

114TH CONGRESS
1ST SESSION

H. R. 4045

To establish USAccounts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 17, 2015

Mr. CROWLEY (for himself and Mr. ELLISON) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To establish USAccounts, and for other purposes.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “USAccounts: Investing in America’s Future Act of
6 2015”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. USAccount Fund.
- Sec. 4. USAccounts.
- Sec. 5. Assignment, alienation, and treatment of deceased individuals.
- Sec. 6. Rules governing USAccounts relating to investment, accounting, and reporting.
- Sec. 7. USAccount Fund Board.

Sec. 8. Fiduciary responsibilities.

Sec. 9. Accounts disregarded in determining eligibility for Federal benefits.

Sec. 10. Reports.

Sec. 11. Tax provisions.

Sec. 12. Earned Income Tax Credit outreach.

1 (c) DEFINITIONS.—For purposes of this Act—

2 (1) USACCOUNT FUND.—The term
3 “USAccount Fund” means the fund established
4 under section 3.

5 (2) USACCOUNT.—The term “USAccount”
6 means an account established under section 4.

7 (3) SECRETARY.—The term “Secretary” means
8 the Secretary of the Treasury or the Secretary’s del-
9 egate.

10 (4) USACCOUNT FUND BOARD.—The term
11 “USAccount Fund Board” means the board estab-
12 lished pursuant to section 7.

13 (5) EXECUTIVE DIRECTOR.—The term “Execu-
14 tive Director” means the executive director ap-
15 pointed pursuant to section 7.

16 **SEC. 2. FINDINGS.**

17 The Congress finds the following:

18 (1) Americans recognize the importance of sav-
19 ings to create a more secure financial future for
20 their family but barriers to entry have blocked par-
21 ticipation in savings programs, leading to drastic
22 disparities in asset building and wealth creation.

1 (2) Most working families in America lack sav-
2 ings and face financial insecurity as a result. Forty-
3 four percent of families are “liquid asset poor”,
4 meaning they lack accessible savings to survive for
5 three months at the Federal poverty level.

6 (3) Of that number, over two-thirds of African-
7 Americans (67 percent) could be considered “liquid
8 asset poor” as are nearly three-fourths of Latinos
9 (71 percent).

10 (4) Families with children face additional bar-
11 riers to building savings. These families are more
12 likely than childless households to live in asset pov-
13 erty.

14 (5) There is a strong link between savings and
15 economic opportunity. Children in the poorest fifth
16 of households who manage to move up the income
17 ladder as adults have almost ten times the wealth of
18 those who remain at the bottom.

19 (6) Children’s savings accounts programs are
20 evidence-based and have been tested throughout the
21 country. In 2003, the Saving for Education, Entre-
22 preneurship, and Downpayment (SEED) national
23 demonstration project was established to evaluate
24 the policy and practice of savings accounts for chil-
25 dren. SEED found that even very low-income par-

1 ents will save and invest for their children’s future
2 if given the opportunity.

3 (7) In 2011, the city of San Francisco began
4 offering child savings accounts, expanding them to
5 all children enrolled in public kindergarten starting
6 in 2013. Their experiment proves what SEED docu-
7 mented in 2003—very low-income parents will save
8 and invest for their children’s future if given the op-
9 portunity.

10 (8) Data from San Francisco’s nascent Kinder-
11 garten to College Account program demonstrates
12 that families, even those of lower income, are con-
13 tributing their own funds towards their child’s edu-
14 cation at a rate of four times higher than Americans
15 of all income limits are towards tax advantaged 529
16 college savings plans.

17 (9) Even a small amount of children’s savings
18 can have a significant impact on college success, a
19 key driver of economic mobility. Low- and moderate-
20 income children with less than \$500 saved for col-
21 lege are three times more likely to enroll in college
22 and four times more likely to graduate than children
23 with no savings.

24 (10) In the 4 years that the San Francisco
25 Pilot program has been in existence, families have

1 deposited over \$1 million in new savings, helping to
2 build assets for participating families.

