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(Original Signature of Member)

115TH CONGRESS
2D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to establish Lifelong Learning and Training Account programs.

IN THE HOUSE OF REPRESENTATIVES

Ms. DELBENE introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to establish Lifelong Learning and Training Account programs.

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 “Lifelong Learning and
5 Training Account Act of 2018”.

1 **SEC. 2. LIFELONG LEARNING AND TRAINING ACCOUNT**
2 **PROGRAMS.**

3 (a) IN GENERAL.—Part VIII of subchapter E of
4 chapter 1 of the Internal Revenue Code of 1986 is amend-
5 ed by inserting after section 530 the following new section:

6 **“SEC. 531. LIFELONG LEARNING AND TRAINING ACCOUNT**
7 **PROGRAMS.**

8 “(a) IN GENERAL.—A Lifelong Learning and Train-
9 ing Account program shall be exempt from taxation under
10 this subtitle. Notwithstanding the preceding sentence,
11 such program shall be subject to the taxes imposed by sec-
12 tion 511.

13 “(b) LIFELONG LEARNING AND TRAINING ACCOUNT
14 PROGRAM.—For purposes of this section—

15 “(1) IN GENERAL.—The term ‘Lifelong Learn-
16 ing and Training Account program’ means a pro-
17 gram established and maintained by a State or
18 agency or instrumentality thereof—

19 “(A) under which the designated bene-
20 ficiary of the account or their employer may
21 make contributions to an account which is es-
22 tablished for the purpose of meeting the quali-
23 fied training expenditures of such beneficiary,
24 and

25 “(B) which meets the other requirements
26 of this section.

1 “(2) QUALIFIED TRUST.—Except to the extent
2 provided in regulations, a program shall not be
3 treated as a Lifelong Learning and Training Ac-
4 count program unless such program provides that
5 amounts are held in a qualified trust and such pro-
6 gram has received a ruling or determination by the
7 Secretary that such program meets the applicable
8 requirements for a Lifelong Learning and Training
9 Account program. For purposes of the preceding
10 sentence, the term ‘qualified trust’ means a trust
11 which is created or organized in the United States
12 for the exclusive benefit of designated beneficiaries
13 and with respect to which the requirements of para-
14 graphs (2) and (5) of section 408(a) are met.

15 “(3) REQUIREMENTS.—

16 “(A) IN GENERAL.—A program shall not
17 be treated as a Lifelong Learning and Training
18 Account program unless it provides—

19 “(i) that contributions may only be
20 made in cash,

21 “(ii) separate accounting for each des-
22 ignated beneficiary,

23 “(iii) that no interest in the program
24 or any portion thereof may be used as se-
25 curity for a loan,

1 “(iv) that no contributions may be
2 made on behalf of a designated bene-
3 ficiary—

4 “(I) in excess of \$2,000 during
5 any calendar year,

6 “(II) if the total amount in the
7 account of such beneficiary is in ex-
8 cess of \$15,000, or

9 “(III) during any calendar year
10 which begins after such beneficiary at-
11 tains 57 years of age,

12 “(v) that any distribution shall be
13 made in accordance with the requirements
14 under subparagraphs (B) and (C), and

15 “(vi) that required distributions shall
16 be made in accordance with paragraph (6).

17 “(B) METHOD OF DISTRIBUTION.—

18 “(i) IN GENERAL.—For purposes of
19 any distribution from the account of a des-
20 ignated beneficiary under a Lifelong
21 Learning and Training Account program—

22 “(I) the applicable amount of
23 such distribution shall be drawn from
24 amounts transferred to the account of
25 the designated beneficiary pursuant to

1 paragraph (4) and any earnings there-
2 on, and

3 “(II) after application of sub-
4 clause (I), the remainder of such dis-
5 tribution shall be drawn from
6 amounts contributed by the des-
7 ignated beneficiary or their employer
8 and any earnings thereon.

