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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to make improvements to the Trump account program.

IN THE HOUSE OF REPRESENTATIVES

Mr. SMITH of Nebraska introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to make improvements to the Trump account program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Investing in America's Children Act''.

SEC. 2. IMPROVEMENTS TO TRUMP ACCOUNT PROGRAM.

(a) AUTOMATIC ENROLLMENT FOR TRUMP ACCOUNTS.—Section 530A of the Internal Revenue Code of

1986 is amended by adding at the end the following new subsection:

''(j) AUTOMATIC ENROLLMENT.—

''(1) ESTABLISHMENT OF AUTO TRUMP ACCOUNT PROGRAM.—The Secretary shall establish a program under which the Secretary periodically (and not less frequently than each calendar year) establishes auto Trump accounts for eligible individuals. In the case of any eligible individual for whom the Secretary establishes an auto Trump account under this subsection, the Secretary shall not establish a Trump account for such eligible individual under subsection (b)(1)(A) until such Trump account is claimed as described in paragraph (4).

''(2) AUTO TRUMP ACCOUNTS.—For purposes of this section, the term 'auto Trump account' means an account created or organized by the Secretary for the exclusive benefit of an eligible individual or such individual's beneficiaries if such account meets the following requirements:

''(A) Such account is designated as an auto Trump account.

''(B) No contribution will be accepted unless such contribution is a qualified general con-

tribution or a contribution provided under section 6434.

''(C) Any contribution described in subparagraph (B)(i) shall be held by the account as an undivided proportionate beneficial interest in the investments of a master group trust (established by the Secretary under paragraph (3)) that are attributable to contributions allocated to qualified classes of which the eligible individual is a member.

''(D) No distribution will be made from the account except as a rollover distribution described in paragraph (4).

''(3) ESTABLISHMENT OF MASTER GROUP TRUSTS.—The Secretary shall establish a master group trust with respect to each general funding contribution for the purpose of holding and investing qualified general contributions made to auto Trump accounts.

''(4) ROLLOVERS TO TRUMP ACCOUNTS.—If a Trump account is claimed by an eligible individual (or a person legally authorized to act on behalf of such eligible individual) for whom an auto Trump account was established under this subsection, upon the establishment of such Trump account by the

Secretary under subsection (b)(1)(A), the Secretary shall make a qualified rollover contribution from such auto Trump account to such Trump account and shall, thereafter, terminate such auto Trump account.

''(5) TREATMENT AS TRUMP ACCOUNT.—Except as otherwise provided by the Secretary, an auto Trump account shall be treated as a Trump account for purposes of this section and section 6434.''.

(b) TRUMP ACCOUNTS FOR FOSTER YOUTH.—Section 530A of such Code, as amended by subsection (a), is amended by adding at the end the following new subsection:

''(k) SPECIAL RULES FOR FOSTER YOUTH.—

''(1) IN GENERAL.—In the case of an eligible individual who has not attained the age of 18 and is under the custody, supervision, or guardianship of a State, Indian tribal government, or possession of the United States, such State, government, or possession shall not fail to be treated for purposes of this section as legally authorized to act on behalf of such eligible individual, including for purposes of claiming or establishing or making contributions to, or investment decisions with respect to, a Trump account of such eligible individual.

''(2) DESIGNATION OF AGENTS.—A State, Indian tribal government, or possession of the United States may designate one or more persons to carry out the authority described in paragraph (1).''.

(c) TRUMP ACCOUNT SEED CONTRIBUTIONS FOR FOSTER YOUTH.—

(1) IN GENERAL.—Section 6434 of such Code is amended by adding at the end the following new subsection:

''(j) SPECIAL RULE FOR FOSTER YOUTH.—In the case of any individual who has not attained the age of 18 and is under the custody, supervision, or guardianship of a State, Indian tribal government, or possession of the United States, such individual shall be treated for purposes of this section as an eligible child of such State, government, or possession if such individual meets the requirements of paragraphs (1), (2), and (3) of subsection (c).''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to elections made after the date of the enactment of this Act.

