

1-1 By: Zaffirini S.B. No. 62
1-2 (In the Senate - Filed November 13, 2006; January 23, 2007,
1-3 read first time and referred to Committee on Business and Commerce;
1-4 May 8, 2007, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 7, Nays 0; May 8, 2007,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 62 By: Lucio

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the creation of the individual development account
1-11 program to provide savings incentives and opportunities to eligible
1-12 low-income individuals and households.

1-13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-14 SECTION 1. Chapter 403, Government Code, is amended by
1-15 adding Subchapter O to read as follows:

1-16 SUBCHAPTER O. ASSET DEVELOPMENT INITIATIVE FOR CERTAIN
1-17 LOW-INCOME INDIVIDUALS AND HOUSEHOLDS

1-18 Sec. 403.501. DEFINITIONS. In this subchapter:

1-19 (1) "Assets for Independence Act" means the federal
1-20 Assets for Independence Act (42 U.S.C. Section 604 note).

1-21 (2) "Financial institution" has the meaning assigned
1-22 by Section 201.101, Finance Code.

1-23 (3) "Individual development account" means a deposit
1-24 account established by a participant at a financial institution
1-25 selected by a sponsoring organization.

1-26 (4) "Participant" means an individual or household
1-27 that has entered into an agreement with a sponsoring organization
1-28 to participate in the program.

1-29 (5) "Program" means the individual development
1-30 account program established under this subchapter.

1-31 (6) "Service provider" means a person to whom a
1-32 qualified expenditure from a participant's individual development
1-33 account is made. The term includes:

1-34 (A) a public or private institution of higher
1-35 education;

1-36 (B) a provider of occupational or vocational
1-37 education, including a proprietary school;

1-38 (C) a mortgage lender;

1-39 (D) a title insurance company;

1-40 (E) the lessor or vendor of office supplies or
1-41 equipment or retail space, office space, or other business space;
1-42 and

1-43 (F) any other provider of goods or services used
1-44 for the start of a business.

1-45 (7) "Sponsoring organization" has the meaning
1-46 assigned to "qualified entity" by Section 404(7), Assets for
1-47 Independence Act.

1-48 Sec. 403.502. ESTABLISHMENT OF PROGRAM; RULES. (a) The
1-49 comptroller by rule may develop and implement a program under
1-50 which:

1-51 (1) individual development accounts are facilitated
1-52 and administered by sponsoring organizations for eligible
1-53 low-income individuals and households to provide those individuals
1-54 and households with an opportunity to accumulate assets and to
1-55 facilitate and mobilize savings;

1-56 (2) sponsoring organizations are provided grant funds
1-57 for use in administering the program and matching qualified
1-58 expenditures made by program participants; and

1-59 (3) at least 85 percent of the grant funds described by
1-60 Subdivision (2) must be used by the sponsoring organization for
1-61 matching qualified expenditures.

1-62 (b) The comptroller shall contract with sponsoring
1-63 organizations to facilitate the establishment of and to administer

2-1 the individual development accounts in accordance with the rules
 2-2 adopted by the comptroller. The comptroller's rules must include
 2-3 guidelines for contract monitoring, reporting, termination, and
 2-4 recapture of state funds.

2-5 (c) In adopting rules under the program, the comptroller
 2-6 shall state the selection criteria for sponsoring organizations and
 2-7 give priority to organizations that have demonstrated:

2-8 (1) a capacity to administer individual development
 2-9 account programs; and

2-10 (2) a commitment to serve areas of this state that
 2-11 currently do not have individual development account programs
 2-12 available.

2-13 Sec. 403.503. PARTICIPANT ELIGIBILITY. The comptroller by
 2-14 rule shall establish eligibility criteria for participation in the
 2-15 program that are consistent with the purposes of the program and
 2-16 with the Assets for Independence Act.

2-17 Sec. 403.504. CONTRIBUTIONS AND EXPENDITURES BY
 2-18 PARTICIPANT. (a) A participant may contribute to the
 2-19 participant's individual development account.

