

111TH CONGRESS  
1ST SESSION

# H. R. 767

To provide incentives to encourage financial institutions and small businesses to provide continuing financial education to customers, borrowers, and employees, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 28, 2009

Ms. EDDIE BERNICE JOHNSON of Texas (for herself, Mr. MCGOVERN, Mr. FILNER, Mr. HARE, Mr. CUMMINGS, Mr. COHEN, and Mr. BISHOP of New York) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Financial Services and Small Business, 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

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## A BILL

To provide incentives to encourage financial institutions and small businesses to provide continuing financial education to customers, borrowers, and employees, 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 “National Financial Lit-  
5       eracy Act of 2009”.

1 **SEC. 2. FINANCIAL LITERACY PROGRAMS.**

2 Section 804 of the Community Reinvestment Act of  
3 1977 (12 U.S.C. 2903) is amended by adding at the end  
4 the following new subsection:

5 “(d) DIRECT SUPPORT FOR FINANCIAL LITERACY  
6 PROGRAMS TAKEN INTO ACCOUNT.—

7 “(1) STANDARDS ESTABLISHED FOR ELIGIBLE  
8 PROGRAMS.—The appropriate Federal financial su-  
9 pervisory agencies shall jointly prescribe regulations  
10 establishing—

11 “(A) the minimum standards required to  
12 be met by a community-based financial literacy  
13 program in order to be eligible for consideration  
14 under paragraph (3) as a qualified community-  
15 based financial literacy program;

16 “(B) the procedures for financial institu-  
17 tions to apply to the appropriate Federal finan-  
18 cial supervisory agency for approval of a finan-  
19 cial literacy program as a qualified community-  
20 based financial literacy program; and

21 “(C) a requirement that financial institu-  
22 tions submit a regular report on how the insti-  
23 tution supported and promoted financial lit-  
24 eracy in its entire community, including low-  
25 and moderate-income neighborhoods.

1           “(2) FACTORS.—The regulations required  
2           under paragraph (1) shall require at a minimum  
3           that a qualified community-based financial literacy  
4           program—

5                   “(A) be offered by a nonprofit budget and  
6                   counseling agency which is exempt from tax-  
7                   ation under section 501(c)(3) of the Internal  
8                   Revenue Code of 1986; and

9                   “(B) include adequate education to pro-  
10                  mote consumer understanding of consumer, eco-  
11                  nomic, and personal finance issues and con-  
12                  cepts, including saving for retirement, man-  
13                  aging credit, long-term care, estate planning  
14                  and education on predatory lending, identity  
15                  theft, and financial abuse schemes.

16               “(3) PROGRAMS TAKEN INTO ACCOUNT.—The  
17               direct support by a financial institution of a quali-  
18               fied community-based financial literacy program  
19               may be taken into account by the appropriate Fed-  
20               eral financial supervisory agency under subsection  
21               (a) in assessing the institution’s record of meeting  
22               the credit needs of its entire community, including  
23               low- and moderate-income neighborhoods, in such  
24               amount and to such extent as may be provided in

1 the joint regulations prescribed under paragraph  
 2 (1).”.

3 **SEC. 3. CREDIT AGAINST INCOME TAX FOR SMALL BUSI-**  
 4 **NESSES WHICH PROVIDE CONTINUING FI-**  
 5 **NANCIAL EDUCATION TO EMPLOYEES.**

6 (a) IN GENERAL.—Subpart D of part IV of sub-  
 7 chapter A of chapter 1 of the Internal Revenue Code of  
 8 1986 (relating to business-related credits) is amended by  
 9 adding at the end the following new section:

10 **“SEC. 45R. SMALL BUSINESSES PROVIDING CONTINUING FI-**  
 11 **NANCIAL EDUCATION TO EMPLOYEES.**

12 “(a) IN GENERAL.—In the case of an eligible small  
 13 business, the continuing financial education credit deter-  
 14 mined under this section is an amount equal to 35 percent  
 15 of the continuing financial education expenses paid or in-  
 16 curred by the taxpayer during the taxable year.

17 “(b) ELIGIBLE SMALL BUSINESS.—For purposes of  
 18 this section, the term ‘eligible small business’ means any  
 19 small business which provides without charge a qualified  
 20 continuing financial education program to its employees  
 21 throughout the taxable year.

22 “(c) QUALIFIED CONTINUING FINANCIAL EDU-  
 23 CATION PROGRAM.—For purposes of this section—

1           “(1) IN GENERAL.—The term ‘qualified con-  
2           tinuing financial education program’ means any edu-  
3           cational program or services—

4                   “(A) which is provided by a community-  
5                   based budget and counseling agency which is  
6                   described in section 501(c)(3) and exempt from  
7                   tax under section 501(a),

8                   “(B) which promotes consumer under-  
9                   standing of consumer, economic, and personal  
10                  finance issues and concepts, including saving  
11                  for retirement, managing credit, long-term care,  
12                  estate planning and education on predatory  
13                  lending, identity theft, and financial abuse  
14                  schemes,

15                  “(C) which is offered to all employees of  
16                  the taxpayer who have at least 2 weeks of serv-  
17                  ice with the employer, and

18                  “(D) which is offered during—

19                          “(i) at least 24 hours of each month  
20                          if the taxpayer is a corporation, or

21                          “(ii) at least 16 hours of each month  
22                          in any other case.

