

1 OPEN EXECUTIVE SESSION TO CONSIDER S. 335, A BILL TO  
2 AMEND THE INTERNAL REVENUE CODE OF 1986 TO IMPROVE 529  
3 PLANS, AS MODIFIED  
4 WEDNESDAY, APRIL 29, 2015  
5 U.S. Senate,  
6 Committee on Finance,  
7 Washington, DC.

8 The hearing was convened, pursuant to notice, at  
9 9:43 a.m., in Room 215, Dirksen Senate Office Building,  
10 Hon. Orrin G. Hatch (chairman of the committee)  
11 presiding.

12 Present: Senators Grassley, Crapo, Thune, Portman,  
13 Coats, Heller, Wyden, Stabenow, Cantwell, Menendez,  
14 Carper, Cardin, Brown, Bennet, Casey, and Warner.

15 Also present: Tom Barthold, Chief of Staff, Joint  
16 Committee on Taxation; and Mark J. Mazur, Assistant  
17 Secretary for Tax Policy, U.S. Department of the  
18 Treasury. Republican Staff: Chris Campbell, Staff  
19 Director; Mark Prater, Deputy Staff Director and Chief  
20 Tax Counsel; and Jim Lyons, Tax Counsel. Democratic  
21 Staff: Adam Carasso, Senior Tax and Economic Advisor;  
22 Joshua Sheinkman, Staff Director; Laura Berntsen, Senior  
23 Advisor for Health and Human Services; Michael Evans,  
24 General Counsel; and Todd Metcalf, Chief Tax Counsel.  
25 Non-Designated Staff: Joshua LeVasseur, Chief Clerk and

1 Historian; and Jewel Harper, Deputy Clerk.

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1 OPENING STATEMENT OF HON. ORRIN G. HATCH, A U.S. SENATOR  
2 FROM UTAH, CHAIRMAN, COMMITTEE ON FINANCE

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4 The Chairman. The Committee will come to order.

5 Today the Committee has before it the Chairman's  
6 mark of S. 335, a bill to amend the Internal Revenue Code  
7 of 1986 to Improve 529 Plans as Modified. I want to  
8 welcome everyone. We have come together today to mark up  
9 S. 335, a bill to improve 529 plans.

10 As we all know, this legislation was introduced here  
11 in the Senate by Senator Grassley. He deserves a lot of  
12 credit for putting together a strong bipartisan bill.  
13 The bill also has nine cosponsors on the Finance  
14 Committee alone. They are, on the Republican side,  
15 Senators Roberts, Burr, Isakson, Scott and Portman. And  
16 on the Democrat side, Senators Casey, Schumer, Cardin,  
17 and Warner.

18 Chuck, you have got a pretty diverse cast of  
19 characters in support of your bill. You must be on to  
20 something.

21 So this commonsense bill will make some important  
22 changes to the way the 529 education savings accounts  
23 operate. As we all know, 529 accounts are used by many  
24 families throughout the country to help pay for the cost  
25 of a college education, which as we have seen, are

1 growing more and more every year. They provide  
2 hardworking taxpayers with an efficient and cost-  
3 effective way to help provide their children with greater  
4 opportunities.

5 Over the past few years, the value and use of 529  
6 accounts has increased dramatically. From 2012 to 2013  
7 alone, there was a net increase of 19.1 percent in 529  
8 account assets. According to recent estimates, total  
9 investment by American families in 529 plans is now more  
10 than \$247 billion, with the average account size  
11 calculated at \$20,474 at the end of 2014.

12 But these plans are not perfect. Senator Grassley's  
13 bill would address three specific frustrations that  
14 families and taxpayers have encountered with the current  
15 code. These three fixes will make it easier for families  
16 to save for a college education by updating Section 529  
17 for 21st-century use.

18 First, the bill would update Section 529 to include  
19 computers and internet access primarily used by the  
20 student as qualified education expenses. This seems like  
21 commonsense to me. This change will allow students to  
22 have greater access to current technology as they pursue  
23 their education.

24 Second, the bill gets rid of some of the unnecessary  
25 complexity in the law by getting rid of the so-called

1 aggregation rules. This, once again, only makes sense.

2 Finally, the bill would allow students to  
3 recontribute funds to their accounts, tax free, if they  
4 receive refunds for educational expenses paid for out of  
5 their 529 accounts. For example, under the bill, if a  
6 student gets a scholarship after they have paid tuition  
7 using their 529, or if illness or unexpected  
8 circumstances cause the student to withdraw from school  
9 resulting in a refund, they can return that amount into  
10 their account without a tax penalty.

11 Once again, these are commonsense changes to the law  
12 that can make it that much more affordable for students  
13 to receive an education. That is why the bill has  
14 garnered overwhelming bipartisan support.

15 The version of this bill that we are marking up  
16 today passed the House by a vote of 401 to 20. There  
17 were 161 House Democrats voting in favor of it, and only  
18 19 voting against. I hope that we see a similar result  
19 here in the Senate.

20 Once again, I want to give credit to Senator  
21 Grassley for his work on this bill. As a former Chairman  
22 of the Finance Committee, he has a wealth of experience  
23 and expertise in these matters. Today we are all going  
24 to be able to benefit from it.

25 Yesterday, Senate leaders received a letter from the

1 National Association of State Treasurers expressing that  
2 organization's support for this legislation. Without  
3 objection, that letter will be entered into the record.

4 [The letter appears at the end of the transcript.]

5 The Chairman. In addition to stating their support  
6 for the overall aims of the bill, the leaders of NAST  
7 stated, "We hope the legislation passed by the Finance  
8 Committee will be identical to the bill passed in the  
9 House so that legislation can move quickly through the  
10 Senate and directly on to the President's desk." That is  
11 what I hope we can do.

12 My hope is that we can report this bill out of  
13 Committee without amendments so that we can merge it with  
14 the House bill on the floor and send it to the  
15 President's desk so that we can get this section of the  
16 tax code working for everyday Americans trying to improve  
17 educational opportunities for the next generation.

18 I would like to recognize Senator Wyden for his  
19 opening remarks, and then we will go from there.

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1 OPENING STATEMENT OF HON. RON WYDEN, A U.S. SENATOR FROM  
2 OREGON

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4 Senator Wyden. Thank you very much, Mr. Chairman.

5 Before I make my opening remarks, I would just like to  
6 take note -- some members may not have heard -- but today  
7 is a momentous day for one of our most dedicated  
8 colleagues. Today is Debbie Stabenow's birthday.

9 I am not a sufficiently good singer to break into  
10 song, but I just wanted all of you to know that this was  
11 a special day.

12 Senator Stabenow. Thank you, Mr. Chairman.

13 Senator Wyden. Mr. Chairman, can I just yield  
14 briefly to our colleague before I make my remarks?

15 The Chairman. Sure.

16 Senator Stabenow. I would just say thank you.  
17 Thank you.

18 Senator Wyden. There you are.

19 Today the Finance Committee is marking up  
20 legislation that is useful, though it is very narrowly  
21 targeted. This bill is going to help make some of the  
22 most basic costs of a college education more affordable  
23 for a lot of students in Oregon and elsewhere, especially  
24 for kids from families who have been fortunate enough to  
25 be able to put money into 529 savings plans.

1           My view is that economics in America is at its best  
2 when everybody has the chance to get ahead. And the  
3 reality is, for too many Americans it has not been  
4 possible to put a significant amount of money aside in a  
5 529.

6           We have got millions of families in this country  
7 walking on an economic tightrope every single day. No  
8 matter how often they are reminded to save, it just is  
9 not feasible.

10           So that brings me to what is, in my view, a key fact  
11 for us all to recognize as we begin. When it comes to  
12 college affordability, there is a lot of wood left to  
13 chop, and it would be a mistake to leave the rest of the  
14 woodpile sitting.

15           For example, there is the fact that today too many  
16 young people look at the sticker price of a college  
17 education and decide not to go. We are trying to do  
18 things to address that. Senator Warner has been involved  
19 in an important effort there. The reality is we need  
20 those because there are a lot of places that students can  
21 turn to for financial help and guidance, but the price is  
22 just too high for millions of families to afford it, and  
23 the fact is, there is not particularly good information  
24 out there, for example, on how much you would be able to  
25 earn if you got a degree.



1           Then there is the fact that with a college  
2 education, an investment of potentially \$100,000, this is  
3 one of the biggest investments our students would ever  
4 make. No financier or business-owner would go into a  
5 life-changing investment without first getting the facts.

6           So that is what Senator Warner and others are trying to  
7 address, and it is long overdue.

8           Now especially relevant this morning is the fact  
9 that students and parents have to make dozens of  
10 calculations -- dozens -- to figure out which higher ed  
11 tax incentives are the right ones to use. The official  
12 guidebooks for higher tax ed provisions are so dense and  
13 so headache inducing, they ought to come packaged with a  
14 bottle of Tylenol.

15           It is no wonder that these incentives are  
16 underutilized by many of the young people and the  
17 students who most need the help. It is extraordinarily  
18 important that this Committee look to simplify the system  
19 to a handful of vastly more understandable provisions  
20 based on the key goals: saving, covering costs, and  
21 paying off the loans.

22           Finally, there is the fact that millions of students  
23 start college and take on 1000s of dollars in debt, but  
24 never make it through to graduation day. Often, again,  
25 it is because of the costs. If tax incentives and Pell

1 Grants were more generous and easier to obtain, things  
2 might be different. But instead, millions of young  
3 people wind up without a degree and paralyzed by student  
4 loan debt for years and years.

5 The bill the Finance Committee is considering today  
6 can help families wring a little bit more out of their  
7 529 savings plans, and they will be, as I indicated,  
8 valuable and useful. I do hope the Committee can come  
9 together on a bipartisan basis to strengthen this  
10 legislation and do considerable more for those, as I  
11 mentioned, who are on that economic tightrope. They want  
12 to climb the rungs on the ladder of opportunity in this  
13 country, and we ought to do more to help them.

