

JAN 19 2007

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 school or work
12 transportation."

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

16 "(b) Locally-based organizations shall enter into a
17 competitive process for the right to become fiduciary



1 organizations for a portion of the state matching dollars that
2 would be authorized initially. Fiduciary organization proposals
3 shall be evaluated and participation rights awarded on the basis
4 of such items as:

5 (1) Their ability to market the program to potential
6 individual development account holders and potential
7 matching fund contributors;

8 (2) Their ability to provide safe and secure investments
9 for individual development accounts;

10 (3) Their overall administrative capacity, including:

11 (A) Certifications or verifications required to
12 assure compliance with eligibility requirements;

13 (B) Authorized uses of the accounts matching
14 contributions by individuals or businesses; and

15 (C) Penalties for unauthorized distributions;

16 (4) Their capacity to provide financial counseling and
17 other related services to potential participants; and

18 (5) Their links to other activities designed to increase
19 the independence of individuals and families through
20 high return investments, including homeownership,
21 education and training, and small business
22 development.



1 The State shall provide technical and administrative
 2 assistance to fiduciary organizations to meet the criteria under
 3 this subsection; provided that the State may expend appropriate
 4 federal moneys, including but not limited to temporary
 5 assistance to needy families and community development block
 6 grants, for this purpose.

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

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

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



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

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

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

13 SECTION 5. There is appropriated out of the general
14 revenues of the State of Hawaii the sum of \$2,000,000, or so
15 much thereof as may be necessary for fiscal year 2007-2008, for
16 fiduciary organizations, as defined in section 257-1, Hawaii
17 Revised Statutes, to conduct individual development account
18 programs, as provided in section 257-3, Hawaii Revised Statutes.

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

21 SECTION 6. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.



S.B. NO. 740

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

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INTRODUCED BY:

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Report Title:

Individual Development Accounts

Description:

Repeals 5 year limitation on direct state funding to fiduciary organizations. Requires State to provide technical and administrative assistance to fiduciary organizations. Allows qualified expenditures for auto purchases. Raises the limit fiduciary organizations may use to cover administrative costs. Allows State to utilize federal funds for matching funds. Makes appropriation to department of human services for fiduciary organizations.

