

106TH CONGRESS  
2D SESSION

# H. R. 4106

To provide for the establishment of Individual Development Accounts (IDAs) that will allow individuals and families with limited means an opportunity to accumulate assets, to access education, to own their own homes and businesses, and ultimately to achieve economic self-sufficiency, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 28, 2000

Mr. PITTS (for himself, Mr. STENHOLM, Mr. KASICH, Mr. HALL of Ohio, Mr. SOUDER, Ms. DELAURO, Mr. CAMP, Mr. LARSON, Mrs. MALONEY of New York, Mr. TANNER, and Mr. BARRETT of Wisconsin) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To provide for the establishment of Individual Development Accounts (IDAs) that will allow individuals and families with limited means an opportunity to accumulate assets, to access education, to own their own homes and businesses, and ultimately to achieve economic self-sufficiency, and for other purposes.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Savings for Working Families Act of 2000”.

1 (b) TABLE OF CONTENTS.—The table of contents of  
 2 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Purposes.
- Sec. 4. Definitions.

TITLE I—QUALIFIED INDIVIDUAL DEVELOPMENT ACCOUNTS FOR  
 LOW-INCOME WORKERS

- Sec. 101. Structure and administration of qualified individual development account programs.
- Sec. 102. Procedures for opening an Individual Development Account and qualifying for matching funds.
- Sec. 103. Contributions to Individual Development Accounts.
- Sec. 104. Deposits by qualified individual development account programs.
- Sec. 105. Withdrawal procedures.
- Sec. 106. Certification and termination of qualified individual development account programs.
- Sec. 107. Reporting, monitoring, and evaluation.
- Sec. 108. Funds in parallel accounts of program participants disregarded for purposes of certain means-tested Federal programs.

TITLE II—QUALIFIED INDIVIDUAL DEVELOPMENT ACCOUNT  
 PROGRAM INVESTMENT CREDITS

- Sec. 201. Qualified individual development account program investment credits.
- Sec. 202. CRA credit treatment for qualified individual development account program investments.
- Sec. 203. Designation of earned income tax credit payments for deposit to Individual Development Accounts.

3 **SEC. 2. FINDINGS.**

4 Congress makes the following findings:

- 5 (1) One-third of all Americans have no assets
- 6 available for investment, and another 20 percent
- 7 have only negligible assets. The household savings
- 8 rate of the United States lags far behind other in-
- 9 dustrial nations, presenting a barrier to national
- 10 economic growth and preventing many Americans
- 11 from entering the economic mainstream by buying a

1 house, obtaining an adequate education, or starting  
2 a business.

3 (2) By building assets, Americans can improve  
4 their economic independence and stability, stimulate  
5 the development of human and other capital, and  
6 work toward a viable and hopeful future for them-  
7 selves and their children. Thus, economic well-being  
8 does not come solely from income, spending, and  
9 consumption, but also requires savings, investment,  
10 and accumulation of assets.

11 (3) Traditional public assistance programs  
12 based on income and consumption have rarely been  
13 successful in promoting and supporting the transi-  
14 tion to increased economic self-sufficiency. Income-  
15 based social policies that meet consumption needs  
16 (including food, child care, rent, clothing, and health  
17 care) should be complemented by asset-based policies  
18 that can provide the means to achieve long-term  
19 independence and economic well-being.

20 (4) Individual Development Accounts (IDAs)  
21 can provide working Americans with strong incen-  
22 tives to build assets, basic financial management  
23 training, and access to secure and relatively inexpen-  
24 sive banking services.

1           (5) There is reason to believe that Individual  
2           Development Accounts would also foster greater par-  
3           ticipation in electric fund transfers (EFT), generate  
4           financial returns, including increased income, tax  
5           revenue, and decreased welfare cash assistance, that  
6           will far exceed the cost of public investment in the  
7           program.

8 **SEC. 3. PURPOSES.**

9           The purposes of this Act are to provide for the estab-  
10          lishment of individual development account programs that  
11          will—

12           (1) provide individuals and families with limited  
13          means an opportunity to accumulate assets and to  
14          enter the financial mainstream;

15           (2) promote education, homeownership, and the  
16          development of small businesses;

17           (3) stabilize families and build communities;  
18          and

19           (4) support continued United States economic  
20          expansion.

