

By: Isett

H.B. No. 955

A BILL TO BE ENTITLED

AN ACT

relating to a tax-exempt benefit plan for educational expenses of school district employees.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter A, Chapter 22, Education Code, is amended by adding Section 22.007 to read as follows:

Sec. 22.007. EDUCATIONAL ASSISTANCE PLAN. (a) In this section, "eligible higher education expenses" means the following expenses incurred by a person attending an accredited public or private institution of higher education or other accredited postsecondary educational institution, including a technical or vocational institution:

(1) tuition and fees charged by the institution; and

(2) costs for books, supplies, and equipment required for a course of instruction at the institution.

(b) If permitted by federal law, a school district shall provide to each employee as an optional benefit the right to participate in a plan to allow the employee to exclude from the employee's gross income subject to federal income tax amounts paid through the plan to cover the employee's eligible higher education expenses. To the extent permitted by federal law, the plan must also permit a participating employee to include in the plan eligible higher education expenses of an immediate family member of the employee.

1 (c) The plan may be established as an educational assistance
2 program under 26 U.S.C. Section 127 or other applicable federal
3 law.

4 SECTION 2. This Act takes effect September 1, 2003, except
5 that a school district is not required to offer an educational
6 assistance plan to employees under Section 22.007, Education Code,
7 as added by this Act, before January 1, 2004.