

Amend CSSB 5 by adding a new ARTICLE to the bill, appropriately numbered, to read:

ARTICLE ____ . INDIVIDUAL DEVELOPMENT ACCOUNTS

SECTION ____ .01 Chapter 403, Government Code, is amended by adding Subchapter O to read as follows:

SUBCHAPTER O. INDIVIDUAL DEVELOPMENT ACCOUNTS FOR
CERTAIN LOW-INCOME INDIVIDUALS AND HOUSEHOLDS

Sec. 403.501. DEFINITIONS. In this subchapter:

(1) "Financial institution" has the meaning assigned by Section 201.101, Finance Code.

(2) "Individual development account" means a deposit account established by a participant at a financial institution selected by a sponsoring organization.

(3) "Participant" means an individual or household that has entered into an agreement with a sponsoring organization to participate in the program.

(4) "Program" means the individual development account program established under this subchapter.

(5) "Service provider" means a person to whom a qualified expenditure from a participant's individual development account is made. The term includes:

(A) a public or private institution of higher education;

(B) a provider of occupational or vocational education, including a proprietary school;

(C) a mortgage lender;

(D) a title insurance company;

(E) the lessor or vendor of office supplies or equipment or retail space, office space, or other business space; and

(F) any other provider of goods or services used for the commencement of a business.

(6) "Sponsoring organization":

(A) means a nonprofit organization that is:

(i) exempt from taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c)(3) of that code; and

(ii) selected by the comptroller to establish and administer individual development accounts under the program; and

(B) includes an Indian tribe, as defined by Section 4(12) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. Section 4103(12)), including any tribal subsidiary, division, or other wholly owned tribal entity of an Indian tribe.

Sec. 403.502. ESTABLISHMENT OF PROGRAM; RULES. (a) The comptroller by rule shall develop and implement a program under which:

(1) individual development accounts are facilitated and administered by sponsoring organizations for eligible low-income individuals and households to provide those individuals and households with an opportunity to accumulate assets and to facilitate and mobilize savings; and

(2) sponsoring organizations are provided grant funds for use in administering the program and matching qualified expenditures made by program participants. At least 85 percent of the grant funds must be used by the sponsoring organization for matching qualified expenditures.

(b) The comptroller shall contract with sponsoring organizations to facilitate the establishment of and to administer the individual development accounts in accordance with the rules adopted by the comptroller. The comptroller's rules promulgated to implement this subchapter shall include guidelines for contract monitoring, reporting, and termination of grant recipients.

(c) In adopting rules under the program, the comptroller shall state the selection criteria for sponsoring organizations. The comptroller shall give priority to organizations that have demonstrated:

(1) a capacity to administer individual account programs; and

(2) a commitment to serve areas of the state that currently do not have individual development account programs available.

Sec. 403.503. PARTICIPANT ELIGIBILITY. (a) The

comptroller by rule shall establish eligibility criteria for participants in the program.

(b) The eligibility criteria established by the comptroller must:

(1) require an eligible individual or member of an eligible household, other than an eligible individual or member of an eligible household receiving supplemental security income or other public disability payments, to agree to make regular contributions to the individual's or household's individual development account from the individual's or household's earned income;

(2) provide that the annual income of an eligible individual or household may not exceed 200 percent of the poverty level according to the federal Office of Management and Budget poverty index;

(3) establish the rate at which a participant's contributions to the individual development account may be matched, not to exceed the match rate established by the federal Assets for Independence Act (Pub. L. No. 105-285); and

(4) establish limits on the amount of matching funds a participant is eligible to receive, not to exceed the limit on federal matching funds established by the federal Assets for Independence Act.

Sec. 403.504. CONTRIBUTIONS AND EXPENDITURES BY PARTICIPANT. (a) A participant may contribute to the participant's individual development account.

(b) A participant's contributions to the participant's individual development account shall accrue interest.

(c) A participant may withdraw money from the participant's account only to pay for the following qualified expenditures:

(1) postsecondary educational or training expenses for the adult account holder and dependent children;

(2) the expenses of purchasing or financing a home for the adult account holder for the first time;

(3) the expenses of a self-employment enterprise; and

(4) start-up business expenses for the adult account holder.

Sec. 403.505. DUTIES OF SPONSORING ORGANIZATIONS. (a) The comptroller shall promulgate rules that establish the duties of sponsoring organizations that shall include recruiting requirements, standards for determination of eligibility of participants, education of participants, operations and account management, solicitation of matching funds and such other subjects as may be deemed necessary by the comptroller to carry out the purposes and objectives of this subchapter.

(b) Each sponsoring organization shall provide to the comptroller any information necessary to evaluate the sponsoring organization's performance in fulfilling the duties outlined in Subsection (a).

Sec. 403.506. MATCHING FUNDS; LIMITATIONS ON AMOUNT AND AVAILABILITY. (a) At the time a participant in the program makes a withdrawal for a qualified expenditure described by Section 403.504(c) from the participant's individual development account, the participant shall receive matching funds from the sponsoring organization, payable directly to the service provider.

(b) If federal Assets for Independence Act money is used as matching funds, the amount of federal matching funds spent for each individual development account may not exceed the limits established by the federal Assets for Independence Act. If money other than federal Assets for Independence Act money is used as matching funds, the comptroller by rule may set a different limit on the amount of matching funds that may be spent for each account.

(c) This subchapter may not be construed to create an entitlement of a participant to receive matching funds. The number of participants who receive matching funds under the program in any year is limited by the amount of funds available for that purpose in that year.

Sec. 403.507. TERMINATION OF ACCOUNT FOR UNQUALIFIED WITHDRAWALS. (a) The comptroller by rule shall establish guidelines to ensure that a participant does not withdraw funds in the individual development account, except for a qualified expenditure described by Section 403.504(c). These guidelines shall:

(1) include a requirement that a sponsoring

organization approve a participant's request to make a withdrawal from an individual development account in writing;

(2) provide that no participant may withdraw funds from an individual development account earlier than six months after the date on which the participant first deposits funds in the account; and

(3) require a participant to reimburse the individual development account for any funds withdrawn for a purpose other than for a qualified expenditure described by Section 403.504(c).

(b) The sponsoring organization shall instruct the financial institution to terminate the participant's account if the participant does not comply with the guidelines established under Subsection (a).

(c) A participant whose individual development account is terminated under this section is entitled to withdraw from the participant's account the amount of money the participant contributed to the account and any interest that has accrued on that amount.

Sec. 403.508. FUNDING. (a) The legislature may appropriate money for the purposes of this subchapter.

(b) The comptroller may accept gifts, grants, and donations from any public or private source for the purposes of this subchapter.

Sec. 403.509. INTERAGENCY CONTRACTS. The comptroller may contract with the governor's office of faith-based initiatives to administer the individual development accounts program of this subchapter.

Sec. 403.510. AGENCY COOPERATION. To the extent allowed by law, the Health and Human Services Commission shall provide information to the comptroller as necessary to implement this subchapter.

SECTION ____ .02 The comptroller shall develop and implement the individual development account program established under Subchapter O, Chapter 403, Government Code, as added by this Article, as soon as practicable but not later than the 180th day after the effective date of this Act.