

108TH CONGRESS
1ST SESSION

S. 1542

To amend the Internal Revenue Code of 1986 to enhance the economic future of Native Americans.

IN THE SENATE OF THE UNITED STATES

JULY 31 (legislative day, JULY 21), 2003

Mr. JOHNSON introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to enhance the economic future of Native Americans.

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 “Tribal Economic Enhancement Act of 2003”.

6 (b) **TABLE OF CONTENTS.**—

7 The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings.

TITLE I—TAX INCENTIVES FOR INDIANS

Sec. 101. Expansion of subchapter S election to include Indian tribal governments.

- Sec. 102. Tax exemption for interest from tribal bonds.
 Sec. 103. Exemption of Indian tribes from volume cap limits of private activity bonds.
 Sec. 104. Modifications of authority of Indian tribal governments to issue tax-exempt bonds.
 Sec. 105. Consideration of Indian housing waiting lists for low-income housing credit allocations.
 Sec. 106. Native American set-aside for new markets tax credit.

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. Matching funds for individual development accounts provided through a tax credit for qualified financial institutions.
 Sec. 212. Account funds disregarded for purposes of certain means-tested Federal programs.

TITLE III—ACCESSIBLE BANKING

- Sec. 301. Authority to establish bank branches on Indian lands.

1 **SEC. 2. FINDINGS.**

2 Congress finds that—

3 (1) the United States Constitution, Federal
 4 court decisions, and Federal statutes recognize that
 5 Indian tribes are governments, retaining sovereign
 6 authority over their lands;

7 (2) Indian tribal governments have the respon-
 8 sibility and authority to provide governmental serv-
 9 ices, develop tribal economies, and build community
 10 infrastructure to ensure that Indian reservation
 11 lands serve as livable and vibrant homelands;

1 (3) Congress is vested with the authority to
2 regulate commerce with Indian tribes, and hereby
3 exercises that authority and affirms the United
4 States government-to-government relationship with
5 Indian tribes;

6 (4) there is a special legal and political relation-
7 ship between the United States and the Indian
8 tribes that is reflected in Article I, Section 8, Clause
9 3 of the Constitution, various treaties, Federal stat-
10 utes, Supreme Court decisions, executive orders, and
11 course of dealing;

12 (5) Indian communities continue to lag behind
13 the rest of the United States in quality of life and
14 economic vitality;

15 (6) approximately 60 percent of Indian tribes
16 and Native Alaskans live on or adjacent to Indian
17 lands in which unemployment rates frequently ex-
18 ceed 50 percent, and poverty rates often exceed 40
19 percent;

20 (7) the poor performance of Indian economies is
21 due in part to the nearly complete absence of private
22 capital and private capital institutions; and

23 (8) the goals of economic self-sufficiency for
24 Native Americans can best be achieved by making

1 available the resources and discipline of the private
 2 market, adequate capital, and technical expertise.

3 **TITLE I—TAX INCENTIVES FOR**
 4 **INDIANS**

5 **SEC. 101. EXPANSION OF SUBCHAPTER S ELECTION TO IN-**
 6 **CLUDE INDIAN TRIBAL GOVERNMENTS.**

7 (a) **ELIGIBILITY TO BE SHAREHOLDERS.**—Subpara-
 8 graph (B) of section 1361(b)(1) of the Internal Revenue
 9 Code of 1986 (defining small business corporation) is
 10 amended by striking “or”, and by inserting “an Indian
 11 government or a subdivision thereof, or”.

12 (b) **EFFECTIVE DATE.**—The amendment made by
 13 this section shall apply to taxable years beginning after
 14 December 31, 2003.

15 **SEC. 102. TAX EXEMPTION FOR INTEREST FROM TRIBAL**
 16 **BONDS.**

17 (a) **IN GENERAL.**—Paragraph (3) of section 149(b)
 18 of the Internal Revenue Code of 1986 (relating to excep-
 19 tions) is amended by redesignating subparagraph (D) as
 20 subparagraph (E) and by inserting after subparagraph
 21 (C) the following new subparagraph:

22 “(D) **EXCEPTION FOR CERTAIN BONDS**
 23 **ISSUED BY INDIAN TRIBAL GOVERNMENTS.**—
 24 Paragraph (1) shall not apply to any bond

1 issued by an Indian tribal government or a sub-
2 division thereof.”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to bonds issued after the date of
5 the enactment of this Act.

6 **SEC. 103. EXEMPTION OF INDIAN TRIBES FROM VOLUME**
7 **CAP LIMITS OF PRIVATE ACTIVITY BONDS.**

8 (a) IN GENERAL.—Subsection (g) of section 146 of
9 the Internal Revenue Code of 1986 (relating to exception
10 for certain bonds) is amended by striking “and” at the
11 end of paragraph (4), by striking the period at the end
12 of paragraph (4) and inserting “, and”, and by inserting
13 after paragraph (4) the following new paragraph:

14 “(5) any qualified bond issued by an Indian
15 tribal government or a subdivision thereof.”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to bonds issued after the date of
18 the enactment of this Act.