9 “(ii) APPLICABLE AMOUNT.—For pur-
10 poses of clause (i)(I), the applicable
11 amount shall be an amount equal to the
12 lesser of—

13 “(I) 50 percent of the amount of
14 the distribution, or

15 “(II) the total amount of any
16 available funds in the account of the
17 designated beneficiary which were
18 transferred pursuant to paragraph (4)
19 and any earnings thereon.

20 “(iii) OTHER METHODS.—The Sec-
21 retary may amend, alter, or supplement
22 the distribution requirements under this
23 subparagraph in such manner as the Sec-
24 retary deems appropriate.

1 “(C) REPORTING.—For purposes of any
2 distribution from the account of a designated
3 beneficiary under a Lifelong Learning and
4 Training Account program, the administrator
5 shall provide the beneficiary and the Secretary
6 with such information as the Secretary deems
7 appropriate, including—

8 “(i) the amount of such distribution,
9 including the applicable amount of such
10 distribution (as described in subparagraph
11 (B)(ii)), and

12 “(ii) whether such distribution was
13 provided—

14 “(I) directly to the program de-
15 scribed in clauses (i) through (iii) of
16 subsection (e)(5)(A) which provides
17 training to the beneficiary, or

18 “(II) to reimburse the beneficiary
19 for any qualified training expenditures
20 incurred by such beneficiary.

21 “(4) MATCHING FUNDS.—

22 “(A) TRANSFER TO BENEFICIARY AC-
23 COUNT.—

24 “(i) IN GENERAL.—Out of any mon-
25 eys in the Treasury not otherwise appro-

1 priated, the Secretary shall transfer to the
2 account of any designated beneficiary
3 under a Lifelong Learning and Training
4 Account program an amount equal to any
5 amounts contributed to such account by
6 such beneficiary or their employer which
7 occur during any calendar year which be-
8 gins after the date on which such bene-
9 ficiary attains 24 years of age.

10 “(ii) LIMITATION.—Any amounts
11 transferred by the Secretary to the account
12 of any designated beneficiary pursuant to
13 clause (i) during any calendar year—

14 “(I) shall not exceed \$1,000, and

15 “(II) shall not be subject to the
16 limitation under paragraph
17 (3)(A)(iv)(I).

18 “(B) DEPOSIT OF MATCHING FUNDS.—
19 Any amounts required to be transferred to the
20 account of a designated beneficiary under sub-
21 paragraph (A) shall be transferred by the Sec-
22 retary as soon as is practicable following any
23 contribution to such account by such bene-
24 ficiary or their employer.

25 “(C) REDUCTION IN MATCHING FUNDS.—

1 “(i) IN GENERAL.—For each applica-
2 ble taxable year, the dollar amount in sub-
3 paragraph (A)(ii)(I) shall be reduced (but
4 not below zero) by an amount equal to the
5 greater of—

6 “(I) an amount which bears the
7 same ratio to such dollar amount as—

8 “(aa) the amount (not less
9 than zero) equal to the adjusted
10 gross income of the taxpayer for
11 the applicable taxable year minus
12 \$72,000, bears to

13 “(bb) \$10,000, or

14 “(II) an amount which bears the
15 same ratio to such dollar amount as—

16 “(aa) the amount (not less
17 than zero) equal to the earned in-
18 come (as described in section
19 32(c)(2)) of the designated bene-
20 ficiary for the applicable taxable
21 year minus \$72,000, bears to

22 “(bb) \$10,000.

23 “(ii) MARRIED INDIVIDUALS.—In the
24 case of a designated beneficiary who is

1 married (within the meaning of section
2 7703)—

3 “(I) if such beneficiary has filed
4 a joint return for the applicable tax-
5 able year, each of the dollar amounts
6 under clause (i)(I) shall be doubled
7 for such year, or

8 “(II) if such beneficiary has not
9 filed a joint return for the applicable
10 taxable year, the dollar amount in
11 subparagraph (A)(ii)(I) shall be re-
12 duced to zero for such year.

13 “(iii) APPLICABLE TAXABLE YEAR.—
14 For purposes of this subparagraph, the
15 term ‘applicable taxable year’ means the
16 taxable year in which the transfer de-
17 scribed in subparagraph (A)(i) is made to
18 the account of the designated beneficiary.

