113th CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
113–

# PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 5771) TO AMEND THE INTERNAL REVENUE CODE OF 1986 TO EXTEND CERTAIN EXPIRING PROVISIONS AND MAKE TECHNICAL CORRECTIONS, AND FOR OTHER PURPOSES, AND PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 647) TO AMEND THE INTERNAL REVENUE CODE OF 1986 TO PROVIDE FOR THE TAX TREATMENT OF ABLE ACCOUNTS ESTABLISHED UNDER STATE PROGRAMS FOR THE CARE OF FAMILY MEMBERS WITH DISABILITIES, AND FOR OTHER PURPOSES

December 2, 2014.—Referred to the House Calendar and ordered to be printed.

MR. SESSIONS, from the Committee on Rules, submitted the following

## REPORT

[To accompany H. Res.__]

The Committee on Rules, having had under consideration House Resolution____, by a nonrecord vote, report the same to the House with the recommendation that the resolution be adopted.

## SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for consideration of H.R. 5771, the Tax Increase Prevention Act of 2014, under a closed rule. The resolution provides one hour of debate equally divided and controlled by the chair and ranking minority member of the Committee on Ways and Means. The resolution waives all points of order against consideration of the bill. The resolution provides that the amendment printed in part A of this report shall be considered as adopted, and the bill, as amended, shall be considered as read. The resolution waives all points of order against provisions in the bill, as amended. The resolution provides one motion to recommit with or without instructions.

Section 2 of the resolution provides for consideration of H.R. 647, the ABLE Act of 2014, under a closed rule. The resolution provides one hour of debate equally divided and controlled by the chair and ranking minority

member of the Committee on Ways and Means. The resolution waives all points of order against consideration of the bill. The resolution provides that the amendment in the nature of a substitute printed in part B of this report shall be considered as adopted, and the bill, as amended, shall be considered as read. The resolution waives all points of order against provisions in the bill, as amended. The resolution provides one motion to recommit with or without instructions.

The resolution directs the Clerk to, in the engrossment of H.R. 5771, add the text of H.R. 647, as passed by the House, as a new matter at the end of H.R. 5771 and make conforming modifications in the engrossment.

## EXPLANATION OF WAIVERS

The waiver of all points of order against consideration of H.R. 5771 includes a waivers of the following:

- Section 302(f) of the Congressional Budget Act of 1974, which prohibits consideration of legislation providing new budget authority in excess of a committee's 302(a) allocation;
- Section 311 of the Congressional Budget Act of 1974, which prohibits consideration of legislation that would cause revenues to be less than the level of total revenues for the first fiscal year or for the total of that first fiscal year and the ensuing fiscal years for which allocations are provided; and
- Clause 10 of rule XXI, which prohibits the consideration of legislation if it has the net effect of increasing mandatory spending over the five or ten-year period. The waiver is necessary because the bill increases direct spending over the five and ten-year periods.

Although the resolution waives all points of order against provisions in H.R. 5771, as amended, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

The waiver of all points of order against consideration of H.R. 647 includes a waiver of section 311 of the Congressional Budget Act of 1974, which prohibits consideration of legislation that would cause revenues to be less than the level of total revenues for the first fiscal year or for the total of that first fiscal year and the ensuing fiscal years for which allocations are provided.

Although the resolution waives all points of order against provisions in H.R. 647, as amended, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

SUMMARY OF THE AMENDMENT TO H.R. 5771 IN PART A CONSIDERED AS ADOPTED

Camp (MI): Inserts a new section 161, which includes an extension of credit for alternative fuel vehicle refueling property and strikes a deadwood provision that is inconsistent with section 205 of the ABLE Act of 2014 (H.R. 647, as amended), which modifies the Inland Waterways Trust Fund financing rate.

## SUMMARY OF THE AMENDMENT TO H.R. 647 IN PART B CONSIDERED AS ADOPTED

Crenshaw (FL): Makes changes to H.R. 647, as reported by the Committee on Ways and Means, that include clarifying and technical changes, a change to a definition, limitations on investment direction, bankruptcy protection, and provides offsets for the bill.

## PART A—TEXT OF AMENDMENT TO H.R. 5771 CONSIDERED AS ADOPTED

**AMENDMENT TO H.R. 5771**

**OFFERED BY MR. CAMP OF MICHIGAN**

Page 34, after line 4, insert the following (and conform the table of contents accordingly):

1 **SEC. 161. EXTENSION OF CREDIT FOR ALTERNATIVE FUEL**
2 **VEHICLE REFUELING PROPERTY.**

3 (a) IN GENERAL.—Subsection (g) of section 30C is
4 amended by striking "placed in service" and all that fol-
5 lows and inserting "placed in service after December 31,
6 2014.".

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to property placed in service after
9 December 31, 2013.

Page 115, strike line 23 and all that follows though page 116, line 2 (and redesignate the succeeding paragraphs accordingly).

## PART B—TEXT OF AMENDMENT TO H.R. 647 CONSIDERED AS ADOPTED

# AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 647 OFFERED BY MR. CRENSHAW OF FLORIDA

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE; ETC.**

(a) SHORT TITLE.—This Act may be cited as the "Achieving a Better Life Experience Act of 2014" or the "ABLE Act of 2014".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—QUALIFIED ABLE PROGRAMS

Sec. 101. Purposes.
Sec. 102. Qualified ABLE programs.
Sec. 103. Treatment of ABLE accounts under certain Federal programs.
Sec. 104. Treatment of able accounts in bankruptcy.
Sec. 105. Investment direction rule for 529 plans.

TITLE II—OFFSETS

Sec. 201. Correction to workers compensation offset age.

Sec. 202. Accelerated application of relative value targets for misvalued services in the Medicare physician fee schedule.
Sec. 203. Consistent treatment of vacuum erection systems in Medicare Parts B and D.
Sec. 204. One-year delay of implementation of oral-only policy under Medicare ESRD prospective payment system.
Sec. 205. Modification relating to Inland Waterways Trust Fund financing rate.
Sec. 206. Certified professional employer organizations.
Sec. 207. Exclusion of dividends from controlled foreign corporations from the definition of personal holding company income for purposes of the personal holding company rules.
Sec. 208. Inflation adjustment for certain civil penalties under the Internal Revenue Code of 1986.
Sec. 209. Increase in continuous levy.

# TITLE I—QUALIFIED ABLE PROGRAMS

**SEC. 101. PURPOSES.**

The purposes of this title are as follows:

(1) To encourage and assist individuals and families in saving private funds for the purpose of supporting individuals with disabilities to maintain health, independence, and quality of life.

(2) To provide secure funding for disability-related expenses on behalf of designated beneficiaries with disabilities that will supplement, but not supplant, benefits provided through private insurance, the Medicaid program under title XIX of the Social Security Act, the supplemental security income program under title XVI of such Act, the beneficiary's employment, and other sources.

1 **SEC. 102. QUALIFIED ABLE PROGRAMS.**

2 (a) IN GENERAL.—Subchapter F of chapter 1 is
3 amended by inserting after section 529 the following new
4 section:

5 **"SEC. 529A. QUALIFIED ABLE PROGRAMS.**

6 "(a) GENERAL RULE.—A qualified ABLE program
7 shall be exempt from taxation under this subtitle. Not-
8 withstanding the preceding sentence, such program shall
9 be subject to the taxes imposed by section 511 (relating
10 to imposition of tax on unrelated business income of chari-
11 table organizations).

