

107TH CONGRESS
2D SESSION

S. 1924

To promote charitable giving, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 8, 2002

Mr. LIEBERMAN (for himself, Mr. SANTORUM, Mr. BAYH, Mr. BROWNBACK, Mr. NELSON of Florida, Mr. COCHRAN, Mrs. CARNAHAN, Mr. LUGAR, Mrs. CLINTON, and Mr. HATCH) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To promote charitable giving, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Charity Aid, Recovery, and Empowerment Act of 2002”
6 or the “CARE Act of 2002”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—CHARITABLE GIVING INCENTIVES PACKAGE

Sec. 101. Deduction for portion of charitable contributions to be allowed to individuals who do not itemize deductions.

- Sec. 102. Tax-free distributions from individual retirement accounts for charitable purposes.
- Sec. 103. Increase in cap on corporate charitable contributions.
- Sec. 104. Charitable deduction for contributions of food and book inventories and bonds.
- Sec. 105. Reform of excise tax on net investment income of private foundations.
- Sec. 106. Excise tax on unrelated business taxable income of charitable remainder trusts.
- Sec. 107. Expansion of charitable contribution allowed for scientific property used for research and for computer technology and equipment used for educational purposes.
- Sec. 108. Adjustment to basis of S corporation stock for certain charitable contributions.

TITLE II—INDIVIDUAL DEVELOPMENT ACCOUNTS

- Sec. 201. Short title.
- Sec. 202. Purposes.
- Sec. 203. Definitions.
- Sec. 204. Structure and administration of qualified individual development account programs.
- Sec. 205. Procedures for opening and maintaining an individual development account and qualifying for matching funds.
- Sec. 206. Deposits by qualified individual development account programs.
- Sec. 207. Withdrawal procedures.
- Sec. 208. Certification and termination of qualified individual development account programs.
- Sec. 209. Reporting, monitoring, and evaluation.
- Sec. 210. Authorization of appropriations.
- Sec. 211. Account funds disregarded for purposes of certain means-tested Federal programs.
- Sec. 212. Matching funds for individual development accounts provided through a tax credit for qualified financial institutions.

TITLE III—EQUAL TREATMENT FOR NONGOVERNMENTAL PROVIDERS

- Sec. 301. Nongovernmental organizations.

TITLE IV—EZ PASS RECOGNITION OF SECTION 501(c)(3) STATUS

- Sec. 401. EZ pass recognition of section 501(c)(3) status and waiver of application fee for exempt status for certain organizations providing social services for the poor and needy.

TITLE V—COMPASSION CAPITAL FUND

- Sec. 501. Support for nonprofit community-based organizations; Department of Health and Human Services.
- Sec. 502. Support for nonprofit community-based organizations; Corporation for National and Community Service.
- Sec. 503. Support for nonprofit community-based organizations; Department of Justice.
- Sec. 504. Support for nonprofit community-based organizations; Department of Housing and Urban Development.
- Sec. 505. Coordination.

TITLE VI—SOCIAL SERVICES BLOCK GRANT

Sec. 601. Restoration of authority to transfer up to 10 percent of TANF funds to the Social Services Block Grant.

Sec. 602. Restoration of funds for the Social Services Block Grant.

Sec. 603. Requirement to submit annual report on State activities.

TITLE VII—MATERNITY GROUP HOMES

Sec. 701. Maternity group homes.

TITLE I—CHARITABLE GIVING INCENTIVES PACKAGE

SEC. 101. DEDUCTION FOR PORTION OF CHARITABLE CONTRIBUTIONS TO BE ALLOWED TO INDIVIDUALS WHO DO NOT ITEMIZE DEDUCTIONS.

(a) IN GENERAL.—Section 170 of the Internal Revenue Code of 1986 (relating to charitable, etc., contributions and gifts) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

“(m) DEDUCTION FOR INDIVIDUALS NOT ITEMIZING DEDUCTIONS.—In the case of an individual who does not itemize his deductions for any taxable year beginning after December 31, 2001, and before January 1, 2004, there shall be taken into account as a direct charitable deduction under section 63 an amount equal to the lesser of—

“(1) the amount allowable under subsection (a) for the taxable year for cash contributions, or
“(2) \$400 (\$800 in the case of a joint return).”.

(b) DIRECT CHARITABLE DEDUCTION.—

1 (1) IN GENERAL.—Subsection (b) of section 63
2 of the Internal Revenue Code of 1986 (defining tax-
3 able income) is amended by striking “and” at the
4 end of paragraph (1), by striking the period at the
5 end of paragraph (2) and inserting “, and”, and by
6 adding at the end thereof the following new para-
7 graph:

8 “(3) the direct charitable deduction.”.

9 (2) DEFINITION.—Section 63 of such Code is
10 amended by redesignating subsection (g) as sub-
11 section (h) and by inserting after subsection (f) the
12 following new subsection:

13 “(g) DIRECT CHARITABLE DEDUCTION.—For pur-
14 poses of this section, the term ‘direct charitable deduction’
15 means that portion of the amount allowable under section
16 170(a) which is taken as a direct charitable deduction for
17 the taxable year under section 170(m).”.

18 (3) CONFORMING AMENDMENT.—Subsection (d)
19 of section 63 of such Code is amended by striking
20 “and” at the end of paragraph (1), by striking the
21 period at the end of paragraph (2) and inserting “,
22 and”, and by adding at the end thereof the following
23 new paragraph:

24 “(3) the direct charitable deduction.”.

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

4 **SEC. 102. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RE-**
 5 **TIREMENT ACCOUNTS FOR CHARITABLE**
 6 **PURPOSES.**

7 (a) IN GENERAL.—Subsection (d) of section 408 of
 8 the Internal Revenue Code of 1986 (relating to individual
 9 retirement accounts) is amended by adding at the end the
 10 following new paragraph:

11 “(8) DISTRIBUTIONS FOR CHARITABLE PUR-
 12 POSES.—

13 “(A) IN GENERAL.—No amount shall be
 14 includible in gross income by reason of a quali-
 15 fied charitable distribution.

16 “(B) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the
 17 term ‘qualified charitable distribution’ means
 18 any distribution from an individual retirement
 19 account—
 20

21 “(i) which is made directly by the
 22 trustee—

23 “(I) to an organization described
 24 in section 170(c), or

1 “(II) to a split-interest entity,
 2 and
 3 “(ii) which is made on or after the
 4 date that the individual for whose benefit
 5 the account is maintained has attained age
 6 67.

7 A distribution shall be treated as a qualified
 8 charitable distribution only to the extent that
 9 the distribution would be includible in gross in-
 10 come without regard to subparagraph (A) and,
 11 in the case of a distribution to a split-interest
 12 entity, only if no person holds an income inter-
 13 est in the amounts in the split-interest entity
 14 attributable to such distribution other than one
 15 or more of the following: the individual for
 16 whose benefit such account is maintained, the
 17 spouse of such individual, or any organization
 18 described in section 170(c).

19 “(C) CONTRIBUTIONS MUST BE OTHER-
 20 WISE DEDUCTIBLE.—For purposes of this
 21 paragraph—

22 “(i) DIRECT CONTRIBUTIONS.—A dis-
 23 tribution to an organization described in
 24 section 170(c) shall be treated as a quali-
 25 fied charitable distribution only if a deduc-

tion for the entire distribution would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

“(ii) SPLIT-INTEREST GIFTS.—A distribution to a split-interest entity shall be treated as a qualified charitable distribution only if a deduction for the entire value of the interest in the distribution for the use of an organization described in section 170(c) would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

“(D) APPLICATION OF SECTION 72.—Notwithstanding section 72, in determining the extent to which a distribution is a qualified charitable distribution, the entire amount of the distribution shall be treated as includible in gross income without regard to subparagraph (A) to the extent that such amount does not exceed the aggregate amount which would be so includible if all amounts were distributed from all individual retirement accounts otherwise taken into account in determining the inclusion on such distribution under section 72. Proper ad-

justments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.

“(E) SPECIAL RULES FOR SPLIT-INTEREST ENTITIES.—

“(i) CHARITABLE REMAINDER TRUSTS.—Notwithstanding section 664(b), distributions made from a trust described in subparagraph (G)(i) shall be treated as ordinary income in the hands of the recipient of the annuity described in section 664(d)(1)(A) or the payment described in section 664(d)(2)(A).

“(ii) POOLED INCOME FUNDS.—No amount shall be includible in the gross income of a pooled income fund (as defined in subparagraph (G)(ii)) by reason of a qualified charitable distribution to such fund, and all distributions from the fund which are attributable to qualified charitable distributions shall be treated as ordinary income to the recipient.

“(iii) CHARITABLE GIFT ANNUITIES.—Qualified charitable distributions made for a charitable gift annuity shall not

1 be treated as an investment in the con-
2 tract.

3 “(F) DENIAL OF DEDUCTION.—Qualified
4 charitable distributions shall not be taken into
5 account in determining the deduction under sec-
6 tion 170.

7 “(G) SPLIT-INTEREST ENTITY DEFINED.—
8 For purposes of this paragraph, the term ‘split-
9 interest entity’ means—

10 “(i) a charitable remainder annuity
11 trust or a charitable remainder unitrust
12 (as such terms are defined in section
13 664(d)) which is funded exclusively by
14 qualified charitable distributions,

15 “(ii) a pooled income fund (as defined
16 in section 642(c)(5)), but only if the fund
17 accounts separately for amounts attrib-
18 utable to qualified charitable distributions,
19 and

20 “(iii) a charitable gift annuity (as de-
21 fined in section 501(m)(5)).”.

22 (b) MODIFICATIONS RELATING TO INFORMATION RE-
23 TURNS BY CERTAIN TRUSTS.—

24 (1) RETURNS.—Section 6034 of the Internal
25 Revenue Code of 1986 (relating to returns by trusts

1 described in section 4947(a)(2) or claiming chari-
 2 table deductions under section 642(c)) is amended to
 3 read as follows:

4 **“SEC. 6034. RETURNS BY TRUSTS DESCRIBED IN SECTION**
 5 **4947(a)(2) OR CLAIMING CHARITABLE DEDUC-**
 6 **TIONS UNDER SECTION 642(c).**

7 “(a) TRUSTS DESCRIBED IN SECTION 4947(a)(2).—
 8 Every trust described in section 4947(a)(2) shall furnish
 9 such information with respect to the taxable year as the
 10 Secretary may by forms or regulations require.

