

113TH CONGRESS  
1ST SESSION

# H. R. 2964

To establish and provide for the treatment of Individual Development  
Accounts, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 1, 2013

Mr. PITTS introduced the following bill; which was referred to the Committee  
on Ways and Means

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## A BILL

To establish and provide for the treatment of Individual  
Development Accounts, 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, ETC.**

4       (a) IN GENERAL.—This Act may be cited as the  
5       “Savings for Working Families Act of 2013”.

6       (b) TABLE OF CONTENTS.—The table of contents for  
7       this Act is as follows:

Sec. 1. Short title, etc.

Sec. 2. Purposes.

Sec. 3. Definitions.

Sec. 4. Structure and administration of qualified Individual Development Ac-  
count programs.

Sec. 5. Procedures for opening and maintaining an Individual Development Ac-  
count and qualifying for matching funds.

- Sec. 6. Deposits by qualified Individual Development Account programs.  
 Sec. 7. Withdrawal procedures.  
 Sec. 8. Certification and termination of qualified Individual Development Account programs.  
 Sec. 9. Reporting, monitoring, and evaluation.  
 Sec. 10. Authorization of appropriations.  
 Sec. 11. Matching funds for Individual Development Accounts provided through a tax credit for qualified financial institutions.  
 Sec. 12. Account funds disregarded for purposes of certain means-tested Federal programs.

1 **SEC. 2. PURPOSES.**

2       The purposes of this Act are to provide for the estab-  
 3 lishment of individual development account programs that  
 4 will—

5           (1) provide individuals and families with limited  
 6 means an opportunity to accumulate assets and to  
 7 enter the financial mainstream,

8           (2) promote education, homeownership, and the  
 9 development of small businesses,

10          (3) stabilize families and build communities,  
 11 and

12          (4) support continued United States economic  
 13 expansion.

14 **SEC. 3. DEFINITIONS.**

15       As used in this Act:

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

17           (A) **IN GENERAL.**—The term “eligible indi-  
 18 vidual” means, with respect to any taxable year,  
 19 an individual who—

1 (i) has attained the age of 18 but not  
2 the age of 61 as of the last day of such  
3 taxable year,

4 (ii) is a citizen or lawful permanent  
5 resident (within the meaning of section  
6 7701(b)(6) of the Internal Revenue Code  
7 of 1986) of the United States as of the  
8 last day of such taxable year,

9 (iii) was not a student (as defined in  
10 section 152(f)(2) of such Code) for the im-  
11 mediately preceding taxable year,

12 (iv) is not an individual with respect  
13 to whom a deduction under section 151 of  
14 such Code is allowable to another taxpayer  
15 for a taxable year of the other taxpayer  
16 ending during the immediately preceding  
17 taxable year of the individual,

18 (v) is not a taxpayer described in sub-  
19 section (c), (d), (e), or (f) of section 6402  
20 of such Code for the immediately preceding  
21 taxable year,

22 (vi) is not a taxpayer described in sec-  
23 tion 1(d) of such Code for the immediately  
24 preceding taxable year, and

1 (vii) is a taxpayer the modified ad-  
2 justed gross income of whom for the imme-  
3 diately preceding taxable year does not ex-  
4 ceed—

5 (I) \$20,000, in the case of a tax-  
6 payer described in section 1(c) of such  
7 Code,

8 (II) \$30,000, in the case of a  
9 taxpayer described in section 1(b) of  
10 such Code, and

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

14 (B) INFLATION ADJUSTMENT.—

15 (i) IN GENERAL.—In the case of any  
16 taxable year beginning after 2014, each  
17 dollar amount referred to in subparagraph  
18 (A)(vii) shall be increased by an amount  
19 equal to—

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

22 (II) the cost-of-living adjustment  
23 determined under section (1)(f)(3) of  
24 the Internal Revenue Code of 1986  
25 for the calendar year in which the tax-

1           able year begins, by substituting  
2           “2013” for “1992”.

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

7           (C) MODIFIED ADJUSTED GROSS IN-  
8           COME.—For purposes of subparagraph (A)(v),  
9           the term “modified adjusted gross income”  
10          means adjusted gross income—

11           (i) determined without regard to sec-  
12           tions 86, 893, 911, 931, and 933 of the  
13           Internal Revenue Code of 1986, and

14           (ii) increased by the amount of inter-  
15           est received or accrued by the taxpayer  
16           during the taxable year which is exempt  
17           from tax.