12 "(b) QUALIFIED ABLE PROGRAM.—For purposes of
13 this section—

14 "(1) IN GENERAL.—The term 'qualified ABLE
15 program' means a program established and main-
16 tained by a State, or agency or instrumentality
17 thereof—

18 "(A) under which a person may make con-
19 tributions for a taxable year, for the benefit of
20 an individual who is an eligible individual for
21 such taxable year, to an ABLE account which
22 is established for the purpose of meeting the
23 qualified disability expenses of the designated
24 beneficiary of the account,

25 "(B) which limits a designated beneficiary
26 to 1 ABLE account for purposes of this section,

1 "(C) which allows for the establishment of
2 an ABLE account only for a designated bene-
3 ficiary who is a resident of such State or a resi-
4 dent of a contracting State, and
5 "(D) which meets the other requirements
6 of this section.
7 "(2) CASH CONTRIBUTIONS.—A program shall
8 not be treated as a qualified ABLE program unless
9 it provides that no contribution will be accepted—
10 "(A) unless it is in cash, or
11 "(B) except in the case of contributions
12 under subsection (c)(1)(C), if such contribution
13 to an ABLE account would result in aggregate
14 contributions from all contributors to the
15 ABLE account for the taxable year exceeding
16 the amount in effect under section 2503(b) for
17 the calendar year in which the taxable year be-
18 gins.
19 For purposes of this paragraph, rules similar to the
20 rules of section 408(d)(4) (determined without re-
21 gard to subparagraph (B) thereof) shall apply.
22 "(3) SEPARATE ACCOUNTING.—A program shall
23 not be treated as a qualified ABLE program unless
24 it provides separate accounting for each designated
25 beneficiary.

1 "(4) LIMITED INVESTMENT DIRECTION.—A
2 program shall not be treated as a qualified ABLE
3 program unless it provides that any designated bene-
4 ficiary under such program may, directly or indi-
5 rectly, direct the investment of any contributions to
6 the program (or any earnings thereon) no more than
7 2 times in any calendar year.
8 "(5) NO PLEDGING OF INTEREST AS SECU-
9 RITY.—A program shall not be treated as a qualified
10 ABLE program if it allows any interest in the pro-
11 gram or any portion thereof to be used as security
12 for a loan.
13 "(6) PROHIBITION ON EXCESS CONTRIBU-
14 TIONS.—A program shall not be treated as a quali-
15 fied ABLE program unless it provides adequate
16 safeguards to prevent aggregate contributions on be-
17 half of a designated beneficiary in excess of the limit
18 established by the State under section 529(b)(6).
19 For purposes of the preceding sentence, aggregate
20 contributions include contributions under any prior
21 qualified ABLE program of any State or agency or
22 instrumentality thereof.
23 "(c) TAX TREATMENT.—
24 "(1) DISTRIBUTIONS.—

1 "(A) IN GENERAL.—Any distribution
2 under a qualified ABLE program shall be in-
3 cludible in the gross income of the distributee
4 in the manner as provided under section 72 to
5 the extent not excluded from gross income
6 under any other provision of this chapter.
7 "(B) DISTRIBUTIONS FOR QUALIFIED DIS-
8 ABILITY EXPENSES.—For purposes of this
9 paragraph, if distributions from a qualified
10 ABLE program—
11 "(i) do not exceed the qualified dis-
12 ability expenses of the designated bene-
13 ficiary, no amount shall be includible in
14 gross income, and
15 "(ii) in any other case, the amount
16 otherwise includible in gross income shall
17 be reduced by an amount which bears the
18 same ratio to such amount as such ex-
19 penses bear to such distributions.
20 "(C) CHANGE IN DESIGNATED BENE-
21 FICIARIES OR PROGRAMS.—
22 "(i) ROLLOVERS FROM ABLE AC-
23 COUNTS.—Subparagraph (A) shall not
24 apply to any amount paid or distributed
25 from an ABLE account to the extent that

1 the amount received is paid, not later than
2 the 60th day after the date of such pay-
3 ment or distribution, into another ABLE
4 account for the benefit of the same des-
5 ignated beneficiary or an eligible individual
6 who is a family member of the designated
7 beneficiary.

8 "(ii) CHANGE IN DESIGNATED BENE-
9 FICIARIES.—Any change in the designated
10 beneficiary of an interest in a qualified
11 ABLE program during a taxable year shall
12 not be treated as a distribution for pur-
13 poses of subparagraph (A) if the new bene-
14 ficiary is an eligible individual for such
15 taxable year and a member of the family of
16 the former beneficiary.

17 "(iii) LIMITATION ON CERTAIN ROLL-
18 OVERS.—Clause (i) shall not apply to any
19 transfer if such transfer occurs within 12
20 months from the date of a previous trans-
21 fer to any qualified ABLE program for the
22 benefit of the designated beneficiary.

23 "(D) OPERATING RULES.—For purposes of
24 applying section 72—

"(i) except to the extent provided by the Secretary, all distributions during a taxable year shall be treated as one distribution, and

"(ii) except to the extent provided by the Secretary, the value of the contract, income on the contract, and investment in the contract shall be computed as of the close of the calendar year in which the taxable year begins.

"(2) GIFT TAX RULES.—For purposes of chapters 12 and 13—

"(A) CONTRIBUTIONS.—Any contribution to a qualified ABLE program on behalf of any designated beneficiary—

"(i) shall be treated as a completed gift to such designated beneficiary which is not a future interest in property, and

"(ii) shall not be treated as a qualified transfer under section 2503(e).

"(B) TREATMENT OF DISTRIBUTIONS.—In no event shall a distribution from an ABLE account to such account's designated beneficiary be treated as a taxable gift.

1 "(C) TREATMENT OF TRANSFER TO NEW
2 DESIGNATED BENEFICIARY.—The taxes im-
3 posed by chapters 12 and 13 shall not apply to
4 a transfer by reason of a change in the des-
5 ignated beneficiary under subsection (c)(1)(C).
6 "(3) ADDITIONAL TAX FOR DISTRIBUTIONS NOT
7 USED FOR DISABILITY EXPENSES.—
8 "(A) IN GENERAL.—The tax imposed by
9 this chapter for any taxable year on any tax-
10 payer who receives a distribution from a quali-
11 fied ABLE program which is includible in gross
12 income shall be increased by 10 percent of the
13 amount which is so includible.
14 "(B) EXCEPTION.—Subparagraph (A)
15 shall not apply if the payment or distribution is
16 made to a beneficiary (or to the estate of the
17 designated beneficiary) on or after the death of
18 the designated beneficiary.
19 "(C) CONTRIBUTIONS RETURNED BEFORE
20 CERTAIN DATE.—Subparagraph (A) shall not
21 apply to the distribution of any contribution
22 made during a taxable year on behalf of the
23 designated beneficiary if—
24 "(i) such distribution is received on or
25 before the day prescribed by law (including

1 extensions of time) for filing such des-
2 ignated beneficiary's return for such tax-
3 able year, and
4 "(ii) such distribution is accompanied
5 by the amount of net income attributable
6 to such excess contribution.
7 Any net income described in clause (ii) shall be
8 included in gross income for the taxable year in
9 which such excess contribution was made.
10 "(4) LOSS OF ABLE ACCOUNT TREATMENT.—If
11 an ABLE account is established for a designated
12 beneficiary, no account subsequently established for
13 such beneficiary shall be treated as an ABLE ac-
14 count. The preceding sentence shall not apply in the
15 case of an account established for purposes of a roll-
16 over described in paragraph (1)(C)(i) of this section
17 if the transferor account is closed as of the end of
18 the 60th day referred to in paragraph (1)(C)(i).
19 "(d) REPORTS.—
20 "(1) IN GENERAL.—Each officer or employee
21 having control of the qualified ABLE program or
22 their designee shall make such reports regarding
23 such program to the Secretary and to designated
24 beneficiaries with respect to contributions, distribu-

1 tions, the return of excess contributions, and such
2 other matters as the Secretary may require.
3 "(2) CERTAIN AGGREGATED INFORMATION.—
4 For research purposes, the Secretary shall make
5 available to the public reports containing aggregate
6 information, by diagnosis and other relevant charac-
7 teristics, on contributions and distributions from the
8 qualified ABLE program. In carrying out the pre-
9 ceding sentence an item may not be made available
10 to the public if such item can be associated with, or
11 otherwise identify, directly or indirectly, a particular
12 individual.
13 "(3) NOTICE OF ESTABLISHMENT OF ABLE AC-
14 COUNT.—A qualified ABLE program shall submit a
15 notice to the Secretary upon the establishment of an
16 ABLE account. Such notice shall contain the name
17 and State of residence of the designated beneficiary
18 and such other information as the Secretary may re-
19 quire.
20 "(4) ELECTRONIC DISTRIBUTION STATE-
21 MENTS.—For purposes of section 4 of the Achieving
22 a Better Life Experience Act of 2014, States shall
23 submit electronically on a monthly basis to the Com-
24 missioner of Social Security, in the manner specified
25 by the Commissioner, statements on relevant dis-