19 “(iv) EXCESS TRANSFERS.—If the
20 total amount of any transfers made to the
21 account of a designated beneficiary pursu-
22 ant to subparagraph (A)(i) during an ap-
23 plicable taxable year exceeds the dollar
24 amount under subparagraph (A)(ii)(I)
25 (after application of clauses (i) and (ii))

1 for such taxable year, the tax imposed by
2 this chapter for such taxable year shall be
3 increased by the amount of such excess.

4 “(D) DISTRIBUTION OF MATCHING
5 FUNDS.—

6 “(i) IN GENERAL.—Any distribution
7 under a Lifelong Learning and Training
8 Account program made from amounts
9 transferred pursuant to this paragraph
10 shall be made by the administrator—

11 “(I) directly to the program de-
12 scribed in clauses (i) through (iii) of
13 subsection (e)(5)(A) which provides
14 training to the designated beneficiary,
15 or

16 “(II) to reimburse the designated
17 beneficiary for any qualified training
18 expenditures incurred by such bene-
19 ficiary,

20 provided that the beneficiary has provided
21 the administrator with such documentation
22 as is deemed necessary to ensure compli-
23 ance with clause (ii).

24 “(ii) PROHIBITION.—No amounts
25 transferred pursuant to this paragraph to

1 any account of a designated beneficiary
2 under a Lifelong Learning and Training
3 Account program may be distributed for
4 any purpose other than for payment or re-
5 imbursement of qualified training expendi-
6 tures.

7 “(E) ADDITIONAL REDUCTION FOR NON-
8 QUALIFIED DISTRIBUTIONS.—For purposes of
9 any amount of a distribution under a Lifelong
10 Learning and Training Account program which
11 is includible in the gross income of the des-
12 ignated beneficiary, any available funds in the
13 account of such beneficiary which were trans-
14 ferred pursuant to this paragraph (and any
15 earnings thereon) shall also be reduced by such
16 amount.

17 “(F) RESCISSION OF MATCHING FUNDS.—
18 On January 1 of the applicable calendar year,
19 any available funds in the account of such bene-
20 ficiary which were transferred pursuant to this
21 paragraph (and any earnings thereon) shall be
22 reduced to zero.

23 “(5) INVESTMENT.—

24 “(A) IN GENERAL.—Any contributions or
25 transfers to a Lifelong Learning and Training

1 Account program (and any earnings thereon)
2 shall be invested by the administrator in United
3 States Treasury securities with a maturity date
4 of not greater than 10 years.

5 “(B) SECRETARIAL AUTHORITY.—The Sec-
6 retary may prescribe such regulations, rules, or
7 other guidance as may be necessary or appro-
8 priate for purposes of applying this paragraph.

9 “(6) REQUIRED DISTRIBUTIONS.—On January
10 1 of the applicable calendar year, the total amount
11 of available funds in the account of the designated
12 beneficiary which were contributed by the designated
13 beneficiary or their employer (and any earnings
14 thereon) shall be distributed to such beneficiary.

15 “(c) TAX TREATMENT.—

16 “(1) IN GENERAL.—Except as otherwise pro-
17 vided in this subsection, no amount shall be includ-
18 ible in gross income of—

19 “(A) a designated beneficiary under a Life-
20 long Learning and Training Account program,
21 or

22 “(B) an employer of such beneficiary that
23 contributes to such program on behalf of such
24 beneficiary,

1 with respect to any distribution or earnings under
2 such program.

3 “(2) DISTRIBUTIONS.—

4 “(A) IN GENERAL.—Any distribution
5 under a Lifelong Learning and Training Ac-
6 count program shall be includible in the gross
7 income of the distributee in the manner as pro-
8 vided under section 72 to the extent not ex-
9 cluded from gross income under any other pro-
10 vision of this chapter.

11 “(B) DISTRIBUTIONS FOR QUALIFIED
12 TRAINING EXPENDITURES.—

13 “(i) IN GENERAL.—In the case of any
14 distributions, if such distributions do not
15 exceed the qualified training expenditures
16 of the designated beneficiary, no amount
17 shall be includible in gross income.

