

116TH CONGRESS  
1ST SESSION

# S. 676

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.

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IN THE SENATE OF THE UNITED STATES

MARCH 6, 2019

Mr. PETERS (for himself and Mrs. CAPITO) 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 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       2019”.

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 a post-graduation scholarship grant re-  
 14 ceived by or paid on behalf of an individual.”.

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

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

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

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

1                   “(I) is described in section  
2                   501(c)(3) and exempt from tax under  
3                   section 501(a) (other than an organi-  
4                   zation established by an organization  
5                   described in section 170(b)(1)(A)(ii)  
6                   or an organization described in section  
7                   170(b)(1)(A)(iii) the principal purpose  
8                   or function of which is the provision  
9                   of medical education), and

10                   “(II) is either a private founda-  
11                   tion or a community trust described  
12                   in section 170(b)(1)(A)(vi),

13                   “(ii) which requires a grantee to live  
14                   and work in an applicable community, and

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

19                   “(B) APPLICABLE COMMUNITY.—For pur-  
20                   poses of subparagraph (A)(ii), the term ‘appli-  
21                   cable community’ means any area that—

22                   “(i) is—

23                   “(I) a low-income community (as  
24                   determined under section 45D(e)), or

1                   “(II) a county that has, during  
 2                   the 10-year period ending with the  
 3                   year in which the most recent census  
 4                   was conducted, a net out-migration of  
 5                   inhabitants from the county of the  
 6                   population of the county at the begin-  
 7                   ning of such period, and

8                   “(ii) has a bachelor’s degree attain-  
 9                   ment rate for the population of 25–34  
 10                  year-olds that is below the national average  
 11                  for such population (as determined based  
 12                  on data collected by the Census Bureau).

13                  “(C) APPLICABLE EDUCATION LOAN.—For  
 14                  purposes of subparagraph (A)(iii), the term ‘ap-  
 15                  plicable education loan’ means, with respect to  
 16                  any individual, a qualified education loan (as  
 17                  defined in section 221(d)(1)) incurred to pay  
 18                  qualified higher education expenses (as defined  
 19                  in section 221(d)(2)) of such individual.”.

20                  (c) AMOUNT NOT TREATED AS TAXABLE EXPENDI-  
 21                  TURE BY PRIVATE FOUNDATION.—Section 4945(g) of  
 22                  such Code is amended by striking “or” at the end of para-  
 23                  graph (2), by striking the period at the end of paragraph  
 24                  (3) and inserting “, or”, and by adding at the end the  
 25                  following new paragraph:

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

3           (d) DENIAL OF DOUBLE BENEFIT.—Section 221(e)  
4 of such Code is amended by redesignating paragraphs (2)  
5 and (3) as paragraphs (3) and (4), respectively, and by  
6 inserting after paragraph (1) the following new paragraph:

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

13          (e) REGULATORY AUTHORITY.—Section 117 of such  
14 Code is amended by adding at the end the following new  
15 subsection:

16          “(e) REGULATIONS.—The Secretary shall prescribe  
17 such reporting requirements and regulations as may be  
18 necessary or appropriate to carry out subsection (a)(2),  
19 including—

20                 “(1) regulations defining under what conditions  
21                 an individual is considered to live and work in a  
22                 community for purposes of subsection (b)(2)(A)(ii),  
23                 and

24                 “(2) regulations to ensure the implementation  
25                 and effectiveness of such subsection.”.

1 (f) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply with respect to taxable years begin-  
3 ning after the date of enactment of this Act.

4 (g) REPORTS.—

5 (1) SECRETARY OF TREASURY.—Not later than  
6 3 years after the date of the enactment of this Act,  
7 and periodically thereafter, the Secretary of the  
8 Treasury, or the Secretary's delegate, shall submit  
9 to Congress a report on the implementation and ef-  
10 fectiveness of the amendments made by this section.

11 (2) COMPTROLLER GENERAL.—

12 (A) IN GENERAL.—Not later than 5 years  
13 after the date of enactment of this Act, the  
14 Comptroller General of the United States shall  
15 publish the result of a study on post-graduation  
16 scholarship grants to which section 117 of the  
17 Internal Revenue Code of 1986 (as amended by  
18 this section) applies.

19 (B) CONTENTS.—The information pub-  
20 lished under subparagraph (A) shall include the  
21 following:

22 (i) A description of the characteristics  
23 of individuals who receive post-graduation  
24 scholarship grants.

1                   (ii) The length of time involved in  
2 such grants.

3                   (iii) The amount paid out under such  
4 grants.

5                   (iv) The disposition of any funds paid  
6 under such grants, including the identity  
7 of any loan holders who benefit from such  
8 funds.

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