1 tributions and account balances from all ABLE ac-
2 counts.
3 "(5) REQUIREMENTS.—The reports and notices
4 required by paragraphs (1), (2), and (3) shall be
5 filed at such time and in such manner and furnished
6 to such individuals at such time and in such manner
7 as may be required by the Secretary.
8 "(e) OTHER DEFINITIONS AND SPECIAL RULES.—
9 For purposes of this section—
10 "(1) ELIGIBLE INDIVIDUAL.—An individual is
11 an eligible individual for a taxable year if during
12 such taxable year—
13 "(A) the individual is entitled to benefits
14 based on blindness or disability under title II or
15 XVI of the Social Security Act, and such blind-
16 ness or disability occurred before the date on
17 which the individual attained age 26, or
18 "(B) a disability certification with respect
19 to such individual is filed with the Secretary for
20 such taxable year.
21 "(2) DISABILITY CERTIFICATION.—
22 "(A) IN GENERAL.—The term 'disability
23 certification' means, with respect to an indi-
24 vidual, a certification to the satisfaction of the

1 Secretary by the individual or the parent or
2 guardian of the individual that—
3 "(i) certifies that—
4 "(I) the individual has a medi-
5 cally determinable physical or mental
6 impairment, which results in marked
7 and severe functional limitations, and
8 which can be expected to result in
9 death or which has lasted or can be
10 expected to last for a continuous pe-
11 riod of not less than 12 months, or is
12 blind (within the meaning of section
13 1614(a)(2) of the Social Security
14 Act), and
15 "(II) such blindness or disability
16 occurred before the date on which the
17 individual attained age 26, and
18 "(ii) includes a copy of the individ-
19 ual's diagnosis relating to the individual's
20 relevant impairment or impairments,
21 signed by a physician meeting the criteria
22 of section 1861(r)(1) of the Social Security
23 Act.
24 "(B) RESTRICTION ON USE OF CERTIFI-
25 CATION.—No inference may be drawn from a

1 disability certification for purposes of estab-
2 lishing eligibility for benefits under title II,
3 XVI, or XIX of the Social Security Act.
4 "(3) DESIGNATED BENEFICIARY.—The term
5 'designated beneficiary' in connection with an ABLE
6 account established under a qualified ABLE pro-
7 gram means the eligible individual who established
8 an ABLE account and is the owner of such account.
9 "(4) MEMBER OF FAMILY.—The term 'member
10 of the family' means, with respect to any designated
11 beneficiary, an individual who bears a relationship to
12 such beneficiary which is described in subparagraph
13 section 152(d)(2)(B). For purposes of the preceding
14 sentence, a rule similar to the rule of section
15 152(f)(1)(B) shall apply.
16 "(5) QUALIFIED DISABILITY EXPENSES.—The
17 term 'qualified disability expenses' means any ex-
18 penses related to the eligible individual's blindness
19 or disability which are made for the benefit of an eli-
20 gible individual who is the designated beneficiary, in-
21 cluding the following expenses: education, housing,
22 transportation, employment training and support,
23 assistive technology and personal support services,
24 health, prevention and wellness, financial manage-
25 ment and administrative services, legal fees, ex-

1 penses for oversight and monitoring, funeral and
2 burial expenses, and other expenses, which are ap-
3 proved by the Secretary under regulations and con-
4 sistent with the purposes of this section.

5 "(6) ABLE ACCOUNT.—The term 'ABLE ac-
6 count' means an account established by an eligible
7 individual, owned by such eligible individual, and
8 maintained under a qualified ABLE program.

9 "(7) CONTRACTING STATE.—The term 'con-
10 tracting State' means a State without a qualified
11 ABLE program which has entered into a contract
12 with a State with a qualified ABLE program to pro-
13 vide residents of the contracting State access to a
14 qualified ABLE program.

15 "(f) TRANSFER TO STATE.—Subject to any out-
16 standing payments due for qualified disability expenses,
17 upon the death of the designated beneficiary, all amounts
18 remaining in the qualified ABLE account not in excess
19 of the amount equal to the total medical assistance paid
20 for the designated beneficiary after the establishment of
21 the account, net of any premiums paid from the account
22 or paid by or on behalf of the beneficiary to a Medicaid
23 Buy-In program under any State Medicaid plan estab-
24 lished under title XIX of the Social Security Act, shall
25 be distributed to such State upon filing of a claim for pay-

1 ment by such State. For purposes of this paragraph, the
2 State shall be a creditor of an ABLE account and not
3 a beneficiary. Subsection (c)(3) shall not apply to a dis-
4 tribution under the preceding sentence.

5 "(g) REGULATIONS.—The Secretary shall prescribe
6 such regulations or other guidance as the Secretary deter-
7 mines necessary or appropriate to carry out the purposes
8 of this section, including regulations—

9 "(1) to enforce the 1 ABLE account per eligible
10 individual limit,

11 "(2) providing for the information required to
12 be presented to open an ABLE account,

13 "(3) to generally define qualified disability ex-
14 penses,

15 "(4) developed in consultation with the Com-
16 missioner of Social Security, relating to disability
17 certifications and determinations of disability, in-
18 cluding those conditions deemed to meet the require-
19 ments of subsection (e)(1)(B),

20 "(5) to prevent fraud and abuse with respect to
21 amounts claimed as qualified disability expenses,

22 "(6) under chapters 11, 12, and 13 of this title,
23 and

24 "(7) to allow for transfers from one ABLE ac-
25 count to another ABLE account.".

1 (b) TAX ON EXCESS CONTRIBUTIONS.—

2 (1) IN GENERAL.—Subsection (a) of section
3 4973 (relating to tax on excess contributions to cer-
4 tain tax-favored accounts and annuities) is amended
5 by striking "or" at the end of paragraph (4), by in-
6 serting "or" at the end of paragraph (5), and by in-
7 serting after paragraph (5) the following new para-
8 graph:

9 "(6) an ABLE account (within the meaning of
10 section 529A),".

11 (2) EXCESS CONTRIBUTION.—Section 4973 is
12 amended by adding at the end the following new
13 subsection:

14 "(h) EXCESS CONTRIBUTIONS TO ABLE AC-
15 COUNT.—For purposes of this section—

16 "(1) IN GENERAL.—In the case of an ABLE
17 account (within the meaning of section 529A), the
18 term 'excess contributions' means the amount by
19 which the amount contributed for the taxable year to
20 such account (other than contributions under section
21 529A(c)(1)(C)) exceeds the contribution limit under
22 section 529A(b)(2)(B).

23 "(2) SPECIAL RULE.—For purposes of this sub-
24 section, any contribution which is distributed out of
25 the ABLE account in a distribution to which the

1 last sentence of section 529A(b)(2) applies shall be
2 treated as an amount not contributed.".
3 (c) PENALTY FOR FAILURE TO FILE REPORTS.—
4 Section 6693(a)(2) is amended by striking "and" at the
5 end of subparagraph (D), by redesignating subparagraph
6 (E) as subparagraph (F), and by inserting after subpara-
7 graph (D) the following:
8 "(E) section 529A(d) (relating to qualified
9 ABLE programs), and".
10 (d) RECORDS.—Section 552a(a)(8)(B) of title 5,
11 United States Code, is amended—
12 (1) in clause (viii), by striking "or" at the end;
13 (2) in clause (ix), by adding "or" at the end;
14 and
15 (3) by adding at the end the following new
16 clause:
17 "(x) matches performed pursuant to
18 section 3(d)(4) of the Achieving a Better
19 Life Experience Act of 2014;".
20 (e) OTHER CONFORMING AMENDMENTS.—
21 (1) Section 26(b)(2) is amended by striking
22 "and" at the end of subparagraph (W), by striking
23 the period at the end of subparagraph (X) and in-
24 serting ", and", and by inserting after subparagraph
25 (X) the following:

1 "(Y) section 529A(c)(3)(A) (relating to ad-
2 ditional tax on ABLE account distributions not
3 used for qualified disability expenses).".
4 (2) Section 877A is amended—
5 (A) in subsection (e)(2) by inserting "a
6 qualified ABLE program (as defined in section
7 529A)," after "529),", and
8 (B) in subsection (g)(6) by inserting
9 "529A(c)(3)," after "529(c)(6),".
10 (3) Section 4965(c) is amended by striking
11 "or" at the end of paragraph (6), by striking the pe-
12 riod at the end of paragraph (7) and inserting ",
13 or", and by inserting after paragraph (7) the fol-
14 lowing new paragraph:
15 "(8) a program described in section 529A.".
16 (4) The heading for part VIII of subchapter F
17 of chapter 1 is amended by striking "**HIGHER EDU-**
18 **CATION**" and inserting "**CERTAIN**".
19 (5) The item in the table of parts for sub-
20 chapter F of chapter 1 relating to part VIII is
21 amended to read as follows:

"PART VIII. CERTAIN SAVINGS ENTITIES.".