18 “(ii) COORDINATION WITH OTHER
19 CREDITS AND DEDUCTIONS.—For purposes
20 of determining the credit allowed under
21 section 25A or the deduction allowed under
22 section 222, no distribution under a Life-
23 long Learning and Training Account pro-
24 gram shall be included as qualified tuition
25 and related expenses under such sections.

1 “(C) CHANGE IN BENEFICIARIES OR PRO-
2 GRAMS.—

3 “(i) ROLLOVERS.—Subparagraph (A)
4 shall not apply to that portion of any dis-
5 tribution which, within 60 days of such
6 distribution, is transferred—

7 “(I) to another Lifelong Learn-
8 ing and Training Account program
9 for the benefit of the designated bene-
10 ficiary, or

11 “(II) to the credit of another des-
12 ignated beneficiary under a Lifelong
13 Learning and Training Account pro-
14 gram who is a member of the family
15 of the designated beneficiary with re-
16 spect to which the distribution was
17 made.

18 “(ii) CHANGE IN DESIGNATED BENE-
19 FICIARIES.—Any change in the designated
20 beneficiary of an interest in a Lifelong
21 Learning and Training Account program
22 shall not be treated as a distribution for
23 purposes of subparagraph (A) if the new
24 beneficiary is a member of the family of
25 the old beneficiary.

1 “(iii) LIMITATION ON CERTAIN ROLL-
2 OVERS.—Clause (i)(I) shall not apply to
3 any transfer if such transfer occurs within
4 12 months from the date of a previous
5 transfer to any Lifelong Learning and
6 Training Account program for the benefit
7 of the designated beneficiary.

8 “(iv) MATCHING FUNDS FOR-
9 FEITED.—In the case of any transfer de-
10 scribed in clause (i)(II) or any change in
11 the designated beneficiary of an interest in
12 a Lifelong Learning and Training Account
13 program (with the exception of any change
14 due to the death of the old beneficiary),
15 any amounts transferred to the account of
16 the designated beneficiary under subsection
17 (b)(4), and any earnings thereon, shall be
18 reduced (but not below zero) by an amount
19 equal to the total amount transferred to
20 any account of any other beneficiary.

21 “(D) SPECIAL RULE FOR CONTRIBUTIONS
22 OF REFUNDED AMOUNTS.—In the case of a
23 beneficiary who receives a refund of any quali-
24 fied training expenditures from any program
25 described in clauses (i) through (iii) of sub-

1 section (e)(5)(A), subparagraph (A) shall not
2 apply to that portion of any distribution for the
3 taxable year which is recontributed to a Life-
4 long Learning and Training Account program
5 of which such individual is a beneficiary, but
6 only to the extent such recontribution is made
7 not later than 60 days after the date of such
8 refund and does not exceed the refunded
9 amount.

10 “(3) ESTATE TAX TREATMENT.—

11 “(A) IN GENERAL.—No amount shall be
12 includible in the gross estate of any individual
13 for purposes of chapter 11 by reason of an in-
14 terest in a Lifelong Learning and Training Ac-
15 count program.

16 “(B) AMOUNTS INCLUDIBLE IN ESTATE OF
17 DESIGNATED BENEFICIARY IN CERTAIN
18 CASES.—Subparagraph (A) shall not apply to
19 amounts distributed on account of the death of
20 a beneficiary.

21 “(4) OTHER GIFT TAX RULES.—For purposes
22 of chapters 12 and 13—

23 “(A) TREATMENT OF DISTRIBUTIONS.—
24 Except as provided in subparagraph (B), in no
25 event shall a distribution from a Lifelong

1 Learning and Training Account program be
2 treated as a taxable gift.

3 “(B) TREATMENT OF DESIGNATION OF
4 NEW BENEFICIARY.—The taxes imposed by
5 chapters 12 and 13 shall apply to a transfer by
6 reason of a change in the designated beneficiary
7 under the program (or a rollover to the account
8 of a new beneficiary) unless the new beneficiary
9 is—

10 “(i) assigned to the same generation
11 as (or a higher generation than) the old
12 beneficiary (determined in accordance with
13 section 2651), and

14 “(ii) a member of the family of the
15 old beneficiary.

