

107TH CONGRESS
1ST SESSION

H. R. 1284

To provide incentives for charitable contributions by individuals and businesses, to improve the effectiveness and efficiency of government program delivery to individuals and families in need, and to enhance the ability of low-income Americans to gain financial security by building assets.

IN THE HOUSE OF REPRESENTATIVES

MARCH 28, 2001

Mr. WATTS of Oklahoma (for himself, Mr. HALL of Ohio, and Mr. HASTERT) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide incentives for charitable contributions by individuals and businesses, to improve the effectiveness and efficiency of government program delivery to individuals and families in need, and to enhance the ability of low-income Americans to gain financial security by building assets.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Community Solutions Act of 2001”.

4 (b) TABLE OF CONTENTS.—The table of contents is
5 as follows:

Sec. 1. Short title; table of contents.

TITLE I—CHARITABLE GIVING INCENTIVES PACKAGE

Sec. 101. Deduction for portion of charitable contributions to be allowed to individuals who do not itemize deductions.

Sec. 102. Tax-free distributions from individual retirement accounts for charitable purposes.

Sec. 103. Charitable deduction for contributions of food inventory.

Sec. 104. Charitable donations liability reform for in-kind corporate contributions.

TITLE II—EXPANSION OF CHARITABLE CHOICE

Sec. 201. Provision of assistance under government programs by religious and community organizations.

TITLE III—INDIVIDUAL DEVELOPMENT ACCOUNTS

Sec. 301. Purposes.

Sec. 302. Definitions.

Sec. 303. Structure and administration of qualified individual development account programs.

Sec. 304. Procedures for opening and maintaining an individual development account and qualifying for matching funds.

Sec. 305. Deposits by qualified individual development account programs.

Sec. 306. Withdrawal procedures.

Sec. 307. Certification and termination of qualified individual development account programs.

Sec. 308. Reporting, monitoring, and evaluation.

Sec. 309. Authorization of appropriations.

Sec. 310. Account funds disregarded for purposes of certain means-tested Federal programs.

Sec. 311. Matching funds for individual development accounts provided through a tax credit for qualified financial institutions.

1 **TITLE I—CHARITABLE GIVING**
 2 **INCENTIVES PACKAGE**

3 **SEC. 101. DEDUCTION FOR PORTION OF CHARITABLE CON-**
 4 **TRIBUTIONS TO BE ALLOWED TO INDIVID-**
 5 **UALS WHO DO NOT ITEMIZE DEDUCTIONS.**

6 (a) IN GENERAL.—Section 170 of the Internal Rev-
 7 enue Code of 1986 (relating to charitable, etc., contribu-
 8 tions and gifts) is amended by redesignating subsection
 9 (m) as subsection (n) and by inserting after subsection
 10 (l) the following new subsection:

11 “(m) DEDUCTION FOR INDIVIDUALS NOT ITEMIZING
 12 DEDUCTIONS.—In the case of an individual who does not
 13 itemize his deductions for the taxable year, there shall be
 14 taken into account as a direct charitable deduction under
 15 section 63 an amount equal to the lesser of—

16 “(1) the amount allowable under subsection (a)
 17 for the taxable year, or

18 “(2) the amount of the standard deduction.”

19 (b) DIRECT CHARITABLE DEDUCTION.—

20 (1) IN GENERAL.—Subsection (b) of section 63
 21 of such Code is amended by striking “and” at the
 22 end of paragraph (1), by striking the period at the
 23 end of paragraph (2) and inserting “, and”, and by
 24 adding at the end thereof the following new para-
 25 graph:

1 “(3) the direct charitable deduction.”

2 (2) DEFINITION.—Section 63 of such Code is
3 amended by redesignating subsection (g) as sub-
4 section (h) and by inserting after subsection (f) the
5 following new subsection:

6 “(g) DIRECT CHARITABLE DEDUCTION.—For pur-
7 poses of this section, the term ‘direct charitable deduction’
8 means that portion of the amount allowable under section
9 170(a) which is taken as a direct charitable deduction for
10 the taxable year under section 170(m).”

11 (3) CONFORMING AMENDMENT.—Subsection (d)
12 of section 63 of such Code is amended by striking
13 “and” at the end of paragraph (1), by striking the
14 period at the end of paragraph (2) and inserting “,
15 and”, and by adding at the end thereof the following
16 new paragraph:

17 “(3) the direct charitable deduction.”

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 the date of the enactment of this Act.

21 **SEC. 102. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RE-**
22 **TIREMENT ACCOUNTS FOR CHARITABLE**
23 **PURPOSES.**

24 (a) IN GENERAL.—Subsection (d) of section 408 of
25 the Internal Revenue Code of 1986 (relating to individual

1 retirement accounts) is amended by adding at the end the
2 following new paragraph:

3 “(8) DISTRIBUTIONS FOR CHARITABLE PUR-
4 POSES.—

5 “(A) IN GENERAL.—No amount shall be
6 includible in gross income by reason of a quali-
7 fied charitable distribution from an individual
8 retirement account to an organization described
9 in section 170(c).

10 “(B) SPECIAL RULES RELATING TO CHARI-
11 TABLE REMAINDER TRUSTS, POOLED INCOME
12 FUNDS, AND CHARITABLE GIFT ANNUITIES.—

13 “(i) IN GENERAL.—No amount shall
14 be includible in gross income by reason of
15 a qualified charitable distribution from an
16 individual retirement account—

17 “(I) to a charitable remainder
18 annuity trust or a charitable remain-
19 der unitrust (as such terms are de-
20 fined in section 664(d)),

21 “(II) to a pooled income fund (as
22 defined in section 642(c)(5)), or

23 “(III) for the issuance of a chari-
24 table gift annuity (as defined in sec-
25 tion 501(m)(5)).

1 The preceding sentence shall apply only if
2 no person holds an income interest in the
3 amounts in the trust, fund, or annuity at-
4 tributable to such distribution other than
5 one or more of the following: the individual
6 for whose benefit such account is main-
7 tained, the spouse of such individual, or
8 any organization described in section
9 170(c).

10 “(ii) DETERMINATION OF INCLUSION
11 OF AMOUNTS DISTRIBUTED.—In deter-
12 mining the amount includible in the gross
13 income of any person by reason of a pay-
14 ment or distribution from a trust referred
15 to in clause (i)(I) or a charitable gift annu-
16 ity (as so defined), the portion of any
17 qualified charitable distribution to such
18 trust or for such annuity which would (but
19 for this subparagraph) have been includible
20 in gross income—

21 “(I) shall be treated as income
22 described in section 664(b)(1), and

23 “(II) shall not be treated as an
24 investment in the contract.

1 “(iii) NO INCLUSION FOR DISTRIBUTION TO POOLED INCOME FUND.—No
 2 amount shall be includible in the gross income of a pooled income fund (as so defined) by reason of a qualified charitable
 3 distribution to such fund.
 4 distribution to such fund.

5 “(C) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the
 6 term ‘qualified charitable distribution’ means
 7 any distribution from an individual retirement
 8 account—
 9 account—

10 “(i) which is made on or after the
 11 date that the individual for whose benefit
 12 the account is maintained has attained age
 13 59½, and
 14 59½, and

15 “(ii) which is made directly from the
 16 account to—
 17 account to—

18 “(I) an organization described in
 19 section 170(c), or
 20 section 170(c), or

21 “(II) a trust, fund, or annuity referred to in subparagraph (B).
 22 referred to in subparagraph (B).