22 (6) The table of sections for part VIII of sub-
23 chapter F of chapter 1 is amended by inserting after

1 the item relating to section 529 the following new
2 item:

"Sec. 529A. Qualified ABLE programs.".

3 (7) Paragraph (4) of section 1027(g) of the
4 Consumer Financial Protection Act of 2010 (12
5 U.S.C. 5517(g)(4)) is amended by inserting ",
6 529A" after "529".
7 (f) EFFECTIVE DATE.—
8 (1) IN GENERAL.—The amendments made by
9 this section shall apply to taxable years beginning
10 after December 31, 2014.
11 (2) REGULATIONS.—The Secretary of the
12 Treasury (or the Secretary's designee) shall promul-
13 gate the regulations or other guidance required
14 under section 529A(g) of the Internal Revenue Code
15 of 1986, as added by subsection (a), not later than
16 6 months after the date of the enactment of this
17 Act.

18 **SEC. 103. TREATMENT OF ABLE ACCOUNTS UNDER CER-**
19 **TAIN FEDERAL PROGRAMS.**

20 (a) ACCOUNT FUNDS DISREGARDED FOR PURPOSES
21 OF CERTAIN OTHER MEANS-TESTED FEDERAL PRO-
22 GRAMS.—Notwithstanding any other provision of Federal
23 law that requires consideration of 1 or more financial cir-
24 cumstances of an individual, for the purpose of deter-
25 mining eligibility to receive, or the amount of, any assist-

1 ance or benefit authorized by such provision to be provided
2 to or for the benefit of such individual, any amount (in-
3 cluding earnings thereon) in the ABLE account (within
4 the meaning of section 529A of the Internal Revenue Code
5 of 1986) of such individual, any contributions to the
6 ABLE account of the individual, and any distribution for
7 qualified disability expenses (as defined in subsection
8 (e)(5) of such section) shall be disregarded for such pur-
9 pose with respect to any period during which such indi-
10 vidual maintains, makes contributions to, or receives dis-
11 tributions from such ABLE account, except that, in the
12 case of the supplemental security income program under
13 title XVI of the Social Security Act—
14 (1) a distribution for housing expenses (within
15 the meaning of such subsection) shall not be so dis-
16 regarded, and
17 (2) in the case of such program, any amount
18 (including such earnings) in such ABLE account
19 shall be considered a resource of the designated ben-
20 eficiary to the extent that such amount exceeds
21 $100,000.
22 (b) SUSPENSION OF SSI BENEFITS DURING PERI-
23 ODS OF EXCESSIVE ACCOUNT FUNDS.—
24 (1) IN GENERAL.—The benefits of an individual
25 under the supplemental security income program

1 under title XVI of the Social Security Act shall not
2 be terminated, but shall be suspended, by reason of
3 excess resources of the individual attributable to an
4 amount in the ABLE account (within the meaning
5 of section 529A of the Internal Revenue Code of
6 1986) of the individual not disregarded under sub-
7 section (a) of this section.

8 (2) NO IMPACT ON MEDICAID ELIGIBILITY.—An
9 individual who would be receiving payment of such
10 supplemental security income benefits but for the
11 application of paragraph (1) shall be treated for pur-
12 poses of title XIX of the Social Security Act as if
13 the individual continued to be receiving payment of
14 such benefits.

15 (c) EFFECTIVE DATE.—This section shall take effect
16 on the date of the enactment of this Act.

17 **SEC. 104. TREATMENT OF ABLE ACCOUNTS IN BANK-**
18 **RUPTCY.**

19 (a) EXCLUSION FROM PROPERTY OF THE ESTATE.—
20 Section 541(b) of the title 11, United States Code, is
21 amended—

22 (1) in paragraph (8), by striking "or" at the
23 end;

24 (2) in paragraph (9), by striking the period at
25 the end and inserting a semicolon and "or"; and

1 (3) by inserting after paragraph (9) the fol-
2 lowing:
3 "(10) funds placed in an account of a qualified
4 ABLE program (as defined in section 529A(b) of
5 the Internal Revenue Code of 1986) not later than
6 365 days before the date of the filing of the petition
7 in a case under this title, but—
8 "(A) only if the designated beneficiary of
9 such account was a child, stepchild, grandchild,
10 or stepgrandchild of the debtor for the taxable
11 year for which funds were placed in such ac-
12 count;
13 "(B) only to the extent that such funds—
14 "(i) are not pledged or promised to
15 any entity in connection with any extension
16 of credit; and
17 "(ii) are not excess contributions (as
18 described in section 4973(h) of the Inter-
19 nal Revenue Code of 1986); and
20 "(C) in the case of funds placed in all such
21 accounts having the same designated bene-
22 ficiary not earlier than 720 days nor later than
23 365 days before such date, only so much of
24 such funds as does not exceed $6,225.".

1 (b) DEBTOR'S MONTHLY EXPENSES.—Section
2 707(b)(2)(A)(ii)(II) of title 11, United States Code, is
3 amended by adding at the end "Such monthly expenses
4 may include, if applicable, contributions to an account of
5 a qualified ABLE program to the extent such contribu-
6 tions are not excess contributions (as described in section
7 4973(h) of the Internal Revenue Code of 1986) and if the
8 designated beneficiary of such account is a child, stepchild,
9 grandchild, or stepgrandchild of the debtor.".

10 (c) RECORD OF DEBTOR'S INTEREST.—Section
11 521(c) of title 11, United States Code, is amended by in-
12 serting ", an interest in an account in a qualified ABLE
13 program (as defined in section 529A(b) of such Code,"
14 after "Internal Revenue Code of 1986)".

15 (d) EFFECTIVE DATE.—The amendments made by
16 this section shall apply with respect to cases commenced
17 under title 11, United States Code, on or after the date
18 of the enactment of this Act.

19 **SEC. 105. INVESTMENT DIRECTION RULE FOR 529 PLANS.**

20 (a) AMENDMENTS RELATING TO INVESTMENT DI-
21 RECTION RULE FOR 529 PLANS.—

22 (1) Paragraph (4) of section 529(b) is amended
23 by striking "may not directly or indirectly" and all
24 that follows and inserting "may, directly or indi-
25 rectly, direct the investment of any contributions to

1 the program (or any earnings thereon) no more than
2 2 times in any calendar year.".
3 (2) The heading of paragraph (4) of section
4 529(b)is amended by striking "NO" and inserting
5 "LIMITED".
6 (b) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years beginning after
8 December 31, 2014.

# 9 TITLE II—OFFSETS

## 10 SEC. 201. CORRECTION TO WORKERS COMPENSATION OFF-
## 11 SET AGE.

12 (a) RETIREMENT AGE.—Section 224(a) of the Social
13 Security Act (42 U.S.C. 424a(a)) is amended, in the mat-
14 ter preceding paragraph (1), by striking "the age of 65"
15 and inserting "retirement age (as defined in section
16 216(l)(1))".
17 (b) EFFECTIVE DATE.—The amendment made by
18 subsection (a) shall apply with respect to any individual
19 who attains 65 years of age on or after the date that is
20 12 months after the date of the enactment of this Act.