19 **SEC. 104. MODIFICATIONS OF AUTHORITY OF INDIAN TRIB-**
20 **AL GOVERNMENTS TO ISSUE TAX-EXEMPT**
21 **BONDS.**

22 (a) IN GENERAL.—Subsection (c) of section 7871 of
23 the Internal Revenue Code of 1986 (relating to Indian
24 tribal governments treated as States for certain purposes)
25 is amended to read as follows:

1 “(c) ADDITIONAL REQUIREMENTS FOR TAX-EXEMPT
2 BONDS.—

3 “(1) IN GENERAL.—Subsection (a) of section
4 103 shall apply to any obligation issued by an In-
5 dian tribal government (or subdivision thereof) only
6 if—

7 “(A) such obligation is part of an issue 95
8 percent or more of the net proceeds of which
9 are to be used to finance any facility located on
10 an Indian reservation, or

11 “(B) such obligation is part of an issue
12 substantially all of the proceeds of which are to
13 be used in the exercise of any essential govern-
14 mental function.

15 “(2) EXCLUSION OF GAMING.—An obligation
16 described in subparagraph (A) or (B) of paragraph
17 (1) may not be used to finance any portion of a
18 building in which class II or III gaming (as defined
19 in section 4 of the Indian Gaming Regulatory Act
20 (25 U.S.C. 2702)) is conducted or housed.

21 “(3) DEFINITIONS.—For purposes of this sub-
22 section—

23 “(A) INDIAN TRIBE.—The term ‘Indian
24 tribe’ means any Indian tribe, band, nation,
25 pueblo, or other organized group or community,

1 including any Alaska Native village, or regional
2 or village corporation, as defined in or estab-
3 lished pursuant to the Alaska Native Claims
4 Settlement Act (43 U.S.C. 1601 et seq.), which
5 is recognized as eligible for the special pro-
6 grams and services provided by the United
7 States to Indians because of their status as In-
8 dians.

9 “(B) INDIAN RESERVATION.—The term
10 ‘Indian reservation’ means—

11 “(i) a reservation, as defined in sec-
12 tion 4(10) of the Indian Child Welfare Act
13 of 1978 (25 U.S.C. 1903(10)), and

14 “(ii) lands held under the provisions
15 of the Alaska Native Claims Settlement
16 Act (43 U.S.C. 1601 et seq.) by a Native
17 corporation as defined in section 3(m) of
18 such Act (43 U.S.C. 1602(m)).”.

19 (b) EXEMPTION FROM REGISTRATION REQUIRE-
20 MENTS.—The first sentence of section 3(a)(2) of the Secu-
21 rities Act of 1933 (15 U.S.C. 77c(a)(2)) is amended by
22 inserting “or by any Indian tribal government or subdivi-
23 sion thereof (within the meaning of section 7871 of the
24 Internal Revenue Code of 1986),” after “or Territories,”.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to obligations issued after the date
 3 of the enactment of this Act.

4 **SEC. 105. CONSIDERATION OF INDIAN HOUSING WAITING**
 5 **LISTS FOR LOW-INCOME HOUSING CREDIT**
 6 **ALLOCATIONS.**

7 (a) IN GENERAL.—Subparagraph (C) of section
 8 42(m)(1) of the Internal Revenue Code of 1986 (relating
 9 to certain selection criteria must be used) is amended by
 10 striking “and” at the end of clause (vii), by striking the
 11 period at the end of clause (viii) and inserting “and”, and
 12 by inserting at the end the following new clause:

13 “(ix) waiting lists for American Indi-
 14 ans, Alaska Natives, and Native Hawai-
 15 ians.”.

16 (b) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to allocations made after 2003.

18 **SEC. 106. NATIVE AMERICAN SET-ASIDE FOR NEW MARKETS**
 19 **TAX CREDIT.**

20 (a) IN GENERAL.—Subsection (f) of section 45D of
 21 the Internal Revenue Code of 1986 (relating to national
 22 limitation on amount of investments designated) is amend-
 23 ed by redesignating paragraph (3) as paragraph (4) and
 24 by inserting after paragraph (2) the following new para-
 25 graph:

1 “(3) SET-ASIDE FOR QUALIFIED INDIAN COM-
2 MUNITY DEVELOPMENT ENTITIES.—

3 “(A) IN GENERAL.—Not more than 5 per-
4 cent of the new markets tax credit limitation
5 under paragraph (1) shall be allocated to quali-
6 fied community development entities other than
7 qualified Indian community development enti-
8 ties.

9 “(B) QUALIFIED INDIAN COMMUNITY DE-
10 VELOPMENT ENTITIES.—For the purpose of
11 this paragraph, the term ‘qualified Indian com-
12 munity development entity’ means a qualified
13 community development entity the primary mis-
14 sion of which is serving, or providing invest-
15 ment capital for, low-income communities or
16 low-income persons on Indian reservations
17 (within the meaning of section 168(j)(6)).”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to allocations made after 2003.

20 **TITLE II—INDIVIDUAL**
21 **DEVELOPMENT ACCOUNTS**

22 **SEC. 201. SHORT TITLE.**

23 This title may be cited as the “Savings for Working
24 Families Act of 2003”.

1 **SEC. 202. PURPOSES.**

2 The purposes of this title are to provide for the estab-
3 lishment of individual development account programs that
4 will—

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

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

10 (3) stabilize families and build communities,
11 and

12 (4) support continued United States economic
13 expansion.