23 “(D) DENIAL OF DEDUCTION.—The
 24 amount allowable as a deduction under section
 25 170 to the taxpayer for the taxable year shall
 be reduced (but not below zero) by the sum of

1 the amounts of the qualified charitable distribu-
 2 tions during such year which would be includ-
 3 ible in the gross income of the taxpayer for
 4 such year but for this paragraph.”

5 (b) EFFECTIVE DATE.—The amendment made by
 6 subsection (a) shall apply to taxable years beginning after
 7 the date of the enactment of this Act.

8 **SEC. 103. CHARITABLE DEDUCTION FOR CONTRIBUTIONS**
 9 **OF FOOD INVENTORY.**

10 (a) IN GENERAL.—Subsection (e) of section 170 of
 11 the Internal Revenue Code of 1986 (relating to certain
 12 contributions of ordinary income and capital gain prop-
 13 erty) is amended by adding at the end the following new
 14 paragraph:

15 “(7) SPECIAL RULE FOR CONTRIBUTIONS OF
 16 FOOD INVENTORY.—For purposes of this section—

17 “(A) CONTRIBUTIONS BY NON-CORPORATE
 18 TAXPAYERS.—In the case of a charitable con-
 19 tribution of food by a taxpayer, paragraph
 20 (3)(A) shall be applied without regard to wheth-
 21 er or not the contribution is made by a corpora-
 22 tion.

23 “(B) LIMIT ON REDUCTION.—In the case
 24 of a charitable contribution of food which is a
 25 qualified contribution (within the meaning of

paragraph (3)(A), as modified by subparagraph (A) of this paragraph)—

“(i) paragraph (3)(B) shall not apply, and

“(ii) the reduction under paragraph (1)(A) for such contribution shall be no greater than the amount (if any) by which the amount of such contribution exceeds twice the basis of such food.

“(C) DETERMINATION OF BASIS.—For purposes of this paragraph, if a taxpayer uses the cash method of accounting, the basis of any qualified contribution of such taxpayer shall be deemed to be 50 percent of the fair market value of such contribution.

“(D) DETERMINATION OF FAIR MARKET VALUE.—In the case of a charitable contribution of food which is a qualified contribution (within the meaning of paragraph (3), as modified by subparagraphs (A) and (B) of this paragraph) and which, solely by reason of internal standards of the taxpayer, lack of market, or similar circumstances, or which is produced by the taxpayer exclusively for the purposes of transferring the food to an organization de-

1 scribed in paragraph (3)(A), cannot or will not
 2 be sold, the fair market value of such contribu-
 3 tion shall be determined—

4 “(i) without regard to such internal
 5 standards, such lack of market, such cir-
 6 cumstances, or such exclusive purpose, and

7 “(ii) if applicable, by taking into ac-
 8 count the price at which the same or simi-
 9 lar food items are sold by the taxpayer at
 10 the time of the contribution (or, if not so
 11 sold at such time, in the recent past).”.

12 (b) EFFECTIVE DATE.—The amendment made by
 13 subsection (a) shall apply to taxable years beginning after
 14 December 31, 2001.

15 **SEC. 104. CHARITABLE DONATIONS LIABILITY REFORM**
 16 **FOR IN-KIND CORPORATE CONTRIBUTIONS.**

17 (a) DEFINITIONS.—For purposes of this section:

18 (1) AIRCRAFT.—The term “aircraft” has the
 19 meaning provided that term in section 40102(6) of
 20 title 49, United States Code.

21 (2) BUSINESS ENTITY.—The term “business
 22 entity” means a firm, corporation, association, part-
 23 nership, consortium, joint venture, or other form of
 24 enterprise.

1 (3) EQUIPMENT.—The term “equipment” in-
2 cludes mechanical equipment, electronic equipment,
3 and office equipment.

4 (4) FACILITY.—The term “facility” means any
5 real property, including any building, improvement,
6 or appurtenance.

7 (5) GROSS NEGLIGENCE.—The term “gross
8 negligence” means voluntary and conscious conduct
9 by a person with knowledge (at the time of the con-
10 duct) that the conduct is likely to be harmful to the
11 health or well-being of another person.

12 (6) INTENTIONAL MISCONDUCT.—The term
13 “intentional misconduct” means conduct by a person
14 with knowledge (at the time of the conduct) that the
15 conduct is harmful to the health or well-being of an-
16 other person.

17 (7) MOTOR VEHICLE.—The term “motor vehi-
18 cle” has the meaning provided that term in section
19 30102(6) of title 49, United States Code.

20 (8) NONPROFIT ORGANIZATION.—The term
21 “nonprofit organization” means—

22 (A) any organization described in section
23 501(c)(3) of the Internal Revenue Code of 1986
24 and exempt from tax under section 501(a) of
25 such Code; or

1 (B) any not-for-profit organization orga-
2 nized and conducted for public benefit and op-
3 erated primarily for charitable, civic, edu-
4 cational, religious, welfare, or health purposes.

5 (9) STATE.—The term “State” means each of
6 the several States, the District of Columbia, the
7 Commonwealth of Puerto Rico, the Virgin Islands,
8 Guam, American Samoa, the Northern Mariana Is-
9 lands, any other territory or possession of the
10 United States, or any political subdivision of any
11 such State, territory, or possession.

12 (b) LIABILITY.—

13 (1) LIABILITY OF BUSINESS ENTITIES THAT
14 DONATE EQUIPMENT TO NONPROFIT ORGANIZA-
15 TIONS.—

16 (A) IN GENERAL.—Subject to subsection
17 (c), a business entity shall not be subject to
18 civil liability relating to any injury or death that
19 results from the use of equipment donated by a
20 business entity to a nonprofit organization.

21 (B) APPLICATION.—This paragraph shall
22 apply with respect to civil liability under Fed-
23 eral and State law.

1 (2) LIABILITY OF BUSINESS ENTITIES PRO-
2 VIDING USE OF FACILITIES TO NONPROFIT ORGANI-
3 ZATIONS.—

4 (A) IN GENERAL.—Subject to subsection
5 (c), a business entity shall not be subject to
6 civil liability relating to any injury or death oc-
7 curring at a facility of the business entity in
8 connection with a use of such facility by a non-
9 profit organization, if—

10 (i) the use occurs outside of the scope
11 of business of the business entity;

12 (ii) such injury or death occurs during
13 a period that such facility is used by the
14 nonprofit organization; and

15 (iii) the business entity authorized the
16 use of such facility by the nonprofit orga-
17 nization.

18 (B) APPLICATION.—This paragraph shall
19 apply—

20 (i) with respect to civil liability under
21 Federal and State law; and

22 (ii) regardless of whether a nonprofit
23 organization pays for the use of a facility.

24 (3) LIABILITY OF BUSINESS ENTITIES PRO-
25 VIDING USE OF A MOTOR VEHICLE OR AIRCRAFT.—

1 (A) IN GENERAL.—Subject to subsection
2 (c), a business entity shall not be subject to
3 civil liability relating to any injury or death oc-
4 ccurring as a result of the operation of aircraft
5 or a motor vehicle of a business entity loaned
6 to a nonprofit organization for use outside of
7 the scope of business of the business entity, if—

8 (i) such injury or death occurs during
9 a period that such motor vehicle or aircraft
10 is used by a nonprofit organization; and

11 (ii) the business entity authorized the
12 use by the nonprofit organization of motor
13 vehicle or aircraft that resulted in the in-
14 jury or death.