3 (11) In order to expand economic opportunity
4 and spur economic growth, the United States should
5 promote savings and investments for all Americans.

6 **SEC. 3. USACCOUNT FUND.**

7 (a) ESTABLISHMENT.—There is established in the
8 Treasury of the United States a fund to be known as the
9 “USAccount Fund”.

10 (b) AMOUNTS HELD BY FUND.—The USAccount
11 Fund consists of the sum of all amounts paid into the
12 Fund under this Act, increased by the total net earnings
13 from investments of sums held in the Fund or reduced
14 by the total net losses from investments of sums held in
15 the Fund, and reduced by the total amount of payments
16 made from the Fund (including payments for administra-
17 tive expenses).

18 (c) USE OF FUND.—

19 (1) IN GENERAL.—The sums in the USAccount
20 Fund are appropriated and shall remain available
21 without fiscal year limitation—

22 (A) to make contributions to USAccounts,

23 (B) to invest under section 6,

24 (C) to make distributions in accordance

25 with this Act,

1 (D) to pay the administrative expenses of
2 carrying out this Act, and

3 (E) to purchase insurance as provided in
4 section 8(c)(2).

5 (2) EXCLUSIVE PURPOSES.—The sums in the
6 USAccount Fund shall not be appropriated for any
7 purpose other than the purposes specified in this
8 section and may not be used for any other purpose.

9 (d) TRANSFERS TO USACCOUNT FUND.—The Sec-
10 retary shall make transfers from the general fund of the
11 Treasury to the USAccount Fund as follows:

12 (1) AUTOMATIC CONTRIBUTION.—Upon receipt
13 of a certification under section 4(b)(2) with respect
14 to an individual, the Secretary shall transfer \$500 to
15 the USAccount of the individual.

16 (2) MATCHING CONTRIBUTIONS.—Upon receipt
17 of each certification under section 4(d) with respect
18 to an individual, the Secretary shall transfer the
19 matching amount to the USAccount of the indi-
20 vidual.

21 (e) PRIVATE CONTRIBUTIONS.—The Executive Di-
22 rector shall pay into the USAccount Fund such amounts
23 as are contributed under section 4(e).

24 (f) PROHIBITION ON USE OF PAYROLL TAXES TO
25 FUND USACCOUNTS.—The USAccount Fund and

1 USAccounts are wholly separate and unique from the So-
2 cial Security system. No amount from any tax on employ-
3 ment may be contributed to the USAccount Fund or
4 USAccounts.

5 **SEC. 4. USACCOUNTS.**

6 (a) IN GENERAL.—

7 (1) ESTABLISHMENT.—The Executive Director
8 shall establish in the USAccount Fund an account
9 (to be known as a “USAccount”) for each qualifying
10 account holder certified under subsection (b). Each
11 such account shall be identified to its account holder
12 by means of a unique personal identifier currently
13 recognized by the Internal Revenue Service and shall
14 remain in the USAccount Fund unless transferred
15 to private management under subsection (g).

16 (2) ACCOUNT BALANCE.—The balance in an ac-
17 count holder’s USAccount at any time is the excess
18 of—

19 (A) the sum of—

20 (i) all deposits made into the
21 USAccount Fund and credited to the ac-
22 count under paragraph (3), and

23 (ii) the total amount of allocations
24 made to and reductions made in the ac-
25 count pursuant to paragraph (4), over

1 (B) the amounts paid out of the account
2 with respect to such individual under subsection
3 (d).

4 (3) CREDITING OF CONTRIBUTIONS.—Pursuant
5 to regulations which shall be prescribed by the Exec-
6 utive Director, the Executive Director shall credit to
7 each USAccount the amounts paid into the
8 USAccount Fund under section 3(d) which are at-
9 tributable to the account holder of such account.