14 **SEC. 203. DEFINITIONS.**

15 As used in this title:

16 (1) **ELIGIBLE INDIVIDUAL.**—

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

20 (i) has attained the age of 18 but not
21 the age of 61 as of the last day of such
22 taxable year,

23 (ii) is a citizen or lawful permanent
24 resident (within the meaning of section
25 7701(b)(6) of the Internal Revenue Code

1 of 1986) of the United States as of the
2 last day of such taxable year,

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

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

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

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

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

23 (I) \$18,000, in the case of a tax-
24 payer described in section 1(c) of such
25 Code,

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

4 (III) \$38,000, in the case of a
5 taxpayer described in section 1(a) of
6 such Code.

7 (B) INFLATION ADJUSTMENT.—

8 (i) IN GENERAL.—In the case of any
9 taxable year beginning after 2004, each
10 dollar amount referred to in subparagraph
11 (A)(vii) shall be increased by an amount
12 equal to—

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

15 (II) the cost-of-living adjustment
16 determined under section (1)(f)(3) of
17 the Internal Revenue Code of 1986
18 for the calendar year in which the tax-
19 able year begins, by substituting
20 “2003” for “1992”.

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

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

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

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

12 (2) INDIVIDUAL DEVELOPMENT ACCOUNT.—

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

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

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

1 (C) The trustee of the account is a quali-
2 fied financial institution.

3 (D) The assets of the account will not be
4 commingled with other property except in a
5 common trust fund or common investment
6 fund.

7 (E) Except as provided in section 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 trustee of which is a qualified
17 financial institution.

18 (4) QUALIFIED FINANCIAL INSTITUTION.—The
19 term “qualified financial institution” means any per-
20 son authorized to be a trustee of any individual re-
21 tirement account under section 408(a)(2) of the In-
22 ternal Revenue Code of 1986.

23 (5) QUALIFIED INDIVIDUAL DEVELOPMENT AC-
24 COUNT PROGRAM.—The term “qualified individual
25 development account program” means a program es-

1 established upon approval of the Secretary under sec-
2 tion 204 after December 31, 2002, under which—

3 (A) Individual Development Accounts and
4 parallel accounts are held in trust by a qualified
5 financial institution, and

6 (B) additional activities determined by the
7 Secretary, in consultation with the Secretary of
8 Health and Human Services, as necessary to re-
9 sponsibly develop and administer accounts, in-
10 cluding recruiting, providing financial education
11 and other training to Account owners, and reg-
12 ular program monitoring, are carried out by the
13 qualified financial institution.

14 (6) QUALIFIED EXPENSE DISTRIBUTION.—

15 (A) IN GENERAL.—The term “qualified ex-
16 pense distribution” means any amount paid (in-
17 cluding through electronic payments) or distrib-
18 uted out of an Individual Development Account
19 or a parallel account established for an eligible
20 individual if such amount—

21 (i) is used exclusively to pay the quali-
22 fied expenses of the Individual Develop-
23 ment Account owner or such owner’s
24 spouse or dependents,

1 (ii) is paid by the qualified financial
2 institution—

3 (I) except as otherwise provided
4 in this clause, directly to the unre-
5 lated third party to whom the amount
6 is due,

7 (II) in the case of any qualified
8 rollover, directly to another Individual
9 Development Account and parallel ac-
10 count, or

11 (III) in the case of a qualified
12 final distribution, directly to the
13 spouse, dependent, or other named
14 beneficiary of the deceased Account
15 owner, and

16 (iii) is paid after the Account owner
17 has completed a financial education course
18 if required under section 205(b).

19 (B) QUALIFIED EXPENSES.—

20 (i) IN GENERAL.—The term “qualified
21 expenses” means any of the following ex-
22 penses approved by the qualified financial
23 institution:

24 (I) Qualified higher education ex-
25 penses.

1 (II) Qualified first-time home-
2 buyer costs.

3 (III) Qualified business capital-
4 ization or expansion costs.

5 (IV) Qualified rollovers.

6 (V) Qualified final distribution.

7 (ii) QUALIFIED HIGHER EDUCATION
8 EXPENSES.—

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

19 (II) COORDINATION WITH OTHER
20 BENEFITS.—The amount of expenses
21 which may be taken into account for
22 purposes of section 135, 529, or 530
23 of such Code for any taxable year
24 shall be reduced by the amount of any
25 qualified higher education expenses

1 taken into account as qualified ex-
2 pense distributions during such tax-
3 able year.

4 (iii) QUALIFIED FIRST-TIME HOME-
5 BUYER COSTS.—The term “qualified first-
6 time homebuyer costs” means qualified ac-
7 quisition costs (as defined in section
8 72(t)(8)(C) of the Internal Revenue Code
9 of 1986) with respect to a principal resi-
10 dence (within the meaning of section 121
11 of such Code) for a qualified first-time
12 homebuyer (as defined in section
13 72(t)(8)(D)(i) of such Code).

14 (iv) QUALIFIED BUSINESS CAPITAL-
15 IZATION OR EXPANSION COSTS.—

16 (I) IN GENERAL.—The term
17 “qualified business capitalization or
18 expansion costs” means qualified ex-
19 penditures for the capitalization or ex-
20 pansion of a qualified business pursu-
21 ant to a qualified business plan.

22 (II) QUALIFIED EXPENDI-
23 TURES.—The term “qualified expendi-
24 tures” means expenditures normally
25 associated with starting or expanding

1 a business and included in a qualified
2 business plan, including costs for cap-
3 ital, plant, and equipment, inventory
4 expenses, and attorney and accounting
5 fees.