21 **SEC. 4. DEFINITIONS.**

22          As used in this Act:

23           (1) **ELIGIBLE INDIVIDUAL.**—

24           (A) **IN GENERAL.**—The term “eligible indi-  
25          vidual” means an individual who—

1 (i) has attained the age of 18 years;

2 (ii) is a citizen or legal resident of the

3 United States; and

4 (iii) is a member of a household the

5 gross income of which does not exceed 80

6 percent of the area median income (as

7 published by the Department of Housing

8 and Urban Affairs).

9 (B) HOUSEHOLD.—The term “household”

10 means all individuals who share use of a dwell-

11 ing unit as primary quarters for living and eat-

12 ing separate from other individuals.

13 (2) INDIVIDUAL DEVELOPMENT ACCOUNT.—

14 The term “Individual Development Account” means

15 a regular interest bearing savings account estab-

16 lished for an eligible individual as part of a qualified

17 individual development account program, but only if

18 the written governing instrument creating the ac-

19 count meets the following requirements:

20 (A) The sole owner of the account is the

21 eligible individual.

22 (B) No contribution will be accepted unless

23 it is in cash, by check, or by electronic fund

24 transfer.

1           (C) The holder of the account is a quali-  
2           fied financial institution or a qualified nonprofit  
3           organization.

4           (D) The assets of the account will not be  
5           commingled with other property except in a  
6           common trust fund or common investment  
7           fund.

8           (E) Except as provided in section 105(b),  
9           any amount in the account may be paid out  
10          only for the purpose of paying the qualified ex-  
11          penses of the eligible individual.

12          (3) PARALLEL ACCOUNT.—The term “parallel  
13          account” means a separate, parallel individual or  
14          pooled account for all matching funds and earnings  
15          dedicated to an eligible individual as part of a quali-  
16          fied individual account program, the sole owner of  
17          which is a qualified financial institution or a quali-  
18          fied nonprofit organization.

19          (4) QUALIFIED FINANCIAL INSTITUTION.—

20                (A) IN GENERAL.—The term “qualified fi-  
21                nancial institution” means any person author-  
22                ized to be a trustee of any individual retirement  
23                account under section 408(a)(2).

24                (B) RULE OF CONSTRUCTION.—Nothing in  
25                this paragraph shall be construed as preventing

1 a person described in subparagraph (A) from  
2 collaborating with 1 or more qualified nonprofit  
3 organizations to carry out an individual devel-  
4 opment account program established under sec-  
5 tion 101.

6 (5) QUALIFIED NONPROFIT ORGANIZATION.—  
7 The term “qualified nonprofit organization”  
8 means—

9 (A) any organization described in section  
10 501(c)(3) of the Internal Revenue Code of 1986  
11 and exempt from taxation under section 501(a)  
12 of such Code;

13 (B) any community development financial  
14 institution as certified by the Community De-  
15 velopment Financial Institution Fund; or

16 (C) any credit union certified by the Na-  
17 tional Credit Union Administration,  
18 that meets standards for financial management and  
19 fiduciary responsibility as defined by the Secretary  
20 or an organization designated by the Secretary.

21 (6) QUALIFIED INDIVIDUAL DEVELOPMENT AC-  
22 COUNT PROGRAM.—The term “qualified individual  
23 development program” means a program established  
24 under section 101 under which—

1 (A) individual development accounts and  
2 parallel accounts are held by a qualified finan-  
3 cial institution or a qualified nonprofit organi-  
4 zation; and

5 (B) additional activities determined by the  
6 Secretary, or an organization designated by the  
7 Secretary, as necessary to responsibly develop  
8 and administer accounts, including recruiting,  
9 providing financial education and other training  
10 to account holders, and regular program moni-  
11 toring, are carried out by such institution or  
12 nonprofit organization.

13 (7) QUALIFIED EXPENSE DISTRIBUTION.—

14 (A) IN GENERAL.—The term “qualified ex-  
15 pense distribution” means any amount paid or  
16 distributed out of an Individual Development  
17 Account and a parallel account established for  
18 an eligible individual if such amount—

19 (i) is used exclusively to pay the quali-  
20 fied expenses of such individual or such in-  
21 dividual’s spouse or dependents,

22 (ii) is paid by the qualified financial  
23 institution or qualified nonprofit organiza-  
24 tion directly to the person to whom the

1 amount is due or to another Individual De-  
2 velopment Account, and

3 (iii) is paid after the holder of the In-  
4 dividual Development Account has com-  
5 pleted a financial education course as re-  
6 quired under section 102(b).

