

118th CONGRESS

2d Session

H.R. ____ To establish the American Prosperity Card Program, reclaim hidden banking subsidies and excessive interchange fees for the benefit of American citizens, permanently protect financial privacy, dedicate all savings to working families and debt reduction, evolve toward citizen-owned debt and post-taxation prosperity, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

[Date]

Mr. SCHAEFER introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on Ways and Means, Oversight and Accountability, and the Judiciary, for a period to be subsequently determined by the Speaker.

A BILL

To establish the American Prosperity Card Program, reclaim hidden banking subsidies and excessive interchange fees for the benefit of American citizens, permanently protect financial privacy, dedicate all savings to working families and debt reduction, evolve toward citizen-owned debt and post-taxation prosperity, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “American Prosperity Card Act of 2026”.

(b) Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings and purpose.

Sec. 3. Definitions.

Sec. 4. American Prosperity Card Program.

Sec. 5. American Prosperity Fund—permanent dedication and protection.

Sec. 6. Iron-clad privacy and data protections.

Sec. 7. Implementation, outreach, and administration.

Sec. 8. Protection of community banks and credit unions.

Sec. 9. Unified accounts and full yield accrual.

Sec. 10. Sunset clause for non-citizen debt purchases.

Sec. 11. Reclamation of full faith and credit.

Sec. 12. Renaming and mission of the Congressional Budget Office.

Sec. 13. Severability.

Sec. 14. Effective date.

SEC. 2. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) American households currently forfeit more than \$500,000,000,000 annually in interest-rate spreads and credit/debit-card interchange fees to private financial institutions and payment networks.

(2) Commercial banks and credit unions hold approximately \$13,800,000,000,000 in household deposits while paying savers an average of only 0.61 percent, yet invest those same deposits in short-term Treasury instruments yielding approximately 4.5 percent.

(3) This spread constitutes a hidden subsidy from the American people to private financial institutions, distorting markets and suppressing productivity.

(4) Credit- and debit-card interchange fees exceed \$187,000,000,000 annually, the majority of which is captured by the largest banks and payment networks, with credit cards unregulated under the Durbin Amendment and prepaid cards exempt, burdening unbanked households.

(5) ATM surcharges and related fees add \$7–8,000,000,000 annually, disproportionately affecting low-income individuals.

(6) Direct Treasury-backed accounts and capped interchange fees can return these sums to citizens without raising taxes, fostering unified balances where all deposits earn full yields, eliminating artificial separations that discourage savings.

(7) Such reclamation will increase the marginal propensity to consume among lower- and middle-income households, thereby raising economic velocity, taxable activity, and long-term productivity while enabling a post-human abundance era through fairer capital allocation.

(8) Past generations incurred the national debt through necessary expenditures, but divorced future generations from its benefits by allowing private entities and foreign holders to capture the interest; this Act reclaims the full faith and credit of the United States for its citizens, evolving toward post-taxation prosperity where debt service becomes a citizen dividend.

(9) Strong privacy protections, permanent lockboxes, and citizen ownership of debt will restore trust in government and banking, phasing out corporate/foreign dominance to ensure fair trade, lower borrowing rates, and deflationary pressures through opportunity-cost incentives.

(10) This Act represents an evolution of American capitalism, aligning incentives for healthier, happier workforces, reduced crime, and sustainable growth without replacing the system—merely freeing it from its worst actors.

(b) Purpose.—The purpose of this Act is to establish a voluntary program empowering American citizens to reclaim banking subsidies, own their national debt, and evolve toward

a post-taxation era of abundance, where the full faith and credit of the United States serves the people who provide it.

SEC. 3. DEFINITIONS.

In this Act:

- (1) PROSPERITY CARD.—The term “Prosperity Card” means the debit card and linked unified TreasuryDirect account issued under section 4.
- (2) AMERICAN PROSPERITY FUND.—The term “American Prosperity Fund” means the fund established under section 5.
- (3) ELIGIBLE INDIVIDUAL.—The term “eligible individual” means any adult U.S. citizen or lawful permanent resident who files a Form 1040 or receives federal benefits.
- (4) UNIFIED ACCOUNT.—The term “unified account” means a single TreasuryDirect account without artificial separation between checking and savings functions, where all balances accrue full Treasury yields proportionally.
- (5) FULL FAITH AND CREDIT.—The term “full faith and credit” refers to the backing of U.S. obligations under 31 U.S.C. § 3101, reclaimed herein for citizen ownership.

SEC. 4. AMERICAN PROSPERITY CARD PROGRAM.

(a) Establishment.—Not later than October 1, 2026, the Secretary of the Treasury shall establish the American Prosperity Card Program.

(b) Unified TreasuryDirect-Backed Account.—Each Prosperity Card shall be linked to a unified individual account at the Department of the Treasury, invested exclusively in short-term Treasury securities. All balances, regardless of transaction frequency, shall earn the full yield on such securities with no intermediary spread or artificial separation between checking and savings functions.