14 For example, this legislation would allow students  
15 for the first time to use their 529 savings to buy  
16 computers. For the purpose of 529 plans, computers are  
17 considered a qualified expense. That is reasonable. Few  
18 would disagree. Yet, there are other more widely used  
19 tax benefits with their own sets of rules and they do not  
20 help students buy computers under current law. That  
21 imbalance makes no sense. We have an opportunity today  
22 to begin to correct it.

23 A number of our colleagues have brought thoughtful  
24 improvements to this web of education tax incentives. I  
25 look forward to this debate and will just close by

1 saying, the Finance Committee is not, nor has it ever  
2 been a rubberstamp for the House of Representatives or  
3 the Ways and Means Committee. The bill before us is an  
4 improvement on current law. It is not enough.

5 So we have got a mountain ahead that needs climbing  
6 and we ought to start with that proposition. The climb  
7 starts today, and I look forward to working with you, Mr.  
8 Chairman, and all of our colleagues.

9 The Chairman. Well, thank you, Senator.

10 Let us now recognize Senators who want to make  
11 opening statements. I hope that most Senators will  
12 choose not to make opening statements at this time to  
13 allow us to move more quickly to the mark. That said,  
14 for any Senator who does want to give an opening  
15 statement, I would ask that they limit their comments to  
16 no more than three minutes.

17 I turn to Senator Grassley, whose bill this is.

18 Senator Grassley. Well, the two speakers have  
19 covered every point I was going to make, except a couple.

20 So I am going to put my statement in the record and make  
21 those two points as well as thanking Senator Casey for  
22 his joining me early in this effort, and Senator Hatch  
23 mentioned the other cosponsors. I thank them as well.

24 You will remember in the President's budget, he said  
25 the fee aspects of 529 ought to be eliminated. Just how

1 popular this program is, within a week or two, the  
2 President had backed off of that position.

3 So you kind of get the opinion that maybe this is  
4 thought of as a rich person's program. So I want to end  
5 with the statistics that the college-savings plan backs  
6 up anecdotal evidence. On a national basis, the average  
7 account balance is under \$21,000. In my state of Iowa,  
8 the average balance is slightly lower than \$17,000, which  
9 I think speaks specifically to this being an effort to  
10 help middle income people save for college and compared  
11 to the cost of college, this is relatively unused, even  
12 though 12 million people are taking advantage of it in  
13 July of 2014.

14 So I will put the rest of my statement in the  
15 record.

16 [The prepared statement of Senator Grassley appears  
17 at the end of transcript.]

18 The Chairman. Thank you.

19 Senator Casey. Mr. Chairman?

20 The Chairman. Without objection it will be placed  
21 in the record.

22 Yes, Senator?

23 Senator Casey. Mr. Chairman, I will be very brief.

24 The Chairman. The Senator from Pennsylvania.

25

1 OPENING STATEMENT OF HON. ROBERT P. CASEY, JR., A U.S.  
2 SENATOR FROM PENNSYLVANIA

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4 Senator Casey. I too will put my statement in the  
5 record, but I want to thank you and the Ranking Member  
6 for having this mark and I want to say how much I enjoyed  
7 working with Senator Grassley to get this legislation  
8 moving forward.

9 Probably, no other cost in American life is as  
10 significant in the lives of middle class families as  
11 college education. I am not sure anything has increased  
12 over the last quarter of a century at the rate that  
13 paying for higher education has.

14 Just for example, this 529 plan in our state now has  
15 some 197,829 accounts. So it is put to good use. We are  
16 grateful to have the opportunity and look forward to  
17 working to move it beyond the Committee.

18 Thank you.

19 [The prepared statement of Senator Casey appears at  
20 the end of transcript.]

21 The Chairman. Thank you, Senator. Anyone else  
22 care to make any comments?

23 Senator Heller?

24

25

1       OPENING STATEMENT OF HON. DEAN HELLER, A U.S. SENATOR  
2       FROM NEVADA

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4             Senator Heller.    I will do the same, be brief, and  
5       submit my comments for the record.

6             But I have Amendment Number 4, Committee Amendment  
7       Number 4 here.   Briefly, it has to do with the Hearing  
8       Aids Assistance Tax Credit Act.   It is a priority of  
9       mine.

10            What I want to do is to limit it to children under  
11       the age of 26 -- just to get this on the record so that  
12       you know it is a priority of mine so that in the future  
13       we can address this particular issue.   Statistics have  
14       indicated that for children who do not receive early ear  
15       intervention, the cost of special education, lost wages,  
16       and health complications amount to nearly one million  
17       dollars a year, overall lifetime costs.

18            So I will submit my comments, but I want to thank  
19       you for this hearing and for the opportunity for us to  
20       have this discussion and will hope that this particular  
21       amendment will become priority in the future.

22            Mr. Chairman, thank you.

23            [The prepared statement of Senator Heller appears at  
24       the end of transcript.]

25            The Chairman.    Thank you, Senator.   I appreciate

1 it. Anybody else? Please raise your hand so I can see  
2 it.

3 Senator Wyden. Senator Bennet, I think.

4 The Chairman. Senate Bennet?

5 Senator Bennet. Are you ready for amendments, Mr.  
6 Chairman, or were we still on opening statements?

7 The Chairman. Yes. Let me just say this, then --

8 Senator Wyden. Did Senator Coats want to say  
9 something?

10 Senator Coats. [Off mic.]

11 The Chairman. Okay. Well let me just say, this  
12 Committee has before it, the Chairman's mark. The next  
13 order of business is to walk through the mark and answer  
14 any questions.

15 As is our usual practice, I recognize the Chief of  
16 Staff of the Joint Committee on Taxation, Tom Barthold to  
17 do so. Mr. Barthold, could you briefly describe the  
18 mark? In addition to Mr. Barthold, we have Mark Mazur,  
19 Assistant Secretary for Tax Policy, as well as both  
20 representatives from the Majority and Minority Staff here  
21 on the Finance Committee to answer any questions about  
22 the mark.

23 So we will turn now to Mr. Barthold.

24 Mr. Barthold. Thank you, Chairman, and thank you,  
25 Senators.

1           The Committee has before it Joint Committee Document  
2 JCX-83-15 which describes in detail the bill as modified  
3 by the Chairman's mark. As the Chairman had noted, there  
4 are three principle provisions to this legislation.

5           One, it provides that computer equipment and  
6 internet access would be qualified expenses for  
7 distributions from 529 plans. It changes the calculation  
8 of basis versus earnings, distributions from 529 plans  
9 from an aggregate basis to a distribution-by-distribution  
10 basis. As the Chairman had notes, it provides that  
11 refunds of expenses that were funded from a distribution  
12 of a 529 plan may be recontributed to the plan on a  
13 nontax basis if the refund was due to a student having to  
14 withdraw from the educational institution.

15           I am happy to answer any questions that require  
16 further detail from the Committee Members that they may  
17 have.

18           The Chairman. Well, let me recognize Senator Wyden  
19 for any comments on the mark.

20           Senator Wyden. No additional comments, Mr.  
21 Chairman.

22           The Chairman. Okay. Anybody have any questions  
23 about the mark?

24           [No response.]

25           The Chairman. Well, if not, I want to give thanks,



1 again, to all the Members for your opening remarks on  
2 this important issue. We will put all statements in the  
3 record.

4 Let us turn to amendments. My staff and Ranking  
5 Member Wyden's staff have worked out an order for  
6 considering amendments.

7 We will start with Senator Coats, followed by  
8 Ranking Member Wyden, and then proceed in the following  
9 order: Senator Heller, Senator Schumer, Senator  
10 Stabenow, Senator Cantwell, Senator Menendez, Senator  
11 Bennet, and Senator Warner -- Ranking Member Wyden and  
12 then Senator Stabenow and Senator Bennet -- and then  
13 Ranking Member Wyden again.

14 So with that, I recognize Senator Coats to discuss  
15 his amendments.

16 Senator Coats. Mr. Chairman, in the interest of  
17 expediting passage of this bill, I do not plan to offer  
18 my two amendments for votes at this particular point in  
19 time. However, I would appreciate knowing whether the  
20 Chairman agrees that these are issues for the Finance  
21 Committee to address at a later time.

22 Let me just briefly discuss what these two are, and  
23 then we will set them aside.

24 My first amendment addresses a situation in which  
25 the Internal Revenue Service assesses penalties against

1 colleges and universities for failing to provide accurate  
2 taxpayer identification numbers or TINs for students on  
3 the information returns they are required to file. Now  
4 that is not a bad thing.

5 The problem is it creates a serious problem for our  
6 state where our state law prohibits colleges and  
7 universities from compelling students to provide this  
8 information. So my amendment number one would provide  
9 for a waiver of penalties if colleges and universities  
10 certify that they have complied with IRS standards for  
11 requesting the taxpayer identification numbers from  
12 students, but that the students fail to provide those  
13 numbers.

14 My second amendment addresses the serious problem of  
15 improper payments of higher education tax benefits,  
16 whether through fraud or mistake. In 2011, the Treasury  
17 Inspector General for Tax Administration estimated that  
18 2.1 million taxpayers may have received \$3.2 billion in  
19 erroneous education tax credits in just one year.

20 My amendment number two would provide that in order  
21 to receive tax benefits for tuition paid under the  
22 American Opportunity Tax Credit, Hope Credit, Lifetime  
23 Learning Credit, or the tuition deduction, the taxpayer  
24 must possess a valid information return from a qualified  
25 higher education institution.