11 “(b) TRUSTS CLAIMING A CHARITABLE DEDUCTION
 12 UNDER SECTION 642(c).—

13 “(1) IN GENERAL.—Every trust not required to
 14 file a return under subsection (a) but claiming a
 15 charitable, etc., deduction under section 642(c) for
 16 the taxable year shall furnish such information with
 17 respect to such taxable year as the Secretary may by
 18 forms or regulations prescribe, including:

19 “(A) the amount of the charitable, etc., de-
 20 duction taken under section 642(c) within such
 21 year,

22 “(B) the amount paid out within such year
 23 which represents amounts for which charitable,
 24 etc., deductions under section 642(c) have been
 25 taken in prior years,

1 “(C) the amount for which charitable, etc.,
 2 deductions have been taken in prior years but
 3 which has not been paid out at the beginning
 4 of such year,

5 “(D) the amount paid out of principal in
 6 the current and prior years for charitable, etc.,
 7 purposes,

8 “(E) the total income of the trust within
 9 such year and the expenses attributable thereto,
 10 and

11 “(F) a balance sheet showing the assets, li-
 12 abilities, and net worth of the trust as of the
 13 beginning of such year.

14 “(2) EXCEPTIONS.—Paragraph (1) shall not
 15 apply in the case of a taxable year if all the net in-
 16 come for such year, determined under the applicable
 17 principles of the law of trusts, is required to be dis-
 18 tributed currently to the beneficiaries. Paragraph (1)
 19 shall not apply in the case of a trust described in
 20 section 4947(a)(1).”.

21 (2) INCREASE IN PENALTY RELATING TO FIL-
 22 ING OF INFORMATION RETURN BY SPLIT-INTEREST
 23 TRUSTS.—Paragraph (2) of section 6652(c) of such
 24 Code (relating to returns by exempt organizations

1 and by certain trusts) is amended by adding at the
2 end the following new subparagraph:

3 “(C) SPLIT-INTEREST TRUSTS.—In the
4 case of a trust which is required to file a return
5 under section 6034(a), subparagraphs (A) and
6 (B) of this paragraph shall not apply and para-
7 graph (1) shall apply in the same manner as if
8 such return were required under section 6033,
9 except that—

10 “(i) the 5 percent limitation in the
11 second sentence of paragraph (1)(A) shall
12 not apply,

13 “(ii) in the case of any trust with
14 gross income in excess of \$250,000, the
15 first sentence of paragraph (1)(A) shall be
16 applied by substituting ‘\$100’ for ‘\$20’,
17 and the second sentence thereof shall be
18 applied by substituting ‘\$50,000’ for
19 ‘\$10,000’, and

20 “(iii) the third sentence of paragraph
21 (1)(A) shall be disregarded.

22 If the person required to file such return know-
23 ingly fails to file the return, such person shall
24 be personally liable for the penalty imposed
25 pursuant to this subparagraph.”.

1 (3) CONFIDENTIALITY OF NONCHARITABLE
 2 BENEFICIARIES.—Subsection (b) of section 6104 of
 3 such Code (relating to inspection of annual informa-
 4 tion returns) is amended by adding at the end the
 5 following new sentence: “In the case of a trust which
 6 is required to file a return under section 6034(a),
 7 this subsection shall not apply to information re-
 8 garding beneficiaries which are not organizations de-
 9 scribed in section 170(c).”.

10 (c) EFFECTIVE DATES.—

11 (1) SUBSECTION (a).—The amendment made by
 12 subsection (a) shall apply to taxable years beginning
 13 after December 31, 2001, and before January 1,
 14 2004.

15 (2) SUBSECTION (b).—The amendments made
 16 by subsection (b) shall apply to returns for taxable
 17 years beginning after December 31, 2001.

18 **SEC. 103. INCREASE IN CAP ON CORPORATE CHARITABLE**
 19 **CONTRIBUTIONS.**

20 (a) IN GENERAL.—Paragraph (2) of section 170(b)
 21 of the Internal Revenue Code of 1986 (relating to corpora-
 22 tions) is amended by striking “10 percent” and inserting
 23 “the applicable percentage”.

24 (b) APPLICABLE PERCENTAGE.—Subsection (b) of
 25 section 170 of the Internal Revenue Code of 1986 is

1 amended by adding at the end the following new para-
 2 graph:

3 “(3) APPLICABLE PERCENTAGE DEFINED.—For
 4 purposes of paragraph (2), the applicable percentage
 5 shall be determined in accordance with the following
 6 table:

“For taxable years beginning in calendar year—	The applicable percentage is—
2002	13
2003	15
2004 and thereafter	10.”.

7 (c) CONFORMING AMENDMENTS.—

8 (1) Sections 512(b)(10) and 805(b)(2)(A) of
 9 the Internal Revenue Code of 1986 are each amend-
 10 ed by striking “10 percent” each place it occurs and
 11 inserting “the applicable percentage (determined
 12 under section 170(b)(3))”.

13 (2) Sections 545(b)(2) and 556(b)(2) of such
 14 Code are each amended by striking “10-percent limi-
 15 tation” and inserting “applicable percentage limita-
 16 tion”.

17 (d) EFFECTIVE DATE.—The amendments made by
 18 this section shall apply to taxable years beginning after
 19 December 31, 2001.

1 **SEC. 104. CHARITABLE DEDUCTION FOR CONTRIBUTIONS**
 2 **OF FOOD AND BOOK INVENTORIES AND**
 3 **BONDS.**

4 (a) **FOOD INVENTORY.**—Subsection (e) of section
 5 170 of the Internal Revenue Code of 1986 (relating to
 6 certain contributions of ordinary income and capital gain
 7 property) is amended by adding at the end the following
 8 new paragraph:

9 “(7) **SPECIAL RULE FOR CONTRIBUTIONS OF**
 10 **FOOD INVENTORY.**—For purposes of this section—

11 “(A) **IN GENERAL.**—In the case of a chari-
 12 table contribution of apparently wholesome food
 13 by a taxpayer—

14 “(i) paragraph (3)(A) shall be applied
 15 without regard to whether or not the con-
 16 tribution is made by a C corporation, and

17 “(ii) in the case of a taxpayer other
 18 than a C corporation, the total deductions
 19 under subsection (a) with respect to such
 20 contributions for any taxable year shall not
 21 exceed the applicable percentage under
 22 subsection (b)(2) of the taxpayer’s net in-
 23 come from the trade or business, computed
 24 without regard to this section.

25 “(B) **LIMIT ON REDUCTION.**—In the case
 26 of a charitable contribution of apparently

1 wholesome food which is a qualified contribu-
 2 tion (within the meaning of paragraph (3)(A),
 3 as modified by subparagraph (A) of this para-
 4 graph), the amount of the reduction determined
 5 under paragraph (3)(B) shall not exceed the
 6 amount determined under clause (ii) thereof
 7 (computed without taking into account the
 8 amount determined under clause (i) thereof).

9 “(C) DETERMINATION OF BASIS.—For
 10 purposes of this paragraph, if a taxpayer—

11 “(i) does not account for inventories
 12 under section 471, and

13 “(ii) is not required to capitalize indi-
 14 rect costs under section 263A,

15 the taxpayer may elect, solely for purposes of
 16 paragraph (3)(B)(ii), to treat the basis of any
 17 qualified contribution of such taxpayer as being
 18 equal to 25 percent of the fair market value of
 19 such contribution.

20 “(D) DETERMINATION OF FAIR MARKET
 21 VALUE.—In the case of a charitable contribu-
 22 tion of apparently wholesome food which is a
 23 qualified contribution (within the meaning of
 24 paragraph (3), as modified by subparagraphs
 25 (A) and (B) of this paragraph) and which, sole-

1 ly by reason of internal standards of the tax-
 2 payer or lack of market, cannot or will not be
 3 sold, the fair market value of such contribution
 4 shall be determined—

5 “(i) without regard to such internal
 6 standards or such lack of market and

7 “(ii) by taking into account the price
 8 at which the same or substantially the
 9 same food items are sold by the taxpayer
 10 at the time of the contribution (or, if not
 11 so sold at such time, in the recent past).

12 “(E) APPARENTLY WHOLESOME FOOD.—
 13 For purposes of this paragraph, the term ‘ap-
 14 parently wholesome food’ has the meaning given
 15 such term by section 22(b)(2) of the Bill Emer-
 16 son Good Samaritan Food Donation Act (42
 17 U.S.C. 1791(b)(2)), as in effect on the date of
 18 the enactment of this paragraph.

19 (b) BOOK INVENTORY.—Section 170(e)(3) of the In-
 20 ternal Revenue Code of 1986 (relating to certain contribu-
 21 tions of ordinary income and capital gain property) is
 22 amended by redesignating subparagraph (C) as subpara-
 23 graph (D) and by inserting after subparagraph (B) the
 24 following new subparagraph:

1 “(D) SPECIAL RULE FOR CONTRIBUTIONS
2 OF BOOK INVENTORY FOR EDUCATIONAL PUR-
3 POSES.—

4 “(i) CONTRIBUTIONS OF BOOK INVEN-
5 TORY.—In determining whether a qualified
6 book contribution is a qualified contribu-
7 tion, subparagraph (A) shall be applied
8 without regard to whether or not—

9 “(I) the donee is an organization
10 described in the matter preceding
11 clause (i) of subparagraph (A), and

12 “(II) the property is to be used
13 by the donee solely for the care of the
14 ill, the needy, or infants.

15 “(ii) QUALIFIED BOOK CONTRIBU-
16 TION.—For purposes of this paragraph,
17 the term ‘qualified book contribution’
18 means a charitable contribution of books,
19 but only if the requirements of clauses (iii)
20 and (iv) are met.

