

118TH CONGRESS
2D SESSION

H. R. 9010

To amend the Internal Revenue Code of 1986 to establish universal savings accounts.

IN THE HOUSE OF REPRESENTATIVES

JULY 11, 2024

Mrs. HARSHBARGER (for herself, Mr. GROTHMAN, Mr. OGLES, Mr. PFLUGER, and Mr. VAN ORDEN) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to establish universal savings 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 “Universal Savings Ac-
5 count Act of 2024”.

6 **SEC. 2. UNIVERSAL SAVINGS ACCOUNTS.**

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

1 **“PART IX—UNIVERSAL SAVINGS ACCOUNTS**

“Sec. 530U. Universal savings accounts.

2 **“SEC. 530U. UNIVERSAL SAVINGS ACCOUNTS.**

3 “(a) GENERAL RULE.—A universal savings 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) UNIVERSAL SAVINGS ACCOUNT.—For purposes
10 of this section, the term ‘universal savings account’ means
11 a trust created or organized in the United States by an
12 individual for the exclusive benefit of such individual and
13 which is designated (in such manner as the Secretary may
14 prescribe) at the time of the establishment of the trust
15 as a universal savings account, but only if the written gov-
16 erning instrument creating the trust meets the following
17 requirements:

18 “(1) Except in the case of a qualified rollover
19 contribution described in subsection (d)—

20 “(A) no contribution will be accepted un-
21 less it is in cash, and

22 “(B) contributions will not be accepted for
23 the taxable year in excess of the contribution
24 limit specified in subsection (c)(2).

25 “(2) No distribution will be made unless it is—

1 “(A) cash, or

2 “(B) property that—

3 “(i) has a readily ascertainable fair
4 market value, and

5 “(ii) is identified by the Secretary in
6 regulations or other guidance as property
7 to which this subparagraph applies.

8 “(3) The trustee is a bank (as defined in sec-
9 tion 408(n)) or another person who demonstrates to
10 the satisfaction of the Secretary that the manner in
11 which that person will administer the trust will be
12 consistent with the requirements of this section.

13 “(4) No part of the trust assets will be invested
14 in life insurance contracts or collectibles (as defined
15 in section 408(m)).

16 “(5) The interest of an individual in the bal-
17 ance of his account is nonforfeitable.

18 “(6) The assets of the trust shall not be com-
19 mingled with other property except in a common
20 trust fund or common investment fund.

21 “(c) TREATMENT OF DISTRIBUTIONS AND CON-
22 TRIBUTIONS.—

23 “(1) DISTRIBUTIONS.—

24 “(A) IN GENERAL.—Except as provided in
25 subparagraph (B), any distribution from a uni-

1 versal savings account shall not be includible in
2 gross income.

3 “(B) NET INCOME ATTRIBUTABLE TO EX-
4 CESS CONTRIBUTIONS.—Any distribution of net
5 income described in section 4973(i)(2) shall be
6 includible in the gross income of the account
7 holder in the taxable year in which the con-
8 tribution to which such net income relates was
9 made.

10 “(2) CONTRIBUTION LIMIT.—

11 “(A) IN GENERAL.—The aggregate
12 amount of contributions (other than qualified
13 rollover contributions described in subsection
14 (d)) for any taxable year to all universal savings
15 accounts maintained for the benefit of an indi-
16 vidual shall not exceed the lesser of—

17 “(i) \$10,000, or

18 “(ii) an amount equal to the com-
19 pensation (within the meaning of section
20 219) includible in such individual’s gross
21 income for such taxable year.

22 “(B) PHASEOUT.—

23 “(i) IN GENERAL.—The amount al-
24 lowable as a contribution under subpara-
25 graph (A)(i) (determined without regard to

1 this subparagraph) shall be reduced by \$50
2 for each \$1,000 (or fraction thereof) by
3 which the taxpayer's modified adjusted
4 gross income exceeds the applicable thresh-
5 old amount.

6 “(ii) APPLICABLE THRESHOLD
7 AMOUNT.—For purposes of this subpara-
8 graph, the term ‘applicable threshold
9 amount means’—

10 “(I) \$400,000, in the case of a
11 joint return or surviving spouse,

12 “(II) \$300,000 in the case of a
13 head of household, or

14 “(III) \$200,000 in the case of
15 any other return.

16 “(iii) MODIFIED ADJUSTED GROSS IN-
17 COME.—For purposes of this subpara-
18 graph, the term ‘modified adjusted gross
19 income’ means adjusted gross income in-
20 creased by any amount excluded from
21 gross income under section 911, 931, or
22 933.

23 “(C) NO CONTRIBUTIONS FOR DEPEND-
24 ENTS.—In the case of an individual who is a
25 dependent of another taxpayer for a taxable

1 year beginning in the calendar year in which
2 such individual's taxable year begins, the dollar
3 amount under subparagraph (A) for such indi-
4 vidual's taxable year shall be zero.

5 “(D) COST-OF-LIVING ADJUSTMENT.—In
6 the case of any taxable year beginning in a cal-
7 endar year after 2025, the dollar amounts in
8 subparagraphs (A)(i) and (B)(ii) shall be in-
9 creased by an amount equal to—

10 “(i) such dollar amount, multiplied by

11 “(ii) the cost-of-living adjustment de-
12 termined under section 1(f)(3) for the cal-
13 endar year, determined by substituting
14 ‘calendar year 2024’ for ‘calendar year
15 2016’ in subparagraph (A)(ii) thereof.