1           I think both of these -- one addresses the unique  
2 situation within my state where the laws conflict.  
3 Hopefully, the remedy there is reasonable. The second  
4 one addresses a major piece of fraud that was determined  
5 by the Treasury Inspector General that I think needs to  
6 be addressed.

7           I would be willing to withhold those two amendments  
8 in the interest of expediting this particular bill. I  
9 would like to have the Chairman's confirmation that we  
10 can work on these at the more appropriate time.

11           The Chairman. Well, you do. I appreciate you  
12 share the concern raised by my friend from Indiana.

13           It is my understanding that the IRS has waived fines  
14 for the 2011 tax year for colleges and universities that  
15 filed the tuition statement forms with missing or  
16 incorrect taxpayer identification numbers. It does  
17 appear that fines for the 2012 tax year also have been  
18 assessed.

19           This continuing uncertainty is bad for all parties  
20 involved. I share your concerns about it and appreciate  
21 your thoughtfulness in addressing improper payments. So  
22 I am looking forward to working with you on both of these  
23 issues, and we will.

24           Senator Coats. Thank you.

25           The Chairman. All right. We will then turn to

1 Senator Wyden.

2 Senator Wyden. Thank you, Mr. Chairman.

3 Mr. Chairman, my first amendment would remove 529  
4 plan balances from the asset test for the Temporary  
5 Assistance to Needy Families Program. I have a  
6 modification to the amendment, Mr. Chairman.

7 In the interest of time, I would like to just  
8 describe it while the modification is being distributed.

9 Would that be all right?

10 The Chairman. That would be fine.

11 Senator Wyden. Mr. Chairman, most Federal higher  
12 education tax programs reimburse students for expenses  
13 they have already incurred. But children's savings  
14 accounts represent a real strategy for building a culture  
15 of savings and expanding educational opportunity early in  
16 life, and colleagues, there is already a lot of evidence  
17 that Democrats and Republicans want to work together on  
18 these child savings accounts.

19 Unfortunately, too many low income families who need  
20 that assistance the most are left behind under the 529  
21 structure. In some states, as little as a \$1000 in  
22 children's savings can make a family ineligible for the  
23 Temporary Assistance to Needy Families benefits.

24 At the ver least, it seems to me, this Committee  
25 ought to make sure that families that rely on our crucial

1 safety net programs are not faces with the Sophie's  
2 Choice of having their child save for college or be  
3 denied access to something that is a lifeline, a critical  
4 lifeline, a safety net program like Temporary Assistance  
5 to Needy Families.

6 The Congress took a meaningful step in this  
7 direction. I want to commend our colleague, Senator  
8 Stabenow, for her efforts by eliminating 529 savings from  
9 SNAP asset limits. This conforming amendment makes the  
10 same exclusion for the purpose of eligibility for the  
11 Temporary Assistance for Needy Families Program.

12 The research on this point, Mr. Chairman, is clear.  
13 Asset limits for families who are vulnerable, the  
14 families that we would really like to see in the years  
15 ahead save and rebuild a culture of savings, these asset  
16 limits are harming their ability to save and plan for the  
17 future. For us to help promote an upwardly mobile  
18 society through education, it is time to reform these  
19 counterproductive rules, and in my view it starts, Mr.  
20 Chairman and colleagues, by removing 529 plan balances  
21 from the asset test for the program that is the Temporary  
22 Assistance to Needy Families.

23 I urge my colleagues to support this amendment.

24 The Chairman. Well, regrettably, I have to oppose  
25 the amendment offered by my friend, the Ranking Member of

1 the Committee, and I urge my colleagues to do the same.

2 While the amendment offered by Senator Wyden is  
3 well-intentioned, it is not clear to me that it is  
4 necessary or even good policy. States have tremendous  
5 flexibility under the Temporary Assistance for Needy  
6 Families Program, otherwise known as TANF. States set  
7 their own benefit level and can also disregard income and  
8 assets, including the educational savings accounts.

9 It seems counterintuitive to me that a state would  
10 establish one of these educational savings accounts to  
11 help low-income families, and not ensure that the  
12 family's access to assistance was not compromised.  
13 However, the \$100,000 disregard established by the  
14 amendment strikes me as excessive. Most Americans would  
15 consider a family that had \$100,000 in the bank to be  
16 fairly well-off and not in need of welfare.

17 Welfare is meant to be a temporary state where  
18 assistance and job training are offered to get families  
19 on a pathway to self-sufficiency. TANF recipients should  
20 be working or preparing to work, not sitting on \$100,000  
21 in the bank while continuing to get a welfare check.

22 Finally, I would be remiss if I did not note that in  
23 July 2012, the Obama Administration vastly exceeded the  
24 authority of the Executive Branch and issued a rule to  
25 stage granting the Administration the unprecedented, and

1 in my view, unconstitutional authority to waive Federal  
2 welfare law. For years, I have asked the Administration  
3 to withdraw this illegal rule and work with the Congress  
4 on sound welfare reform. This request has been  
5 unanswered for years.

6 So while I am not persuaded on the merits of this  
7 amendment, I must also note that the Obama Administration  
8 has created a very difficult atmosphere in which to move  
9 any policies related to TANF. For these reasons, I  
10 oppose the amendment. I urge my colleagues to do the  
11 same.

12 Senator Wyden. Mr. Chairman, I will just be very  
13 brief in responding.

14 Colleagues, half of our states have disincentives  
15 for savings, and that is the reason that I want this  
16 amendment. I think it is so crucial, because when you  
17 are talking about TANF, you are talking about the most  
18 vulnerable people in America, and with half the states  
19 creating disincentives for those families to save, I just  
20 think that that is a particularly ill-advised track to  
21 take.

22 I think my colleague would like to speak, and then I  
23 would just ask for the yeas and nays.

24 The Chairman. Any colleagues care to comment?

25 Senator Stabenow. Mr. Chairman?

1           The Chairman.    Yes.

2           Senator Stabenow.   Mr. Chairman, I just want to  
3           strongly support Senator Wyden's amendment.  If, in fact,  
4           we are trying to create pathways for people to be lifted  
5           out of poverty, the ability to go to college, the ability  
6           to know that there is some hope going forward -- that if  
7           you work hard, you make the grades, that you are going to  
8           have a chance to do that without in some way penalizing  
9           your family's ability to have a roof over their head or  
10          some other basics just seems to me to be pretty simple,  
11          good policy.  I am sorry that you are not supporting it,  
12          but I really do think that we are doing everything we can  
13          to encourage savings and everything we can to encourage  
14          people to work hard, do the right thing, go to college  
15          and be able to lift themselves to a better life.

16          The Chairman.    Okay.  Any other comments or any  
17          other --

18          [No response.]

19          Senator Wyden.    Yeas and nays, Mr. Chairman.

20          The Chairman.    The yeas and nays have been called  
21          for.  The clerk will call the roll.

22          The Clerk.    Mr. Grassley?

23          Senator Grassley.   No.

24          The Clerk.    Mr. Crapo?

25          Senator Crapo.    No.



1           The Clerk.    Mr. Roberts?  
2           The Chairman.   Pass.  
3           The Clerk.    Mr. Enzi?  
4           The Chairman.   No by proxy.  
5           The Clerk.    Mr. Cornyn?  
6           The Chairman.   No by proxy.  
7           The Clerk.    Mr. Thune?  
8           The Chairman.   No by proxy.  
9           The Clerk.    Mr. Burr?  
10          The Chairman.   No by proxy.  
11          The Clerk.    Mr. Isakson?  
12          The Chairman.   No by proxy.  
13          The Clerk.    Mr. Portman?  
14          Senator Portman.   No.  
15          The Clerk.    Mr. Toomey?  
16          The Chairman.   No by proxy.  
17          The Clerk.    Mr. Coats?  
18          Senator Coats.    No.  
19          The Clerk.    Mr. Heller?  
20          The Chairman.   No by proxy.  
21          The Clerk.    Mr. Scott?  
22          The Chairman.   No by proxy.  
23          The Clerk.    Mr. Wyden?  
24          Senator Wyden.    Aye.  
25          The Clerk.    Mr. Schumer?

1 Senator Wyden. Aye by proxy.  
2 The Clerk. Ms. Stabenow?  
3 Senator Stabenow. Aye.  
4 The Clerk. Ms. Cantwell?  
5 Senator Cantwell. Aye.  
6 The Clerk. Mr. Nelson?  
7 Senator Wyden. Aye by proxy.  
8 The Clerk. Mr. Menendez?  
9 Senator Wyden. Aye by proxy.  
10 The Clerk. Mr. Carper?  
11 Senator Carper. Aye.  
12 The Clerk. Mr. Cardin?  
13 Senator Cardin. Aye.  
14 The Clerk. Mr. Brown?  
15 Senator Brown. Aye.  
16 The Clerk. Mr. Bennet?  
17 Senator Bennet. Aye.  
18 The Clerk. Mr. Casey?  
19 Senator Casey. Aye.  
20 The Clerk. Mr. Warner?  
21 Senator Warner. Aye.  
22 The Clerk. Mr. Chairman?  
23 The Chairman. Mr. Roberts is no by proxy, and I am  
24 no.  
25 The Clerk. Mr. Chairman, the final tally is 12

1 ayes, 14 nays.

2 The Chairman. The amendment is defeated.

3 Is Senator Heller here? He is next.

4 [No response.]

5 The Chairman. Well, let us go to -- oh, Senator  
6 Heller, you are next.

7 Senator Heller. Thank you Mr. Chairman. In my  
8 opening statement, I pulled the amendment. I just want  
9 to thank you and this Committee for what you are doing.

10 But I just wanted to make sure that this hearing aid  
11 issue is something that is brought before you in the near  
12 future, something that is important to me. Senator  
13 Klobuchar and I have worked together on this particular  
14 issue, and I want to make sure that we keep that in front  
15 of this Committee so that in the future we will have an  
16 opportunity to act on it.