21 “(iii) IDENTITY OF DONEE.—The re-
22 quirement of this clause is met if the con-
23 tribution is to an organization—

24 “(I) described in subclause (I) or
25 (III) of paragraph (6)(B)(i), or

1 “(II) described in section
 2 501(c)(3) and exempt from tax under
 3 section 501(a) (other than a private
 4 foundation (as defined in section
 5 509(a)) which is not an operating
 6 foundation defined in section
 7 4942(j)(3)) which is organized pri-
 8 marily to make books available to the
 9 general public at no cost or to operate
 10 a literacy program.

11 “(iv) CERTIFICATION BY DONEE.—
 12 The requirement of this clause is met if
 13 the donee certifies in writing that—

14 “(I) the books are suitable, in
 15 terms of currency, content, and quan-
 16 tity, for use in the donee’s educational
 17 programs, and

18 “(II) the donee will use the books
 19 in its educational programs and will
 20 not transfer the books in exchange for
 21 money, property, or services.”.

22 (c) BONDS.—Section 170(e)(5) of the Internal Rev-
 23 enue Code of 1986 (relating to special rule for contribu-
 24 tions of stock for which market quotations are readily
 25 available) is amended—

1 (1) by striking “stock.” in subparagraph (A)
 2 and inserting “stock or qualified appreciated
 3 bonds.”,

4 (2) by adding at the end the following new sub-
 5 paragraph:

6 “(D) QUALIFIED APPRECIATED BONDS.—

7 “(i) IN GENERAL.—For purposes of
 8 this paragraph, the term ‘qualified appre-
 9 ciated bonds’ means United States Treas-
 10 ury securities and such other debt instru-
 11 ments as may be prescribed by the Sec-
 12 retary in regulations.”.

13 (d) EFFECTIVE DATE.—The amendments made by
 14 this section shall apply to taxable years beginning after
 15 December 31, 2001, and before January 1, 2004.

16 **SEC. 105. REFORM OF EXCISE TAX ON NET INVESTMENT IN-**
 17 **COME OF PRIVATE FOUNDATIONS.**

18 (a) IN GENERAL.—Subsection (a) of section 4940 of
 19 the Internal Revenue Code of 1986 (relating to excise tax
 20 based on investment income) is amended by striking “2
 21 percent” and inserting “1 percent (2 percent for any tax-
 22 able year beginning after December 31, 2003)”.

23 (b) TEMPORARY REPEAL OF REDUCTION IN TAX
 24 WHERE PRIVATE FOUNDATION MEETS CERTAIN DIS-
 25 TRIBUTION REQUIREMENTS.—Section 4940(e) of the In-

1 ternal Revenue Code of 1986 is amended by inserting “be-
 2 ginning after December 31, 2003” after “any taxable
 3 year”.

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

7 **SEC. 106. EXCISE TAX ON UNRELATED BUSINESS TAXABLE**
 8 **INCOME OF CHARITABLE REMAINDER**
 9 **TRUSTS.**

10 (a) IN GENERAL.—Subsection (c) of section 664 of
 11 the Internal Revenue Code of 1986 (relating to exemption
 12 from income taxes) is amended to read as follows:

13 “(c) TAXATION OF TRUSTS.—

14 “(1) INCOME TAX.—A charitable remainder an-
 15 nuity trust and a charitable remainder unitrust
 16 shall, for any taxable year, not be subject to any tax
 17 imposed by this subtitle.

18 “(2) EXCISE TAX.—

19 “(A) IN GENERAL.—In the case of a chari-
 20 table remainder annuity trust or a charitable
 21 remainder unitrust that has unrelated business
 22 taxable income (within the meaning of section
 23 512, determined as if part III of subchapter F
 24 applied to such trust) for a taxable year, there
 25 is hereby imposed on such trust or unitrust an

1 excise tax equal to the amount of such unre-
2 lated business taxable income.

3 “(B) CERTAIN RULES TO APPLY.—The tax
4 imposed by subparagraph (A) shall be treated
5 as imposed by chapter 42 for purposes of this
6 title other than subchapter E of chapter 42.

7 “(C) TAX COURT PROCEEDINGS.—For pur-
8 poses of this paragraph, the references in sec-
9 tion 6212(c)(1) to section 4940 shall be deemed
10 to include references to this paragraph.”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to taxable years beginning after
13 December 31, 2001.

14 **SEC. 107. EXPANSION OF CHARITABLE CONTRIBUTION AL-**
15 **LOWED FOR SCIENTIFIC PROPERTY USED**
16 **FOR RESEARCH AND FOR COMPUTER TECH-**
17 **NOLOGY AND EQUIPMENT USED FOR EDU-**
18 **CATIONAL PURPOSES.**

19 (a) SCIENTIFIC PROPERTY USED FOR RESEARCH.—
20 Clause (ii) of section 170(e)(4)(B) of the Internal Revenue
21 Code of 1986 (defining qualified research contributions)
22 is amended by inserting “or assembled” after “con-
23 structed”.

24 (b) COMPUTER TECHNOLOGY AND EQUIPMENT FOR
25 EDUCATIONAL PURPOSES.—Clause (ii) of section

1 170(e)(6)(B) of the Internal Revenue Code of 1986 is
 2 amended by inserting “or assembled” after “constructed”
 3 and “or assembling” after “construction”.

4 (c) CONFORMING AMENDMENT.—Subparagraph (D)
 5 of section 170(e)(6) of the Internal Revenue Code of 1986
 6 is amended by inserting “or assembled” after “con-
 7 structed” and “or assembling” after “construction”.

8 (d) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to taxable years beginning after
 10 December 31, 2001, and before January 1, 2004.

11 **SEC. 108. ADJUSTMENT TO BASIS OF S CORPORATION**
 12 **STOCK FOR CERTAIN CHARITABLE CON-**
 13 **TRIBUTIONS.**

14 (a) IN GENERAL.—Paragraph (2) of section 1367(a)
 15 of the Internal Revenue Code of 1986 (relating to adjust-
 16 ments to basis of stock of shareholders, etc.) is amended
 17 by adding at the end the following new flush sentence:

18 “The decrease under subparagraph (B) by reason of
 19 a charitable contribution (as defined in section
 20 170(c)) of property shall be the amount equal to the
 21 shareholder’s proportionate share of the adjusted
 22 basis of such property.”.

23 (b) EFFECTIVE DATE.—The amendment made by
 24 this section shall apply to taxable years beginning after
 25 December 31, 2001.

TITLE II—INDIVIDUAL DEVELOPMENT ACCOUNTS

SEC. 201. SHORT TITLE.

This title may be cited as the “Savings for Working Families Act of 2002”.

SEC. 202. PURPOSES.

The purposes of this title are to provide for the establishment of individual development account programs that will—

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

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

(3) stabilize families and build communities, and

(4) support continued United States economic expansion.

SEC. 203. DEFINITIONS.

As used in this title:

(1) **ELIGIBLE INDIVIDUAL.**—

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

1 (i) has attained the age of 18 years
2 but not the age of 61 as of the last day of
3 such taxable year,

4 (ii) is a citizen or legal resident of the
5 United States as of the last day of such
6 taxable year,

7 (iii) was not a student (as defined in
8 section 151(c)(4) of the Internal Revenue
9 Code of 1986) for the immediately pre-
10 ceding taxable year,

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

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

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,

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

7 (IV) zero in the case of a tax-
 8 payer described in section 1(d) of
 9 such Code.

10 (B) INFLATION ADJUSTMENT.—

11 (i) IN GENERAL.—In the case of any
 12 taxable year beginning after 2003, each
 13 dollar amount referred to in subparagraph
 14 (A)(v) shall be increased by an amount
 15 equal to—

16 (I) such dollar amount, multi-
 17 plied by

18 (II) the cost-of-living adjustment
 19 determined under section (1)(f)(3) of
 20 the Internal Revenue Code of 1986
 21 for the calendar year in which the tax-
 22 able year begins, by substituting
 23 “2002” for “1992”.

24 (ii) ROUNDING.—If any amount as
 25 adjusted under clause (i) is not a multiple

1 of \$50, such amount shall be rounded to
2 the nearest multiple of \$50.

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

7 (i) determined without regard to sec-
8 tions 86, 893, 911, 931, and 933 of the
9 Internal Revenue Code of 1986, and

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

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

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

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 207(b),
8 any amount in the account may be paid out
9 only for the purpose of paying the qualified ex-
10 penses of 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 qualified nonprofit
 5 organizations or Indian tribes to carry out an
 6 individual development account program estab-
 7 lished under section 204.

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

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

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

18 (C) any credit union chartered under Fed-
 19 eral or State law, or

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

23 (6) INDIAN TRIBE.—The term “Indian tribe”
 24 means any Indian tribe as defined in section 4(12)
 25 of the Native American Housing Assistance and

1 Self-Determination Act of 1996 (25 U.S.C.
 2 4103(12), and includes any tribally designated hous-
 3 ing entity (as defined in section 4(21) of such Act
 4 (25 U.S.C. 4103(21)), tribal subsidiary, subdivision,
 5 or other wholly owned tribal entity.

6 (7) QUALIFIED INDIVIDUAL DEVELOPMENT AC-
 7 COUNT PROGRAM.—The term “qualified individual
 8 development account program” means a program es-
 9 tablished under section 204 after December 31,
 10 2001, under which—

11 (A) Individual Development Accounts and
 12 parallel accounts are held by a qualified finan-
 13 cial institution, and

14 (B) additional activities determined by the
 15 Secretary, in consultation with the Secretary of
 16 Health and Human Services, as necessary to re-
 17 sponsibly develop and administer accounts, in-
 18 cluding recruiting, providing financial education
 19 and other training to Account owners, and reg-
 20 ular program monitoring, are carried out by the
 21 qualified financial institution, a qualified non-
 22 profit organization, or an Indian tribe.

23 (8) QUALIFIED EXPENSE DISTRIBUTION.—

24 (A) IN GENERAL.—The term “qualified ex-
 25 pense distribution” means any amount paid (in-

cluding through electronic payments) or distributed out of an Individual Development Account and 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, qualified nonprofit organization, or Indian tribe—

(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 distributions for working capital under a qualified business plan (as defined in subparagraph (B)(iv)(IV)), directly to the Account owner,

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

1 (IV) in the case of a qualified
 2 final distribution, directly to the
 3 spouse, dependent, or other named
 4 beneficiary of the deceased Account
 5 owner, and

6 (iii) is paid after the Account owner
 7 has completed a financial education course
 8 if required under section 205(b).