16 If any amount after adjustment under the pre-
17 ceeding sentence is not a multiple of \$100, such
18 amount shall be rounded to the next lower mul-
19 tiple of \$100.

20 “(d) QUALIFIED ROLLOVER CONTRIBUTION.—For
21 purposes of this section, the term ‘qualified rollover con-
22 tribution’ means a contribution to a universal savings ac-
23 count from another such account of the same individual,
24 but only if such amount is contributed not later than the
25 60th day after the distribution from such other account.

1 “(e) TREATMENT OF ACCOUNT UPON DEATH.—
2 Upon death of any account holder of a universal savings
3 account—

4 “(1) SPOUSE OR CHILD.—In the case of the ac-
5 count holder’s surviving spouse or child acquiring
6 such account holder’s interest in such account by
7 reason of the death of the account holder, such ac-
8 count shall be treated as if the acquiring spouse or
9 child were the account holder.

10 “(2) OTHER CASES.—In any other case—

11 “(A) all amounts in such account shall be
12 treated as distributed on the date of such indi-
13 vidual’s death, and

14 “(B) such account shall cease to be treated
15 as a universal savings account.

16 “(f) OTHER SPECIAL RULES.—

17 “(1) COMMUNITY PROPERTY LAWS.—This sec-
18 tion shall be applied without regard to any commu-
19 nity property laws.

20 “(2) LOSS OF TAXATION EXEMPTION OF AC-
21 COUNT WHERE INDIVIDUAL ENGAGES IN PROHIB-
22 ITED TRANSACTION; EFFECT OF PLEDGING ACCOUNT
23 AS SECURITY.—Rules similar to the rules of para-
24 graphs (2) and (4) of section 408(e) shall apply to
25 any universal savings account.

1 “(g) REPORTS.—The trustee of a universal savings
2 account shall make such reports regarding such account
3 to the Secretary and to the account holder with respect
4 to contributions, distributions, and such other matters as
5 the Secretary may require. Such reports shall be—

6 “(1) filed at such time and in such manner as
7 the Secretary provides, and

8 “(2) furnished to account holders—

9 “(A) not later than January 31 of the cal-
10 endar year following the calendar year to which
11 such reports relate, and

12 “(B) in such manner as the Secretary pro-
13 vides.”.

14 (b) TAX ON EXCESS CONTRIBUTIONS.—

15 (1) IN GENERAL.—Section 4973(a) of such
16 Code is amended by striking “or” at the end of
17 paragraph (5), by inserting “or” at the end of para-
18 graph (6), and by inserting after paragraph (6) the
19 following new paragraph:

20 “(7) a universal savings account (as defined in
21 section 530U),”.

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

1 “(i) EXCESS CONTRIBUTIONS TO UNIVERSAL SAV-
2 INGS ACCOUNTS.—For purposes of this section—

3 “(1) IN GENERAL.—In the case of universal
4 savings accounts (within the meaning of section
5 530U), the term ‘excess contributions’ means the
6 sum of—

7 “(A) the amount (if any) by which the
8 amount contributed for the taxable year to such
9 accounts (other than qualified rollover contribu-
10 tions (as defined in section 530U(d))) exceeds
11 the contribution limit under section 530U(c)(2)
12 for such taxable year, and

13 “(B) the amount determined under this
14 subsection for the preceding taxable year, re-
15 duced by the sum of—

16 “(i) the distributions out of the ac-
17 count for the taxable year, and

18 “(ii) the amount (if any) by which the
19 maximum amount allowable as a contribu-
20 tion under section 530U(c)(2) for the tax-
21 able year exceeds the amount contributed
22 to the accounts for the taxable year.

23 “(2) SPECIAL RULE.—A contribution shall not
24 be taken into account under paragraph (1) if such
25 contribution (together with the amount of net in-

1 come attributable to such contribution) is distributed
2 to the account holder on or before the due date of
3 the account holder's return of tax for such taxable
4 year.”.

5 (c) TAX ON PROHIBITED TRANSACTIONS.—Section
6 4975(e)(1) of such Code is amended by striking “or” at
7 the end of subparagraph (F), by striking the period at
8 the end of subparagraph (G) and inserting “, or”, and
9 by adding at the end the following new subparagraph:

10 “(H) a universal savings account (as de-
11 fined in section 530U).”.

12 (d) FAILURE TO PROVIDE REPORTS ON UNIVERSAL
13 SAVINGS ACCOUNTS.—Section 6693(a)(2) of such Code is
14 amended by striking “and” at the end of subparagraph
15 (E), by striking the period at the end of subparagraph
16 (F) and inserting “, and”, and by inserting after subpara-
17 graph (F) the following new subparagraph:

18 “(G) section 530U(g) (relating to universal
19 savings accounts).”.

20 (e) CONFORMING AMENDMENT.—The table of parts
21 for subchapter F of chapter 1 of such Code is amended
22 by adding at the end the following new item:

“PART IX. UNIVERSAL SAVINGS ACCOUNTS”.

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

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