

111TH CONGRESS
1ST SESSION

S. 985

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

IN THE SENATE OF THE UNITED STATES

MAY 6, 2009

Mrs. LINCOLN (for herself, Mr. BUNNING, Mr. LIEBERMAN, Ms. SNOWE, Mr.
KERRY, and Ms. COLLINS) introduced the following bill; which was read
twice and referred to the Committee on Finance

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 2009”.

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,

4 (2) promote education, home ownership, and
5 the development of small businesses,

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.**—

13 (A) **IN GENERAL.**—The term “eligible indi-
14 vidual” means, with respect to any taxable year,
15 an individual who—

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,

19 (ii) is a citizen or lawful permanent
20 resident (within the meaning of section
21 7701(b)(6) of the Internal Revenue Code
22 of 1986) of the United States as of the
23 last day of such taxable year,

1 (iii) was not a student (as defined in
2 section 151(c)(4) of such Code) for the im-
3 mediately preceding taxable year,

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

10 (v) is not a taxpayer described in sub-
11 section (c), (d), or (e) of section 6402 of
12 such Code for the immediately preceding
13 taxable year,

14 (vi) is not a taxpayer described in sec-
15 tion 1(d) of such Code for the immediately
16 preceding taxable year, and

17 (vii) is a taxpayer the modified ad-
18 justed gross income of whom for the imme-
19 diately preceding taxable year does not ex-
20 ceed—

21 (I) \$20,000, in the case of a tax-
22 payer described in section 1(c) of such
23 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 2010, 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 “2009” 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)(v),
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
7 Internal Revenue Code of 1986, and

8 (ii) increased by the amount of inter-
9 est received or accrued by the taxpayer
10 during the taxable year which is exempt
11 from tax.

12 (2) INDIVIDUAL DEVELOPMENT ACCOUNT.—

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

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

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.

1 (C) The trustee 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 trustee of which is a qualified
 17 financial institution.

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.—

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

(ii) QUALIFIED NONPROFIT ORGANIZATION.—The term “qualified nonprofit organization” means—

(I) any organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code,

(II) any community development financial institution certified by the Community Development Financial Institution Fund,

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

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

1 (iii) INDIAN TRIBE.—The term “In-
 2 dian tribe” means any Indian tribe as de-
 3 fined in section 4(12) of the Native Amer-
 4 ican Housing Assistance and Self-Deter-
 5 mination Act of 1996 (25 U.S.C.
 6 4103(12), and includes any tribally des-
 7 ignated housing entity (as defined in sec-
 8 tion 4(21) of such Act (25 U.S.C.
 9 4103(21)), tribal subsidiary, subdivision,
 10 or other wholly owned tribal entity.

11 (5) QUALIFIED INDIVIDUAL DEVELOPMENT AC-
 12 COUNT PROGRAM.—The term “qualified individual
 13 development account program” means a program es-
 14 tablished upon approval of the Secretary under sec-
 15 tion 4 after December 31, 2009, under which—

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-

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

(6) QUALIFIED EXPENSE DISTRIBUTION.—

(A) IN GENERAL.—The term “qualified expense distribution” means any amount paid (including through electronic payments) or distributed out of an Individual Development Account or a parallel account established for an eligible individual if such amount—

(i) is used exclusively to pay the qualified expenses of the Individual Development Account owner or such owner’s spouse or dependents,

(ii) is paid by the qualified financial institution—

(I) except as otherwise provided in this clause, directly to the unrelated third party to whom the amount is due,

(II) in the case of any qualified rollover, directly to another Individual Development Account and parallel account, or

(III) in the case of a qualified 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.—

8 (i) IN GENERAL.—The term “qualified
 9 expenses” means any of the following ex-
 10 penses approved by the qualified financial
 11 institution:

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.

17 (iii) QUALIFIED FIRST-TIME HOME-
18 BUYER COSTS.—The term “qualified first-
19 time homebuyer costs” means qualified ac-
20 quisition costs (as defined in section
21 72(t)(8)(C) of the Internal Revenue Code
22 of 1986) with respect to a principal resi-
23 dence (within the meaning of section 121
24 of such Code) for a qualified first-time

homebuyer (as defined in section 72(t)(8)(D)(i) of such Code).