1 **SEC. 202. ACCELERATED APPLICATION OF RELATIVE**
2 **VALUE TARGETS FOR MISVALUED SERVICES**
3 **IN THE MEDICARE PHYSICIAN FEE SCHED-**
4 **ULE.**

5 Section 1848(c) of the Social Security Act (42 U.S.C.
6 1395w–4(c)) is amended—

7 (1) in subclause (VIII) of paragraph (2)(B)(v),
8 as added by section 220(d)(2) of the Protecting Ac-
9 cess to Medicare Act of 2014 (Public Law 113–
10 93)—

11 (A) by striking "2017" and inserting
12 "2016"; and

13 (B) by redesignating such subclause as
14 subclause (IX);

15 (2) in paragraph (2)(O)—

16 (A) in the matter preceding clause (i), by
17 striking "2017 through 2020" and inserting
18 "2016 through 2018";

19 (B) in clause (iii), by striking "2017" and
20 inserting "2016"; and

21 (C) in clause (v), by inserting "(or, for
22 2016, 1.0 percent)" after "0.5 percent"; and

23 (3) in paragraph (7), by striking "2017" and
24 inserting "2016".

1 **SEC. 203. CONSISTENT TREATMENT OF VACUUM ERECTION**
2 **SYSTEMS IN MEDICARE PARTS B AND D.**

3 Section 1834(a)(1) of the Social Security Act (42
4 U.S.C. 1395m(a)(1)) is amended by adding at the end the
5 following new subparagraph:

6 "(I) TREATMENT OF VACUUM ERECTION
7 SYSTEMS.—Effective for items and services fur-
8 nished on and after July 1, 2015, vacuum erec-
9 tion systems described as prosthetic devices de-
10 scribed in section 1861(s)(8) shall be treated in
11 the same manner as erectile dysfunction drugs
12 are treated for purposes of section 1860D-
13 2(e)(2)(A).".

14 **SEC. 204. ONE-YEAR DELAY OF IMPLEMENTATION OF ORAL-**
15 **ONLY POLICY UNDER MEDICARE ESRD PRO-**
16 **SPECTIVE PAYMENT SYSTEM.**

17 Section 632(b)(1) of the American Taxpayer Relief
18 Act of 2012 (42 U.S.C. 1395rr note), as amended by sec-
19 tion 217(a)(1) of the Protecting Access to Medicare Act
20 of 2014 (Public Law 113-93), is amended by striking
21 "2024" and inserting "2025".

22 **SEC. 205. MODIFICATION RELATING TO INLAND WATER-**
23 **WAYS TRUST FUND FINANCING RATE.**

24 (a) IN GENERAL.—Section 4042(b)(2)(A) is amend-
25 ed to read as follows:

1 "(A) The Inland Waterways Trust Fund
2 financing rate is 29 cents per gallon.".
3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall apply to fuel used after March 31, 2015.

5 **SEC. 206. CERTIFIED PROFESSIONAL EMPLOYER ORGANI-**
6 **ZATIONS.**

7 (a) EMPLOYMENT TAXES.—Chapter 25 is amended
8 by adding at the end the following new section:

9 **"SEC. 3511. CERTIFIED PROFESSIONAL EMPLOYER ORGANI-**
10 **ZATIONS.**

11 "(a) GENERAL RULES.—For purposes of the taxes,
12 and other obligations, imposed by this subtitle—
13 "(1) a certified professional employer organiza-
14 tion shall be treated as the employer (and no other
15 person shall be treated as the employer) of any work
16 site employee performing services for any customer
17 of such organization, but only with respect to remu-
18 neration remitted by such organization to such work
19 site employee, and
20 "(2) the exemptions, exclusions, definitions, and
21 other rules which are based on type of employer and
22 which would (but for paragraph (1)) apply shall
23 apply with respect to such taxes imposed on such re-
24 muneration.

1 "(b) SUCCESSOR EMPLOYER STATUS.—For purposes
2 of sections 3121(a)(1), 3231(e)(2)(C), and 3306(b)(1)—
3 "(1) a certified professional employer organiza-
4 tion entering into a service contract with a customer
5 with respect to a work site employee shall be treated
6 as a successor employer and the customer shall be
7 treated as a predecessor employer during the term
8 of such service contract, and
9 "(2) a customer whose service contract with a
10 certified professional employer organization is termi-
11 nated with respect to a work site employee shall be
12 treated as a successor employer and the certified
13 professional employer organization shall be treated
14 as a predecessor employer.
15 "(c) LIABILITY OF CERTIFIED PROFESSIONAL EM-
16 PLOYER ORGANIZATION.—Solely for purposes of its liabil-
17 ity for the taxes and other obligations imposed by this sub-
18 title—
19 "(1) a certified professional employer organiza-
20 tion shall be treated as the employer of any indi-
21 vidual (other than a work site employee or a person
22 described in subsection (f)) who is performing serv-
23 ices covered by a contract meeting the requirements
24 of section 7705(e)(2), but only with respect to remu-

1 neration remitted by such organization to such indi-
2 vidual, and
3 "(2) the exemptions, exclusions, definitions, and
4 other rules which are based on type of employer and
5 which would (but for paragraph (1)) apply shall
6 apply with respect to such taxes imposed on such re-
7 muneration.
8 "(d) TREATMENT OF CREDITS.—
9 "(1) IN GENERAL.—For purposes of any credit
10 specified in paragraph (2)—
11 "(A) such credit with respect to a work
12 site employee performing services for the cus-
13 tomer applies to the customer, not the certified
14 professional employer organization,
15 "(B) the customer, and not the certified
16 professional employer organization, shall take
17 into account wages and employment taxes—
18 "(i) paid by the certified professional
19 employer organization with respect to the
20 work site employee, and
21 "(ii) for which the certified profes-
22 sional employer organization receives pay-
23 ment from the customer, and
24 "(C) the certified professional employer or-
25 ganization shall furnish the customer and the

1 Secretary with any information necessary for
2 the customer to claim such credit.
3 "(2) CREDITS SPECIFIED.—A credit is specified
4 in this paragraph if such credit is allowed under—
5 "(A) section 41 (credit for increasing re-
6 search activity),
7 "(B) section 45A (Indian employment
8 credit),
9 "(C) section 45B (credit for portion of em-
10 ployer social security taxes paid with respect to
11 employee cash tips),
12 "(D) section 45C (clinical testing expenses
13 for certain drugs for rare diseases or condi-
14 tions),
15 "(E) section 45R (employee health insur-
16 ance expenses of small employers),
17 "(F) section 51 (work opportunity credit),
18 "(G) section 1396 (empowerment zone em-
19 ployment credit), and
20 "(H) any other section as provided by the
21 Secretary.
22 "(e) SPECIAL RULE FOR RELATED PARTY.—This
23 section shall not apply in the case of a customer which
24 bears a relationship to a certified professional employer
25 organization described in section 267(b) or 707(b). For

1 purposes of the preceding sentence, such sections shall be
2 applied by substituting '10 percent' for '50 percent'.

3 "(f) SPECIAL RULE FOR CERTAIN INDIVIDUALS.—
4 For purposes of the taxes imposed under this subtitle, an
5 individual with net earnings from self-employment derived
6 from the customer's trade or business (including a partner
7 in a partnership that is a customer) is not a work site
8 employee with respect to remuneration paid by a certified
9 professional employer organization.

