

Honolulu, Hawaii

FEB 16 2007

RE: S.B. No. 740  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committee on Human Services and Public Housing, to which was referred S.B. No. 740 entitled:

"A BILL FOR AN ACT RELATING TO INDIVIDUAL DEVELOPMENT ACCOUNTS,"

begs leave to report as follows:

The purpose of this measure is to expand the provisions of the Individual Development Accounts Law by:

- (1) Repealing the five year limitation on direct state funding to fiduciary organizations;
- (2) Requiring the State to provide technical and administrative assistance to fiduciary organizations;
- (3) Permitting qualified expenditures for auto purchases;
- (4) Raising the limitation on the amount fiduciary organizations may use to cover administrative costs;
- (5) Permitting the State to utilize federal funds for matching funds; and
- (6) Making an appropriation to the Department of Human Services for fiduciary organizations.

The Hawai'i Alliance for Community-Based Economic Development and one individual submitted testimony in support of this measure.



The Department of Human Services submitted testimony in support of the intent of this measure.

According to the Department of Human Services, it supports the expansion of the Individual Development Account program with the use of Temporary Assistance for Needy Families funds, and requests that the cap on the Department of Human Services' Temporary Assistance for Needy Families expenditures be raised to implement this measure.

Your Committee finds that economic stability does not arise solely from income. Financial assets, such as cash savings, stocks, bonds, and home and business equity, are a critical component of economic security. Financial assets offer individuals a viable and hopeful future, stimulate development of human and other capital, and enhance the welfare of children.

Changes to the existing Individual Development Accounts Law could help more individuals take advantage of this asset building tool. An individual development account enables a participant to receive a match for every dollar that the participant saves. Moneys in the account can then be used for qualified expenditures such as costs associated with first homeownership, post-secondary education, vocational training, and small or micro-business capitalization.

It is your Committee's intent to help provide asset building opportunities for Hawaii residents. Your Committee has amended this measure by:

- (1) Removing the \$100,000 cap on grants to entities authorized to conduct an individual development account program;
- (2) Clarifying that the Department of Human Services is the state agency responsible for administering chapter 257, Hawaii Revised Statutes; provided that the Department of Human Services may contract with one or more agencies, as appropriate, to select, fund, and monitor fiduciary organizations in the administration of the chapter;
- (3) Appropriating or authorizing money from Temporary Assistance for Needy Families funds to the Department of Human Services to implement the chapter; and



- (4) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 740, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 740, S.D. 1, and be referred to the Committee on Ways and Means.

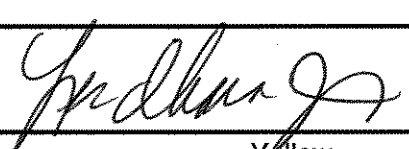
Respectfully submitted on  
behalf of the members of the  
Committee on Human Services and  
Public Housing,

*Suzanne Chun Oakland*  
SUZANNE CHUN OAKLAND, Chair



The Senate  
Twenty-Fourth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Human Services and Public Housing**  
**HSP**

Bill / Resolution No.:* <b>SB 740</b>	Committee Referral: <b>HSP, NAM</b>	Date: <b>2-13-07</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
SAKAMOTO, Norman	✓			
HEMMINGS, Fred				✓
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:                              Original                              Yellow                              Pink File with Committee Report            Clerk's Office                              Drafting Agency				

\*Only one measure per Record of Votes