

110TH CONGRESS
1ST SESSION

S. 1967

To provide administrative ease and incentives for increased saving by Americans, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 2, 2007

Mrs. CLINTON (for herself and Mr. SMITH) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide administrative ease and incentives for increased saving by Americans, 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 “New Savers Act”.

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

Sec. 1. Short title; table of contents.
Sec. 2. Findings.

TITLE I—SAVINGS AND FINANCIAL EDUCATION AT TAX FILING
TIME

Sec. 101. Opening of accounts on tax returns to facilitate savings.

- Sec. 102. Purchase of United States savings bonds on tax returns.
 Sec. 103. Return preparation clinics for low-income taxpayers.
 Sec. 104. Savings as a national performance goal.

TITLE II—ACCESS TO WEALTH BUILDING FINANCIAL SERVICES

- Sec. 201. Electronic transfer accounts.
 Sec. 202. Benefit cards and bank services.
 Sec. 203. Expansion of accessible and suitable financial services.

TITLE III—CHILDREN'S SAVINGS ACCOUNTS

- Sec. 301. Young Savers Accounts.

TITLE IV—EXPANSION OF THE SAVER'S CREDIT

- Sec. 401. Credit for contributions to qualified tuition programs and Coverdell education savings accounts.

TITLE V—UNITED STATES SAVINGS BONDS

- Sec. 501. Savings bond marketing and access.
 Sec. 502. Tax credit to expand payroll savings plan.

TITLE VI—QUALIFIED TUITION PROGRAMS

- Sec. 601. Reporting of fee information.
 Sec. 602. Annual report of performance and participation.
 Sec. 603. Grant program to support State innovation in increasing participation in qualified tuition programs.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) The personal savings rate was negative in
 4 2005 and 2006 according to the Department of
 5 Commerce, meaning that combined spending out-
 6 stripped disposable income for the first time since
 7 the Great Depression.

8 (2) According to the Federal Reserve's 2004
 9 Survey of Consumer Finances, 17 percent of all
 10 households had zero or negative net worth, while 30
 11 percent had net worth of less than \$10,000.

1 (3) Thirty-eight percent of all households are in
2 a state of asset poverty, in that such households lack
3 liquid financial resources to support their families
4 for 3 months at the poverty level.

5 (4) According to the Federal Reserve's 2004
6 Survey of Consumer Finances, 11 percent of house-
7 holds do not have a checking account and 9 percent
8 do not have a transaction account of any kind.

9 (5) Tuition and fees at 4-year public univer-
10 sities have increased 57 percent since 2000 accord-
11 ing to the College Board, while the relative earnings
12 power of those that receive post-secondary education
13 has continued to grow over the past 25 years.

14 (6) According to the Center for Social Develop-
15 ment, the presence of savings and even small asset
16 holdings by a household is associated with a range
17 of positive outcomes, including increased economic
18 stability, educational attainment and performance,
19 and health and psychological well-being.

20 (7) Increasing the number of households that
21 save and the amounts that such households save will
22 allow more Americans to achieve greater control, se-
23 curity, independence, and choice in their lives.

1 **TITLE I—SAVINGS AND FINAN-**
2 **CIAL EDUCATION AT TAX FIL-**
3 **ING TIME**

4 **SEC. 101. OPENING OF ACCOUNTS ON TAX RETURNS TO FA-**
5 **CILITATE SAVINGS.**

6 (a) NOTIFICATION OF OPTION.—

7 (1) IN GENERAL.—The Commissioner of Inter-
8 nal Revenue shall notify individual taxpayers who
9 qualify for a Federal income tax refund but fail to
10 provide an ACH direct deposit number on their re-
11 turn that they have the option of an electronic de-
12 posit to a designated account.

13 (2) METHOD OF NOTIFICATION.—The notifica-
14 tion under paragraph (1) shall be made through—

15 (A) a public awareness program under-
16 taken by the Secretary of the Treasury, in con-
17 cert with the Commissioner of the Internal Rev-
18 enue and others as necessary, at least 6 months
19 before January 2009, and

20 (B) the inclusion of such a notice in the in-
21 struction material for any Federal income tax
22 return.

23 (b) ESTABLISHMENT OF DESIGNATED ACCOUNT
24 PROGRAM.—The Secretary of the Treasury shall develop,
25 in consultation with the Federal Management System, a

1 program to minimize the delivery of non-electronic Federal
2 income tax refunds by depositing refunds electronically to
3 an account held by a depository institution. This program
4 shall include:

5 (1) Provisions for such tax refunds to be depos-
6 ited into a designated account.