15 (B) APPLICATION.—This paragraph shall
16 apply—

17 (i) with respect to civil liability under
18 Federal and State law; and

19 (ii) regardless of whether a nonprofit
20 organization pays for the use of the air-
21 craft or motor vehicle.

22 (4) LIABILITY OF BUSINESS ENTITIES PRO-
23 VIDING TOURS OF FACILITIES.—

24 (A) IN GENERAL.—Subject to subsection
25 (c), a business entity shall not be subject to

1 civil liability relating to any injury to, or death
2 of an individual occurring at a facility of the
3 business entity, if—

4 (i) such injury or death occurs during
5 a tour of the facility in an area of the fa-
6 cility that is not otherwise accessible to the
7 general public; and

8 (ii) the business entity authorized the
9 tour.

10 (B) APPLICATION.—This paragraph shall
11 apply—

12 (i) with respect to civil liability under
13 Federal and State law; and

14 (ii) regardless of whether an indi-
15 vidual pays for the tour.

16 (c) EXCEPTIONS.—Subsection (b) shall not apply to
17 an injury or death that results from an act or omission
18 of a business entity that constitutes gross negligence or
19 intentional misconduct, including any misconduct that—

20 (1) constitutes a crime of violence (as that term
21 is defined in section 16 of title 18, United States
22 Code) or act of international terrorism (as that term
23 is defined in section 2331 of title 18, United States
24 Code) for which the defendant has been convicted in
25 any court;

1 (2) constitutes a hate crime (as that term is
2 used in the Hate Crime Statistics Act (28 U.S.C.
3 534 note));

4 (3) involves a sexual offense, as defined by ap-
5 plicable State law, for which the defendant has been
6 convicted in any court; or

7 (4) involves misconduct for which the defendant
8 has been found to have violated a Federal or State
9 civil rights law.

10 (d) SUPERSEDING PROVISION.—

11 (1) IN GENERAL.—Subject to paragraph (2)
12 and subsection (e), this title preempts the laws of
13 any State to the extent that such laws are incon-
14 sistent with this title, except that this title shall not
15 preempt any State law that provides additional pro-
16 tection for a business entity for an injury or death
17 described in a paragraph of subsection (b) with re-
18 spect to which the conditions specified in such para-
19 graph apply.

20 (2) LIMITATION.—Nothing in this title shall be
21 construed to supersede any Federal or State health
22 or safety law.

23 (e) ELECTION OF STATE REGARDING NONAPPLICA-
24 BILITY.—A provision of this title shall not apply to any
25 civil action in a State court against a business entity in

1 which all parties are citizens of the State if such State
2 enacts a statute—

3 (1) citing the authority of this section;

4 (2) declaring the election of such State that
5 such provision shall not apply to such civil action in
6 the State; and

7 (3) containing no other provisions.

8 (f) EFFECTIVE DATE.—This section shall apply to in-
9 juries (and deaths resulting therefrom) occurring on or
10 after the date of the enactment of this Act.

11 **TITLE II—EXPANSION OF** 12 **CHARITABLE CHOICE**

13 **SEC. 201. PROVISION OF ASSISTANCE UNDER GOVERN-** 14 **MENT PROGRAMS BY RELIGIOUS AND COM-** 15 **MUNITY ORGANIZATIONS.**

16 Title XXIV of the Revised Statutes is amended by
17 inserting after section 1990 (42 U.S.C. 1994) the fol-
18 lowing:

19 **“SEC. 1994A. CHARITABLE CHOICE.**

20 “(a) SHORT TITLE.—This section may be cited as the
21 ‘Charitable Choice Act of 2001’.

22 “(b) PURPOSES.—The purposes of this section are—
23 “(1) to provide assistance to individuals and
24 families in need in the most effective and efficient
25 manner;

1 “(2) to prohibit discrimination against religious
2 organizations on the basis of religion in the adminis-
3 tration and distribution of government assistance
4 under the government programs described in sub-
5 section (c)(4);

6 “(3) to allow religious organizations to assist in
7 the administration and distribution of such assist-
8 ance without impairing the religious character of
9 such organizations; and

10 “(4) to protect the religious freedom of individ-
11 uals and families in need who are eligible for govern-
12 ment assistance, including expanding the possibility
13 of choosing to receive services from a religious orga-
14 nization providing such assistance.

15 “(c) RELIGIOUS ORGANIZATIONS INCLUDED AS NON-
16 GOVERNMENTAL PROVIDERS.—

17 “(1) IN GENERAL.—

18 “(A) INCLUSION.—For any program de-
19 scribed in paragraph (4) that is carried out by
20 the Federal Government, or by a State or local
21 government with Federal funds, the government
22 shall consider, on the same basis as other non-
23 governmental organizations, religious organiza-
24 tions to provide the assistance under the pro-
25 gram, if the program is implemented in a man-

1 ner that is consistent with the Establishment
2 Clause and the Free Exercise Clause of the
3 first amendment to the Constitution.

4 “(B) DISCRIMINATION PROHIBITED.—Nei-
5 ther the Federal Government nor a State or
6 local government receiving funds under a pro-
7 gram described in paragraph (4) shall discrimi-
8 nate against an organization that provides as-
9 sistance under, or applies to provide assistance
10 under, such program, on the basis that the or-
11 ganization has a religious character.

12 “(2) FUNDS NOT AID TO RELIGION.—Federal,
13 State, or local government funds or other assistance
14 that is received by a religious organization for the
15 provision of services under this section constitutes
16 aid to individuals and families in need, the ultimate
17 beneficiaries of such services, and not aid to the reli-
18 gious organization.

19 “(3) FUNDS NOT ENDORSEMENT OF RELI-
20 GION.—The receipt by a religious organization of
21 Federal, State, or local government funds or other
22 assistance under this section is not and should not
23 be perceived as an endorsement by the government
24 of religion or the organization’s religious beliefs or
25 practices.

1 “(4) PROGRAMS.—For purposes of this section,
2 a program is described in this paragraph—

3 “(A) if it involves activities carried out
4 using Federal funds—

5 “(i) related to the prevention and
6 treatment of juvenile delinquency and the
7 improvement of the juvenile justice system,
8 including programs funded under the Juve-
9 nile Justice and Delinquency Prevention
10 Act of 1974 (42 U.S.C. 5601 et seq.);

11 “(ii) related to the prevention of
12 crime, including programs funded under
13 title I of the Omnibus Crime Control and
14 Safe Streets Act of 1968 (42 U.S.C. 3701
15 et seq.);

16 “(iii) under the Federal housing laws;

17 “(iv) under title I of the Workforce
18 Investment Act of 1998 (29 U.S.C. 2801
19 et seq.)