7 (B) QUALIFIED EXPENSES.—

8 (i) IN GENERAL.—The term “qualified  
9 expenses” means any of the following:

10 (I) Qualified higher education ex-  
11 penses.

12 (II) Qualified first-time home-  
13 buyer costs.

14 (III) Qualified business capital-  
15 ization costs.

16 (IV) Qualified rollovers.

17 (ii) QUALIFIED HIGHER EDUCATION  
18 EXPENSES.—

19 (I) IN GENERAL.—The term  
20 “qualified higher education expenses”  
21 has the meaning given such term by  
22 section 72(t)(7) of the Internal Rev-  
23 enue Code of 1986, determined by  
24 treating postsecondary vocational edu-

1           cational schools as eligible educational  
2           institutions.

3                   (II)    POSTSECONDARY    VOCA-  
4                   TIONAL    EDUCATION    SCHOOL.—The  
5                   term “postsecondary vocational edu-  
6                   cational school” means an area voca-  
7                   tional education school (as defined in  
8                   subparagraph (C) or (D) of section  
9                   521(4) of the Carl D. Perkins Voca-  
10                  tional and Applied Technology Edu-  
11                  cation Act (20 U.S.C. 2471(4)))  
12                  which is in any State (as defined in  
13                  section 521(33) of such Act), as such  
14                  sections are in effect on the date of  
15                  enactment of this Act.

16                   (III)   COORDINATION    WITH  
17                   OTHER    BENEFITS.—The amount of  
18                   qualified higher education expenses  
19                   for any taxable year shall be reduced  
20                   as provided in section 25A(g)(2) of  
21                   such Code and by the amount of such  
22                   expenses for which a credit or exclu-  
23                   sion is allowed under chapter 1 of  
24                   such Code for such taxable year.

1 (iii) QUALIFIED FIRST-TIME HOME-  
2 BUYER COSTS.—The term “qualified first-  
3 time homebuyer costs” means qualified ac-  
4 quisition costs (as defined in section  
5 72(t)(8) of such Code without regard to  
6 subparagraph (B) thereof) with respect to  
7 a principal residence (within the meaning  
8 of section 121 of such Code) for a qualified  
9 first-time homebuyer (as defined in section  
10 72(t)(8) of such Code).

11 (iv) QUALIFIED BUSINESS CAPITAL-  
12 IZATION COSTS.—

13 (I) IN GENERAL.—The term  
14 “qualified business capitalization  
15 costs” means qualified expenditures  
16 for the capitalization of a qualified  
17 business pursuant to a qualified busi-  
18 ness plan.

19 (II) QUALIFIED EXPENDI-  
20 TURES.—The term “qualified expendi-  
21 tures” means expenditures included in  
22 a qualified business plan, including  
23 capital, plant, equipment, working  
24 capital and inventory expenses.

1 (III) QUALIFIED BUSINESS.—

2 The term “qualified business” means  
3 any business that does not contravene  
4 any law.

5 (IV) QUALIFIED BUSINESS

6 PLAN.—The term “qualified business  
7 plan” means a business plan which  
8 meets such requirements as the Sec-  
9 retary or an organization designated  
10 by the Secretary may specify.

11 (v) QUALIFIED ROLLOVERS.—The

12 term “qualified rollover” means, with re-  
13 spect to any distribution from an Indi-  
14 vidual Development Account, the payment,  
15 within 120 days of such distribution, of all  
16 or a portion of such distribution to such  
17 account or to another Individual Develop-  
18 ment Account established in another quali-  
19 fied financial institution or qualified non-  
20 profit organization for the benefit of the el-  
21 igible individual. Rules similar to the rules  
22 of section 408(d)(3) of such Code (other  
23 than subparagraph (C) thereof) shall apply  
24 for purposes of this clause.

1           (8) SECRETARY.—The term “Secretary” means  
2           the Secretary of the Treasury.

3     **TITLE I—INDIVIDUAL DEVELOP-**  
4           **MENT ACCOUNTS FOR LOW-**  
5           **INCOME WORKERS**

6     **SEC. 101. STRUCTURE AND ADMINISTRATION OF QUALI-**  
7           **FIED INDIVIDUAL DEVELOPMENT ACCOUNT**  
8           **PROGRAMS.**

9           (a) ESTABLISHMENT OF QUALIFIED INDIVIDUAL DE-  
10     VELOPMENT ACCOUNT PROGRAMS.—Any qualified finan-  
11     cial institution or qualified nonprofit organization may es-  
12     tablish 1 or more qualified individual development account  
13     programs which meet the requirements of this Act.