7 (2) Establishment of account parameters with
8 respect to minimum balance requirements and limi-
9 tations on overdrafts, overdraft fees, and other re-
10 quirements.

11 (3) Establishment of means for the taxpayer to
12 access the account electronically or through a pay-
13 ment card.

14 (4) Provisions to allow taxpayers to open an ac-
15 count with their Federal income tax refunds through
16 financial service providers, so long such account is
17 held at a depository institution that is insured under
18 the Federal Deposit Insurance Act (12 U.S.C. 1811
19 et seq.).

20 (c) EFFECTIVE DATE.—The notification under sub-
21 section (a) and the program under subsection (b) shall be
22 effective with respect to tax returns for taxable years be-
23 ginning after December 31, 2008.

1 **SEC. 102. PURCHASE OF UNITED STATES SAVINGS BONDS**
2 **ON TAX RETURNS.**

3 (a) NOTICE OF OPTION.—The Commissioner of In-
4 ternal Revenue shall notify individual taxpayers that they
5 have the option of purchasing United States savings bonds
6 when they file their Federal income tax returns. Such noti-
7 fication shall be included in the instruction material for
8 any Federal income tax return.

9 (b) ESTABLISHMENT OF SAVINGS BOND PURCHASE
10 PROGRAM.—

11 (1) IN GENERAL.—The Secretary of the Treas-
12 ury shall develop, in consultation with a task force,
13 a program for the purchase by individual taxpayers
14 of United States savings bonds on their Federal in-
15 come tax returns.

16 (2) TASK FORCE.—The task force described in
17 paragraph (1) shall be appointed by the Secretary of
18 the Treasury from representatives from the Internal
19 Revenue Service and the Bureau of the Public Debt.

20 (3) REPORT BY TASK FORCE.—

21 (A) IN GENERAL.—The task force de-
22 scribed in paragraph (1) shall issue a report
23 and recommendations for implementation of
24 such program to the Secretary of the Treasury
25 not later than March 31, 2008.

1 (B) CONTENTS OF REPORT.—The report
2 required under subparagraph (A) shall include
3 a consideration of the following items:

4 (i) Coordination with split Federal in-
5 come tax refund process.

6 (ii) Integration with the Treasury Di-
7 rect United States savings bond purchase
8 system as well as other methods of pur-
9 chasing bonds that do not require the pur-
10 chaser to have access to the Internet.

11 (iii) Purchase of United States sav-
12 ings bonds with co-owners.

13 (iv) How such purchase affects re-
14 funds, credits, and tax liabilities.

15 (v) Selection of amount and savings
16 bond series.

17 (vi) Options to encourage repeat bond
18 purchases in successive tax seasons by tax
19 refund recipients, including possible notifi-
20 cation to prior purchasers of the oppor-
21 tunity to purchase additional bonds with
22 future tax refunds.

23 (vii) Coordination with the designated
24 account program under section 101(b).

1 (c) EFFECTIVE DATE.—The notification under sub-
 2 section (a) and the program under subsection (b) shall be
 3 effective with respect to tax returns for taxable years be-
 4 ginning after December 31, 2008.

5 **SEC. 103. RETURN PREPARATION CLINICS FOR LOW-IN-**
 6 **COME TAXPAYERS.**

7 (a) GRANTS FOR RETURN PREPARATION CLINICS.—

8 (1) IN GENERAL.—Chapter 77 of the Internal
 9 Revenue Code of 1986 (relating to miscellaneous
 10 provisions) is amended by inserting after section
 11 7526 the following new section:

12 **“SEC. 7526A. RETURN PREPARATION CLINICS FOR LOW-IN-**
 13 **COME TAXPAYERS.**

14 “(a) IN GENERAL.—The Secretary may, subject to
 15 the availability of appropriated funds, make grants to pro-
 16 vide matching funds for the development, expansion, or
 17 continuation of qualified return preparation clinics.

18 “(b) DEFINITIONS.—For purposes of this section—

19 “(1) QUALIFIED RETURN PREPARATION CLIN-
 20 IC.—

21 “(A) IN GENERAL.—The term ‘qualified
 22 return preparation clinic’ means a clinic
 23 which—

1 “(i) does not charge more than a
2 nominal fee for its services (except for re-
3 imbursement of actual costs incurred), and

4 “(ii) operates programs which assist
5 low-income taxpayers, including individuals
6 for whom English is a second language, in
7 preparing and filing their Federal income
8 tax returns, including schedules reporting
9 sole proprietorship or farm income.

