

By: Naishtat

H.B. No. 885

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the individual development account program to provide savings incentives and opportunities for eligible persons to pursue home ownership, postsecondary education, and business development.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 487, Government Code, is amended by adding Subchapter Y to read as follows:

SUBCHAPTER Y. ASSET DEVELOPMENT INITIATIVE FOR CERTAIN

ELIGIBLE INDIVIDUALS AND HOUSEHOLDS

Sec. 487.1151. DEFINITIONS. In this subchapter:

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

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

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

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

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

(6) "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 start of a business.

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

Sec. 487.1152. ESTABLISHMENT OF PROGRAM; RULES. (a) The board by rule may develop and implement a program under which:

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

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

(3) at least 85 percent of the grant funds described by

1 Subdivision (2) must be used by the sponsoring organization for
2 matching qualified expenditures.

3 (b) The office shall contract with sponsoring organizations
4 to facilitate the establishment of and to administer the individual
5 development accounts in accordance with the rules adopted by the
6 board. The board's rules must include guidelines for contract
7 monitoring, reporting, termination, and recapture of state funds.

8 (c) In adopting rules under the program, the board shall
9 state the selection criteria for sponsoring organizations and give
10 priority to organizations that:

11 (1) serve rural areas; or

12 (2) have demonstrated:

13 (A) a capacity to administer individual
14 development account programs; or

15 (B) a commitment to serve areas of this state
16 that currently do not have individual development account programs
17 available.

18 Sec. 487.1153. PARTICIPANT ELIGIBILITY. The board by rule
19 shall establish eligibility criteria for participation in the
20 program that are consistent with the purposes of the program and
21 with the Assets for Independence Act.

22 Sec. 487.1154. CONTRIBUTIONS AND EXPENDITURES BY
23 PARTICIPANT. (a) A participant may contribute to the
24 participant's individual development account.

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

27 (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. 487.1155. DUTIES OF SPONSORING ORGANIZATIONS. (a) The board shall adopt rules to establish the duties of sponsoring organizations under the program.

(b) Each sponsoring organization shall provide to the office any information necessary to evaluate the sponsoring organization's performance in fulfilling the duties outlined in the board's rules.

Sec. 487.1156. MATCHING FUNDS; LIMITATIONS ON AMOUNT AND AVAILABILITY. (a) At the time a participant in the program makes a withdrawal from the participant's individual development account for a qualified expenditure described by Section 487.1154(c), the participant shall receive matching funds from the sponsoring organization, payable directly to the service provider.

(b) The amount of federal matching funds spent for each individual development account may not exceed the limits established by the Assets for Independence Act.

(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

1 year is limited by the amount of funds available for that purpose in
2 that year.

3 Sec. 487.1157. WITHDRAWALS; TERMINATION OF ACCOUNT FOR
4 UNQUALIFIED WITHDRAWALS. (a) The board by rule shall establish
5 guidelines to ensure that a participant does not withdraw money
6 from the participant's individual development account, except for a
7 qualified expenditure described by Section 487.1154(c).

8 (b) The sponsoring organization shall instruct the
9 financial institution to terminate a participant's account if the
10 participant does not comply with the guidelines established by
11 board rule.

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

17 Sec. 487.1158. FUNDING. (a) The legislature may
18 appropriate money for the purposes of this subchapter.

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

21 Sec. 487.1159. COORDINATION. The office shall:

22 (1) serve as a clearinghouse for information relating
23 to state and local and public and private programs that facilitate
24 asset development; and

25 (2) post the information described by Subdivision (1)
26 on the office's Internet website.

27 Sec. 487.1160. INTERAGENCY CONTRACTS. The office may enter

1 into interagency contracts with other state agencies to facilitate
2 the effective administration of this subchapter.

3 Sec. 487.1161. AGENCY COOPERATION. To the extent allowed
4 by law, the Health and Human Services Commission shall provide
5 information to the office as necessary to implement this
6 subchapter.

7 SECTION 2. This Act takes effect September 1, 2009.