(c) Debit Card Issuance.—The Secretary shall issue a no-fee debit card to every eligible individual upon request or automatically with tax refunds or federal benefit payments.

(d) Interchange Fee Cap.—Effective October 1, 2026, interchange fees on any transaction using a Prosperity Card are permanently capped at 0.5 percent of the transaction amount plus \$0.21. All amounts collected in excess of this cap shall be swept daily into the American Prosperity Fund.

(e) Zero Fees for Cardholders.—No monthly fees, overdraft fees, ATM fees, or other charges may be imposed on Prosperity Card accounts. ATM withdrawals shall be fee-free through Treasury-reimbursed networks.

(f) Implementation.—The program shall utilize existing postal banking pilots and SNAP/EBT infrastructure for distribution and settlement, with administrative costs not to exceed 5 percent of annual Fund receipts.

SEC. 5. AMERICAN PROSPERITY FUND—PERMANENT DEDICATION AND PROTECTION.

(a) Establishment.—There is established in the Treasury of the United States a fund to be known as the “American Prosperity Fund”.

(b) Permanent Exclusive Uses.—Notwithstanding any other provision of law, amounts in the American Prosperity Fund shall be available exclusively and permanently only for the following purposes and in the following order of priority:

(1) 50 percent—to permanently increase the refundable portion of the Earned Income Tax Credit and Child Tax Credit for households with adjusted gross income below \$150,000.

(2) 30 percent—to the retirement of publicly held debt of the United States, with priority given to securities held by foreign governments and non-citizen entities.

(3) 20 percent—program administration and outreach to unbanked and underbanked households.

(c) Permanent Lockbox Provision.—No future Act of Congress, reconciliation bill, continuing resolution, or other legislative vehicle may redirect, rescind, offset, or use amounts in the American Prosperity Fund for any purpose other than those specified in subsection (b). This limitation constitutes a permanent appropriation and is not subject to annual appropriation, sequestration, or budgetary offset. Violations shall trigger automatic sunset of the offending legislation.

(d) Automatic Reduction of Administrative and Outreach Share.—

(1) When eligible participation reaches 50 percent of adult U.S. citizens and lawful permanent residents, the 20 percent allocation under subsection (b)(3) shall be permanently reduced to 10 percent.

(2) When eligible participation reaches 75 percent, the allocation under subsection (b)(3) shall be permanently reduced to 5 percent.

(3) When eligible participation reaches 90 percent or higher, the allocation under subsection (b)(3) shall be permanently reduced to 2 percent (sufficient only for routine maintenance and fraud prevention).

(4) All amounts freed by the reductions in paragraphs (1)–(3) shall be permanently reallocated as follows:

(A) 70 percent to subsection (b)(1) (EITC and Child Tax Credit enhancements), and

(B) 30 percent to subsection (b)(2) (debt retirement).

6. IRON-CLAD PRIVACY AND DATA PROTECTIONS.

(a) Strict Purpose Limitation.—Data collected through the Prosperity Card program may be used solely for payment settlement, fraud prevention, and issuance of required tax forms (1099-INT).

(b) Prohibition on Surveillance or Credit Reporting.—No transaction or balance data may be disclosed to any law-enforcement, immigration-enforcement, or credit-reporting entity without a judicial warrant specific to the individual account.

(c) No Sale or Sharing.—The Secretary is permanently prohibited from selling, leasing, sharing, or otherwise disclosing personally identifiable information or transaction data to any third party except as required for settlement.

(d) Annual Independent Privacy Audit.—The Treasury shall contract for an annual independent audit of privacy compliance; the unclassified audit report shall be posted publicly.

(e) Private Right of Action.—Any violation of this section shall create a private cause of action with statutory damages of not less than \$10,000 per violation plus reasonable attorney fees.

SEC. 6A. PERMANENT PROHIBITION ON CENTRAL BANK DIGITAL CURRENCY AND SOCIAL-CREDIT FEATURES.

(a) CBDC Prohibition —

The Prosperity Card and any account established under this Act shall never constitute, be converted into, or function as a central bank digital currency (CBDC). No retail or wholesale digital dollar issued by the Federal Reserve or the Department of the Treasury may be linked to, substituted for, or integrated with the Prosperity Card system.

(b) Social-Credit and Behavior-Based Restrictions Prohibited —

No federal agency, contractor, payment processor, or financial institution participating in the Prosperity Card program may ever:

- (1) deny, limit, or delay transactions,
- (2) reduce yields or dividends, or
- (3) impose any penalty or restriction

based in whole or in part on any individual's lawful speech, political activity, religious practice, firearm ownership, carbon footprint, environmental impact, social-credit score, or any other non-financial behavioral metric.

(c) Enforcement —

Any violation of this section shall:

- (1) create an immediate private right of action with statutory damages of not less than \$50,000 per violation plus attorney fees, and
- (2) permanently disqualify the responsible official from any future federal employment or contract.

