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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to exempt money accounts for growth and advancement from taxation, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. MOORE of Utah introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to exempt money accounts for growth and advancement from taxation, 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; ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Money Accounts for Growth and Advancement Act” or
6 the “MAGA Act”.

7 (b) REFERENCES.—Except as otherwise expressly
8 provided, whenever in this Act an amendment or repeal

1 is expressed in terms of an amendment to, or repeal of,
2 a section or other provision, the reference shall be consid-
3 ered to be made to a section or other provision of the In-
4 ternal Revenue Code of 1986.

5 **SEC. 2. MAGA ACCOUNTS.**

6 (a) IN GENERAL.—Subchapter F of chapter 1 is
7 amended by adding at the end the following new part:

8 **“PART IX—MAGA ACCOUNTS**

9 **“SEC. 530A. MAGA ACCOUNTS.**

10 “(a) GENERAL RULE.—A MAGA account shall be ex-
11 empt from taxation under this subtitle. Notwithstanding
12 the preceding sentence, such account shall be subject to
13 the taxes imposed by section 511 (relating to imposition
14 of tax on unrelated business income of charitable organiza-
15 tions).

16 “(b) MAGA ACCOUNT.—For purposes of this sec-
17 tion—

18 “(1) IN GENERAL.—The term ‘money account
19 for growth and advancement’ or ‘MAGA account’
20 means a trust created or organized in the United
21 States for the exclusive benefit of an individual and
22 which is designated (in such manner as the Sec-
23 retary shall prescribe) at the time of the establish-
24 ment of the trust as a MAGA account, but only if

1 the written governing instrument creating the trust
2 meets the following requirements:

3 “(A) The individual establishing the ac-
4 count shall provide to the trustee the social se-
5 curity number of such individual and of the ac-
6 count beneficiary.

7 “(B) Except in the case of a qualified roll-
8 over contribution described in subsection (e), no
9 contribution will be accepted—

10 “(i) before January 1, 2026,

11 “(ii) unless it is in cash,

12 “(iii) unless the account beneficiary
13 has not attained age 18, and

14 “(iv) if such contribution would result
15 in aggregate contributions for the taxable
16 year exceeding the contribution limit speci-
17 fied in subsection (e)(1).

18 “(C) No distribution (other than a dis-
19 tribution of a qualified rollover contribution)
20 will be allowed—

21 “(i) before the date on which the ac-
22 count beneficiary attains age 18, or

23 “(ii) in the case of such an account
24 the account beneficiary of which has not
25 attained age 25, if the aggregate distribu-

1 tions from such account exceeds the
2 amount that is $\frac{1}{2}$ the cash equivalent
3 value of the account on the date on which
4 the account beneficiary attains age 18.

5 “(D) The account beneficiary has not at-
6 tained age 8 on the date of the establishment
7 of the account.

8 “(E) The trustee is a bank (as defined in
9 section 408(n)) or another person who dem-
10 onstrates to the satisfaction of the Secretary
11 that the manner in which that person will ad-
12 minister the trust will be consistent with the re-
13 quirements of this section or who has so dem-
14 onstrated with respect to any individual retire-
15 ment plan.

16 “(F) The interest of an individual in the
17 balance of his account is nonforfeitable.

18 “(G) The assets of the trust shall not be
19 commingled with other property except in a
20 common trust fund or common investment
21 fund.

22 “(H) No part of the trust funds will be in-
23 vested in any asset other than eligible invest-
24 ments.

1 “(2) ELIGIBLE INVESTMENTS.—The term ‘eligi-
2 ble investments’ means stock of a regulated invest-
3 ment company (within the meaning of section 851)
4 which—

5 “(A) tracks a well-established index of
6 United States equities (or which invests in an
7 equivalent diversified portfolio of United States
8 equities),

9 “(B) does not use leverage,

10 “(C) minimizes fees and expenses, and

11 “(D) meets such other criteria as the Sec-
12 retary determines appropriate for purposes of
13 this section.

14 “(3) ACCOUNT BENEFICIARY.—The term ‘ac-
15 count beneficiary’ means the individual on whose be-
16 half the MAGA account was established.

17 “(c) TREATMENT OF CONTRIBUTIONS.—

18 “(1) CONTRIBUTION LIMIT.—The contribution
19 limit for any taxable year is \$5,000.