(iv) QUALIFIED BUSINESS CAPITALIZATION OR EXPANSION COSTS.—

(I) IN GENERAL.—The term “qualified business capitalization or expansion costs” means qualified expenditures for the capitalization or expansion of a qualified business pursuant to a qualified business plan.

(II) QUALIFIED EXPENDITURES.—The term “qualified expenditures” means expenditures normally associated with starting or expanding a business and included in a qualified business plan, including costs for capital, plant, and equipment, inventory expenses, and attorney and accounting fees.

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

(IV) QUALIFIED BUSINESS 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 DISTRIBUTION.—The term “qualified final distribu-
 15 tion” means, in the case of a deceased Ac-
 16 count owner, the complete distribution of
 17 the amounts in the Individual Development
 18 Account and parallel account directly to
 19 the spouse, any dependent, or other named
 20 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.

19 (2) TAILORED IDA PROGRAMS.—A qualified fi-
20 nancial institution may tailor its qualified individual
21 development account program to allow matching
22 funds to be spent on 1 or more of the categories of
23 qualified expenses.

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 2009” 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 2009 shall be exempt from taxation,

16 “(2) except as provided in section 45R, 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 (C), by striking the period at the end of subparagraph (D)
 3 and inserting “, and”, and by adding at the end the fol-
 4 lowing 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 2009.”.

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 January 1, 2010, establish minimum
8 quality standards for the contents of financial edu-
9 cation courses and providers of such courses de-
10 scribed in paragraph (1) and a protocol to exempt
11 individuals from the requirement under paragraph
12 (1) in the case of hardship, lack of need, the attain-
13 ment of age 65, or a qualified final distribution.

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

23 (d) SPECIAL RULE IN THE CASE OF MARRIED INDIVIDUALS.—For purposes of this Act, if, with respect to
24 any taxable year, 2 married individuals file a Federal joint
25

1 income tax return, then not more than 1 of such individ-
 2 uals may be treated as an eligible individual with respect
 3 to the succeeding taxable year.

4 **SEC. 6. DEPOSITS BY QUALIFIED INDIVIDUAL DEVELOP-**
 5 **MENT ACCOUNT PROGRAMS.**

6 (a) PARALLEL ACCOUNTS.—The qualified financial
 7 institution shall deposit all matching funds for each Indi-
 8 vidual Development Account into a parallel account at a
 9 qualified financial institution.

10 (b) REGULAR DEPOSITS OF MATCHING FUNDS.—

11 (1) IN GENERAL.—Subject to paragraph (2),
 12 the qualified financial institution shall deposit into
 13 the parallel account with respect to each eligible in-
 14 dividual the following amounts:

15 (A) A dollar-for-dollar match for the first
 16 \$500 contributed by the eligible individual into
 17 an Individual Development Account with re-
 18 spect to any taxable year of such individual.

19 (B) Any matching funds provided by State,
 20 local, or private sources in accordance with the
 21 matching ratio set by those sources.

22 (2) TIMING OF DEPOSITS.—A deposit of the
 23 amounts described in paragraph (1) shall be made
 24 into a parallel account—

1 (A) in the case of amounts described in
 2 paragraph (1)(A), not later than 30 days after
 3 the end of the calendar quarter during which
 4 the contribution described in such paragraph
 5 was made, and

6 (B) in the case of amounts described in
 7 paragraph (1)(B), not later than 2 business
 8 days after such amounts were provided.

9 (3) CROSS REFERENCE.—For allowance of tax
 10 credit for Individual Development Account subsidies,
 11 including matching funds, see section 45R of the In-
 12 ternal Revenue Code of 1986.

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

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

23 (2) the first business day of the taxable year of
 24 such individual following the taxable year in which
 25 such individual attained age 65.

1 (d) UNIFORM ACCOUNTING REGULATIONS.—To en-
 2 sure proper recordkeeping and determination of the tax
 3 credit under section 45R of the Internal Revenue Code
 4 of 1986, the Secretary shall prescribe regulations with re-
 5 spect to accounting for matching funds in the parallel ac-
 6 counts.