10 "(g) REPORTING REQUIREMENTS AND OBLIGA-
11 TIONS.—The Secretary shall develop such reporting and
12 recordkeeping rules, regulations, and procedures as the
13 Secretary determines necessary or appropriate to ensure
14 compliance with this title by certified professional em-
15 ployer organizations or persons that have been so certified.
16 Such rules shall include—

17 "(1) notification of the Secretary in such man-
18 ner as the Secretary shall prescribe in the case of
19 the commencement or termination of a service con-
20 tract described in section 7705(e)(2) between such a
21 person and a customer, and the employer identifica-
22 tion number of such customer,

23 "(2) such information as the Secretary deter-
24 mines necessary for the customer to claim the cred-
25 its identified in subsection (d) and the manner in

1 which such information is to be provided, as pre-
2 scribed by the Secretary, and
3 "(3) such other information as the Secretary
4 determines is essential to promote compliance with
5 respect to the credits identified in subsection (d) and
6 section 3302, and
7 shall be designed in a manner which streamlines, to the
8 extent possible, the application of requirements of this sec-
9 tion and section 7705, the exchange of information be-
10 tween a certified professional employer organization and
11 its customers, and the reporting and recordkeeping obliga-
12 tions of the certified professional employer organization.
13 "(h) REGULATIONS.—The Secretary shall prescribe
14 such regulations as may be necessary or appropriate to
15 carry out the purposes of this section.".
16 (b) CERTIFIED PROFESSIONAL EMPLOYER ORGANI-
17 ZATION DEFINED.—Chapter 79 is amended by adding at
18 the end the following new section:
19 **"SEC. 7705. CERTIFIED PROFESSIONAL EMPLOYER ORGANI-**
20 **ZATIONS.**
21 "(a) IN GENERAL.—For purposes of this title, the
22 term 'certified professional employer organization' means
23 a person who applies to be treated as a certified profes-
24 sional employer organization for purposes of section 3511

1 and has been certified by the Secretary as meeting the
2 requirements of subsection (b).
3 "(b) CERTIFICATION REQUIREMENTS.—A person
4 meets the requirements of this subsection if such person—
5 "(1) demonstrates that such person (and any
6 owner, officer, and other persons as may be specified
7 in regulations) meets such requirements as the Sec-
8 retary shall establish, including requirements with
9 respect to tax status, background, experience, busi-
10 ness location, and annual financial audits,
11 "(2) agrees that it will satisfy the bond and
12 independent financial review requirements of sub-
13 section (c) on an ongoing basis,
14 "(3) agrees that it will satisfy such reporting
15 obligations as may be imposed by the Secretary,
16 "(4) computes its taxable income using an ac-
17 crual method of accounting unless the Secretary ap-
18 proves another method,
19 "(5) agrees to verify on such periodic basis as
20 the Secretary may prescribe that it continues to
21 meet the requirements of this subsection, and
22 "(6) agrees to notify the Secretary in writing
23 within such time as the Secretary may prescribe of
24 any change that materially affects the continuing ac-

1 curacy of any agreement or information that was
2 previously made or provided under this subsection.
3 "(c) BOND AND INDEPENDENT FINANCIAL RE-
4 VIEW.—
5 "(1) IN GENERAL.—An organization meets the
6 requirements of this paragraph if such organiza-
7 tion—
8 "(A) meets the bond requirements of para-
9 graph (2), and
10 "(B) meets the independent financial re-
11 view requirements of paragraph (3).
12 "(2) BOND.—
13 "(A) IN GENERAL.—A certified profes-
14 sional employer organization meets the require-
15 ments of this paragraph if the organization has
16 posted a bond for the payment of taxes under
17 subtitle C (in a form acceptable to the Sec-
18 retary) that is in an amount at least equal to
19 the amount specified in subparagraph (B).
20 "(B) AMOUNT OF BOND.—For the period
21 April 1 of any calendar year through March 31
22 of the following calendar year, the amount of
23 the bond required is equal to the greater of—
24 "(i) 5 percent of the organization's li-
25 ability under section 3511 for taxes im-

1 posed by subtitle C during the preceding
2 calendar year (but not to exceed
3 $1,000,000), or
4 "(ii) $50,000.
5 "(3) INDEPENDENT FINANCIAL REVIEW RE-
6 QUIREMENTS.—A certified professional employer or-
7 ganization meets the requirements of this paragraph
8 if such organization—
9 "(A) has, as of the most recent audit date,
10 caused to be prepared and provided to the Sec-
11 retary (in such manner as the Secretary may
12 prescribe) an opinion of an independent cer-
13 tified public accountant as to whether the cer-
14 tified professional employer organization's fi-
15 nancial statements are presented fairly in ac-
16 cordance with generally accepted accounting
17 principles, and
18 "(B) provides to the Secretary an assertion
19 regarding Federal employment tax payments
20 and an examination level attestation on such
21 assertion from an independent certified public
22 accountant not later than the last day of the
23 second month beginning after the end of each
24 calendar quarter.

1 Such assertion shall state that the organization has
2 withheld and made deposits of all taxes imposed by
3 chapters 21, 22, and 24 in accordance with regula-
4 tions imposed by the Secretary for such calendar
5 quarter and such examination level attestation shall
6 state that such assertion is fairly stated, in all mate-
7 rial respects.

8 "(4) CONTROLLED GROUP RULES.—For pur-
9 poses of the requirements of paragraphs (2) and (3),
10 all certified professional employer organizations that
11 are members of a controlled group within the mean-
12 ing of sections 414(b) and (c) shall be treated as a
13 single organization.

14 "(5) FAILURE TO FILE ASSERTION AND ATTES-
15 TATION.—If the certified professional employer orga-
16 nization fails to file the assertion and attestation re-
17 quired by paragraph (3) with respect to any cal-
18 endar quarter, then the requirements of paragraph
19 (3) with respect to such failure shall be treated as
20 not satisfied for the period beginning on the due
21 date for such attestation.

22 "(6) AUDIT DATE.—For purposes of paragraph
23 (3)(A), the audit date shall be six months after the
24 completion of the organization's fiscal year.

1 "(d) SUSPENSION AND REVOCATION AUTHORITY.—
2 The Secretary may suspend or revoke a certification of
3 any person under subsection (b) for purposes of section
4 3511 if the Secretary determines that such person is not
5 satisfying the agreements or requirements of subsections
6 (b) or (c), or fails to satisfy applicable accounting, report-
7 ing, payment, or deposit requirements.
8 "(e) WORK SITE EMPLOYEE.—For purposes of this
9 title—
10 "(1) IN GENERAL.—The term 'work site em-
11 ployee' means, with respect to a certified profes-
12 sional employer organization, an individual who—
13 "(A) performs services for a customer pur-
14 suant to a contract which is between such cus-
15 tomer and the certified professional employer
16 organization and which meets the requirements
17 of paragraph (2), and
18 "(B) performs services at a work site
19 meeting the requirements of paragraph (3).
20 "(2) SERVICE CONTRACT REQUIREMENTS.—A
21 contract meets the requirements of this paragraph
22 with respect to an individual performing services for
23 a customer if such contract is in writing and pro-
24 vides that the certified professional employer organi-
25 zation shall—

1 "(A) assume responsibility for payment of
2 wages to such individual, without regard to the
3 receipt or adequacy of payment from the cus-
4 tomer for such services,
5 "(B) assume responsibility for reporting,
6 withholding, and paying any applicable taxes
7 under subtitle C, with respect to such individ-
8 ual's wages, without regard to the receipt or
9 adequacy of payment from the customer for
10 such services,
11 "(C) assume responsibility for any em-
12 ployee benefits which the service contract may
13 require the certified professional employer orga-
14 nization to provide, without regard to the re-
15 ceipt or adequacy of payment from the cus-
16 tomer for such benefits,
17 "(D) assume responsibility for recruiting,
18 hiring, and firing workers in addition to the
19 customer's responsibility for recruiting, hiring,
20 and firing workers,
21 "(E) maintain employee records relating to
22 such individual, and
23 "(F) agree to be treated as a certified pro-
24 fessional employer organization for purposes of
25 section 3511 with respect to such individual.

1 "(3) WORK SITE COVERAGE REQUIREMENT.—
2 The requirements of this paragraph are met with re-
3 spect to an individual if at least 85 percent of the
4 individuals performing services for the customer at
5 the work site where such individual performs serv-
6 ices are subject to 1 or more contracts with the cer-
7 tified professional employer organization which meet
8 the requirements of paragraph (2) (but not taking
9 into account those individuals who are excluded em-
10 ployees within the meaning of section 414(q)(5)).
11 "(f) PUBLIC DISCLOSURE.—The Secretary shall
12 make available to the public the name and address of—
13 "(1) each person certified as a professional em-
14 ployer organization under subsection (a), and
15 "(2) each person whose certification as a pro-
16 fessional employer organization is suspended or re-
17 voked under subsection (d).
18 "(g) DETERMINATION OF EMPLOYMENT STATUS.—
19 Except to the extent necessary for purposes of section
20 3511, nothing in this section shall be construed to affect
21 the determination of who is an employee or employer for
22 purposes of this title.
23 "(h) REGULATIONS.—The Secretary shall prescribe
24 such regulations as may be necessary or appropriate to
25 carry out the purposes of this section.".