14           (b) BASIC PROGRAM STRUCTURE.—

15           (1) IN GENERAL.—All qualified individual de-  
16     velopment account programs shall consist of the fol-  
17     lowing 2 components:

18           (A) An Individual Development Account to  
19     which an eligible individual may contribute  
20     money in accordance with section 103.

21           (B) A parallel account to which all match-  
22     ing funds shall be deposited in accordance with  
23     section 104.

24           (2) TAILORED IDA PROGRAMS.—A qualified fi-  
25     nancial institution or qualified nonprofit organiza-



1 qualified financial institution or qualified nonprofit orga-  
2 nization and contribute money in accordance with section  
3 103 to qualify for matching funds in a parallel account.

4 (b) REQUIRED COMPLETION OF FINANCIAL EDU-  
5 CATION COURSE.—

6 (1) IN GENERAL.—Before becoming eligible to  
7 withdraw matching funds to pay for qualified ex-  
8 penses, holders of Individual Development Accounts  
9 must complete a financial education course offered  
10 by a qualified financial institution, a qualified non-  
11 profit organization, or a government entity.

12 (2) STANDARD AND APPLICABILITY OF  
13 COURSE.—The Secretary or an organization des-  
14 ignated by the Secretary, in consultation with rep-  
15 resentatives of qualified individual development ac-  
16 count programs and financial educators, shall estab-  
17 lish minimum performance standards for financial  
18 education courses offered under paragraph (1) and  
19 a protocol to exempt eligible individuals from the re-  
20 quirement under paragraph (1) because of hardship  
21 or lack of need.

22 **SEC. 103. CONTRIBUTIONS TO INDIVIDUAL DEVELOPMENT**  
23 **ACCOUNTS.**

24 (a) IN GENERAL.—Except in the case of a qualified  
25 rollover, individual contributions to an Individual Develop-

1 ment Account will not be accepted for the taxable year  
2 in excess of the lesser of—

3 (1) \$2,000; or

4 (2) an amount equal to the compensation (as  
5 defined in section 219(f)(1) of the Internal Revenue  
6 Code of 1986) includible in the individual's gross in-  
7 come for such taxable year.

8 (b) PROOF OF COMPENSATION AND STATUS AS AN  
9 ELIGIBLE INDIVIDUAL.—Federal W-2 forms and other  
10 forms specified by the Secretary proving the eligible indi-  
11 vidual's wages and other compensation and the status of  
12 the individual as an eligible individual shall be presented  
13 at the time of the establishment of the Individual Develop-  
14 ment Account and at least once annually thereafter.

15 (c) TIME WHEN CONTRIBUTIONS DEEMED MADE.—  
16 For purposes of this section, a taxpayer shall be deemed  
17 to have made a contribution to an Individual Development  
18 Account on the last day of the preceding taxable year if  
19 the contribution is made on account of such taxable year  
20 and is made not later than the time prescribed by law for  
21 filing the Federal income tax return for such taxable year  
22 (not including extensions thereof).

1 (d) CROSS REFERENCE.—

**For designation of earned income tax credit payments for deposit to an Individual Development Account, see section 32(o) of the Internal Revenue Code of 1986.**

2 **SEC. 104. DEPOSITS BY QUALIFIED INDIVIDUAL DEVELOP-**  
 3 **MENT ACCOUNT PROGRAMS.**

4 (a) PARALLEL ACCOUNTS.—The qualified financial  
 5 institution or qualified nonprofit organization shall deposit  
 6 all matching funds for each Individual Development Ac-  
 7 count into a parallel account at a qualified financial insti-  
 8 tution or qualified nonprofit organization. The parallel ac-  
 9 count or accounts shall earn not less than the market rate  
 10 of interest.

11 (b) REGULAR DEPOSITS OF MATCHING FUNDS.—

12 (1) IN GENERAL.—Subject to paragraph (2),  
 13 the qualified financial institution or qualified non-  
 14 profit organization shall deposit not less than quar-  
 15 terly into the parallel account with respect to each  
 16 eligible individual the following:

17 (A) A dollar-for-dollar match for the first  
 18 \$500 contributed by the eligible individual into  
 19 an Individual Development Account with re-  
 20 spect to any taxable year.

