



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

February 19, 2015

**H.R. 529**

**A bill to amend the Internal Revenue Code of 1986 to improve 529 plans**

*As ordered reported by the House Committee on Ways and Means on February 12, 2015*

H.R. 529 would modify the tax treatment of college savings plans authorized under section 529 of the Internal Revenue Code. Under current law, income earned on amounts in those accounts accumulates on a tax-free basis, and the distribution of such income is not included in the taxable income of the recipient to the extent that it is used to pay certain higher education expenses. H.R. 529 would expand the qualifying expenses to include certain computer and related expenses. The bill would also modify the computation of the taxable portion of a distribution when the contributor has established multiple accounts for the student. In addition, H.R. 529 would allow beneficiaries to pay no tax in the event that they receive a refund from the educational institution (for example, after withdrawing from enrollment) and contribute the refunded amount back to the savings plan within 60 days.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 529 would reduce revenues, thus increasing federal deficits, by \$51 million over the 2015-2025 period.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending and revenues. Enacting H.R. 529 would result in revenue losses in each year beginning in 2015. The estimated increases in the deficit are shown in the following table.

JCT has determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Logan Timmerhoff. The estimate was approved by David Weiner, Assistant Director for Tax Analysis.

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**CBO Estimate of Pay-As-You-Go Effects for H.R. 529, as ordered reported by the House Committee on Ways and Means on February 12, 2015**

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	By Fiscal Year, in Millions of Dollars												2015-	2015-
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025	
<b>NET INCREASE IN THE DEFICIT</b>														
Statutory Pay-As-You-Go Impact	1	2	2	3	3	4	5	6	7	8	10	15	51	

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Source: Staff of the Joint Committee on Taxation.

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