

107TH CONGRESS
1ST SESSION

S. 1025

To provide for savings for working families.

IN THE SENATE OF THE UNITED STATES

JUNE 13, 2001

Mr. LIEBERMAN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide for savings for working families.

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.**

4 This Act may be cited as the “Savings for Working
5 Families Act of 2001”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—Congress makes the following find-
8 ings:

9 (1) For the vast majority of households the
10 pathway to the economic mainstream and financial
11 security is not through spending and consumption,
12 but through saving, investing, and the accumulation

1 of assets. Assets promote economic household sta-
2 bility, decrease economic strain on households, pro-
3 mote educational attainment, decrease marital dis-
4 solution, decrease the risk of intergenerational pov-
5 erty transmission, increase health and satisfaction
6 among adults, increase property values, decrease res-
7 idential mobility, increase property maintenance, and
8 increase local civic involvement.

9 (2) One-third of all Americans have no assets
10 available for investment and another 20 percent
11 have only negligible assets. Assets are distributed far
12 more unevenly than income. Whereas the top 20 per-
13 cent of American households earn over 43 percent of
14 all income, such households hold over 68 percent of
15 net worth and almost 87 percent of net financial as-
16 sets. Moreover, asset poverty and wealth gaps are
17 even higher among minority households by a ratio of
18 more than 11 to 1. Up to 20 percent of all house-
19 holds are unbanked and do not have access to the
20 basic financial tools that make asset accumulation
21 possible.

22 (3) Public policy has contributed to large asset
23 gaps in the United States. Traditional public assist-
24 ance programs based on income and consumption
25 have rarely been successful in supporting the transi-

1 tion to economic self-sufficiency. Tax policy, through
2 \$288,000,000,000 in annual tax incentives, has
3 helped lay the foundation for the great American
4 middle class, but only for some citizens. Fully 90
5 percent of such current tax benefits accrue to house-
6 holds earning more than \$50,000 per year, roughly
7 half of all American households. Lacking an income
8 tax liability, low-income working families cannot
9 take advantage of asset development incentives.
10 Moreover, low-income families seeking public assist-
11 ance must first spend down their assets and face se-
12 vere asset limits once on assistance.

13 (4) Individual Development Accounts, or IDAs,
14 have proven to be successful in helping low-income
15 working families save and accumulate assets. In one
16 national demonstration project, 2,378 low-income
17 families saved a total of \$834,442 in one year which
18 generated another \$1,644,510 in private matching
19 funds. Thus far, IDA savings have been used to pur-
20 chase long-term, high-return assets, including
21 homes, post-secondary education and training, and
22 small businesses. Presently, about 10,000 IDAs are
23 in existence in the United States, held by a very
24 small fraction of the at least 70 million Americans
25 who are asset poor.

1 (5) Therefore, the Federal Government should
2 support, through the tax code, a significant expan-
3 sion of Individual Development Accounts so that
4 millions of low-income working families across the
5 country can save, accumulate assets, and move their
6 lives forward, and thus make positive contributions
7 to the economic and social well-being of the United
8 States, as well as to its future.

9 (b) PURPOSES.—The purposes of this Act are to pro-
10 vide for the establishment of individual development ac-
11 count programs that will—

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

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

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

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

21 **SEC. 3. DEFINITIONS.**

22 As used in this Act:

23 (1) ELIGIBLE INDIVIDUAL.—

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

1 (i) has attained the age of 18 years
2 but not the age of 61;

3 (ii) is a citizen or legal resident of the
4 United States;

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

7 (iv) is a taxpayer the adjusted gross
8 income of whom for the preceding taxable
9 year does not exceed—

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

13 (II) \$25,000, in the case of a
14 taxpayer described in section 1(b) of
15 such Code; and

16 (III) \$40,000, in the case of a
17 taxpayer described in section 1(a) of
18 such Code.

19 (B) INFLATION ADJUSTMENT.—

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

1 (I) such dollar amount, multi-
2 plied by

3 (II) the cost-of-living adjustment
4 determined under section (1)(f)(3) of
5 the Internal Revenue Code of 1986
6 for the calendar year in which the tax-
7 able year begins, by substituting
8 “2001” for “1992”.