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

10 (IV) QUALIFIED BUSINESS
11 PLAN.—The term “qualified business
12 plan” means a business plan which
13 has been approved by the qualified fi-
14 nancial institution and which meets
15 such requirements as the Secretary
16 may specify.

17 (v) QUALIFIED ROLLOVERS.—The
18 term “qualified rollover” means the com-
19 plete distribution of the amounts in an In-
20 dividual Development Account and parallel
21 account to another Individual Development
22 Account and parallel account established in
23 another qualified financial institution for
24 the benefit of the Account owner.

1 (vi) QUALIFIED FINAL DISTRIBUTION.—The term “qualified final distribu-
 2 tion” means, in the case of a deceased Ac-
 3 count owner, the complete distribution of
 4 the amounts in the Individual Development
 5 Account and parallel account directly to
 6 the spouse, any dependent, or other named
 7 beneficiary of the deceased.
 8

9 (7) SECRETARY.—The term “Secretary” means
 10 the Secretary of the Treasury.

11 **SEC. 204. STRUCTURE AND ADMINISTRATION OF QUALI-**
 12 **FIED INDIVIDUAL DEVELOPMENT ACCOUNT**
 13 **PROGRAMS.**

14 (a) ESTABLISHMENT OF QUALIFIED INDIVIDUAL DE-
 15 VELOPMENT ACCOUNT PROGRAMS.—Any qualified finan-
 16 cial institution may apply to the Secretary for approval
 17 to establish 1 or more qualified individual development ac-
 18 count programs which meet the requirements of this title
 19 and for an allocation of the Individual Development Ac-
 20 count limitation under section 45G(i)(3) of the Internal
 21 Revenue Code of 1986 with respect to such programs.

22 (b) BASIC PROGRAM STRUCTURE.—

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

1 (A) An Individual Development Account to
2 which an eligible individual may contribute cash
3 in accordance with section 205.

4 (B) A parallel account to which all match-
5 ing funds shall be deposited in accordance with
6 section 206.

7 (2) TAILORED IDA PROGRAMS.—A qualified fi-
8 nancial institution may tailor its qualified individual
9 development account program to allow matching
10 funds to be spent on 1 or more of the categories of
11 qualified expenses.

12 (3) NO FEES MAY BE CHARGED TO IDAS.—A
13 qualified financial institution may not charge any
14 fees to any Individual Development Account or par-
15 allel account under a qualified individual develop-
16 ment account program.

17 (c) COORDINATION WITH PUBLIC HOUSING AGENCY
18 INDIVIDUAL SAVINGS ACCOUNTS.—Section 3(e)(2) of the
19 United States Housing Act of 1937 (42 U.S.C.
20 1437a(e)(2)) is amended by inserting “or in any Indi-
21 vidual Development Account established under the Sav-
22 ings for Working Families Act of 2003” after “sub-
23 section”.

24 (d) TAX TREATMENT OF PARALLEL ACCOUNTS.—

1 (1) IN GENERAL.—Chapter 77 (relating to mis-
 2 cellaneous provisions) is amended by adding at the
 3 end the following new section:

4 **“SEC. 7525. TAX INCENTIVES FOR INDIVIDUAL DEVELOP-**
 5 **MENT PARALLEL ACCOUNTS.**

6 “For purposes of this title—

7 “(1) any account described in section
 8 204(b)(1)(B) of the Savings for Working Families
 9 Act of 2003 shall be exempt from taxation,

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

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

15 (2) CONFORMING AMENDMENT.—The table of
 16 sections for chapter 77 is amended by adding at the
 17 end the following new item:

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

18 (e) COORDINATION OF CERTAIN EXPENSES.—Section
 19 25A(g)(2) is amended by striking “and” at the end of sub-
 20 paragraph (C), by striking the period at the end of sub-
 21 paragraph (D) and inserting “, and”, and by adding at
 22 the end the following new subparagraph:

23 “(D) a qualified expense distribution with
 24 respect to qualified higher education expenses

1 from an Individual Development Account or a
2 parallel account under section 207(a) of the
3 Savings for Working Families Act of 2003.”.

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

7 (a) OPENING AN ACCOUNT.—An eligible individual
8 may open an Individual Development Account with a
9 qualified financial institution upon certification that such
10 individual has never maintained any other Individual De-
11 velopment Account (other than an Individual Development
12 Account to be terminated by a qualified rollover).

13 (b) REQUIRED COMPLETION OF FINANCIAL EDU-
14 CATION COURSE.—

15 (1) IN GENERAL.—Before becoming eligible to
16 withdraw funds to pay for qualified expenses, owners
17 of Individual Development Accounts must complete
18 1 or more financial education courses specified in
19 the qualified individual development account pro-
20 gram.

21 (2) STANDARD AND APPLICABILITY OF
22 COURSE.—The Secretary, in consultation with rep-
23 resentatives of qualified individual development ac-
24 count programs and financial educators, shall not
25 later than January 1, 2004, establish minimum

1 quality standards for the contents of financial edu-
2 cation courses and providers of such courses de-
3 scribed in paragraph (1) and a protocol to exempt
4 individuals from the requirement under paragraph
5 (1) in the case of hardship, lack of need, the attain-
6 ment of age 65, or a qualified final distribution.

