

110TH CONGRESS  
1ST SESSION

# H. R. 1514

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

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 2007

Mrs. JONES of Ohio (for herself, Mr. PITTS, Mr. EMANUEL, Mr. ENGLISH of Pennsylvania, Mr. MCINTYRE, and Mr. BRADY of Texas) 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.**

4       This Act may be cited as the “Savings for Working  
5 Families Act of 2007”.

**6 SEC. 2. PURPOSES.**

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

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

6 (3) stabilize families and build communities,

7 and

8 (4) support continued United States economic  
9 expansion.

## 10 SEC. 3. DEFINITIONS.

11 As used in this Act:

12 (1) ELIGIBLE INDIVIDUAL.—

16 (i) has attained the age of 18 but not  
17 the age of 61 as of the last day of such  
18 taxable year.

(iii) was not a student (as defined in section 151(f)(2) of such Code) for the immediately preceding taxable year,

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

(v) is not a taxpayer described in subsection (c), (d), or (e) of section 6402 of such Code for the immediately preceding taxable year,

(vi) is not a taxpayer described in section 1(d) of such Code for the immediately preceding taxable year, and

(vii) is a taxpayer the modified adjusted gross income of whom for the immediately preceding taxable year does not exceed—

(I) \$20,000, in the case of a taxpayer described in section 1(c) of such Code,

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

4 (III) \$40,000, in the case of a  
5 taxpayer described in section 1(a) of  
6 such Code.

7 (B) INFLATION ADJUSTMENT.—

8 (i) IN GENERAL.—In the case of any  
9 taxable year beginning after 2008, each  
10 dollar amount referred to in subparagraph  
11 (A)(vii) shall be increased by an amount  
12 equal to—

13 (I) such dollar amount, multi-  
14 plied by

15 (II) the cost-of-living adjustment  
16 determined under section (1)(f)(3) of  
17 the Internal Revenue Code of 1986  
18 for the calendar year in which the tax-  
19 able year begins, by substituting  
20 “2007” for “1992”.

21 (ii) ROUNDING.—If any amount as  
22 adjusted under clause (i) is not a multiple  
23 of \$50, such amount shall be rounded to  
24 the nearest multiple of \$50.

1 (C) MODIFIED ADJUSTED GROSS IN-  
2 COME.—For purposes of subparagraph (A)(vii),  
3 the term “modified adjusted gross income”  
4 means adjusted gross income—

5 (i) determined without regard to sec-  
6 tions 86, 893, 911, 931, and 933 of the

19 (A) The owner of the account is the individual for whom the account was established.  
20

21 (B) No contribution will be accepted unless  
22 it is in cash, and, except in the case of any  
23 qualified rollover, contributions will not be ac-  
24 cepted for the taxable year in excess of \$1,500  
25 on behalf of any individual.

(C) The trustee of the account is a qualified financial institution.

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.

18 (4) QUALIFIED FINANCIAL INSTITUTION.—

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

24 (B) RULE OF CONSTRUCTION.—

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

11 (I) any organization described in  
12 section 501(c)(3) of the Internal Rev-  
13 enue Code of 1986 and exempt from  
14 taxation under section 501(a) of such  
15 Code,

16 (II) any community development  
17 financial institution certified by the  
18 Community Development Financial  
19 Institution Fund.

20 (III) any credit union chartered  
21 under Federal or State law, or

22 (IV) any public housing agency  
23 as defined in section 3(b)(6) of the  
24 United States Housing Act of 1937  
25 (42 U.S.C. 1437a(b)(6)).

16 (A) Individual Development Accounts and  
17 parallel accounts are held in trust by a qualified  
18 financial institution, and

19 (B) additional activities determined by the  
20 Secretary, in consultation with the Secretary of  
21 Health and Human Services, as necessary to re-  
22 sponsibly develop and administer accounts, in-  
23 cluding recruiting, providing financial education  
24 and other training to Account owners, and reg-

1           ular program monitoring, are carried out by the  
2           qualified financial institution.

