARSHIP GRANTS EX-**
 2 **CLUDED FROM GROSS INCOME IN SAME MAN-**
 3 **NER AS QUALIFIED SCHOLARSHIPS.**

4 (a) IN GENERAL.—Section 117(a) of the Internal
 5 Revenue Code of 1986 is amended—

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

8 (2) by striking “any amount received” and in-
 9 serting the following: “any amount which—

10 “(1) is received”, and

11 (3) by adding at the end the following new
 12 paragraph:

13 “(2) is received as a post-graduation scholar-
 14 ship grant paid on behalf of an individual.”.

15 (b) POST-GRADUATION SCHOLARSHIP GRANT.—Sec-
 16 tion 117(b) of the Internal Revenue Code of 1986 is
 17 amended by redesignating paragraph (2) as paragraph (3)
 18 and by inserting after paragraph (1) the following new
 19 paragraph:

20 “(2) POST-GRADUATION SCHOLARSHIP
 21 GRANT.—

22 “(A) IN GENERAL.—The term ‘post-grad-
 23 uation scholarship grant’ means any grant pro-
 24 gram—

25 “(i) which is established by an organi-
 26 zation which—

1 “(I) is described in section
2 501(c)(3) and exempt from tax under
3 section 501(a), and

4 “(II) is either a private founda-
5 tion or community trust described in
6 section 170(b)(1)(A)(vi) (other than
7 an organization established by an or-
8 ganization described in section
9 170(b)(1)(A)(ii) or an organization
10 described in section 170(b)(1)(A)(iii)
11 the principal purpose or function of
12 which is the provision of medical edu-
13 cation),

14 “(ii) under which, in accordance with
15 the conditions of a grant, such organiza-
16 tion repays any portion of an applicable
17 education loan incurred by an individual,

18 “(iii) which requires a grantee to live
19 and work in an applicable community,

20 “(iv) under which payments are made
21 directly to the holder of the loan, and

22 “(v) which is not provided to an em-
23 ployee of the granting organization or a re-
24 lated entity of the granting organization.

“(B) APPLICABLE EDUCATION LOAN.—For purposes of subparagraph (A), the term ‘applicable education loan’ means, with respect to any individual, a qualified education loan (as defined in section 221(d)(1)) incurred to pay qualified higher education expenses (as defined in section 221(d)(2)) of such individual.

“(C) APPLICABLE COMMUNITY.—For purposes of subparagraph (A), the term ‘applicable community’ means any area that has a bachelor’s degree attainment rate for the population that is below the state or national average for such population (as determined based on data collected by the Census Bureau).”.

(c) AMOUNT NOT TREATED AS TAXABLE EXPENDITURE BY PRIVATE FOUNDATION.—Section 4945(g) of the Internal Revenue Code of 1986 is amended by striking “or” at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting “, or”, and by adding at the end the following new paragraph:

“(4) the grant is a post-graduation scholarship grant (as defined in section 117(b)(2)).”.

(d) DENIAL OF DOUBLE BENEFIT.—Section 221(e) of the Internal Revenue Code of 1986 is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and

1 (4), respectively, and by inserting after paragraph (1) the
2 following new paragraph:

3 “(2) DENIAL OF DOUBLE BENEFIT IN CASE OF
4 POST-GRADUATION SCHOLARSHIP GRANTS.—Any in-
5 terest which is paid as part of a post-graduation
6 scholarship grant and excluded from gross income
7 under section 117 shall not be taken into account
8 under this section.”.

9 (e) REGULATORY AUTHORITY.—Section 117 of the
10 Internal Revenue Code of 1986 is amended by adding at
11 the end the following new subsection:

12 “(e) REGULATIONS.—The Secretary shall prescribe
13 such reporting requirements and regulations as may be
14 necessary or appropriate to carry out subsection (a)(2).”.

15 (f) REPORTS.—

16 (1) SECRETARY OF TREASURY.—Not later than
17 3 years after the date of the enactment of this Act,
18 and periodically thereafter, the Secretary of the
19 Treasury, or the Secretary’s delegate, shall submit
20 to Congress a report on the implementation and ef-
21 fectiveness of the amendments made by this section.

22 (2) COMPTROLLER GENERAL.—

23 (A) IN GENERAL.—Not later than 5 years
24 after the date of enactment of this Act, the
25 Comptroller General of the United States shall

1 publish the result of a study on post-graduation
2 scholarship grants to which section 117 of the
3 Internal Revenue Code of 1986 (as amended by
4 this section) applies.

5 (B) CONTENTS OF REPORT.—The informa-
6 tion published under subparagraph (A) shall in-
7 clude the following:

8 (i) The length of time involved in such
9 grants.

10 (ii) The amount paid out under such
11 grants.

12 (iii) The disposition of any funds paid
13 under such grants, including the identity
14 of any loan holders who benefit from such
15 funds.

16 (g) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 the date of the enactment of this Act.

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