
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~~] that may include [~~but not be~~
6 ~~limited 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
3 proposals shall be evaluated and participation rights awarded on
4 the basis 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 (c) The department of human services shall provide
2 technical and administrative assistance to fiduciary
3 organizations to meet the criteria under subsection (b);
4 provided that the State may expend appropriate federal moneys,
5 including temporary assistance for needy families and community
6 development block grants, for this purpose, as applicable;
7 provided further that the department of human services may
8 contract with one or more agencies, as appropriate, to select,
9 fund, and monitor fiduciary organizations in the administration
10 of this chapter.

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



1 ~~[(d)]~~ (e) For each individual development account program
2 approved under this section, the ~~[State]~~ department of human
3 services shall make a grant to the qualified entity or
4 collaboration of entities authorized to conduct the project on
5 the first day of the project year ~~[in an amount not to exceed~~
6 ~~\$100,000 per year for five years]~~."

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

9 "(a) The ~~[State]~~ department of human services shall match
10 an amount of up to \$100,000 per calendar year for individual
11 development accounts. The department of human services may
12 expend appropriate federal moneys, including temporary
13 assistance for needy families and community development block
14 grants, for purposes of this subsection, in addition to general
15 funds, as permissible under federal law."

16 SECTION 4. Section 257-11, Hawaii Revised Statutes, is
17 amended as follows:

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

19 "(a) The fiduciary organization running an individual
20 development account program shall have sole authority over the
21 administration of the project. The ~~[State]~~ department of human
22 services may prescribe ~~[only such]~~ regulations with respect to



1 demonstration projects [~~under this chapter~~] as are necessary to
2 ensure compliance [~~pursuant to~~] with this chapter."

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

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

8 SECTION 5. There is appropriated or authorized from
9 temporary assistance for needy families funds the sum of
10 \$2,000,000, or so much thereof as may be necessary for fiscal
11 year 2007-2008, and the same sum, or so much thereof as may be
12 necessary for fiscal year 2008-2009, for the department of human
13 services to implement chapter 257, Hawaii Revised Statutes.

14 The sums appropriated shall be expended by the department
15 of human services for the purposes of this section.

16 SECTION 6. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

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



Report Title:

Individual Development Accounts

Description:

Repeals the five year limitation on direct state funding to fiduciary organizations; requires the department of human services to provide technical and administrative assistance to fiduciary organizations; allows qualified expenditures for auto purchases; raises the amount that fiduciary organizations may use to cover administrative costs; allows the department of human services to utilize federal funds for matching funds; and appropriates or authorizes temporary assistance for needy families funds for the department of human services to implement chapter 257, Hawaii Revised Statutes. (SD1)

