

119TH CONGRESS
1ST SESSION

S. _____

To amend the Internal Revenue Code of 1986 to create invest America
accounts.

IN THE SENATE OF THE UNITED STATES

_____ introduced the following bill; which was read twice
and referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to create
invest America accounts.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Invest America Act”.

5 **SEC. 2. INVEST AMERICA ACCOUNTS.**

6 (a) IN GENERAL.—Subchapter F of Chapter 1 of the
7 Internal Revenue Code of 1986 is amended by adding at
8 the end the following new part:

1 **“PART IX—INVEST AMERICA ACCOUNTS**

2 **“SEC. 530A. INVEST AMERICA ACCOUNTS.**

3 “(a) GENERAL RULE.—An invest America account
4 shall be exempt from taxation under this subtitle. Not-
5 withstanding the preceding sentence, such account shall
6 be subject to the taxes imposed by section 511 (relating
7 to imposition of tax on unrelated business income of chari-
8 table organizations).

9 “(b) INVEST AMERICA ACCOUNT.—For purposes of
10 this section—

11 “(1) IN GENERAL.—The term ‘invest America
12 account’ means a trust created or organized in the
13 United States for the exclusive benefit of an indi-
14 vidual and which is designated (in such manner as
15 the Secretary shall prescribe) at the time of the es-
16 tablishment of the trust as an invest America ac-
17 count, but only if the written governing instrument
18 creating the trust meets the following requirements:

19 “(A) Except in the case of a qualified roll-
20 over contribution described in subsection (e), no
21 contribution will be accepted—

22 “(i) unless it is in cash, and

23 “(ii) if such contribution would result
24 in aggregate contributions for the taxable
25 year exceeding the contribution limit speci-
26 fied in subsection (c)(1).

1 “(B) No distribution (other than a quali-
2 fied rollover distribution) will be allowed before
3 the date on which the beneficiary attains the
4 age of 18.

5 “(C) The trustee is a bank (as defined in
6 section 408(n)) or another person who dem-
7 onstrates to the satisfaction of the Secretary
8 that the manner in which that person will ad-
9 minister the trust will be consistent with the re-
10 quirements of this section or who has so dem-
11 onstrated with respect to any individual retire-
12 ment plan.

13 “(D) The interest of an individual in the
14 balance of his account is nonforfeitable.

15 “(E) The assets of the trust shall not be
16 commingled with other property except in a
17 common trust fund or common investment
18 fund.

19 “(F) No part of the trust funds will be in-
20 vested in any asset other than eligible invest-
21 ments.

22 “(2) ELIGIBLE INVESTMENTS.—The term ‘eligi-
23 ble investments’ means any mutual fund or exchange
24 traded fund which—

1 “(A) tracks the returns of the Standard
2 and Poor’s 500 stock market index, and

3 “(B) meets such other requirements as
4 provided by the Secretary.

5 “(c) TREATMENT OF CONTRIBUTIONS.—

6 “(1) CONTRIBUTION LIMIT.—The contribution
7 limit for any taxable year is \$5,000.

8 “(2) COST-OF-LIVING ADJUSTMENT.—

9 “(A) IN GENERAL.—In the case of any
10 taxable year beginning in a calendar year after
11 2026, the \$5,000 amount under paragraph (1)
12 shall be increased by an amount equal to—

13 “(i) such dollar amount, multiplied by

14 “(ii) the cost-of-living adjustment de-
15 termined under section 1(f)(3) for the cal-
16 endar year, determined by substituting
17 ‘calendar year 2025’ for ‘calendar year
18 2016’ in subparagraph (A)(ii) thereof.

19 “(B) ROUNDING.—If any increase under
20 subparagraph (A) is not a multiple of \$100,
21 such amount shall be rounded to the next lower
22 multiple of \$100.

23 “(d) DISTRIBUTIONS.—

24 “(1) IN GENERAL.—Any distribution from an
25 invest America account shall be included in gross in-

1 come of the distributee in the manner as provided in
2 section 72, except that the character of such income
3 shall be determined after the application of section
4 1(h)(12).