10 (4) ALLOCATION OF EARNINGS AND LOSSES.—
11 The Executive Director shall allocate to each
12 USAccount an amount equal to the net earnings and
13 net losses from each investment of sums in the
14 USAccount Fund which are attributable, on a pro
15 rata basis, to sums credited to such account, re-
16 duced by an appropriate share of the administrative
17 expenses paid out of the net earnings, as determined
18 by the Executive Director.

19 (b) QUALIFYING ACCOUNT HOLDER.—For purposes
20 of this Act—

21 (1) IN GENERAL.—The term “qualifying ac-
22 count holder” means any individual who—

23 (A) was born after December 31, 2017,

24 (B) has not yet attained the age of 18
25 years, and

1 (C) has a valid, unique, Federal Govern-
2 ment issued identification number recognized by
3 the Internal Revenue Service.

4 (2) CERTIFICATION OF ACCOUNT HOLDERS.—

5 On the date on which a qualifying account holder is
6 registered for a USAccount, the Secretary shall cer-
7 tify to the Executive Director the name of such
8 qualifying account holder.

9 (c) PRIVATE CONTRIBUTIONS.—

10 (1) IN GENERAL.—The Executive Director shall
11 accept cash contributions from any person (including
12 churches, charities, private foundations, businesses,
13 or civic leagues) for payment into the USAccount
14 Fund if such contribution is identified (in such man-
15 ner as the Executive Director may require) with the
16 account holder of a USAccount to whom it is to be
17 credited at the time the contribution is made.

18 (2) ALTERNATIVE METHODS OF CONTRIBU-
19 TION.—

20 (A) PAYROLL DEDUCTION.—Under regula-
21 tions prescribed by the Executive Director and
22 at the election of the employer, contributions
23 under paragraph (1) may be made through pay-
24 roll deductions.

1 (B) TAX REFUNDS.—Under regulations
2 prescribed by the Secretary, contributions under
3 paragraph (1) may be made by an election to
4 contribute all or a portion of the tax refund of
5 the contributor.

6 (3) ANNUAL LIMITATION.—No contribution
7 may be accepted under paragraph (1)—

8 (A) unless it is in cash,

9 (B) after the date on which the USAccount
10 holder ceases to be a qualifying account holder,
11 and

12 (C) except in the case of matching con-
13 tributions under subsection (d), if such con-
14 tribution would result in aggregate contribu-
15 tions for the calendar year exceeding \$2,000.

16 (d) GOVERNMENT MATCHING CONTRIBUTION.—

17 (1) IN GENERAL.—Upon such showing as the
18 Executive Director may require to establish the basis
19 for certification, the Executive Director shall, with
20 respect to each private contribution to the account
21 of an account holder which is made before such ac-
22 count holder attains age 18, certify to the Secretary
23 the matching amount with respect to such contribu-
24 tion.

25 (2) MATCHING AMOUNT.—

1 (A) IN GENERAL.—For purposes of this
2 subsection, the term “matching amount”
3 means, an amount equal to 100 percent of con-
4 tributions made by the account holder (or a
5 legal guardian of the account holder) to the
6 USAccount of an individual during any cal-
7 endar year beginning after the calendar year in
8 which the USAccount is established, not in ex-
9 cess of \$500 for the calendar year.

10 (B) PHASEOUT BASED ON EARNED IN-
11 COME CREDIT PHASEOUT.—The \$500 amount
12 in subparagraph (A) shall be zero if the ad-
13 justed gross income (or, if greater, the earned
14 income) of the taxpayer for the taxable year as
15 exceeds the phaseout amount. For purposes of
16 this paragraph, terms used in the preceding
17 sentence which are used in section 32 of the In-
18 ternal Revenue Code of 1986 shall have the
19 meanings given such terms by such section 32.

20 (e) DISTRIBUTIONS.—

21 (1) IN GENERAL.—No amount may be distrib-
22 uted from a USAccount before the date on which the
23 account holder attains the age of 18.