1 (c) CONFORMING AMENDMENTS.—

2 (1) Section 3302 is amended by adding at the
3 end the following new subsection:

4 "(h) TREATMENT OF CERTIFIED PROFESSIONAL EM-
5 PLOYER ORGANIZATIONS.—If a certified professional em-
6 ployer organization (as defined in section 7705), or a cus-
7 tomer of such organization, makes a contribution to the
8 State's unemployment fund with respect to wages paid to
9 a work site employee, such certified professional employer
10 organization shall be eligible for the credits available
11 under this section with respect to such contribution.".

12 (2) Section 3303(a) is amended—

13 (A) by striking the period at the end of
14 paragraph (3) and inserting "; and" and by in-
15 serting after paragraph (3) the following new
16 paragraph:

17 "(4) if the taxpayer is a certified professional
18 employer organization (as defined in section 7705)
19 that is treated as the employer under section 3511,
20 such certified professional employer organization is
21 permitted to collect and remit, in accordance with
22 paragraphs (1), (2), and (3), contributions during
23 the taxable year to the State unemployment fund
24 with respect to a work site employee.", and

25 (B) in the last sentence—

1 (i) by striking "paragraphs (1), (2),
2 and (3)" and inserting "paragraphs (1),
3 (2), (3), and (4)", and
4 (ii) by striking "paragraph (1), (2), or
5 (3)" and inserting "paragraph (1), (2),
6 (3), or (4)".
7 (3) Section 6053(c) is amended by adding at
8 the end the following new paragraph:
9 "(8) CERTIFIED PROFESSIONAL EMPLOYER OR-
10 GANIZATIONS.—For purposes of any report required
11 by this subsection, in the case of a certified profes-
12 sional employer organization that is treated under
13 section 3511 as the employer of a work site em-
14 ployee, the customer with respect to whom a work
15 site employee performs services shall be the employer
16 for purposes of reporting under this section and the
17 certified professional employer organization shall
18 furnish to the customer and the Secretary any infor-
19 mation the Secretary prescribes as necessary to com-
20 plete such reporting no later than such time as the
21 Secretary shall prescribe.".
22 (4) Section 6652 is amended by adding at the
23 end the following new subsection:
24 "(n) FAILURE TO MAKE REPORTS REQUIRED
25 UNDER SECTIONS 3511, 6053(c)(8), AND 7705.—In the

1 case of a failure to make a report required under section
2 3511, 6053(c)(8), or 7705 which contains the information
3 required by such section on the date prescribed therefor
4 (determined with regard to any extension of time for fil-
5 ing), there shall be paid (on notice and demand by the
6 Secretary and in the same manner as tax) by the person
7 failing to make such report, an amount equal to $50 for
8 each report with respect to which there was such a failure.
9 In the case of any failure due to negligence or intentional
10 disregard the preceding sentence shall be applied by sub-
11 stituting '$100' for '$50'.".

12 (d) CLERICAL AMENDMENTS.—

13 (1) The table of sections for chapter 25 is
14 amended by adding at the end the following new
15 item:

"Sec. 3511. Certified professional employer organizations.".

16 (2) The table of sections for chapter 79 is
17 amended by inserting after the item relating to sec-
18 tion 7704 the following new item:

"Sec. 7705. Certified professional employer organizations.".

19 (f) USER FEES.—Section 7528(b) is amended by
20 adding at the end the following new paragraph:

21 "(4) CERTIFIED PROFESSIONAL EMPLOYER OR-
22 GANIZATIONS.—The fee charged under the program
23 in connection with the certification by the Secretary
24 of a professional employer organization under sec-

1 tion 7705 shall be an annual fee not to exceed
2 $1,000 per year.".
3 (g) EFFECTIVE DATES.—
4 (1) IN GENERAL.—The amendments made by
5 this section shall apply with respect to wages for
6 services performed on or after January 1 of the first
7 calendar year beginning more than 12 months after
8 the date of the enactment of this Act.
9 (2) CERTIFICATION PROGRAM.—The Secretary
10 of the Treasury shall establish the certification pro-
11 gram described in section 7705(b) of the Internal
12 Revenue Code of 1986, as added by subsection (b),
13 not later than 6 months before the effective date de-
14 termined under paragraph (1).
15 (h) NO INFERENCE.—Nothing contained in this sec-
16 tion or the amendments made by this section shall be con-
17 strued to create any inference with respect to the deter-
18 mination of who is an employee or employer—
19 (1) for Federal tax purposes (other than the
20 purposes set forth in the amendments made by this
21 section), or
22 (2) for purposes of any other provision of law.

1 **SEC. 207. EXCLUSION OF DIVIDENDS FROM CONTROLLED**
2 **FOREIGN CORPORATIONS FROM THE DEFINI-**
3 **TION OF PERSONAL HOLDING COMPANY IN-**
4 **COME FOR PURPOSES OF THE PERSONAL**
5 **HOLDING COMPANY RULES.**

6 (a) IN GENERAL.—Section 543(a)(1) is amended—
7 (1) by redesignating subparagraphs (C) and
8 (D) as subparagraphs (D) and (E), respectively, and
9 (2) by inserting after subparagraph (B) the fol-
10 lowing:
11 "(C) dividends received by a United States
12 shareholder (as defined in section 951(b)) from
13 a controlled foreign corporation (as defined in
14 section 957(a)),".

15 (b) EFFECTIVE DATE.—The amendments made by
16 this Act shall apply to taxable years ending on or after
17 the date of the enactment of this Act.

18 **SEC. 208. INFLATION ADJUSTMENT FOR CERTAIN CIVIL**
19 **PENALTIES UNDER THE INTERNAL REVENUE**
20 **CODE OF 1986.**

21 (a) FAILURE TO FILE TAX RETURN OR PAY TAX.—
22 Section 6651 is amended by adding at the end the fol-
23 lowing new subsection:
24 "(i) ADJUSTMENT FOR INFLATION.—
25 "(1) IN GENERAL.—In the case of any return
26 required to be filed in a calendar year beginning

1 after 2014, the $135 dollar amount under subsection
2 (a) shall be increased by such dollar amount multi-
3 plied by the cost-of-living adjustment determined
4 under section 1(f)(3) determined by substituting
5 'calendar year 2013' for 'calendar year 1992' in sub-
6 paragraph (B) thereof.
7 "(2) ROUNDING.—If any amount adjusted
8 under paragraph (1) is not a multiple of $5, such
9 amount shall be rounded to the next lowest multiple
10 of $5.".
11 (b) FAILURE TO FILE CERTAIN INFORMATION RE-
12 TURNS, REGISTRATION STATEMENTS, ETC.—
13 (1) IN GENERAL.—Section 6652(c) is amended
14 by adding at the end the following new paragraph:
15 "(6) ADJUSTMENT FOR INFLATION.—
16 "(A) IN GENERAL.—In the case of any
17 failure relating to a return required to be filed
18 in a calendar year beginning after 2014, each
19 of the dollar amounts under paragraphs (1),
20 (2), and (3) shall be increased by such dollar
21 amount multiplied by the cost-of-living adjust-
22 ment determined under section 1(f)(3) deter-
23 mined by substituting 'calendar year 2013' for
24 'calendar year 1992' in subparagraph (B)
25 thereof.