(d) Severability and Permanence —

This section may not be waived, suspended, or amended by regulation, executive order, or subsequent legislation without a recorded vote of two-thirds of both Houses of Congress.

SEC. 7. IMPLEMENTATION, OUTREACH, AND ADMINISTRATION.

(a) Partnerships.—The Secretary shall partner with the United States Postal Service for distribution and access at 31,000 locations.

(b) Automatic Enrollment.—Enrollment shall occur automatically for federal benefit recipients and tax filers, with opt-out available.

(c) Administrative Costs.—Costs shall not exceed 5 percent of annual Fund receipts.

SEC. 8. PARTNERSHIP WITH DEPOSITORY INSTITUTIONS; PROTECTION OF COMMUNITY BANKS AND CREDIT UNIONS.

(a) Voluntary Partnership Program. The Secretary shall establish a voluntary partnership program under which any insured depository institution may apply to serve as an issuing, servicing, and enrollment, fraud-prevention, and customer-support agent for Prosperity Card accounts.

(b) Compensation. Participating institutions shall be reimbursed for actual, documented costs of issuance, servicing, fraud prevention, and customer support, plus a reasonable profit margin not to exceed 0.10 percent of the average daily balance of Prosperity Card funds held on their books. No other compensation, fee, or spread shall be permitted.

(c) No Exclusive Rights; Termination at Will. Participation shall be non-exclusive and may be terminated by either party on 90 days' notice without penalty. The Secretary may revoke participation for noncompliance with this Act requirements.

(d) Protection of Community Banks and Credit Unions.

(1) Nothing in this Act shall prohibit any community bank or credit union from continuing to offer existing accounts or from receiving Prosperity Card deposits voluntarily transferred by customers.

(2) Such institutions shall be given priority in partnership agreements and shall be encouraged to compete through local lending and relationship banking to retain and attract deposits.

(e) Card Design and Branding. All Prosperity Cards shall bear the seal of the Department of the Treasury. No private network logo (including Visa, Mastercard, or any successor) may appear on the face of the card.

SEC. 9. UNIFIED ACCOUNTS AND FULL YIELD ACCRUAL.

(a) Unified Structure.—Prosperity Card accounts shall be unified, with no artificial separation between checking and savings functions. All balances shall accrue full Treasury yields proportionally on a daily basis.

(b) Yield Calculation.—Interest shall be computed as $(\text{Total Balance} \times \text{Annual Treasury Yield} / 365)$, credited monthly, without regard to transaction volume.

SEC. 10. AMERICAN RIGHT OF FIRST REFUSAL ON NEW TREASURY ISSUANCE.

(a) Reservation for Citizens.—Beginning January 1, 2027, whenever the Secretary of the Treasury conducts an auction of new Treasury securities, the first 80 percent of each issuance (or the full amount, whichever is less) shall be reserved exclusively for purchase by United States citizens and lawful permanent residents through their Prosperity Card TreasuryDirect accounts or other direct Treasury channels.

(b) Subscription Window.—The reserved portion shall be offered to eligible citizens for a period of not less than 24 hours before being released to other bidders.

(c) Release of Unsubscribed Portion.—Any portion of the reserved amount not subscribed by eligible citizens within the subscription window may be released to other bidders, including foreign entities or private institutions.

(d) Disclosure Requirement.—Any new Treasury issuance that funds a program or expenditure which failed to achieve at least 50 percent citizen buy-in during the preceding subscription period shall include, in the official auction notice, the following plain-language disclosure: “This debt was not purchased by American citizens. Foreign and institutional investors are now funding a program the majority of Americans chose not to support.”

(e) Reporting.—The Secretary shall publish monthly reports showing the percentage of each auction subscribed by American citizens.

SEC. 11. RECLAMATION OF FULL FAITH AND CREDIT.

The full faith and credit of the United States, as pledged under 31 U.S.C. § 3101, is hereby reclaimed for the American people through direct ownership of Treasury obligations via the Prosperity Card Program. Past generations incurred the national debt through necessary expenditures; this Act ensures future generations own and benefit from it, evolving toward post-taxation prosperity where debt service becomes a citizen dividend.

SEC. 12. RENAMING AND MISSION OF THE CONGRESSIONAL BUDGET OFFICE.

(a) Renaming.—Effective January 1 of the first fiscal year in which American citizens own greater than 50 percent of outstanding Treasury debt through Prosperity Card accounts, the Congressional Budget Office shall be renamed the Congressional Dividend Office.

(b) Mission.—The sole statutory mission of the Congressional Dividend Office shall be to calculate and publish, for every piece of legislation reported out of committee, the precise change in the monthly Prosperity Card dividend per adult citizen in a one-page “Dividend Impact Statement.” All other analyses may be produced at the discretion of the Director.

SEC. 13. SEVERABILITY.

If any provision of this Act is held invalid, the remainder shall not be affected.

SEC. 14. EFFECTIVE DATE.

Except as otherwise provided, this Act shall take effect on October 1, 2026.