17 The Chairman. Well, thank you Senator.

18 Senator Heller. Thank you.

19 The Chairman. Senator Stabenow, you are next.

20 Senator Stabenow. Well, thank you Mr. Chairman.  
21 Before going to my amendment, I just want to also support  
22 Senator Heller's issue. I hope we can bring that up and  
23 get that done.

24 My amendment is Stabenow Number 2. I am not sure of  
25 the number on our list, but let me explain this. I hope

1 this is a very common-sense addition that can be  
2 accepted, Mr. Chairman, because we had hearings on  
3 financial aid assistance and tax credits, and we have  
4 heard over and over again that, in fact, too many people  
5 do not know that the tax credits exist. They do not know  
6 about 529s. They do not know about what we have done to  
7 encourage savings and help people to be able to go to  
8 college through the tax code.

9 In fact, in 2012, the GAO reported that one in six  
10 tax-filers failed to take full advantage of the available  
11 higher education tax benefits, like what we are talking  
12 about today.

13 So this is very simple. It would require the IRS in  
14 consultation with the Department of Education to provide  
15 students and their families with an estimate of their  
16 eligibility for higher education tax credits at the same  
17 time they receive their estimated eligibility for Federal  
18 student financial aid. Today, they are getting financial  
19 aid information, but they are not getting information  
20 about tax credits.

21 I think it makes a difference. It will raise  
22 awareness for students and, again, give them an  
23 opportunity to see what support is there if they work  
24 hard and make the grade, graduate, and get accepted to  
25 college. They need to really see the full picture of

1 help that is available to them.

2 Let me also mention, Mr. Chairman, I know we need  
3 offsets. There is a small cost, we understand, for this,  
4 of \$375 million. We have an offset that would raise \$388  
5 million that is something that we talked about in various  
6 proposals in this Committee, very straightforward that  
7 would include as an offset, the revocation or denial of  
8 passports for taxpayers with seriously delinquent tax  
9 liability of over \$50,000. We have included that in  
10 other proposals before the Committee. So, Mr. Chairman,  
11 it is offset and I would ask for a vote.

12 The Chairman. Okay.

13 Senator Stabenow. Unless the Chairman would like  
14 to accept it.

15 [Laughter.]

16 The Chairman. Well, let me just say that I think  
17 this amendment is well-intentioned, but to me it is not  
18 workable in practice.

19 With the phase-outs contained in education tax  
20 credits, whether a tax credit qualifies for tax credits  
21 for education depends upon their tax situation after the  
22 year is over. In addition, the amount of tax credits for  
23 education also depends upon the tax situation after the  
24 tax year is over. Therefore, any estimate of tax credit  
25 before the tax year is completed is extremely speculative

1 and could be more confusing than helpful.

2 So I recommend my colleagues to vote no on this  
3 amendment. But I am prepared for a vote if the  
4 distinguished Senator is.

5 Senator Stabenow. Mr. Chairman, I would just add  
6 that Treasury actually recommended this in their May 2014  
7 report. It has been recommended in a number of venues as  
8 a way to provide information and make sure students know,  
9 and families know what is available.

10 I think it is very straightforward. I would hope it  
11 would not be controversial. We know there are changes in  
12 tax policy that occur all the time. The IRS certainly  
13 can accommodate for that. They do that every year, and I  
14 think the more information students and their parents  
15 have to be able to plan, the more options they have for  
16 being able to be successful and go to college.

17 Senator Wyden. Mr. Chairman?

18 The Chairman. Senator Wyden?

19 Senator Wyden. I would urge colleagues to support  
20 this. I support this strongly. What we are talking  
21 about here is essentially an online estimate of a  
22 student's eligibility for tax credits for higher ed at  
23 the time they receive estimates of their eligibility for  
24 other Federal student financial aid.

25 And colleagues, we had a hearing last year on this

1 topic. The extent to which students are kept in the dark  
2 here just takes your breath away. We had a student from  
3 Oregon, Amber Lee, who described, for example, how her  
4 guidance counselors would not tell her about programs  
5 that existed in the tax credit area.

6 We inquired why, and apparently, the guidance  
7 counselors -- and Mr. Mazur deserves a lot of credit for  
8 putting out some material to start correcting this.  
9 These guidance counselors thought, in effect, that if you  
10 told the student anything about existing law, you are  
11 providing, unlawfully, tax advice.

12 Now to Mr. Mazur's credit, the department's credit,  
13 we have got some material going out. The Stabenow  
14 amendment goes the next step. This is a very, very  
15 valuable amendment. I hope colleagues will support it.

16 The Chairman. Is there any further discussion?

17 Senator Portman. Mr. Chairman?

18 The Chairman. Senator Portman?

19 Senator Portman. Mr. Chairman, I would like to  
20 make a brief statement.

21 First of all, this bill passed the House by a veto-  
22 proof 401 to 20 margin. I support the underlying bill.  
23 It is bipartisan. I would like to see it get to the  
24 President's desk. I do not know what is going to happen  
25 on the floor, and so I am going to stick with you today

1 to try to get this to the floor to try to get this done.

2 Let me just say with regard to the information being  
3 provided to students and their families, I think it is a  
4 good idea. So I hope that this is one of the issues --  
5 and maybe there is going to be another amendment or two  
6 where I feel the same way, that we can take this up on  
7 the floor.

8 These 529 plans are incredibly important for all of  
9 our states. Ohio is number five in the country. We have  
10 got 640,000 beneficiaries. The program works well, but  
11 it can work better, and that is why I like this bill. It  
12 does modernize it, and particularly with regard to  
13 computer equipment and allowing these refunds and dealing  
14 with some of the paperwork.

15 I think it is an improvement and I want to see the  
16 bill get done, but I will say this is one of the issues  
17 that we ought to be taking up, depending on how we deal  
18 with this, on the floor ensuring it does get to the  
19 President, but that we are able to provide better  
20 information to more students and their families so they  
21 know this is an opportunity for them.

22 So with that, I am going to join you today to try to  
23 get this to the floor, but understanding I hope this is  
24 one of those issues we can take up.

25 The Chairman. Well, thanks, Senator -- we will



1 certainly give a lot of consideration -- assuming the  
2 amendment is not passed here, we will certainly give  
3 consideration between now and then.

4 Any other comments?

5 [No response.]

6 Senator Wyden. Yeas and nays, Mr. Chairman.

7 The Chairman. Yeas and nays have been ordered.

8 The clerk will call the roll.

9 The Clerk. Mr. Grassley?

10 Senator Grassley. No.

11 The Clerk. Mr. Crapo?

12 Senator Crapo. No.

13 The Clerk. Mr. Roberts?

14 The Chairman. No by proxy.

15 The Clerk. Mr. Enzi?

16 The Chairman. No by proxy.

17 The Clerk. Mr. Cornyn?

18 The Chairman. No by proxy.

19 The Clerk. Mr. Thune?

20 The Chairman. No by proxy.

21 The Clerk. Mr. Burr?

22 The Chairman. No by proxy.

23 The Clerk. Mr. Isakson?

24 The Chairman. No by proxy.

25 The Clerk. Mr. Portman?

1 Senator Portman. No.  
2 The Clerk. Mr. Toomey?  
3 The Chairman. No by proxy.  
4 The Clerk. Mr. Coats?  
5 Senator Coats. No.  
6 The Clerk. Mr. Heller?  
7 Senator Heller. No.  
8 The Clerk. Mr. Scott?  
9 The Chairman. No by proxy.  
10 The Clerk. Mr. Wyden?  
11 Senator Wyden. Aye.  
12 The Clerk. Mr. Schumer?  
13 Senator Wyden. Aye by proxy.  
14 The Clerk. Ms. Stabenow?  
15 Senator Stabenow. Aye.  
16 The Clerk. Ms. Cantwell?  
17 Senator Cantwell. Aye.  
18 The Clerk. Mr. Nelson?  
19 Senator Wyden. Aye by proxy.  
20 The Clerk. Mr. Menendez?  
21 Senator Menendez. Aye.  
22 The Clerk. Mr. Carper?  
23 Senator Wyden. Aye by proxy.  
24 The Clerk. Mr. Cardin?  
25 Senator Cardin. Aye.

1           The Clerk.    Mr. Brown?

2           Senator Brown.   Aye.

3           The Clerk.    Mr. Bennet?

4           Senator Bennet.   Aye.

5           The Clerk.    Mr. Casey?

6           Senator Casey.   Aye.

7           The Clerk.    Mr. Warner?

8           Senator Warner.   Aye.

9           The Clerk.    Mr. Chairman?

10          The Chairman.   No.

11          The Clerk.    Mr. Chairman, the final tally is 12  
12          ayes, 14 nays.

13          The Chairman.   The amendment is defeated. We will  
14          now turn to Senator Cantwell.

15          Senator Cantwell.   Thank you, Mr. Chairman.

16          My Amendment Number 4 is an amendment that I am  
17          offering and going to withdraw in hopes that we will work  
18          together on this, but it is to improve the reporting in  
19          the use of these 529 plans that are under consideration  
20          today.

21          We need better information about these tax benefits  
22          because part of the discussion here today is how to get  
23          them to be better used. Since they are state-run  
24          programs, some states have had different initiatives to  
25          everything from partnering with matching deductions to a

1 variety of things. I think more data would help us  
2 target this program to better success and utilization in  
3 the future.

4 So I hope that we can -- Treasury has only had one  
5 comprehensive report since 2009 on the use of these  
6 plans, and they found data relating to these 529 plan  
7 participants is limited because plan administrators have  
8 not really set a goal within these plans to try to fix  
9 that. So what we really want to do, obviously, is see  
10 how much the utilization of these plans could be pushed  
11 to larger, I guess, usage by a variety of U.S. taxpayers.

