

119TH CONGRESS
1ST SESSION

S. _____

To amend the Internal Revenue Code of 1986 to expand the exclusion of
Pell Grants from gross income.

IN THE SENATE OF THE UNITED STATES

Mr. WHITEHOUSE (for himself and Mr. GRASSLEY) introduced the following
bill; which was read twice and referred to the Committee on

A BILL

To amend the Internal Revenue Code of 1986 to expand
the exclusion of Pell Grants from gross income.

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 “Tax-Free Pell Grant
5 Act”.

6 **SEC. 2. EXPANSION OF PELL GRANT EXCLUSION FROM**
7 **GROSS INCOME.**

8 (a) IN GENERAL.—Section 117(b)(1) of the Internal
9 Revenue Code of 1986 is amended by striking “received

1 by an individual” and all that follows and inserting “re-
2 ceived by an individual—

3 “(A) as a scholarship or fellowship grant
4 to the extent the individual establishes that, in
5 accordance with the conditions of the grant,
6 such amount was used for qualified tuition and
7 related expenses, or

8 “(B) as a Federal Pell Grant under section
9 401 of the Higher Education Act of 1965 (as
10 in effect on the date of the enactment of the
11 Tax-Free Pell Grant Act).”.

12 (b) NO ADJUSTMENT UNDER AMERICAN OPPOR-
13 TUNITY AND LIFETIME LEARNING CREDITS.—Section
14 25A(g)(2)(A) of such Code is amended by inserting
15 “(other than a Federal Pell Grant under section 401 of
16 the Higher Education Act of 1965 (as in effect on the
17 date of the enactment of the Tax-Free Pell Grant Act))”
18 after “section 117”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2025.