7 (c) **PROOF OF STATUS AS AN ELIGIBLE INDI-**
8 **VIDUAL.**—Federal income tax forms for the immediately
9 preceding taxable year and any other evidence of eligibility
10 which may be required by a qualified financial institution
11 shall be presented to such institution at the time of the
12 establishment of the Individual Development Account and
13 in any taxable year in which contributions are made to
14 the Account to qualify for matching funds under section
15 206(b)(1)(A).

16 (d) **SPECIAL RULE IN THE CASE OF MARRIED INDI-**
17 **VIDUALS.**—For purposes of this title, if, with respect to
18 any taxable year, 2 married individuals file a Federal joint
19 income tax return, then not more than 1 of such individ-
20 uals may be treated as an eligible individual with respect
21 to the succeeding taxable year.

22 **SEC. 206. DEPOSITS BY QUALIFIED INDIVIDUAL DEVELOP-**
23 **MENT ACCOUNT PROGRAMS.**

24 (a) **PARALLEL ACCOUNTS.**—The qualified financial
25 institution shall deposit all matching funds for each Indi-

1 vidual Development Account into a parallel account at a
2 qualified financial institution.

3 (b) REGULAR DEPOSITS OF MATCHING FUNDS.—

4 (1) IN GENERAL.—Subject to paragraph (2),
5 the qualified financial institution shall deposit into
6 the parallel account with respect to each eligible in-
7 dividual the following amounts:

8 (A) A dollar-for-dollar match for the first
9 \$500 contributed by the eligible individual into
10 an Individual Development Account with re-
11 spect to any taxable year of such individual.

12 (B) Any matching funds provided by State,
13 local, or private sources in accordance with the
14 matching ratio set by those sources.

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

18 (A) in the case of amounts described in
19 paragraph (1)(A), not later than 30 days after
20 the end of the calendar quarter during which
21 the contribution described in such paragraph
22 was made, and

23 (B) in the case of amounts described in
24 paragraph (1)(B), not later than 2 business
25 days after such amounts were provided.

1 (3) 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.

2 (c) DEPOSIT OF MATCHING FUNDS INTO INDI-
3 VIDUAL DEVELOPMENT ACCOUNT OF INDIVIDUAL WHO
4 HAS ATTAINED AGE 65.—In the case of an Individual De-
5 velopment Account owner who attains the age of 65, the
6 qualified financial institution shall deposit the funds in the
7 parallel account with respect to such individual into the
8 Individual Development Account of such individual on the
9 later of—

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

12 (2) the first business day of the taxable year of
13 such individual following the taxable year in which
14 such individual attained age 65.

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

21 (e) REGULAR REPORTING OF ACCOUNTS.—Any
22 qualified financial institution shall report the balances in
23 any Individual Development Account and parallel account

1 of an individual on not less than an annual basis to such
2 individual.

3 **SEC. 207. WITHDRAWAL PROCEDURES.**

4 (a) WITHDRAWALS FOR QUALIFIED EXPENSES.—

5 (1) IN GENERAL.—An Individual Development
6 Account owner may withdraw funds in order to pay
7 qualified expense distributions from such individ-
8 ual's—

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

12 (B) parallel account, but only—

13 (i) from matching funds which have
14 been on deposit in such parallel account
15 for at least 1 year,

16 (ii) from earnings in such parallel ac-
17 count, after all matching funds described
18 in clause (i) have been withdrawn, and

19 (iii) to the extent such withdrawal
20 does not result in a remaining balance in
21 such parallel account which is less than the
22 remaining balance in the Individual Devel-
23 opment Account after such withdrawal.

24 (2) PROCEDURE.—Upon receipt of a with-
25 drawal request which meets the requirements of

1 paragraph (1), the qualified financial institution
2 shall directly transfer the funds electronically to the
3 distributees described in section 203(6)(A)(ii). If a
4 distributee is not equipped to receive funds electroni-
5 cally, the qualified financial institution may issue
6 such funds by paper check to the distributee.

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

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

1 (d) EFFECT OF PLEDGING ACCOUNT AS SECUR-
2 RITY.—If, during any taxable year of the individual for
3 whose benefit an Individual Development Account is es-
4 tablished, that individual uses the Account, the individ-
5 ual's parallel account, or any portion thereof as security
6 for a loan, the portion so used shall be treated as a with-
7 drawal of such portion from the Individual Development
8 Account for purposes other than to pay qualified expenses.

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

12 (a) CERTIFICATION PROCEDURES.—Upon estab-
13 lishing a qualified individual development account pro-
14 gram under section 204, a qualified financial institution
15 shall certify to the Secretary at such time and in such
16 manner as may be prescribed by the Secretary and accom-
17 panied by any documentation required by the Secretary,
18 that—

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

22 (2) the qualified financial institution agrees to
23 implement an information system necessary to mon-
24 itor the cost and outcomes of the qualified individual
25 development account program.

1 (b) **AUTHORITY TO TERMINATE QUALIFIED IDA**
2 **PROGRAM.**—If the Secretary determines that a qualified
3 financial institution under this title is not operating a
4 qualified individual development account program in ac-
5 cordance with the requirements of this title (and has not
6 implemented any corrective recommendations directed by
7 the Secretary), the Secretary shall terminate such institu-
8 tion’s authority to conduct the program. If the Secretary
9 is unable to identify a qualified financial institution to as-
10 sume the authority to conduct such program, then any
11 funds in a parallel account established for the benefit of
12 any individual under such program shall be deposited into
13 the Individual Development Account of such individual as
14 of the first day of such termination.

