To amend the Internal Revenue Code of 1986 to provide incentives for education.

IN THE HOUSE OF REPRESENTATIVES

Mr. BURLISON introduced the following bill; which was referred to the Committee on ________________________

A BILL

To amend the Internal Revenue Code of 1986 to provide incentives for education.

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 “Achieving Choice in
5 Education Act” or the “ACE Act”.

(Original Signature of Member)
SEC. 2. 529 ACCOUNT FUNDING FOR HOMESCHOOL AND ADDITIONAL ELEMENTARY AND SECONDARY EXPENSES.

(a) IN GENERAL.—Section 529(c)(7) of the Internal Revenue Code of 1986 is amended to read as follows:

“(7) TREATMENT OF ELEMENTARY AND SECONDARY TUITION.—Any reference in this section to the term ‘qualified higher education expense’ shall include a reference to the following expenses in connection with enrollment or attendance at, or for students enrolled at or attending, an elementary or secondary public, private, or religious school:

“(A) Tuition.

“(B) Curriculum and curricular materials.

“(C) Books or other instructional materials.

“(D) Online educational materials.

“(E) Tuition for tutoring or educational classes outside of the home, including at a tutoring facility, but only if the tutor or instructor is not related to the student and—

“(i) is licensed as a teacher in any State,

“(ii) has taught at an eligible educational institution, or
“(iii) is a subject matter expert in the relevant subject.

“(F) Fees for a nationally standardized norm-referenced achievement test, an advanced placement examination, or any examinations related to college or university admission.

“(G) Fees for dual enrollment in an institution of higher education.

“(H) Educational therapies for students with disabilities provided by a licensed or accredited practitioner or provider, including occupational, behavioral, physical, and speech-language therapies.

Such term shall include expenses for the purposes described in subparagraphs (A) through (H) in connection with a homeschool (whether treated as a homeschool or a private school for purposes of applicable State law).”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made after the date of the enactment of this Act.
SEC. 3. INCREASE IN LIMITATION ON DISTRIBUTIONS FROM 529 PLANS FOR ELEMENTARY AND SECONDARY SCHOOL EXPENSES.

(a) In general.—Section 529(e)(3)(A) of the Internal Revenue Code of 1986 is amended by striking “$10,000” in the flush matter at the end and inserting “$20,000”.

(b) Effective date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2023.

SEC. 4. GIFT TAX EXCLUSIONS.

(a) Gift tax exclusion for contributions to 529 plans.—Section 2503(b) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(3) Exclusion for contributions to 529 plans.—The dollar amount in effect under paragraph (1) with respect to gifts (to which such paragraph applies) made to any person during any calendar year shall be increased (not in excess of $20,000) by the amount of such gifts made during such calendar year to qualified tuition programs (as defined in section 529) with respect to which such person is the designated beneficiary.”.
(b) EFFECTIVE DATE.—The amendments made by this section shall apply to gifts made after December 31, 2023.

SEC. 5. TAX-EXEMPT BONDS RESTRICTED TO STATES THAT IMPLEMENT SCHOOL CHOICE LAWS.

(a) IN GENERAL.—Section 103 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(d) RESTRICTION TO STATES THAT IMPLEMENT SCHOOL CHOICE LAWS.—

“(1) IN GENERAL.—Subsection (a) shall not apply to any State or local bond unless such bond is issued by a minimum school choice State or a political subdivision of such a State.

“(2) PARTIAL EXCLUSION WITH RESPECT TO CERTAIN STATES.—

“(A) IN GENERAL.—In the case of any State or local bond issued by a minimum school choice State which does not meet the requirements of subparagraph (B) (or issued by any political subdivision of such a State), subsection (a) shall be applied by substituting ‘50 percent of the interest’ for ‘interest’.
“(B) REQUIREMENTS.—A minimum school choice State meets the requirements of this sub-paragraph if the Secretary determines that—

“(i) at least 65 percent of the specified school age children are eligible for one or more of such State’s school choice programs, and

“(ii) the average amount spent by such State on the education of each specified school age child eligible for one or more such State’s school choice programs is at least 75 percent of the average amount spent by such State on the education of each specified school age child not eligible for one or more of such programs.

“(3) MINIMUM SCHOOL CHOICE STATE.—For purposes of this subsection, the term ‘minimum school choice State’ means any State if the Secretary determines that—

“(A) such State has enacted one or more school choice programs,

“(B) at least 40 percent of the specified school age children are eligible for one or more of such State’s school choice programs, and
“(C) the average amount spent by such State on the education of each specified school age child eligible for one or more such State’s school choice programs is at least 60 percent of the average amount spent by such State on the education of each specified school age child not eligible for one or more of such programs.

“(4) SCHOOL CHOICE PROGRAMS.—For purposes of this subsection, the term ‘school choice program’ means, with respect to any State, each of the following with respect to elementary and secondary education in such State—

“(A) Tax credit scholarship programs.

“(B) Voucher programs.

“(C) Education savings account program.

“(D) Refundable tax credit for private education expenses.

“(5) SPECIFIED SCHOOL AGE CHILD.—For purposes of this subsection, the term ‘specified school age child’ means, with respect to any State, any individual residing in such State who has not attained age 18.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to bonds issued after the date of the enactment of this Act.