

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:

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

2 (a) **SHORT TITLE.**—This Act may be cited as the  
3 “Achieving a Better Life Experience Act of 2014” or the  
4 “ABLE Act of 2014”.

5 (b) **AMENDMENT OF 1986 CODE.**—Except as other-  
6 wise expressly provided, whenever in this Act an amend-  
7 ment or repeal is expressed in terms of an amendment  
8 to, or repeal of, a section or other provision, the reference  
9 shall be considered to be made to a section or other provi-  
10 sion of the Internal Revenue Code of 1986.

11 (c) **TABLE OF CONTENTS.**—The table of contents of  
12 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.



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 SECUR-  
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—

1           “(i) except to the extent provided by  
2           the Secretary, all distributions during a  
3           taxable year shall be treated as one dis-  
4           tribution, and

5           “(ii) except to the extent provided by  
6           the Secretary, the value of the contract, in-  
7           come on the contract, and investment in  
8           the contract shall be computed as of the  
9           close of the calendar year in which the tax-  
10          able year begins.

11          “(2) GIFT TAX RULES.—For purposes of chap-  
12          ters 12 and 13—

13               “(A) CONTRIBUTIONS.—Any contribution  
14               to a qualified ABLE program on behalf of any  
15               designated beneficiary—

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

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

21               “(B) TREATMENT OF DISTRIBUTIONS.—In  
22               no event shall a distribution from an ABLE ac-  
23               count to such account’s designated beneficiary  
24               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 igned 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 (e)(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 sserting “or” at the end of paragraph (5), and by in-  
7 sserting 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(e) 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 remun-  
18                   eration 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 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.

