

112TH CONGRESS
2^D SESSION

H. R. 4394

To provide incentives to encourage financial institutions and small businesses to provide continuing financial education to customers, borrowers, and employees, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 18, 2012

Ms. EDDIE BERNICE JOHNSON of Texas introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Financial Services and Small Business, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide incentives to encourage financial institutions and small businesses to provide continuing financial education to customers, borrowers, and employees, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Financial Lit-
5 eracy Act of 2012”.

1 **SEC. 2. FINANCIAL LITERACY PROGRAMS.**

2 Section 804 of the Community Reinvestment Act of
3 1977 (12 U.S.C. 2903) is amended by adding at the end
4 the following new subsection:

5 “(e) DIRECT SUPPORT FOR FINANCIAL LITERACY
6 PROGRAMS TAKEN INTO ACCOUNT.—

7 “(1) STANDARDS ESTABLISHED FOR ELIGIBLE
8 PROGRAMS.—The appropriate Federal financial su-
9 pervisory agencies shall jointly prescribe regulations
10 establishing—

11 “(A) the minimum standards required to
12 be met by a community-based financial literacy
13 program in order to be eligible for consideration
14 under paragraph (3) as a qualified community-
15 based financial literacy program;

16 “(B) the procedures for financial institu-
17 tions to apply to the appropriate Federal finan-
18 cial supervisory agency for approval of a finan-
19 cial literacy program as a qualified community-
20 based financial literacy program; and

21 “(C) a requirement that financial institu-
22 tions submit a regular report on how the insti-
23 tution supported and promoted financial lit-
24 eracy in its entire community, including low-
25 and moderate-income neighborhoods.

1 “(2) FACTORS.—The regulations required
2 under paragraph (1) shall require at a minimum
3 that a qualified community-based financial literacy
4 program—

5 “(A) be offered by a nonprofit budget and
6 counseling agency which is exempt from tax-
7 ation under section 501(c)(3) of the Internal
8 Revenue Code of 1986; and

9 “(B) include adequate education to pro-
10 mote consumer understanding of consumer, eco-
11 nomic, and personal finance issues and con-
12 cepts, including saving for retirement, man-
13 aging credit, long-term care, estate planning
14 and education on predatory lending, identity
15 theft, and financial abuse schemes.

16 “(3) PROGRAMS TAKEN INTO ACCOUNT.—The
17 direct support by a financial institution of a quali-
18 fied community-based financial literacy program
19 may be taken into account by the appropriate Fed-
20 eral financial supervisory agency under subsection
21 (a) in assessing the institution’s record of meeting
22 the credit needs of its entire community, including
23 low- and moderate-income neighborhoods, in such
24 amount and to such extent as may be provided in

1 the joint regulations prescribed under paragraph
2 (1).”.

3 **SEC. 3. CREDIT AGAINST INCOME TAX FOR SMALL BUSI-**
4 **NESSES WHICH PROVIDE CONTINUING FI-**
5 **NANCIAL EDUCATION TO EMPLOYEES.**

6 (a) IN GENERAL.—Subpart D of part IV of sub-
7 chapter A of chapter 1 of the Internal Revenue Code of
8 1986 is amended by adding at the end the following new
9 section:

10 **“SEC. 45S. SMALL BUSINESSES PROVIDING CONTINUING FI-**
11 **NANCIAL EDUCATION TO EMPLOYEES.**

12 “(a) IN GENERAL.—In the case of an eligible small
13 business, the continuing financial education credit deter-
14 mined under this section is an amount equal to 35 percent
15 of the continuing financial education expenses paid or in-
16 curred by the taxpayer during the taxable year.

17 “(b) ELIGIBLE SMALL BUSINESS.—For purposes of
18 this section, the term ‘eligible small business’ means any
19 small business which provides without charge a qualified
20 continuing financial education program to its employees
21 throughout the taxable year.

22 “(c) QUALIFIED CONTINUING FINANCIAL EDU-
23 CATION PROGRAM.—For purposes of this section—

1 “(1) IN GENERAL.—The term ‘qualified con-
2 tinuing financial education program’ means any edu-
3 cational program or services—

4 “(A) which is provided by a community-
5 based budget and counseling agency which is
6 described in section 501(c)(3) and exempt from
7 tax under section 501(a),

8 “(B) which promotes consumer under-
9 standing of consumer, economic, and personal
10 finance issues and concepts, including saving
11 for retirement, managing credit, long-term care,
12 estate planning and education on predatory
13 lending, identity theft, and financial abuse
14 schemes,

15 “(C) which is offered to all employees of
16 the taxpayer who have at least 2 weeks of serv-
17 ice with the employer, and

18 “(D) which is offered during—

19 “(i) at least 24 hours of each month
20 if the taxpayer is a corporation, or

21 “(ii) at least 16 hours of each month
22 in any other case.

