

By: Zaffirini

S.B. No. 63

A BILL TO BE ENTITLED

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

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

7 SECTION 1. Chapter 487, Government Code, is amended by
8 adding Subchapter M-1 to read as follows:

9 SUBCHAPTER M-1. ASSET DEVELOPMENT INITIATIVE FOR CERTAIN

10 ELIGIBLE INDIVIDUALS AND HOUSEHOLDS

11 Sec. 487.581. 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 or household
20 that has entered into an agreement with a sponsoring organization
21 to participate in 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. 487.582. ESTABLISHMENT OF PROGRAM; RULES. (a) The
18 board by rule may develop and implement a program under which:

19 (1) individual development accounts are facilitated
20 and administered by sponsoring organizations for eligible
21 individuals and households to provide those individuals and
22 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 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 administer the
5 individual development accounts in accordance with the rules
6 adopted by the board. The board's rules must include guidelines for
7 contract monitoring, reporting, termination, and recapture of
8 state funds.

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

12 (1) serve rural areas; or

13 (2) have demonstrated:

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

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

19 Sec. 487.583. PARTICIPANT ELIGIBILITY. The board by rule
20 shall establish eligibility criteria for participation in the
21 program that are consistent with the purposes of the program and the
22 Assets for Independence Act.

23 Sec. 487.584. CONTRIBUTIONS AND EXPENDITURES BY
24 PARTICIPANT. (a) A participant may contribute to the
25 participant's individual development account.

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

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

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

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

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

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

10 Sec. 487.585. DUTIES OF SPONSORING ORGANIZATIONS. (a) The
11 board shall adopt rules to establish the duties of sponsoring
12 organizations under the program.

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

17 Sec. 487.586. MATCHING FUNDS; LIMITATIONS ON AMOUNT AND
18 AVAILABILITY. (a) At the time a participant makes a withdrawal
19 from the participant's individual development account for a
20 qualified expenditure described by Section 487.584(c), the
21 participant shall receive matching funds from the sponsoring
22 organization, payable directly to the service provider.

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

26 (c) This subchapter may not be construed to create an
27 entitlement of a participant to receive matching funds. The number

1 of participants who receive matching funds under the program in any
2 year is limited by the amount of funds available for that purpose in
3 that year.

4 Sec. 487.587. WITHDRAWALS; TERMINATION OF ACCOUNT FOR
5 UNQUALIFIED WITHDRAWALS. (a) The board by rule shall establish
6 guidelines to ensure that a participant does not withdraw money
7 from the participant's individual development account, except for a
8 qualified expenditure described by Section 487.584(c).

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

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

18 Sec. 487.588. FUNDING. (a) The legislature may
19 appropriate money for the purposes of this subchapter.

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

23 Sec. 487.589. COORDINATION. The department shall:

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

27 (2) post the information described by Subdivision (1)

1 on the department's Internet website.

2 Sec. 487.590. INTERAGENCY CONTRACTS. The department may
3 enter into interagency contracts with other state agencies to
4 facilitate the effective administration of this subchapter.

5 Sec. 487.591. AGENCY COOPERATION. To the extent allowed by
6 law, the Health and Human Services Commission shall provide
7 information to the department as necessary to implement this
8 subchapter.

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