10 “(B) ASSISTANCE TO LOW-INCOME TAX-
11 PAYERS.—A clinic is treated as assisting low-in-
12 come taxpayers under subparagraph (A)(ii) if
13 at least 90 percent of the taxpayers assisted by
14 the clinic have incomes which do not exceed 250
15 percent of the poverty level, as determined in
16 accordance with criteria established by the Di-
17 rector of the Office of Management and Budg-
18 et.

19 “(2) CLINIC.—The term ‘clinic’ includes—

20 “(A) a clinical program at an eligible edu-
21 cational institution (as defined in section
22 529(e)(5)) which satisfies the requirements of
23 paragraph (1) through student assistance of
24 taxpayers in return preparation and filing, and

1 “(B) an organization described in section
2 501(c) and exempt from tax under section
3 501(a) which satisfies the requirements of para-
4 graph (1).

5 “(c) SPECIAL RULES AND LIMITATIONS.—

6 “(1) AGGREGATE LIMITATION.—Unless other-
7 wise provided by specific appropriation, the Sec-
8 retary shall not allocate more than \$25,000,000 per
9 year (exclusive of costs of administering the pro-
10 gram) to grants under this section.

11 “(2) OTHER APPLICABLE RULES.—Rules simi-
12 lar to the rules under paragraphs (2) through (7) of
13 section 7526(c) shall apply with respect to the
14 awarding of grants to qualified return preparation
15 clinics.”.

16 (2) CLERICAL AMENDMENT.—The table of sec-
17 tions for chapter 77 of such Code is amended by in-
18 serting after the item relating to section 7526 the
19 following new item:

“Sec. 7526A. Return preparation clinics for low-income taxpayers.”.

20 (b) GRANTS FOR TAXPAYER REPRESENTATION AND
21 ASSISTANCE CLINICS.—

22 (1) INCREASE IN AUTHORIZED GRANTS.—Sec-
23 tion 7526(c)(1) of the Internal Revenue Code of
24 1986 (relating to aggregate limitation) is amended

1 by striking “\$6,000,000” and inserting
2 “\$25,000,000”.

3 (2) PROMOTION OF CLINICS.—Section 7526(c)
4 of such Code is amended by adding at the end the
5 following new paragraph:

6 “(6) PROMOTION OF CLINICS.—The Secretary
7 is authorized to promote the benefits of and encour-
8 age the use of low-income taxpayer clinics through
9 the use of mass communications, referrals, and other
10 means.”.

11 (3) CLERICAL AMENDMENT.—Section
12 7526(c)(5) of such Code is amended by inserting
13 “qualified” before “low-income”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to grants made after the date of
16 the enactment of this Act.

17 **SEC. 104. SAVINGS AS A NATIONAL PERFORMANCE GOAL.**

18 (a) ESTABLISHMENT OF PERFORMANCE MEAS-
19 URES.—

20 (1) IN GENERAL.—The Secretary of the Treas-
21 ury shall establish performance measures that evalu-
22 ate the extent to which Americans save and use the
23 Federal tax filing process to facilitate their savings
24 activities.

1 (2) ELEMENTS OF PERFORMANCE MEAS-
2 URES.—The performance measures described in
3 paragraph (1) shall include:

4 (A) The percentage of Federal income tax
5 refunds returned electronically by direct deposit
6 to tax filers' bank accounts.

7 (B) The percentage of Federal tax filers
8 that deposit into savings products, such as tra-
9 ditional savings accounts, individual retirement
10 accounts, section 529 college savings plans, and
11 others, as a part of the tax filing process.

12 (b) ESTABLISHMENT OF OUTCOME GOALS.—The
13 Secretary of the Treasury, using the performance meas-
14 ures described in subsection (a) shall identify outcome
15 goals that focus on increasing the United States personal
16 savings rate.

17 (c) ANNUAL REPORTS.—The Secretary of the Treas-
18 ury shall report to Congress on the performance measures
19 and outcomes goals in the Secretary's annual performance
20 report.

21 **TITLE II—ACCESS TO WEALTH**
22 **BUILDING FINANCIAL SERVICES**

23 **SEC. 201. ELECTRONIC TRANSFER ACCOUNTS.**

24 (a) IN GENERAL.—The Secretary of the Treasury is
25 authorized to use such fiscal agent authority as in effect

1 on the date of the enactment of this Act to increase pay-
2 ments to financial institutions in order to offset costs of
3 opening electronic transfer accounts authorized under the
4 Debt Collection Improvement Act of 1996.

