

Bill No. CS for SB 260

Amendment No. 4

<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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The Committee on Fiscal Policy recommended the following amendment:

Senate Amendment (with title amendment)

On page 31, line 1,

insert:

Section 14. (1) The purpose of this section is to provide for the establishment of individual development accounts (IDAs) in communities targeted by the Retention Enhancing Communities Initiative (RECI) designed to provide families with limited means in these communities an opportunity to accumulate assets, to facilitate and mobilize savings, to promote education, homeownership, and microenterprise development, and to stabilize families and build communities. This section implements the provisions of s. 404(h) of the Social Security Act, as amended, 42 U.S.C. s. 604(h), related to individual development accounts. Nothing in this section is intended to conflict with the provisions of federal law.

(2) As used in this section, the term:

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1 (a) "Individual development account" means an account
 2 exclusively for the purpose of paying the qualified expenses
 3 of an eligible individual or family in RECI communities. The
 4 account is a trust created or organized in this state and
 5 funded through periodic contributions by the establishing
 6 individual and matched by or through a qualified entity for a
 7 qualified purpose.

8 (b) "Qualified entity" means:

9 1. A not-for-profit organization described in s.
 10 501(c)(3) of the Internal Revenue Code of 1986, as amended,
 11 and exempt from taxation under s. 501(a) of such code; or

12 2. A state or local government agency acting in
 13 cooperation with an organization described in subparagraph 1.
 14 For purposes of this section, a local WAGES coalition shall be
 15 considered a government agency.

16 (c) "Financial institution" means an organization
 17 authorized to do business under state or federal laws relating
 18 to financial institutions, and includes a bank, trust company,
 19 savings bank, building and loan association, savings and loan
 20 company or association, and credit union.

21 (d) "Eligible educational institution" means:

22 1. An institution described in s. 481(a)(1) or s.
 23 1201(a) of the Higher Education Act of 1965, 20 U.S.C. s.
 24 1088(a)(1) or s. 1141(a), as such sections are in effect on
 25 the date of the enactment of the Personal Responsibility and
 26 Work Opportunity Reconciliation Act of 1996, Pub. L. No.
 27 104-193.

28 2. An area vocational education school, as defined in
 29 s. 521(4)(C) or (D) of the Carl D. Perkins Vocational and
 30 Applied Technology Education Act, 20 U.S.C. s. 2471(4), in
 31 this state, as such sections are in effect on the date of the

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1 enactment of the Personal Responsibility and Work Opportunity
2 Reconciliation Act of 1996, Pub. L. No. 104-193.

3 (e) "Postsecondary educational expenses" means:

4 1. Tuition and fees required for the enrollment or
5 attendance of a student at an eligible educational
6 institution.

7 2. Fees, books, supplies, and equipment required for
8 courses of instruction at an eligible educational institution.

9 (f) "Qualified acquisition costs" means the costs of
10 acquiring, constructing, or reconstructing a residence. The
11 term includes any usual or reasonable settlement, financing,
12 or other closing costs in a RECI community.

13 (g) "Qualified business" means any business that does
14 not contravene any law or public policy in a RECI community.

15 (h) "Qualified business capitalization expenses" means
16 qualified expenditures for the capitalization of a qualified
17 business pursuant to a qualified plan.

18 (i) "Qualified expenditures" means expenditures
19 included in a qualified plan, including capital, plant,
20 equipment, working capital, and inventory expenses.

21 (j)1. "Qualified first-time homebuyer" means a
22 taxpayer and, if married, the taxpayer's spouse, who has no
23 present ownership interest in a principal residence during the
24 3-year period ending on the date of acquisition of the
25 principal residence.

26 2. "Date of acquisition" means the date on which a
27 binding contract to acquire, construct, or reconstruct the
28 principal residence is entered into.

29 (k) "Qualified plan" means a business plan or a plan
30 to use a business asset purchased, which:

31 1. Is approved by a financial institution, a

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1 microenterprise development organization, or a nonprofit loan
2 fund having demonstrated fiduciary integrity.

3 2. Includes a description of services or goods to be
4 sold, a marketing plan, and projected financial statements.

5 3. May require the eligible individual to obtain the
6 assistance of an experienced entrepreneurial advisor.

7 (1) "Qualified principal residence" means a principal
8 residence, in a RECI community within the meaning of s. 1034
9 of the Internal Revenue Code of 1986, as amended, the
10 qualified acquisition costs of which do not exceed 100 percent
11 of the average area purchase price applicable to such
12 residence, determined in accordance with s. 143(e)(2) and (3)
13 of such code.

14 (3) The Department of Children and Families shall
15 amend the Temporary Assistance for Needy Families State Plan
16 which was submitted in accordance with s. 402 of the Social
17 Security Act, as amended, 42 U.S.C. s. 602, to provide for the
18 use of funds for individual development accounts in accordance
19 with the provisions of this section.

20 (4)(a) Any family in a RECI community subject to time
21 limits and fully complying with work requirements of the WAGES
22 Program that enters into an agreement with an approved
23 fiduciary organization is eligible for participation in an
24 individual development account.

25 (b) Contributions to the individual development
26 account by an individual may be derived only from earned
27 income, as defined in s. 911(d)(2) of the Internal Revenue
28 Code of 1986, as amended.

29 (c) The individual or family shall enter into an
30 individual development account agreement with a certified
31 fiduciary organization or community-based organization.