3           **(6) QUALIFIED EXPENSE DISTRIBUTION.—**

4           (A) IN GENERAL.—The term “qualified ex-  
5           pense distribution” means any amount paid (in-  
6           cluding through electronic payments) or distrib-  
7           uted out of an Individual Development Account  
8           or a parallel account established for an eligible  
9           individual if such amount—

10           (i) is used exclusively to pay the qualifi-  
11           ed expenses of the Individual Develop-  
12           ment Account owner or such owner’s  
13           spouse or dependents,

14           (ii) is paid by the qualified financial  
15           institution—

16           (I) except as otherwise provided  
17           in this clause, directly to the unre-  
18           lated third party to whom the amount  
19           is due,

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

24           (III) in the case of a qualified  
25           final distribution, directly to the

1 spouse, dependent, or other named  
2 beneficiary of the deceased Account  
3 owner, and

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

7 (B) QUALIFIED EXPENSES.—

12 (I) Qualified higher education ex-  
13 penses.

14 (II) Qualified first-time home-  
15 buyer costs.

16 (III) Qualified business capital-  
17 ization or expansion costs.

## 18 (IV) Qualified rollovers.

## 19 (V) Qualified final distribution.

20 (ii) QUALIFIED HIGHER EDUCATION  
21 EXPENSES.—

22 (I) IN GENERAL.—The term  
23 “qualified higher education expenses”  
24 has the meaning given such term by  
25 section 529(e)(3) of the Internal Rev-

1 enue Code of 1986, determined by  
2 treating the Account owner, the own-  
3 er's spouse, or one or more of the  
4 owner's dependents as a designated  
5 beneficiary, and reduced as provided  
6 in section 25A(g)(2) of such Code.

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

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

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

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

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

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

1                   plan" means a business plan which  
2                   has been approved by the qualified fi-  
3                   nancial institution and which meets  
4                   such requirements as the Secretary  
5                   may specify.

6                   (v)    QUALIFIED    ROLLOVERS.—The  
7                   term "qualified rollover" means the com-  
8                   plete distribution of the amounts in an In-  
9                   dividual Development Account and parallel  
10                  account to another Individual Development  
11                  Account and parallel account established in  
12                  another qualified financial institution for  
13                  the benefit of the Account owner.

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

22                  (7) SECRETARY.—The term "Secretary" means  
23                  the Secretary of the Treasury.

1 SEC. 4. STRUCTURE AND ADMINISTRATION OF QUALIFIED  
2 INDIVIDUAL DEVELOPMENT ACCOUNT PRO-  
3 GRAMS.

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

## 9 (b) BASIC PROGRAM STRUCTURE.—

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

13 (A) An Individual Development Account to  
14 which an eligible individual may contribute cash  
15 in accordance with section 5.

16 (B) A parallel account to which all match-  
17 ing funds shall be deposited in accordance with  
18 section 6.

24 (c) COORDINATION WITH PUBLIC HOUSING AGENCY  
25 INDIVIDUAL SAVINGS ACCOUNTS.—Section 3(e)(2) of the  
26 United States Housing Act of 1937 (42 U.S.C.

1 1437a(e)(2)) is amended by inserting “or in any Indi-  
2 vidual Development Account established under the Sav-  
3 ings for Working Families Act of 2007” after “sub-  
4 section”.

5 (d) TAX TREATMENT OF PARALLEL ACCOUNTS.—

6 (1) IN GENERAL.—Chapter 77 of the Internal  
7 Revenue Code of 1986 (relating to miscellaneous  
8 provisions) is amended by adding at the end the fol-  
9 lowing new section:

10 **“SEC. 7529. TAX INCENTIVES FOR INDIVIDUAL DEVELOP-  
11 MENT PARALLEL ACCOUNTS.**

12 “For purposes of this title—

13 “(1) any account described in section  
14 4(b)(1)(B) of the Savings for Working Families Act  
15 of 2007 shall be exempt from taxation,

16 “(2) except as provided in section 450, no item  
17 of income, expense, basis, gain, or loss with respect  
18 to such an account may be taken into account, and

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

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

“Sec. 7529. Tax incentives for Individual Development Parallel Accounts.”.