20 “(2) CONTRIBUTIONS FROM TAX EXEMPT
21 SOURCES AND ROLLOVER CONTRIBUTIONS.—The
22 amount contributed to a MAGA account for pur-
23 poses of paragraph (1) shall be determined without
24 regard to—

25 “(A) a qualified rollover contribution,

1 “(B) any contribution from the Federal
2 Government or any State, local, or tribal gov-
3 ernment, or

4 “(C) any contribution made through the
5 program established under subsection (l).

6 “(3) COST-OF-LIVING ADJUSTMENT.—

7 “(A) IN GENERAL.—In the case of any
8 taxable year beginning in a calendar year after
9 2026, the \$5,000 amount under paragraph (1)
10 shall be increased by an amount equal to—

11 “(i) such dollar amount, multiplied by

12 “(ii) the cost-of-living adjustment de-
13 termined under section 1(f)(3) for the cal-
14 endar year, determined by substituting
15 ‘calendar year 2025’ for ‘calendar year
16 2016’ in subparagraph (A)(ii) thereof.

17 “(B) ROUNDING.—If any increase under
18 subparagraph (A) is not a multiple of \$100,
19 such amount shall be rounded to the next lower
20 multiple of \$100.

21 “(d) DISTRIBUTIONS.—

22 “(1) AMOUNTS ALLOCABLE TO INVESTMENT IN
23 THE CONTRACT.—A distribution from a MAGA ac-
24 count of an amount allocable to the investment in

1 the contract shall not be includible in the gross in-
2 come of the distributee.

3 “(2) AMOUNTS ALLOCABLE TO INCOME ON THE
4 CONTRACT USED FOR QUALIFIED EXPENSES.—A
5 distribution from a MAGA account of an amount al-
6 locable to income on the contract and which is used
7 exclusively to pay for qualified expenses shall be in-
8 cludible in net capital gain of the distributee under
9 section 1(h)(12).

10 “(3) AMOUNTS INCLUDIBLE IN GROSS IN-
11 COME.—Any distribution from a MAGA account
12 which is not described in paragraph (1) or (2) shall
13 be includible in the gross income of the distributee.

14 “(4) QUALIFIED EXPENSES.—For purposes of
15 this subsection, the term ‘qualified expenses’ means
16 any of the following expenses paid or incurred for
17 the benefit of the account beneficiary:

18 “(A) Qualified higher education expenses
19 (as defined in section 529(e)(3)) determined
20 without regard to section 529(c)(7).

21 “(B) Qualified post-secondary credentialing
22 expenses (as defined in section 529(f)).

23 “(C) Under regulations provided by the
24 Secretary, amounts paid or incurred with re-
25 spect to any small businesses for which the ben-

1 efficiary has obtained any small business loan,
2 small farm loan, or similar loan.

3 “(D) Any amount used for the purchase
4 (as defined in section 36(c)(3)) of the principal
5 residence (as used in section 121) of the ac-
6 count beneficiary if such account beneficiary is
7 a first-time homebuyer (as defined in section
8 36(c)(1)) with respect to such purchase.

9 “(5) EXCEPTIONS.—Paragraphs (2) and (3)
10 shall not apply to any distribution which is a quali-
11 fied rollover contribution.

12 “(6) ADDITIONAL TAX ON CERTAIN DISTRIBU-
13 TIONS.—In the case of a distributee who has not at-
14 tained age 30, the tax imposed by this chapter on
15 the account beneficiary for any taxable year in which
16 there is a distribution from a MAGA account of such
17 beneficiary which is includible in gross income under
18 paragraph (3) shall be increased by 10 percent of
19 the amount which is so includible.

20 “(e) QUALIFIED ROLLOVER CONTRIBUTION.—For
21 purposes of this section, the term ‘qualified rollover con-
22 tribution’ means an amount which is paid in a direct trust-
23 ee-to-trustee transfer from a MAGA account maintained
24 for the benefit of the account beneficiary to a MAGA ac-
25 count maintained for such beneficiary.

1 “(f) TREATMENT AFTER DEATH OF ACCOUNT BENE-
2 FICIARY.—Rules similar to the rules of section 223(f)(8)
3 shall apply for purposes of this section.

4 “(g) DETERMINATIONS OF AGGREGATE DISTRIBUTU-
5 TIONS AND INVESTMENT IN CONTRACT IN THE CASE OF
6 CERTAIN ROLLOVER CONTRIBUTIONS.—In the case of a
7 qualified rollover contribution which is described in sub-
8 section (e)(2), any determination required under this sec-
9 tion of the amount of the investment of the contract or
10 of aggregate distributions from the MAGA account shall
11 be determined with respect to the aggregate of such
12 amounts for all MAGA accounts of the same account bene-
13 ficiary.