5 (b) USE OF ACCOUNTS.—The Secretary of the Treas-
6 ury shall ensure that recipients of Federal income tax re-
7 funds shall be eligible to use electronic transfer accounts
8 with respect to such refunds.

9 (c) STUDY TO INCREASE USE OF ELECTRONIC
10 TRANSFER ACCOUNTS AND ELECTRONIC PAYMENTS.—

11 (1) IN GENERAL.—The Secretary of the Treas-
12 ury shall convene a working group comprised of De-
13 partment of the Treasury officers to explore policy
14 options to increase the use and utility of electronic
15 payments, including electronic transfer accounts.
16 Such group shall consider the size of the subsidy
17 under subsection (a), limitations in the marketing of
18 electronic transfer accounts, and alternative prod-
19 ucts (with attention to useful product features), risk
20 management factors, and pricing.

21 (2) REPORT.—The Secretary of the Treasury
22 shall report to Congress on the results of the study
23 under paragraph (1) not later than March 31, 2008.
24 Such report shall include recommendations to im-
25 prove the use of electronic transfer accounts and the

1 electronic delivery of payments, generally, solicited
2 from the financial services industry, consumers, and
3 other groups.

4 **SEC. 202. BENEFIT CARDS AND BANK SERVICES.**

5 (a) IN GENERAL.—The Secretary of Health and
6 Human Services shall establish a performance measure for
7 the percentage of each State’s benefit recipients that re-
8 ceive their benefits by direct deposit into accounts held
9 at depository institutions insured under the Federal De-
10 posit Insurance Act (12 U.S.C. 1811 et seq.).

11 (b) SPECIFIC TARGET.—

12 (1) IN GENERAL.—The Secretary of Health and
13 Human Services shall establish a performance target
14 for fiscal year 2010 that increases the baseline
15 measure determined using the performance measure
16 developed under subsection (a) by 10 percent.

17 (2) INCENTIVE.—The Secretary of Health and
18 Human Services shall allow individual States that
19 meet the benchmark target on bank accounts opened
20 under paragraph (1) to use such attainment to qual-
21 ify for bonus awards under title IV of the Social Se-
22 curity Act.

23 (c) USE OF BENEFIT CARDS TO PROMOTE SAV-
24 INGS.—The Secretary of Health and Human Services

1 shall seek to identify and promote innovative uses of ben-
2 efit cards to promote savings among benefit recipients.

3 **SEC. 203. EXPANSION OF ACCESSIBLE AND SUITABLE FI-**
4 **NANCIAL SERVICES.**

5 (a) ESTABLISHMENT OF PROGRAM.—The Secretary
6 of the Treasury shall establish a program to support and
7 promote—

8 (1) the expansion of access to financial services,
9 in particular for persons without bank accounts,
10 with low access to financial services, or low utiliza-
11 tion of mainstream financial services,

12 (2) the development of new financial products
13 and services that are adequate to improve access to
14 wealth building financial services which help inte-
15 grate more Americans into the financial mainstream,

16 (3) education for these persons and depository
17 institutions concerning the availability and use of fi-
18 nancial services for and by such persons, and

19 (4) such other activities and projects as the
20 Secretary may determine are consistent with the
21 purpose of this section.

22 (b) POWERS AND AUTHORITY OF SECRETARY.—

23 (1) IN GENERAL.—In carrying out the program,
24 the Secretary of the Treasury may award grants,
25 enter into cooperative agreements and contracts, and

1 designate depository institutions, nonbank financial
2 service providers, and others as financial agents of
3 the Treasury, in order to provide for technical as-
4 sistance, education, training, or financial services to
5 further the purpose of this section.

6 (2) SPECIFIC POWERS.—The powers of the Sec-
7 retary of the Treasury under this section shall in-
8 clude the following:

9 (A) FINANCIAL SERVICES.—The Secretary
10 of the Treasury may promote access to financial
11 services by providing financial and technical as-
12 sistance to depository institutions and other or-
13 ganizations for providing reasonably-priced fi-
14 nancial services, including—

15 (i) electronic transaction accounts,

16 (ii) savings accounts,

17 (iii) pre-paid products, and

18 (iv) other financial services deemed
19 appropriate by the Secretary to meet the
20 needs of service areas or service popu-
21 lations.

22 (B) DISTRIBUTION.—The Secretary of the
23 Treasury may promote access to financial serv-
24 ices by providing financial and technical assist-
25 ance to depository institutions, nonbank finan-

1 cial service providers, financial services elec-
2 tronic networks, or community partners for ex-
3 panding the distribution of financial services to
4 service areas or service populations, including
5 through financial services electronic networks.

