

By the Committee on Children and Families; and Senators
Dawson, Miller, Mitchell and Lawson

300-1447-01

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; providing for procedures for
12 withdrawals from such accounts; specifying
13 certain organizations to act as fiduciary
14 organizations for certain purposes; providing
15 for controlling the withdrawal of funds for
16 uses other than qualified purposes; providing
17 for resolution of certain disputes; providing
18 for transfer of ownership of such accounts
19 under certain circumstances; providing for
20 establishment of such accounts by certain
21 financial institutions under certain
22 circumstances; providing requirements;
23 providing that account funds and matching funds
24 do not affect certain program eligibility;
25 providing an effective date.

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

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29 Section 1. (1) The purpose of this act is to provide
30 for the establishment of individual development accounts that
31 can provide families having limited means an opportunity to

1 accumulate assets and to facilitate and mobilize savings; to
2 promote education, homeownership, and microenterprise
3 development; and help to stabilize families and build
4 communities. This section implements the provisions of s.
5 404(h) of the Social Security Act, as amended, 42 U.S.C. s.
6 604(h), related to individual development accounts. Nothing
7 in this section is intended to conflict with the provisions of
8 federal law.

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

10 (a) "Individual development account" means an account
11 established exclusively to pay the qualified expenses of an
12 eligible individual or family. The account is funded through
13 periodic contributions by the establishing individual which
14 are matched by or through a qualified entity for a qualified
15 purpose.

16 (b) "Qualified entity" means:

17 1. A not-for-profit organization described in s.
18 501(c)(3) of the Internal Revenue Code of 1986, as amended,
19 and exempt from taxation under s. 501(a) of such code; or

20 2. A state or local government agency acting in
21 cooperation with an organization described in subparagraph 1.
22 For purposes of this section, a regional workforce board is a
23 government agency.

24 (c) "Financial institution" means a financial
25 institution as defined in section 655.005(1)(h), Florida
26 Statutes.

27 (d) "Eligible educational institution" means:

28 1. An institution described in s. 481(a)(1) or s.
29 1201(a) of the Higher Education Act of 1965, 20 U.S.C. s.
30 1088(a)(1) or s. 1141(a), as such sections are in effect on
31 the date of the enactment of the Personal Responsibility and

1 Work Opportunity Reconciliation Act of 1996, Pub. L. No.
2 104-193.

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

9 (e) "Postsecondary educational expenses" means:

10 1. Tuition and fees required for the enrollment or
11 attendance of a student at an eligible educational
12 institution.

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

15 (f) "Qualified acquisition costs" means the costs of
16 acquiring, constructing, or reconstructing a residence. The
17 term includes any usual or reasonable settlement, financing,
18 or other closing costs.

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

21 (h) "Qualified business capitalization expenses" means
22 qualified expenditures for the capitalization of a qualified
23 business pursuant to a qualified plan.

24 (i) "Qualified expenditures" means expenditures
25 included in a qualified plan, including capital, plant,
26 equipment, working capital, and inventory expenses.

27 (j)1. "Qualified first-time homebuyer" means a
28 taxpayer and, if married, the taxpayer's spouse, who has no
29 present ownership interest in a principal residence during the
30 3-year period ending on the date of acquisition of the
31 principal residence.

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

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

6 1. Is approved by a financial institution, a
7 microenterprise development organization, or a nonprofit loan
8 fund having demonstrated fiduciary integrity.

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

11 3. May require the eligible individual to obtain the
12 assistance of an experienced entrepreneurial advisor.

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

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

25 (4)(a) Any family subject to time limits and fully
26 complying with work requirements of the temporary cash
27 assistance program, pursuant to sections 414.045, 414.065,
28 414.095, 414.105, and 445.024, Florida Statutes, which enters
29 into an agreement with an approved fiduciary organization is
30 eligible to participate in an individual development account.

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

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

15 (d) Eligible participants may receive matching funds
16 for contributions to the individual development account,
17 pursuant to the strategic plan for workforce development. When
18 not restricted to the contrary, matching funds may be paid
19 from state and federal funds under the control of the regional
20 workforce board, from local agencies, or from private
21 donations.

