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(Original Signature of Member)

114<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 5730**

To amend the Internal Revenue Code of 1986 to exclude room and board costs and certain research expenses from gross income of certain students.

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IN THE HOUSE OF REPRESENTATIVES

Mr. MESSER (for himself, Ms. STEFANIK, and Mr. HURD of Texas) introduced the following bill; which was referred to the Committee on

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**A BILL**

To amend the Internal Revenue Code of 1986 to exclude room and board costs and certain research expenses from gross income of certain students.

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 "Fair Treatment of  
5 Scholarships Act of 2016".

1 **SEC. 2. EXCLUSION OF ROOM AND BOARD COSTS AND CER-**  
2 **TAIN RESEARCH EXPENSES FROM GROSS IN-**  
3 **COME.**

4 (a) **IN GENERAL.**—Section 117(b)(1) of the Internal  
5 Revenue Code of 1986 is amended by striking “used for  
6 qualified tuition and related expenses.” and inserting the  
7 following: “used—

8 “(A) for qualified tuition and related ex-  
9 penses, or

10 “(B) in the case of an eligible student (as  
11 defined in section 25A(b)(3)), for room and  
12 board costs.”.

13 (b) **CLARIFICATION WITH RESPECT TO RESEARCH**  
14 **EXPENSES.**—Section 117(b)(2)(B) of such Code is  
15 amended by inserting “or for research at such an edu-  
16 cational organization” before the period at the end.

17 (c) **DEFINITIONS.**—Section 117(b) of such Code is  
18 amended by adding at the end the following new para-  
19 graph:

20 “(3) **ROOM AND BOARD COSTS.**—For purposes  
21 of paragraph (1), the term ‘room and board costs’  
22 means room and board costs for which there is an  
23 allowance under section 472(3) of the Higher Edu-  
24 cation Act of 1965.”.

25 (d) **LIMITATION.**—

1 (1) IN GENERAL.—Section 117(c) of such Code  
2 is amended by adding at the end the following new  
3 paragraph:

4 “(3) EXPENSES FOR RESEARCH.—

5 “(A) IN GENERAL.—The amount included  
6 in qualified tuition and related expenses under  
7 subsection (b)(2)(B) for a taxable year for re-  
8 search not required for a course of instruction  
9 shall not exceed \$300.

10 “(B) INFLATION ADJUSTMENT.—In the  
11 case of any taxable year beginning after 2016,  
12 the \$300 amount in subparagraph (A) shall be  
13 increased by an amount equal to—

14 “(i) such dollar amount, multiplied by

15 “(ii) the cost-of-living adjustment de-  
16 termined under section 1(f)(3) for the cal-  
17 endar year in which the taxable year be-  
18 gins, determined by substituting ‘calendar  
19 year 2015’ for ‘calendar year 1992’ in sub-  
20 paragraph (B) of such section.

21 “(C) ROUNDING.—If any increase deter-  
22 mined under subparagraph (B) is not a mul-  
23 tiple of \$5, such increase shall be rounded to  
24 the nearest multiple of \$5.”

1           (2) CONFORMING AMENDMENTS.—Section  
2       117(c) of such Code is amended—

3           (A) in the heading, by striking “LIMITA-  
4       TION” and inserting “LIMITATIONS”, and

5           (B) in the heading of paragraph (1), by  
6       striking “IN GENERAL” and inserting “PAY-  
7       MENT FOR TEACHING, RESEARCH, AND OTHER  
8       SERVICES”.

9       (e) EFFECTIVE DATE.—The amendments made by  
10   this section apply with respect to amounts received in tax-  
11   able years beginning after December 31, 2015.