21 (B) Any matching funds provided by State,  
 22 local, or private sources in accordance to the  
 23 matching ratio set by those sources.

## 1 (2) CROSS REFERENCE.—

**For allowance of tax credit to qualified financial institutions for Individual Development Account subsidies, including matching funds, see section 30B of the Internal Revenue Code of 1986.**

2 (c) FORFEITURE OF MATCHING FUNDS.—Matching  
3 funds that are forfeited under section 105(b) shall be used  
4 by the qualified financial institution or qualified nonprofit  
5 organization to pay matches for other Individual Develop-  
6 ment Account contributions by eligible individuals.

7 (d) UNIFORM ACCOUNTING REGULATIONS.—The  
8 Secretary shall prescribe regulations with respect to ac-  
9 counting for matching funds from all possible sources in  
10 the parallel accounts.

11 (e) REGULAR REPORTING OF ACCOUNTS.—Any  
12 qualified financial institution or qualified nonprofit orga-  
13 nization shall report the balances in any Individual Devel-  
14 opment Account and parallel account of an eligible indi-  
15 vidual on not less than a quarterly basis.

16 **SEC. 105. WITHDRAWAL PROCEDURES.**

17 (a) WITHDRAWALS FOR QUALIFIED EXPENSES.—To  
18 withdraw money from an eligible individual's Individual  
19 Development Account to pay qualified expenses of such  
20 individual or such individual's spouse or dependents, the  
21 qualified financial institution or qualified nonprofit orga-  
22 nization shall directly transfer such funds from the Indi-  
23 vidual Development Account, and, if applicable, from the

1 parallel account electronically to the vendor or other Indi-  
2 vidual Development Account. If the vendor is not equipped  
3 to receive funds electronically, the qualified financial insti-  
4 tution or qualified nonprofit organization may issue such  
5 funds by paper check to the vendor.

6 (b) WITHDRAWALS FOR NONQUALIFIED EX-  
7 PENSES.—An Individual Development Account holder may  
8 unilaterally withdraw funds from the Individual Develop-  
9 ment Account for purposes other than to pay qualified ex-  
10 penses, but shall forfeit the corresponding matching funds  
11 and interest earned on the matching funds by doing so,  
12 unless such withdrawn funds are recontributed to such Ac-  
13 count within 1 year of withdrawal.

14 (c) DEEMED WITHDRAWALS FROM ACCOUNTS OF  
15 NONELIGIBLE INDIVIDUALS.—If the individual for whose  
16 benefit an Individual Development Account is established  
17 ceases to be an eligible individual, such account shall cease  
18 to be an Individual Development Account as of the first  
19 day of the taxable year of such individual and any balance  
20 in such account shall be deemed to have been withdrawn  
21 on such first day by such individual for purposes other  
22 than to pay qualified expenses.

23 (d) TAX TREATMENT OF MATCHING FUNDS.—Any  
24 amount withdrawn from a parallel account shall not be  
25 includible in an eligible individual's gross income.

1 **SEC. 106. CERTIFICATION AND TERMINATION OF QUALI-**  
2 **FIED INDIVIDUAL DEVELOPMENT ACCOUNT**  
3 **PROGRAMS.**

4 (a) CERTIFICATION PROCEDURES.—Upon estab-  
5 lishing a qualified individual development account pro-  
6 gram under section 101, a qualified financial institution  
7 or qualified nonprofit organization shall certify to the Sec-  
8 retary, or an organization designated by the Secretary, on  
9 forms prescribed by the Secretary or such organization  
10 and accompanied by any documentation required by the  
11 Secretary or such organization, that—

12 (1) the accounts described in subparagraphs  
13 (A) and (B) of section 101(b)(1) are operating pur-  
14 suant to all the provisions of this Act; and

15 (2) the qualified financial institution or quali-  
16 fied nonprofit organization agrees to implement an  
17 information system necessary to monitor the cost  
18 and outcomes of the qualified individual development  
19 account program.