24 (2) HIGHER EDUCATION EXPENSES.—Para-
25 graph (1) shall not apply to amounts paid for quali-

1 fied tuition and related expenses (as defined in sec-
2 tion 25A(f)(1) of the Internal Revenue Code of
3 1986) of the account holder if the account holder is
4 an eligible student (as defined in section 25A(b)(3)
5 of such Code) with respect to such expenses.

6 (3) ROLLOVER.—

7 (A) IN GENERAL.—Not later than 180
8 days after the date on which the account holder
9 attains the age of 18, the balance of such indi-
10 vidual's account shall be transferred to a
11 USAccount IRA established on behalf of the in-
12 dividual and shall be treated as a rollover con-
13 tribution which meets the requirements of sec-
14 tion 408(d)(3) of such Code.

15 (B) USACCOUNT IRA.—

16 (i) IN GENERAL.—Except as provided
17 in clauses (ii) and (iii), a USAccount IRA
18 is an individual retirement account (as de-
19 fined in section 7701(a)(37) of such Code)
20 which is established by the Executive Di-
21 rector and designated at the time of the
22 establishment of the account as a
23 USAccount IRA.

24 (ii) DISTRIBUTIONS.—No amount
25 may be distributed from a USAccount IRA

1 to an account holder or other beneficiary
2 earlier than the account holder attains the
3 age of 59½, except—

4 (I) distributions which are made
5 to a beneficiary (or to the estate of
6 the account holder) upon death of the
7 account holder,

8 (II) distributions described in
9 paragraph (2),

10 (III) qualified first-time home-
11 buyer distributions (as defined in sec-
12 tion 72(t)(8) of such Code),

13 (IV) distributions for qualified
14 medical expenses,

15 (V) any distribution which would
16 not be includible in gross income if
17 made from a qualified ABLE program
18 (as defined in section 529A(b) of such
19 Code) with respect to the account
20 holder or a member of the family (as
21 defined in section 529A(e)(4)) of the
22 account holder,

23 (VI) any distribution used to pre-
24 vent foreclosure on the principal resi-
25 dence of the account holder, and

1 (VII) any distribution used to
2 start a small business.

3 Any distribution described in subclauses
4 (I) through (VII) shall not be included in
5 gross income.

6 (iii) NO ROLLOVERS FROM
7 USACCOUNT IRA.—No amounts may be
8 rolled over from a USAccount IRA.

9 (f) RIGHTS OF LEGAL GUARDIAN.—Until the account
10 holder of a USAccount attains age 18, any rights or duties
11 of the account holder under this Act with respect to such
12 account shall be exercised or performed by the legal guard-
13 ian of such account holder.

14 (g) PRIVATE MANAGEMENT.—

15 (1) IN GENERAL.—The account holder of a
16 USAccount may elect, under regulations prescribed
17 by the Secretary, to transfer the USAccount to a
18 trustee who meets the requirements of paragraph
19 (2).

20 (2) TRUSTEE REQUIREMENTS.—A trustee
21 meets the requirements of this paragraph if the
22 trustee—

23 (A) is a bank (as defined in section
24 408(n)) or another person who demonstrates to
25 the satisfaction of the Secretary that the man-

1 ner in which that person will administer the
2 USAccount will be consistent with the require-
3 ments of this Act or who has so demonstrated
4 with respect to any USAccount,

5 (B) agrees to a reasonable cap on its fees
6 and costs, as determined by the Treasury, for
7 the management of USAccounts,

8 (C) provides an investment fund that
9 maximizes growth over time while minimizing
10 risk, and

11 (D) provides the safeguards with respect to
12 USAccounts required by the Secretary.

13 (3) ADDITIONAL REQUIREMENTS.—For pur-
14 poses of this subsection, rules similar to the rules of
15 paragraphs (3), (4), and (5) of section 408 of the
16 Internal Revenue Code of 1986 shall apply.