16 “(5) ADDITIONAL TAX.—The tax imposed by
17 section 530(d)(4) shall apply to any payment or dis-
18 tribution from a Lifelong Learning and Training Ac-
19 count program in the same manner as such tax ap-
20 plies to a payment or distribution from a Coverdell
21 education savings account.

22 “(d) REPORTS.—Each officer or employee having
23 control of the Lifelong Learning and Training Account
24 program or their designee shall make such reports regard-
25 ing such program to the Secretary and to designated bene-

1 ficiaries with respect to contributions, transfers, distribu-
2 tions, and such other matters as the Secretary may re-
3 quire. The reports required by this subsection shall be filed
4 at such time and in such manner and furnished to such
5 individuals at such time and in such manner as may be
6 required by the Secretary.

7 “(e) OTHER DEFINITIONS AND SPECIAL RULES.—
8 For purposes of this section—

9 “(1) ADMINISTRATOR.—The term ‘adminis-
10 trator’ means the entity which established the Life-
11 long Learning and Training Account program and
12 maintains such program, as described in subsection
13 (b)(1).

14 “(2) APPLICABLE CALENDAR YEAR.—The term
15 ‘applicable calendar year’ means the calendar year
16 beginning after the date on which a designated bene-
17 ficiary attained 60 years of age.

18 “(3) DESIGNATED BENEFICIARY.—The term
19 ‘designated beneficiary’ means—

20 “(A) the individual designated at the com-
21 mencement of participation in the Lifelong
22 Learning and Training Account program as the
23 beneficiary of amounts paid (or to be paid) to
24 the program, or

1 “(B) in the case of a change in bene-
2 ficiaries described in subsection (e)(2)(C), the
3 individual who is the new beneficiary.

4 “(4) MEMBER OF FAMILY.—The term ‘member
5 of the family’ means an individual—

6 “(A) who has attained 25 years of age,
7 and

8 “(B) who is, with respect to any des-
9 ignated beneficiary—

10 “(i) the spouse of such beneficiary,

11 “(ii) an individual who bears a rela-
12 tionship to such beneficiary which is de-
13 scribed in subparagraphs (A) through (G)
14 of section 152(d)(2),

15 “(iii) the spouse of any individual de-
16 scribed in clause (ii), or

17 “(iv) any first cousin of such bene-
18 ficiary.

19 “(5) QUALIFIED TRAINING EXPENDITURES.—

20 “(A) IN GENERAL.—The term ‘qualified
21 training expenditures’ means any expenditures
22 for training which results in the attainment of
23 a recognized postsecondary credential and
24 which is provided through—

1 “(i) a program of training services
2 which is listed under section 122(d) of the
3 Workforce Innovation and Opportunity Act
4 (29 U.S.C. 3152(d)),

5 “(ii) a program which is conducted by
6 an area career and technical education
7 school, a community college, or a labor or-
8 ganization, or

9 “(iii) a program which is sponsored
10 and administered by an industry trade as-
11 sociation, industry or sector partnership,
12 or labor organization.

13 “(B) RELATED DEFINITIONS.—For pur-
14 poses of subparagraph (A)—

15 “(i) AREA CAREER AND TECHNICAL
16 EDUCATION SCHOOL.—The term ‘area ca-
17 reer and technical education school’ means
18 such a school, as defined in section 3 of
19 the Carl D. Perkins Career and Technical
20 Education Act of 2006 (20 U.S.C. 2302),
21 which participates in a program under that
22 Act (20 U.S.C. 2301 et seq.).

23 “(ii) COMMUNITY COLLEGE.—The
24 term ‘community college’ means an institu-
25 tion which—

1 “(I) is a junior or community col-
2 lege as defined in section 312(f) of the
3 Higher Education Act of 1965 (20
4 U.S.C. 1058(f)), except that the insti-
5 tution need not meet the requirements
6 of paragraph (1) of that section; and

7 “(II) participates in a program
8 under title IV of that Act (20 U.S.C.
9 1070 et seq.).