20 “(v) under the Older Americans Act
21 of 1965 (42 U.S.C. 3001 et seq.);

22 “(vi) under the Child Care Develop-
23 ment Block Grant Act of 1990 (42 U.S.C.
24 9858 et seq.);

1 “(vii) under the Community Develop-
2 ment Block Grant Program established
3 under title I of the Housing and Commu-
4 nity Development Act of 1974 (42 U.S.C.
5 5301 et seq.);

6 “(viii) related to the intervention in
7 and prevention of domestic violence;

8 “(ix) related to hunger relief activi-
9 ties; or

10 “(x) under the Job Access and Re-
11 verse Commute grant program established
12 under section 3037 of the Federal Transit
13 Act of 1998 (49 U.S.C. 5309 note); or

14 “(B)(i) if it involves activities to assist stu-
15 dents in obtaining the recognized equivalents of
16 secondary school diplomas and activities relat-
17 ing to non-school-hours programs; and

18 “(ii) except as provided in subparagraph
19 (A) and clause (i), does not include activities
20 carried out under Federal programs providing
21 education to children eligible to attend elemen-
22 tary schools or secondary schools, as defined in
23 section 14101 of the Elementary and Secondary
24 Education Act of 1965 (20 U.S.C. 8801).

1 “(d) ORGANIZATIONAL CHARACTER AND AUTON-
2 OMY.—

3 “(1) IN GENERAL.—A religious organization
4 that provides assistance under a program described
5 in subsection (c)(4) shall retain its autonomy from
6 Federal, State, and local governments, including
7 such organization’s control over the definition, devel-
8 opment, practice, and expression of its religious be-
9 liefs.

10 “(2) ADDITIONAL SAFEGUARDS.—Neither the
11 Federal Government nor a State or local government
12 shall require a religious organization in order to be
13 eligible to provide assistance under a program de-
14 scribed in subsection (c)(4)—

15 “(A) to alter its form of internal govern-
16 ance; or

17 “(B) to remove religious art, icons, scrip-
18 ture, or other symbols because they are reli-
19 gious.

20 “(e) EMPLOYMENT PRACTICES.—

21 “(1) IN GENERAL.—In order to aid in the pres-
22 ervation of its religious character, a religious organi-
23 zation that provides assistance under a program de-
24 scribed in subsection (c)(4) may, notwithstanding
25 any other provision of law, require that its employ-

1 ees adhere to the religious practices of the organiza-
2 tion.

3 “(2) TITLE VII EXEMPTION.—The exemption of
4 a religious organization provided under section 702
5 or 703(e)(2) of the Civil Rights Act of 1964 (42
6 U.S.C. 2000e–1, 2000e–2(e)(2)) regarding employ-
7 ment practices shall not be affected by the religious
8 organization’s provision of assistance under, or re-
9 ceipt of funds from, a program described in sub-
10 section (c)(4).

11 “(3) EFFECT ON OTHER LAWS.—Nothing in
12 this section alters the duty of a religious organiza-
13 tion to comply with the nondiscrimination provisions
14 in title VI of the Civil Rights Act of 1964 (42
15 U.S.C. 2000d et seq.) (prohibiting discrimination on
16 the basis of race, color, and national origin), title IX
17 of the Education Amendments of 1972 (20 U.S.C.
18 1681–1686) (prohibiting discrimination in edu-
19 cational institutions on the basis of sex and visual
20 impairment), section 504 of the Rehabilitation Act
21 of 1973 (29 U.S.C. 794) (prohibiting discrimination
22 against otherwise qualified disabled individuals), and
23 the Age Discrimination Act of 1975 (42 U.S.C.
24 6101–6107) (prohibiting discrimination on the basis
25 of age).

1 “(f) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

2 “(1) IN GENERAL.—If an individual described
3 in paragraph (3) has an objection to the religious
4 character of the organization from which the indi-
5 vidual receives, or would receive, assistance funded
6 under any program described in subsection (c)(4),
7 the appropriate Federal, State, or local govern-
8 mental entity shall provide to such individual (if oth-
9 erwise eligible for such assistance) within a reason-
10 able period of time after the date of such objection,
11 assistance that—

12 “(A) is an alternative, including a nonreli-
13 gious alternative, that is accessible to the indi-
14 vidual; and

15 “(B) has a value that is not less than the
16 value of the assistance that the individual would
17 have received from such organization.

18 “(2) NOTICE.—The appropriate Federal, State,
19 or local governmental entity shall guarantee that no-
20 tice is provided to the individuals described in para-
21 graph (3) of the rights of such individuals under this
22 section.

23 “(3) INDIVIDUAL DESCRIBED.—An individual
24 described in this paragraph is an individual who re-

1 ceives or applies for assistance under a program de-
2 scribed in subsection (c)(4).

3 “(g) NONDISCRIMINATION AGAINST BENE-
4 FICIARIES.—

5 “(1) GRANTS AND CONTRACTS.—A religious or-
6 ganization providing assistance through a grant or
7 contract under a program described in subsection
8 (c)(4) shall not discriminate, in carrying out the pro-
9 gram, against an individual described in subsection
10 (f)(3) on the basis of religion, a religious belief, or
11 a refusal to hold a religious belief.

12 “(2) INDIRECT FORMS OF DISBURSEMENT.—A
13 religious organization providing assistance through a
14 voucher, certificate, or other form of indirect dis-
15 bursement under a program described in subsection
16 (c)(4) shall not discriminate, in carrying out the pro-
17 gram, against an individual described in subsection
18 (f)(3) on the basis of religion, a religious belief, or
19 a refusal to hold a religious belief.

20 “(h) ACCOUNTABILITY.—

21 “(1) IN GENERAL.—Except as provided in para-
22 graph (2), a religious organization providing assist-
23 ance under any program described in subsection
24 (c)(4) shall be subject to the same regulations as
25 other nongovernmental organizations to account in

1 accord with generally accepted accounting principles
2 for the use of such funds provided under such pro-
3 gram.

4 “(2) LIMITED AUDIT.—Such organization shall
5 segregate government funds provided under such
6 program into a separate account or accounts. Only
7 the government funds shall be subject to audit by
8 the government.

9 “(i) LIMITATIONS ON USE OF FUNDS FOR CERTAIN
10 PURPOSES.—No funds provided through a grant or con-
11 tract to a religious organization to provide assistance
12 under any program described in subsection (c)(4) shall be
13 expended for sectarian worship, instruction, or proselytiza-
14 tion. A certificate shall be signed by such organizations
15 and filed with the government agency that disbursed the
16 funds that gives assurance the organization will comply
17 with this subsection.

18 “(j) EFFECT ON STATE AND LOCAL FUNDS.—If a
19 State or local government contributes State or local funds
20 to carry out a program described in subsection (c)(4), the
21 State or local government may segregate the State or local
22 funds from the Federal funds provided to carry out the
23 program or may commingle the State or local funds with
24 the Federal funds. If the State or local government com-
25 mingles the State or local funds, the provisions of this sec-

1 tion shall apply to the commingled funds in the same man-
2 ner, and to the same extent, as the provisions apply to
3 the Federal funds.

4 “(k) TREATMENT OF INTERMEDIATE CONTRAC-
5 TORS.—If a nongovernmental organization (referred to in
6 this subsection as an ‘intermediate contractor’), acting
7 under a contract or other agreement with the Federal Gov-
8 ernment or a State or local government, is given the au-
9 thority under the contract or agreement to select non-
10 governmental organizations to provide assistance under
11 the programs described in subsection (c)(4), the inter-
12 mediate contractor shall have the same duties under this
13 section as the government when selecting or otherwise
14 dealing with subcontractors, but the intermediate con-
15 tractor, if it is a religious organization, shall retain all
16 other rights of a religious organization under this section.