2-20 (b) A participant's contributions to the participant's
 2-21 individual development account shall accrue interest.

2-22 (c) A participant may withdraw money from the participant's
 2-23 account only to pay for the following qualified expenditures:

2-24 (1) postsecondary educational or training expenses
 2-25 for the adult account holder and dependent children;

2-26 (2) the expenses of purchasing or financing a home for
 2-27 the adult account holder for the first time;

2-28 (3) the expenses of a self-employment enterprise; and

2-29 (4) start-up business expenses for the adult account
 2-30 holder.

2-31 Sec. 403.505. DUTIES OF SPONSORING ORGANIZATIONS. (a) The
 2-32 comptroller shall adopt rules to establish the duties of sponsoring
 2-33 organizations under the program.

2-34 (b) Each sponsoring organization shall provide to the
 2-35 comptroller any information necessary to evaluate the sponsoring
 2-36 organization's performance in fulfilling the duties outlined in the
 2-37 comptroller's rules.

2-38 Sec. 403.506. MATCHING FUNDS; LIMITATIONS ON AMOUNT AND
 2-39 AVAILABILITY. (a) At the time a participant in the program makes a
 2-40 withdrawal from the participant's individual development account
 2-41 for a qualified expenditure described by Section 403.504(c), the
 2-42 participant shall receive matching funds from the sponsoring
 2-43 organization, payable directly to the service provider.

2-44 (b) If Assets for Independence Act money is used as matching
 2-45 funds, the amount of federal matching funds spent for each
 2-46 individual development account may not exceed the limits
 2-47 established by the Assets for Independence Act. If money other than
 2-48 Assets for Independence Act money is used as matching funds, the
 2-49 comptroller by rule may set a different limit on the amount of
 2-50 matching funds that may be spent for each account.

2-51 (c) This subchapter may not be construed to create an
 2-52 entitlement of a participant to receive matching funds. The number
 2-53 of participants who receive matching funds under the program in any
 2-54 year is limited by the amount of funds available for that purpose in
 2-55 that year.

2-56 Sec. 403.507. WITHDRAWALS; TERMINATION OF ACCOUNT FOR
 2-57 UNQUALIFIED WITHDRAWALS. (a) The comptroller by rule shall
 2-58 establish guidelines to ensure that a participant does not withdraw
 2-59 money from the participant's individual development account,
 2-60 except for a qualified expenditure described by Section 403.504(c).

2-61 (b) The sponsoring organization shall instruct the
 2-62 financial institution to terminate a participant's account if the
 2-63 participant does not comply with the guidelines established by
 2-64 comptroller rule.

2-65 (c) A participant whose individual development account is
 2-66 terminated under this section is entitled to withdraw from the
 2-67 participant's account the amount of money the participant
 2-68 contributed to the account and any interest that has accrued on that
 2-69 amount.

3-1 Sec. 403.508. FUNDING. (a) The legislature may
3-2 appropriate money for the purposes of this subchapter.

3-3 (b) The comptroller may accept gifts, grants, and donations
3-4 from any public or private source for the purposes of this
3-5 subchapter.

3-6 Sec. 403.509. COORDINATION. The comptroller shall:
3-7 (1) serve as a clearinghouse for information relating
3-8 to state and local and public and private programs that facilitate
3-9 asset development among low-income families; and

3-10 (2) post the information described by Subdivision (1)
3-11 on the comptroller's Internet website.

3-12 Sec. 403.510. INTERAGENCY CONTRACTS. The comptroller may
3-13 enter into interagency contracts with other state agencies to
3-14 facilitate the effective administration of this subchapter.

3-15 Sec. 403.511. AGENCY COOPERATION. To the extent allowed by
3-16 law, the Health and Human Services Commission shall provide
3-17 information to the comptroller as necessary to implement this
3-18 subchapter.

3-19 SECTION 2. This Act takes effect September 1, 2007.

3-20 * * * * *