18          (2) INDIVIDUAL DEVELOPMENT ACCOUNT.—  
19          The term “Individual Development Account” means  
20          an account established for an eligible individual as  
21          part of a qualified individual development account  
22          program, but only if the written governing instru-  
23          ment creating the account meets the following re-  
24          quirements:

1 (A) The owner of the account is the indi-  
2 vidual for whom the account was established.

3 (B) No contribution will be accepted unless  
4 it is in cash, and, except in the case of any  
5 qualified rollover, contributions will not be ac-  
6 cepted for the taxable year in excess of \$1,500  
7 on behalf of any individual.

8 (C) The trustee of the account is a quali-  
9 fied financial institution.

10 (D) The assets of the account will not be  
11 commingled with other property except in a  
12 common trust fund or common investment  
13 fund.

14 (E) Except as provided in section 7(b), any  
15 amount in the account may be paid out only for  
16 the purpose of paying the qualified expenses of  
17 the account owner.

18 (3) PARALLEL ACCOUNT.—The term “parallel  
19 account” means a separate, parallel individual or  
20 pooled account for all matching funds and earnings  
21 dedicated to an Individual Development Account  
22 owner as part of a qualified individual development  
23 account program, the trustee of which is a qualified  
24 financial institution.

25 (4) QUALIFIED FINANCIAL INSTITUTION.—

1           (A) IN GENERAL.—The term “qualified fi-  
2           nancial institution” means any person author-  
3           ized to be a trustee of any individual retirement  
4           account under section 408(a)(2) of the Internal  
5           Revenue Code of 1986.

6           (B) RULE OF CONSTRUCTION.—

7           (i) IN GENERAL.—Nothing in this  
8           paragraph shall be construed as preventing  
9           a person described in subparagraph (A)  
10          from collaborating with 1 or more qualified  
11          nonprofit organizations or Indian tribes to  
12          carry out an individual development ac-  
13          count program established under section 4.

14          (ii) QUALIFIED NONPROFIT ORGANI-  
15          ZATION.—The term “qualified nonprofit  
16          organization” means—

17               (I) any organization described in  
18               section 501(c)(3) of the Internal Rev-  
19               enue Code of 1986 and exempt from  
20               taxation under section 501(a) of such  
21               Code,

22               (II) any community development  
23               financial institution certified by the  
24               Community Development Financial  
25               Institution Fund,

1 (III) any credit union chartered  
2 under Federal or State law, or

3 (IV) any public housing agency  
4 as defined in section 3(b)(6) of the  
5 United States Housing Act of 1937  
6 (42 U.S.C. 1437a(b)(6)).

7 (iii) INDIAN TRIBE.—The term “In-  
8 dian tribe” means any Indian tribe as de-  
9 fined in section 4(12) of the Native Amer-  
10 ican Housing Assistance and Self-Deter-  
11 mination Act of 1996 (25 U.S.C.  
12 4103(12)), and includes any tribally des-  
13 igned housing entity (as defined in sec-  
14 tion 4(21)) of such Act (25 U.S.C.  
15 4103(21)), tribal subsidiary, subdivision,  
16 or other wholly owned tribal entity.

17 (5) QUALIFIED INDIVIDUAL DEVELOPMENT AC-  
18 COUNT PROGRAM.—The term “qualified individual  
19 development account program” means a program es-  
20 tablished upon approval of the Secretary under sec-  
21 tion 4 after December 31, 2013, under which—

22 (A) Individual Development Accounts and  
23 parallel accounts are held in trust by a qualified  
24 financial institution, and



1 (B) additional activities determined by the  
2 Secretary, in consultation with the Secretary of  
3 Health and Human Services, as necessary to re-  
4 sponsibly develop and administer accounts, in-  
5 cluding recruiting, providing financial education  
6 and other training to Account owners, and reg-  
7 ular program monitoring, are carried out by the  
8 qualified financial institution.

9 (6) QUALIFIED EXPENSE DISTRIBUTION.—

10 (A) IN GENERAL.—The term “qualified ex-  
11 pense distribution” means any amount paid (in-  
12 cluding through electronic payments) or distrib-  
13 uted out of an Individual Development Account  
14 or a parallel account established for an eligible  
15 individual if such amount—

16 (i) is used exclusively to pay the quali-  
17 fied expenses of the Individual Develop-  
18 ment Account owner or such owner’s  
19 spouse or dependents,

20 (ii) is paid by the qualified financial  
21 institution—

22 (I) except as otherwise provided  
23 in this clause, directly to the unre-  
24 lated third party to whom the amount  
25 is due,

1 (II) in the case of any qualified  
2 rollover, directly to another Individual  
3 Development Account and parallel ac-  
4 count, or

5 (III) in the case of a qualified  
6 final distribution, directly to the  
7 spouse, dependent, or other named  
8 beneficiary of the deceased Account  
9 owner, and

10 (iii) is paid after the Account owner  
11 has completed a financial education course  
12 if required under section 5(b).