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

16 (a) **RESPONSIBILITIES OF QUALIFIED FINANCIAL IN-**
17 **STITUTIONS.**—

18 (1) **IN GENERAL.**—Each qualified financial in-
19 stitution that operates a qualified individual develop-
20 ment account program under section 204 shall re-
21 port annually to the Secretary within 90 days after
22 the end of each calendar year on—

23 (A) the number of individuals making con-
24 tributions into Individual Development Ac-
25 counts and the amounts contributed,

1 (B) the amounts contributed into Indi-
2 vidual Development Accounts by eligible individ-
3 uals and the amounts deposited into parallel ac-
4 counts for matching funds,

5 (C) the amounts withdrawn from Indi-
6 vidual Development Accounts and parallel ac-
7 counts, and the purposes for which such
8 amounts were withdrawn,

9 (D) the balances remaining in Individual
10 Development Accounts and parallel accounts,
11 and

12 (E) such other information needed to help
13 the Secretary monitor the effectiveness of the
14 qualified individual development account pro-
15 gram (provided in a non-individually-identifiable
16 manner).

17 (2) ADDITIONAL REPORTING REQUIREMENTS.—

18 Each qualified financial institution that operates a
19 qualified individual development account program
20 under section 204 shall report at such time and in
21 such manner as the Secretary may prescribe any ad-
22 ditional information that the Secretary requires to
23 be provided for purposes of administering and super-
24 vising the qualified individual development account
25 program. This additional data may include, without

1 limitation, identifying information about Individual
2 Development Account owners, their Accounts, addi-
3 tions to the Accounts, and withdrawals from the Ac-
4 counts.

5 (b) RESPONSIBILITIES OF THE SECRETARY.—

6 (1) MONITORING PROTOCOL.—Not later than
7 12 months after the date of the enactment of this
8 Act, the Secretary, in consultation with the Sec-
9 retary of Health and Human Services, shall develop
10 and implement a protocol and process to monitor the
11 cost and outcomes of the qualified individual devel-
12 opment account programs established under section
13 204.

14 (2) ANNUAL REPORTS.—For each year after
15 2004, the Secretary shall submit a progress report
16 to Congress on the status of such qualified indi-
17 vidual development account programs. Such report
18 shall, to the extent data are available, include from
19 a representative sample of qualified individual devel-
20 opment account programs information on—

21 (A) the characteristics of participants, in-
22 cluding age, gender, race or ethnicity, marital
23 status, number of children, employment status,
24 and monthly income,

1 (B) deposits, withdrawals, balances, uses
2 of Individual Development Accounts, and par-
3 ticipant characteristics,

4 (C) the characteristics of qualified indi-
5 vidual development account programs, including
6 match rate, economic education requirements,
7 permissible uses of accounts, staffing of pro-
8 grams in full time employees, and the total
9 costs of programs, and

10 (D) process information on program imple-
11 mentation and administration, especially on
12 problems encountered and how problems were
13 solved.

14 (3) REAUTHORIZATION REPORT ON COST AND
15 OUTCOMES OF IDAS.—

16 (A) IN GENERAL.—Not later than July 1,
17 2008, the Secretary of the Treasury shall sub-
18 mit a report to Congress and the chairmen and
19 ranking members of the Committee on Finance,
20 the Committee on Banking, Housing, and
21 Urban Affairs, and the Committee on Health,
22 Education, Labor, and Pensions of the Senate
23 and the Committee on Ways and Means, the
24 Committee on Banking and Financial Services,
25 and the Committee on Education and the

1 Workforce of the House of Representatives, in
2 which the Secretary shall—

3 (i) summarize the previously sub-
4 mitted annual reports required under para-
5 graph (2),

6 (ii) from a representative sample of
7 qualified individual development account
8 programs, include an analysis of—

9 (I) the economic, social, and be-
10 havioral outcomes,

11 (II) the changes in savings rates,
12 asset holdings, and household debt,
13 and overall changes in economic sta-
14 bility,

15 (III) the changes in outlooks, at-
16 titudes, and behavior regarding sav-
17 ings strategies, investment, education,
18 and family,

19 (IV) the integration into the fi-
20 nancial mainstream, including de-
21 creased reliance on alternative finan-
22 cial services, and increase in acquisi-
23 tion of mainstream financial products,
24 and

- 1 (V) the involvement in civic af-
2 fairs, including neighborhood schools
3 and associations,
4 associated with participation in qualified
5 individual development account programs,
6 (iii) from a representative sample of
7 qualified individual development account
8 programs, include a comparison of out-
9 comes associated with such programs with
10 outcomes associated with other Federal
11 Government social and economic develop-
12 ment programs, including asset building
13 programs, and
14 (iv) make recommendations regarding
15 the reauthorization of the qualified indi-
16 vidual development account programs, in-
17 cluding—
18 (I) recommendations regarding
19 reforms that will improve the cost and
20 outcomes of the such programs, in-
21 cluding the ability to help low income
22 families save and accumulate produc-
23 tive assets,
24 (II) recommendations regarding
25 the appropriate levels of subsidies to

1 provide effective incentives to financial
2 institutions and Account owners under
3 such programs, and

4 (III) recommendations regarding
5 how such programs should be inte-
6 grated into other Federal poverty re-
7 duction, asset building, and commu-
8 nity development policies and pro-
9 grams.