9 (ii) ROUNDING.—If any amount as
10 adjusted under clause (i) is not a multiple
11 of \$50, such amount shall be rounded to
12 the nearest multiple of \$50.

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

20 (A) The sole owner of the account is the
21 individual for whom the account was estab-
22 lished.

23 (B) No contribution will be accepted unless
24 it is in cash.

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

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

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

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

19 (4) QUALIFIED FINANCIAL INSTITUTION.—

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

1 (B) RULE OF CONSTRUCTION.—Nothing in
 2 this paragraph shall be construed as preventing
 3 a person described in subparagraph (A) from
 4 collaborating with 1 or more contractual affili-
 5 ates, qualified nonprofit organizations, or In-
 6 dian tribes to carry out an individual develop-
 7 ment account program established under sec-
 8 tion 4.

9 (5) QUALIFIED NONPROFIT ORGANIZATION.—
 10 The term “qualified nonprofit organization”
 11 means—

12 (A) any organization described in section
 13 501(c)(3) of the Internal Revenue Code of 1986
 14 and exempt from taxation under section 501(a)
 15 of such Code;

16 (B) any community development financial
 17 institution certified by the Community Develop-
 18 ment Financial Institution Fund; or

19 (C) any credit union chartered under Fed-
 20 eral or State law.

21 (6) INDIAN TRIBE.—The term “Indian tribe”
 22 means any Indian tribe as defined in section 4(12)
 23 of the Native American Housing Assistance and
 24 Self-Determination Act of 1996 (25 U.S.C.

1 4103(12), and includes any tribal subsidiary, sub-
2 division, or other wholly owned tribal entity.

3 (7) QUALIFIED INDIVIDUAL DEVELOPMENT AC-
4 COUNT PROGRAM.—The term “qualified individual
5 development account program” means a program es-
6 tablished under section 4 under which—

7 (A) Individual Development Accounts and
8 parallel accounts are held by a qualified finan-
9 cial institution; and

10 (B) additional activities determined by the
11 Secretary as necessary to responsibly develop
12 and administer accounts, including recruiting,
13 providing financial education and other training
14 to account owners, and regular program moni-
15 toring, are carried out by the qualified financial
16 institution, a qualified nonprofit organization,
17 or an Indian tribe.

18 (8) QUALIFIED EXPENSE DISTRIBUTION.—

19 (A) IN GENERAL.—The term “qualified ex-
20 pense distribution” means any amount paid (in-
21 cluding through electronic payments) or distrib-
22 uted out of an Individual Development Account
23 and a parallel account established for an eligible
24 individual if such amount—

1 (i) is used exclusively to pay the quali-
2 fied expenses of the Individual Develop-
3 ment Account owner or such owner's
4 spouse or dependents, as approved by the
5 qualified financial institution, qualified
6 nonprofit organization, or Indian tribe;

7 (ii) is paid by the qualified financial
8 institution, qualified nonprofit organiza-
9 tion, or Indian tribe—

10 (I) except as otherwise provided
11 in this clause, directly to the unre-
12 lated third party to whom the amount
13 is due;

14 (II) in the case of distributions
15 for working capital under a qualified
16 business plan (as defined in subpara-
17 graph (B)(iv)(IV)), directly to the ac-
18 count owner;

19 (III) in the case of any qualified
20 rollover, directly to another Individual
21 Development Account and parallel ac-
22 count; or

23 (IV) in the case of a qualified
24 final distribution, directly to the
25 spouse, dependent, or other named

1 beneficiary of the deceased account
2 owner; and

3 (iii) is paid after the account owner
4 has completed a financial education course
5 as required under section 5(b).

6 (B) QUALIFIED EXPENSES.—

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

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

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

13 (III) Qualified business capital-
14 ization or expansion costs.

15 (IV) Qualified rollovers.

16 (V) Qualified final distribution.

17 (ii) QUALIFIED HIGHER EDUCATION
18 EXPENSES.—

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

1 educational schools as eligible educational
2 institutions.

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

16 (III) COORDINATION WITH
17 OTHER BENEFITS.—The amount of
18 qualified higher education expenses
19 for any taxable year shall be reduced
20 as provided in section 25A(g)(2) of
21 the Internal Revenue Code of 1986
22 and may not be taken into account for
23 purposes of determining qualified
24 higher education expenses under sec-
25 tion 135, 529, or 530 of such Code.