17 (h) ADJUSTMENT FOR INFLATION.—

18 (1) IN GENERAL.—For each calendar year be-
19 ginning after 2015, the dollar amounts under sec-
20 tions 3(e)(1), 4(c)(3)(C), and 4(d)(2) shall each be
21 increased by such dollar amount multiplied by the
22 cost-of-living adjustment determined under section
23 1(f)(3) of the Internal Revenue Code of 1986 deter-
24 mined by substituting “calendar year 2014” for
25 “calendar year 1992” in subparagraph (B) thereof.

1 (2) ROUNDING.—If any amount adjusted under
2 paragraph (1) is not a multiple of \$50, such amount
3 shall be rounded to the next lowest multiple of \$50.

4 **SEC. 5. ASSIGNMENT, ALIENATION, AND TREATMENT OF**
5 **DECEASED INDIVIDUALS.**

6 (a) ASSIGNMENT AND ALIENATION.—Under regula-
7 tions which shall be prescribed by the Executive Director,
8 rules relating to assignment and alienation applicable
9 under chapter 84 of title 5, United States Code, with re-
10 spect to amounts held in accounts in the Thrift Savings
11 Fund shall apply with respect to amounts held in
12 USAccounts in the USAccount Fund.

13 (b) TREATMENT OF ACCOUNTS OF DECEASED INDI-
14 VIDUALS.—In the case of a deceased account holder of a
15 USAccount which has an account balance greater than
16 zero, upon receipt of notification of such individual's
17 death, the Executive Director shall close the account and
18 shall transfer the balance in such account to the duly ap-
19 pointed legal representative of the estate of the deceased
20 account holder, or if there is no such representative, to
21 the person or persons determined to be entitled thereto
22 under the laws of the domicile of the deceased account
23 holder.

1 **SEC. 6. RULES GOVERNING USACCOUNTS RELATING TO IN-**
2 **VESTMENT, ACCOUNTING, AND REPORTING.**

3 (a) **DEFAULT INVESTMENT PROGRAM.**—The Sec-
4 retary shall establish, and the USAccount Fund Board
5 shall invest in, a retirement savings bond that earns inter-
6 est at the same annual percentage rate as securities issued
7 to the Government Securities Investment Fund in the
8 Thrift Savings Plan for Federal employees as determined
9 under section 8438(e)(2) of title 5, United States Code,
10 and shall be compounded daily at $\frac{1}{260}$ of the annual per-
11 centage rate.

12 (b) **OTHER RULES.**—

13 (1) **IN GENERAL.**—Under regulations which
14 shall be prescribed by the Executive Director, and
15 subject to the provisions of this Act, the following
16 provisions shall apply with respect to the USAccount
17 Fund and accounts maintained in such Fund in the
18 same manner and to the same extent as such provi-
19 sions relate to the Thrift Savings Fund and the ac-
20 counts maintained in the Thrift Savings Fund:

21 (A) Section 8438 of title 5, United States
22 Code (relating to investment of the Thrift Sav-
23 ings Fund).

24 (B) Section 8439(b) of such title (relating
25 to engagement of independent qualified public
26 accountant).

1 (C) Section 8439(c) of such title (relating
2 to periodic statements and summary descrip-
3 tions of investment options).

4 (D) Section 8439(d) of such title (relating
5 to assumption of risk).

6 (2) APPLICATION RULES.—For purposes of
7 paragraph (1), references in such sections 8438 and
8 8439 to an employee, Member, former employee, or
9 former Member shall be deemed references to an ac-
10 count holder of a USAccount in the USAccount
11 Fund.

12 (c) CONFIDENTIALITY AND DISCLOSURE.—

13 (1) IN GENERAL.—Except as otherwise author-
14 ized by Federal law, the USAccount Fund Board,
15 the Executive Director, and any employee of the
16 USAccount Fund Board shall not disclose informa-
17 tion with respect to the USAccount Fund or any ac-
18 count maintained in such Fund.