12 So this is the kind of data that we want to work with on  
13 the plan.

14 So I do not know if any of our witness panelist  
15 could tell us today about another way to get this besides  
16 doing the amendment. Mr. Mazur?

17 Assistant Secretary Mazur. I think the report that  
18 came out in September 2009, sort of the most recent one -  
19 - one of the difficulties we had was obtaining high-  
20 quality data. So being directed to do so would probably  
21 be a step in the right direction.

22 Senator Cantwell. Directing who?

23 Assistant Secretary Mazur. The Secretary of the  
24 Treasury.

25 Senator Cantwell. Okay. All right, well maybe,

1 Mr. Chairman, the Committee would -- and Senator Grassley  
2 and others would work towards such a letter?

3 The Chairman. Sure. As I understand it, Treasury  
4 already has the authority to conduct such a study.

5 Senator Cantwell. Well, they have a lot of  
6 authority, but often times we have to urge them to do  
7 certain things.

8 The Chairman. Let us just get it on record.  
9 Secretary Mazur, are you willing to have Treasury conduct  
10 such a study even without the passage of this amendment?

11 Assistant Secretary Mazur. Obviously, it is a  
12 matter of resources. If we were directed by you to do  
13 it, it moves up the priority list a lot.

14 Senator Cantwell. If it was a previous Hatch  
15 effort, maybe we can rejoin on another one.

16 Senator Wyden. It is a sunlight amendment and I  
17 really would urge that this project get done, get done  
18 expeditiously. We can go back through the hearing that  
19 we had last year. We have highlighted examples of this  
20 double standard. We want all Americans to be able to get  
21 ahead. And that is not the case today.

22 So, Mr. Chairman, I think what I would like to do is  
23 have you and I, with the sponsor of the amendment, work  
24 with Senator Grassley and get a letter to the Treasury  
25 Department making it clear --

1           Senator Cantwell.    Thank you.

2           The Chairman.    That will be done.  As I understand  
3 it, you are withdrawing the amendment at this time?

4           Senator Cantwell.   Yes, Mr. Chairman, but if could  
5 just also mention another amendment that I am  
6 withdrawing.

7           I know that the context of today's hearing is on one  
8 bill, and obviously, the Committee wants to understand  
9 how we are going to move forward on these -- are we going  
10 to take subject areas like tax deductions for education  
11 and have hearings on single bills because we have so much  
12 interest, obviously, in a whole variety of issues.  Just  
13 on this issue of education, I want to bring up one piece  
14 of legislation that I am also offering and withdrawing,  
15 which is an amendment related to S.536 that is something  
16 that our colleague, Senator Udall and Murkowski have  
17 taken the lead on.

18           This deals with education as it relates to  
19 participants within the Indian Health Care Profession and  
20 Tax Fairness Act.  Just to give the Committee a little  
21 bit of history, our late colleague, Senator Craig Thomas,  
22 and I worked on similar legislation as it related to the  
23 National Health Service Corp.

24           Believe it or not, the National Health Service Corp,  
25 we ended up giving education benefits to practice in

1 under-served areas, and then we ended up taxing it. So  
2 Senator Thomas and I were successful several years ago in  
3 repealing that tax on the National Health Service Corp,  
4 so the money would actually go to paying for education,  
5 instead of giving the benefit and then taxing it again.

6 So we were successful in that. This legislation and  
7 this amendment would simply apply the same standard as we  
8 do for the National Health Service Corp to the Indian  
9 Health Service Profession. So I just look forward to  
10 raising this issue today and hoping that my colleagues  
11 can work on this in the future.

12 Thank you, Mr. Chairman.

13 The Chairman. Well, thank you. I have to leave to  
14 go to the Senate, so Senator Grassley is going to take my  
15 place to finish this up, we hope.

16 So Senator Grassley, the next one is Senator --

17 Senator Grassley [presiding]. Senator Menendez,  
18 you are next.

19 Senator Menendez. Thank you, Mr. Chairman. Let me  
20 start by saying I appreciate the Committee is showing an  
21 interest in college affordability, an issue that is  
22 critically important since receiving some form of higher  
23 education is almost a prerequisite for a 21st century  
24 career. In fact, young adults with only a high school  
25 diploma are almost three times as likely to be unemployed

1 and earn just over half as much as those with a bachelors  
2 degree. But even as the demand for college graduates in  
3 the workforce increases, so too have the costs of  
4 tuition, making higher education all the more critical,  
5 yet more out of the reach for millions of students.

6 So it is abundantly clear that we in Congress need  
7 to be doing more to reduce the roadblocks to higher  
8 education. From my perspective, we need to make sure  
9 that Pell Grants are fully funded. We need to make sure  
10 loans come with low interest rates and flexible repayment  
11 options. We need to make sure those servicing private  
12 loans are doing so with the best interest of the student  
13 in mind. We need to level the playing field.

14 So with that in mind, I would like to offer Menendez  
15 Amendment Number 1 to the mark which would repeal the  
16 unexpected tax bill that afflicts far too many families  
17 struggling to pay off student loans. I want to thank  
18 Senators Schumer, Brown, Stabenow, Warner, and I would  
19 ask unanimous consent that Senator Cantwell be added as  
20 well to the amendment for joining me and cosponsoring.

21 Our amendment would repeal the tax on forgiven  
22 college loans due to death, disability, or Federal  
23 repayment and forgiveness programs. Currently Federal  
24 loans that are forgiven under these circumstances are  
25 actually considered part of the borrower's income for tax



1 purposes. This results in an unexpected and often  
2 massive tax bill for an individual or an individual's  
3 family which exasperates the drag high tuition rates are  
4 having on our economy.

5 Our amendment would prevent this tax by exempting  
6 debts forgiven in these instances. And exempting  
7 forgiven student loan debt is not a new idea. Exemptions  
8 already exist for other debt forgiveness programs, such  
9 as the one Senator Cantwell was just talking about, the  
10 National Health Service Corp Loan Repayment Program, the  
11 Public Sector Loan Forgiveness Program, and certain state  
12 and professional-based loan programs.

13 Our amendment would simply extend similar treatment  
14 to student loan debt forgiven for income-based or income-  
15 contingent repayment programs, loans discharged due to  
16 death or disability, and loans forgiven or paid through  
17 other Federal programs. By exempting debt that is  
18 forgiven from taxation, this amendment would protect  
19 struggling Americans from continued financial hardship,  
20 bolster our long-term economic growth, and create a  
21 greater level playing field for those interested in  
22 pursuing their college dreams.

23 The amendment is fully offset and I would urge my  
24 colleagues to support the amendment and I would ask for  
25 the ayes and nays.

1           Senator Grassley.    If the Committee adopts the  
2    amendment, it would mean that the bill would have to go  
3    back to the House of Representatives, delaying the  
4    bipartisan tax relief contained in it.  The National  
5    Association of State Treasurers has said that we should  
6    report this bill out of Committee without amending it so  
7    it can be sent to the President's desk.  Therefore, for  
8    procedural reasons -- more than for substantive reasons -  
9    - I would ask that my colleagues vote against this  
10   amendment.

11           Senator Stabenow.   Mr. Chairman?  I want to lend my  
12   support to Senator Menendez and Senator Cantwell, both  
13   speaking to the question of loan forgiveness programs.  
14   This goes to another bill that Senator Crapo and I have  
15   had for a number of years.  Another group of people that  
16   we are trying to get involved in areas where there is  
17   great need, and that is those involved in veterinary  
18   medicine in our rural communities.  This is incredibly  
19   important.  We have veterinarians that are coming out  
20   with, on average, \$160,000 in student loan debt and,  
21   again, finding themselves in a situation where these  
22   awards are taxed at almost 40 percent and it is very  
23   difficult to be able to have the full benefit of these  
24   various programs.

25           So I would hope we would look at all of this and

1       decide that if are going to be trying to help students be  
2       able to go to college, and all the things that we are  
3       doing, and the loan forgiveness programs and so on, that  
4       we would not turn around and then tax them on top of it.

5       So I think that is a really important issue that we  
6       should be looking at.

7             Senator Wyden.     Mr. Chairman?

8             Senator Grassley.    Ranking Member?

9             Senator Wyden.     Thank you, Mr. Chairman.

10            I just want to make a statement about where I think  
11            we are with respect to this. This is a perfectly fine  
12            bill, but the proposition that the Senate Finance  
13            Committee should not change the text of a House-passed-  
14            bill, not by a sentence, not by a comma, in my view just  
15            defies commonsense because the members of this Committee  
16            have thoughtful constructive ways in which it would be  
17            possible to improve Section 529 and wring more value out  
18            of the tax incentives for education.

19            It seems to me that it ought to be possible to, at  
20            least, accept a number of these ideas on a bipartisan  
21            basis, ask the House to either accept them or we would  
22            work with the House in either informal discussions or  
23            formal discussions and quickly resolve our differences.  
24            The fact is this is not some urgent national security  
25            matter that has to be passed in a matter of minutes. We

1 have got a number of those before the Committee right  
2 now, like the Highway Funding Bill and tax extenders.

3 I just want it understood that my colleagues on this  
4 side do not think the Senate Finance Committee ought to  
5 be a rubberstamp. Senator Grassley knows, because we  
6 have worked together on so many things, that he is one of  
7 my favorites and he has got a fine idea, but the basic  
8 proposition that we are just sitting here with a big  
9 rubberstamp rubberstamping everything, I think is not  
10 what the Senate Finance Committee is all about. We have  
11 got other colleagues who have good amendments.