13 (B) QUALIFIED EXPENSES.—

14 (i) IN GENERAL.—The term “qualified  
15 expenses” means any of the following ex-  
16 penses approved by the qualified financial  
17 institution:

18 (I) Qualified higher education ex-  
19 penses.

20 (II) Qualified first-time home-  
21 buyer costs.

22 (III) Qualified business capital-  
23 ization or expansion costs.

24 (IV) Qualified rollovers.

25 (V) Qualified final distribution.

1 (ii) QUALIFIED HIGHER EDUCATION  
2 EXPENSES.—

3 (I) IN GENERAL.—The term  
4 “qualified higher education expenses”  
5 has the meaning given such term by  
6 section 529(e)(3) of the Internal Rev-  
7 enue Code of 1986, determined by  
8 treating the Account owner, the own-  
9 er’s spouse, or one or more of the  
10 owner’s dependents as a designated  
11 beneficiary, and reduced as provided  
12 in section 25A(g)(2) of such Code.

13 (II) COORDINATION WITH OTHER  
14 BENEFITS.—The amount of expenses  
15 which may be taken into account for  
16 purposes of section 135, 529, or 530  
17 of such Code for any taxable year  
18 shall be reduced by the amount of any  
19 qualified higher education expenses  
20 taken into account as qualified ex-  
21 pense distributions during such tax-  
22 able year.

23 (iii) QUALIFIED FIRST-TIME HOME-  
24 BUYER COSTS.—The term “qualified first-  
25 time homebuyer costs” means qualified ac-

1            acquisition costs (as defined in section  
2            72(t)(8)(C) of the Internal Revenue Code  
3            of 1986) with respect to a principal resi-  
4            dence (within the meaning of section 121  
5            of such Code) for a qualified first-time  
6            homebuyer (as defined in section  
7            72(t)(8)(D)(i) of such Code).

8            (iv) QUALIFIED BUSINESS CAPITAL-  
9            IZATION OR EXPANSION COSTS.—

10            (I) IN GENERAL.—The term  
11            “qualified business capitalization or  
12            expansion costs” means qualified ex-  
13            penditures for the capitalization or ex-  
14            pansion of a qualified business pursu-  
15            ant to a qualified business plan.

16            (II) QUALIFIED EXPENDI-  
17            TURES.—The term “qualified expendi-  
18            tures” means expenditures normally  
19            associated with starting or expanding  
20            a business and included in a qualified  
21            business plan, including costs for cap-  
22            ital, plant, and equipment, inventory  
23            expenses, and attorney and accounting  
24            fees.

## 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 has been approved by the qualified fi-  
9 nancial institution and which meets  
10 such requirements as the Secretary  
11 may specify.

## 12 (v) QUALIFIED ROLLOVERS.—The

13 term “qualified rollover” means the com-  
14 plete distribution of the amounts in an In-  
15 dividual Development Account and parallel  
16 account to another Individual Development  
17 Account and parallel account established in  
18 another qualified financial institution for  
19 the benefit of the Account owner.

## 20 (vi) QUALIFIED FINAL DISTRIBUTION.—

21 The term “qualified final distribu-  
22 tion” means, in the case of a deceased Ac-  
23 count owner, the complete distribution of  
24 the amounts in the Individual Development  
25 Account and parallel account directly to

1                   the spouse, any dependent, or other named  
2                   beneficiary of the deceased.

3                   (7) SECRETARY.—The term “Secretary” means  
4                   the Secretary of the Treasury.

5 **SEC. 4. STRUCTURE AND ADMINISTRATION OF QUALIFIED**  
6                   **INDIVIDUAL DEVELOPMENT ACCOUNT PRO-**  
7                   **GRAMS.**

8                   (a) ESTABLISHMENT OF QUALIFIED INDIVIDUAL DE-  
9                   VELOPMENT ACCOUNT PROGRAMS.—Any qualified finan-  
10                  cial institution may apply to the Secretary for approval  
11                  to establish 1 or more qualified individual development ac-  
12                  count programs which meet the requirements of this Act.

13                  (b) BASIC PROGRAM STRUCTURE.—

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

17                          (A) An Individual Development Account to  
18                          which an eligible individual may contribute cash  
19                          in accordance with section 5.

20                          (B) A parallel account to which all match-  
21                          ing funds shall be deposited in accordance with  
22                          section 6.