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

12 **SEC. 7. WITHDRAWAL PROCEDURES.**

13 (a) WITHDRAWALS FOR QUALIFIED EXPENSES.—

14 (1) IN GENERAL.—An Individual Development
 15 Account owner may withdraw funds in order to pay
 16 qualified expense distributions from such individ-
 17 ual's—

18 (A) Individual Development Account, but
 19 only from funds which have been on deposit in
 20 such Account for at least 1 year, and

21 (B) parallel account, but only—

22 (i) from matching funds which have
 23 been on deposit in such parallel account
 24 for at least 1 year,

1 (ii) from earnings in such parallel ac-
 2 count, after all matching funds described
 3 in clause (i) have been withdrawn, and

4 (iii) to the extent such withdrawal
 5 does not result in a remaining balance in
 6 such parallel account which is less than the
 7 remaining balance in the Individual Devel-
 8 opment Account after such withdrawal.

9 (2) PROCEDURE.—Upon receipt of a with-
 10 drawal request which meets the requirements of
 11 paragraph (1), the qualified financial institution
 12 shall directly transfer the funds electronically to the
 13 distributees described in section 3(6)(A)(ii). If a dis-
 14 tributee is not equipped to receive funds electroni-
 15 cally, the qualified financial institution may issue
 16 such funds by paper check to the distributee.

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

1 owner shall forfeit from the parallel account the lesser of
 2 such excess or the amount withdrawn.

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

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

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 shall

1 certify to the Secretary at such time and in such manner
2 as may be prescribed by the Secretary and accompanied
3 by any documentation required by the Secretary, that—

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

7 (2) the qualified financial institution agrees to
8 implement an information system necessary to mon-
9 itor the cost and outcomes of the qualified individual
10 development account program.

11 (b) **AUTHORITY TO TERMINATE QUALIFIED IDA**
12 **PROGRAM.**—If the Secretary determines that a qualified
13 financial institution under this Act is not operating a
14 qualified individual development account program in ac-
15 cordance with the requirements of this Act (and has not
16 implemented any corrective recommendations directed by
17 the Secretary), the Secretary shall terminate such institu-
18 tion’s authority to conduct the program. If the Secretary
19 is unable to identify a qualified financial institution to as-
20 sume the authority to conduct such program, then any
21 funds in a parallel account established for the benefit of
22 any individual under such program shall be deposited into
23 the Individual Development Account of such individual as
24 of the first day of such termination.

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

2 (a) RESPONSIBILITIES OF QUALIFIED FINANCIAL IN-
 3 STITUTIONS.—Each qualified financial institution that op-
 4 erates a qualified individual development account program
 5 under section 4 shall report annually to the Secretary
 6 within 90 days after the end of each calendar year on—

7 (1) the number of individuals making contribu-
 8 tions into Individual Development Accounts and the
 9 amounts contributed,

10 (2) the amounts contributed into Individual De-
 11 velopment Accounts by eligible individuals and the
 12 amounts deposited into parallel accounts for match-
 13 ing funds,

14 (3) the amounts withdrawn from Individual De-
 15 velopment Accounts and parallel accounts, and the
 16 purposes for which such amounts were withdrawn,

17 (4) the balances remaining in Individual Devel-
 18 opment Accounts and parallel accounts, and

19 (5) such other information needed to help the
 20 Secretary monitor the effectiveness of the qualified
 21 individual development account program (provided in
 22 a non-individually-identifiable manner).

23 (b) RESPONSIBILITIES OF THE SECRETARY.—

24 (1) MONITORING PROTOCOL.—Not later than
 25 12 months after the date of the enactment of this
 26 Act, the Secretary, in consultation with the Sec-

1 retary of Health and Human Services, shall develop
2 and implement a protocol and process to monitor the
3 cost and outcomes of the qualified individual devel-
4 opment account programs established under section
5 4.

6 (2) ANNUAL REPORTS.—For each year after
7 2010, the Secretary shall submit a progress report
8 to Congress on the status of such qualified indi-
9 vidual development account programs. Such report
10 shall, to the extent data are available, include from
11 a representative sample of qualified individual devel-
12 opment account programs information on—

13 (A) the characteristics of participants, in-
14 cluding age, gender, race or ethnicity, marital
15 status, number of children, employment status,
16 and monthly income,

17 (B) deposits, withdrawals, balances, uses
18 of Individual Development Accounts, and par-
19 ticipant characteristics,

20 (C) the characteristics of qualified indi-
21 vidual development account programs, including
22 match rate, economic education requirements,
23 and permissible uses of accounts, and

24 (D) process information on program imple-
25 mentation and administration, especially on

1 problems encountered and how problems were
2 solved.

