II

117TH CONGRESS
2D SESSION

S. 4265

To amend the Internal Revenue Code of 1986 to increase and provide an inflation adjustment for the limitation on distributions from qualified tuition programs that may be used for elementary and secondary tuition.

IN THE SENATE OF THE UNITED STATES

MAY 19 (legislative day, MAY 17), 2022

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

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A BILL

To amend the Internal Revenue Code of 1986 to increase and provide an inflation adjustment for the limitation on distributions from qualified tuition programs that may be used for elementary and secondary tuition.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Inflation-Adjusted Education Investment Act".

SEC. 2. INCREASE ON LIMITATION ON EXPENSES USED FOR ELEMENTARY AND SECONDARY TUITION.

(a) IN GENERAL.—The last sentence of section 529(e)(3)(A) of the Internal Revenue Code of 1986 is amended by striking ‘‘$10,000’’ and inserting ‘‘$12,000’’.

(b) INFLATION ADJUSTMENT.—Section 529(e)(3) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

‘‘(C) INFLATION ADJUSTMENT.—

‘‘(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2022, the $12,000 amount in subparagraph (A) shall be increased by an amount equal to—

‘‘(I) such dollar amount, multiplied by

‘‘(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2021’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

‘‘(ii) ROUNDING.—Any increase determined under clause (i) shall be rounded to the nearest multiple of $500.’’.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.

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