22 (e) Eligible participants may receive bonus payments
23 for program compliance, to the extent provided in the
24 strategic plan for workforce development. Such bonus payments
25 may provide for a matching proportion higher than that of
26 matching funds described in paragraph (d).

27 (5) Individual development accounts may be available
28 for any of the following qualified purposes once the family no
29 longer receives cash assistance:
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1 (a) Postsecondary educational expenses paid from an
2 individual development account directly to an eligible
3 educational institution;

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

8 (c) Amounts paid from an individual development
9 account directly to a business capitalization account that is
10 established in a federally insured financial institution and
11 is restricted to use solely for qualified business
12 capitalization.

13 (6) The Workforce Florida, Inc., shall establish
14 procedures for regional workforce boards to include in their
15 annual program and financial plan an application to offer an
16 individual development account program as part of their TANF
17 allocation. These procedures shall include, but need not be
18 limited to, administrative costs permitted for the fiduciary
19 organization and policies relative to identifying the match
20 ratio and limits on the deposits for which the match will be
21 provided in the application process. Workforce Florida, Inc.,
22 shall establish policies and procedures that are necessary to
23 ensure that funds held in an individual development account
24 are not withdrawn except for one or more of the qualified
25 purposes described in this section.

26 (7) Fiduciary organizations shall be the regional
27 workforce board or other community-based organizations
28 designated by the regional workforce board to serve as
29 intermediaries between individual account holders and
30 financial institutions holding accounts. Responsibilities of
31 such fiduciary organizations may include marketing

1 participation, soliciting matching contributions, counseling
2 program participants, and conducting verification and
3 compliance activities.

4 (8) Workforce Florida, Inc., shall establish
5 procedures for controlling the withdrawal of funds for uses
6 other than qualified purposes, including specifying conditions
7 under which an account must be closed.

8 (9) A fiduciary organization shall establish a
9 grievance committee and a procedure for hearing, reviewing,
10 and responding in writing to any grievance filed by a holder
11 of an individual development account who disputes a decision
12 of the operating organization that funds were withdrawn for
13 uses other than qualified purposes.

14 (10) Upon an account holder's death, his or her
15 account may be transferred to the ownership of a contingent
16 beneficiary. An account holder shall name contingent
17 beneficiaries at the time the account is established and may
18 change such beneficiaries at any time.

19 (11) Financial institutions approved by Workforce
20 Florida, Inc., may establish individual development accounts
21 pursuant to this section. A financial institution shall
22 certify the establishment of the individual development
23 accounts in accordance with the forms, documentation, and
24 requirements prescribed by Workforce Florida, Inc.

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

1 Section 2. This act shall take effect October 1, 2001.

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3 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
4 COMMITTEE SUBSTITUTE FOR
5 Senate Bill 350

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6 Revises references to the WAGES program and the local WAGES
7 coalitions to reflect the current organizational and program
8 structure.

8 Provides for the process for the regional workforce boards to
9 apply to Workforce Florida Inc. to offer an individual
10 development account program for their community. Minimum
11 components to be included in this process are identified.

10 Replaces the definition of "financial institution" with the
11 definition provided in statute.

12 Provides a definition of "qualified purposes."

13 Identifies minimum components of the account agreement between
14 the individual and the fiduciary organization for the
15 individual development account.

15 Eliminates the requirement that the provisions for receipt of
16 bonus payments be stipulated in the regional workforce board
17 plan.

17 Replaces the development of penalties for withdrawal of funds
18 under false pretenses and arrangements for loss of matching
19 funds with development of procedures for controlling the
20 withdrawal of funds for uses other than qualified purposes.
21 References to penalties in the bill are eliminated.

20 Replaces the delineated requirements of the financial
21 institutions in establishing the individual development
22 accounts and in certifying the establishment of the accounts
23 with the requirement that financial institutions are to
24 certify the establishment of the individual development
25 accounts in accordance with requirements prescribed by
26 Workforce Florida Inc.

24 Eliminates references to depositing the matching funds into
25 the participants' accounts.

26 Eliminates from the definition of "Individual Development
27 Account" the stipulation that the account is a trust.

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