23                  (2) TAILORED IDA PROGRAMS.—A qualified fi-  
24                  nancial institution may tailor its qualified individual  
25                  development account program to allow matching

1 funds to be spent on 1 or more of the categories of  
2 qualified expenses.

3 (c) COORDINATION WITH PUBLIC HOUSING AGENCY  
4 INDIVIDUAL SAVINGS ACCOUNTS.—Section 3(e)(2) of the  
5 United States Housing Act of 1937 (42 U.S.C.  
6 1437a(e)(2)) is amended by inserting “or in any Indi-  
7 vidual Development Account established under the Sav-  
8 ings for Working Families Act of 2013” after “sub-  
9 section”.

10 (d) TAX TREATMENT OF PARALLEL ACCOUNTS.—

11 (1) IN GENERAL.—Chapter 77 of the Internal  
12 Revenue Code of 1986 (relating to miscellaneous  
13 provisions) is amended by adding at the end the fol-  
14 lowing new section:

15 **“SEC. 7529. TAX INCENTIVES FOR INDIVIDUAL DEVELOP-**  
16 **MENT PARALLEL ACCOUNTS.**

17 “For purposes of this title—

18 “(1) any account described in section  
19 4(b)(1)(B) of the Savings for Working Families Act  
20 of 2013 shall be exempt from taxation,

21 “(2) except as provided in section 45S, no item  
22 of income, expense, basis, gain, or loss with respect  
23 to such an account may be taken into account, and

24 “(3) any amount withdrawn from such an ac-  
25 count shall not be includible in gross income.”.

1           (2) CONFORMING AMENDMENT.—The table of  
2           sections for chapter 77 of such Code is amended by  
3           adding at the end the following new item:

“Sec. 7529. Tax incentives for individual development parallel accounts.”.

4           (e) COORDINATION OF CERTAIN EXPENSES.—Sec-  
5           tion 25A(g)(2) of such Code is amended by striking “and”  
6           at the end of subparagraph (B), by striking the period  
7           at the end of subparagraph (C) and inserting “, and”, and  
8           by adding at the end the following new subparagraph:

9                         “(D) a qualified expense distribution with  
10                        respect to qualified higher education expenses  
11                        from an Individual Development Account or a  
12                        parallel account under section 7(a) of the Sav-  
13                        ings for Working Families Act of 2013.”.

14 **SEC. 5. PROCEDURES FOR OPENING AND MAINTAINING AN**  
15                         **INDIVIDUAL DEVELOPMENT ACCOUNT AND**  
16                         **QUALIFYING FOR MATCHING FUNDS.**

17           (a) OPENING AN ACCOUNT.—An eligible individual  
18           may open an Individual Development Account with a  
19           qualified financial institution upon certification that such  
20           individual has never maintained any other Individual De-  
21           velopment Account (other than an Individual Development  
22           Account to be terminated by a qualified rollover).

23           (b) REQUIRED COMPLETION OF FINANCIAL EDU-  
24           CATION COURSE.—



1           (1) IN GENERAL.—Before becoming eligible to  
2           withdraw funds to pay for qualified expenses, owners  
3           of Individual Development Accounts must complete  
4           1 or more financial education courses specified in  
5           the qualified individual development account pro-  
6           gram.

7           (2) STANDARD AND APPLICABILITY OF  
8           COURSE.—The Secretary, in consultation with rep-  
9           resentatives of qualified individual development ac-  
10          count programs and financial educators, shall not  
11          later than January 1, 2010, establish minimum  
12          quality standards for the contents of financial edu-  
13          cation courses and providers of such courses de-  
14          scribed in paragraph (1) and a protocol to exempt  
15          individuals from the requirement under paragraph  
16          (1) in the case of hardship, lack of need, the attain-  
17          ment of age 65, or a qualified final distribution.

18          (c) PROOF OF STATUS AS AN ELIGIBLE INDI-  
19          VIDUAL.—Federal income tax forms for the immediately  
20          preceding taxable year and any other evidence of eligibility  
21          which may be required by a qualified financial institution  
22          shall be presented to such institution at the time of the  
23          establishment of the Individual Development Account and  
24          in any taxable year in which contributions are made to

1 the Account to qualify for matching funds under section  
2 6(b)(1)(A).

3 (d) SPECIAL RULE IN THE CASE OF MARRIED INDI-  
4 VIDUALS.—For purposes of this Act, if, with respect to  
5 any taxable year, 2 married individuals file a Federal joint  
6 income tax return, then not more than 1 of such individ-  
7 uals may be treated as an eligible individual with respect  
8 to the succeeding taxable year.