5 “(2) EXCEPTIONS.—Paragraph (1) shall not
6 apply to any qualified rollover contribution

7 “(e) QUALIFIED ROLLOVER CONTRIBUTION.—For
8 purposes of this section, the term ‘qualified rollover con-
9 tribution’ means—

10 “(1) a contribution made pursuant to section
11 3(a) of the Invest America Act, or

12 “(2) an amount which is paid in a direct trust-
13 ee-to-trustee transfer to an invest America account
14 maintained for the benefit of such designated bene-
15 ficiary.

16 “(f) TREATMENT AFTER DEATH OF ACCOUNT BENE-
17 FICIARY.—Rules similar to the rules of section 223(f)(8)
18 shall apply for purposes of this section.

19 “(g) CUSTODIAL ACCOUNTS.—For purposes of this
20 section, a custodial account or an annuity contract issued
21 by an insurance company qualified to do business in a
22 State shall be treated as a trust under this section if—

23 “(1) the custodial account or annuity contract
24 would, except for the fact that it is not a trust, con-

1 stitute a trust which meets the requirements of sub-
2 section (b)(1), and

3 “(2) in the case of a custodial account, the as-
4 sets of such account are held by a bank (as defined
5 in section 408(n)) or another person who dem-
6 onstrates, to the satisfaction of the Secretary, that
7 the manner in which he will administer the account
8 will be consistent with the requirements of this sec-
9 tion.

10 For purposes of this title, in the case of a custodial ac-
11 count or annuity contract treated as a trust by reason of
12 the preceding sentence, the person holding the assets of
13 such account or holding such annuity contract shall be
14 treated as the trustee thereof.

15 “(h) REPORTS.—The trustee of an invest America ac-
16 count shall make such reports regarding such account to
17 the Secretary and to the beneficiary of the account with
18 respect to contributions, distributions, and such other
19 matters as the Secretary may require. The reports re-
20 quired by this subsection shall be filed at such time and
21 in such manner and furnished to such individuals at such
22 time and in such manner as may be required.”.

23 (b) DISTRIBUTION TAXED AT SAME RATE AS NET
24 CAPITAL GAINS.—Section 1(h) of the Internal Revenue

1 Code of 1986 is amended by adding at the end the fol-
2 lowing new paragraph:

3 “(12) DISTRIBUTIONS FROM INVEST AMERICA
4 ACCOUNTS TAXED AS NET CAPITAL GAIN.—For pur-
5 poses of this subsection, the term ‘net capital gain’
6 meant the net capital gain (determined without re-
7 gard to this paragraph) increased by the amount of
8 distributions made during the taxable year from an
9 invest America account (as defined in section 530A)
10 which are includible in income under section
11 530A(d).”.

12 (c) TAX ON EXCESS CONTRIBUTIONS.—

13 (1) IN GENERAL.—Subsection (a) of section
14 4973 of the Internal Revenue Code of 1986 is
15 amended by striking “or” at the end of paragraph
16 (5), by inserting “or” at the end of paragraph (6),
17 and by inserting after paragraph (6) the following
18 new paragraph:

19 “(7) an invest America account (as defined in
20 section 530A),”.

21 (2) EXCESS CONTRIBUTION.—Section 4973 of
22 such Code is amended by adding at the end the fol-
23 lowing new subsection:

24 “(i) EXCESS CONTRIBUTIONS TO INVEST AMERICA
25 ACCOUNTS.—For purposes of this section, in the case of

1 invest America accounts (within the meaning of section
2 530A), the term ‘excess contributions’ means the sum of—

3 “(1) the amount by which the amount contrib-
4 uted for the calendar year to such account (other
5 than qualified rollover contributions (as defined in
6 section 530A(e))) exceeds the contribution limit
7 under section 530A(c)(1), and

8 “(2) the amount determined under this sub-
9 section for the preceding calendar year, reduced by
10 the excess (if any) of the maximum amount allow-
11 able as a contribution under section 530A(c)(1) for
12 the calendar year over the amount contributed to the
13 account for the calendar year (other than qualified
14 rollover contributions (as so defined)).”.