24 (e) COORDINATION OF CERTAIN EXPENSES.—Sec-  
25 tion 25A(g)(2) of the Internal Revenue Code of 1986 is

1 amended by striking “and” at the end of subparagraph  
2 (B), by striking the period at the end of subparagraph  
3 (C) and inserting “, and”, and by adding at the end the  
4 following new subparagraph:

5                 “(D) a qualified expense distribution with  
6 respect to qualified higher education expenses  
7 from an Individual Development Account or a  
8 parallel account under section 7(a) of the Sav-  
9 ings for Working Families Act of 2007.”.

10 **SEC. 5. PROCEDURES FOR OPENING AND MAINTAINING AN**  
11                 **INDIVIDUAL DEVELOPMENT ACCOUNT AND**  
12                 **QUALIFYING FOR MATCHING FUNDS.**

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

19                 (b) **REQUIRED COMPLETION OF FINANCIAL EDU-  
20 CATION COURSE.**—

21                 (1) **IN GENERAL.**—Before becoming eligible to  
22 withdraw funds to pay for qualified expenses, owners  
23 of Individual Development Accounts must complete  
24 1 or more financial education courses specified in

1       the qualified individual development account pro-  
2       gram.

3               (2) STANDARD AND APPLICABILITY OF  
4       COURSE.—The Secretary, in consultation with rep-  
5       resentatives of qualified individual development ac-  
6       count programs and financial educators, shall not  
7       later than the date on which the Secretary approves  
8       the first qualified Individual Development Account  
9       program, establish minimum quality standards for  
10      the contents of financial education courses and pro-  
11      viders of such courses described in paragraph (1)  
12      and a protocol to exempt individuals from the re-  
13      quirement under paragraph (1) in the case of hard-  
14      ship, lack of need, the attainment of age 65, or a  
15      qualified final distribution.

16               (c) PROOF OF STATUS AS AN ELIGIBLE INDI-  
17       VIDUAL.—Federal income tax forms for the immediately  
18       preceding taxable year and any other evidence of eligibility  
19       which may be required by a qualified financial institution  
20       shall be presented to such institution at the time of the  
21       establishment of the Individual Development Account and  
22       in any taxable year in which contributions are made to  
23       the Account to qualify for matching funds under section  
24       6(b)(1)(A).

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

7       **SEC. 6. DEPOSITS BY QUALIFIED INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAMS.**

9       (a) PARALLEL ACCOUNTS.—The qualified financial  
10 institution shall deposit all matching funds for each Individual  
11 Development Account into a parallel account at a  
12 qualified financial institution.

13       (b) REGULAR DEPOSITS OF MATCHING FUNDS.—

14           (1) IN GENERAL.—Subject to paragraph (2),  
15 the qualified financial institution shall deposit into  
16 the parallel account with respect to each eligible individual  
17 the following amounts:

18           (A) A dollar-for-dollar match for the first  
19           \$500 contributed by the eligible individual into  
20           an Individual Development Account with respect  
21           to any taxable year of such individual.

22           (B) Any matching funds provided by State,  
23           local, or private sources in accordance with the  
24           matching ratio set by those sources.

16 (c) DEPOSIT OF MATCHING FUNDS INTO INDIVIDUAL DEVELOPMENT ACCOUNT OF INDIVIDUAL WHO  
17 HAS ATTAINED AGE 65.—In the case of an Individual Development Account owner who attains the age of 65, the qualified financial institution shall deposit the funds in the parallel account with respect to such individual into the Individual Development Account of such individual on the later of—

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

4 (d) UNIFORM ACCOUNTING REGULATIONS.—To en-  
5 sure proper recordkeeping and determination of the tax  
6 credit under section 450 of the Internal Revenue Code  
7 of 1986, the Secretary shall prescribe regulations with re-  
8 spect to accounting for matching funds in the parallel ac-  
9 counts.

