

By: Dukes

H.B. No. 445

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, except that the term does not include a state  
17 agency.

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

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

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

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

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

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

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

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

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

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

26           Sec. 40.204. CONTRIBUTIONS AND EXPENDITURES BY  
27 PARTICIPANT. (a) A participant may contribute to the

1 participant's individual development account.

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

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

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

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

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

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

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

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

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

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

1 Independence Act.

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

6 Sec. 40.207. WITHDRAWALS; TERMINATION OF ACCOUNT FOR  
7 UNQUALIFIED WITHDRAWALS. (a) The executive commissioner by rule  
8 shall establish guidelines to ensure that a participant does not  
9 withdraw money from the participant's individual development  
10 account except for a qualified expenditure described by Section  
11 40.204(c).

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

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

21 Sec. 40.208. FUNDING. (a) The legislature may appropriate  
22 money for the purposes of this subchapter.

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

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

1 implement Section 40.209.

2 (d) Notwithstanding Subsection (a), money from the general  
3 revenue fund and other state money may not be used for the purposes  
4 of this subchapter for the state fiscal biennium ending August 31,  
5 2015. This subsection expires September 1, 2015.

6 Sec. 40.209. COORDINATION. The department shall:

7 (1) serve as a clearinghouse for information relating  
8 to state and local and public and private programs that facilitate  
9 asset development; and

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

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

15 Sec. 40.211. AGENCY COOPERATION. To the extent allowed by  
16 law, the commission shall provide information to the department as  
17 necessary to implement this subchapter.

18 SECTION 2. This Act takes effect September 1, 2013.