



JOINT COMMITTEE ON TAXATION

June 24, 2014

JCX-73-14

**DESCRIPTION OF AN AMENDMENT IN THE NATURE OF
A SUBSTITUTE TO THE PROVISIONS OF H.R. 3393, THE
“STUDENT AND FAMILY TAX SIMPLIFICATION ACT”**

A. Amendments to the Chairman’s Mark

The Chairman’s amendment in the nature of a substitute modifies H.R. 3393 by offering the following amendments:

1. Clarification that the American Opportunity tax credit is claimed on a per-student basis

Under the Chairman’s amendment, language is modified to clarify that the American Opportunity tax credit, as modified by the Chairman’s mark, is allowed to a taxpayer on a per-student basis (rather than a per-taxpayer basis).

2. Increase in phaseout thresholds for the American Opportunity tax credit

The Chairman’s amendment increases the modified adjusted gross income ("MAGI") phaseout threshold for the American Opportunity tax credit, as modified by the proposal. The Chairman’s amendment provides that the credit begins to phase out at MAGI of \$160,000 for married taxpayers filing a joint return and \$80,000 for all other taxpayers. The credit is fully phased out at MAGI of \$180,000 for married taxpayers filing a joint return, and \$90,000 for all other taxpayers. The phaseout thresholds are indexed for inflation for taxable years beginning after 2018.

3. Technical correction of Pell Grant coordination rule

The Chairman’s amendment provides for a technical correction pertaining to the rule that alters the determination of qualified tuition and related expenses with respect to students who have received Federal Pell Grants.

B. Additional Provision

1. Modification of reporting requirements for eligible educational institutions

Present Law

Section 6050S imposes reporting requirements, related to higher education tax benefits, on eligible educational institutions if the institution receives payments for qualified tuition and related expenses with respect to any individual for any calendar year. The information an

institution subject to the reporting requirements is required to provide includes providing either the aggregate amount of payments received or the aggregate amount billed for qualified tuition and related expenses during the calendar year period.¹

Description of Proposal

The proposal modifies present-law reporting requirements, such that an eligible educational institution may only report the aggregate amount of tuition received with respect to any individual during the calendar year period.

Effective Date

The proposal is effective for taxable years beginning after December 31, 2014.

C. Revenue Effects

The following presents the estimated Federal fiscal year budget effects of the Chairman's amendment:

Fiscal Years [Billions of Dollars]												
<u>Item</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2015-19</u>	<u>2015-24</u>
Revenues [1]...	[2]	-1.0	-0.9	-1.5	-14.5	-14.4	-15.5	-15.5	-15.9	-17.1	-18.1	-96.5
NOTE: Details do not add to totals due to rounding.												
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2015-19</u>	<u>2015-24</u>
[1] Estimate contains the following outlay effects...	---	3.4	3.2	3.2	10.2	10.1	10.8	10.7	10.8	11.5	19.9	73.7
[2] Loss of less than \$50 million.												

¹ Sec. 6050S(b)(2)(B)(i).