19 (2) DISCLOSURE TO DESIGNEE OF BENE-
20 FICIARY.—The Executive Director may, subject to
21 such requirements and conditions as he may pre-
22 scribe by regulations, disclose such information with
23 respect to the USAccount of the beneficiary to such
24 person or persons as the beneficiary may designate
25 in a request for or consent to such disclosure, or to

1 any other person at the beneficiary's request to the
2 extent necessary to comply with a request for infor-
3 mation or assistance made by the beneficiary to such
4 other person.

5 **SEC. 7. USACCOUNT FUND BOARD.**

6 (a) IN GENERAL.—There is established in the execu-
7 tive branch of the Government a USAccount Fund Board.

8 (b) COMPOSITION, DUTIES, AND RESPONSIBIL-
9 ITIES.—Subject to the provisions of this Act, the following
10 provisions shall apply with respect to the USAccount Fund
11 Board in the same manner and to the same extent as such
12 provisions relate to the Federal Retirement Thrift Invest-
13 ment Board:

14 (1) Section 8472 of title 5, United States Code
15 (relating to composition of Federal Retirement
16 Thrift Investment Board).

17 (2) Section 8474 of such title (relating to Exec-
18 utive Director).

19 (3) Section 8475 of such title (relating to in-
20 vestment policies).

21 (4) Section 8476 of such title (relating to ad-
22 ministrative provisions).

23 **SEC. 8. FIDUCIARY RESPONSIBILITIES.**

24 (a) IN GENERAL.—Under regulations of the Sec-
25 retary of Labor, the provisions of sections 8477 and 8478

1 of title 5, United States Code, shall apply in connection
2 with the USAccount Fund and the accounts maintained
3 in such Fund in the same manner and to the same extent
4 as such provisions apply in connection with the Thrift Sav-
5 ings Fund and the accounts maintained in the Thrift Sav-
6 ings Fund.

7 (b) INVESTIGATIVE AUTHORITY.—Any authority
8 available to the Secretary of Labor under section 504 of
9 the Employee Retirement Income Security Act of 1974
10 (29 U.S.C. 1134) is hereby made available to the Sec-
11 retary of Labor, and any officer designated by the Sec-
12 retary of Labor, to determine whether any person has vio-
13 lated, or is about to violate, any provision applicable under
14 subsection (a).

15 (c) EXCULPATORY PROVISIONS; INSURANCE.—

16 (1) IN GENERAL.—Any provision in an agree-
17 ment or instrument which purports to relieve a fidu-
18 ciary from responsibility or liability for any responsi-
19 bility, obligation, or duty under this Act shall be
20 void.

21 (2) INSURANCE.—Amounts in the USAccount
22 Fund available for administrative expenses shall be
23 available and may be used at the discretion of the
24 Executive Director to purchase insurance to cover
25 potential liability of persons who serve in a fiduciary

1 capacity with respect to the Fund and accounts
2 maintained therein, without regard to whether a pol-
3 icy of insurance permits recourse by the insurer
4 against the fiduciary in the case of a breach of a fi-
5 duciary obligation.

6 **SEC. 9. ACCOUNTS DISREGARDED IN DETERMINING ELIGI-**
7 **BILITY FOR FEDERAL BENEFITS.**

8 Amounts in any USAccount shall not be taken into
9 account in determining any individual's or household's fi-
10 nancial eligibility for, or amount of, any benefit or service,
11 paid for in whole or in part with Federal funds, including
12 student financial aid.

13 **SEC. 10. REPORTS.**

14 (a) **REPORTS TO CONGRESS.**—The Executive Direc-
15 tor, in consultation with the Secretary, shall annually
16 transmit a written report to the Congress. Such report
17 shall include—

18 (1) a detailed description of the status and op-
19 eration of the USAccount Fund and the manage-
20 ment of the USAccounts, and

21 (2) a detailed accounting of the administrative
22 expenses in carrying out this Act, including the ratio
23 of such administrative expenses to the balance of the
24 USAccount Fund and the methodology adopted by

1 the Executive Director for allocating such expenses
2 among the USAccounts.