17 “(l) COMPLIANCE.—A party alleging that the rights
18 of the party under this section have been violated by a
19 State or local government may bring a civil action pursu-
20 ant to section 1979 against the official or government
21 agency that has allegedly committed such violation. A
22 party alleging that the rights of the party under this sec-
23 tion have been violated by the Federal Government may
24 bring a civil action for appropriate relief in Federal dis-

1 strict court against the official or government agency that
 2 has allegedly committed such violation.”.

3 **TITLE III—INDIVIDUAL** 4 **DEVELOPMENT ACCOUNTS**

5 **SEC. 301. PURPOSES.**

6 The purposes of this title are to provide for the estab-
 7 lishment of individual development account programs that
 8 will—

9 (1) provide individuals and families with limited
 10 means an opportunity to accumulate assets and to
 11 enter the financial mainstream;

12 (2) promote education, homeownership, and the
 13 development of small businesses;

14 (3) stabilize families and build communities;
 15 and

16 (4) support United States economic expansion.

17 **SEC. 302. DEFINITIONS.**

18 As used in this title:

19 (1) **ELIGIBLE INDIVIDUAL.**—

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

22 (i) has attained the age of 18 years
 23 but not the age of 61;

24 (ii) is a citizen or legal resident of the
 25 United States;

1 (iii) is not a student (as defined in
2 section 151(c)(4)); and

3 (iv) is a taxpayer the adjusted gross
4 income of whom for the preceding taxable
5 year does not exceed—

6 (I) \$20,000, in the case of a tax-
7 payer described in section 1(c) or 1(d)
8 of the Internal Revenue Code of 1986;

9 (II) \$25,000, in the case of a
10 taxpayer described in section 1(b) of
11 such Code; and

12 (III) \$40,000, in the case of a
13 taxpayer described in section 1(a) of
14 such Code.

15 (B) INFLATION ADJUSTMENT.—

16 (i) IN GENERAL.—In the case of any
17 taxable year beginning after 2002, each
18 dollar amount referred to in subparagraph
19 (A)(iv) shall be increased by an amount
20 equal to—

21 (I) such dollar amount, multi-
22 plied by

23 (II) the cost-of-living adjustment
24 determined under section (1)(f)(3) of
25 the Internal Revenue Code of 1986

1 for the calendar year in which the tax-
2 able year begins, by substituting
3 “2001” for “1992”.

4 (ii) ROUNDING.—If any amount as
5 adjusted under clause (i) is not a multiple
6 of \$50, such amount shall be rounded to
7 the nearest multiple of \$50.

8 (2) INDIVIDUAL DEVELOPMENT ACCOUNT.—
9 The term “Individual Development Account” means
10 an account established for an eligible individual as
11 part of a qualified individual development account
12 program, but only if the written governing instru-
13 ment creating the account meets the following re-
14 quirements:

15 (A) The sole owner of the account is the
16 individual for whom the account was estab-
17 lished.

18 (B) No contribution will be accepted unless
19 it is in cash.

20 (C) The holder of the account is a quali-
21 fied financial institution.

22 (D) The assets of the account will not be
23 commingled with other property except in a
24 common trust fund or common investment
25 fund.

1 (E) Except as provided in section 306(b),
2 any amount in the account may be paid out
3 only for the purpose of paying the qualified ex-
4 penses of the account owner.

5 (3) PARALLEL ACCOUNT.—The term “parallel
6 account” means a separate, parallel individual or
7 pooled account for all matching funds and earnings
8 dedicated to an Individual Development Account
9 owner as part of a qualified individual development
10 account program, the sole owner of which is a quali-
11 fied financial institution, a qualified nonprofit orga-
12 nization, or an Indian tribe.

13 (4) QUALIFIED FINANCIAL INSTITUTION.—

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

18 (B) RULE OF CONSTRUCTION.—Nothing in
19 this paragraph shall be construed as preventing
20 a person described in subparagraph (A) from
21 collaborating with 1 or more contractual affili-
22 ates, qualified nonprofit organizations, or In-
23 dian tribes to carry out an individual develop-
24 ment account program established under sec-
25 tion 303.

1 (5) QUALIFIED NONPROFIT ORGANIZATION.—

2 The term “qualified nonprofit organization”
3 means—

4 (A) any organization described in section
5 501(c)(3) of the Internal Revenue Code of 1986
6 and exempt from taxation under section 501(a)
7 of such Code;

8 (B) any community development financial
9 institution certified by the Community Develop-
10 ment Financial Institution Fund; or

11 (C) any credit union chartered under Fed-
12 eral or State law.

13 (6) INDIAN TRIBE.—The term “Indian tribe”
14 means any Indian tribe as defined in section 4(12)
15 of the Native American Housing Assistance and
16 Self-Determination Act of 1996 (25 U.S.C.
17 4103(12), and includes any tribal subsidiary, sub-
18 division, or other wholly owned tribal entity.

19 (7) QUALIFIED INDIVIDUAL DEVELOPMENT AC-
20 COUNT PROGRAM.—The term “qualified individual
21 development account program” means a program es-
22 tablished under section 303 under which—

23 (A) Individual Development Accounts and
24 parallel accounts are held by a qualified finan-
25 cial institution; and

(B) additional activities determined by the Secretary as necessary to responsibly develop and administer accounts, including recruiting, providing financial education and other training to account owners, and regular program monitoring, are carried out by the qualified financial institution, a qualified nonprofit organization, or an Indian tribe.

(8) QUALIFIED EXPENSE DISTRIBUTION.—

(A) IN GENERAL.—The term “qualified expense distribution” means any amount paid (including through electronic payments) or distributed out of an Individual Development Account and a parallel account established for an eligible individual if such amount—

(i) is used exclusively to pay the qualified expenses of the Individual Development Account owner or such owner’s spouse or dependents, as approved by the qualified financial institution, qualified nonprofit organization, or Indian tribe;

(ii) is paid by the qualified financial institution, qualified nonprofit organization, or Indian tribe—

1 (I) except as otherwise provided
2 in this clause, directly to the unre-
3 lated third party to whom the amount
4 is due;

5 (II) in the case of distributions
6 for working capital under a qualified
7 business plan (as defined in subpara-
8 graph (B)(iv)(IV)), directly to the ac-
9 count owner;

10 (III) in the case of any qualified
11 rollover, directly to another Individual
12 Development Account and parallel ac-
13 count; or

14 (IV) in the case of a qualified
15 final distribution, directly to the
16 spouse, dependent, or other named
17 beneficiary of the deceased account
18 owner; and

19 (iii) is paid after the account owner
20 has completed a financial education course
21 as required under section 304(b).

22 (B) QUALIFIED EXPENSES.—

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

1 (I) Qualified higher education ex-
2 penses.

3 (II) Qualified first-time home-
4 buyer costs.

5 (III) Qualified business capital-
6 ization or expansion costs.

7 (IV) Qualified rollovers.

8 (V) Qualified final distribution.