9 (B) QUALIFIED EXPENSES.—

10 (i) IN GENERAL.—The term “qualified
 11 expenses” means any of the following ex-
 12 penses approved by the qualified financial
 13 institution, qualified nonprofit organiza-
 14 tion, or Indian tribe:

15 (I) Qualified higher education ex-
 16 penses.

17 (II) Qualified first-time home-
 18 buyer costs.

19 (III) Qualified business capital-
 20 ization or expansion costs.

21 (IV) Qualified rollovers.

22 (V) Qualified final distribution.

23 (ii) QUALIFIED HIGHER EDUCATION
 24 EXPENSES.—

1 (I) IN GENERAL.—The term
2 “qualified higher education expenses”
3 has the meaning given such term by
4 section 529(e)(3) of the Internal Rev-
5 enue Code of 1986, determined by
6 treating the Account owner, the own-
7 er’s spouse, or one or more of the
8 owner’s dependents as a designated
9 beneficiary, and reduced as provided
10 in section 25A(g)(2) of such Code.

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

21 (iii) QUALIFIED FIRST-TIME HOME-
22 BUYER COSTS.—The term “qualified first-
23 time homebuyer costs” means qualified ac-
24 quisition costs (as defined in section
25 72(t)(8)(C) of the Internal Revenue Code

of 1986) with respect to a principal residence (within the meaning of section 121 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 included in a qualified business plan, including capital, plant, equipment, working capital, inventory expenses, attorney and accounting fees, and other costs normally associated with starting or expanding a business.

(III) QUALIFIED BUSINESS.—The term “qualified business” means

1 any business that does not contravene
2 any law.

3 (IV) QUALIFIED BUSINESS
4 PLAN.—The term “qualified business
5 plan” means a business plan which
6 has been approved by the qualified fi-
7 nancial institution, qualified nonprofit
8 organization, or Indian tribe and
9 which meets such requirements as the
10 Secretary may specify.

11 (v) QUALIFIED ROLLOVERS.—The
12 term “qualified rollover” means the com-
13 plete distribution of the amounts in an In-
14 dividual Development Account and parallel
15 account to another Individual Development
16 Account and parallel account established in
17 another qualified financial institution for
18 the benefit of the Account owner.

19 (vi) QUALIFIED FINAL DISTRIBUTION.—The term “qualified final distribu-
20 tion” means, in the case of a deceased Ac-
21 count owner, the complete distribution of
22 the amounts in the Individual Development
23 Account and parallel account directly to
24

1 the spouse, any dependent, or other named
 2 beneficiary of the deceased.

3 (9) SECRETARY.—The term “Secretary” means
 4 the Secretary of the Treasury.

5 **SEC. 204. STRUCTURE AND ADMINISTRATION OF QUALI-**
 6 **FIED INDIVIDUAL DEVELOPMENT ACCOUNT**
 7 **PROGRAMS.**

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

14 (b) BASIC PROGRAM STRUCTURE.—

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

18 (A) An Individual Development Account to
 19 which an eligible individual may contribute cash
 20 in accordance with section 205.

21 (B) A parallel account to which all match-
 22 ing funds shall be deposited in accordance with
 23 section 206.

24 (2) TAILORED IDA PROGRAMS.—A qualified fi-
 25 nancial institution, a qualified nonprofit organiza-

1 tion, or an Indian tribe may tailor its qualified indi-
 2 vidual development account program to allow match-
 3 ing funds to be spent on 1 or more of the categories
 4 of qualified expenses.

5 (c) COORDINATION WITH PUBLIC HOUSING AGENCY
 6 INDIVIDUAL SAVINGS ACCOUNTS.—Section 3(e)(2) of the
 7 United States Housing Act of 1937 (42 U.S.C.
 8 1437a(e)(2)) is amended by inserting “or in any Indi-
 9 vidual Development Account established under the Sav-
 10 ings for Working Families Act of 2002” after “sub-
 11 section”.

12 (d) TAX TREATMENT OF PARALLEL ACCOUNTS.—

13 (1) IN GENERAL.—Chapter 77 of the Internal
 14 Revenue Code of 1986 (relating to miscellaneous
 15 provisions) is amended by adding at the end the fol-
 16 lowing new section:

17 **“SEC. 7525. TAX INCENTIVES FOR INDIVIDUAL DEVELOP-**
 18 **MENT PARALLEL ACCOUNTS.**

19 “For purposes of this title—

20 “(1) any account described in section
 21 204(b)(1)(B) of the Savings for Working Families
 22 Act of 2002 shall be exempt from taxation,

23 “(2) except as provided in section 45G, no item
 24 of income, expense, basis, gain, or loss with respect
 25 to such an account may be taken into account, and

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

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

“Sec. 7525. Tax incentives for individual development parallel ac-
counts.”.

6 **SEC. 205. PROCEDURES FOR OPENING AND MAINTAINING**
7 **AN INDIVIDUAL DEVELOPMENT ACCOUNT**
8 **AND QUALIFYING FOR MATCHING FUNDS.**

9 (a) OPENING AN ACCOUNT.—An eligible individual
10 may open an Individual Development Account with a
11 qualified financial institution, a qualified nonprofit organi-
12 zation, or an Indian tribe upon certification that such indi-
13 vidual has never maintained any other Individual Develop-
14 ment Account (other than an Individual Development Ac-
15 count to be terminated by a qualified rollover).

16 (b) REQUIRED COMPLETION OF FINANCIAL EDU-
17 CATION COURSE.—

18 (1) IN GENERAL.—Before becoming eligible to
19 withdraw matching funds to pay for qualified ex-
20 penses, owners of Individual Development Accounts
21 must complete a financial education course offered
22 by a qualified financial institution, a qualified non-
23 profit organization, an Indian tribe, or a government
24 entity.

1 (2) STANDARD AND APPLICABILITY OF
2 COURSE.—The Secretary, in consultation with rep-
3 resentatives of qualified individual development ac-
4 count programs and financial educators, shall estab-
5 lish minimum quality standards for the contents of
6 financial education courses and providers of such
7 courses offered under paragraph (1) and a protocol
8 to exempt individuals from the requirement under
9 paragraph (1) in the case of hardship, lack of need,
10 the attainment of age 61, or a qualified final dis-
11 tribution.

12 (c) PROOF OF STATUS AS AN ELIGIBLE INDIVIDUAL.—Federal income tax forms for the immediately
13 preceding taxable year shall be presented to the qualified
14 financial institution, qualified nonprofit organization, or
15 Indian tribe at the time of the establishment of the Indi-
16 vidual Development Account and in any taxable year in
17 which contributions are made to the Account to qualify
18 for matching funds under section 206(b)(1)(A).

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

1 **SEC. 206. DEPOSITS BY QUALIFIED INDIVIDUAL DEVELOP-**
2 **MENT ACCOUNT PROGRAMS.**

3 (a) PARALLEL ACCOUNTS.—The qualified financial
4 institution, qualified nonprofit organization, or Indian
5 tribe shall deposit all matching funds for each Individual
6 Development Account into a parallel account at a qualified
7 financial institution.

8 (b) REGULAR DEPOSITS OF MATCHING FUNDS.—

9 (1) IN GENERAL.—Subject to paragraph (2),
10 the qualified financial institution, qualified nonprofit
11 organization, or Indian tribe shall deposit into the
12 parallel account with respect to each eligible indi-
13 vidual the following amounts:

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

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

21 (2) INFLATION ADJUSTMENT.—

22 (A) IN GENERAL.—In the case of any tax-
23 able year beginning after 2003, the dollar
24 amount referred to in paragraph (1)(A) shall be
25 increased by an amount equal to—

26 (i) such dollar amount, multiplied by

1 (ii) the cost-of-living adjustment de-
 2 termined under section (1)(f)(3) of the In-
 3 ternal Revenue Code of 1986 for the cal-
 4 endar year in which the taxable year be-
 5 gins, by substituting “2002” for “1992”.

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

10 (3) TIMING OF DEPOSITS.—A deposit of the
 11 amounts described in paragraph (1) shall be made
 12 into a parallel account—

13 (A) in the case of amounts described in
 14 paragraph (1)(A), not later than 30 days after
 15 the end of the calendar quarter during which
 16 the contribution described in such paragraph
 17 was made, and

18 (B) in the case of amounts described in
 19 paragraph (1)(B), not later than 2 business
 20 days after such amounts were provided.

21 (4) CROSS REFERENCE.—

For allowance of tax credit for Individual Development Account subsidies, including matching funds, see section 45G of the Internal Revenue Code of 1986.

22 (c) DEPOSIT OF MATCHING FUNDS INTO INDIVIDUAL
 23 DEVELOPMENT ACCOUNT OF INDIVIDUAL WHO

1 HAS ATTAINED AGE 61.—In the case of an Individual De-
 2 velopment Account owner who attains the age of 61, the
 3 qualified financial institution, qualified nonprofit organi-
 4 zation, or Indian tribe which owns the parallel account
 5 with respect to such individual shall deposit the funds in
 6 such parallel account into the Individual Development Ac-
 7 count of such individual on the later of—

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

10 (2) the first business day of the taxable year of
 11 such individual following the taxable year in which
 12 such individual attained age 61.

13 (d) UNIFORM ACCOUNTING REGULATIONS.—To en-
 14 sure proper recordkeeping and determination of the tax
 15 credit under section 45G of the Internal Revenue Code
 16 of 1986, the Secretary shall prescribe regulations with re-
 17 spect to accounting for matching funds in the parallel ac-
 18 counts.

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

1 **SEC. 207. WITHDRAWAL PROCEDURES.**

2 (a) **WITHDRAWALS FOR QUALIFIED EXPENSES.—**

3 (1) **IN GENERAL.**—An Individual Development
4 Account owner may withdraw funds in order to pay
5 qualified expense distributions from such
6 individual's—

7 (A) Individual Development Account, and

8 (B) parallel account, but only—

9 (i) from matching funds which have
10 been on deposit in such parallel account
11 for at least 1 year,

12 (ii) from earnings in such parallel ac-
13 count, after all matching funds described
14 in clause (i) have been withdrawn, and

15 (iii) to the extent such withdrawal
16 does not result in a remaining balance in
17 such parallel account which is less than the
18 remaining balance in the Individual Devel-
19 opment Account after such withdrawal.