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

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

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

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

1 normally associated with starting or
2 expanding a business.

3 (III) QUALIFIED BUSINESS.—

4 The term “qualified business” means
5 any business that does not contravene
6 any law.

7 (IV) QUALIFIED BUSINESS

8 PLAN.—The term “qualified business
9 plan” means a business plan which
10 has been approved by the qualified fi-
11 nancial institution, qualified nonprofit
12 organization, or Indian tribe and
13 which meets such requirements as the
14 Secretary may specify.

15 (v) QUALIFIED ROLLOVERS.—The

16 term “qualified rollover” means the com-
17 plete distribution of the amounts in an In-
18 dividual Development Account and parallel
19 account to another Individual Development
20 Account and parallel account established in
21 another qualified financial institution,
22 qualified nonprofit organization, or Indian
23 tribe for the benefit of the account owner.

24 (vi) QUALIFIED FINAL DISTRIBUTION.—

25 The term “qualified final distribu-

1 tion” means, in the case of a deceased ac-
 2 count owner, the complete distribution of
 3 the amounts in an Individual Development
 4 Account and parallel account directly to
 5 the spouse, any dependent, or other named
 6 beneficiary of the deceased.

7 (9) SECRETARY.—The term “Secretary” means
 8 the Secretary of the Treasury.

9 **SEC. 4. STRUCTURE AND ADMINISTRATION OF QUALIFIED**
 10 **INDIVIDUAL DEVELOPMENT ACCOUNT PRO-**
 11 **GRAMS.**

12 (a) ESTABLISHMENT OF QUALIFIED INDIVIDUAL DE-
 13 VELOPMENT ACCOUNT PROGRAMS.—Any qualified finan-
 14 cial institution, qualified nonprofit organization, or Indian
 15 tribe may establish 1 or more qualified individual develop-
 16 ment account programs which meet the requirements of
 17 this Act.

18 (b) BASIC PROGRAM STRUCTURE.—

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

22 (A) An Individual Development Account to
 23 which an eligible individual may contribute cash
 24 in accordance with section 5.

1 (B) A parallel account to which all match-
 2 ing funds shall be deposited in accordance with
 3 section 6.

4 (2) TAILORED IDA PROGRAMS.—A qualified fi-
 5 nancial institution, a qualified nonprofit organiza-
 6 tion, or an Indian tribe may tailor its qualified indi-
 7 vidual development account program to allow match-
 8 ing funds to be spent on 1 or more of the categories
 9 of qualified expenses.

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

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, a qualified nonprofit organi-
 20 zation, or an Indian tribe upon certification that such indi-
 21 vidual maintains no other Individual Development Ac-
 22 count (other than an Individual Development Account to
 23 be terminated by a qualified rollover).

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

1 (1) IN GENERAL.—Before becoming eligible to
2 withdraw matching funds to pay for qualified ex-
3 penses, owners of Individual Development Accounts
4 must complete a financial education course offered
5 by a qualified financial institution, a qualified non-
6 profit organization, an Indian tribe, or a government
7 entity.

8 (2) STANDARD AND APPLICABILITY OF
9 COURSE.—The Secretary, in consultation with rep-
10 resentatives of qualified individual development ac-
11 count programs and financial educators, shall estab-
12 lish minimum quality standards for the contents of
13 financial education courses and providers of such
14 courses offered under paragraph (1) and a protocol
15 to exempt individuals from the requirement under
16 paragraph (1) because of hardship or lack of need.

17 (c) PROOF OF STATUS AS AN ELIGIBLE INDIVIDUAL.—Federal income tax forms from the preceding
18 taxable year (or in the absence of such forms, such docu-
19 mentation as specified by the Secretary proving the eligi-
20 ble individual's adjusted gross income and the status of
21 the individual as an eligible individual) shall be presented
22 to the qualified financial institution, qualified nonprofit
23 organization, or Indian tribe at the time of the establish-
24 ment of the Individual Development Account and in any
25

1 taxable year in which contributions are made to the Ac-
 2 count to qualify for matching funds under section
 3 6(b)(1)(A).

