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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.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 2, 2000

Mr. LIEBERMAN (for himself, Mr. SANTORUM, Ms. LANDRIEU, Mr. ABRAHAM, Mrs. FEINSTEIN, Mr. ROBB, and Mr. BAYH) introduced the following bill; which was read twice and referred to the Committee on Finance

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 tion may tailor its qualified individual development
 2 account program to allow matching funds to be
 3 spent on 1 or more of the categories of qualified ex-
 4 penses.

5 (c) ACCOUNT POPULATION DISTRIBUTION REQUIRE-
 6 MENT.—An individual development account program shall
 7 be treated as qualified under this Act only if not less than
 8 one third of the Individual Development Accounts under
 9 such program are owned by eligible individuals each of
 10 whom is a member of a household the gross income of
 11 which does not exceed 50 percent of the area median in-
 12 come (as published by the Department of Housing and
 13 Urban Affairs).

14 (d) TAX TREATMENT OF ACCOUNTS.—Any account
 15 described in subparagraph (B) of subsection (b)(1) is ex-
 16 empt from taxation under the Internal Revenue Code of
 17 1986 unless such account has ceased to be such an ac-
 18 count by reason of section 105(c) or the termination of
 19 the qualified individual development account program
 20 under section 106(b).

21 **SEC. 102. PROCEDURES FOR OPENING AN INDIVIDUAL DE-**
 22 **VELOPMENT ACCOUNT AND QUALIFYING FOR**
 23 **MATCHING FUNDS.**

24 (a) OPENING AN ACCOUNT.—An eligible individual
 25 must open an Individual Development Account with a

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 **OUNT 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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