20 (2) **PROCEDURE.**—Upon receipt of a with-
21 drawal request which meets the requirements of
22 paragraph (1), the qualified financial institution,
23 qualified nonprofit organization, or Indian tribe shall
24 directly transfer the funds electronically to the
25 distributees described in section 203(8)(A)(ii). If a
26 distributee is not equipped to receive funds electroni-

1 cally, the qualified financial institution, qualified
 2 nonprofit organization, or Indian tribe may issue
 3 such funds by paper check to the distributee.

4 (b) WITHDRAWALS FOR NONQUALIFIED EX-
 5 PENSES.—An Individual Development Account owner may
 6 withdraw any amount of funds from the Individual Devel-
 7 opment Account for purposes other than to pay qualified
 8 expense distributions, but if, after such withdrawal, the
 9 amount in the parallel account of such owner (excluding
 10 earnings on matching funds) exceeds the amount remain-
 11 ing in such Individual Development Account, then such
 12 owner shall forfeit from the parallel account the lesser of
 13 such excess or the amount withdrawn.

14 (c) WITHDRAWALS FROM ACCOUNTS OF NON-
 15 ELIGIBLE INDIVIDUALS.—If the individual for whose ben-
 16 efit an Individual Development Account is established
 17 ceases to be an eligible individual, such account shall re-
 18 main an Individual Development Account, but such indi-
 19 vidual shall not be eligible for any further matching funds
 20 under section 206(b)(1)(A) for contributions which are
 21 made to the Account during any taxable year when such
 22 individual is not an eligible individual.

23 (d) EFFECT OF PLEDGING ACCOUNT AS SECU-
 24 RITY.—If, during any taxable year of the individual for
 25 whose benefit an Individual Development Account is es-

1 tablished, that individual uses the Account or any portion
 2 thereof as security for a loan, the portion so used shall
 3 be treated as a withdrawal of such portion for purposes
 4 other than to pay qualified expenses, and such individual
 5 shall forfeit an equal amount of matching funds from the
 6 individual's parallel account.

7 **SEC. 208. CERTIFICATION AND TERMINATION OF QUALI-**
 8 **FIED INDIVIDUAL DEVELOPMENT ACCOUNT**
 9 **PROGRAMS.**

10 (a) CERTIFICATION PROCEDURES.—Upon estab-
 11 lishing a qualified individual development account pro-
 12 gram under section 204, a qualified financial institution,
 13 a qualified nonprofit organization, or an Indian tribe shall
 14 certify to the Secretary on forms prescribed by the Sec-
 15 retary and accompanied by any documentation required
 16 by the Secretary, that—

17 (1) the accounts described in subparagraphs
 18 (A) and (B) of section 204(b)(1) are operating pur-
 19 suant to all the provisions of this title, and

20 (2) the qualified financial institution, qualified
 21 nonprofit organization, or Indian tribe agrees to im-
 22 plement an information system necessary to monitor
 23 the cost and outcomes of the qualified individual de-
 24 velopment account program.

1 (b) **AUTHORITY TO TERMINATE QUALIFIED IDA**
2 **PROGRAM.**—If the Secretary determines that a qualified
3 financial institution, a qualified nonprofit organization, or
4 an Indian tribe under this title is not operating a qualified
5 individual development account program in accordance
6 with the requirements of this title (and has not imple-
7 mented any corrective recommendations directed by the
8 Secretary), the Secretary shall terminate such institu-
9 tion’s, nonprofit organization’s, or Indian tribe’s authority
10 to conduct the program. If the Secretary is unable to iden-
11 tify a qualified financial institution, a qualified nonprofit
12 organization, or an Indian tribe to assume the authority
13 to conduct such program, then any funds in a parallel ac-
14 count established for the benefit of any individual under
15 such program shall be deposited into the Individual Devel-
16 opment Account of such individual as of the first day of
17 such termination.

18 **SEC. 209. REPORTING, MONITORING, AND EVALUATION.**

19 (a) **RESPONSIBILITIES OF QUALIFIED FINANCIAL IN-**
20 **STITUTIONS, QUALIFIED NONPROFIT ORGANIZATIONS,**
21 **AND INDIAN TRIBES.**—

22 (1) **IN GENERAL.**—Each qualified financial in-
23 stitution, qualified nonprofit organization, or Indian
24 tribe that operates a qualified individual develop-
25 ment account program under section 204 shall re-

1 port annually to the Secretary within 90 days after
2 the end of each calendar year on—

3 (A) the number of eligible individuals mak-
4 ing contributions into Individual Development
5 Accounts,

6 (B) the amounts contributed into Indi-
7 vidual Development Accounts and deposited
8 into parallel accounts for matching funds,

9 (C) the amounts withdrawn from Indi-
10 vidual Development Accounts and parallel ac-
11 counts, and the purposes for which such
12 amounts were withdrawn,

13 (D) the balances remaining in Individual
14 Development Accounts and parallel accounts,
15 and

16 (E) such other information needed to help
17 the Secretary monitor the cost and outcomes of
18 the qualified individual development account
19 program (provided in a non-individually-identifi-
20 able manner).

21 (2) ADDITIONAL REPORTING REQUIREMENTS.—

22 Each qualified financial institution, qualified non-
23 profit organization, or Indian tribe that operates a
24 qualified individual development account program
25 under section 204 shall report at such time and in

1 such manner as the Secretary may prescribe any ad-
2 ditional information that the Secretary requires to
3 be provided for purposes of administering and super-
4 vising the qualified individual development account
5 program. This additional data may include, without
6 limitation, identifying information about Individual
7 Development Account holders, their Accounts, addi-
8 tions to the Accounts, and withdrawals from the Ac-
9 counts.

10 (b) RESPONSIBILITIES OF THE SECRETARY.—

11 (1) MONITORING PROTOCOL.—Not later than
12 12 months after the date of the enactment of this
13 Act, the Secretary, in consultation with the Sec-
14 retary of Health and Human Services, shall develop
15 and implement a protocol and process to monitor the
16 cost and outcomes of the qualified individual devel-
17 opment account programs established under section
18 204.

19 (2) ANNUAL REPORTS.—In each year after the
20 date of the enactment of this Act, the Secretary
21 shall submit a progress report to Congress on the
22 status of such qualified individual development ac-
23 count programs. Such report shall, to the extent
24 data is available, include from a representative sam-

1 ple of qualified individual development account pro-
 2 grams information on—

3 (A) the characteristics of participants, in-
 4 cluding age, gender, race or ethnicity, marital
 5 status, number of children, employment status,
 6 and monthly income,

7 (B) deposits, withdrawals, balances, uses
 8 of Individual Development Accounts, and par-
 9 ticipant characteristics,

10 (C) the characteristics of qualified indi-
 11 vidual development account programs, including
 12 match rate, economic education requirements,
 13 permissible uses of accounts, staffing of pro-
 14 grams in full time employees, and the total
 15 costs of programs, and

16 (D) process information on program imple-
 17 mentation and administration, especially on
 18 problems encountered and how problems were
 19 solved.

20 (3) REAUTHORIZATION REPORT ON COST AND
 21 OUTCOMES OF IDAS.—

22 (A) IN GENERAL.—Not later than July 1,
 23 2008, the Secretary of the Treasury shall sub-
 24 mit a report to Congress and the chairmen and
 25 ranking members of the Committee on Finance,

1 the Committee on Banking, Housing, and
2 Urban Affairs, and the Committee on Health,
3 Education, Labor, and Pensions of the Senate
4 and the Committee on Ways and Means, the
5 Committee on Banking and Financial Services,
6 and the Committee on Education and the
7 Workforce of the House of Representatives, in
8 which the Secretary shall—

9 (i) summarize the previously sub-
10 mitted annual reports required under para-
11 graph (2),

12 (ii) from a representative sample of
13 qualified individual development account
14 programs, include an analysis of—

15 (I) the economic, social, and be-
16 havioral outcomes,

17 (II) the changes in savings rates,
18 asset holdings, and household debt,
19 and overall changes in economic sta-
20 bility,

21 (III) the changes in outlooks, at-
22 titudes, and behavior regarding sav-
23 ings strategies, investment, education,
24 and family,

1 (IV) the integration into the fi-
2 nancial mainstream, including de-
3 creased reliance on alternative finan-
4 cial services, and increase in acquisi-
5 tion of mainstream financial products,
6 and

7 (V) the involvement in civic af-
8 fairs, including neighborhood schools
9 and associations,
10 associated with participation in qualified
11 individual development account programs,

12 (iii) from a representative sample of
13 qualified individual development account
14 programs, include a comparison of out-
15 comes associated with such programs with
16 outcomes associated with other Federal
17 Government social and economic develop-
18 ment programs, including asset building
19 programs, and

20 (iv) make recommendations regarding
21 the reauthorization of the qualified indi-
22 vidual development account programs,
23 including—

24 (I) recommendations regarding
25 reforms that will improve the cost and

1 outcomes of the such programs, in-
2 cluding the ability to help low income
3 families save and accumulate produc-
4 tive assets,

5 (II) recommendations regarding
6 the appropriate levels of subsidies to
7 provide effective incentives to financial
8 institutions and Account holders
9 under such programs, and

10 (IV) recommendations regarding
11 how such programs should be inte-
12 grated into other Federal poverty re-
13 duction, asset building, and commu-
14 nity development policies and pro-
15 grams.

16 (B) AUTHORIZATION.—There is authorized
17 to be appropriated \$2,500,000, for carrying out
18 the purposes of this paragraph.

19 **SEC. 210. AUTHORIZATION OF APPROPRIATIONS.**

20 There is authorized to be appropriated to the Sec-
21 retary \$1,000,000 for fiscal year 2003 and for each fiscal
22 year through 2009, for the purposes of implementing this
23 title, including the reporting, monitoring, and evaluation
24 required under section 209, to remain available until ex-
25 pended.

