

1 A bill to be entitled
2 An act relating to individual development
3 accounts; providing purposes; providing
4 definitions; requiring the Department of
5 Children and Family Services to amend the
6 Temporary Assistance for Needy Families State
7 Plan to provide for use of funds for individual
8 development accounts; specifying criteria and
9 requirements for contributions to such
10 accounts; specifying purposes for use of such
11 accounts; directing the WAGES Program State
12 Board to establish procedures for local WAGES
13 coalitions to apply to offer individual
14 development accounts; providing for procedures
15 for withdrawals from such accounts; specifying
16 certain organizations to act as fiduciary
17 organizations for certain purposes; providing
18 for penalties for withdrawal of moneys for
19 certain purposes; providing for resolution of
20 certain disputes; providing for transfer of
21 ownership of such accounts under certain
22 circumstances; providing for establishment of
23 such accounts by certain financial institutions
24 under certain circumstances; providing
25 requirements; providing that account funds and
26 matching funds do not affect certain program
27 eligibility; providing for local WAGES
28 coalition comment concerning the procedures
29 developed by the WAGES State Board and for
30 inclusion of the procedures in the annual plan;
31 providing an effective date.

1 Be It Enacted by the Legislature of the State of Florida:

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3 Section 1. (1) The purpose of this act is to provide
4 for the establishment of individual development accounts
5 designed to provide families with limited means an opportunity
6 to accumulate assets, to facilitate and mobilize savings, to
7 promote education, homeownership, and microenterprise
8 development, and to stabilize families and build communities.
9 This section implements the provisions of s. 404(h) of the
10 Social Security Act, as amended, 42 U.S.C. s. 604(h), related
11 to individual development accounts. Nothing in this section
12 is intended to conflict with the provisions of federal law.

13 (2) As used in this section:

14 (a) "Individual development account" means an account
15 exclusively for the purpose of paying the qualified expenses
16 of an eligible individual or family. The account is a trust
17 created or organized in this state and funded through periodic
18 contributions by the establishing individual and matched by or
19 through a qualified entity for a qualified purpose.

20 (b) "Qualified entity" means:

21 1. A not-for-profit organization described in s.
22 501(c)(3) of the Internal Revenue Code of 1986, as amended,
23 and exempt from taxation under s. 501(a) of such code; or

24 2. A state or local government agency acting in
25 cooperation with an organization described in subparagraph 1.
26 For purposes of this section, a local WAGES coalition shall be
27 considered a government agency.

28 (c) "Financial institution" means a financial
29 institution as defined in s. 655.005.

30 (d) "Eligible educational institution" means:

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1 1. An institution described in s. 481(a)(1) or s.
2 1201(a) of the Higher Education Act of 1965, 20 U.S.C. s.
3 1088(a)(1) or s. 1141(a), as such sections are in effect on
4 the date of the enactment of the Personal Responsibility and
5 Work Opportunity Reconciliation Act of 1996, Pub. L. No.
6 104-193.

7 2. An area vocational education school, as defined in
8 s. 521(4)(C) or (D) of the Carl D. Perkins Vocational and
9 Applied Technology Education Act, 20 U.S.C. s. 2471(4), in
10 this state, as such sections are in effect on the date of the
11 enactment of the Personal Responsibility and Work Opportunity
12 Reconciliation Act of 1996, Pub. L. No. 104-193.

13 (e) "Postsecondary educational expenses" means:

14 1. Tuition and fees required for the enrollment or
15 attendance of a student at an eligible educational
16 institution.

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

19 (f) "Qualified acquisition costs" means the costs of
20 acquiring, constructing, or reconstructing a residence. The
21 term includes any usual or reasonable settlement, financing,
22 or other closing costs.

23 (g) "Qualified business" means any business that does
24 not contravene any law or public policy.

25 (h) "Qualified business capitalization expenses" means
26 qualified expenditures for the capitalization of a qualified
27 business pursuant to a qualified plan.

28 (i) "Qualified expenditures" means expenditures
29 included in a qualified plan, including capital, plant,
30 equipment, working capital, and inventory expenses.

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1 (j)1. "Qualified first-time homebuyer" means a
2 taxpayer and, if married, the taxpayer's spouse, who has no
3 present ownership interest in a principal residence during the
4 3-year period ending on the date of acquisition of the
5 principal residence.

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

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

11 1. Is approved by a financial institution, a
12 microenterprise development organization, or a nonprofit loan
13 fund having demonstrated fiduciary integrity.

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

16 3. May require the eligible individual to obtain the
17 assistance of an experienced entrepreneurial advisor.

18 (l) "Qualified principal residence" means a principal
19 residence, within the meaning of s. 1034 of the Internal
20 Revenue Code of 1986, as amended, the qualified acquisition
21 costs of which do not exceed 100 percent of the average area
22 purchase price applicable to such residence, determined in
23 accordance with s. 143(e)(2) and (3) of such code.

24 (3) The Department of Children and Family Services
25 shall amend the Temporary Assistance for Needy Families State
26 Plan which was submitted in accordance with s. 402 of the
27 Social Security Act, as amended, 42 U.S.C. s. 602, to provide
28 for the use of funds for individual development accounts in
29 accordance with the provisions of this section.