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

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

17 **SEC. 210. AUTHORIZATION OF APPROPRIATIONS.**

18 There is authorized to be appropriated to the Sec-
19 retary \$1,000,000 for fiscal year 2004 and for each fiscal
20 year through 2012, for the purposes of implementing this
21 title, including the reporting, monitoring, and evaluation
22 required under section 209, to remain available until ex-
23 pended.

1 **SEC. 211. 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 (relating to business related cred-
7 its) is amended by adding at the end the following new
8 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 2003.

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

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

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

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

8 “(1) the aggregate amount of dollar-for-dollar
9 matches under such program under section
10 206(b)(1)(A) of the Savings for Working Families
11 Act of 2003 for such taxable year, plus

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

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

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

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

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

1 ings for Working Families Act of 2003 shall have the
2 meaning given such term by such Act.

3 “(f) DENIAL OF DOUBLE BENEFIT.—

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

8 “(A) is taken into account under sub-
9 section (c)(1)(A) in determining the credit
10 under this section, or

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

13 “(2) DETERMINATION OF AMOUNT.—Solely for
14 purposes of paragraph (1)(B), the amount attrib-
15 utable to the maintenance of an Individual Develop-
16 ment Account shall be deemed to be the dollar
17 amount of the credit allowed under subsection
18 (c)(1)(B) for each taxable year such Individual De-
19 velopment Account is maintained.

20 “(g) CREDIT MAY BE TRANSFERRED.—

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

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

3 “(2) CONSENT REQUIRED FOR REVOCATION.—

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

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

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

13 “(2) regulations providing for a recapture of
14 the credit allowed under this section (notwith-
15 standing any termination date described in sub-
16 section (i)) in cases where there is a forfeiture under
17 section 207(b) of the Savings for Working Families
18 Act of 2003 in a subsequent taxable year of any
19 amount which was taken into account in determining
20 the amount of such credit.

21 “(i) APPLICATION OF SECTION.—

22 “(1) IN GENERAL.—This section shall apply to
23 any expenditure made in any taxable year ending
24 after December 31, 2004, and beginning on or be-

1 fore January 1, 2012, with respect to any Individual
2 Development Account which—

3 “(A) is opened before January 1, 2012,

4 and

5 “(B) as determined by the Secretary, when
6 added to all of the previously opened Individual
7 Development Accounts, does not exceed—

8 “(i) 100,000 Accounts if opened after
9 December 31, 2004, and before January 1,
10 2007,

11 “(ii) an additional 100,000 Accounts
12 if opened after December 31, 2006, and
13 before January 1, 2009, but only if, except
14 as provided in paragraph (4), the total
15 number of Accounts described in clause (i)
16 are opened and the Secretary determines
17 that such Accounts are being reasonably
18 and responsibly administered, and

19 “(iii) an additional 100,000 Accounts
20 if opened after December 31, 2008, and
21 before January 1, 2012, but only if the
22 total number of Accounts described in
23 clauses (i) and (ii) are opened and the Sec-
24 retary makes a determination described in
25 paragraph (2).

1 Notwithstanding the preceding sentence, this section
2 shall apply to amounts which are described in sub-
3 section (c)(1)(A) and which are timely deposited into
4 a parallel account during the 30-day period following
5 the end of last taxable year beginning before Janu-
6 ary 1, 2012.

7 “(2) DETERMINATION WITH RESPECT TO
8 THIRD GROUP OF ACCOUNTS.—A determination is
9 described in this paragraph if the Secretary deter-
10 mines that—

11 “(A) substantially all of the previously
12 opened Accounts have been reasonably and re-
13 sponsibly administered prior to the date of the
14 determination,

15 “(B) the individual development account
16 programs have increased net savings of partici-
17 pants in the programs,

18 “(C) participants in the individual develop-
19 ment account programs have increased Federal
20 income tax liability and decreased utilization of
21 Federal assistance programs relative to simi-
22 larly situated individuals that did not partici-
23 pate in the individual development account pro-
24 grams, and

1 “(D) the sum of the estimated increased
2 Federal tax liability and reduction of Federal
3 assistance program benefits to participants in
4 the individual development account programs is
5 greater than the cost of the individual develop-
6 ment account programs to the Federal govern-
7 ment.

8 “(3) DETERMINATION OF LIMITATION.—The
9 limitation on the number of Individual Development
10 Accounts under paragraph (1)(B) shall be allocated
11 by the Secretary among qualified individual develop-
12 ment account programs selected by the Secretary
13 and, in the case of the limitation under clause (iii)
14 of such paragraph, shall be equally divided among
15 the States.

16 “(4) SPECIAL RULE IF SMALLER NUMBER OF
17 ACCOUNTS ARE OPENED.—For purposes of para-
18 graph (1)(B)(ii)—

19 “(i) IN GENERAL.—If less than
20 100,000 Accounts are opened before Janu-
21 ary 1, 2007, such paragraph shall be ap-
22 plied by substituting ‘applicable number of
23 Accounts’ for ‘100,000 Accounts’.

1 “(ii) APPLICABLE NUMBER.—For pur-
2 poses of clause (i), the applicable number
3 equals the lesser of—

4 “(I) 75,000, or

5 “(II) 3 times the number of Ac-
6 counts opened before January 1,
7 2007.”.