6 (C) EDUCATION.—The Secretary of the
7 Treasury may promote access to financial serv-
8 ices by—

9 (i) providing financial education to
10 service areas or service populations,

11 (ii) providing technical assistance or
12 training to or by depository institutions,
13 nonbank financial service providers, or
14 community partners,

15 (iii) providing financial support for or-
16 ganizations to develop innovative financial
17 services and products, and

18 (iv) otherwise promoting financial
19 services to or by service areas, service pop-
20 ulations, depository institutions, nonbank
21 financial service providers, or community
22 partners.

23 (D) RESEARCH AND DEVELOPMENT.—The
24 Secretary of the Treasury may conduct or sup-
25 port such research and development as the Sec-

1 retary considers appropriate in order to further
2 the purpose of this section, including the collec-
3 tion of information about access to financial
4 services.

5 (3) SELECTION CRITERIA.—In selecting any de-
6 pository institution, nonbank financial service pro-
7 vider, community partner, financial services elec-
8 tronic network, or organization providing technical
9 assistance to financial institutions as a recipient of
10 a grant or other assistance under this section, the
11 Secretary of the Treasury shall consider—

12 (A) the likelihood of success of such insti-
13 tution, nonbank financial service provider, com-
14 munity partner, network, or organization in
15 achieving the purpose of the grant or assistance
16 and carrying out the purpose of this Act,

17 (B) the experience of such institution,
18 nonbank financial service provider, community
19 partner, network, or organization in under-
20 taking activities similar to the activities to be
21 funded or supported by the proceeds of the
22 grant or other assistance, and

23 (C) such other factors, including manage-
24 ment, performance criteria, and the extent of

1 innovation as the Secretary may determine to
2 be appropriate.

3 (4) REPORTS.—Not later than 2 years after the
4 date of enactment of this Act, and annually there-
5 after, the Secretary of the Treasury shall submit to
6 Congress a report containing—

7 (A) a detailed description of the operation
8 of the program,

9 (B) the findings and conclusions of the
10 Secretary on the extent to which the program
11 established is meeting the purpose of this sec-
12 tion and the goals of the Secretary in estab-
13 lishing the program, and

14 (C) such recommendations for legislative
15 or administrative action as the Secretary may
16 consider to be appropriate.

17 (5) AUTHORIZATION OF APPROPRIATIONS.—

18 (A) IN GENERAL.—To carry out this sec-
19 tion, there are authorized to be appropriated to
20 the Secretary of the Treasury, to remain avail-
21 able until expended—

22 (i) \$50,000,000 for fiscal year 2008,
23 and

1 (ii) such sums as may be necessary
 2 for each of fiscal years 2008 through
 3 2013.

4 (B) ADMINISTRATIVE EXPENSES.—

5 (i) IN GENERAL.—Of amounts appro-
 6 priated to the Secretary of the Treasury
 7 under this section, not more than
 8 \$5,000,000 may be used in any fiscal year
 9 to pay the administrative costs and ex-
 10 penses of the program established.

11 (ii) EXCLUSION OF CERTAIN COSTS.—
 12 Costs associated with research and devel-
 13 opment, training, technical assistance, and
 14 education shall not be considered to be ad-
 15 ministrative expenses for purposes of this
 16 subparagraph.

17 **TITLE III—CHILDREN’S SAVINGS**
 18 **ACCOUNTS**

19 **SEC. 301. YOUNG SAVERS ACCOUNTS.**

20 (a) ESTABLISHMENT.—

21 (1) IN GENERAL.—Section 408A of the Internal
 22 Revenue Code of 1986 (relating to Roth IRAs) is
 23 amended by adding at the end the following new
 24 subsection:

25 “(g) YOUNG SAVERS ACCOUNTS.—

1 “(1) IN GENERAL.—Except as provided in this
2 subsection, a young savers account shall be treated
3 in the same manner as a Roth IRA.

4 “(2) YOUNG SAVERS ACCOUNT.—For purposes
5 of this subsection, the term ‘young savers account’
6 means, with respect to any taxable year, a Roth IRA
7 that is established and maintained on behalf of an
8 individual who has not attained the age of 21 before
9 the close of the taxable year.

10 “(3) CONTRIBUTION LIMITS.—In the case of
11 any contributions for any taxable year to 1 or more
12 young savers accounts established and maintained
13 on behalf of an individual, each of the following con-
14 tribution limits for the taxable year shall be in-
15 creased as follows:

16 “(A) The contribution limit applicable to
17 the individual under subsection (c)(2) shall be
18 increased by the aggregate amount of qualified
19 parental contributions to such accounts for the
20 taxable year.

