

105TH CONGRESS  
2D SESSION

# H. R. 4818

To provide that payments of the earned income tax credit are to be disregarded for 12 months in determining eligibility for benefits under the program of block grants to States for temporary assistance for needy families, the supplemental security income program, the Medicaid Program, and public housing programs.

---

## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 12, 1998

Mr. THOMPSON (for himself, Mr. TOWNS, Ms. MILLENDER-McDONALD, Ms. PELOSI, Ms. LEE, Ms. CHRISTIAN-GREEN, Mrs. MINK of Hawaii, Mrs. MEEK of Florida, Ms. KILPATRICK, Ms. SLAUGHTER, Mr. HILLIARD, Mr. SCOTT, and Mr. FROST) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Commerce, and Banking and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

## A BILL

To provide that payments of the earned income tax credit are to be disregarded for 12 months in determining eligibility for benefits under the program of block grants to States for temporary assistance for needy families, the supplemental security income program, the Medicaid Program, and public housing programs.

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

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Asset-Building for  
3 Working Americans Act”.

4 **SEC. 2. FINDINGS.**

5       The Congress finds that—

6           (1) The existing resource limitations affecting  
7 eligibility for benefits under the program of block  
8 grants to States for Temporary Assistance for  
9 Needy Families, the Supplemental Security Income  
10 program, the Medicaid program, and public housing  
11 programs triggered by savings made through earned  
12 income tax credits may encourage working families  
13 to make unnecessary purchases in order to remain  
14 eligible for public assistance rather than building the  
15 long-term assets required for escaping poverty per-  
16 manently, and may prevent low-income working fam-  
17 ilies from obtaining the temporary public assistance  
18 needed while they build the assets required for es-  
19 caping poverty permanently;

20           (2) adjusting the resource limitations under  
21 such programs to disregard savings made through  
22 earned income tax credits for 12 months will enable  
23 working families to make the necessary savings to  
24 build long-term security through assets while still  
25 obtaining temporary public assistance for living and  
26 raising children in health and safety;

1           (3) 33 percent of all households in the United  
2       States, and 60 percent of African-American house-  
3       holds, have no or negative financial assets; and

4           (4) 46.9 percent of all children, including 40  
5       percent of Caucasian children and 75 percent of Af-  
6       rican-American children, in the United States live in  
7       households with no financial assets.

8   **SEC. 3. 12-MONTH DISREGARD OF PAYMENTS OF EARNED**  
9                   **INCOME TAX CREDIT UNDER THE PROGRAM**  
10                  **OF BLOCK GRANTS TO STATES FOR TEM-**  
11                  **PORARY ASSISTANCE FOR NEEDY FAMILIES.**

12       (a) REQUIREMENT.—Section 408(a) of the Social Se-  
13   curity Act (42 U.S.C. 608(a)) is amended by adding at  
14   the end the following:

15       “(12) 12-MONTH DISREGARD OF EITC PAYMENTS.—  
16   A State to which a grant is made under section 403 of  
17   this Act shall, in determining the eligibility of an individ-  
18   ual for assistance, and the amount or type of assistance  
19   to be provided to an individual, under the State program  
20   funded under this part, disregard any refund of Federal  
21   income taxes made to the individual by reason of section  
22   32 of the Internal Revenue Code of 1986 (relating to  
23   earned income tax credit), and any payment made to the  
24   individual by an employer under section 3507 of such  
25   Code (relating to advance payment of earned income cred-

1 it), for a period that begins with the month in which the  
 2 refund or payment is received and that is of a duration  
 3 of not less than 12 months.”.

4 (b) PENALTY.—Section 409(a) of such Act (42  
 5 U.S.C. 609(a)) is amended by adding at the end the fol-  
 6 lowing:

7 “(15) FAILURE TO DISREGARD EITC PAYMENTS FOR  
 8 12 MONTHS.—If the Secretary determines that a State to  
 9 which a grant is made under section 403 for a fiscal year  
 10 has violated section 408(a)(12) during the fiscal year, the  
 11 Secretary shall reduce the grant payable to the State  
 12 under section 403(a)(1) for the immediately succeeding  
 13 fiscal year by an amount equal to not more than 2 percent  
 14 of the State family assistance grant.”.

15 (c) EFFECTIVE DATE.—The amendments made by  
 16 this section shall take effect on October 1, 1999.

17 **SEC. 4. 12-MONTH DISREGARD OF PAYMENTS OF EARNED**  
 18 **INCOME TAX CREDIT UNDER THE SUPPLE-**  
 19 **MENTAL SECURITY INCOME PROGRAM.**

20 (a) IN GENERAL.—Section 1613(a)(11) of the Social  
 21 Security Act (42 U.S.C. 1382b(a)(11)) is amended by  
 22 striking “for the month of receipt and the following  
 23 month” and inserting “for the 12-month period that be-  
 24 gins with the month of receipt”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) shall apply to benefits for months beginning  
3 on or after October 1, 1999.

4 **SEC. 5. DISREGARD UNDER MEDICAID PROGRAM.**

5 (a) IN GENERAL.—Section 1902 of the Social Secu-  
6 rity Act (42 U.S.C. 1396a) is amended—

7 (1) in subsection (a)(17)—

8 (A) by striking “and” before “(D)”;

9 (B) by inserting before “; and” the follow-  
10 ing: “, and (E) do not take into account for a  
11 period of 12 months refunds and advance pay-  
12 ments described in subsection (aa)”;

13 (2) in subsection (f), by striking “subsection  
14 (e)” and inserting “subsections (e) and (aa)”;

15 (3) by adding at the end the following new sub-  
16 section:

17 “(aa) Notwithstanding any other provision of this  
18 title, in determining eligibility for, and the amount of,  
19 medical assistance provided under this title, any refund  
20 of Federal income taxes made to an individual by reason  
21 of section 32 of the Internal Revenue Code of 1986 (relat-  
22 ing to earned income tax credit), and any payment made  
23 to such an individual by an employer under section 3507  
24 of such Code (relating to advance payment of earned in-

1 come credit) shall not be taken into account as income  
 2 or resources for a period of 12 months.”.

3 (b) EFFECTIVE DATE.—The amendments made by  
 4 subsection (a) shall apply to eligibility determinations  
 5 made on or after October 1, 1999.

6 **SEC. 6. 12-MONTH DISREGARD OF PAYMENTS OF EARNED**  
 7 **INCOME TAX CREDIT UNDER PUBLIC HOUS-**  
 8 **ING AND SECTION 8 RENTAL ASSISTANCE**  
 9 **PROGRAMS.**

10 Section 3(b)(4) of the United States Housing Act of  
 11 1937 (42 U.S.C. 1437a(b)(4)) is amended by adding at  
 12 the end the following new sentence: “In determining the  
 13 income of a household for purposes of this paragraph, the  
 14 Secretary shall disregard any refund of Federal income  
 15 taxes made to any member of the household by reason of  
 16 section 32 of the Internal Revenue Code of 1986 (relating  
 17 to earned income tax credit), and any payment made to  
 18 any member of the household by an employer under sec-  
 19 tion 3507 of such Code (relating to advance payment of  
 20 earned income credit), for the 12-month period that begins  
 21 with the month in which the refund or payment is re-  
 22 ceived.”.

○