(d) EMPLOYER CONTRIBUTIONS TO TRUMP ACCOUNTS.—

(1) DOLLAR LIMITATION APPLIED PER ACCOUNT BENEFICIARY.—

(A) IN GENERAL.—Section 128(b)(1) of such Code is amended to read as follows:

''(1) IN GENERAL.—The amount which may be excluded under subsection (a) with respect to any taxpayer for any taxable year shall not exceed $2,500 with respect to each account beneficiary of a Trump account to which contributions described in subsection (a) are made.''.

(B) CLARIFICATION OF APPLICATION TO JOINT RETURNS.—Section 128 of such Code is amended by adding at the end the following new subsection:

''(d) JOINT RETURNS.—In the case of any joint return, this section (including subsection (b)) shall applied separately with respect to each spouse.''.

(2) ELIGIBILITY FOR CAFETERIA PLANS.—Section 125(d)(2) of such Code is amended by adding at the end the following new subparagraph:

''(E) EXCEPTION FOR TRUMP ACCOUNTS.—Subparagraph (A) shall not apply to a plan to the extent of amounts that are not includible in the gross income of the employee by reason of section 128.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after the date of the enactment of this Act.

(e) CONTRIBUTIONS FROM CERTAIN EDUCATIONAL ACCOUNTS.—

(1) SECTION 529 PLANS.—Section 529(c)(3) of such Code is amended by adding at the end the following new subparagraph:

''(F) SPECIAL ROLLOVER TO TRUMP ACCOUNTS.—

''(i) IN GENERAL.—Subparagraph (A) shall not apply to so much of the qualified Trump account rollover distributions made with respect to any designated beneficiary during any calendar year as do not exceed the dollar amount in effect under section 530A(c)(1)(A) with respect to such designated beneficiary for such calendar year (reduced by the amount of aggregate contributions made during the taxable year to any Trump account maintained for the benefit of such designated beneficiary).

''(ii) AGGREGATE LIMITATION.—This subparagraph shall not apply to any distribution described in clause (i) to the ex-

tent that the aggregate amount of such distributions with respect to the designated beneficiary for such taxable year and all prior taxable years exceeds the excess of—

''(I) $35,000, over

''(II) the aggregate amount of distributions described in section 530(d)(10)(A) with respect to the designated beneficiary for such taxable year and all prior taxable years.

''(iii) QUALIFIED TRUMP ACCOUNT ROLLOVER DISTRIBUTION.—For purposes of this subparagraph, the term 'qualified Trump rollover distribution' means a distribution made from the qualified tuition program of a designated beneficiary in a direct trustee-to-trustee transfer to a Trump account maintained for the benefit of such designated beneficiary.''.

(2) COVERDELL EDUCATION SAVINGS ACCOUNTS.—Section 530(d) of such Code is amended by adding at the end the following new paragraph:

''(10) SPECIAL ROLLOVER TO TRUMP ACCOUNTS.—

"(A) IN GENERAL.—Paragraph (1) shall not apply to so much of the qualified Trump account rollover distributions made with respect to any designated beneficiary during any calendar year as do not exceed the dollar amount in effect under section 530A(c)(1)(A) with respect to such designated beneficiary for such calendar year (reduced by the amount of aggregate contributions made during the taxable year to any Trump account maintained for the benefit of such designated beneficiary).

"(B) AGGREGATE LIMITATION.—This subparagraph shall not apply to any distribution described in clause (i) to the extent that the aggregate amount of such distributions with respect to the designated beneficiary for such taxable year and all prior taxable years exceeds the excess of—

"(i) $35,000, over

"(ii) the aggregate amount of distributions described in section 529(c)(3)(F)(i) with respect to the designated beneficiary for such taxable year and all prior taxable years.

''(C) QUALIFIED TRUMP ACCOUNT ROLLOVER DISTRIBUTION.—For purposes of this subparagraph, the term 'qualified Trump rollover distribution' means a distribution made from the Coverdell education savings account of a designated beneficiary in a direct trustee-to-trustee transfer to a Trump account maintained for the benefit of such designated beneficiary.''.

(3) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after the date of the enactment of this Act.