20 (b) AUTHORITY TO TERMINATE QUALIFIED IDA  
21 PROGRAM.—If the Secretary, or an organization des-  
22 ignated by the Secretary, determines that a qualified fi-  
23 nancial institution or qualified nonprofit organization  
24 under this Act is not operating a qualified individual devel-  
25 opment account program in accordance with the require-  
26 ments of this Act (and has not implemented any corrective

1 recommendations directed by the Secretary or such orga-  
2 nization), the Secretary or such organization shall termi-  
3 nate such institution's or nonprofit organization's author-  
4 ity to conduct the program. If the Secretary, or an organi-  
5 zation designated by the Secretary, is unable to identify  
6 a qualified financial institution or qualified nonprofit orga-  
7 nization to assume the authority to conduct such program,  
8 then any account established for the benefit of any eligible  
9 individual under such program shall cease to be an Indi-  
10 vidual Development Account as of the first day of such  
11 termination and any balance in such account shall be  
12 deemed to have been withdrawn on such first day by such  
13 individual for purposes other than to pay qualified ex-  
14 penses.

15 **SEC. 107. REPORTING, MONITORING, AND EVALUATION.**

16 (a) RESPONSIBILITIES OF QUALIFIED FINANCIAL IN-  
17 STITUTIONS AND QUALIFIED NONPROFIT ORGANIZA-  
18 TIONS.—Each qualified financial institution or qualified  
19 nonprofit organization that establishes a qualified indi-  
20 vidual development account program under section 101  
21 shall report annually to the Secretary, directly or through  
22 an organization designated by the Secretary, within 90  
23 days after the end of each calendar year on—

24 (1) the number of eligible individuals making  
25 contributions into Individual Development Accounts;

1           (2) the amounts contributed into Individual De-  
2           velopment Accounts and deposited into parallel ac-  
3           counts for matching funds;

4           (3) the amounts withdrawn from Individual De-  
5           velopment Accounts and parallel accounts, and the  
6           purposes for which such amounts were withdrawn;

7           (4) the balances remaining in Individual Devel-  
8           opment Accounts and parallel accounts; and

9           (5) such other information needed to help the  
10          Secretary, or an organization designated by the Sec-  
11          retary, monitor the cost and outcomes of the quali-  
12          fied individual development account program.

13          (b) RESPONSIBILITIES OF THE SECRETARY OR DES-  
14          IGNATED ORGANIZATION.—

15           (1) MONITORING PROTOCOL.—Not later than  
16          12 months after the date of enactment of this Act,  
17          the Secretary, or an organization designated by the  
18          Secretary, shall develop and implement a protocol  
19          and process to continually monitor the cost and out-  
20          comes of the qualified individual development ac-  
21          count programs established under section 101.

22           (2) ANNUAL REPORTS.—In each year after the  
23          date of enactment of this Act, the Secretary, or an  
24          organization designated by the Secretary, shall issue

1 a progress report on the status of such qualified in-  
2 dividual development account programs.

3 (3) APPROPRIATIONS FOR MONITORING.—There  
4 is authorized to be appropriated \$5,000,000 for the  
5 purposes of monitoring qualified individual develop-  
6 ment account programs established under section  
7 101, to remain available until expended.

8 **SEC. 108. FUNDS IN PARALLEL ACCOUNTS OF PROGRAM**  
9 **PARTICIPANTS DISREGARDED FOR PUR-**  
10 **POSES OF CERTAIN MEANS-TESTED FEDERAL**  
11 **PROGRAMS.**

12 Notwithstanding any provision of the Internal Rev-  
13 enue Code of 1986 or the Social Security Act that requires  
14 consideration of 1 or more financial circumstances of an  
15 individual, for the purposes of determining eligibility to  
16 receive, or the amount of, any assistance or benefit author-  
17 ized by such provision to be provided to or for the benefit  
18 of such individual, the lesser of—

19 (1) the sum of all contributions by an eligible  
20 individual (including earnings thereon) to any Indi-  
21 vidual Development Account and matching deposits  
22 made on behalf of such individual (including earn-  
23 ings thereon) in any parallel account; or

24 (2) \$10,000,

1 shall be disregarded for such purpose with respect to any  
2 period during which the individual participates in a quali-  
3 fied individual development account program established  
4 under section 101.