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

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

11 (a) PARALLEL ACCOUNTS.—The qualified financial
 12 institution, qualified nonprofit organization, or Indian
 13 tribe shall deposit all matching funds for each Individual
 14 Development Account into a parallel account at a qualified
 15 financial institution, a qualified nonprofit organization, or
 16 an Indian tribe.

17 (b) REGULAR DEPOSITS OF MATCHING FUNDS.—

18 (1) IN GENERAL.—Subject to paragraph (2),
 19 the qualified financial institution, qualified nonprofit
 20 organization, or Indian tribe shall not less than
 21 quarterly (or upon a proper withdrawal request
 22 under section 7, if necessary) deposit into the par-
 23 allel account with respect to each eligible individual
 24 the following:

1 (A) A dollar-for-dollar match for the first
 2 \$500 contributed by the eligible individual into
 3 an Individual Development Account with re-
 4 spect to any taxable year.

5 (B) Any matching funds provided by State,
 6 local, or private sources in accordance to the
 7 matching ratio set by those sources.

8 (2) INFLATION ADJUSTMENT.—

9 (A) IN GENERAL.—In the case of any tax-
 10 able year beginning after 2002, the dollar
 11 amount referred to in paragraph (1)(A) shall be
 12 increased by an amount equal to—

13 (i) such dollar amount, multiplied by

14 (ii) the cost-of-living adjustment de-
 15 termined under section (1)(f)(3) of the In-
 16 ternal Revenue Code of 1986 for the cal-
 17 endar year in which the taxable year be-
 18 gins, by substituting “2001” for “1992”.

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

1 (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.

2 (c) DEPOSIT OF MATCHING FUNDS INTO INDI-
 3 VIDUAL DEVELOPMENT ACCOUNT OF INDIVIDUAL WHO
 4 HAS ATTAINED AGE 61.—In the case of an Individual De-
 5 velopment Account owner who attains the age of 61, the
 6 qualified financial institution, qualified nonprofit organi-
 7 zation, or Indian tribe which holds the parallel account
 8 for such individual shall deposit the funds in such parallel
 9 account into the Individual Development Account of such
 10 individual on the first day of the succeeding taxable year
 11 of such individual.

12 (d) UNIFORM ACCOUNTING REGULATIONS.—To en-
 13 sure proper recordkeeping and determination of the tax
 14 credit under section 30B of the Internal Revenue Code
 15 of 1986, the Secretary shall prescribe regulations with re-
 16 spect to accounting for matching funds in the parallel ac-
 17 counts.

18 (e) REGULAR REPORTING OF ACCOUNTS.—Any
 19 qualified financial institution, qualified nonprofit organi-
 20 zation, or Indian tribe shall report the balances in any
 21 Individual Development Account and parallel account of
 22 an individual on not less than an annual basis to such
 23 individual.

1 **SEC. 7. WITHDRAWAL PROCEDURES.**

2 (a) WITHDRAWALS FOR QUALIFIED EXPENSES.—To
3 withdraw money from an individual’s Individual Develop-
4 ment Account to pay qualified expenses of such individual
5 or such individual’s spouse or dependents, the qualified
6 financial institution, qualified nonprofit organization, or
7 Indian tribe shall directly transfer such funds from the
8 Individual Development Account, and, if applicable, from
9 the parallel account electronically to the distributees de-
10 scribed in section 3(8)(A)(ii). If the distributee is not
11 equipped to receive funds electronically, the qualified fi-
12 nancial institution, qualified nonprofit organization, or In-
13 dian tribe may issue such funds by paper check to the
14 distributee.

15 (b) WITHDRAWALS FOR NONQUALIFIED EX-
16 PENSES.—An Individual Development Account owner may
17 unilaterally withdraw any amount of funds from the Indi-
18 vidual Development Account for purposes other than to
19 pay qualified expenses, but shall forfeit a proportionate
20 amount of matching funds from the individual’s parallel
21 account by doing so, unless such withdrawn funds are re-
22 contributed to such Account by September 30 following
23 the withdrawal.

