

By: Dukes

H.B. No. 1709

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the creation of the individual development account
3 program to provide savings incentives and opportunities for certain
4 foster children to pursue home ownership, postsecondary education,
5 and business development.

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

7 SECTION 1. Chapter 40, Human Resources Code, is amended by
8 adding Subchapter E to read as follows:

9 SUBCHAPTER E. ASSET DEVELOPMENT INITIATIVE FOR CERTAIN

10 FOSTER CHILDREN

11 Sec. 40.201. DEFINITIONS. In this subchapter:

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

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

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

19 (4) "Participant" means an individual who has entered
20 into an agreement with a sponsoring organization to participate in
21 the program.

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

24 (6) "Service provider" means a person to whom a

1 qualified expenditure from a participant's individual development
2 account is made. The term includes:

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

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

7 (C) a mortgage lender;

8 (D) a title insurance company;

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

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

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

17 Sec. 40.202. ESTABLISHMENT OF PROGRAM; RULES. (a) The
18 executive commissioner by rule may develop and implement a program
19 under which:

20 (1) individual development accounts are facilitated
21 and administered by sponsoring organizations for eligible
22 individuals to provide those individuals with an opportunity to
23 accumulate assets and to 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 department 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 executive commissioner. The executive
7 commissioner's rules must include guidelines for contract
8 monitoring, reporting, termination, and recapture of state funds.

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

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

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

18 Sec. 40.203. PARTICIPANT ELIGIBILITY. (a) Only foster
19 children who are at least 15 years of age and younger than 23 years
20 of age may participate in the program.

21 (b) The executive commissioner by rule shall establish
22 eligibility criteria for participation in the program that are
23 consistent with the purposes of the program and with the Assets for
24 Independence Act.

25 Sec. 40.204. CONTRIBUTIONS AND EXPENDITURES BY
26 PARTICIPANT. (a) A participant may contribute to the
27 participant's individual development account.

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

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

5 (1) postsecondary education or training expenses for
6 the account holder;

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

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

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

11 Sec. 40.205. DUTIES OF SPONSORING ORGANIZATIONS. (a) The
12 executive commissioner shall adopt rules to establish the duties of
13 sponsoring organizations under the program.

14 (b) Each sponsoring organization shall provide to the
15 department any information necessary to evaluate the sponsoring
16 organization's performance in fulfilling the duties outlined in the
17 executive commissioner's rules.

18 Sec. 40.206. MATCHING FUNDS; LIMITATIONS ON AMOUNT AND
19 AVAILABILITY. (a) At the time a participant in the program makes a
20 withdrawal from the participant's individual development account
21 for a qualified expenditure described by Section 40.204(c), the
22 participant shall receive matching funds from the sponsoring
23 organization, payable directly to the service provider.

24 (b) The sponsoring organization shall determine the amount
25 of federal matching funds spent for each individual development
26 account as limited by the guidelines established by the Assets for
27 Independence Act.

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

5 Sec. 40.207. WITHDRAWALS; TERMINATION OF ACCOUNT FOR
6 UNQUALIFIED WITHDRAWALS. (a) The executive commissioner by rule
7 shall establish guidelines to ensure that a participant does not
8 withdraw money from the participant's individual development
9 account except for a qualified expenditure described by Section
10 40.204(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 executive commissioner 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. 40.208. FUNDING. (a) The legislature may appropriate
21 money for the purposes of this subchapter.

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

25 (c) If the department is not appropriated money for the
26 purposes of this subchapter, the department is only required to
27 implement Section 40.209.

1 Sec. 40.209. COORDINATION. The department shall:

2 (1) serve as a clearinghouse for information relating
3 to state and local and public and private programs that facilitate
4 asset development; and

5 (2) post the information described by Subdivision (1)
6 on the department's Internet website.

7 Sec. 40.210. INTERAGENCY CONTRACTS. The department may
8 enter into interagency contracts with other state agencies to
9 facilitate the effective administration of this subchapter.

10 Sec. 40.211. AGENCY COOPERATION. To the extent allowed by
11 law, the commission shall provide information to the department as
12 necessary to implement this subchapter.

13 SECTION 2. This Act takes effect September 1, 2011.