1 **SEC. 211. ACCOUNT FUNDS DISREGARDED FOR PURPOSES**
2 **OF CERTAIN MEANS-TESTED FEDERAL PRO-**
3 **GRAMS.**

4 Notwithstanding any other provision of Federal law
5 that requires consideration of 1 or more financial cir-
6 cumstances of an individual, for the purposes of deter-
7 mining eligibility to receive, or the amount of, any assist-
8 ance or benefit authorized by such provision to be provided
9 to or for the benefit of such individual, an amount shall
10 be disregarded for such purposes equal to the sum of—

11 (1) the lesser of—

12 (A) all amounts (including earnings there-
13 on) in any Individual Development Account of
14 such individual, or

15 (B) an amount equal to \$1,000 times the
16 number of years (including the year in which
17 such determination is made) that such Account
18 (including any predecessor Account) has been
19 open, plus

20 (2) the matching deposits made on behalf of
21 such individual (including earnings thereon) in any
22 parallel account.

1 **SEC. 212. 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. 45G. 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 204 of the Savings for Working Families Act of
 19 2002.

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.—

5 “(1) IN GENERAL.—For purposes of this sec-
6 tion, the term ‘individual development account in-
7 vestment’ means, with respect to an individual devel-
8 opment account program of a qualified financial in-
9 stitution in any taxable year, an amount equal to the
10 sum of—

11 “(A) the aggregate amount of dollar-for-
12 dollar matches under such program under sec-
13 tion 206(b)(1)(A) of the Savings for Working
14 Families Act of 2002 for such taxable year,
15 plus

16 “(B) \$50 with respect to each Individual
17 Development Account maintained as of the end
18 of such taxable year, with a balance of not less
19 than \$100 (other than the taxable year in
20 which such Account is opened).

21 “(2) INFLATION ADJUSTMENT.—

22 “(A) IN GENERAL.—In the case of any
23 taxable year beginning after 2003, the \$50
24 amount referred to in paragraph (1)(B) shall be
25 increased by an amount equal to—

1 “(i) such dollar amount, multiplied by

2 “(ii) the cost-of-living adjustment de-
3 termined under section (1)(f)(3) for the
4 calendar year in which the taxable year be-
5 gins, by substituting ‘2002’ for ‘1992’.

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

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

13 “(e) OTHER DEFINITIONS.—For purposes of this
14 section, any term used in this section and also in the Sav-
15 ings for Working Families Act of 2002 shall have the
16 meaning given such term by such Act.

17 “(f) DENIAL OF DOUBLE BENEFIT.—

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

22 “(A) is taken into account under sub-
23 section (c)(1)(A) in determining the credit
24 under this section, or

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

3 “(2) DETERMINATION OF AMOUNT.—Solely for
4 purposes of paragraph (1)(B), the amount attrib-
5 utable to the maintenance of an Individual Develop-
6 ment Account shall be deemed to be the dollar
7 amount of the credit allowed under subsection
8 (c)(1)(B) for each taxable year such Individual De-
9 velopment Account is maintained.

10 “(g) REGULATIONS.—The Secretary may prescribe
11 such regulations as may be necessary or appropriate to
12 carry out this section, including—

13 “(1) regulations allowing taxpayers other than
14 qualified financial institutions to claim credits under
15 this section, and

16 “(2) regulations providing for a recapture of
17 the credit allowed under this section (notwith-
18 standing any termination date described in sub-
19 section (h)) in cases where there is a forfeiture
20 under section 207(b) of the Savings for Working
21 Families Act of 2002 in a subsequent taxable year
22 of any amount which was taken into account in de-
23 termining the amount of such credit.

24 “(h) APPLICATION OF SECTION.—

1 “(1) IN GENERAL.—This section shall apply to
 2 any expenditure made in any taxable year ending
 3 after December 31, 2002, and beginning on or be-
 4 fore January 1, 2010, with respect to any Individual
 5 Development Account which—

6 “(A) is opened before January 1, 2008,
 7 and

8 “(B) as determined by the Secretary, when
 9 added to all previously opened Individual Devel-
 10 opment Accounts, does not exceed 900,000 Ac-
 11 counts.

12 Notwithstanding the preceding sentence, this section
 13 shall apply to amounts which are described in sub-
 14 section (c)(1)(A) and which are timely deposited into
 15 a parallel account during the 30-day period following
 16 the end of last taxable year beginning before Janu-
 17 ary 1, 2010.

18 “(2) DETERMINATION OF LIMITATION.—The
 19 limitation on the number of Individual Development
 20 Accounts under paragraph (1)(B) shall be allocated
 21 by the Secretary among qualified individual develop-
 22 ment account programs selected by the Secretary.”.

23 (b) CREDIT TREATED AS BUSINESS CREDIT.—Sec-
 24 tion 38(b) of the Internal Revenue Code of 1986 (relating
 25 to current year business credit) is amended by striking

1 “plus” at the end of paragraph (14), by striking the period
 2 at the end of paragraph (15) and inserting “, plus”, and
 3 by adding at the end the following new paragraph:

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

6 (c) NO CARRYBACKS.—Subsection (d) of section 39
 7 of the Internal Revenue Code of 1986 (relating to
 8 carryback and carryforward of unused credits) is amended
 9 by adding at the end the following:

10 “(11) NO CARRYBACK OF SECTION 45G CREDIT
 11 BEFORE EFFECTIVE DATE.—No portion of the un-
 12 used business credit for any taxable year which is
 13 attributable to the individual development account
 14 investment credit determined under section 45G may
 15 be carried back to a taxable year ending before Jan-
 16 uary 1, 2003.”.

17 (d) CONFORMING AMENDMENT.—The table of sec-
 18 tions for subpart C of part IV of subchapter A of chapter
 19 1 of the Internal Revenue Code of 1986 is amended by
 20 adding at the end the following new item:

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

21 (e) EFFECTIVE DATE.—The amendments made by
 22 this section shall apply to taxable years ending after De-
 23 cember 31, 2002.

1 **TITLE III—EQUAL TREATMENT**
2 **FOR NONGOVERNMENTAL**
3 **PROVIDERS**

4 **SEC. 301. NONGOVERNMENTAL ORGANIZATIONS.**

5 (a) GENERAL AUTHORITY.—For any social service
6 program, a nongovernmental organization that is (or is
7 applying to be) involved in the delivery of social services
8 for the program shall not be required—

9 (1) to alter or remove art, icons, scripture, or
10 other symbols, or to alter its name, because the sym-
11 bols or name are religious;

12 (2) to alter or remove provisions in its char-
13 tering documents because the provisions are reli-
14 gious, except that no such charter provisions shall
15 affect the application to a nongovernmental organi-
16 zation of any law that would (notwithstanding this
17 paragraph) apply to the nongovernmental organiza-
18 tion; or

19 (3) to alter or remove religious qualifications
20 for membership on its governing boards.

21 (b) PRIOR EXPERIENCE.—A nongovernmental orga-
22 nization that has not previously been awarded a contract,
23 grant, or cooperative agreement from an agency shall not,
24 for that reason, be disadvantaged in a competition to se-
25 cure a contract, grant, or cooperative agreement to deliver

1 services under a social service program from the agency
2 administering the program.

3 (c) INTERMEDIATE GRANTORS.—

4 (1) IN GENERAL.—An agency that administers
5 a social service program, and that is authorized to
6 award grants or cooperative agreements to non-
7 governmental organizations under the program, may
8 award to a nongovernmental organization (referred
9 to in this subsection as an “intermediate grantor”)
10 a grant or cooperative agreement, the terms of
11 which authorize the intermediate grantor—

12 (A) to award contracts or subgrants to
13 nongovernmental providers, to administer and
14 deliver social services for the program; and

15 (B) to administer the contracts or sub-
16 grants.

17 (2) RESPONSIBILITIES.—Except for those ad-
18 ministrative responsibilities that the intermediate
19 grantor fully performs on behalf of the recipient of
20 such a contract or subgrant, the recipient of the con-
21 tract or subgrant shall have the same responsibilities
22 with respect to the program as the recipient would
23 have if it were the intermediate grantor.

24 (3) RIGHTS.—The recipient of a contract or
25 subgrant from an intermediate grantor shall have

1 the same rights under this section as the recipient
 2 would have if it were the intermediate grantor.

3 (d) COMPLIANCE.—To enforce the provisions of this
 4 section against a Federal agency or official, a nongovern-
 5 mental organization may bring an action for injunctive re-
 6 lief in an appropriate United States district court. To en-
 7 force the provisions of this section against a State or local
 8 agency or official, a nongovernmental organization may
 9 bring an action for injunctive relief in an appropriate
 10 State court of general jurisdiction.

11 (e) DEFINITIONS.—In this section:

12 (1) FEDERAL FINANCIAL ASSISTANCE.—The
 13 term “Federal financial assistance” does not include
 14 a tax credit, deduction, or exemption.

15 (2) SOCIAL SERVICE PROGRAM.—

16 (A) IN GENERAL.—The term “social serv-
 17 ice program” means a program that—

18 (i) is administered by the Federal
 19 Government, or by a State or local govern-
 20 ment using Federal financial assistance;
 21 and

22 (ii) provides services directed at help-
 23 ing people in need, reducing poverty, im-
 24 proving outcomes of low-income children,
 25 revitalizing low-income communities, and

1 empowering low-income families and low-
2 income individuals to become self-suffi-
3 cient, including—

4 (I) child care services, protective
5 services for children and adults, serv-
6 ices for children and adults in foster
7 care, adoption services, services re-
8 lated to the management and mainte-
9 nance of the home, day care services
10 for adults, and services to meet the
11 special needs of children, older indi-
12 viduals, and individuals with disabil-
13 ities (including physical, mental, or
14 emotional disabilities);

15 (II) transportation services;

16 (III) job training and related
17 services, and employment services;

18 (IV) information, referral, and
19 counseling services;

20 (V) the preparation and delivery
21 of meals, and services related to soup
22 kitchens or food banks;

23 (VI) health support services;

24 (VII) literacy and mentoring pro-
25 grams;

1 (VIII) services for the prevention
2 and treatment of juvenile delinquency
3 and substance abuse, services for the
4 prevention of crime and the provision
5 of assistance to the victims and the
6 families of criminal offenders, and
7 services related to the intervention in,
8 and prevention of, domestic violence;
9 and

10 (IX) services related to the provi-
11 sion of assistance for housing under
12 Federal law.