9 **SEC. 6. DEPOSITS BY QUALIFIED INDIVIDUAL DEVELOP-**  
10 **MENT ACCOUNT PROGRAMS.**

11 (a) PARALLEL ACCOUNTS.—The qualified financial  
12 institution shall deposit all matching funds for each Indi-  
13 vidual Development Account into a parallel account at a  
14 qualified financial institution.

15 (b) REGULAR DEPOSITS OF MATCHING FUNDS.—

16 (1) IN GENERAL.—Subject to paragraph (2),  
17 the qualified financial institution shall deposit into  
18 the parallel account with respect to each eligible in-  
19 dividual the following amounts:

20 (A) A dollar-for-dollar match for the first  
21 \$500 contributed by the eligible individual into  
22 an Individual Development Account with re-  
23 spect to any taxable year of such individual.

1 (B) Any matching funds provided by State,  
2 local, or private sources in accordance with the  
3 matching ratio set by those sources.

4 (2) TIMING OF DEPOSITS.—A deposit of the  
5 amounts described in paragraph (1) shall be made  
6 into a parallel account—

7 (A) in the case of amounts described in  
8 paragraph (1)(A), not later than 30 days after  
9 the end of the calendar quarter during which  
10 the contribution described in such paragraph  
11 was made, and

12 (B) in the case of amounts described in  
13 paragraph (1)(B), not later than 2 business  
14 days after such amounts were provided.

15 (3) CROSS REFERENCE.—For allowance of tax  
16 credit for Individual Development Account subsidies,  
17 including matching funds, see section 45S of the In-  
18 ternal Revenue Code of 1986.

19 (c) DEPOSIT OF MATCHING FUNDS INTO INDI-  
20 VIDUAL DEVELOPMENT ACCOUNT OF INDIVIDUAL WHO  
21 HAS ATTAINED AGE 65.—In the case of an Individual De-  
22 velopment Account owner who attains the age of 65, the  
23 qualified financial institution shall deposit the funds in the  
24 parallel account with respect to such individual into the

1 Individual Development Account of such individual on the  
2 later of—

3 (1) the day which is the 1-year anniversary of  
4 the deposit of such funds in the parallel account, or

5 (2) the first business day of the taxable year of  
6 such individual following the taxable year in which  
7 such individual attained age 65.

8 (d) UNIFORM ACCOUNTING REGULATIONS.—To en-  
9 sure proper recordkeeping and determination of the tax  
10 credit under section 45S of the Internal Revenue Code of  
11 1986, the Secretary shall prescribe regulations with re-  
12 spect to accounting for matching funds in the parallel ac-  
13 counts.

14 (e) REGULAR REPORTING OF ACCOUNTS.—Any  
15 qualified financial institution shall report the balances in  
16 any Individual Development Account and parallel account  
17 of an individual on not less than an annual basis to such  
18 individual.

19 **SEC. 7. WITHDRAWAL PROCEDURES.**

20 (a) WITHDRAWALS FOR QUALIFIED EXPENSES.—

21 (1) IN GENERAL.—An Individual Development  
22 Account owner may withdraw funds in order to pay  
23 qualified expense distributions from such individ-  
24 ual's—

1 (A) Individual Development Account, but  
2 only from funds which have been on deposit in  
3 such Account for at least 1 year, and

4 (B) parallel account, but only—

5 (i) from matching funds which have  
6 been on deposit in such parallel account  
7 for at least 1 year,

8 (ii) from earnings in such parallel ac-  
9 count, after all matching funds described  
10 in clause (i) have been withdrawn, and

11 (iii) to the extent such withdrawal  
12 does not result in a remaining balance in  
13 such parallel account which is less than the  
14 remaining balance in the Individual Devel-  
15 opment Account after such withdrawal.

16 (2) PROCEDURE.—Upon receipt of a with-  
17 drawal request which meets the requirements of  
18 paragraph (1), the qualified financial institution  
19 shall directly transfer the funds electronically to the  
20 distributees described in section 3(6)(A)(ii). If a dis-  
21 tributee is not equipped to receive funds electroni-  
22 cally, the qualified financial institution may issue  
23 such funds by paper check to the distributee.

24 (b) WITHDRAWALS FOR NONQUALIFIED EX-  
25 PENSES.—An Individual Development Account owner may

1 withdraw any amount of funds from the Individual Devel-  
2 opment Account for purposes other than to pay qualified  
3 expense distributions, but if, after such withdrawal, the  
4 amount in the parallel account of such owner (excluding  
5 earnings on matching funds) exceeds the amount remain-  
6 ing in such Individual Development Account, then such  
7 owner shall forfeit from the parallel account the lesser of  
8 such excess or the amount withdrawn.

