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# 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 257-1, Hawaii Revised Statutes, is  
2 amended by amending the definition of "qualified expenditures"  
3 to read as follows:

4           ""Qualified expenditures" means an expense as determined by  
5 a fiduciary organization, which may include but not be limited  
6 to:

- 7           (1) Costs associated with first homeownership;
- 8           (2) Post-secondary education;
- 9           (3) Vocational training; [~~and~~]
- 10           (4) Small or micro-business capitalization[~~-~~]; and
- 11           (5) One motor vehicle purchase for transportation to  
12           school or work, and fuel and insurance costs for the  
13           motor vehicle."

14           SECTION 2. Section 257-3, Hawaii Revised Statutes, is  
15 amended by amending subsections (b), (c), and (d) to read as  
16 follows:



1           "(b) Locally-based organizations shall enter into a  
2 competitive process for the right to become fiduciary  
3 organizations for a portion of the state matching dollars that  
4 would be authorized initially. Fiduciary organization proposals  
5 shall be evaluated and participation rights awarded on the basis  
6 of such items as:

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



1 education and training, and small business  
2 development.

3 The department of business, economic development, and  
4 tourism shall provide technical and administrative assistance to  
5 fiduciary organizations to meet the criteria under this  
6 subsection and may expend appropriate federal moneys, including  
7 but not limited to temporary assistance for needy families and  
8 community development block grants, for this purpose.

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

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



1 SECTION 3. Section 257-8, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3 "(a) The State shall match an amount of up to \$100,000 per  
4 calendar year for individual development accounts. The State  
5 may expend appropriate federal moneys, including but not limited  
6 to temporary assistance for needy families and community  
7 development block grants, for purposes of this subsection, in  
8 addition to general funds."

9 SECTION 4. Section 257-11, Hawaii Revised Statutes, is  
10 amended by amending subsection (d) to read as follows:

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

15 SECTION 5. There is appropriated out of the federal  
16 temporary assistance for needy families program funds the sum of  
17 \$2,000,000 or so much thereof as may be necessary for fiscal  
18 year 2007-2008 for fiduciary organizations, as defined in  
19 section 257-1, Hawaii Revised Statutes, to conduct individual  
20 development account programs, as provided in section 257-3,  
21 Hawaii Revised Statutes.



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

3           SECTION 6. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5           SECTION 7. This Act shall take effect on July 1, 2007.



**Report Title:**

Individual Development Accounts

**Description:**

Repeals 5 year limitation on direct state funding to fiduciary organizations. Requires the Department of Business, Economic Development, and Tourism to provide technical and administrative assistance to fiduciary organizations. Allows the purchase of a vehicle and related expenses as a qualified expense. Appropriates funds. (HB472 HD1)