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1 (d) Eligible participants may receive matching funds
2 for contributions to the individual development account,
3 pursuant to the WAGES State Plan and the plan of the local
4 WAGES coalition. When not restricted to the contrary, matching
5 funds may be paid from state and federal funds under the
6 control of the local WAGES coalition, from local agencies, or
7 from private donations.

8 (e) Eligible participants may receive bonus payments
9 for program compliance, to the extent provided in the WAGES
10 State Plan and the plan of the local WAGES coalition. Such
11 bonus payments may provide for a matching proportion higher
12 than matching funds described in paragraph (d).

13 (5) Individual development accounts may be available
14 once the family no longer receives cash assistance for any of
15 the following uses:

16 (a) Postsecondary educational expenses paid from an
17 individual development account directly to an eligible
18 educational institution;

19 (b) Qualified acquisition costs with respect to a
20 qualified principal residence in a RECI community for a
21 qualified first-time homebuyer, if paid from an individual
22 development account directly to the persons to whom the
23 amounts are due; or

24 (c) Amounts paid from an individual development
25 account directly to a business capitalization account which is
26 established in a federally insured financial institution and
27 is restricted to use solely for qualified business
28 capitalization in a RECI community.

29 (6) The WAGES Program State Board of Directors shall
30 establish such policies and procedures as may be necessary to
31 ensure that funds held in an individual development account

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1 are not withdrawn except for one or more of the qualified
2 purposes described in this section.

3 (7) Fiduciary organizations shall be the local WAGES
4 coalition or other organizations designated by the local WAGES
5 coalition to serve as an intermediary between individual
6 account holders and financial institutions holding accounts.
7 Responsibilities of such fiduciary organizations may include
8 marketing participation, soliciting matching contributions,
9 counseling program participants, and conducting verification
10 and compliance activities.

11 (8) The WAGES Program State Board of Directors shall
12 establish penalties and procedures for enforcing compliance
13 with such penalties for the withdrawal of moneys from
14 individual development accounts under false pretenses or for
15 the use of such moneys for other than approved purposes. The
16 fiduciary organization shall make arrangements with the
17 financial institution to impose any penalties or loss of
18 matching funds as specified by the WAGES Program State Board
19 of Directors on moneys withdrawn. The WAGES Program State
20 Board of Directors may, at its discretion, specify conditions
21 under which an account shall be closed.

22 (9) The fiduciary organization shall establish a
23 grievance committee and a procedure to hear, review, and
24 decide in writing any grievance made by a holder of an
25 individual development account who disputes a decision of the
26 operating organization that a withdrawal is subject to
27 penalty.

28 (10) In the event of an account holder's death, the
29 account may be transferred to the ownership of a contingent
30 beneficiary. An account holder shall name contingent
31 beneficiaries at the time the account is established and may

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1 change such beneficiaries at any time.

2 (11) Financial institutions approved by the WAGES
 3 Program State Board of Directors shall be permitted to
 4 establish individual development accounts pursuant to this
 5 section. The financial institution shall certify to the local
 6 WAGES coalition on forms prescribed by the WAGES Program State
 7 Board of Directors and accompanied by any documentation
 8 required by the WAGES Program State Board of Directors that
 9 such accounts have been established pursuant to all provisions
 10 of this act and that deposits have been made on behalf of the
 11 account holder. A financial institution establishing an
 12 individual development account shall:

13 (a) Keep the account in the name of the account
 14 holder.

15 (b) Subject to the indicated conditions, permit
 16 deposits to be made into the account:

17 1. By the account holder; or

18 2. By means of contributions made on behalf of the
 19 account holder. Such deposits may include moneys to match the
 20 account holder's deposits.

21 (c) Require the account to earn the market rate of
 22 interest.

23 (d) Permit the account holder to withdraw moneys from
 24 the account for any of the permissible uses pursuant to
 25 procedures adopted by the WAGES Program State Board of
 26 Directors.

27 (12) In accordance with s. 404(h)(4) of the Social
 28 Security Act, as amended, 42 U.S.C. s. 604(h)(4), and
 29 notwithstanding any other provision of law, other than the
 30 Internal Revenue Code of 1986, as amended, funds in an
 31 individual development account, including interest accruing in

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1 such account, shall be disregarded in determining eligibility
 2 for any federal or state program. Matching contributions paid
 3 directly into such account and contributions by an individual
 4 from earnings shall similarly be disregarded in determining
 5 eligibility for any state or federal program.

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7 (Redesignate subsequent sections.)

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10 ===== T I T L E A M E N D M E N T =====

11 And the title is amended as follows:

12 On page 3, line 9, after the semicolon

13
14 insert:

15 providing for individual development accounts
 16 in RECI communities; providing purposes;
 17 providing definitions; requiring the Department
 18 of Revenue to amend the Temporary Assistance
 19 for Needy Families State Plan to provide for
 20 use of funds for individual development
 21 accounts; specifying criteria and requirements
 22 for contributions to such accounts; specifying
 23 purposes for use of such accounts; providing
 24 for procedures for withdrawals from such
 25 accounts; specifying certain organizations to
 26 act as fiduciary organizations for certain
 27 purposes; providing for penalties for
 28 withdrawal of moneys for certain purposes;
 29 providing for resolution of certain disputes;
 30 providing for transfer of ownership of such
 31 accounts under certain circumstances; providing

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1 for establishment of such accounts by certain
2 financial institutions under certain
3 circumstances; providing requirements;
4 providing that account funds and matching funds
5 do not affect certain program eligibility;
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