21 “(B) The contribution limits applicable to
22 the young savers accounts under subsection
23 (a)(1) or (b)(2)(B) of section 408, whichever is
24 appropriate, shall be increased by the dollar

1 amount in effect under section 219(b)(1)(A) for
2 the taxable year.

3 “(4) QUALIFIED PARENTAL CONTRIBUTIONS.—

4 For purposes of this subsection—

5 “(A) IN GENERAL.—The term ‘qualified
6 parental contribution’ means, with respect to
7 any taxable year, a contribution by an indi-
8 vidual to a young savers account established
9 and maintained on behalf of an individual
10 who—

11 “(i) is the child of the individual mak-
12 ing the contribution, and

13 “(ii) with respect to whom a deduc-
14 tion for an additional exemption is allow-
15 able for the taxable year under section
16 151(c) to the individual making the con-
17 tribution.

18 “(B) DOLLAR LIMITATIONS.—

19 “(i) IN GENERAL.—The aggregate
20 amount of qualified parental contributions
21 which may be made for any taxable year
22 on behalf of an individual shall not exceed
23 the dollar amount in effect under section
24 219(b)(1)(A) for the taxable year.

1 “(ii) LIMIT ON EACH PARENT.—The
2 aggregate amount of qualified parental
3 contributions which an individual may
4 make for any taxable year on behalf of 1
5 or more of the individual’s children shall
6 not exceed the contribution limit applicable
7 to the individual under subsection (e)(2)
8 for the taxable year, reduced by any con-
9 tributions made by or on behalf of the indi-
10 vidual to any Roth IRA established and
11 maintained on behalf of the individual.

12 “(5) COORDINATION WITH MATCHING CREDIT
13 FOR RETIREMENT SAVINGS CONTRIBUTIONS.—Any
14 qualified parental contributions made by an eligible
15 individual (as defined in section 36(d)) shall be
16 treated as qualified retirement savings contributions
17 for purposes of section 36.”.

18 “(2) EFFECTIVE DATE.—The amendment made
19 by this subsection shall apply to taxable years begin-
20 ning after December 31, 2007.

21 “(b) ACCOUNT FUNDS DISREGARDED FOR PURPOSES
22 OF ALL MEANS-TESTED FEDERAL PROGRAMS.—Notwith-
23 standing any other provision of Federal law, assets accu-
24 mulated in young savers accounts shall not be taken into
25 account in determining any individual’s or household’s fi-

1 nancial eligibility for, or amount of, any benefit or service,
 2 paid for in whole or in part with Federal funds, including
 3 student financial aid.

4 **TITLE IV—EXPANSION OF THE**
 5 **SAVER’S CREDIT**

6 **SEC. 401. CREDIT FOR CONTRIBUTIONS TO QUALIFIED TUI-**
 7 **TION PROGRAMS AND COVERDELL EDU-**
 8 **CATION SAVINGS ACCOUNTS.**

9 (a) IN GENERAL.—Paragraph (1) of section 25B(d)
 10 of the Internal Revenue Code of 1986 (relating to quali-
 11 fied retirement savings contributions) is amended by strik-
 12 ing “and” at the end of subparagraph (B)(ii), by striking
 13 the period at the end of subparagraph (C), and by insert-
 14 ing after subparagraph (C) the following new subpara-
 15 graphs:

16 “(D) the amount of purchases or contribu-
 17 tions made by such individual to a qualified tui-
 18 tion program (as defined under section 529(b)),
 19 and

20 “(E) the amount of contributions made by
 21 such individual to a Coverdell education savings
 22 account (as defined under section 530(b)).”.

23 (b) CONFORMING AMENDMENT.—Subclause (i) of
 24 section 25B(d)(2)(C) of such Code (relating to excepted

1 distributions) is amended by striking “or 408(d)(4)” and
2 inserting “408(d)(4), 529(e), or 530(d)”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2007.