9 (ii) QUALIFIED HIGHER EDUCATION
10 EXPENSES.—

11 (I) IN GENERAL.—The term
12 “qualified higher education expenses”
13 has the meaning given such term by
14 section 72(t)(7) of the Internal Rev-
15 enue Code of 1986, determined by
16 treating postsecondary vocational edu-
17 cational schools as eligible educational
18 institutions.

19 (II) POSTSECONDARY VOCA-
20 TIONAL EDUCATION SCHOOL.—The
21 term “postsecondary vocational edu-
22 cational school” means an area voca-
23 tional education school (as defined in
24 subparagraph (C) or (D) of section
25 521(4) of the Carl D. Perkins Voca-

1 tional and Applied Technology Edu-
 2 cation Act (20 U.S.C. 2471(4)))
 3 which is in any State (as defined in
 4 section 521(33) of such Act), as such
 5 sections are in effect on the date of
 6 the enactment of this Act.

7 (III) COORDINATION WITH
 8 OTHER BENEFITS.—The amount of
 9 qualified higher education expenses
 10 for any taxable year shall be reduced
 11 as provided in section 25A(g)(2) of
 12 such Code and may not be taken into
 13 account for purposes of determining
 14 qualified higher education expenses
 15 under section 135 or 530 of the Inter-
 16 nal Revenue Code of 1986.

17 (iii) QUALIFIED FIRST-TIME HOME-
 18 BUYER COSTS.—The term “qualified first-
 19 time homebuyer costs” means qualified ac-
 20 quisition costs (as defined in section
 21 72(t)(8) of such Code without regard to
 22 subparagraph (B) thereof) with respect to
 23 a principal residence (within the meaning
 24 of section 121 of such Code) for a qualified

1 first-time homebuyer (as defined in section
2 72(t)(8) of such Code).

3 (iv) QUALIFIED BUSINESS CAPITAL-
4 IZATION OR EXPANSION COSTS.—

5 (I) IN GENERAL.—The term
6 “qualified business capitalization or
7 expansion costs” means qualified ex-
8 penditures for the capitalization or ex-
9 pansion of a qualified business pursu-
10 ant to a qualified business plan.

11 (II) QUALIFIED EXPENDI-
12 TURES.—The term “qualified expendi-
13 tures” means expenditures included in
14 a qualified business plan, including
15 capital, plant, equipment, working
16 capital, inventory expenses, attorney
17 and accounting fees, and other costs
18 normally associated with starting or
19 expanding a business.

20 (III) QUALIFIED BUSINESS.—
21 The term “qualified business” means
22 any business that does not contravene
23 any law.

24 (IV) QUALIFIED BUSINESS
25 PLAN.—The term “qualified business

1 plan” means a business plan which
2 has been approved by the qualified fi-
3 nancial institution, qualified nonprofit
4 organization, or Indian tribe and
5 which meets such requirements as the
6 Secretary may specify.

7 (v) QUALIFIED ROLLOVERS.—The
8 term “qualified rollover” means the com-
9 plete distribution of the amounts in an In-
10 dividual Development Account and parallel
11 account to another Individual Development
12 Account and parallel account established in
13 another qualified financial institution,
14 qualified nonprofit organization, or Indian
15 tribe for the benefit of the account owner.

16 (vi) QUALIFIED FINAL DISTRIBUTION.—The term “qualified final distribu-
17 tion” means, in the case of a deceased ac-
18 count owner, the complete distribution of
19 the amounts in an Individual Development
20 Account and parallel account directly to
21 the spouse, any dependent, or other named
22 beneficiary of the deceased.

24 (9) SECRETARY.—The term “Secretary” means
25 the Secretary of the Treasury.

1 **SEC. 303. STRUCTURE AND ADMINISTRATION OF QUALI-**
2 **FIED INDIVIDUAL DEVELOPMENT ACCOUNT**
3 **PROGRAMS.**

4 (a) ESTABLISHMENT OF QUALIFIED INDIVIDUAL DE-
5 VELOPMENT ACCOUNT PROGRAMS.—Any qualified finan-
6 cial institution, qualified nonprofit organization, or Indian
7 tribe may establish 1 or more qualified individual develop-
8 ment account programs which meet the requirements of
9 this title.

10 (b) BASIC PROGRAM STRUCTURE.—

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

14 (A) An Individual Development Account to
15 which an eligible individual may contribute cash
16 in accordance with section 304.

17 (B) A parallel account to which all match-
18 ing funds shall be deposited in accordance with
19 section 305.

20 (2) TAILORED IDA PROGRAMS.—A qualified fi-
21 nancial institution, a qualified nonprofit organiza-
22 tion, or an Indian tribe may tailor its qualified indi-
23 vidual development account program to allow match-
24 ing funds to be spent on 1 or more of the categories
25 of qualified expenses.

1 (c) TAX TREATMENT OF PARALLEL ACCOUNTS.—
2 Any account described in subparagraph (B) of subsection
3 (b)(1) is exempt from taxation under the Internal Revenue
4 Code of 1986.

5 **SEC. 304. PROCEDURES FOR OPENING AND MAINTAINING**
6 **AN INDIVIDUAL DEVELOPMENT ACCOUNT**
7 **AND QUALIFYING FOR MATCHING FUNDS.**

8 (a) OPENING AN ACCOUNT.—An eligible individual
9 may open an Individual Development Account with a
10 qualified financial institution, a qualified nonprofit organi-
11 zation, or an Indian tribe upon certification that such indi-
12 vidual maintains no other Individual Development Ac-
13 count (other than an Individual Development Account to
14 be terminated by a qualified rollover).

15 (b) REQUIRED COMPLETION OF FINANCIAL EDU-
16 CATION COURSE.—

17 (1) IN GENERAL.—Before becoming eligible to
18 withdraw matching funds to pay for qualified ex-
19 penses, owners of Individual Development Accounts
20 must complete a financial education course offered
21 by a qualified financial institution, a qualified non-
22 profit organization, an Indian tribe, or a government
23 entity.

24 (2) STANDARD AND APPLICABILITY OF
25 COURSE.—The Secretary, in consultation with rep-

1 representatives of qualified individual development ac-
2 count programs and financial educators, shall estab-
3 lish minimum quality standards for the contents of
4 financial education courses and providers of such
5 courses offered under paragraph (1) and a protocol
6 to exempt individuals from the requirement under
7 paragraph (1) because of hardship or lack of need.

8 (c) STATUS AS AN ELIGIBLE INDIVIDUAL.—Federal
9 income tax forms from the preceding taxable year (or in
10 the absence of such forms, such documentation as speci-
11 fied by the Secretary proving the eligible individual’s ad-
12 justed gross income and the status of the individual as
13 an eligible individual) shall be presented to the qualified
14 financial institution, qualified nonprofit organization, or
15 Indian tribe at the time of the establishment of the Indi-
16 vidual Development Account and in any taxable year in
17 which contributions are made to the Account to qualify
18 for matching funds under section 305(b)(1)(A).

19 (d) DIRECT DEPOSITS.—The Secretary may, under
20 regulations, provide for the direct deposit of any portion
21 (not less than \$1) of any overpayment of Federal tax of
22 an individual as a contribution to the Individual Develop-
23 ment Account of such individual.