23 “(d) SMALL BUSINESS.—For purposes of this sec-
24 tion—

1 “(1) IN GENERAL.—The term ‘small business’
2 means, with respect to any taxable year, any em-
3 ployer if—

4 “(A) such employer employed an average
5 of at least 2 but not more than 50 employees
6 on business days during the most recent cal-
7 endar year ending before such taxable year, and

8 “(B) such employer employed at least 2
9 employees on the first day of the taxable year.

10 “(2) EMPLOYERS NOT IN EXISTENCE IN PRE-
11 CEDING YEAR.—In the case of an employer which
12 was not in existence throughout the calendar year
13 referred to in paragraph (1), the determination
14 under paragraph (1) shall be based on the average
15 number of employees that it is reasonably expected
16 such employer will employ on business days in the
17 taxable year.

18 “(3) SPECIAL RULES.—

19 “(A) CONTROLLED GROUPS.—For pur-
20 poses of this subsection, all persons treated as
21 a single employer under subsection (b), (c),
22 (m), or (o) of section 414 shall be treated as 1
23 employer.

24 “(B) PREDECESSORS.—Any reference in
25 this subsection to an employer shall include a

1 reference to any predecessor of such em-
2 ployer.”.

3 (b) DENIAL OF DOUBLE BENEFIT.—Section 280C of
4 such Code is amended by adding at the end the following
5 new subsection:

6 “(j) CREDIT FOR SMALL BUSINESSES PROVIDING
7 CONTINUING FINANCIAL EDUCATION TO EMPLOYEES.—
8 No deduction shall be allowed for that portion of the ex-
9 penses paid or incurred during the taxable year which is
10 equal to the credit determined for the taxable year under
11 sections 45S(a). In the case of persons treated as a single
12 employer under section 45S(d)(3)(A), this subsection shall
13 be applied under rules prescribed by the Secretary similar
14 to the rules applicable under subsections (a) and (b) of
15 section 52.”.

16 (c) CREDIT TO BE PART OF GENERAL BUSINESS
17 CREDIT.—Section 38(b) of such Code is amended by strik-
18 ing “plus” at the end of paragraph (35), by striking the
19 period at the end of paragraph (36) and inserting “, plus”,
20 and by adding at the end the following new paragraph:

21 “(37) the continuing financial education credit
22 under section 45S(a).”.

23 (d) CLERICAL AMENDMENT.—The table of sections
24 for subpart D of part IV of subchapter A of chapter 1

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

“Sec. 45S. Small businesses providing continuing financial education to employ-
 ees.”.

3 (e) **EFFECTIVE DATE.**—The amendments made by
 4 this section shall apply to taxable years beginning after
 5 December 31, 2011.

6 **SEC. 4. PREFERENCE IN FEDERAL CONTRACTS, LOANS,**
 7 **AND OTHER ASSISTANCE FOR SMALL BUSI-**
 8 **NESSES AND CORPORATIONS PROVIDING**
 9 **CONTINUING FINANCIAL EDUCATION TO EM-**
 10 **PLOYEES.**

11 (a) **PREFERENCE.**—In the case of any Federal con-
 12 tract or any Federal financial or nonfinancial assistance,
 13 an eligible small business or an eligible corporation shall
 14 be given a preference when submitting a bid or proposal
 15 for the contract or applying for such assistance.

16 (b) **DEFINITIONS.**—In this section:

17 (1) **ELIGIBLE SMALL BUSINESS.**—The term “el-
 18 ible small business” has the meaning provided in
 19 section 45S(b) of the Internal Revenue Code of
 20 1986.

21 (2) **ELIGIBLE CORPORATION.**—The term “eligi-
 22 ble corporation” means any corporation—

23 (A) that employs 50 or more employees;

24 and

1 (B) that provides without charge a quali-
2 fied continuing financial education program to
3 its employees throughout the taxable year.

4 (3) QUALIFIED CONTINUING FINANCIAL EDU-
5 CATION PROGRAM.—The term “qualified continuing
6 financial education program” has the meaning pro-
7 vided in section 45S(c) of the Internal Revenue Code
8 of 1986.

9 (4) FEDERAL FINANCIAL OR NONFINANCIAL AS-
10 SISTANCE.—The term “Federal financial or non-
11 financial assistance” means—

12 (A) all programs and activities involving
13 Federal financial and nonfinancial assistance
14 and benefits, as covered by Executive Order No.
15 12549 and guidelines implementing that order;
16 and

17 (B) procurement programs and activities,
18 including Federal contracts for the procurement
19 of goods or services.

20 (c) EFFECTIVE DATE.—The preference required
21 under subsection (a) shall be applied beginning on Janu-
22 ary 1, 2013.

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