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 HOUSE OF REPRESENTATIVES

Mr. LaHood introduced the following bill; which was referred to the Committee on ______________________

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 Representatives of the United States of America in Congress assembled,

2 SECTION 1. SHORT TITLE.

3 This Act may be cited as the “Workforce Development Through Post-Graduation Scholarships Act of 2018”.

(Original Signature of Member)
SEC. 2. POST-GRADUATION SCHOLARSHIP GRANTS EXCLUDED FROM GROSS INCOME IN SAME MANNER AS QUALIFIED SCHOLARSHIPS.

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

(1) by striking the period at the end and inserting ‘‘, or’’,

(2) by striking ‘‘any amount received’’ and inserting the following: ‘‘any amount which—

‘‘(1) is received’’, and

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

‘‘(2) is a post-graduation scholarship grant received by or paid on behalf of an individual.’’.

(b) POST-GRADUATION SCHOLARSHIP GRANT.—Section 117(b) of such Code is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

‘‘(2) POST-GRADUATION SCHOLARSHIP GRANT.—

‘‘(A) IN GENERAL.—The term ‘post-graduation scholarship grant’ means any grant program—

‘‘(i) which is established by an organi—

zation which—
“(I) is described in section 501(e)(3) and exempt from tax under section 501(a), and

“(II) is either a private foundation (other than a private foundation established by an organization described in section 170(b)(1)(A)(ii) or an organization described in section 170(b)(1)(A)(iii) the principal purpose or function of which is the provision of medical education) or a community trust described in section 170(b)(1)(A)(vi),

“(ii) which is designed to encourage individuals to serve in occupations of unmet needs or in areas of unmet needs (as such terms are used in section 108(f)(2)(D)(ii)), and

“(iii) under which, in accordance with the conditions of a grant, such organization repays any portion of an applicable education loan incurred by an individual.

“(B) APPLICABLE EDUCATION LOAN.—For purposes of subparagraph (A)(iii), 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) Amount Not Treated as Taxable Expenditure by Private Foundation.—Section 4945(g) of such Code 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 such Code is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (1) the following new paragraph:

“(2) Denial of double benefit in case of post-graduation scholarship grants.—Any interest which is paid as part of a post-graduation scholarship grant and excluded from gross income under section 117 shall not be taken into account under this section.”.

(e) Effective Date.—The amendments made by this section shall apply with respect to taxable years beginning after the date of enactment of this Act.