

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 for rules; providing an effective  
26          date.

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

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30                   Section 1. (1) The purpose of this act is to provide  
31                   for the establishment of individual development accounts that

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

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

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

17 (b) "Qualified entity" means:

18 1. A not-for-profit organization described in s.  
19 501(c)(3) of the Internal Revenue Code of 1986, as amended,  
20 and exempt from taxation under s. 501(a) of such code; or  
21 2. A state or local government agency acting in  
22 cooperation with an organization described in subparagraph 1.  
23 For purposes of this section, a regional workforce board is a  
24 government agency.

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

28 (d) "Eligible educational institution" means:

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

1 the date of the enactment of the Personal Responsibility and  
2 Work Opportunity Reconciliation Act of 1996, Pub. L. No.  
3 104-193.

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

10 (e) "Postsecondary educational expenses" means:

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

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

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

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

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

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

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

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

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

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

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

13 3. May require the eligible individual to obtain the  
14 assistance of an experienced entrepreneurial advisor.

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

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

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

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

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

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

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

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

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           (13) Pursuant to policy direction by Workforce  
2 Florida, Inc., the Agency for Workforce Innovation shall adopt  
3 such rules as are necessary to implement this act.

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

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