30 (4)(a) Any family subject to time limits and fully
31 complying with work requirements of the WAGES Program that

1 enters into an agreement with an approved fiduciary
2 organization is eligible for participation in an individual
3 development account.

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

8 (c) The individual or family shall enter into an
9 individual development account agreement with a certified
10 fiduciary organization as described in subsection (7). This
11 account agreement shall include, but not be limited to, the
12 matching funds to be contributed to the account, limits on the
13 deposits for which the match will be provided, required
14 documentation necessary for payment of moneys in the account
15 to be made for a qualified purpose, and penalties for
16 withdrawal of funds not used for one or more of the qualified
17 purposes.

18 (d) Eligible participants may receive matching funds
19 for contributions to the individual development account,
20 pursuant to the WAGES State Plan and the plan of the local
21 WAGES coalition. When not restricted to the contrary, matching
22 funds may be paid from state and federal funds under the
23 control of the local WAGES coalition, from local agencies, or
24 from private donations.

25 (e) Eligible participants may receive bonus payments
26 for program compliance, to the extent provided in the WAGES
27 State Plan and the plan of the local WAGES coalition. Such
28 bonus payments may provide for a matching proportion higher
29 than matching funds described in paragraph (d).

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1 (5) Individual development accounts may be available
2 for any of the following qualified purposes once the family no
3 longer receives cash assistance:

4 (a) Postsecondary educational expenses paid from an
5 individual development account directly to an eligible
6 educational institution;

7 (b) Qualified acquisition costs with respect to a
8 qualified principal residence for a qualified first-time
9 homebuyer, if paid from an individual development account
10 directly to the persons to whom the amounts are due; or

11 (c) Amounts paid from an individual development
12 account directly to a business capitalization account which is
13 established in a federally insured financial institution and
14 is restricted to use solely for qualified business
15 capitalization.

16 (6) The WAGES Program State Board of Directors shall
17 establish procedures for local WAGES coalitions to include in
18 their annual program and financial plan for the WAGES program
19 an application to offer an individual development account
20 program as part of their WAGES program allocation. These
21 procedures shall include, but not be limited to,
22 administrative costs permitted for the fiduciary organization
23 and policies relating to identifying the match ratio and
24 limits on the deposits for which the match will be provided in
25 the application process. The WAGES Program State Board of
26 Directors also shall establish procedures to ensure that funds
27 held in an individual development account are not withdrawn
28 except for one or more of the qualified purposes described in
29 this section.

30 (7) Fiduciary organizations shall be the local WAGES
31 coalition or other community-based organizations designated by

1 the local WAGES coalition to serve as an intermediary between
2 individual account holders and financial institutions holding
3 accounts. Responsibilities of such fiduciary organizations may
4 include marketing participation, soliciting matching
5 contributions, counseling program participants, and conducting
6 verification and compliance activities.

7 (8) The WAGES Program State Board of Directors shall
8 establish penalties and procedures for enforcing compliance
9 with such penalties for the withdrawal of moneys from
10 individual development accounts under false pretenses or for
11 the use of such moneys for other than approved purposes. The
12 penalties established shall include, but not be limited to,
13 the repayment of moneys withdrawn that were not used for one
14 or more of the qualified purposes. The WAGES Program State
15 Board of Directors may, at its discretion, specify conditions
16 under which an account shall be closed.

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

23 (10) In the event of an account holder's death, the
24 account may be transferred to the ownership of a contingent
25 beneficiary. An account holder shall name contingent
26 beneficiaries at the time the account is established and may
27 change such beneficiaries at any time.

28 (11) Financial institutions approved by the WAGES
29 Program State Board of Directors shall be permitted to
30 establish individual development accounts pursuant to this
31 section. The financial institution shall certify to the local

1 WAGES coalition on forms prescribed by the WAGES Program State
2 Board of Directors and accompanied by any documentation
3 required by the WAGES Program State Board of Directors that
4 such accounts have been established pursuant to all provisions
5 of this act and that deposits have been made on behalf of the
6 account holder. A financial institution establishing an
7 individual development account shall:

8 (a) Keep the account in the name of the account
9 holder.

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

12 1. By the account holder; or

13 2. By means of contributions made on behalf of the
14 account holder. Such deposits may include moneys to match the
15 account holder's deposits.

16 (c) Require the account to earn the market rate of
17 interest.

18 (d) Permit the account holder to withdraw moneys from
19 the account for any of the permissible uses pursuant to
20 procedures adopted by the WAGES Program State Board of
21 Directors.

22 (12) In accordance with s. 404(h)(4) of the Social
23 Security Act, as amended, 42 U.S.C. s. 604(h)(4), and
24 notwithstanding any other provision of law, other than the
25 Internal Revenue Code of 1986, as amended, funds in an
26 individual development account, including interest accruing in
27 such account, shall be disregarded in determining eligibility
28 for any federal or state program. Matching contributions paid
29 directly into such account and contributions by an individual
30 from earnings shall similarly be disregarded in determining
31 eligibility for any state or federal program.

1 (13) All procedures identified in this section to be
2 established by the WAGES Program State Board of Directors
3 shall be developed in a manner that allows for local WAGES
4 coalition comment and review and shall be included in the
5 annual statewide program plan, pursuant to s. 414.027.

6 Section 2. This act shall take effect October 1, 2000.

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