23           “(d) SMALL BUSINESS.—For purposes of this sec-  
24           tion—

1           “(1) IN GENERAL.—The term ‘small business’  
2       means, with respect to any taxable year, any em-  
3       ployer if—

4           “(A) such employer employed an average  
5       of at least 2 but not more than 50 employees  
6       on business days during the most recent cal-  
7       endar year ending before such taxable year, and

8           “(B) such employer employed at least 2  
9       employees on the first day of the taxable year.

10       “(2) EMPLOYERS NOT IN EXISTENCE IN PRE-  
11       CEDING YEAR.—In the case of an employer which  
12       was not in existence throughout the calendar year  
13       referred to in paragraph (1), the determination  
14       under paragraph (1) shall be based on the average  
15       number of employees that it is reasonably expected  
16       such employer will employ on business days in the  
17       taxable year.

18       “(3) SPECIAL RULES.—

19           “(A) CONTROLLED GROUPS.—For pur-  
20       poses of this subsection, all persons treated as  
21       a single employer under subsection (b), (c),  
22       (m), or (o) of section 414 shall be treated as 1  
23       employer.

24           “(B) PREDECESSORS.—Any reference in  
25       this subsection to an employer shall include a

1           reference to any predecessor of such em-  
 2           ployer.”.

3           (b) DENIAL OF DOUBLE BENEFIT.—Section 280C of  
 4 such Code (relating to certain expenses for which credits  
 5 are allowable) is amended by adding at the end the fol-  
 6 lowing new subsection:

7           “(g) CREDIT FOR SMALL BUSINESSES PROVIDING  
 8 CONTINUING FINANCIAL EDUCATION TO EMPLOYEES.—  
 9 No deduction shall be allowed for that portion of the ex-  
 10 penses paid or incurred during the taxable year which is  
 11 equal to the credit determined for the taxable year under  
 12 sections 45R(a). In the case of persons treated as a single  
 13 employer under section 45R(d)(3)(A), this subsection shall  
 14 be applied under rules prescribed by the Secretary similar  
 15 to the rules applicable under subsections (a) and (b) of  
 16 section 52.”.

17          (c) CREDIT TO BE PART OF GENERAL BUSINESS  
 18 CREDIT.—Section 38(b) of such Code is amended by strik-  
 19 ing “plus” at the end of paragraph (34), by striking the  
 20 period at the end of paragraph (35) and inserting “, plus”,  
 21 and by adding at the end the following new paragraph:

22           “(36) in the case of an eligible small business  
 23           (as defined in section 45R(d)), the continuing finan-  
 24           cial education credit under section 45R(a).”.

1 (d) CLERICAL AMENDMENT.—The table of sections  
 2 for subpart D of part IV of subchapter A of chapter 1  
 3 of such Code is amended by adding at the end the fol-  
 4 lowing new item:

“Sec. 45R. Small businesses providing continuing financial education to em-  
 ployees.”.

5 (e) EFFECTIVE DATE.—The amendments made by  
 6 this section shall apply to taxable years beginning after  
 7 December 31, 2008.

8 **SEC. 4. PREFERENCE IN FEDERAL CONTRACTS, LOANS,**  
 9 **AND OTHER ASSISTANCE FOR SMALL BUSI-**  
 10 **NESSES AND CORPORATIONS PROVIDING**  
 11 **CONTINUING FINANCIAL EDUCATION TO EM-**  
 12 **PLOYEES.**

13 (a) PREFERENCE.—In the case of any Federal con-  
 14 tract or any Federal financial or nonfinancial assistance,  
 15 an eligible small business or an eligible corporation shall  
 16 be given a preference when submitting a bid or proposal  
 17 for the contract or applying for such assistance.

18 (b) DEFINITIONS.—In this section:

19 (1) ELIGIBLE SMALL BUSINESS.—The term “el-  
 20 igible small business” has the meaning provided in  
 21 section 45R(b) of the Internal Revenue Code of  
 22 1986.

23 (2) ELIGIBLE CORPORATION.—The term “eligi-  
 24 ble corporation” means any corporation—

1 (A) that employs 50 or more employees;  
2 and

3 (B) that provides without charge a quali-  
4 fied continuing financial education program to  
5 its employees throughout the taxable year.

6 (3) QUALIFIED CONTINUING FINANCIAL EDU-  
7 CATION PROGRAM.—The term “qualified continuing  
8 financial education program” has the meaning pro-  
9 vided in section 45R(c) of the Internal Revenue  
10 Code of 1986.

11 (4) FEDERAL FINANCIAL OR NONFINANCIAL AS-  
12 SISTANCE.—The term “Federal financial or non-  
13 financial assistance” means—

14 (A) all programs and activities involving  
15 Federal financial and nonfinancial assistance  
16 and benefits, as covered by Executive Order No.  
17 12549 and guidelines implementing that order;  
18 and

19 (B) procurement programs and activities,  
20 including Federal contracts for the procurement  
21 of goods or services.

22 (c) EFFECTIVE DATE.—The preference required  
23 under subsection (a) shall be applied beginning on Janu-  
24 ary 1, 2010.

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