1 **SEC. 305. DEPOSITS BY QUALIFIED INDIVIDUAL DEVELOP-**
2 **MENT ACCOUNT PROGRAMS.**

3 (a) PARALLEL ACCOUNTS.—The qualified financial
4 institution, qualified nonprofit organization, or Indian
5 tribe shall deposit all matching funds for each Individual
6 Development Account into a parallel account at a qualified
7 financial institution, a qualified nonprofit organization, or
8 an Indian tribe.

9 (b) REGULAR DEPOSITS OF MATCHING FUNDS.—

10 (1) IN GENERAL.—Subject to paragraph (2),
11 the qualified financial institution, qualified nonprofit
12 organization, or Indian tribe shall not less than
13 quarterly (or upon a proper withdrawal request
14 under section 306, if necessary) deposit into the par-
15 allel account with respect to each eligible individual
16 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.

24 (2) INFLATION ADJUSTMENT.—

25 (A) IN GENERAL.—In the case of any tax-
26 able year beginning after 2002, the dollar

1 amount referred to in paragraph (1)(A) shall be
 2 increased by an amount equal to—

3 (i) such dollar amount, multiplied by

4 (ii) the cost-of-living adjustment de-
 5 termined under section (1)(f)(3) of the In-
 6 ternal Revenue Code of 1986 for the cal-
 7 endar year in which the taxable year be-
 8 gins, by substituting “2001” for “1992”.

9 (B) ROUNDING.—If any amount as ad-
 10 justed under subparagraph (A) is not a multiple
 11 of \$20, such amount shall be rounded to the
 12 nearest multiple of \$20.

13 (3) CROSS REFERENCE.—

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

14 (c) DEPOSIT OF MATCHING FUNDS INTO INDIVIDUAL DEVELOPMENT ACCOUNT OF INDIVIDUAL WHO
 15 HAS ATTAINED AGE 61.—In the case of an Individual Development Account owner who attains the age of 61, the
 16 qualified financial institution, qualified nonprofit organization, or Indian tribe which holds the parallel account
 17 for such individual shall deposit the funds in such parallel
 18 account into the Individual Development Account of such
 19 individual on the first day of the succeeding taxable year
 20 of such individual.

1 (d) UNIFORM ACCOUNTING REGULATIONS.—To en-
2 sure proper recordkeeping and determination of the tax
3 credit under section 30B of the Internal Revenue Code
4 of 1986, the Secretary shall prescribe regulations with re-
5 spect to accounting for matching funds in the parallel ac-
6 counts.

7 (e) REGULAR REPORTING OF ACCOUNTS.—Any
8 qualified financial institution, qualified nonprofit organi-
9 zation, or Indian tribe shall report the balances in any
10 Individual Development Account and parallel account of
11 an individual on not less than an annual basis to such
12 individual.

13 **SEC. 306. WITHDRAWAL PROCEDURES.**

14 (a) WITHDRAWALS FOR QUALIFIED EXPENSES.—To
15 withdraw money from an individual's Individual Develop-
16 ment Account to pay qualified expenses of such individual
17 or such individual's spouse or dependents, the qualified
18 financial institution, qualified nonprofit organization, or
19 Indian tribe shall directly transfer such funds from the
20 Individual Development Account, and, if applicable, from
21 the parallel account electronically to the distributees de-
22 scribed in section 302(8)(A)(ii). If the distributee is not
23 equipped to receive funds electronically, the qualified fi-
24 nancial institution, qualified nonprofit organization, or In-

1 dian tribe may issue such funds by paper check to the
2 distributee.

3 (b) WITHDRAWALS FOR NONQUALIFIED EX-
4 PENSES.—An Individual Development Account owner may
5 unilaterally withdraw any amount of funds from the Indi-
6 vidual Development Account for purposes other than to
7 pay qualified expenses, but shall forfeit a proportionate
8 amount of matching funds from the individual's parallel
9 account by doing so, unless such withdrawn funds are re-
10 contributed to such Account by September 30 following
11 the withdrawal.

12 (c) WITHDRAWALS FROM ACCOUNTS OF NON-
13 ELIGIBLE INDIVIDUALS.—If the individual for whose ben-
14 efit an Individual Development Account is established
15 ceases to be an eligible individual, such account shall re-
16 main an Individual Development Account, but such indi-
17 vidual shall not be eligible for any further matching funds
18 under section 305(b)(1)(A) during the period—

19 (1) beginning on the first day of the taxable
20 year of such individual following the beginning of
21 such ineligibility, and

22 (2) ending on the last day of the taxable year
23 of such individual in which such ineligibility ceases.

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

4 (e) WITHDRAWAL LIABILITY RESTS ONLY WITH EL-
 5 IGIBLE INDIVIDUALS.—Nothing in this title may be con-
 6 strued to impose liability on a qualified financial institu-
 7 tion, a qualified nonprofit organization, or an Indian tribe
 8 for non-compliance with the requirements of this title re-
 9 lated to withdrawals from Individual Development Ac-
 10 counts.

11 **SEC. 307. CERTIFICATION AND TERMINATION OF QUALI-**
 12 **FIED INDIVIDUAL DEVELOPMENT ACCOUNT**
 13 **PROGRAMS.**

14 (a) CERTIFICATION PROCEDURES.—Upon estab-
 15 lishing a qualified individual development account pro-
 16 gram under section 303, a qualified financial institution,
 17 a qualified nonprofit organization, or an Indian tribe shall
 18 certify to the Secretary on forms prescribed by the Sec-
 19 retary and accompanied by any documentation required
 20 by the Secretary, that—

- 21 (1) the accounts described in subparagraphs
- 22 (A) and (B) of section 303(b)(1) are operating pur-
 23 suant to all the provisions of this title; and
- 24 (2) the qualified financial institution, qualified
 25 nonprofit organization, or Indian tribe agrees to im-

1 plement an information system necessary to monitor
2 the cost and outcomes of the qualified individual de-
3 velopment account program.

4 (b) **AUTHORITY TO TERMINATE QUALIFIED IDA**
5 **PROGRAM.**—If the Secretary determines that a qualified
6 financial institution, a qualified nonprofit organization, or
7 an Indian tribe under this title is not operating a qualified
8 individual development account program in accordance
9 with the requirements of this title (and has not imple-
10 mented any corrective recommendations directed by the
11 Secretary), the Secretary shall terminate such institu-
12 tion's, nonprofit organization's, or Indian tribe's authority
13 to conduct the program. If the Secretary is unable to iden-
14 tify a qualified financial institution, a qualified nonprofit
15 organization, or an Indian tribe to assume the authority
16 to conduct such program, then any funds in a parallel ac-
17 count established for the benefit of any individual under
18 such program shall be deposited into the Individual Devel-
19 opment Account of such individual as of the first day of
20 such termination.

21 **SEC. 308. REPORTING, MONITORING, AND EVALUATION.**

22 (a) **RESPONSIBILITIES OF QUALIFIED FINANCIAL IN-**
23 **STITUTIONS, QUALIFIED NONPROFIT ORGANIZATIONS,**
24 **AND INDIAN TRIBES.**—Each qualified financial institu-
25 tion, qualified nonprofit organization, or Indian tribe that

1 operates a qualified individual development account pro-
 2 gram under section 303 shall report annually to the Sec-
 3 retary within 90 days after the end of each calendar year
 4 on—

5 (1) the number of eligible individuals making
 6 contributions into Individual Development Accounts;

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

10 (3) the amounts withdrawn from Individual De-
 11 velopment Accounts and parallel accounts, and the
 12 purposes for which such amounts were withdrawn;

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

15 (5) such other information needed to help the
 16 Secretary monitor the cost and outcomes of the
 17 qualified individual development account program
 18 (provided in a non-individually-identifiable manner).