9 (c) WITHDRAWALS FROM ACCOUNTS OF NON-  
10 ELIGIBLE INDIVIDUALS.—If the individual for whose ben-  
11 efit an Individual Development Account is established  
12 ceases to be an eligible individual, such account shall re-  
13 main an Individual Development Account, but such indi-  
14 vidual shall not be eligible for any further matching funds  
15 under section 6(b)(1)(A) for contributions which are made  
16 to the Account during any taxable year when such indi-  
17 vidual is not an eligible individual.

18 (d) EFFECT OF PLEDGING ACCOUNT AS SECUR-  
19 RITY.—If, during any taxable year of the individual for  
20 whose benefit an Individual Development Account is es-  
21 tablished, that individual uses the Account, the individ-  
22 ual's parallel account, or any portion thereof as security  
23 for a loan, the portion so used shall be treated as a with-  
24 drawal of such portion from the Individual Development  
25 Account for purposes other than to pay qualified expenses.

1 **SEC. 8. CERTIFICATION AND TERMINATION OF QUALIFIED**  
2 **INDIVIDUAL DEVELOPMENT ACCOUNT PRO-**  
3 **GRAMS.**

4 (a) **CERTIFICATION PROCEDURES.**—Upon estab-  
5 lishing a qualified individual development account pro-  
6 gram under section 4, a qualified financial institution shall  
7 certify to the Secretary at such time and in such manner  
8 as may be prescribed by the Secretary and accompanied  
9 by any documentation required by the Secretary, that—

10 (1) the accounts described in subparagraphs  
11 (A) and (B) of section 4(b)(1) are operating pursu-  
12 ant to all the provisions of this Act, and

13 (2) the qualified financial institution agrees to  
14 implement an information system necessary to mon-  
15 itor the cost and outcomes of the qualified individual  
16 development account program.

17 (b) **AUTHORITY TO TERMINATE QUALIFIED IDA**  
18 **PROGRAM.**—If the Secretary determines that a qualified  
19 financial institution under this Act is not operating a  
20 qualified individual development account program in ac-  
21 cordance with the requirements of this Act (and has not  
22 implemented any corrective recommendations directed by  
23 the Secretary), the Secretary shall terminate such institu-  
24 tion’s authority to conduct the program. If the Secretary  
25 is unable to identify a qualified financial institution to as-  
26 sume the authority to conduct such program, then any

1 funds in a parallel account established for the benefit of  
2 any individual under such program shall be deposited into  
3 the Individual Development Account of such individual as  
4 of the first day of such termination.

5 **SEC. 9. REPORTING, MONITORING, AND EVALUATION.**

6 (a) RESPONSIBILITIES OF QUALIFIED FINANCIAL IN-  
7 STITUTIONS.—Each qualified financial institution that op-  
8 erates a qualified individual development account program  
9 under section 4 shall report annually to the Secretary  
10 within 90 days after the end of each calendar year on—

11 (1) the number of individuals making contribu-  
12 tions into Individual Development Accounts and the  
13 amounts contributed,

14 (2) the amounts contributed into Individual De-  
15 velopment Accounts by eligible individuals and the  
16 amounts deposited into parallel accounts for match-  
17 ing funds,

18 (3) the amounts withdrawn from Individual De-  
19 velopment Accounts and parallel accounts, and the  
20 purposes for which such amounts were withdrawn,

21 (4) the balances remaining in Individual Devel-  
22 opment Accounts and parallel accounts, and

23 (5) such other information needed to help the  
24 Secretary monitor the effectiveness of the qualified



1 individual development account program (provided in  
2 a non-individually identifiable manner).

3 (b) RESPONSIBILITIES OF THE SECRETARY.—

4 (1) MONITORING PROTOCOL.—Not later than  
5 12 months after the date of the enactment of this  
6 Act, the Secretary, in consultation with the Sec-  
7 retary of Health and Human Services, shall develop  
8 and implement a protocol and process to monitor the  
9 cost and outcomes of the qualified individual devel-  
10 opment account programs established under section  
11 4.

12 (2) ANNUAL REPORTS.—For each year after  
13 2014, the Secretary shall submit a progress report  
14 to Congress on the status of such qualified indi-  
15 vidual development account programs. Such report  
16 shall, to the extent data are available, include from  
17 a representative sample of qualified individual devel-  
18 opment account programs information on—

19 (A) the characteristics of participants, in-  
20 cluding age, gender, race or ethnicity, marital  
21 status, number of children, employment status,  
22 and monthly income,

23 (B) deposits, withdrawals, balances, uses  
24 of Individual Development Accounts, and par-  
25 ticipant characteristics,

1 (C) the characteristics of qualified indi-  
2 vidual development account programs, including  
3 match rate, economic education requirements,  
4 and permissible uses of accounts, and

5 (D) process information on program imple-  
6 mentation and administration, especially on  
7 problems encountered and how problems were  
8 solved.