14 “(h) CUSTODIAL ACCOUNTS.—For purposes of this
15 section, a custodial account shall be treated as a trust
16 under this section if—

17 “(1) the custodial account would, except for the
18 fact that it is not a trust, constitute a trust which
19 meets the requirements of subsection (b)(1), and

20 “(2) the assets of such account are held by a
21 bank (as defined in section 408(n)) or another per-
22 son who demonstrates, to the satisfaction of the Sec-
23 retary, that the manner in which he will administer
24 the account will be consistent with the requirements
25 of this section.

1 For purposes of this title, in the case of a custodial ac-
2 count treated as a trust by reason of the preceding sen-
3 tence, the person holding the assets of such account shall
4 be treated as the trustee thereof.

5 “(i) TERMINATION.—

6 “(1) AGE 31.—Upon the date on which the ac-
7 count beneficiary attains age 31, a MAGA account
8 shall cease to be a MAGA account and the amount
9 in such account shall be treated as distributed for
10 purposes of subsection (d).

11 “(2) MULTIPLE ACCOUNTS OF ONE BENE-
12 FICIARY.—

13 “(A) IN GENERAL.—In the case of any du-
14 plicate MAGA account of any account bene-
15 ficiary other than a MAGA account which is es-
16 tablished by the deposit through a qualified roll-
17 over contribution of the entire amount of an-
18 other MAGA account of the account bene-
19 ficiary—

20 “(i) such duplicate MAGA account
21 shall cease to be a MAGA account and the
22 amount in such account shall be treated as
23 distributed for purposes of subsection (d),
24 and

1 “(ii) there is imposed an excise tax on
2 the account beneficiary in an amount equal
3 to so much of cash value of the account as
4 is allocable to income on the contract.

5 “(B) WITHHOLDING REQUIREMENT.—In
6 the case of an account terminated under sub-
7 paragraph (A), the trustee shall deduct and
8 withhold upon the amount to be distributed the
9 amount in excess described in subparagraph
10 (A)(ii).

11 “(C) NOTIFICATION.—The Secretary, upon
12 determining that a duplicate account exists,
13 shall provide a notice to the account beneficiary
14 of such duplicate account (and the account cus-
15 todian, in the case of a custodial account) and
16 to each trustee of any MAGA account of the ac-
17 count beneficiary of such duplicate account
18 which identifies each MAGA account of such
19 beneficiary and the trustee of each such ac-
20 count.

21 “(D) DUPLICATE ACCOUNT.—For purposes
22 of this paragraph, the term ‘duplicate account’
23 means—

24 “(i) in the case of an account bene-
25 ficiary for the benefit of whom an account

1 was established by the Secretary under
2 section 6434, any other MAGA account of
3 such account beneficiary, or

4 “(ii) in the case of any other account
5 beneficiary, any MAGA account established
6 after the first MAGA account established
7 for the benefit of such account beneficiary.

8 “(j) INVESTMENT IN THE CONTRACT.—For purposes
9 of this section, rules similar to the rules applied to a quali-
10 fied tuition program (as defined in section 529(b)) under
11 section 72(e)(9) shall apply for purposes of determining
12 the investment in the contract, except that such amount
13 shall be determined without regard to any contribution
14 which is described in subsection (c)(2).

15 “(k) REPORTS.—The trustee of a MAGA account
16 shall make such reports regarding such account to the
17 Secretary and to the beneficiary of the account with re-
18 spect to contributions, distributions, the amount of invest-
19 ment in the contract, and such other matters as the Sec-
20 retary may require. The reports required by this sub-
21 section shall be filed at such time and in such manner
22 and furnished to such individuals at such time and in such
23 manner as may be required.

24 “(l) CONTRIBUTIONS TO PREDOMINATELY UNRE-
25 LATED CHILDREN.—The Secretary shall establish a pro-

1 gram through which contributions may be made to the
2 MAGA accounts of a large group of account beneficiaries
3 if—

4 “(1) the contribution is made by any person de-
5 scribed in any paragraph of section 501(c) and ex-
6 empt from taxation under section 501(a),

7 “(2) such accounts are selected on the basis of
8 the location of the residence of the account bene-
9 ficiaries, the school district in which such bene-
10 ficiaries attend school, or another basis the Sec-
11 retary determines appropriate, and

12 “(3) all individuals who are account bene-
13 ficiaries of such an account who meet the selected
14 criteria receive an equal portion of the contribu-
15 tion.”.

