

By: Davis

S.B. No. 980

A BILL TO BE ENTITLED

AN ACT

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

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

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

SUBCHAPTER E. ASSET DEVELOPMENT INITIATIVE FOR CERTAIN
FOSTER CHILDREN

Sec. 40.201. 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 who 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 account is made. The term includes:

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

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

(C) a mortgage lender;

(D) a title insurance company;

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

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

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

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

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

(2) sponsoring organizations are provided grant funds for use in administering the program and matching qualified 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.