24 (c) WITHDRAWALS FROM ACCOUNTS OF NON-
25 ELIGIBLE INDIVIDUALS.—If the individual for whose ben-
26 efit an Individual Development Account is established

1 ceases to be an eligible individual, such account shall re-
 2 main an Individual Development Account, but such indi-
 3 vidual shall not be eligible for any further matching funds
 4 under section 6(b)(1)(A) during the period—

5 (1) beginning on the first day of the taxable
 6 year of such individual following the beginning of
 7 such ineligibility, and

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

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

13 (e) WITHDRAWAL LIABILITY RESTS ONLY WITH EL-
 14 IGIBLE INDIVIDUALS.—Nothing in this Act may be con-
 15 strued to impose liability on a qualified financial institu-
 16 tion, a qualified nonprofit organization, or an Indian tribe
 17 for non-compliance with the requirements of this Act re-
 18 lated to withdrawals from Individual Development Ac-
 19 counts.

20 **SEC. 8. CERTIFICATION AND TERMINATION OF QUALIFIED**
 21 **INDIVIDUAL DEVELOPMENT ACCOUNT PRO-**
 22 **GRAMS.**

23 (a) CERTIFICATION PROCEDURES.—Upon estab-
 24 lishing a qualified individual development account pro-
 25 gram under section 4, a qualified financial institution, a

1 qualified nonprofit organization, or an Indian tribe shall
2 certify to the Secretary on forms prescribed by the Sec-
3 retary and accompanied by any documentation required
4 by the Secretary, that—

5 (1) the accounts described in subparagraphs
6 (A) and (B) of section 4(b)(1) are operating pursu-
7 ant to all the provisions of this Act; and

8 (2) the qualified financial institution, qualified
9 nonprofit organization, or Indian tribe agrees to im-
10 plement an information system necessary to monitor
11 the cost and outcomes of the qualified individual de-
12 velopment account program.

13 (b) **AUTHORITY TO TERMINATE QUALIFIED IDA**
14 **PROGRAM.**—If the Secretary determines that a qualified
15 financial institution, a qualified nonprofit organization, or
16 an Indian tribe under this Act is not operating a qualified
17 individual development account program in accordance
18 with the requirements of this Act (and has not imple-
19 mented any corrective recommendations directed by the
20 Secretary), the Secretary shall terminate such institu-
21 tion’s, nonprofit organization’s, or Indian tribe’s authority
22 to conduct the program. If the Secretary is unable to iden-
23 tify a qualified financial institution, a qualified nonprofit
24 organization, or an Indian tribe to assume the authority
25 to conduct such program, then any funds in a parallel ac-

1 count established for the benefit of any individual under
 2 such program shall be deposited into the Individual Devel-
 3 opment Account of such individual as of the first day of
 4 such termination.

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

6 (a) RESPONSIBILITIES OF QUALIFIED FINANCIAL IN-
 7 STITUTIONS, QUALIFIED NONPROFIT ORGANIZATIONS,
 8 AND INDIAN TRIBES.—Each qualified financial institu-
 9 tion, qualified nonprofit organization, or Indian tribe that
 10 operates a qualified individual development account pro-
 11 gram under section 4 shall report annually to the Sec-
 12 retary within 90 days after the end of each calendar year
 13 on—

14 (1) the number of eligible individuals making
 15 contributions into Individual Development Accounts;

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

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

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

24 (5) such other information needed to help the
 25 Secretary monitor the cost and outcomes of the

1 qualified individual development account program
2 (provided in 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 shall develop and implement a
7 protocol and process to monitor the cost and out-
8 comes of the qualified individual development ac-
9 count programs established under section 4.

10 (2) ANNUAL REPORTS.—In each year after the
11 date of the enactment of this Act, the Secretary
12 shall submit a progress report to Congress on the
13 status of such qualified individual development ac-
14 count programs. Such report shall include from a
15 representative sample of qualified individual develop-
16 ment account programs information on—

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

21 (B) deposits, withdrawals, balances, uses
22 of Individual Development Accounts, and par-
23 ticipant characteristics;

24 (C) the characteristics of qualified indi-
25 vidual development account programs, including

1 match rate, economic education requirements,
2 permissible uses of accounts, staffing of pro-
3 grams in full time employees, and the total
4 costs of programs; and

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

9 **SEC. 10. AUTHORIZATION OF APPROPRIATIONS.**

10 There is authorized to be appropriated to the Sec-
11 retary \$1,000,000 for fiscal year 2002 and for each fiscal
12 year through 2008, for the purposes of implementing this
13 Act, including the reporting, monitoring, and evaluation
14 required under section 9, to remain available until ex-
15 pended.