12 Senator Menendez is basically offering another one  
13 that is just commonsense that you would not tax what  
14 amounts to phantom income. This is much like what  
15 Senator Stabenow did so usefully with respect to  
16 underwater borrowers -- the underwater homeowners who are  
17 underwater. So, Senator Menendez has a good idea.  
18 Senator Stabenow has a good idea. I like to think we all  
19 would like those on TANF be able to save as well.

20 Also, I just wanted -- given the sort of way in  
21 which this is playing out this morning -- to say Senator  
22 Grassley has a fine idea, but so do a lot of these  
23 Democratic Senators. And the idea of just taking out a  
24 rubberstamp, in my view, is not what the Finance  
25 Committee is all about.

1 Thank you, Senator Grassley.

2 Senator Grassley. Thank you. Do you want a roll  
3 call vote?

4 Senator Menendez. I do, Mr. Chairman. And just  
5 one brief remark -- because I know we have to go to the  
6 floor. I want to echo the Ranking Member's comments, and  
7 in the absence of being able to do it in the Committee,  
8 then there are those of us who are going to feel very  
9 compelled on the floor to do everything we can to make  
10 sure that our opportunities are considered.

11 So with that, I ask for the yeas and nays.

12 Senator Grassley. The clerk will call the roll.

13 The Clerk. Mr. Grassley?

14 Senator Grassley. No.

15 The Clerk. Mr. Crapo?

16 Senator Grassley. No by proxy.

17 The Clerk. Mr. Roberts?

18 Senator Grassley. No by proxy.

19 The Clerk. Mr. Enzi?

20 Senator Grassley. No by proxy.

21 The Clerk. Mr. Cornyn?

22 Senator Grassley. No by proxy.

23 The Clerk. Mr. Thune?

24 Senator Thune. No.

25 The Clerk. Mr. Burr?

1 Senator Grassley. No by proxy.  
2 The Clerk. Mr. Isakson?  
3 Senator Grassley. No by proxy.  
4 The Clerk. Mr. Portman?  
5 Senator Grassley. No by proxy.  
6 The Clerk. Mr. Toomey?  
7 Senator Grassley. No by proxy.  
8 The Clerk. Mr. Coats?  
9 Senator Grassley. No by proxy.  
10 The Clerk. Mr. Heller?  
11 Senator Grassley. No by proxy.  
12 The Clerk. Mr. Scott?  
13 Senator Grassley. No by proxy.  
14 The Clerk. Mr. Wyden?  
15 Senator Wyden. Aye.  
16 The Clerk. Mr. Schumer?  
17 Senator Wyden. Aye by proxy.  
18 The Clerk. Ms. Stabenow?  
19 Senator Stabenow. Aye.  
20 The Clerk. Ms. Cantwell?  
21 Senator Cantwell. Aye.  
22 The Clerk. Mr. Nelson?  
23 Senator Wyden. Aye by proxy.  
24 The Clerk. Mr. Menendez?  
25 Senator Menendez. Aye.

1           The Clerk.    Mr. Carper?  
2           Senator Wyden.   Aye by proxy.  
3           The Clerk.    Mr. Cardin?  
4           Senator Wyden.   Aye by proxy.  
5           The Clerk.    Mr. Brown?  
6           Senator Brown.   Aye.  
7           The Clerk.    Mr. Bennet?  
8           Senator Bennet.   Aye.  
9           The Clerk.    Mr. Casey?  
10          Senator Casey.   Aye.  
11          The Clerk.    Mr. Warner?  
12          Senator Warner.   Aye.  
13          The Clerk.    Mr. Chairman?  
14          Senator Grassley.   No by proxy.   Report.  
15          The Clerk.    Mr. Grassley, the final tally is 12  
16          ayes, 14 nays.  
17          Senator Grassley.   The amendment loses.  
18          Mr. Bennet is next.  
19          Mr. Bennet.    Thank you, Mr. Chairman.  
20          I would like to be recognized to call up my  
21          amendment Bennet Number 9 as modified.   I would ask  
22          unanimous consent to add Senator Schumer as a cosponsor.  
23          Senator Grassley.   Without objection.  
24          Mr. Bennet.    Thank you, Mr. Chairman.   I would also  
25          like to thank Ranking Member Wyden and Senator Brown for

1 their work on this amendment.

2 My colleagues, we learned about a month ago that  
3 over half  
4 -- for the first time in the country's history, over half  
5 of the public school children in the United States are  
6 poor enough that they qualify for free and reduced lunch.

7 That is what 15 years of declining median family income  
8 and the worst recession since the great depression has  
9 wrought on the United States of America. And if you are  
10 unlucky enough to be born poor in the 21st century in the  
11 United States, your chances of graduating with a college  
12 degree or its equivalent is roughly 9 in 100. Which  
13 means at the outset, 91 out of 100 of our poor children  
14 are going to be constrained to the margin of our economy  
15 in the margin of -- from the very beginning.

16 So I am glad we are finally, in this Committee,  
17 beginning to look at these education issues. The  
18 barriers of families with children living in poverty are  
19 enormous, and they are enormous when they think about  
20 sending their kids to college. In the last decade,  
21 college costs have skyrocketed. In Colorado alone, costs  
22 at many of our four-year colleges have doubled over the  
23 last ten years.

24 In 1975, the maximum Pell Grant covered roughly 67  
25 percent of the average cost of college, almost two-



1 thirds. Today that is 22 percent. For students living  
2 in poverty, the average costs -- the average net costs of  
3 college, that is after student loans and grants, is 84  
4 percent of their family's income, compared to 15 percent  
5 for people in the top quartile. That is why we cannot  
6 get people through college in the United States of  
7 America.

8 We have got a lot of work to do to make the system  
9 better for kids living in poverty. To start with, I  
10 think, students should not be taxed on their Pell Grants.

11 Unfortunately, our current system is not designed with  
12 our students in mind. For instance, students who use  
13 Pell to pay for tuition inadvertently reduce their  
14 eligibility for the American Opportunity Tax Credit. If  
15 the student manages to figure this out and uses their  
16 Pell Grant to pay for room and board, they are then taxed  
17 on their Pell Grant. Taxing Pell undermines the goal of  
18 making college more affordable.

19 Mr. Chairman, I will close by saying, this amendment  
20 is easy. It should be bipartisan. It just excludes Pell  
21 Grants from Taxation and it is also offset.

22 I urge my colleagues to support the amendment. I  
23 would ask for a roll call vote.

24 Senator Wyden. Mr. Chairman, I very much support  
25 Senator Bennet's amendment.

1           I would just like to note also that it is the Senate  
2 Finance Democrats who, in effect, are providing the  
3 quorum this morning. So on this question of comity,  
4 trying to work things out, have already indicated to  
5 Senator Grassley that I think he has got a good bill and  
6 there are other ideas that are on the board. It is worth  
7 noting that the Senate Finance Democrats are the ones  
8 here providing a quorum for this issue.

9           And I urge, like Senator Bennet, I urge an "aye"  
10 vote on his important amendment.

11           Senator Grassley. I would ask people to consider a  
12 "no" vote for this reason. The effect of the amendment  
13 would be to increase the amount of education tax credits.

14           However, rather than presenting the issue of whether to  
15 increase the amount of education tax credits in a  
16 straightforward way, it does so in a complicated fashion.

17           As co-chair of the individual working group that  
18 Senator Stabenow, Enzi, and I are looking at ways to  
19 simplify and improve education tax credits, this process  
20 of the individual working group should be allowed to  
21 proceed to see what we can accomplish in that area.  
22 Therefore, I urge my colleagues to vote no on this  
23 amendment.

24           Senator Wyden. Yeas and nays, Mr. Chairman.

25           Senator Grassley. Yes, yeas and nays. The clerk

1 will call the roll.

2 The Clerk. Mr. Grassley?

3 Senator Grassley. No.

4 The Clerk. Mr. Crapo?

5 Senator Grassley. No by proxy.

6 The Clerk. Mr. Roberts?

7 Senator Grassley. No by proxy.

8 The Clerk. Mr. Enzi?

9 Senator Grassley. No by proxy.

10 The Clerk. Mr. Cornyn?

11 Senator Grassley. No by proxy.

12 The Clerk. Mr. Thune?

13 Senator Thune. No.

14 The Clerk. Mr. Burr?

15 Senator Grassley. No by proxy.

16 The Clerk. Mr. Isakson?

17 Senator Grassley. No by proxy.

18 The Clerk. Mr. Portman?

19 Senator Grassley. No by proxy.

20 The Clerk. Mr. Toomey?

21 Senator Grassley. No by proxy.

22 The Clerk. Mr. Coats?

23 Senator Coats. No.

24 The Clerk. Mr. Heller?

25 Senator Grassley. No by proxy.

1           The Clerk.    Mr. Scott?  
2           Senator Grassley.   No by proxy.  
3           The Clerk.    Mr. Wyden?  
4           Senator Wyden.    Aye.  
5           The Clerk.    Mr. Schumer?  
6           Senator Wyden.    Aye by proxy.  
7           The Clerk.    Ms. Stabenow?  
8           Senator Wyden.    Aye by proxy.  
9           The Clerk.    Ms. Cantwell?  
10          Senator Cantwell.    Aye.  
11          The Clerk.    Mr. Nelson?  
12          Senator Wyden.    Aye by proxy.  
13          The Clerk.    Mr. Menendez?  
14          Senator Menendez.    Aye.  
15          The Clerk.    Mr. Carper?  
16          Senator Wyden.    Aye by proxy.  
17          The Clerk.    Mr. Cardin?  
18          Senator Wyden.    Aye by proxy.  
19          The Clerk.    Mr. Brown?  
20          Senator Brown.    Aye.  
21          The Clerk.    Mr. Bennet?  
22          Senator Bennet.    Aye.  
23          The Clerk.    Mr. Casey?  
24          Senator Grassley.    Aye by proxy.  
25          The Clerk.    Mr. Warner?