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

## 15 SEC. 7. WITHDRAWAL PROCEDURES.

16 (a) WITHDRAWALS FOR QUALIFIED EXPENSES.—

21 (A) Individual Development Account, but  
22 only from funds which have been on deposit in  
23 and Account for at least 1 year and

(B) parallel account, but only

20 (b) WITHDRAWALS FOR NONQUALIFIED EX-  
21 PENSES.—An Individual Development Account owner may  
22 withdraw any amount of funds from the Individual Devel-  
23 opment Account for purposes other than to pay qualified  
24 expense distributions, but if, after such withdrawal, the  
25 amount in the parallel account of such owner (excluding

1 earnings on matching funds) exceeds the amount remain-  
2 ing in such Individual Development Account, then such  
3 owner shall forfeit from the parallel account the lesser of  
4 such excess or the amount withdrawn.

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

14 (d) EFFECT OF PLEDGING ACCOUNT AS SECU-  
15 RITY.—If, during any taxable year of the individual for  
16 whose benefit an Individual Development Account is es-  
17 tablished, that individual uses the Account, the individ-  
18 ual's parallel account, or any portion thereof as security  
19 for a loan, the portion so used shall be treated as a with-  
20 drawal of such portion from the Individual Development  
21 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 2008, 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,

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

## 15 SEC. 10. AUTHORIZATION OF APPROPRIATIONS.

16 (a) IN GENERAL.—There is authorized to be appro-  
17 priated to the Secretary \$1,000,000 for fiscal year 2008  
18 and for each fiscal year through 2015, for the purposes  
19 of implementing this Act, including the reporting, moni-  
20 toring, and evaluation required under section 9, to remain  
21 available until expended.

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

24 (1) to make grants to qualified nonprofit orga-  
25 nizations and Indian tribes to help defray the ad-

1 ministrative costs associated with the operation of  
2 individual development account programs, including  
3 the required financial education courses, and

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

7 **SEC. 11. 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 D of part IV of sub-  
12 chapter A of chapter 1 of the Internal Revenue Code of  
13 1986 (relating to business related credits) is amended by  
14 adding at the end the following new section:

15 **“SEC. 450. INDIVIDUAL DEVELOPMENT ACCOUNT INVEST-  
16 MENT CREDIT.**

17 “(a) DETERMINATION OF AMOUNT.—For purposes of  
18 section 38, the individual development account investment  
19 credit determined under this section with respect to any  
20 eligible entity for any taxable year is an amount equal to  
21 the individual development account investment provided  
22 by such eligible entity during the taxable year under an  
23 individual development account program established under  
24 section 4 of the Savings for Working Families Act of  
25 2007.

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 2007 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 2007 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) in determining the credit under  
18                   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 (c)(2)

1 for each taxable year such Individual Development  
2 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 2007 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, 2007, and beginning on or be-  
8       fore January 1, 2014, with respect to any Individual  
9       Development Account which—

10           “(A) is opened before January 1, 2013,  
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       900,000 Accounts.

16       Notwithstanding the preceding sentence, this section  
17       shall apply to amounts which are described in sub-  
18       section (c) 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, 2015.

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 individual development account programs, except that, 2 in the case of 300,000 Accounts, such limitation 3 shall be equally allocated among the States.”.

5 (b) CREDIT TREATED AS BUSINESS CREDIT.—Section 38(b) of such Code (relating to current year business 6 credit) is amended by striking “and” at the end of paragraph 7 (30), by striking the period at the end of paragraph 8 (31) and inserting “, and”, and by adding at the end the 9 following new paragraph:

11 “(32) the individual development account investment credit determined under section 450(a).”.

13 (c) CONFORMING AMENDMENT.—The table of sections for subpart C of part IV of subchapter A of chapter 14 1 of such Code is amended by adding at the end the following new item:

“Sec. 450. 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 450(c)(2) of 20 the Internal Revenue Code of 1986 (as added by this section). Not later than December 31, 2011, the Secretary 21 of the Treasury shall report the findings of the study described 22 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, 2007.

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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