19 (b) RESPONSIBILITIES OF THE SECRETARY.—

20 (1) MONITORING PROTOCOL.—Not later than
 21 12 months after the date of the enactment of this
 22 Act, the Secretary shall develop and implement a
 23 protocol and process to monitor the cost and out-
 24 comes of the qualified individual development ac-
 25 count programs established under section 303.

1 (2) ANNUAL REPORTS.—In each year after the
2 date of the enactment of this Act, the Secretary
3 shall submit a progress report to Congress on the
4 status of such qualified individual development ac-
5 count programs. Such report shall include from a
6 representative sample of qualified individual develop-
7 ment account programs information on—

8 (A) the characteristics of participants, in-
9 cluding age, gender, race or ethnicity, marital
10 status, number of children, employment status,
11 and monthly income;

12 (B) deposits, withdrawals, balances, uses
13 of Individual Development Accounts, and par-
14 ticipant characteristics;

15 (C) the characteristics of qualified indi-
16 vidual development account programs, including
17 match rate, economic education requirements,
18 permissible uses of accounts, staffing of pro-
19 grams in full time employees, and the total
20 costs of programs; and

21 (D) information on program implementa-
22 tion and administration, especially on problems
23 encountered and how problems were solved.

1 **SEC. 309. AUTHORIZATION OF APPROPRIATIONS.**

2 There is authorized to be appropriated to the Sec-
3 retary \$1,000,000 for fiscal year 2002 and for each fiscal
4 year through 2008, for the purposes of implementing this
5 title, including the reporting, monitoring, and evaluation
6 required under section 308, to remain available until ex-
7 pended.

8 **SEC. 310. ACCOUNT FUNDS DISREGARDED FOR PURPOSES**
9 **OF CERTAIN MEANS-TESTED FEDERAL PRO-**
10 **GRAMS.**

11 Notwithstanding any other provision of Federal law
12 that requires consideration of 1 or more financial cir-
13 cumstances of an individual, for the purposes of deter-
14 mining eligibility to receive, or the amount of, any assist-
15 ance or benefit authorized by such provision to be provided
16 to or for the benefit of such individual, an amount equal
17 to the sum of—

18 (1) all amounts (including earnings thereon) in
19 any Individual Development Account; plus

20 (2) the matching deposits made on behalf of
21 such individual (including earnings thereon) in any
22 parallel account,

23 shall be disregarded for such purposes.

1 **SEC. 311. MATCHING FUNDS FOR INDIVIDUAL DEVELOP-**
2 **MENT ACCOUNTS PROVIDED THROUGH A TAX**
3 **CREDIT FOR QUALIFIED FINANCIAL INSTITU-**
4 **TIONS.**

5 (a) IN GENERAL.—Subpart B of part IV of sub-
6 chapter A of chapter 1 of the Internal Revenue Code of
7 1986 (relating to other credits) is amended by inserting
8 after section 30A the following new section:

9 **“SEC. 30B. INDIVIDUAL DEVELOPMENT ACCOUNT INVEST-**
10 **MENT CREDIT FOR QUALIFIED FINANCIAL IN-**
11 **STITUTIONS.**

12 “(a) DETERMINATION OF AMOUNT.—There shall be
13 allowed as a credit against the applicable tax for the tax-
14 able year an amount equal to the individual development
15 account investment provided by an eligible entity during
16 the taxable year under an individual development account
17 program established under section 303 of the Community
18 Solutions Act of 2001.

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

22 “(1) the tax imposed under this chapter (other
23 than the taxes imposed under the provisions de-
24 scribed in subparagraphs (C) through (Q) of section
25 26(b)(2)), over

1 “(2) the credits allowable under subpart B
2 (other than this section) and subpart D of this part.

3 “(c) INDIVIDUAL DEVELOPMENT ACCOUNT INVEST-
4 MENT.—

5 “(1) IN GENERAL.—For purposes of this sec-
6 tion, the term ‘individual development account in-
7 vestment’ means, with respect to an individual devel-
8 opment account program of a qualified financial in-
9 stitution in any taxable year, an amount equal to the
10 sum of—

11 “(A) the aggregate amount of dollar-for-
12 dollar matches under such program under sec-
13 tion 305(b)(1)(A) of the Community Solutions
14 Act of 2001 for such taxable year, plus

15 “(B) an amount equal to the sum of—

16 “(i) with respect to each Individual
17 Development Account opened during such
18 taxable year, \$100, plus

19 “(ii) with respect to each Individual
20 Development Account maintained during
21 such taxable year, \$30.

22 “(2) INFLATION ADJUSTMENT.—

23 “(A) IN GENERAL.—In the case of any
24 taxable year beginning after 2002, each dollar

1 amount referred to in paragraph (1)(B) shall be
2 increased by an amount equal to—

3 “(i) such dollar amount, multiplied by

4 “(ii) the cost-of-living adjustment de-
5 termined under section (1)(f)(3) for the
6 calendar year in which the taxable year be-
7 gins, by substituting ‘2001’ for ‘1992’.

8 “(B) ROUNDING.—If any amount as ad-
9 justed under subparagraph (A) is not a multiple
10 of \$5, such amount shall be rounded to the
11 nearest multiple of \$5.

12 “(d) ELIGIBLE ENTITY.—For purposes of this sec-
13 tion, the term ‘eligible entity’ means a qualified financial
14 institution, or 1 or more contractual affiliates of such an
15 institution as defined by the Secretary in regulations.

16 “(e) OTHER DEFINITIONS.—For purposes of this
17 section, any term used in this section and also in the Com-
18 munity Solutions Act shall have the meaning given such
19 term by such Act.

20 “(f) DENIAL OF DOUBLE BENEFIT.—No deduction
21 or credit (other than under this section) shall be allowed
22 under this chapter with respect to any expense which is
23 taken into account under subsection (c)(1)(A) in deter-
24 mining the credit under this section.

1 “(g) REGULATIONS.—The Secretary may prescribe
 2 such regulations as may be necessary or appropriate to
 3 carry out this section, including regulations providing for
 4 a recapture of the credit allowed under this section (not-
 5 withstanding any termination date described in subsection
 6 (h)) in cases where there is a forfeiture under section
 7 306(b) of the Community Solutions Act of 2001 in a sub-
 8 sequent taxable year of any amount which was taken into
 9 account in determining the amount of such credit.

10 “(h) APPLICATION OF SECTION.—This section shall
 11 apply to any expenditure made in any taxable year begin-
 12 ning after December 31, 2001, and before January 1,
 13 2009, with respect to any Individual Development Account
 14 opened before January 1, 2007.”.

15 (b) CONFORMING AMENDMENT.—The table of sec-
 16 tions for subpart B of part IV of subchapter A of chapter
 17 1 is amended by inserting after the item relating to section
 18 30A the following new item:

“Sec. 30B. Individual development account investment credit for qualified finan-
 cial institutions.”.

19 (c) EFFECTIVE DATE.—The amendments made by
 20 this section shall apply to taxable years beginning after
 21 December 31, 2001.

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