

By: Zaffirini

S.B. No. 27

A BILL TO BE ENTITLED

AN ACT

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

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

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

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

Sec. 403.501. 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

1 account is made. The term includes:

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

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

6 (C) a mortgage lender;

7 (D) a title insurance company;

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

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

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

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

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

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

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

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

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

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

17 Sec. 403.503. PARTICIPANT ELIGIBILITY. The comptroller by
18 rule shall establish eligibility criteria for participation in the
19 program that are consistent with the purposes of the program and
20 with the Assets for Independence Act.

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

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

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

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

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

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

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

8 Sec. 403.505. DUTIES OF SPONSORING ORGANIZATIONS. (a) The
9 comptroller shall adopt rules to establish the duties of sponsoring
10 organizations under the program.

11 (b) Each sponsoring organization shall provide to the
12 comptroller any information necessary to evaluate the sponsoring
13 organization's performance in fulfilling the duties outlined in the
14 comptroller's rules.

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

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

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

6 Sec. 403.507. WITHDRAWALS; TERMINATION OF ACCOUNT FOR
7 UNQUALIFIED WITHDRAWALS. (a) The comptroller by rule shall
8 establish guidelines to ensure that a participant does not withdraw
9 money from the participant's individual development account,
10 except for a qualified expenditure described by Section 403.504(c).

11 (b) The sponsoring organization shall instruct the
12 financial institution to terminate a participant's account if the
13 participant does not comply with the guidelines established by
14 comptroller rule.

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

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

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

25 Sec. 403.509. COORDINATION. The comptroller shall:

26 (1) serve as a clearinghouse for information relating
27 to state and local and public and private programs that facilitate

1 asset development among low-income families; and

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

4 Sec. 403.510. INTERAGENCY CONTRACTS. The comptroller may
5 enter into interagency contracts with other state agencies to
6 facilitate the effective administration of this subchapter.

7 Sec. 403.511. AGENCY COOPERATION. To the extent allowed by
8 law, the Health and Human Services Commission shall provide
9 information to the comptroller as necessary to implement this
10 subchapter.

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