6 **TITLE V—UNITED STATES**
7 **SAVINGS BONDS**

8 **SEC. 501. SAVINGS BOND MARKETING AND ACCESS.**

9 (a) ADVISORY BOARD.—The Secretary of the Treas-
10 ury shall convene a Federal advisory board to explore ways
11 to expand access to United States savings bonds in a cost
12 effective manner. The advisory board shall make rec-
13 ommendations to make United States savings bonds more
14 useful for purchasers of low denomination bonds. The ad-
15 visory board shall consider, among other things, whether
16 the savings bond holding period can be shortened, whether
17 and how the policy for redemption of savings bonds before
18 the 1-year minimum holding period under certain emer-
19 gency situations can be clarified or expanded, whether ad-
20 ditional outlets can be used to sell savings bonds (includ-
21 ing retail stores, post offices, schools, and other nonprofit
22 organizations), whether the electronic purchase system
23 can be amended, and in what manner the purchase of
24 paper bonds can be amended.

1 (b) REPORT.—The Secretary of the Treasury shall
2 submit the findings of the advisory board under subsection
3 (a) in a report to Congress within 180 days after the date
4 of the enactment of this Act.

5 (c) AUTHORIZATION OF APPROPRIATIONS.—There is
6 authorized to be appropriated \$35,000,000 to the Bureau
7 of the Public Debt to market United States savings bonds,
8 especially for small savers.

9 **SEC. 502. TAX CREDIT TO EXPAND PAYROLL SAVINGS PLAN.**

10 (a) IN GENERAL.—Subpart D of part IV of sub-
11 chapter A of chapter 1 of the Internal Revenue Code of
12 1986 (relating to business related credits) is amended by
13 adding at the end the following new section:

14 **“SEC. 450. PAYROLL SAVINGS PLAN TAX CREDIT.**

15 “(a) AMOUNT OF CREDIT.—For purposes of section
16 38, the payroll savings plan credit determined under this
17 section with respect to each employee of the taxpayer for
18 any taxable year is an amount equal to 1 percent of the
19 first \$500 of expenditures in each month during such tax-
20 able year by the eligible employee for United States sav-
21 ings bonds under the taxpayer’s payroll savings plan with-
22 in the Bureau of the Public Debt’s payroll savings plan
23 program.

24 “(b) ADDITIONAL CREDIT FOR AUTOMATIC PUR-
25 CHASES.—The Secretary through TreasuryDirect shall es-

1 establish a method whereby unused amounts resulting from
 2 payroll deductions at the end of a 12-month period are
 3 automatically used to purchase a savings bond in the
 4 accountholder's name. The credit under subsection (a) for
 5 the employer of the accountholder shall be increased by
 6 the value of the purchased bond.

7 “(c) TERMINATION.—This section shall not apply to
 8 taxable years beginning more than 10 years after the date
 9 of the enactment of this section.”.

10 (b) CREDIT MADE PART OF GENERAL BUSINESS
 11 CREDIT.—Section 38(b) of the Internal Revenue Code of
 12 1986 is amended by striking “and” at the end of para-
 13 graph (30), by striking the period at the end of paragraph
 14 (31) and inserting “, plus”, and by adding at the end the
 15 following new paragraph:

16 “(32) the payroll savings plan credit determined
 17 under section 450(a).”.

18 (c) CLERICAL AMENDMENT.—The table of sections
 19 for subpart D of part IV of subchapter A of chapter 1
 20 of the Internal Revenue Code of 1986 is amended by add-
 21 ing at the end the following new item:

“Sec. 450. Payroll savings plan tax credit.”.

22 **TITLE VI—QUALIFIED TUITION** 23 **PROGRAMS**

24 **SEC. 601. REPORTING OF FEE INFORMATION.**

25 (a) REPORTING.—

1 (1) IN GENERAL.—Subpart A of part III of
2 subchapter A of chapter 61 of the Internal Revenue
3 Code of 1986 (relating to information concerning
4 persons subject to special provisions) is amended by
5 inserting after section 6039I the following new sec-
6 tion:

7 **“SEC. 6039J. INFORMATION WITH RESPECT TO QUALIFIED**
8 **TUITION PROGRAMS.**

9 “(a) IN GENERAL.—Each person managing a quali-
10 fied tuition program (as defined by section 529) shall
11 make a return for each taxable year containing—

12 “(1) the name and address of such person;

13 “(2) information with respect to any guarantee
14 offered under the program;

15 “(3) information with respect to any risk fac-
16 tors associated with investments under the program;

17 “(4) information with respect to the perform-
18 ance of investments of the program;

19 “(5) information with respect to any generally
20 applicable fees and costs for the program over 1, 5,
21 and 10-year periods;

22 “(6) information with respect to any initial and
23 on-going fees and with respect to the total fees and
24 costs associated with particular investment under

1 the program, including a fee table listing fees and
2 expenses for—

3 “(A) annual asset-based fees (including
4 any estimated underlying fund expenses, any
5 program manager fee, any State fee, and any
6 annual distribution fee);

7 “(B) additional investor expenses (includ-
8 ing maximum deferred sales charges and an-
9 nual account maintenance fees);

10 “(C) sales charges;

11 “(D) application fees;

12 “(E) cancellation fees;

13 “(F) fees for changing beneficiaries;

14 “(G) fees for changing investment options;

15 and

16 “(H) any other fees or expenses;

17 “(7) information with respect to the basis for
18 determining the amount of any such fees; and

19 “(8) a description of the tax treatment of con-
20 tributions, investments, and distributions under the
21 program under relevant State law.