16 (b) DISTRIBUTION TAXED AT SAME RATE AS NET
17 CAPITAL GAINS.—Section 1(h) is amended by adding at
18 the end the following new paragraph:

19 “(12) DISTRIBUTIONS FROM MAGA ACCOUNT
20 TAXED AS NET CAPITAL GAIN.—For purposes of this
21 subsection, the term ‘net capital gain’ means the net
22 capital gain (determined without regard to this para-
23 graph) increased by the amount includible in net
24 capital gain under this paragraph by reason of sec-
25 tion 530A(d)(2).”.

1 (c) TAX ON EXCESS CONTRIBUTIONS.—

2 (1) IN GENERAL.—Section 4973(a) is amended
3 by striking “or” at the end of paragraph (5), by in-
4 serting “or” at the end of paragraph (6), and by in-
5 serting after paragraph (6) the following new para-
6 graph:

7 “(7) a MAGA account (as defined in section
8 530A(b)),”.

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

12 “(i) EXCESS CONTRIBUTIONS TO A MAGA AC-
13 COUNT.—For purposes of this section, in the case of
14 MAGA accounts (within the meaning of section 530A), the
15 term ‘excess contributions’ means the sum of—

16 “(1) the amount by which the amount contrib-
17 uted for the calendar year to such account (other
18 than qualified rollover contributions (as defined in
19 section 530A(e))) exceeds the contribution limit
20 under section 530A(c)(1) (determined without re-
21 gard to contributions described in section
22 530A(c)(2)), and

23 “(2) the amount determined under this sub-
24 section for the preceding calendar year, reduced by
25 the excess (if any) of the maximum amount allow-

1 able as a contribution under section 530A(c)(1) (as
2 so determined) for the calendar year over the
3 amount contributed to the account for the calendar
4 year (other than qualified rollover contributions (as
5 so defined)).”.

6 (d) DISCLOSURE OF RETURN INFORMATION TO FA-
7 CILITATE CERTAIN CONTRIBUTIONS.—Section 6103(l) is
8 amended by adding at the end the following new para-
9 graph:

10 “(23) DISCLOSURE OF RETURN INFORMATION
11 TO ENABLE CERTAIN CONTRIBUTIONS TO MAGA AC-
12 COUNTS.—Upon written request signed by the head
13 of the bureau or office of the Department of the
14 Treasury requesting the inspection or disclosure, the
15 Secretary may disclose the following return informa-
16 tion with respect to a MAGA account (as defined in
17 section 503A(b)) to officers and employees of such
18 bureau or office to the extent that such disclosure is
19 necessary to carry out section 530A(l):

20 “(A) Information necessary to identify the
21 account holders in a particular class of bene-
22 ficiaries identified by a donor as the intended
23 recipients.

24 “(B) The name, address, and social secu-
25 rity number of a beneficiary.

1 “(C) The account custodian and the ad-
2 dress of such custodian.

3 “(D) The account number.

4 “(E) The routing number.

5 “(F) To the extent determined by the Sec-
6 retary in regulations, such other return infor-
7 mation as the Secretary determines necessary
8 to ensure proper routing of funds

9 Return information disclosed under this paragraph
10 may only be used to identify account holders in a
11 particular class of beneficiaries or for the proper
12 routing of funds and may not be redisclosed by the
13 Secretary.”.

14 (e) FAILURE TO PROVIDE REPORTS ON MAGA AC-
15 COUNTS.—Section 6693(a)(2) is amended by striking
16 “and” at the end of subparagraph (E), by striking the
17 period at the end of subparagraph (F) and inserting “,
18 and”, and by adding at the end the following new subpara-
19 graph:

20 “(G) section 530A(h) (relating to MAGA
21 accounts).”.

22 (f) CONFORMING AMENDMENT.—The table of parts
23 for subchapter F of chapter 1 is amended by adding at
24 the end the following new item:

 “PART IX. MAGA ACCOUNTS”.

