

1-1 By: Zaffirini S.B. No. 63  
1-2 (In the Senate - Filed November 8, 2010; January 31, 2011,  
1-3 read first time and referred to Committee on Business and Commerce;  
1-4 April 28, 2011, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 28, 2011,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 63 By: Carona

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 for certain  
1-12 foster children to pursue home ownership, postsecondary education,  
1-13 and business development.

1-14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-15 SECTION 1. Chapter 40, Human Resources Code, is amended by  
1-16 adding Subchapter E to read as follows:

1-17 SUBCHAPTER E. ASSET DEVELOPMENT INITIATIVE FOR CERTAIN  
1-18 FOSTER CHILDREN

1-19 Sec. 40.201. DEFINITIONS. In this subchapter:

1-20 (1) "Assets for Independence Act" means the federal  
1-21 Assets for Independence Act (42 U.S.C. Section 604 note).

1-22 (2) "Financial institution" has the meaning assigned  
1-23 by Section 201.101, Finance Code.

1-24 (3) "Individual development account" means a deposit  
1-25 account established by a participant at a financial institution  
1-26 selected by a sponsoring organization.

1-27 (4) "Participant" means an individual who has entered  
1-28 into an agreement with a sponsoring organization to participate in  
1-29 the program.

1-30 (5) "Program" means the individual development  
1-31 account program established under this subchapter.

1-32 (6) "Service provider" means a person to whom a  
1-33 qualified expenditure from a participant's individual development  
1-34 account is made. The term includes:

1-35 (A) a public or private institution of higher  
1-36 education;

1-37 (B) a provider of occupational or vocational  
1-38 education, including a proprietary school;

1-39 (C) a mortgage lender;

1-40 (D) a title insurance company;

1-41 (E) the lessor or vendor of office supplies or  
1-42 equipment or retail space, office space, or other business space;  
1-43 and

1-44 (F) any other provider of goods or services used  
1-45 for the start of a business.

1-46 (7) "Sponsoring organization" has the meaning  
1-47 assigned to "qualified entity" by Section 404(7), Assets for  
1-48 Independence Act, except that the term does not include a state  
1-49 agency.

1-50 Sec. 40.202. ESTABLISHMENT OF PROGRAM; RULES. (a) The  
1-51 executive commissioner by rule may develop and implement a program  
1-52 under which:

1-53 (1) individual development accounts are facilitated  
1-54 and administered by sponsoring organizations for eligible  
1-55 individuals to provide those individuals with an opportunity to  
1-56 accumulate assets and to facilitate and mobilize savings;

1-57 (2) sponsoring organizations are provided grant funds  
1-58 for use in administering the program and matching qualified  
1-59 expenditures made by program participants; and

1-60 (3) at least 85 percent of the grant funds described by  
1-61 Subdivision (2) must be used by the sponsoring organization for  
1-62 matching qualified expenditures.

1-63 (b) The department shall contract with sponsoring

2-1 organizations to facilitate the establishment of and to administer  
2-2 the individual development accounts in accordance with the rules  
2-3 adopted by the executive commissioner. The executive  
2-4 commissioner's rules must include guidelines for contract  
2-5 monitoring, reporting, termination, and recapture of state funds.

2-6 (c) In adopting rules under the program, the executive  
2-7 commissioner shall state the selection criteria for sponsoring  
2-8 organizations and give priority to organizations that have  
2-9 demonstrated:

2-10 (1) a capacity to administer individual development  
2-11 account programs; or

2-12 (2) a commitment to serve areas of this state that  
2-13 currently do not have individual development account programs  
2-14 available.

2-15 Sec. 40.203. PARTICIPANT ELIGIBILITY. (a) Only foster  
2-16 children who are at least 15 years of age and younger than 23 years  
2-17 of age may participate in the program.

2-18 (b) The executive commissioner by rule shall establish  
2-19 eligibility criteria for participation in the program that are  
2-20 consistent with the purposes of the program and with the Assets for  
2-21 Independence Act.

2-22 Sec. 40.204. CONTRIBUTIONS AND EXPENDITURES BY  
2-23 PARTICIPANT. (a) A participant may contribute to the  
2-24 participant's individual development account.

