

118TH CONGRESS  
1ST SESSION

# H. R. 3000

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

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 28, 2023

Mr. DOGGETT (for himself, Mr. KELLY of Pennsylvania, Mr. DAVIS of Illinois, Mr. SMITH of Nebraska, Mr. BLUMENAUER, Mr. FITZPATRICK, Mr. CASTRO of Texas, and Mr. TONY GONZALES of Texas) introduced the following bill; which was referred to the Committee on Ways and Means

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## 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”.

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

8 (a) IN GENERAL.—Paragraph section 117(b)(1) of  
9 the Internal Revenue Code of 1986 is amended by striking

1 “received by an individual” and all that follows and insert-  
2 ing “received by an individual—

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

8 “(B) as a Federal Pell Grant under section  
9 401 of the Higher Education Act of 1965 (as  
10 in effect on the date of the enactment of the  
11 Tax-Free Pell Grant Act).”.

12 (b) NO ADJUSTMENT UNDER AMERICAN OPPOR-  
13 TUNITY AND LIFETIME LEARNING CREDITS.—Section  
14 25A(g)(2)(A) of such Code is amended by striking “a  
15 qualified scholarship which” and inserting “a qualified  
16 scholarship which is described in section 117(b)(1)(A) and  
17 which”.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to taxable years beginning after  
20 December 31, 2022.

21 **SEC. 3. EXPANSION OF AMERICAN OPPORTUNITY AND**  
22 **LIFETIME LEARNING CREDITS.**

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

25 (1) in subsection (f)(1)—

1 (A) in subparagraph (A), by striking “tui-  
2 tion and fees” inserting “tuition, fees, computer  
3 or peripheral equipment, child and dependent  
4 care expenses, and course materials”,

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

6 (C) by adding at the end the following new  
7 subparagraphs:

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

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

18 “(I) expenses for household serv-  
19 ices, and

20 “(II) expenses for the care of a  
21 qualifying individual.

22 Such term shall not include any amount  
23 paid for services outside the taxpayer’s  
24 household at a camp where the qualifying  
25 individual stays overnight.

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

4           “(iii) EXCEPTION, DEPENDENT CARE  
5           CENTERS.—Rules similar to the rules of  
6           subparagraphs (B), (C), and (D) of section  
7           21(b)(2) shall apply, except the term ‘child  
8           and dependent care expenses’ shall be sub-  
9           stituted for the term ‘employment-related  
10          expenses’ each place it appears in such  
11          subparagraphs.

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

21          “(F) COMPUTER OR PERIPHERAL EQUIP-  
22          MENT.—

23                 “(i) DEFINED.—For purposes of this  
24                 paragraph, the term ‘computer or periph-  
25                 eral equipment’ means expenses for the

1 purchase of computer or peripheral equip-  
2 ment (as defined in section 168(i)(2)(B),  
3 computer software (as defined in section  
4 197(e)(3)(B))), or internet access and re-  
5 lated services, if such equipment, software,  
6 or services are to be used primarily by the  
7 individual during any of the years the indi-  
8 vidual is enrolled at an eligible educational  
9 institution.

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

17 (2) in subsection (g)(5)—

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

20 (B) by inserting “or credit” after “a de-  
21 duction”.

22 (b) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to taxable years beginning after  
24 December 31, 2022.

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