3 (b) REPORTS TO ACCOUNT HOLDERS.—The
4 USAccount Fund Board shall prescribe regulations under
5 which each individual for whom a USAccount is main-
6 tained shall be furnished with an annual statement relat-
7 ing to the individual’s account, which shall include—

8 (1) a statement of the balance of individual’s
9 USAccount,

10 (2) a projection of the account’s growth by the
11 time the individual attains the age of 18, and

12 (3) such other information as the Secretary
13 deems relevant.

14 **SEC. 11. TAX PROVISIONS.**

15 (a) TAX TREATMENT OF USACCOUNTS.—Subchapter
16 F of chapter 1 of the Internal Revenue Code of 1986 is
17 amended by adding at the end the following new part:

18 **“PART IX—USACCOUNT FUND AND USACCOUNTS**

“Sec. 530A. USAccount Fund and USAccounts.

19 **“SEC. 530A. USACCOUNT FUND AND USACCOUNTS.**

20 “(a) GENERAL RULE.—The USAccount Fund and
21 USAccounts shall be exempt from taxation under this sub-
22 title. Notwithstanding the preceding sentence, a
23 USAccount shall be subject to the taxes imposed by sec-

1 tion 511 (relating to imposition of tax on unrelated busi-
2 ness income of charitable organizations).

3 “(b) DEFINITIONS.—For purposes of this section, the
4 terms ‘USAccount Fund’ and ‘USAccount’ have the mean-
5 ings given such terms by the USAccounts: Investing in
6 America’s Future Act of 2015.

7 “(c) TAX TREATMENT OF DISTRIBUTIONS.—Any
8 amount paid or distributed out of a USAccount—

9 “(1) which meets the distribution rules of the
10 USAccounts: Investing in America’s Future Act of
11 2015 shall not be includible in gross income, and

12 “(2) which does not meet the distribution rules
13 of section 4(e) of such Act shall be included in the
14 gross income of the account holder.”.

15 (b) ENFORCEMENT PROVISIONS RELATING TO PRI-
16 VATE MANAGEMENT OF USACCOUNTS.—

17 (1) EXCESS CONTRIBUTIONS.—Section 4973 of
18 the Internal Revenue Code of 1986 is amended—

19 (A) by striking “or” at the end of sub-
20 section (a)(4), by inserting “or” at the end of
21 subsection (a)(5), and by inserting after sub-
22 section (a)(5) the following new paragraph:

23 “(5) a USAccount subject to management
24 under section 4(g) of the USAccounts: Investing in
25 America’s Future Act of 2015,” and

1 (B) by adding at the end the following new
2 subsection:

3 “(h) EXCESS CONTRIBUTIONS TO PRIVATELY MAN-
4 AGED USACCOUNTS.—For purposes of this section, in the
5 case of a USAccount subject to management under section
6 4(g) of the USAccounts: Investing in America’s Future
7 Act of 2015, the term ‘excess contributions’ means the
8 sum of—

9 “(1) the aggregate amount contributed for the
10 taxable year to the account, and

11 “(2) the amount determined under this sub-
12 section for the preceding taxable year, reduced by
13 the sum of—

14 “(A) the distributions out of the account,
15 and

16 “(B) the excess (if any) of—

17 “(i) the maximum amount allowable
18 as a contribution under section 4(c)(3)(C)
19 of the USAccounts: Investing in America’s
20 Future Act of 2015 for the taxable year,
21 over

22 “(ii) the amount contributed to the
23 account for the taxable year.”.