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

4 **SEC. 3. MAGA ACCOUNTS CONTRIBUTION PILOT PROGRAM.**

5 (a) IN GENERAL.—Subchapter B of chapter 65 is
6 amended by adding at the end the following new section:

7 **“SEC. 6434. MAGA ACCOUNTS CONTRIBUTION PILOT PRO-**
8 **GRAM.**

9 “(a) IN GENERAL.—In the case of any taxpayer with
10 respect to whom an eligible individual is a qualifying child,
11 there shall be allowed a one-time credit of \$1,000 with
12 respect to each such eligible individual who is a qualifying
13 child of such taxpayer which shall be payable by the Sec-
14 retary only to the MAGA account with respect to which
15 such eligible individual is the account beneficiary.

16 “(b) ACCOUNT ESTABLISHED BY SECRETARY.—

17 “(1) IN GENERAL.—In the case of any eligible
18 individual that the Secretary determines is not the
19 account beneficiary of any MAGA account as of the
20 qualifying date of such eligible individual, the Sec-
21 retary shall establish an account for the benefit of
22 such eligible individual.

23 “(2) QUALIFYING DATE.—For purposes of
24 paragraph (1), the term ‘qualifying date’ means,
25 with respect to an eligible individual, the first date

1 on which a return of tax is filed by an individual
2 with respect to whom such eligible individual is a
3 qualifying child with respect to the taxable year to
4 which such return relates.

5 “(3) NOTIFICATION.—In the case of any eligible
6 individual for the benefit of whom the Secretary es-
7 tablishes an account under paragraph (1), the Sec-
8 retary shall—

9 “(A) notify any individual with respect to
10 whom such eligible individual is a qualifying
11 child for the taxable year described in para-
12 graph (2) of the establishment of such account,
13 and

14 “(B) shall provide an opportunity to such
15 individual to elect to decline the application of
16 this subsection to such qualifying child.

17 “(4) DETERMINATION OF DEFAULT TRUST-
18 EE.—For purposes of selecting a trustee for an ac-
19 count established under paragraph (1), the Sec-
20 retary shall take into account—

21 “(A) the history of reliability and regu-
22 latory compliance of such trustee,

23 “(B) the customer service experience of
24 such trustee,

1 “(C) the costs imposed by such trustee on
2 the account or account beneficiary, and

3 “(D) to the extent practicable, the pref-
4 erences of any individual described in para-
5 graph (3)(A) with respect to such eligible indi-
6 vidual.

7 “(c) ELIGIBLE INDIVIDUAL.—For purposes of sub-
8 section (a), the term eligible individual means an indi-
9 vidual—

10 “(1) who is born after December 31, 2024, and
11 before January 1, 2029, and

12 “(2) who is a United States citizen at birth.

13 “(d) SOCIAL SECURITY NUMBER REQUIRED.—

14 “(1) IN GENERAL.—No credit shall be allowed
15 under subsection (a) to a taxpayer unless such tax-
16 payer includes on the return of tax for the taxable
17 year—

18 “(A) such individual’s social security num-
19 ber,

20 “(B) if such individual is married, the so-
21 cial security number of such individual’s spouse,
22 and

23 “(C) the social security number of the eli-
24 gible individual with respect to whom such cred-
25 it is allowed.

1 “(2) if such excess is a result of fraud, there
2 shall be imposed a penalty of \$1,000.

3 “(b) DEFINITIONS.—The terms ‘negligence’ and ‘dis-
4 regard’ have the same meaning as when such terms are
5 used in section 6662.”.

6 (c) OMISSION OF CORRECT SOCIAL SECURITY NUM-
7 BER TREATED MATHEMATICAL OR CLERICAL ERROR.—
8 Section 6213(g)(2) is amended by striking “and” at the
9 end of subparagraph (U), by striking the period at the
10 end of subparagraph (V) and inserting “, and”, and by
11 inserting after subparagraph (V) the following new sub-
12 paragraph:

13 “(W) an omission of a correct social secu-
14 rity number required under section 6434(d)(1)
15 (relating to the MAGA accounts contribution
16 pilot program).”.

17 (d) CLERICAL AMENDMENTS.—

18 (1) The table of sections for subchapter B of
19 chapter 65 is amended by adding at the end the fol-
20 lowing new item:

“Sec. 6434. MAGA accounts contribution pilot program.”.

21 (2) The table of sections for part I of sub-
22 chapter A of chapter 68 of subtitle F is amended by
23 inserting after the item relating to section 6658 the
24 following new item:

“Sec. 6659. Improper claim for MAGA account contribution pilot program credit.”.

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