
A BILL FOR AN ACT

RELATING TO INDIVIDUAL DEVELOPMENT ACCOUNTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 257-3, Hawaii Revised Statutes, is
2 amended to read as follows:

3 " ~~[+] §257-3 [{}]~~ **Fiduciary organizations.** (a) Fiduciary
4 organizations shall serve as an intermediary between individual
5 development account holders and financial institutions holding
6 accounts. The fiduciary organization's responsibilities may
7 include:

- 8 (1) Marketing participation;
- 9 (2) Soliciting matching contributions;
- 10 (3) Counseling program participants; and
- 11 (4) Conducting verification and compliance activities.

12 (b) Locally-based organizations shall enter into a
13 competitive process for the right to become fiduciary
14 organizations for a portion of the state matching dollars [~~that~~
15 ~~would be authorized initially~~]. Fiduciary organization
16 proposals shall be evaluated and participation rights awarded on
17 the basis of [~~such items as~~]:



- 1 (1) Their ability to market the program to potential
- 2 individual development account holders and potential
- 3 matching fund contributors;
- 4 (2) Their ability to provide safe and secure investments
- 5 for individual development accounts;
- 6 (3) Their overall administrative capacity, including:
- 7 (A) Certifications or verifications required to
- 8 assure compliance with eligibility requirements;
- 9 (B) Authorized uses of the accounts matching
- 10 contributions by individuals or businesses; and
- 11 (C) Penalties for unauthorized distributions;
- 12 (4) Their capacity to provide financial counseling and
- 13 other related services to potential participants; and
- 14 (5) Their links to other activities designed to increase
- 15 the independence of individuals and families through
- 16 high return investments, including homeownership,
- 17 education and training, and small business
- 18 development.

19 The department of human services, or an agency contracted
20 by the department of human services, shall provide technical and
21 administrative assistance to fiduciary organizations to meet the
22 criteria under this subsection; provided that the State may



1 expend appropriate federal moneys, including temporary
 2 assistance for needy families and community development block
 3 grants, for this purpose, as applicable.

4 (c) If the [State] department of human services approves
 5 an application to fund an individual development account project
 6 under this section, the [State] department of human services
 7 shall [~~not later than one month after June 28, 1999,~~] authorize
 8 the applicant to conduct the project with state funds [~~for five~~
 9 ~~project years~~] in accordance with the approved application and
 10 this section; provided that an applicant may apply for funding
 11 during future fiscal years [~~for five project years if the State~~
 12 ~~lacks the~~] if there are sufficient resources to fund an
 13 individual development account project pursuant to this
 14 subsection.

15 [~~(d) For each individual development account program~~
 16 ~~approved under this section, the State shall make a grant to the~~
 17 ~~qualified entity or collaboration of entities authorized to~~
 18 ~~conduct the project on the first day of the project year in an~~
 19 ~~amount not to exceed \$100,000 per year for five years.~~

20 ~~(e)]~~ (d) From among the individuals eligible for
 21 assistance under the Hawaii individual development account
 22 program, each selected fiduciary organization shall select the

1 individuals ~~[whom]~~ that the fiduciary organization deems to be
2 best suited to receive ~~[such]~~ the assistance."

3 SECTION 2. Section 257-8, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "~~[+]§257-8[+]~~ Matches. ~~[(a)]~~ The State shall match an
6 amount of up to ~~[\$100,000 per calendar year for individual~~
7 ~~development accounts.~~

8 ~~(b) Not more than a 2:1 match of state funds to account~~
9 ~~holder deposits shall be deposited into any individual~~
10 ~~development account in a given year.]~~ 4:1 in state funds for
11 individual development accounts. The State may adopt rules
12 regarding specific match ratios for individual development
13 account qualified expenditures."

14 SECTION 3. Section 257-11, Hawaii Revised Statutes, is
15 amended as follows:

16 1. By amending subsection (a) to read:

17 "(a) The fiduciary organization running an individual
18 development account program shall have sole authority over the
19 administration of the project. The ~~[State]~~ department of human
20 services may ~~[prescribe only such regulations]~~ adopt rules with
21 respect to demonstration projects ~~[under this chapter]~~ as are
22 necessary to ensure compliance ~~[pursuant to]~~ with this chapter."



1 2. By amending subsection (d) to read:

2 "(d) Selected fiduciary organizations may use no more than
3 ~~ten~~ twenty-five per cent of state funds as appropriated under
4 this ~~[+]chapter[+]~~ to cover ~~[administrative]~~ operating costs in
5 any given year."

6 SECTION 4. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$ or so much
8 thereof as may be necessary for fiscal year 2008-2009 for
9 fiduciary organizations, as defined in section 257-1, Hawaii
10 Revised Statutes, to conduct individual development account
11 programs, as provided in section 257-3, Hawaii Revised Statutes.

12 The sum appropriated shall be expended by the department of
13 human services for the purposes of this Act.

14 SECTION 5. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 6. This Act shall take effect on July 1, 2008.
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JAN 11 2008



H.B. NO.

2046

Report Title:

Individual Development Accounts

Description:

Expands the provisions of individual development accounts.