22 “(b) FORM AND MANNER.—The return required
23 under subsection (a) shall be in such form and manner
24 as the Secretary may require.”.

1 (2) CLERICAL AMENDMENT.—The table of sec-
2 tions for subpart A of part III of subchapter A of
3 chapter 61 of such Code is amended by inserting
4 after the item relating to section 6039I the following
5 new item:

“Sec. 6039J. Information with respect to qualified tuition programs.”.

6 (b) DISSEMINATION OF INFORMATION.—

7 (1) IN GENERAL.—The Secretary of Treasury
8 shall make available to the public—

9 (A) the information collected under section
10 6039J of the Internal Revenue Code of 1986 in
11 a manner that allows comparison between dif-
12 ferent qualified tuition programs (as defined by
13 section 529 of the Internal Revenue Code of
14 1986); and

15 (B) information regarding the tax treat-
16 ment of contributions, investments, and dis-
17 tributions under qualified tuition programs
18 under such Code.

19 (2) CONFORMING AMENDMENT.—Subsection (b)
20 of section 6104 of the Internal Revenue Code of
21 1986 is amended by inserting “6039J,” after
22 “6034,”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years beginning after
25 the date of the enactment of this Act.

1 **SEC. 602. ANNUAL REPORT OF PERFORMANCE AND PAR-**
2 **TICIPATION.**

3 (a) **IN GENERAL.**—Each year, the Secretary of the
4 Treasury or his designee shall publish a report on the use
5 of qualified tuition programs in assisting taxpayers in pay-
6 ing tuition and other education costs at colleges and uni-
7 versities.

8 (b) **CONTENTS.**—The report under subsection (a)
9 shall include—

10 (1) an assessment of the performance of quali-
11 fied tuition programs;

12 (2) an analysis of which taxpayers are partici-
13 pating in such programs—

14 (A) on a regional basis;

15 (B) by income level; and

16 (C) by level of educational attainment; and

17 (3) a description of tax benefits provided by
18 States in connection with such programs.

19 (c) **CONSULTATION WITH PROGRAM ADMINISTRA-**
20 **TORS.**—The Secretary or his designee shall consult with
21 the administrators of qualified tuition programs to obtain
22 such information as necessary for the report under sub-
23 section (a).

24 (d) **QUALIFIED TUITION PROGRAM.**—For purposes
25 of this section, the term “qualified tuition program” has

1 the meaning given such term under section 529(b) of the
2 Internal Revenue Code of 1986.

3 **SEC. 603. GRANT PROGRAM TO SUPPORT STATE INNOVA-**
4 **TION IN INCREASING PARTICIPATION IN**
5 **QUALIFIED TUITION PROGRAMS.**

6 (a) IN GENERAL.—The Secretary of the Treasury is
7 authorized to provided grants to States for the purpose
8 of increasing the participation in qualified tuition pro-
9 grams of—

10 (1) moderate-income and low-income families;

11 and

12 (2) other families that may face additional bar-
13 riers to accessing and utilizing post-secondary edu-
14 cation.

15 (b) USE OF FUNDS.—Grants awarded pursuant to
16 subsection (a) may be used—

17 (1) to provide information to taxpayers de-
18 scribed in paragraph (1) and (2) of subsection (a)
19 about the availability and use of qualified tuition
20 programs;

21 (2) to reduce fees for such taxpayers under
22 qualified tuition programs; and

23 (3) in any other manner which the Secretary
24 determines is consistent with the purpose of this sec-
25 tion.

1 (c) QUALIFIED TUITION PROGRAM.—For purposes of
2 this section, the term “qualified tuition program” has the
3 meaning given such term under section 529(b) of the In-
4 ternal Revenue Code of 1986.

5 (d) AUTHORIZATION OF APPROPRIATIONS.—There
6 are authorized to be appropriated \$50,000,000 for fiscal
7 year 2007 and each subsequent fiscal year to carry out
8 the provisions of this section.

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