1 Senator Warner. Aye.

2 The Clerk. Mr. Chairman?

3 Senator Grassley. No by proxy. Report it, please.

4 The Clerk. Mr. Grassley, the final tally is 12  
5 ayes, 14 nays.

6 Senator Grassley. The amendment loses. We now go  
7 to Senator Warner for number one and two.

8 Senator Warner. Thank you, Mr. Chairman.

9 I know we are quickly losing a quorum. I will just  
10 speak to Amendment Number 1. I would like, first of all,  
11 to request unanimous consent that Senator Thune be added  
12 as a cosponsor to this amendment.

13 Senator Grassley. Without objection.

14 Senator Warner. Mr. Chairman, I am going to plan  
15 to offer and withdraw this amendment.

16 If we are looking for ways to address the enormous  
17 challenges around student debt which now exceeds credit  
18 card debt at over \$1.1 trillion, Senator Thune and I --  
19 last Congress -- introduced the Employer Participation in  
20 Refinancing Act last Congress. This amendment would do  
21 this same item. It basically says, currently employers,  
22 if you are an employee working for a firm, you can deduct  
23 up to \$5,250 a year in your tuition cost pretax.

24 That is a great tool for employers to retain quality  
25 employees. It is used aggressively as people pursue

1 further education. What our -- Senator Thune and I --  
2 amendment would do would say, we ought to over that same  
3 ability for employers to offer that same amount of money  
4 for those individuals who have refinanced their student  
5 debt, to offer that in a pretax basis as well, to be  
6 applied against that individual's student debt process.

7 It does not cost the employer any more, great tool  
8 for retention. Obviously, a way for those folks who have  
9 encouraged student debt, who have had it refinanced, to  
10 have those dollars applied pretax against their student  
11 debt.

12 My hope is this will be a subject that we could deal  
13 with in subsequent legislation

14 Senator Thune. Mr. Chairman?

15 Senator Grassley. Senator Thune?

16 Senator Thune. Mr. Chairman, I want to compliment  
17 the Senator from Virginia, Senator Warner, for this  
18 amendment. It is something that, as he mentioned, he and  
19 I had worked on last year. It is a very practical way in  
20 which we can help employers recruit and retain quality  
21 employees by allowing them to help qualified employees  
22 repay student loans with pretax dollars.

23 So to be eligible for loan assistance, employees  
24 with student loan debt must refinance their loans into  
25 the private market which will allow that student to take

1 advantage of lower interest rates available to them than  
2 what is currently offered by the Federal Government. It  
3 would allow students the flexibility to work with private  
4 companies to secure lower rates, pay part of these loans  
5 back using pretax dollars.

6 I think it is an idea that we really ought to pursue  
7 and hopefully we can get it, if not here, attached to  
8 something that we might move through the Finance  
9 Committee in the future. It makes a lot of sense. So I  
10 am happy to join the Senator from Virginia in supporting  
11 his amendment. I know he is going to withdraw it here,  
12 but I hope we have another opportunity in the future to  
13 get it moving through the Senate.

14 Senator Grassley. We have lost a quorum. So we  
15 cannot make a decision, but we can continue to discuss.  
16 Do you want to discuss Amendment Number 2?

17 Senator Warner. In the efforts of time, I will  
18 withdraw the discussions on Amendment 2.

19 Senator Grassley. Okay. And Senator Wyden, did  
20 you want to discuss yours at this point?

21 Senator Wyden. Thank you, Senator Grassley.

22 Yes, I would like to offer Amendment Wyden Number 3,  
23 making sure that, once again, we operate under the theory  
24 -- and I see my friend, Senator Coats, here -- when we  
25 talked about tax reform from the very beginning, what we

1       said is we want a tax code that gives everybody in  
2       America the opportunity to get ahead. That is not class  
3       warfare. That is America at its best. Everybody would  
4       have the opportunity to get ahead.

5               So as a result of this markup, it is going to be  
6       possible to allow students from fortunate families to be  
7       able to buy computers with taxpayer dollars. Let us be  
8       clear on that. Families that are fortunate would get a  
9       boost out of this legislation to buy legislation with  
10       taxpayer dollars.

11              My concern is, what about the other students, the  
12       students that are not quite so lucky -- and again, the  
13       policy of giving everybody the opportunity to get ahead.

14              I think we ought to extend the kind of tax incentive for  
15       buying computers to students across the income spectrum  
16       and, in effect, have one tax incentive for those who are  
17       fortunate and the others not being able to enjoy the  
18       fruits of that technology treasure trove that is out  
19       there is a double standard.

20              It is a double standard and it runs contrary to what  
21       Senator Coats, and I, and Senator Gregg, our former  
22       colleague, put in so many hours towards which is  
23       fundamental tax reform built around the idea that  
24       everybody in America would have the chance to get ahead.

25              So this amendment, in that spirit that has brought



1 Democrats and Republicans together around tax reform,  
2 levels the playing field by expanding the definition of  
3 qualifying expenses for other higher education tax  
4 incentives like the Hope Tax Credit, the American  
5 Opportunity Tax Credit, the Lifetime Learning Credit, the  
6 deduction for qualifying tuition and fees, and the  
7 exclusion for scholarships, grants, and tuition  
8 reductions for students to attend at least part-time.

9 I think Senator Grassley and I both noted that there  
10 was not a quorum to move ahead. So I simply wanted to  
11 take a couple of minutes to outline my concerns here.

12 I come back, again, to when we look at economics  
13 here, we have strong views and differing views, but the  
14 Finance Committee has been at its best -- and frankly, we  
15 heard that when the architects of the 1986 tax reform  
16 were here, and several of my colleagues were here for  
17 that session. The best principle to really grown our  
18 economy and ensure that all Americans have the  
19 opportunity to climb those rungs on the ladder of  
20 opportunity is to ensure that when a tax incentive is  
21 extended to the fortunate, at a minimum, we give those  
22 who are the most vulnerable in our society the  
23 opportunity to get ahead as well when they work hard and  
24 play by the rules.

25 So I gather -- Senator Grassley, it is now you and

1 I.

2 Senator Grassley. Yes. Do you want to discuss --

3 Senator Wyden. I would just like to note that  
4 again and again you and I come together. So maybe you  
5 and I can come u with an agreement here and convince  
6 everybody else, but setting that aside, I want it  
7 understood I support your bill. It is a good bill. I  
8 am for it.

9 My concern is we ought to be able to do a lot more  
10 to wring value out of these tax incentives, and that is  
11 why I have made the points I have this morning. I guess  
12 the idea of you and I continuing this discussion as we  
13 have done so often in a friendly way in the past seems  
14 almost fitting. So maybe we can think up something and  
15 bring them all back and they can ratify it and we can be  
16 unanimous.

17 Senator Grassley. Well, I think at this point the  
18 wise thing to do is recess the business meeting subject  
19 to the call of Chairman Hatch.

20 Senator Wyden. I accept that.

21 Senator Grassley. Thank you very much. Thank you  
22 everybody.

23 [Whereupon, at 10:59 a.m., the Committee was  
24 recessed, reconvening at 5:30 p.m., in S-216, The  
25 President's Room, United States Capitol.]

1           The Chairman. The committee will come to order. I  
2 now entertain a motion that the committee favorably  
3 report the bill.

4           Senator Wyden. So moved.

5           The Chairman. A recorded vote has been requested.  
6 The clerk will call the roll

7           The Clerk. Senator Grassley.

8           Senator Grassley. Aye.

9           The Clerk. Senator Crapo.

10          Senator Crapo. Aye.

11          The Clerk. Senator Roberts.

12          Senator Roberts. Aye.

13          The Clerk. Senator Enzi.

14          Senator Hatch. Aye by proxy.

15          The Clerk. Senator Cornyn.

16          Senator Cornyn. Aye.

17          The Clerk. Senator Thune.

18          Senator Thune. Aye.

19          The Clerk. Senator Burr.

20          Senator Burr. Aye.

21          The Clerk. Senator Isakson.

22          Senator Isakson. Aye.

23          The Clerk. Senator Portman.

24          Senator Portman. Aye.

25          The Clerk. Senator Toomey.

1 Senator Toomey. Aye.  
2 The Clerk. Senator Coats.  
3 Senator Coats. Aye.  
4 The Clerk. Senator Heller.  
5 Senator Heller. Aye.  
6 The Clerk. Senator Scott.  
7 Senator Scott. Aye.  
8 The Clerk. Senator Wyden.  
9 Senator Wyden. Aye.  
10 The Clerk. Senator Schumer.  
11 Senator Schumer. Aye.  
12 The Clerk. Senator Stabenow.  
13 Senator Stabenow. Aye.  
14 The Clerk. Senator Cantwell.  
15 Senator Cantwell. Aye.  
16 The Clerk. Senator Nelson.  
17 Senator Nelson. Aye.  
18 The Clerk. Senator Menendez.  
19 Senator Menendez. Aye.  
20 The Clerk. Senator Carper.  
21 Senator Carper. Aye.  
22 The Clerk. Senator Cardin.  
23 Senator Cardin. Aye.  
24 The Clerk. Senator Brown.  
25 Senator Brown. Aye.

1           The Clerk.   Senator Bennet.

2           Senator Bennet.   Aye.

3           The Clerk.   Senator Casey.

4           Senator Casey.   Aye.

5           The Clerk.   Senator Warner.

6           Senator Warner.   Aye.

7           The Clerk.   Mr. Chairman.

8           The Chairman.   Aye.

9           The Clerk.   The final tally including proxies is 26  
10          eyes, 0 nays.

11          The Chairman.   The ayes have it.   The bill is  
12          ordered favorably reported.

13          The meeting is adjourned.

14          [Whereupon, at 5:42 p.m., the meeting was  
15          concluded.]