13 (B) EXCLUSIONS.—The term does not in-
14 clude a program having the purpose of deliv-
15 ering educational assistance under the Elemen-
16 tary and Secondary Education Act of 1965 (20
17 U.S.C. 6301 et seq.) or under the Higher Edu-
18 cation Act of 1965 (20 U.S.C. 1001 et seq.).

1 **TITLE IV—EZ PASS RECOGNI-**
 2 **TION OF SECTION 501(c)(3)**
 3 **STATUS**

4 **SEC. 401. EZ PASS RECOGNITION OF SECTION 501(c)(3) STA-**
 5 **TUS AND WAIVER OF APPLICATION FEE FOR**
 6 **EXEMPT STATUS FOR CERTAIN ORGANIZA-**
 7 **TIONS PROVIDING SOCIAL SERVICES FOR**
 8 **THE POOR AND NEEDY.**

9 (a) IN GENERAL.—The Secretary of the Treasury or
 10 the Secretary’s delegate (in this section, referred to as the
 11 “Secretary”) shall adopt procedures to expedite the con-
 12 sideration of applications for exempt status under section
 13 501(c)(3) of the Internal Revenue Code of 1986 by any
 14 organization that—

15 (1) is organized and operated for the primary
 16 purpose of providing social services;

17 (2) is seeking a contract or grant under a Fed-
 18 eral, State, or local program that provides funding
 19 for social services programs;

20 (3) establishes that, under the terms and condi-
 21 tions of the contract or grant program, an organiza-
 22 tion is required to obtain such exempt status before
 23 the organization is eligible to apply for a contract or
 24 grant;

1 (4) includes with its exemption application a
2 copy of its completed Federal, State, or local con-
3 tract or grant application; and

4 (5) meets such other criteria as the Secretary
5 deems appropriate for expedited consideration.

6 The Secretary may prescribe other similar circumstances
7 in which such organizations may be entitled to expedited
8 consideration.

9 (b) WAIVER OF APPLICATION FEE FOR EXEMPT
10 STATUS.—Any organization that meets the conditions de-
11 scribed in subsection (a) (without regard to paragraph (3)
12 of that subsection) is entitled to a waiver of any fee for
13 an application for exempt status under section 501(c)(3)
14 of the Internal Revenue Code of 1986 if the organization
15 certifies that the organization has had (or expects to have)
16 average annual gross receipts of not more than \$50,000
17 during the preceding 4 years (or during such organiza-
18 tion’s first 4 years).

19 (c) SOCIAL SERVICES DEFINED.—For purposes of
20 this section, the term “social services” means services de-
21 scribed in subparagraph (A)(ii) of section 301(e)(2) (ex-
22 cept as described in subparagraph (B) of that section).

1 **TITLE V—COMPASSION CAPITAL**
2 **FUND**

3 **SEC. 501. SUPPORT FOR NONPROFIT COMMUNITY-BASED**
4 **ORGANIZATIONS; DEPARTMENT OF HEALTH**
5 **AND HUMAN SERVICES.**

6 (a) SUPPORT FOR NONGOVERNMENTAL ORGANIZA-
7 TIONS.—The Secretary of Health and Human Services
8 (referred to in this section as “the Secretary”) may award
9 grants to and enter into cooperative agreements with non-
10 governmental organizations, to—

11 (1) provide technical assistance for community-
12 based organizations, which may include—

13 (A) grant writing and grant management
14 assistance, which may include assistance pro-
15 vided through workshops and other guidance;

16 (B) legal assistance with incorporation;

17 (C) legal assistance to obtain tax-exempt
18 status; and

19 (D) information on, and referrals to, other
20 nongovernmental organizations that provide ex-
21 pertise in accounting, on legal issues, on tax
22 issues, in program development, and on a vari-
23 ety of other organizational topics;

24 (2) provide information and assistance for com-
25 munity-based organizations on capacity building;

1 (3) provide for community-based organizations
2 information on and assistance in identifying and
3 using best practices for delivering assistance to per-
4 sons, families, and communities in need;

5 (4) provide information on and assistance in
6 utilizing regional intermediary organizations to in-
7 crease and strengthen the capabilities of nonprofit
8 community-based organizations;

9 (5) assist community-based organizations in
10 replicating social service programs of demonstrated
11 effectiveness; and

12 (6) encourage research on the best practices of
13 social service organizations.

14 (b) SUPPORT FOR STATES.—The Secretary—

15 (1) may award grants to and enter into cooper-
16 ative agreements with States and political subdivi-
17 sions of States to provide seed money to establish
18 State and local offices of faith-based and community
19 initiatives; and

20 (2) shall provide technical assistance to States
21 and political subdivisions of States in administering
22 the provisions of this Act.

23 (c) APPLICATIONS.—To be eligible to receive a grant
24 or enter into a cooperative agreement under this section,
25 a nongovernmental organization, State, or political sub-

1 division shall submit an application to the Secretary at
2 such time, in such manner, and containing such informa-
3 tion as the Secretary may require.

4 (d) LIMITATION.—In order to widely disburse limited
5 resources, no community-based organization (other than
6 a direct recipient of a grant or cooperative agreement from
7 the Secretary) may receive more than 1 grant or coopera-
8 tive agreement under this section for the same purpose.

9 (e) AUTHORIZATION OF APPROPRIATIONS.—There
10 are authorized to be appropriated to carry out this section
11 \$85,000,000 for fiscal year 2003, and such sums as may
12 be necessary for each of fiscal years 2004 through 2007.

13 (f) DEFINITION.—In this section, the term “commu-
14 nity-based organization” means a nonprofit corporation or
15 association that has—

16 (1) not more than 6 full-time equivalent em-
17 ployees who are engaged in the provision of social
18 services; or

19 (2) a current annual budget (current as of the
20 date the entity seeks assistance under this section)
21 for the provision of social services, compiled and
22 adopted in good faith, of less than \$450,000.

1 **SEC. 502. SUPPORT FOR NONPROFIT COMMUNITY-BASED**
2 **ORGANIZATIONS; CORPORATION FOR NA-**
3 **TIONAL AND COMMUNITY SERVICE.**

4 (a) SUPPORT FOR NONGOVERNMENTAL ORGANIZA-
5 TIONS.—The Corporation for National and Community
6 Service (referred to in this section as “the Corporation”)
7 may award grants to and enter into cooperative agree-
8 ments with nongovernmental organizations and State
9 Commissions on National and Community Service estab-
10 lished under section 178 of the National and Community
11 Service Act of 1990 (42 U.S.C. 12638), to—

12 (1) provide technical assistance for community-
13 based organizations, which may include—

14 (A) grant writing and grant management
15 assistance, which may include assistance pro-
16 vided through workshops and other guidance;

17 (B) legal assistance with incorporation;

18 (C) legal assistance to obtain tax-exempt
19 status; and

20 (D) information on, and referrals to, other
21 nongovernmental organizations that provide ex-
22 pertise in accounting, on legal issues, on tax
23 issues, in program development, and on a vari-
24 ety of other organizational topics;

25 (2) provide information and assistance for com-
26 munity-based organizations on capacity building;

1 (3) provide for community-based organizations
2 information on and assistance in identifying and
3 using best practices for delivering assistance to per-
4 sons, families, and communities in need;

5 (4) provide information on and assistance in
6 utilizing regional intermediary organizations to in-
7 crease and strengthen the capabilities of community-
8 based organizations;

9 (5) assist community-based organizations in
10 replicating social service programs of demonstrated
11 effectiveness; and

12 (6) encourage research on the best practices of
13 social service organizations.

14 (b) APPLICATIONS.—To be eligible to receive a grant
15 or enter into a cooperative agreement under this section,
16 a nongovernmental organization, State Commission,
17 State, or political subdivision shall submit an application
18 to the Corporation at such time, in such manner, and con-
19 taining such information as the Corporation may require.

20 (c) LIMITATION.—In order to widely disburse limited
21 resources, no community-based organization (other than
22 a direct recipient of a grant or cooperative agreement from
23 the Secretary) may receive more than 1 grant or coopera-
24 tive agreement under this section for the same purpose.

1 (d) AUTHORIZATION OF APPROPRIATIONS.—There
 2 are authorized to be appropriated to carry out this section
 3 \$15,000,000 for fiscal year 2003, and such sums as may
 4 be necessary for each of fiscal years 2004 through 2007.

5 (e) DEFINITION.—In this section, the term “commu-
 6 nity-based organization” means a nonprofit corporation or
 7 association that has—

8 (1) not more than 6 full-time equivalent em-
 9 ployees who are engaged in the provision of social
 10 services; or

11 (2) a current annual budget (current as of the
 12 date the entity seeks assistance under this section)
 13 for the provision of social services, compiled and
 14 adopted in good faith, of less than \$450,000.

15 **SEC. 503. SUPPORT FOR NONPROFIT COMMUNITY-BASED**
 16 **ORGANIZATIONS; DEPARTMENT OF JUSTICE.**

17 (a) SUPPORT FOR NONGOVERNMENTAL ORGANIZA-
 18 TIONS.—The Attorney General may award grants to and
 19 enter into cooperative agreements with nongovernmental
 20 organizations, to—

21 (1) provide technical assistance for community-
 22 based organizations, which may include—
 23 (A) grant writing and grant management
 24 assistance, which may include assistance pro-
 25 vided through workshops and other guidance;

1 (B) legal assistance with incorporation;

2 (C) legal assistance to obtain tax-exempt
3 status; and

4 (D) information on, and referrals to, other
5 nongovernmental organizations that provide ex-
6 pertise in accounting, on legal issues, on tax
7 issues, in program development, and on a vari-
8 ety of other organizational topics;

9 (2) provide information and assistance for com-
10 munity-based organizations on capacity building;

11 (3) provide for community-based organizations
12 information on and assistance in identifying and
13 using best practices for delivering assistance to per-
14 sons, families, and communities in need;

15 (4) provide information on and assistance in
16 utilizing regional intermediary organizations to in-
17 crease and strengthen the capabilities of nonprofit
18 community-based organizations;

19 (5) assist community-based organizations in
20 replicating social service programs of demonstrated
21 effectiveness; and

22 (6) encourage research on the best practices of
23 social service organizations.