5 **TITLE II—QUALIFIED INDIVIDUAL DEVELOPMENT AC-**  
6 **COUNT PROGRAM INVESTMENT CREDITS**

9 **SEC. 201. QUALIFIED INDIVIDUAL DEVELOPMENT AC-**  
10 **COUNT PROGRAM INVESTMENT CREDITS.**

11 (a) IN GENERAL.—Subpart B of part IV of sub-  
12 chapter A of chapter 1 of the Internal Revenue Code of  
13 1986 (relating to other credits) is amended by inserting  
14 after section 30A the following:

15 **“SEC. 30B. QUALIFIED INDIVIDUAL DEVELOPMENT AC-**  
16 **COUNT PROGRAM INVESTMENT CREDIT.**

17 “(a) DETERMINATION OF AMOUNT.—There shall be  
18 allowed as a credit against the applicable tax for the tax-  
19 able year an amount equal to the qualified individual de-  
20 velopment account program investment provided by an eli-  
21 gible taxpayer during the taxable year under a qualified  
22 individual development account program established under  
23 section 101 of the Savings for Working Families Act.

1 “(b) APPLICABLE TAX.—For the purposes of this  
2 section, the term ‘applicable tax’ means the excess (if any)  
3 of—

4 “(1) the sum of—

5 “(A) the tax imposed under this chapter  
6 (other than the taxes imposed under the provi-  
7 sions described in subparagraphs (C) through  
8 (Q) of section 26(b)(1)), plus

9 “(B) the tax imposed under section 3111,  
10 over

11 “(2) the credits allowable under subparts B and  
12 D of this part.

13 “(c) QUALIFIED INDIVIDUAL DEVELOPMENT AC-  
14 COUNT PROGRAM INVESTMENT.—For purposes of this  
15 section, the term ‘qualified individual development account  
16 program investment’ means, with respect to a qualified in-  
17 dividual development account program of an eligible tax-  
18 payer in any taxable year, an amount equal to—

19 “(1) in the case of an eligible taxpayer which is  
20 a qualified financial institution, the sum of—

21 “(A) the lesser of—

22 “(i) 90 percent of the aggregate  
23 amount of dollar-for-dollar matches under  
24 such program by such taxpayer under sec-

1                   tion 104 of the Savings for Working Fami-  
2                   lies Act for such taxable year, or

3                   “ (ii) \$90,000,000, plus

4                   “(B) the lesser of—

5                   “ (i) 50 percent of the aggregate costs  
6                   paid or incurred under such program by  
7                   the eligible taxpayer during such taxable  
8                   year—

9                   “ (I) to provide financial edu-  
10                  cation courses to Individual Develop-  
11                  ment Account holders under section  
12                  102(b) of such Act, and

13                  “ (II) to underwrite program ac-  
14                  tivities described in section 4(6)(B) of  
15                  such Act), or

16                  “ (ii) \$5,000,000, and

17                  “(2) in the case of an eligible taxpayer which is  
18                  not a qualified financial institution, the lesser of—

19                  “(A) the sum of—

20                  “ (i) 50 percent of the aggregate  
21                  amount of such dollar-for-dollar matches  
22                  by such taxpayer for such taxable year,  
23                  plus

24                  “ (ii) 50 percent of the aggregate costs  
25                  described in paragraph (1)(B)(i) paid or

1           incurred under such program by the eligi-  
2           ble taxpayer during such taxable year, or  
3           “(B) \$5,000,000.

4           “(d) ELIGIBLE TAXPAYER.—For purposes of this  
5 section, a taxpayer shall be considered an eligible taxpayer  
6 if at least 70 percent of the expenditures by such taxpayer  
7 with respect to any qualified individual development ac-  
8 count program for any taxable year are described in sub-  
9 section (c)(1)(A).

10          “(e) OTHER DEFINITIONS AND SPECIAL RULES.—

11           “(1) OTHER DEFINITIONS.—For purposes of  
12 this section, the terms ‘Individual Development Ac-  
13 count’ , ‘qualified individual development account  
14 program’, and ‘qualified financial institution’ have  
15 the meanings given such terms by section 4 of the  
16 Savings for Workings Families Act.

17           “(2) CERTAIN RULES MADE APPLICABLE.—

18 Rules similar to the rules of paragraphs (1) and (2)  
19 of section 41(f) shall apply for purposes of this sec-  
20 tion.

21           “(f) REGULATIONS.—The Secretary may prescribe  
22 such regulations as may be necessary or appropriate to  
23 carry out this section, including regulations providing for  
24 a recapture of the credit allowed under this section in  
25 cases where there is a forfeiture under section 105(b) of

1 the Savings for Workings Families Act in a subsequent  
2 taxable year of any amount which was taken into account  
3 in determining the amount of such credit.

4 “(g) TERMINATION.—This section shall not apply to  
5 any taxable year beginning after December 31, 2005.”.