1 "(B) ROUNDING.—If any amount adjusted
2 under subparagraph (A)—
3 "(i) is not less than $5,000 and is not
4 a multiple of $500, such amount shall be
5 rounded to the next lowest multiple of
6 $500, and
7 "(ii) is not described in clause (i) and
8 is not a multiple of $5, such amount shall
9 be rounded to the next lowest multiple of
10 $5.".
11 (2) CONFORMING AMENDMENTS.—
12 (A) The last sentence of section
13 6652(c)(1)(A) is amended by striking "the first
14 sentence of this subparagraph shall be applied
15 by substituting '$100' for '$20' and" and in-
16 serting "in applying the first sentence of this
17 subparagraph, the amount of the penalty for
18 each day during which a failure continues shall
19 be $100 in lieu of the amount otherwise speci-
20 fied, and".
21 (B) Section 6652(c)(2)(C)(ii) is amended
22 by striking "the first sentence of paragraph
23 (1)(A)" and all that follows and inserting "in
24 applying the first sentence of paragraph (1)(A),
25 the amount of the penalty for each day during

1 which a failure continues shall be $100 in lieu
2 of the amount otherwise specified, and in lieu of
3 applying the second sentence of paragraph
4 (1)(A), the maximum penalty under paragraph
5 (1)(A) shall not exceed $50,000, and".
6 (c) OTHER ASSESSABLE PENALTIES WITH RESPECT
7 TO THE PREPARATION OF TAX RETURNS FOR OTHER
8 PERSONS.—Section 6695 is amended by adding at the end
9 the following new subsection:
10 "(h) ADJUSTMENT FOR INFLATION.—
11 "(1) IN GENERAL.—In the case of any failure
12 relating to a return or claim for refund filed in a
13 calendar year beginning after 2014, each of the dol-
14 lar amounts under subsections (a), (b), (c), (d), (e),
15 (f), and (g) shall be increased by such dollar amount
16 multiplied by the cost-of-living adjustment deter-
17 mined under section 1(f)(3) determined by sub-
18 stituting 'calendar year 2013' for 'calendar year
19 1992' in subparagraph (B) thereof.
20 "(2) ROUNDING.—If any amount adjusted
21 under subparagraph (A)—
22 "(A) is not less than $5,000 and is not a
23 multiple of $500, such amount shall be rounded
24 to the next lowest multiple of $500, and

1 "(B) is not described in clause (i) and is
2 not a multiple of $5, such amount shall be
3 rounded to the next lowest multiple of $5.".
4 (d) FAILURE TO FILE PARTNERSHIP RETURN.—Sec-
5 tion 6698 is amended by adding at the end the following
6 new subsection:
7 "(e) ADJUSTMENT FOR INFLATION.—
8 "(1) IN GENERAL.—In the case of any return
9 required to be filed in a calendar year beginning
10 after 2014, the $195 dollar amount under subsection
11 (b)(1) shall be increased by such dollar amount mul-
12 tiplied by the cost-of-living adjustment determined
13 under section 1(f)(3) determined by substituting
14 'calendar year 2013' for 'calendar year 1992' in sub-
15 paragraph (B) thereof.
16 "(2) ROUNDING.—If any amount adjusted
17 under paragraph (1) is not a multiple of $5, such
18 amount shall be rounded to the next lowest multiple
19 of $5.".
20 (e) FAILURE TO FILE S CORPORATION RETURN.—
21 Section 6699 is amended by adding at the end the fol-
22 lowing new subsection:
23 "(e) ADJUSTMENT FOR INFLATION.—
24 "(1) IN GENERAL.—In the case of any return
25 required to be filed in a calendar year beginning

1 after 2014, the $195 dollar amount under subsection
2 (b)(1) shall be increased by such dollar amount mul-
3 tiplied by the cost-of-living adjustment determined
4 under section 1(f)(3) determined by substituting
5 'calendar year 2013' for 'calendar year 1992' in sub-
6 paragraph (B) thereof.

7 "(2) ROUNDING.—If any amount adjusted
8 under paragraph (1) is not a multiple of $5, such
9 amount shall be rounded to the next lowest multiple
10 of $5.".

11 (f) FAILURE TO FILE CORRECT INFORMATION RE-
12 TURNS.—Section 6721(f)(1) is amended by striking "For
13 each fifth calendar year beginning after 2012" and insert-
14 ing "In the case of any failure relating to a return re-
15 quired to be filed in a calendar year beginning after
16 2014".

17 (g) FAILURE TO FURNISH CORRECT PAYEE STATE-
18 MENTS.—Section 6722(f)(1) is amended by striking "For
19 each fifth calendar year beginning after 2012" and insert-
20 ing "In the case of any failure relating to a statement
21 required to be furnished in a calendar year beginning after
22 2014".

23 (h) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to returns required to be filed after
25 December 31, 2014.

1 **SEC. 209. INCREASE IN CONTINUOUS LEVY.**

2 (a) IN GENERAL.—Paragraph (3) of section 6331(h)
3 is amended by striking the period at the end and inserting
4 "and by substituting '30 percent' for '15 percent' in the
5 case of any specified payment due to a Medicare provider
6 or supplier under title XVIII of the Social Security Act.".

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to payments made after 180 days
9 after the date of the enactment of this Act.

# House Calendar No. _____

113TH CONGRESS
2D SESSION

# H. RES. _____

**Report No. 113–_____**

Providing for consideration of the bill (H.R. 5771) to amend the Internal Revenue Code of 1986 to extend certain expiring provisions and make technical corrections, and for other purposes, and providing for consideration of the bill (H.R. 647) to amend the Internal Revenue Code of 1986 to provide for the tax treatment of ABLE accounts established under State programs for the care of family members with disabilities, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

DECEMBER 2, 2014

Mr. SESSIONS, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

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# RESOLUTION

Providing for consideration of the bill (H.R. 5771) to amend the Internal Revenue Code of 1986 to extend certain expiring provisions and make technical corrections, and for other purposes, and providing for consideration of the bill (H.R. 647) to amend the Internal Revenue Code of 1986 to provide for the tax treatment of ABLE accounts established under State programs for the care of family members with disabilities, and for other purposes.

1 *Resolved,* That upon adoption of this resolution it
2 shall be in order to consider in the House the bill (H.R.
3 5771) to amend the Internal Revenue Code of 1986 to
4 extend certain expiring provisions and make technical cor-
5 rections, and for other purposes. All points of order
6 against consideration of the bill are waived. The amend-
7 ment printed in part A of the report of the Committee
8 on Rules accompanying this resolution shall be considered
9 as adopted. The bill, as amended, shall be considered as
10 read. All points of order against provisions in the bill, as
11 amended, are waived. The previous question shall be con-
12 sidered as ordered on the bill, as amended, and on any
13 further amendment thereto, to final passage without inter-
14 vening motion except: (1) one hour of debate equally di-
15 vided and controlled by the chair and ranking minority
16 member of the Committee on Ways and Means; and (2)
17 one motion to recommit with or without instructions.

18 SEC. 2. Upon adoption of this resolution it shall be
19 in order to consider in the House the bill (H.R. 647) to
20 amend the Internal Revenue Code of 1986 to provide for
21 the tax treatment of ABLE accounts established under
22 State programs for the care of family members with dis-
23 abilities, and for other purposes. All points of order
24 against consideration of the bill are waived. In lieu of the
25 amendment in the nature of a substitute recommended by

1 the Committee on Ways and Means now printed in the
2 bill, the amendment in the nature of a substitute printed
3 in part B of the report of the Committee on Rules accom-
4 panying this resolution shall be considered as adopted.
5 The bill, as amended, shall be considered as read. All
6 points of order against provisions in the bill, as amended,
7 are waived. The previous question shall be considered as
8 ordered on the bill, as amended, and on any further
9 amendment thereto, to final passage without intervening
10 motion except: (1) one hour of debate equally divided and
11 controlled by the chair and ranking minority member of
12 the Committee on Ways and Means; and (2) one motion
13 to recommit with or without instructions.

14 SEC. 3. In the engrossment of H.R. 5771 the Clerk
15 shall—

16 (a) add the text of H.R. 647, as passed by the House,
17 as new matter at the end of H.R. 5771;

18 (b) conform the title of H.R. 5771 to reflect the addi-
19 tion of H.R. 647, as passed by the House, to the engross-
20 ment;

21 (c) assign appropriate designations to provisions
22 within the engrossment; and

23 (d) conform cross-references and provisions for short
24 titles within the engrossment.