3 (3) USE OF ACCOUNTS IN RURAL AREAS EN-
4 COURAGED.—The Secretary shall develop methods to
5 encourage the use of Individual Development Ac-
6 counts in rural areas.

7 **SEC. 10. AUTHORIZATION OF APPROPRIATIONS.**

8 (a) IN GENERAL.—There is authorized to be appro-
9 priated to the Secretary \$3,000,000 for fiscal year 2010
10 and for each fiscal year through 2017, for the purposes
11 of implementing this Act, including the reporting, moni-
12 toring, and evaluation required under section 9, to remain
13 available until expended.

14 (b) GRANTS.—There is authorized to be appropriated
15 to the Secretary \$120,000,000—

16 (1) to make grants to qualified nonprofit orga-
17 nizations and Indian tribes to help defray the ad-
18 ministrative costs associated with the operation of
19 individual development account programs, including
20 the required financial education courses, and

21 (2) to provide technical assistance to qualified
22 nonprofit organizations and Indian tribes in meeting
23 such program requirements.

1 **SEC. 11. MATCHING FUNDS FOR INDIVIDUAL DEVELOP-**
 2 **MENT ACCOUNTS PROVIDED THROUGH A TAX**
 3 **CREDIT FOR QUALIFIED FINANCIAL INSTITU-**
 4 **TIONS.**

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

9 **“SEC. 45R. INDIVIDUAL DEVELOPMENT ACCOUNT INVEST-**
 10 **MENT CREDIT.**

11 “(a) DETERMINATION OF AMOUNT.—For purposes of
 12 section 38, the individual development account investment
 13 credit determined under this section with respect to any
 14 eligible entity for any taxable year is an amount equal to
 15 the individual development account investment provided
 16 by such eligible entity during the taxable year under an
 17 individual development account program established under
 18 section 4 of the Savings for Working Families Act of
 19 2009.

20 “(b) APPLICABLE TAX.—For the purposes of this
 21 section, the term ‘applicable tax’ means the excess (if any)
 22 of—

23 “(1) the tax imposed under this chapter (other
 24 than the taxes imposed under the provisions de-
 25 scribed in subparagraphs (C) through (Q) of section
 26 26(b)(2)), over

1 “(2) the credits allowable under subpart B
2 (other than this section) and subpart D of this part.

3 “(c) INDIVIDUAL DEVELOPMENT ACCOUNT INVEST-
4 MENT.—For purposes of this section, the term ‘individual
5 development account investment’ means, with respect to
6 an individual development account program in any taxable
7 year, an amount equal to the sum of—

8 “(1) the aggregate amount of dollar-for-dollar
9 matches under such program under section
10 6(b)(1)(A) of the Savings for Working Families Act
11 of 2009 for such taxable year, plus

12 “(2) \$50 with respect to each Individual Devel-
13 opment Account maintained—

14 “(A) as of the end of such taxable year,
15 but only if such taxable year is within the 7-
16 taxable-year period beginning with the taxable
17 year in which such Account is opened, and

18 “(B) with a balance of not less than \$100
19 (other than the taxable year in which such Ac-
20 count is opened).

21 “(d) ELIGIBLE ENTITY.—For purposes of this sec-
22 tion, except as provided in regulations, the term ‘eligible
23 entity’ means a qualified financial institution.

24 “(e) OTHER DEFINITIONS.—For purposes of this
25 section, any term used in this section and also in the Sav-

ings for Working Families Act of 2009 shall have the meaning given such term by such Act.

“(f) DENIAL OF DOUBLE BENEFIT.—

“(1) IN GENERAL.—No deduction or credit (other than under this section) shall be allowed under this chapter with respect to any expense which—

“(A) is taken into account under subsection (c)(1)(A) in determining the credit under this section, or

“(B) is attributable to the maintenance of an Individual Development Account.

“(2) DETERMINATION OF AMOUNT.—Solely for purposes of paragraph (1)(B), the amount attributable to the maintenance of an Individual Development Account shall be deemed to be the dollar amount of the credit allowed under subsection (c)(1)(B) for each taxable year such Individual Development Account is maintained.

“(g) CREDIT MAY BE TRANSFERRED.—

“(1) IN GENERAL.—An eligible entity may transfer any credit allowable to the eligible entity under subsection (a) to any person other than to another eligible entity which is exempt from tax under this title. The determination as to whether a credit

1 is allowable shall be made without regard to the tax-
 2 exempt status of the eligible entity.