6 (b) TRANSFER TO TRUST FUNDS.—The Secretary of  
7 the Treasury shall transfer from the general fund of the  
8 United States Treasury to the Federal Old-Age and Sur-  
9 vivors Insurance Trust Fund, the Federal Disability In-  
10 surance Trust Fund, and the Federal Hospital Insurance  
11 Trust Fund amounts equivalent to the amount of the re-  
12 duction in taxes imposed by section 3111 of the Internal  
13 Revenue Code of 1986 by reason of the credit determined  
14 under section 30B (relating to the qualified individual de-  
15 velopment account program investment credit). Any such  
16 transfer shall be made at the same time that the reduced  
17 taxes would have been deposited in such Trust Funds.

18 (c) CONFORMING AMENDMENT.—The table of sec-  
19 tions for subpart B of part IV of subchapter A of chapter  
20 1 of the Internal Revenue Code of 1986 is amended by  
21 inserting after the item relating to section 30A the fol-  
22 lowing:

“Sec. 30B. Qualified individual development account program investment  
credit.”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2000.

4 **SEC. 202. CRA CREDIT TREATMENT FOR QUALIFIED INDI-**  
5 **VIDUAL DEVELOPMENT ACCOUNT PROGRAM**  
6 **INVESTMENTS.**

7 Qualified financial institutions which establish quali-  
8 fied individual development account programs under sec-  
9 tion 101 shall not receive credit for funding, administra-  
10 tion, and education expenses under any test contained in  
11 regulations for the Community Reinvestment Act of 1977  
12 for those activities and expenses related to such programs  
13 and taken into account for purposes of the tax credit al-  
14 lowed under section 30B of the Internal Revenue Code of  
15 1986.

16 **SEC. 203. DESIGNATION OF EARNED INCOME TAX CREDIT**  
17 **PAYMENTS FOR DEPOSIT TO INDIVIDUAL DE-**  
18 **VELOPMENT ACCOUNTS.**

19 (a) IN GENERAL.—Section 32 of the Internal Rev-  
20 enue Code of 1986 (relating to earned income credit) is  
21 amended by adding at the end the following:

22 “(o) DESIGNATION OF CREDIT FOR DEPOSIT TO IN-  
23 DIVIDUAL DEVELOPMENT ACCOUNT.—

24 “(1) IN GENERAL.—With respect to the return  
25 of any eligible individual (as defined in section 4(1)

1 of the Savings for Working Families Act) for the  
2 taxable year of the tax imposed by this chapter, such  
3 individual may designate that a specified portion  
4 (not less than \$1) of any overpayment of tax for  
5 such taxable year which is attributable to the credit  
6 allowed under this section shall be deposited by the  
7 Secretary into an Individual Development Account  
8 (as defined in section 4(2) of such Act) of such indi-  
9 vidual. The Secretary shall so deposit such portion  
10 designated under this paragraph.

11 “(2) MANNER AND TIME OF DESIGNATION.—A  
12 designation under paragraph (1) may be made with  
13 respect to any taxable year—

14 “(A) at the time of filing the return of the  
15 tax imposed by this chapter for such taxable  
16 year, or

17 “(B) at any other time (after the time of  
18 filing the return of the tax imposed by this  
19 chapter for such taxable year) specified in regu-  
20 lations prescribed by the Secretary.

21 Such designation shall be made in such manner as  
22 the Secretary prescribes by regulations.

23 “(3) PORTION ATTRIBUTABLE TO EARNED IN-  
24 COME TAX CREDIT.—For purposes of paragraph (1),  
25 an overpayment for any taxable year shall be treated

1 as attributable to the credit allowed under this sec-  
2 tion for such taxable year to the extent that such  
3 overpayment does not exceed the credit so allowed.

4 “(4) OVERPAYMENTS TREATED AS RE-  
5 FUNDED.—For purposes of this title, any portion of  
6 an overpayment of tax designated under paragraph  
7 (1) shall be treated as being refunded to the tax-  
8 payer as of the last date prescribed for filing the re-  
9 turn of tax imposed by this chapter (determined  
10 without regard to extensions) or, if later, the date  
11 the return is filed.

12 “(5) TERMINATION.—This subsection shall not  
13 apply to any taxable year beginning after December  
14 31, 2005.”.

15 (b) EFFECTIVE DATE.—The amendment made by  
16 this section shall apply to taxable years beginning after  
17 December 31, 2000.

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