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## I N D E X

	<u>PAGE</u>
<u>STATEMENT OF:</u>	
THE HONORABLE ORRIN G. HATCH A United States Senator From the State of Utah	3
THE HONORABLE RON WYDEN A United States Senator From the State of Oregon	7
THE HONORABLE ROBERT P. CASEY, JR. A United States Senator From the State of Pennsylvania	13
THE HONORABLE DEAN HELLER A United States Senator From the State of Nevada	14



April 28, 2015

The Honorable Mitch McConnell  
Senate Majority Leader  
S-230  
United States Capitol  
Washington, D.C. 20510

The Honorable Harry Reid  
Senate Minority Leader  
S-221  
United States Capitol  
Washington, D.C. 20510

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www.NAST.org

Dear Senators McConnell and Reid:

Since 1988, state administered College Savings Plans have played a critical role in helping families save for their children's college expenses. At a time when a college degree is more important than ever, studies have shown that children with a college savings account are up to seven times more likely to attend a four-year college.

We are writing to urge the U.S. Senate to take up and approve S. 335, legislation that would strengthen the vital 529 College Savings Plan program that millions of American families rely on to afford the skyrocketing costs of a college education. House companion legislation (H.R. 529) was approved in February by a strong bipartisan vote of 401-20.

College affordability is an issue that millions of American families struggle with every year. The price of a college education is more expensive than ever before, saddling many graduates with seemingly insurmountable debt before they can even start their careers. 529 College Savings Plan programs help alleviate this burden by allowing families to set aside money for their children's future college expenses.

The nation's State Treasurers and 529 Administrators who are tasked with managing these programs know firsthand how crucial these tools are for families confronting ever-increasing college costs. This is why the National Association of State Treasurers (NAST) and the College Savings Plans Network (CSPN) are urging all Senators to support S. 335.

S. 335 is a bipartisan bill that was introduced by Sens. Charles Grassley (R-IA) and Bob Casey (D-PA). S. 335 contains three important amendments to the original legislation that will improve the benefits of 529 plans. First, it clarifies that computer technology and equipment are a qualified higher education expense. Second, it eliminates the burden of unnecessary paperwork by removing distribution aggregation requirements. Finally, it permits account owners to redeposit refunds from colleges back into a 529 account without taxes or penalties.

Over the years, Congress has played a critical role in ensuring the success and widespread use of 529 plans by introducing tax-free earnings and providing permanency for the tax exemption on earnings. As a result, the number of 529 accounts in the United States has grown from 2.4 million in 2001 to more than 12 million in 2014.

Middle-class American families are largely driving the growth in these plans, with 39 percent of accounts being funded by systematic contributions that average \$146 a month. The majority of plans allow minimum contributions as low as \$25 per month to encourage participation by families of all income levels. As of 2014, the average 529 account balance was \$20,671, which is less than one year of tuition at many public four-year colleges at in-state rates.

In recent years, states have prioritized unique programs to promote financial literacy and educate low- and moderate-income families about the importance of saving for college. For example, in Tennessee, the Tennessee Investments Preparing Scholars (TIPS) Program provides a 4-to-1 college savings matching grant for Tennessee families whose income is no more than 250 percent of the federal poverty level. Many other states offer similar scholarship and matching programs aimed at promoting higher education accessibility and affordability for families who otherwise might not be able to afford college tuitions.

The educational landscape and job market have drastically changed in the past 20 years, and the tools families rely on to afford a college education must be updated to reflect these realities. We hope the Senate will follow in the House's footsteps by supporting S. 335 and strengthening 529 College Savings Plans so that American families throughout the country can afford the college education their children need and deserve. We hope the legislation passed by the Senate Finance Committee will be identical to the bill passed in the House (H.R. 529) so that legislation can move quickly through the Senate and directly onto the President's desk.

Sincerely,



David H. Lillard, Jr.  
Tennessee State Treasurer,  
NAST President



James L. McIntire  
Washington State Treasurer,  
NAST Senior Vice President



**Statement of Senator Chuck Grassley**  
**April 29, 2015 Senate Finance Committee Markup**  
*A Bill to Improve 529 Plans*

First, I would like to thank Chairman Hatch for holding this markup to move legislation I introduced with Senator Casey to improve 529 plans. I would also like to thank Senator Casey for joining me in this effort and for all his hard work in pushing this legislation forward. I also appreciate Senators Burr, Warner, Roberts, Cardin, Isakson, Schumer, Scott, Portman, and Toomey for lending their support to this legislation. The broad bipartisan support from Finance Committee members was crucial to making this markup possible.

The House version of this bill passed overwhelmingly by a vote of 401 to 20. I would hope this bill would pass the Senate with similar ease given the strong bipartisan support of Senators on and off this Committee.

This bipartisan support carries on the legacy of bipartisanship that has always accompanied 529 legislation. 529 plans were enshrined in the tax code as a result of the bipartisan efforts of Senator Bob Graham of Florida and our current Majority Leader, Senator McConnell in 1996.

Since then modifications and improvements to 529 plans have also had strong bipartisan support.

This includes making distributions from these plans for education expenses tax free. This was a modification that I, as Chairman, worked closely with Senator Baucus and others to accomplish in 2001 and ultimately made permanent in 2006.

This change helped 529 plans take-off to even greater heights. From 2001 to 2002, assets in these plans doubled from \$13 billion to \$26 billion and totaled nearly \$245 billion by July of 2014. The number of accounts similarly increased, growing from about 2.4 million in 2001 to 4.4 million in 2002, and increasing to nearly 12 million by July of 2014.

Given this success, it's easy to see why there was immediate bipartisan opposition to the President's proposal to once again subject distributions to tax.

Criticism that these plans only benefit the well-to-do rightly rung hollow.

To see how wrong such criticism is, all any of us need to do is speak to our constituents. Anyone who does will hear from families who scrimp and save pennies so they can contribute what they can to a 529 plan.

Sacrificing today so that our children will have opportunities tomorrow is as American as apple pie. This is something we should promote, not discourage.

Data from the College Savings Plan Network backs up this anecdotal evidence. On a

national basis, the average account balance is under \$21,000 and for Iowa the average balance is slightly lower at \$17,878.

This is hard evidence that a typical family contributing to a 529 account is far from being part of the wealthy elite.

The Grassley-Casey bill we consider today will help build on the success that has so far been achieved by increasing the attractiveness of 529 plans.

The *first* provision recognizes the reality that in today's world a computer is just as much a necessary educational expense as a required class textbook. As such, this bill allows 529 funds to purchase a computer on the same tax favorable basis as other required materials.

The *second* provision eliminates an outdated and unnecessary aggregation rule that increases paperwork and costs on plan administrators.

The *third and final* provision provides tax and penalty relief in instances where a student may have to withdraw from school for illness or other reasons.

Under current law, any refunds from the college are subject to immediate taxation and a 10 percent tax penalty. This provision eliminates this tax and penalty if the refund is re-deposited in a 529 account. This permits a family to set the refund aside to pay for the student's education should they be able to return to college or to use it for another family member.

These reforms are needed and will help keep administrative costs low and provide a little extra incentive for parents to put money away for their child's education. I hope that ALL of my colleagues here today vote in favor of this legislation so that we speak as one voice in demonstrating our bipartisan commitment to college savings.

**Statement of Senator Robert P. Casey, Jr.**  
**April 29, 2015 Senate Finance Committee Markup**  
*A Bill to Improve 529 Plans*

I am pleased that today the Senate Finance Committee will consider S. 335, legislation I introduced with Senator Grassley, which makes modest but necessary changes to the 529 program. Thank you to the Chairman and Ranking Member for holding this mark and for the support of a number of my colleagues on the Finance Committee for this effort.

Paying for higher education is one of the most costly expenses families contemplate. The 529 program provides families with a tax-advantaged way to save for this extraordinary expense.

The 529 program is popular in Pennsylvania. As of the end of last year, there were 197,829 accounts open in Pennsylvania with assets of almost \$3.5 billion.

This bill makes sensible changes to the 529 program: It would allow computers to be a qualified expense; it would clarify reporting requirements; and, lastly, it would allow parents to redeposit funds in cases where a child has to leave school for one reason or another.

Identical legislation passed the House 401-20, and I am confident it will pass the Senate soon after we act here today. This bill makes common-sense changes, and I encourage my colleagues to support it.

**SENATOR DEAN HELLER – STATEMENT FOR THE RECORD**  
**SENATE FINANCE COMMITTEE MARKUP**  
**Section 529 Plans (S. 335)**  
**April 29, 2015**

Thank you, Mr. Chairman. I commend the committee for moving forward with this bipartisan markup.

I would like to briefly mention a priority tax bill of mine that I strongly believe should have the opportunity to be considered here this morning.

Recently, I and Senator Klobuchar reintroduced legislation called the Hearing Aid Assistance Tax Credit Act to help those with hearing loss by providing a tax credit for the purchase of the hearing devices they need. This legislation has a long history of bipartisan support in both the Senate and the House.

I submitted a related amendment for today's markup that would limit this tax credit for the purchase of hearing aids for children under 26. Children with hearing loss who do not receive early intervention face numerous challenges, especially related to their educational needs.

In fact, the Better Hearing Institute indicates that for children who don't receive early intervention, the costs of special education, lost wages, and health complications amount to \$1 million in overall lifetime costs.

The point is this amendment would help children at an early stage and improve their educational experience, and it would help families save more for their children's future education.

I strongly support efforts for early intervention to address hearing loss, and I remain deeply committed to working with my colleagues on both sides of the aisle to move these efforts forward.

With that, I thank the Chairman and the Ranking Member as this committee works to relieve unnecessary tax burdens upon the American people.