2-25 (b) A participant's contributions to the participant's  
2-26 individual development account shall accrue interest.

2-27 (c) A participant may withdraw money from the participant's  
2-28 individual development account only to pay for the following  
2-29 qualified expenditures:

2-30 (1) postsecondary education or training expenses for  
2-31 the account holder;

2-32 (2) the expenses of purchasing or financing a home for  
2-33 the account holder for the first time;

2-34 (3) the expenses of a self-employment enterprise; and

2-35 (4) start-up business expenses for the account holder.

2-36 Sec. 40.205. DUTIES OF SPONSORING ORGANIZATIONS. (a) The  
2-37 executive commissioner shall adopt rules to establish the duties of  
2-38 sponsoring organizations under the program.

2-39 (b) Each sponsoring organization shall provide to the  
2-40 department any information necessary to evaluate the sponsoring  
2-41 organization's performance in fulfilling the duties outlined in the  
2-42 executive commissioner's rules.

2-43 Sec. 40.206. MATCHING FUNDS; LIMITATIONS ON AMOUNT AND  
2-44 AVAILABILITY. (a) At the time a participant in the program makes a  
2-45 withdrawal from the participant's individual development account  
2-46 for a qualified expenditure described by Section 40.204(c), the  
2-47 participant shall receive matching funds from the sponsoring  
2-48 organization, payable directly to the service provider.

2-49 (b) The sponsoring organization shall determine the amount  
2-50 of federal matching funds spent for each individual development  
2-51 account as limited by the guidelines established by the Assets for  
2-52 Independence Act.

2-53 (c) This subchapter does not create an entitlement of a  
2-54 participant to receive matching funds. The number of participants  
2-55 who receive matching funds under the program in any year is limited  
2-56 by the amount of money available for that purpose in that year.

2-57 Sec. 40.207. WITHDRAWALS; TERMINATION OF ACCOUNT FOR  
2-58 UNQUALIFIED WITHDRAWALS. (a) The executive commissioner by rule  
2-59 shall establish guidelines to ensure that a participant does not  
2-60 withdraw money from the participant's individual development  
2-61 account except for a qualified expenditure described by Section  
2-62 40.204(c).

2-63 (b) The sponsoring organization shall instruct the  
2-64 financial institution to terminate a participant's account if the  
2-65 participant does not comply with the guidelines established by  
2-66 executive commissioner rule.

2-67 (c) A participant whose individual development account is  
2-68 terminated under this section is entitled to withdraw from the  
2-69 participant's account the amount of money the participant

3-1 contributed to the account and any interest that has accrued on that  
3-2 amount.

3-3 Sec. 40.208. FUNDING. (a) The legislature may appropriate  
3-4 money for the purposes of this subchapter.

3-5 (b) The department may solicit and accept gifts, grants, and  
3-6 donations from any public or private source for the purposes of this  
3-7 subchapter.

3-8 (c) If money is not appropriated to the department for the  
3-9 purposes of this subchapter, the department is only required to  
3-10 implement Section 40.209.

3-11 (d) Notwithstanding Subsection (a), money from the general  
3-12 revenue fund and other state money may not be used for the purposes  
3-13 of this subchapter for the state fiscal biennium ending August 31,  
3-14 2013. This subsection expires September 1, 2013.

3-15 Sec. 40.209. COORDINATION. The department shall:

3-16 (1) serve as a clearinghouse for information relating  
3-17 to state and local and public and private programs that facilitate  
3-18 asset development; and

3-19 (2) post the information described by Subdivision (1)  
3-20 on the department's Internet website.

3-21 Sec. 40.210. INTERAGENCY CONTRACTS. The department may  
3-22 enter into interagency contracts with other state agencies to  
3-23 facilitate the effective administration of this subchapter.

3-24 Sec. 40.211. AGENCY COOPERATION. To the extent allowed by  
3-25 law, the commission shall provide information to the department as  
3-26 necessary to implement this subchapter.

3-27 SECTION 2. This Act takes effect September 1, 2011.

3-28 \* \* \* \* \*