9 (3) USE OF ACCOUNTS IN RURAL AREAS EN-  
10 COURAGED.—The Secretary shall develop methods to  
11 encourage the use of Individual Development Ac-  
12 counts in rural areas.

13 **SEC. 10. AUTHORIZATION OF APPROPRIATIONS.**

14 (a) IN GENERAL.—There is authorized to be appro-  
15 priated to the Secretary \$3,000,000 for fiscal year 2014  
16 and for each fiscal year through 2019, for the purposes  
17 of implementing this Act, including the reporting, moni-  
18 toring, and evaluation required under section 9, to remain  
19 available until expended.

20 (b) GRANTS.—There is authorized to be appropriated  
21 to the Secretary \$120,000,000—

22 (1) to make grants to qualified nonprofit orga-  
23 nizations and Indian tribes to help defray the ad-  
24 ministrative costs associated with the operation of

1 individual development account programs, including  
2 the required financial education courses, and

3 (2) to provide technical assistance to qualified  
4 nonprofit organizations and Indian tribes in meeting  
5 such program requirements.

6 **SEC. 11. MATCHING FUNDS FOR INDIVIDUAL DEVELOP-**  
7 **MENT ACCOUNTS PROVIDED THROUGH A TAX**  
8 **CREDIT FOR QUALIFIED FINANCIAL INSTITU-**  
9 **TIONS.**

10 (a) IN GENERAL.—Subpart D of part IV of sub-  
11 chapter A of chapter 1 of the Internal Revenue Code of  
12 1986 (relating to business related credits) is amended by  
13 adding at the end the following new section:

14 **“SEC. 45S. INDIVIDUAL DEVELOPMENT ACCOUNT INVEST-**  
15 **MENT CREDIT.**

16 “(a) DETERMINATION OF AMOUNT.—For purposes of  
17 section 38, the individual development account investment  
18 credit determined under this section with respect to any  
19 eligible entity for any taxable year is an amount equal to  
20 the individual development account investment provided  
21 by such eligible entity during the taxable year under an  
22 individual development account program established under  
23 section 4 of the Savings for Working Families Act of  
24 2013.

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 tax imposed under this chapter (other  
5 than the taxes imposed under the provisions de-  
6 scribed in subparagraphs (C) through (Q) of section  
7 26(b)(2)), over

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

10       “(c) INDIVIDUAL DEVELOPMENT ACCOUNT INVEST-  
11 MENT.—For purposes of this section, the term ‘individual  
12 development account investment’ means, with respect to  
13 an individual development account program in any taxable  
14 year, an amount equal to the sum of—

15               “(1) the aggregate amount of dollar-for-dollar  
16 matches under such program under section  
17 6(b)(1)(A) of the Savings for Working Families Act  
18 of 2013 for such taxable year, plus

19               “(2) \$50 with respect to each Individual Devel-  
20 opment Account maintained—

21                       “(A) as of the end of such taxable year,  
22 but only if such taxable year is within the 7-  
23 taxable-year period beginning with the taxable  
24 year in which such Account is opened, and

1           “(B) with a balance of not less than \$100  
2           (other than the taxable year in which such Ac-  
3           count is opened).

4           “(d) ELIGIBLE ENTITY.—For purposes of this sec-  
5           tion, except as provided in regulations, the term ‘eligible  
6           entity’ means a qualified financial institution.

7           “(e) OTHER DEFINITIONS.—For purposes of this  
8           section, any term used in this section and also in the Sav-  
9           ings for Working Families Act of 2013 shall have the  
10          meaning given such term by such Act.

11          “(f) DENIAL OF DOUBLE BENEFIT.—

12           “(1) IN GENERAL.—No deduction or credit  
13           (other than under this section) shall be allowed  
14           under this chapter with respect to any expense  
15           which—

16           “(A) is taken into account under sub-  
17           section (c)(1)(A) in determining the credit  
18           under this section, or

19           “(B) is attributable to the maintenance of  
20           an Individual Development Account.

21           “(2) DETERMINATION OF AMOUNT.—Solely for  
22           purposes of paragraph (1)(B), the amount attrib-  
23           utable to the maintenance of an Individual Develop-  
24           ment Account shall be deemed to be the dollar  
25           amount of the credit allowed under subsection

1 (c)(l)(B) for each taxable year such Individual De-  
2 velopment Account is maintained.