24 (2) PROHIBITED TRANSACTIONS.—Section 4975
25 of the Internal Revenue Code of 1986 is amended—

1 (A) by adding at the end of subsection (c)
2 the following new paragraph:

3 “(7) SPECIAL RULE FOR USACCOUNTS.—An in-
4 dividual for whose benefit a USAccount subject to
5 management under section 4(g) of the USAccounts:
6 Investing in America’s Future Act of 2015 shall be
7 exempt from the tax imposed by this section with re-
8 spect to any transaction concerning such account
9 (which would otherwise be taxable under this sec-
10 tion) if, with respect to such transaction, the ac-
11 count ceases to be a USAccount by reason of the ap-
12 plication of section 530A(e)(2) to such account.”,
13 and

14 (B) in subsection (e)(1) by redesignating
15 subparagraph (G) as subparagraph (H) and by
16 inserting after subparagraph (F) the following
17 new subparagraph:

18 “(G) a USAccount subject to management
19 under section 4(g) of the USAccounts: Invest-
20 ing in America’s Future Act of 2015,”.

21 (c) INCREASE IN CHILD TAX CREDIT.—

22 (1) IN GENERAL.—Section 24 of the Internal
23 Revenue Code of 1986 is amended by adding at the
24 end the following:

1 “(g) USACCOUNT CONTRIBUTIONS.—For purposes
2 of this section—

3 “(1) IN GENERAL.—The amount allowed as a
4 credit under subsection (a) shall be increased by the
5 USAccount contribution amount.

6 “(2) USACCOUNT CONTRIBUTION AMOUNT.—
7 The term ‘USAccount contribution amount’ means
8 with respect to each qualifying account holder the
9 amount contributed by the taxpayer to the
10 USAccount of the taxpayer for the taxable year
11 which is taken into account under section
12 4(d)(2)(B)(I) of the USAccounts: Investing in Amer-
13 ica’s Future Act of 2015.

14 “(3) LIMITATION.—The amount under para-
15 graph (2) shall be reduced (but not below zero)
16 under subsection (b)(1) in the same manner as the
17 credit under subsection (a) is reduced under sub-
18 section (b)(1).

19 “(4) AMOUNT FULLY REFUNDABLE.—The ag-
20 gregate credits allowed to the taxpayer under sub-
21 part C shall be increased by the amount of the in-
22 crease under this subsection and such amount—

23 “(A) shall not be treated as a credit al-
24 lowed under this subpart, and

1 “(B) shall reduce the amount of credit oth-
2 erwise allowable under subsection (a) without
3 regard to section 26(a).”.

4 (d) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2015.

7 **SEC. 12. EARNED INCOME TAX CREDIT OUTREACH.**

8 Section 32 of the Internal Revenue Code of 1986 is
9 amended by adding at the end the following new sub-
10 section:

11 “(n) EARNED INCOME TAX CREDIT OUTREACH.—

12 “(1) IN GENERAL.—To the extent practicable
13 and not otherwise precluded by section 6511, in the
14 case of any taxpayer who, based on information
15 available to the Secretary, did not claim, but may be
16 allowed, a credit under subsection (a) for a pre-
17 ceding taxable year, the Secretary shall annually
18 provide to each such taxpayer notice that such tax-
19 payer may be eligible to claim such credit.

20 “(2) DETERMINATION OF CREDIT AND DE-
21 POSIT.—Not earlier than 60 days after providing no-
22 tice under paragraph (1) to a taxpayer with respect
23 to a taxable year, if such taxpayer fails to claim the
24 credit under this section for such taxable year, the
25 Secretary shall determine the credit on behalf of the

1 taxpayer. Any refund attributable to such credit
2 shall be—

3 “(A) deposited in the USAccount of any
4 dependents of the taxpayer (pro rata in the case
5 of more than one USAccount), or

6 “(B) in the case of a taxpayer with de-
7 pendents who do not have a USAccount or a
8 taxpayer with no dependents, paid directly to
9 the taxpayer.

10 For purposes of this paragraph, the term
11 ‘USAccount’ shall have the meaning given such term
12 by section 4 of the USAccounts: Investing in Amer-
13 ica’s Future Act of 2015. The Secretary shall not
14 collect any overpayment of the credit determined
15 under this paragraph if such overpayment is attrib-
16 utable to an error of the Secretary.”.

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