3 “(2) CONSENT REQUIRED FOR REVOCATION.—

4 Any transfer under paragraph (1) may be revoked
 5 only with the consent of the Secretary.

6 “(h) REGULATIONS.—The Secretary may prescribe
 7 such regulations as may be necessary or appropriate to
 8 carry out this section, including—

9 “(1) such regulations as necessary to insure
 10 that any credit described in subsection (g)(1) is
 11 claimed once and not retransferred by a transferee,
 12 and

13 “(2) regulations providing for a recapture of
 14 the credit allowed under this section (notwith-
 15 standing any termination date described in sub-
 16 section (i)) in cases where there is a forfeiture under
 17 section 7(b) of the Savings for Working Families
 18 Act of 2009 in a subsequent taxable year of any
 19 amount which was taken into account in determining
 20 the amount of such credit.

21 “(i) APPLICATION OF SECTION.—

22 “(1) IN GENERAL.—This section shall apply to
 23 any expenditure made in any taxable year ending
 24 after December 31, 2009, and beginning on or be-

1 fore January 1, 2017, with respect to any Individual
2 Development Account which—

3 “(A) is opened before January 1, 2015,
4 and

5 “(B) as determined by the Secretary, when
6 added to all of the previously opened Individual
7 Development Accounts, does not exceed the
8 funding equivalent of 2,700,000 Accounts.

9 Notwithstanding the preceding sentence, this section
10 shall apply to amounts which are described in sub-
11 section (c)(1) and which are timely deposited into a
12 parallel account during the 30-day period following
13 the end of the last taxable year beginning on or be-
14 fore January 1, 2017.

15 “(2) DETERMINATION OF LIMITATION.—The
16 limitation on the number of Individual Development
17 Accounts under paragraph (1)(B) shall be allocated
18 by the Secretary among eligible individuals as such
19 individuals open such Accounts under qualified indi-
20 vidual development account programs, except that,
21 in the case of 300,000 Accounts, such limitation
22 shall be equally allocated among the States.”.

23 (b) CREDIT TREATED AS BUSINESS CREDIT.—Sec-
24 tion 38(b) of such Code (relating to current year business
25 credit) is amended by striking “plus” at the end of para-

1 graph (34), by striking the period at the end of paragraph
 2 (35) and inserting “, plus”, and by adding at the end the
 3 following new paragraph:

4 “(36) the individual development account in-
 5 vestment credit determined under section 45R(a).”.

6 (c) CONFORMING AMENDMENT.—The table of sec-
 7 tions for subpart C of part IV of subchapter A of chapter
 8 1 of such Code is amended by adding at the end the fol-
 9 lowing new item:

“Sec. 45R. Individual development account investment credit.”.

10 (d) REPORT REGARDING ACCOUNT MAINTENANCE
 11 FEES.—The Secretary of the Treasury shall study the
 12 adequacy of the amount specified in section 45R(c)(2) of
 13 the Internal Revenue Code of 1986 (as added by this sec-
 14 tion). Not later than December 31, 2013, the Secretary
 15 of the Treasury shall report the findings of the study de-
 16 scribed in the preceding sentence to Congress.

17 (e) EFFECTIVE DATE.—The amendments made by
 18 this section shall apply to taxable years ending after De-
 19 cember 31, 2009.

20 **SEC. 12. ACCOUNT FUNDS DISREGARDED FOR PURPOSES**
 21 **OF CERTAIN MEANS-TESTED FEDERAL PRO-**
 22 **GRAMS.**

23 Notwithstanding any other provision of Federal law
 24 (other than the Internal Revenue Code of 1986) that re-
 25 quires consideration of 1 or more financial circumstances

1 of an individual, for the purpose of determining eligibility
2 to receive, or the amount of, any assistance or benefit au-
3 thorized by such provision to be provided to or for the
4 benefit of such individual, any amount (including earnings
5 thereon) in any Individual Development Account of such
6 individual and any matching deposit made on behalf of
7 such individual (including earnings thereon) in any par-
8 allel account shall be disregarded for such purpose with
9 respect to any period during which such individual main-
10 tains or makes contributions into such Individual Develop-
11 ment Account.

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