10 “(iii) INDUSTRY OR SECTOR PARTNER-
11 SHIP.—The term ‘industry or sector part-
12 nership’ has the meaning given such term
13 under section 3 of the Workforce Innova-
14 tion and Opportunity Act (29 U.S.C.
15 3102).

16 “(iv) INDUSTRY TRADE ASSOCIA-
17 TION.—The term ‘industry trade associa-
18 tion’ means an organization which—

19 “(I) is described in paragraph (3)
20 or (6) of section 501(e) and exempt
21 from taxation under section 501(a);
22 and

23 “(II) is representing an industry.

24 “(v) LABOR ORGANIZATION.—The
25 term ‘labor organization’ means a labor or-

1 organization, within the meaning of the term
2 in section 501(c)(5).

3 “(vi) RECOGNIZED POSTSECONDARY
4 CREDENTIAL.—The term ‘recognized post-
5 secondary credential’ means a credential
6 consisting of an industry-recognized certifi-
7 cate or certification, a license recognized
8 by the State involved or Federal Govern-
9 ment, or an associate or baccalaureate de-
10 gree.

11 “(C) EXCLUSION.—The term ‘qualified
12 training expenditures’ shall not include any
13 amounts paid for meals, lodging, transpor-
14 tation, or other services incidental to any train-
15 ing described in subparagraph (A).

16 “(6) APPLICATION OF SECTION 514.—An inter-
17 est in a Lifelong Learning and Training Account
18 program shall not be treated as debt for purposes of
19 section 514.

20 “(f) PUBLIC AWARENESS.—

21 “(1) IN GENERAL.—The Secretary shall con-
22 duct a public information campaign, utilizing paid
23 advertising, to inform the public of the availability of
24 Lifelong Learning and Training Account programs.

25 “(2) AUTHORIZATION OF APPROPRIATIONS.—

1 “(A) IN GENERAL.—There is authorized to
2 be appropriated such sums as are necessary to
3 carry out this subsection.

4 “(B) AVAILABILITY.—Any sums appro-
5 priated under the authorization contained in
6 this subsection shall remain available, without
7 fiscal year limitation, until expended.

8 “(g) REGULATIONS.—Notwithstanding any other
9 provision of this section, the Secretary shall prescribe such
10 regulations as may be necessary or appropriate to carry
11 out the purposes of this section and to prevent abuse of
12 such purposes, including regulations under chapters 11,
13 12, and 13 of this title.”.

14 (b) CONFORMING AMENDMENTS.—

15 (1) Section 135(d)(2)(B) of the Internal Rev-
16 enue Code of 1986 is amended by striking “sections
17 529(c)(3)(B) and 530(d)(2)” and inserting “sections
18 529(c)(3)(B), 530(d)(2), and 531(c)(2)(B)”.

19 (2) The table of sections for part VIII of sub-
20 chapter E of chapter 1 of the Internal Revenue Code
21 of 1986 is amended by inserting after the item relat-
22 ing to section 530 the following new item:

 “Sec. 531. Lifelong Learning and Training Account programs.”.

23 (c) ADMINISTRATION ASSISTANCE.—

24 (1) IN GENERAL.—The Secretary of the Treas-
25 ury, or the Secretary’s delegate (referred to in this

1 paragraph as the “Secretary”), shall make a grant,
2 in such amount as the Secretary determines appro-
3 priate, to each State or agency or instrumentality
4 thereof that has established and maintains a Life-
5 long Learning and Training Account program under
6 section 531 of the Internal Revenue Code of 1986
7 (as added by subsection (a)), for purposes of admin-
8 istering such program.

9 (2) AUTHORIZATION OF APPROPRIATIONS.—
10 There are authorized to be appropriated such sums
11 as may be necessary to carry out the purposes of
12 this subsection.

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 the date of the enactment of this Act.