24 (b) APPLICATIONS.—To be eligible to receive a grant
25 or enter into a cooperative agreement under this section,

1 a nongovernmental organization, State, or political sub-
 2 division shall submit an application to the Attorney Gen-
 3 eral at such time, in such manner, and containing such
 4 information as the Attorney General may require.

5 (c) LIMITATION.—In order to widely disburse limited
 6 resources, no community-based organization (other than
 7 a direct recipient of a grant or cooperative agreement from
 8 the Attorney General) may receive more than 1 grant or
 9 cooperative agreement under this section for the same pur-
 10 pose.

11 (d) AUTHORIZATION OF APPROPRIATIONS.—There
 12 are authorized to be appropriated to carry out this section
 13 \$35,000,000 for fiscal year 2003, and such sums as may
 14 be necessary for each of fiscal years 2004 through 2007.

15 (e) DEFINITION.—In this section, the term “commu-
 16 nity-based organization” means a nonprofit corporation or
 17 association that has—

18 (1) not more than 6 full-time equivalent em-
 19 ployees who are engaged in the provision of social
 20 services; or

21 (2) a current annual budget (current as of the
 22 date the entity seeks assistance under this section)
 23 for the provision of social services, compiled and
 24 adopted in good faith, of less than \$450,000.

1 **SEC. 504. SUPPORT FOR NONPROFIT COMMUNITY-BASED**
2 **ORGANIZATIONS; DEPARTMENT OF HOUSING**
3 **AND URBAN DEVELOPMENT.**

4 (a) SUPPORT FOR NONGOVERNMENTAL ORGANIZA-
5 TIONS.—The Secretary of Housing and Urban Develop-
6 ment (referred to in this section “the Secretary”) may
7 award grants to and enter into cooperative agreements
8 with nongovernmental organizations, to—

9 (1) provide technical assistance for community-
10 based organizations, which may include—

11 (A) grant writing and grant management
12 assistance, which may include assistance pro-
13 vided through workshops and other guidance;

14 (B) legal assistance with incorporation;

15 (C) legal assistance to obtain tax-exempt
16 status; and

17 (D) information on, and referrals to, other
18 nongovernmental organizations that provide ex-
19 pertise in accounting, on legal issues, on tax
20 issues, in program development, and on a vari-
21 ety of other organizational topics;

22 (2) provide information and assistance for com-
23 munity-based organizations on capacity building;

24 (3) provide for community-based organizations
25 information on and assistance in identifying and

1 using best practices for delivering assistance to per-
2 sons, families, and communities in need;

3 (4) provide information on and assistance in
4 utilizing regional intermediary organizations to in-
5 crease and strengthen the capabilities of community-
6 based organizations;

7 (5) assist community-based organizations in
8 replicating social service programs of demonstrated
9 effectiveness; and

10 (6) encourage research on the best practices of
11 social service organizations.

12 (b) APPLICATIONS.—To be eligible to receive a grant
13 or enter into a cooperative agreement under this section,
14 a nongovernmental organization, State, or political sub-
15 division shall submit an application to the Secretary at
16 such time, in such manner, and containing such informa-
17 tion as the Secretary may require.

18 (c) LIMITATION.—In order to widely disburse limited
19 resources, no community-based organization (other than
20 a direct recipient of a grant or cooperative agreement from
21 the Secretary) may receive more than 1 grant or coopera-
22 tive agreement under this section for the same purpose.

23 (d) AUTHORIZATION OF APPROPRIATIONS.—There
24 are authorized to be appropriated to carry out this section

1 \$15,000,000 for fiscal year 2003, and such sums as may
2 be necessary for each of fiscal years 2004 through 2007.

3 (e) DEFINITION.—In this section, the term “commu-
4 nity-based organization” means a nonprofit corporation or
5 association that has—

6 (1) not more than 6 full-time equivalent em-
7 ployees who are engaged in the provision of social
8 services; or

9 (2) a current annual budget (current as of the
10 date the entity seeks assistance under this section)
11 for the provision of social services, compiled and
12 adopted in good faith, of less than \$450,000.

13 **SEC. 505. COORDINATION.**

14 The Secretary of Health and Human Services, the
15 Corporation for National and Community Service, the At-
16 torney General, and the Secretary of Housing and Urban
17 Development shall coordinate their activities under this
18 title to ensure—

19 (1) nonduplication of activities under this title;
20 and

21 (2) an equitable distribution of resources under
22 this title.

TITLE VI—SOCIAL SERVICES BLOCK GRANT

SEC. 601. RESTORATION OF AUTHORITY TO TRANSFER UP TO 10 PERCENT OF TANF FUNDS TO THE SO- CIAL SERVICES BLOCK GRANT.

(a) IN GENERAL.—Section 404(d)(2) of the Social Security Act (42 U.S.C. 604(d)(2)) is amended to read as follows:

“(2) LIMITATION ON AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—A State may use not more than 10 percent of the amount of any grant made to the State under section 403(a) for a fiscal year to carry out State programs pursuant to title XX.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to amounts made available for fiscal year 2003 and each fiscal year thereafter.

SEC. 602. RESTORATION OF FUNDS FOR THE SOCIAL SER- VICES BLOCK GRANT.

(a) FINDINGS.—Congress makes the following findings:

(1) On August 22, 1996, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat. 2105) was signed into law.

1 (2) In enacting that law, Congress authorized
 2 \$2,800,000,000 for fiscal year 2003 and each fiscal
 3 year thereafter to carry out the Social Services
 4 Block Grant program established under title XX of
 5 the Social Security Act (42 U.S.C. 1397 et seq.).

6 (b) RESTORATION OF FUNDS.—Section 2003(c) of
 7 the Social Security Act (42 U.S.C. 1397b(c)) is
 8 amended—

9 (1) in paragraph (10), by striking “and” at the
 10 end;

11 (2) in paragraph (11), by striking “ and each
 12 fiscal year thereafter.” and inserting a semicolon;
 13 and

14 (3) by adding at the end the following:

15 “(12) \$1,975,000,000 for the fiscal year 2003;
 16 and

17 “(13) \$2,800,000,000 for the fiscal year
 18 2004.”.

19 **SEC. 603. REQUIREMENT TO SUBMIT ANNUAL REPORT ON**
 20 **STATE ACTIVITIES.**

21 (a) IN GENERAL.—Section 2006(c) of the Social Se-
 22 curity Act (42 U.S.C. 1397e(c)) is amended by adding at
 23 the end the following: “The Secretary shall compile the
 24 information submitted by the States and submit that in-
 25 formation to Congress on an annual basis.”.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 subsection (a) applies to information submitted by States
 3 under section 2006 of the Social Security Act (42 U.S.C.
 4 1397e) with respect to fiscal year 2002 and each fiscal
 5 year thereafter.

6 **TITLE VII—MATERNITY GROUP** 7 **HOMES**

8 **SEC. 701. MATERNITY GROUP HOMES.**

9 (a) PERMISSIBLE USE OF FUNDS.—Section 322 of
 10 the Runaway and Homeless Youth Act (42 U.S.C. 5714-
 11 2) is amended—

12 (1) in subsection (a)(1), by inserting “(includ-
 13 ing maternity group homes)” after “group homes”;
 14 and

15 (2) by adding at the end the following:

16 “(c) MATERNITY GROUP HOME.—In this part, the
 17 term ‘maternity group home’ means a community-based,
 18 adult-supervised group home that provides young mothers
 19 and their children with a supportive and supervised living
 20 arrangement in which such mothers are required to learn
 21 parenting skills, including child development, family budg-
 22 eting, health and nutrition, and other skills to promote
 23 their long-term economic independence and the well-being
 24 of their children.”.

1 (b) CONTRACT FOR EVALUATION.—Part B of the
2 Runaway and Homeless Youth Act (42 U.S.C. 5701 et
3 seq.) is amended by adding at the end the following:

4 **“SEC. 323. CONTRACT FOR EVALUATION.**

5 “(a) IN GENERAL.—The Secretary shall enter into
6 a contract with a public or private entity for an evaluation
7 of the maternity group homes that are supported by grant
8 funds under this Act.

9 “(b) INFORMATION.—The evaluation described in
10 subsection (a) shall include the collection of information
11 about the relevant characteristics of individuals who ben-
12 efit from maternity group homes such as those that are
13 supported by grant funds under this Act and what services
14 provided by those maternity group homes are most bene-
15 ficial to such individuals.

16 “(c) REPORT.—Not later than 2 years after the date
17 on which the Secretary enters into a contract for an eval-
18 uation under subsection (a), and biennially thereafter, the
19 entity conducting the evaluation under this section shall
20 submit to Congress a report on the status, activities, and
21 accomplishments of maternity group homes that are sup-
22 ported by grant funds under this Act.”.

23 (c) AUTHORIZATION OF APPROPRIATIONS.—Section
24 388 of the Runaway and Homeless Youth Act (42 U.S.C.
25 5751) is amended—

1 (1) in subsection(a)(1)—

2 (A) by striking “There” and inserting the
3 following:

4 “(A) IN GENERAL.—There”;

5 (B) in subparagraph (A), as redesignated,
6 by inserting “and the purpose described in sub-
7 paragraph (B)” after “other than part E”; and

8 (C) by adding at the end the following:

9 “(B) MATERNITY GROUP HOMES.—There
10 is authorized to be appropriated, for maternity
11 group homes eligible for assistance under sec-
12 tion 322(a)(1)—

13 “(i) \$33,000,000 for fiscal year 2003;

14 and

15 “(ii) such sums as may be necessary
16 for fiscal year 2004.”; and

17 (2) in subsection (a)(2)(A), by striking “para-
18 graph (1)” and inserting “paragraph (1)(A)”.

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