16 **SEC. 11. ACCOUNT FUNDS DISREGARDED FOR PURPOSES**
17 **OF CERTAIN MEANS-TESTED FEDERAL PRO-**
18 **GRAMS.**

19 Notwithstanding any other provision of Federal law
20 that requires consideration of 1 or more financial cir-
21 cumstances of an individual, for the purposes of deter-
22 mining eligibility to receive, or the amount of, any assist-
23 ance or benefit authorized by such provision to be provided
24 to or for the benefit of such individual, an amount equal
25 to the sum of—

1 (1) all amounts (including earnings thereon) in
 2 any Individual Development Account; plus
 3 (2) the matching deposits made on behalf of
 4 such individual (including earnings thereon) in any
 5 parallel account,
 6 shall be disregarded for such purposes.

7 **SEC. 12. MATCHING FUNDS FOR INDIVIDUAL DEVELOP-**
 8 **MENT ACCOUNTS PROVIDED THROUGH A TAX**
 9 **CREDIT FOR QUALIFIED FINANCIAL INSTITU-**
 10 **TIONS.**

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

15 **“SEC. 30B. INDIVIDUAL DEVELOPMENT ACCOUNT INVEST-**
 16 **MENT CREDIT FOR QUALIFIED FINANCIAL IN-**
 17 **STITUTIONS.**

18 “(a) DETERMINATION OF AMOUNT.—There shall be
 19 allowed as a credit against the applicable tax for the tax-
 20 able year an amount equal to the individual development
 21 account investment provided by an eligible entity during
 22 the taxable year under an individual development account
 23 program established under section 4 of the Savings for
 24 Working Families Act of 2001.

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.—

12 “(1) IN GENERAL.—For purposes of this sec-
 13 tion, the term ‘individual development account in-
 14 vestment’ means, with respect to an individual devel-
 15 opment account program of a qualified financial in-
 16 stitution in any taxable year, an amount equal to the
 17 sum of—

18 “(A) the aggregate amount of dollar-for-
 19 dollar matches under such program under sec-
 20 tion 6(b)(1)(A) of the Savings for Working
 21 Families Act of 2001 for such taxable year,
 22 plus

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

1 “(i) with respect to each Individual
 2 Development Account opened during such
 3 taxable year, \$100, plus

4 “(ii) with respect to each Individual
 5 Development Account maintained during
 6 such taxable year, \$30.

7 “(2) INFLATION ADJUSTMENT.—

8 “(A) IN GENERAL.—In the case of any
 9 taxable year beginning after 2002, each dollar
 10 amount referred to in paragraph (1)(B) shall be
 11 increased by an amount equal to—

12 “(i) such dollar amount, multiplied by

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

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

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

1 “(e) OTHER DEFINITIONS.—For purposes of this
 2 section, any term used in this section and also in the Sav-
 3 ings for Working Families Act of 2001 shall have the
 4 meaning given such term by such Act.

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

10 “(g) REGULATIONS.—The Secretary may prescribe
 11 such regulations as may be necessary or appropriate to
 12 carry out this section, including regulations providing for
 13 a recapture of the credit allowed under this section (not-
 14 withstanding any termination date described in subsection
 15 (h)) in cases where there is a forfeiture under section 7(b)
 16 of the Savings for Working Families Act of 2001 in a sub-
 17 sequent taxable year of any amount which was taken into
 18 account in determining the amount of such credit.

19 “(h) APPLICATION OF SECTION.—This section shall
 20 apply to any expenditure made in any taxable year begin-
 21 ning after December 31, 2001, and before January 1,
 22 2009, with respect to any Individual Development Account
 23 opened before January 1, 2007.”.

24 (b) CONFORMING AMENDMENT.—The table of sec-
 25 tions for subpart B of part IV of subchapter A of chapter

1 1 of the Internal Revenue Code of 1986 is amended by
2 inserting after the item relating to section 30A the fol-
3 lowing new item:

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

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

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