8 (b) CREDIT TREATED AS BUSINESS CREDIT.—Sec-
9 tion 38(b) (relating to current year business credit) is
10 amended by striking “plus” at the end of paragraph (14),
11 by striking the period at the end of paragraph (15) and
12 inserting “, plus”, and by adding at the end the following
13 new paragraph:

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

16 (c) NO CARRYBACKS.—Subsection (d) of section 39
17 (relating to carryback and carryforward of unused credits)
18 is amended by adding at the end the following:

19 “(11) NO CARRYBACK OF SECTION 45G CREDIT
20 BEFORE EFFECTIVE DATE.—No portion of the un-
21 used business credit for any taxable year which is
22 attributable to the individual development account
23 investment credit determined under section 45G may
24 be carried back to a taxable year ending before Jan-
25 uary 1, 2004.”.

1 (d) CONFORMING AMENDMENT.—The table of sec-
2 tions for subpart C of part IV of subchapter A of chapter
3 1 is amended by adding at the end the following new item:

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

4 (e) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years ending after De-
6 cember 31, 2004.

7 **SEC. 212. ACCOUNT FUNDS DISREGARDED FOR PURPOSES**
8 **OF CERTAIN MEANS-TESTED FEDERAL PRO-**
9 **GRAMS.**

10 Notwithstanding any other provision of Federal law
11 (other than the Internal Revenue Code of 1986) that re-
12 quires consideration of 1 or more financial circumstances
13 of an individual, for the purpose of determining eligibility
14 to receive, or the amount of, any assistance or benefit au-
15 thorized by such provision to be provided to or for the
16 benefit of such individual, any amount (including earnings
17 thereon) in any Individual Development Account of such
18 individual and any matching deposit made on behalf of
19 such individual (including earnings thereon) in any par-
20 allel account shall be disregarded for such purpose with
21 respect to any period during which such individual main-
22 tains or makes contributions into such Individual Develop-
23 ment Account.

1 **TITLE III—ACCESSIBLE**
2 **BANKING**

3 **SEC. 301. AUTHORITY TO ESTABLISH BANK BRANCHES ON**
4 **INDIAN LANDS.**

5 (a) NATIONAL BANKS.—Section 5155(g) of the Re-
6 vised Statutes of the United States (12 U.S.C. 36(g)) is
7 amended—

8 (1) by redesignating paragraph (3) as para-
9 graph (4);

10 (2) by inserting after paragraph (2) the fol-
11 lowing:

12 “(3) EXCEPTION FOR DE NOVO BRANCHES ON
13 INDIAN LANDS.—

14 “(A) APPROVAL AUTHORIZED.—Notwith-
15 standing paragraph (1)(A)(i), but subject to
16 paragraph (2), the Comptroller of the Currency
17 may approve an application by a national bank
18 to establish and operate a de novo branch on
19 Indian lands located in a State (other than the
20 home State of the bank) in which the bank does
21 not maintain a branch, without regard to any
22 provision of the laws of the host State prohib-
23 iting or otherwise relating to the establishment
24 of such a branch.

1 “(B) ‘INDIAN LANDS’ DEFINED.—For pur-
2 poses of this paragraph, the term ‘Indian lands’
3 has the same meaning as in section 2103(a) of
4 the Revised Statutes of the United States (25
5 U.S.C. 81) or section 3 of the Indian Tribal
6 Regulatory Reform and Business Development
7 Act of 2000 (25 U.S.C. 4301 note).”; and

8 (3) in paragraph (2)(A), by striking “in a host
9 State” and inserting “under this subsection”.

10 (b) STATE BANKS.—Section 18(d)(4) of the Federal
11 Deposit Insurance Act (12 U.S.C. 1828(d)(4)) is amend-
12 ed—

13 (1) in subparagraphs (D) and (E), by striking
14 “The term” each place that term appears and in-
15 serting “For purposes of this paragraph, the term”;

16 (2) by redesignating subparagraphs (C) through
17 (E) as subparagraphs (D) through (F), respectively;

18 (3) by inserting after subparagraph (B) the fol-
19 lowing:

20 “(C) EXCEPTION FOR DE NOVO BRANCHES
21 ON INDIAN LANDS.—

22 “(i) APPROVAL AUTHORIZED.—Not-
23 withstanding subparagraph (A)(i), but sub-
24 ject to subparagraph (B), the Corporation
25 may approve an application by an insured

1 State nonmember bank to establish and
2 operate a de novo branch on Indian lands
3 located in a State (other than the home
4 State of the bank) in which the bank does
5 not maintain a branch, without regard to
6 any provision of the laws of the host State
7 prohibiting or otherwise relating to the es-
8 tablishment of such a branch.

9 “(ii) ‘INDIAN LANDS’ DEFINED.—For
10 purposes of this subparagraph, the term
11 ‘Indian lands’ has the same meaning as in
12 section 2103(a) of the Revised Statutes of
13 the United States (25 U.S.C. 81) or sec-
14 tion 3 of the Indian Tribal Regulatory Re-
15 form and Business Development Act of
16 2000 (25 U.S.C. 4301 note).”; and

17 (4) in subparagraph (B)(i), by striking “in a
18 host State” and inserting “under this paragraph”.

○