



**DESCRIPTION OF AN AMENDMENT IN THE NATURE OF
A SUBSTITUTE TO THE PROVISIONS OF H.R. 529, A BILL TO AMEND THE
INTERNAL REVENUE CODE OF 1986 TO IMPROVE 529 PLANS**

The Chairman's amendment in the nature of a substitute makes a technical amendment to section 1 of H.R. 529 (redesignated as section 2), to incorporate the definition of computer equipment and software into section 529.

The Chairman's amendment in the nature of a substitute modifies section 2 of H.R. 529 (redesignated as section 3), replacing the language modifying section 529(c)(3)(D)(ii) with language that repeals 529(c)(3)(D). This is a technical amendment that, consistent with H.R. 529, will eliminate any requirement that the earnings portion of any distribution be determined by aggregating accounts. The Secretary of the Treasury retains authority to prescribe regulations as necessary to administer section 529(c)(3), under its general grant of authority under section 529(f).

The Chairman's amendment in the nature of a substitute modifies section 3 of H.R. 529 (redesignated as section 4) by providing that a tax-free recontribution of refunded tuition amounts to a qualified tuition program is not limited to the withdrawal of a student from an eligible educational institution. The Chairman's amendment makes additional technical amendments and provides for a special transition rule allowing recontributions of amounts refunded after December 31, 2014 to be made not later than 60 days after the enactment of this provision.

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

Fiscal Years [Millions of Dollars]												
<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>2025</u>	<u>2015-20</u>	<u>2015-25</u>
-1	-2	-2	-3	-3	-4	-5	-6	-7	-8	-10	-15	-51