3 “(g) CREDIT MAY BE TRANSFERRED.—

4 “(1) IN GENERAL.—An eligible entity may  
5 transfer any credit allowable to the eligible entity  
6 under subsection (a) to any person other than to an-  
7 other eligible entity which is exempt from tax under  
8 this title. The determination as to whether a credit  
9 is allowable shall be made without regard to the tax-  
10 exempt status of the eligible entity.

11 “(2) CONSENT REQUIRED FOR REVOCATION.—

12 Any transfer under paragraph (1) may be revoked  
13 only with the consent of the Secretary.

14 “(h) REGULATIONS.—The Secretary may prescribe  
15 such regulations as may be necessary or appropriate to  
16 carry out this section, including—

17 “(1) such regulations as necessary to insure  
18 that any credit described in subsection (g)(1) is  
19 claimed once and not retransferred by a transferee,  
20 and

21 “(2) regulations providing for a recapture of  
22 the credit allowed under this section (notwith-  
23 standing any termination date described in sub-  
24 section (i)) in cases where there is a forfeiture under  
25 section 7(b) of the Savings for Working Families

1 Act of 2013 in a subsequent taxable year of any  
2 amount which was taken into account in determining  
3 the amount of such credit.

4 “(i) APPLICATION OF SECTION.—

5 “(1) IN GENERAL.—This section shall apply to  
6 any expenditure made in any taxable year ending  
7 after December 31, 2013, and beginning on or be-  
8 fore January 1, 2021, with respect to any Individual  
9 Development Account which—

10 “(A) is opened before January 1, 2019,

11 and

12 “(B) as determined by the Secretary, when  
13 added to all of the previously opened Individual  
14 Development Accounts, does not exceed  
15 2,700,000 Accounts.

16 Notwithstanding the preceding sentence, this section  
17 shall apply to amounts which are described in sub-  
18 section (c)(1) and which are timely deposited into a  
19 parallel account during the 30-day period following  
20 the end of the last taxable year beginning on or be-  
21 fore January 1, 2019.

22 “(2) DETERMINATION OF LIMITATION.—The  
23 limitation on the number of Individual Development  
24 Accounts under paragraph (1)(B) shall be allocated  
25 by the Secretary among eligible individuals as such

1 individuals open such Accounts under qualified indi-  
2 vidual development account programs, except that,  
3 in the case of 300,000 Accounts, such limitation  
4 shall be equally allocated among the States.”.

5 (b) CREDIT TREATED AS BUSINESS CREDIT.—Sec-  
6 tion 38(b) of such Code (relating to current year business  
7 credit) is amended by striking “plus” at the end of para-  
8 graph (35), by striking the period at the end of paragraph  
9 (36) and inserting “, plus”, and by adding at the end the  
10 following new paragraph:

11 “(37) the individual development account in-  
12 vestment credit determined under section 45S(a).”.

13 (c) CONFORMING AMENDMENT.—The table of sec-  
14 tions for subpart C of part IV of subchapter A of chapter  
15 1 of such Code is amended by adding at the end the fol-  
16 lowing new item:

“Sec. 45S. Individual development account investment credit.”.

17 (d) REPORT REGARDING ACCOUNT MAINTENANCE  
18 FEES.—The Secretary of the Treasury shall study the  
19 adequacy of the amount specified in section 45S(c)(2) of  
20 the Internal Revenue Code of 1986 (as added by this sec-  
21 tion). Not later than December 31, 2014, the Secretary  
22 of the Treasury shall report the findings of the study de-  
23 scribed in the preceding sentence to Congress.



1 (e) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years ending after De-  
3 cember 31, 2013.

4 **SEC. 12. ACCOUNT FUNDS DISREGARDED FOR PURPOSES**  
5 **OF CERTAIN MEANS-TESTED FEDERAL PRO-**  
6 **GRAMS.**

7 Notwithstanding any other provision of Federal law  
8 (other than the Internal Revenue Code of 1986) that re-  
9 quires consideration of 1 or more financial circumstances  
10 of an individual, for the purpose of determining eligibility  
11 to receive, or the amount of, any assistance or benefit au-  
12 thorized by such provision to be provided to or for the  
13 benefit of such individual, any amount (including earnings  
14 thereon) in any Individual Development Account of such  
15 individual and any matching deposit made on behalf of  
16 such individual (including earnings thereon) in any par-  
17 allel account shall be disregarded for such purpose with  
18 respect to any period during which such individual main-  
19 tains or makes contributions into such Individual Develop-  
20 ment Account.

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