15 (d) FAILURE TO PROVIDE REPORTS ON INVEST
16 AMERICA ACCOUNTS.—Paragraph (2) of section 6693(a)
17 of the Internal Revenue Code of 1986 is amended by strik-
18 ing “and” at the end of subparagraph (E), by striking
19 the period at the end of subparagraph (F) and inserting
20 “, and”, and by adding at the end the following new sub-
21 paragraph:

22 “(G) section 530A(h) (relating to invest
23 America accounts).”.

24 (e) CONFORMING AMENDMENT.—The table of parts
25 for subchapter F of chapter 1 of the Internal Revenue

1 Code of 1986 is amended by adding at the end the fol-
2 lowing new item:

“PART IX. INVEST AMERICA ACCOUNTS”.

3 (f) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2024.

6 **SEC. 3. FEDERAL CONTRIBUTIONS TO INVEST AMERICA AC-**
7 **COUNTS.**

8 (a) **IN GENERAL.**—As soon as practical after an indi-
9 vidual is certified as an eligible individual under subsection
10 (c), the Secretary of the Treasury shall pay to the invest
11 America account of such eligible individual an amount
12 equal to \$1,000.

13 (b) **ELIGIBLE INDIVIDUAL.**—For purposes of this
14 section, the term “eligible individual” means any indi-
15 vidual who—

16 (1) is born after July 4, 2026,

17 (2) is a United States citizen, and

18 (3) has at least one parent who, at the time of
19 the individual’s birth, is a United States citizen.

20 (c) **CERTIFICATION OF ELIGIBLE INDIVIDUALS.**—

21 (1) **IN GENERAL.**—The Secretary of the Treas-
22 ury, in consultation with the Commissioner of Social
23 Security, shall establish procedures for the certifi-
24 cation of individuals as eligible individuals.

1 (2) TIMING.—No certification may be made
2 under this section more than 6 months after the
3 date of the individual's birth.

4 (d) AUTOMATIC ESTABLISHMENT OF INVEST AMER-
5 ICA ACCOUNTS IN CERTAIN CASES.—

6 (1) IN GENERAL.—If an eligible individual does
7 not have an invest America account, the Secretary
8 shall establish such an account on behalf of such in-
9 dividual.

10 (2) SELECTION OF ACCOUNT PROVIDER.—The
11 Secretary of the Treasury shall develop rules for the
12 selection of persons described in section
13 530A(b)(1)(C) for the establishment of invest Amer-
14 ica accounts of individuals to whom paragraph (1)
15 applies. Such rules shall provide for selection based
16 on low fees, historical investment performance, ad-
17 ministrative capabilities, and such other criteria as
18 the Secretary determines appropriate.

19 (e) TAX TREATMENT.—

20 (1) IN GENERAL.—Part III of subchapter B of
21 chapter 1 of the Internal Revenue Code of 1986 is
22 amended by inserting after section 139I the fol-
23 lowing new section:

1 **“SEC. 139J. FEDERAL CONTRIBUTIONS TO INVEST AMERICA**
2 **ACCOUNTS.**

3 “Gross income shall not include any contribution
4 made by the Secretary to an invest America account under
5 section 3(a) of the Invest America Act.”.

6 (2) CLERICAL AMENDMENT.—The table of sec-
7 tions for part III of subchapter B of chapter 1 of
8 the Internal Revenue Code of 1986 is amended by
9 inserting after the item relating to section 139I the
10 following new item:

 “Sec. 139J. Federal contributions to invest America accounts.”.

11 (3) EFFECTIVE DATE.—The amendments made
12 by this section shall apply to taxable years beginning
13 after December 31, 2024.

14 (f) APPROPRIATION.—There are hereby appropriated
15 such sums as may be necessary to make payments under
16 subsection (a).