

Amendment No. 1 (for drafter's use only)

	<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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ORIGINAL STAMP BELOW

11 The Committee on Workforce & Technical Skills offered the
12 following:

14 **Amendment (with title amendment)**

15 Remove from the bill: Everything after the enacting clause
16
17 and insert in lieu thereof:

18 Section 1. (1) The purpose of this act is to provide
19 for the establishment of individual development accounts that
20 can provide families having limited means an opportunity to
21 accumulate assets and to facilitate and mobilize savings; to
22 promote education, homeownership, and microenterprise
23 development; and help to stabilize families and build
24 communities. This section implements the provisions of s.
25 404(h) of the Social Security Act, as amended, 42 U.S.C. s.
26 604(h), related to individual development accounts. Nothing
27 in this section is intended to conflict with the provisions of
28 federal law.

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

30 (a) "Individual development account" means an account
31 established exclusively to pay the qualified expenses of an

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1 eligible individual or family. The account is funded through
2 periodic contributions by the establishing individual which
3 are matched by or through a qualified entity for a qualified
4 purpose.

5 (b) "Qualified entity" means:

6 1. A not-for-profit organization described in s.
7 501(c)(3) of the Internal Revenue Code of 1986, as amended,
8 and exempt from taxation under s. 501(a) of such code; or

9 2. A state or local government agency acting in
10 cooperation with an organization described in subparagraph 1.
11 For purposes of this section, a regional workforce board is a
12 government agency.

13 (c) "Financial institution" means a financial
14 institution as defined in section 655.005(1)(h), Florida
15 Statutes.

16 (d) "Eligible educational institution" means:

17 1. An institution described in s. 481(a)(1) or s.
18 1201(a) of the Higher Education Act of 1965, 20 U.S.C. s.
19 1088(a)(1) or s. 1141(a), as such sections are in effect on
20 the date of the enactment of the Personal Responsibility and
21 Work Opportunity Reconciliation Act of 1996, Pub. L. No.
22 104-193.

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

29 (e) "Postsecondary educational expenses" means:

30 1. Tuition and fees required for the enrollment or
31 attendance of a student at an eligible educational

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1 institution.

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

4 (f) "Qualified acquisition costs" means the costs of
5 acquiring, constructing, or reconstructing a residence. The
6 term includes any usual or reasonable settlement, financing,
7 or other closing costs.

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

10 (h) "Qualified business capitalization expenses" means
11 qualified expenditures for the capitalization of a qualified
12 business pursuant to a qualified plan.

13 (i) "Qualified expenditures" means expenditures
14 included in a qualified plan, including capital, plant,
15 equipment, working capital, and inventory expenses.

16 (j)1. "Qualified first-time homebuyer" means a
17 taxpayer and, if married, the taxpayer's spouse, who has no
18 present ownership interest in a principal residence during the
19 3-year period ending on the date of acquisition of the
20 principal residence.

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

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

26 1. Is approved by a financial institution, a
27 microenterprise development organization, or a nonprofit loan
28 fund having demonstrated fiduciary integrity.

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

31 3. May require the eligible individual to obtain the

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1 assistance of an experienced entrepreneurial advisor.

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

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

14 (4)(a) Any family subject to time limits and fully
15 complying with work requirements of the temporary cash
16 assistance program, pursuant to sections 414.045, 414.065,
17 414.095, 414.105, and 445.024, Florida Statutes, which enters
18 into an agreement with an approved fiduciary organization is
19 eligible to participate in an individual development account.

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

24 (c) The individual or family must enter into an
25 individual development account agreement with a certified
26 fiduciary organization as described in subsection (7). This
27 account agreement shall include, but need not be limited to,
28 the matching funds to be contributed to the account, limits on
29 the deposits for which the match will be provided, required
30 documentation necessary for payment of moneys in the account
31 to be made for a qualified purpose, and penalties for

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1 withdrawal of funds not used for one or more of the qualified
2 purposes.

3 (d) Eligible participants may receive matching funds
4 for contributions to the individual development account,
5 pursuant to the strategic plan for workforce development. When
6 not restricted to the contrary, matching funds may be paid
7 from state and federal funds under the control of the regional
8 workforce board, from local agencies, or from private
9 donations.

10 (e) Eligible participants may receive bonus payments
11 for program compliance, to the extent provided in the
12 strategic plan for workforce development. Such bonus payments
13 may provide for a matching proportion higher than that of
14 matching funds described in paragraph (d).

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

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

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

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

30 (6) The Workforce Florida, Inc., shall establish
31 procedures for regional workforce boards to include in their

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1 annual program and financial plan an application to offer an
2 individual development account program as part of their TANF
3 allocation. These procedures shall include, but need not be
4 limited to, administrative costs permitted for the fiduciary
5 organization and policies relative to identifying the match
6 ratio and limits on the deposits for which the match will be
7 provided in the application process. Workforce Florida, Inc.,
8 shall establish policies and procedures that are necessary to
9 ensure that funds held in an individual development account
10 are not withdrawn except for one or more of the qualified
11 purposes described in this section.

12 (7) Fiduciary organizations shall be the regional
13 workforce board or other community-based organizations
14 designated by the regional workforce board to serve as
15 intermediaries between individual account holders and
16 financial institutions holding accounts. Responsibilities of
17 such fiduciary organizations may include marketing
18 participation, soliciting matching contributions, counseling
19 program participants, and conducting verification and
20 compliance activities.

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

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

31 (10) Upon an account holder's death, his or her

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1 account may be transferred to the ownership of a contingent
2 beneficiary. An account holder shall name contingent
3 beneficiaries at the time the account is established and may
4 change such beneficiaries at any time.

5 (11) Financial institutions approved by Workforce
6 Florida, Inc., may establish individual development accounts
7 pursuant to this section. A financial institution shall
8 certify the establishment of the individual development
9 accounts in accordance with the forms, documentation, and
10 requirements prescribed by Workforce Florida, Inc.

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

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

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

22 And the title is amended as follows:

23 On page 1,
24 remove from the title of the bill: all of said lines

25
26

and insert in lieu thereof:

27 An act relating to individual development
28 accounts; providing purposes; providing
29 definitions; requiring the Department of
30 Children and Family Services to amend the
31 Temporary Assistance for Needy Families State

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1 Plan to provide for use of funds for individual
2 development accounts; specifying criteria and
3 requirements for contributions to such
4 accounts; specifying purposes for use of such
5 accounts; providing for procedures for
6 withdrawals from such accounts; specifying
7 certain organizations to act as fiduciary
8 organizations for certain purposes; providing
9 for controlling the withdrawal of funds for
10 uses other than qualified purposes; providing
11 for resolution of certain disputes; providing
12 for transfer of ownership of such accounts
13 under certain circumstances; providing for
14 establishment of such accounts by certain
15 financial institutions under certain
16 circumstances; providing requirements;
17 providing that account funds and matching funds
18 do not affect certain program eligibility;
19 providing an effective date.

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