

**SENATE BILL NO. 2260**

Introduced by

Senators Schneider, Erbele, Hogue

Representatives Kilichowski, Pietsch

1 A BILL for an Act to create and enact a new chapter to title 54 of the North Dakota Century  
2 Code, relating to state matching funds for individual development accounts; to amend and  
3 reenact subdivision n of subsection 1 of section 50-09-29 of the North Dakota Century Code,  
4 relating to administration of the temporary assistance for needy families program; and to  
5 provide an appropriation.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1. AMENDMENT.** Subdivision n of subsection 1 of section 50-09-29 of the  
8 North Dakota Century Code is amended and reenacted as follows:

9 n. ~~Consider exempting funds in~~ Exempt from assets and income the savings and  
10 proportionate matching funds in individual development accounts;

11 **SECTION 2.** A new chapter to title 54 of the North Dakota Century Code is created and  
12 enacted as follows:

13 **Definitions.** In this chapter, unless the context otherwise requires:

14 1. "Community action agency" has the meaning as provided in section 54-44.5-01.

15 2. "Division" means the department of commerce division of community services.

16 3. "Eligible educational institution" means a division-approved institution of higher  
17 education or approved area vocational education school.

18 4. "Household" means all individuals who share use of a dwelling unit as primary  
19 quarters for living and eating separate from other individuals.

20 5. "Individual development account" means a matched savings account opened by a  
21 household participating in the North Dakota individual development account  
22 program.

23 6. "Permissible use" means any of the following:

- 1           a. Tuition at an eligible educational institution and expenses at an eligible  
2           educational institution, including books, eligible supplies, and equipment  
3           required for courses of instruction.
- 4           b. For first-time home buyers, acquisition costs of acquiring or constructing a  
5           principal residence, including any usual or reasonable settlement, financing,  
6           or other closing costs. As used in this subdivision, acquisition costs of a  
7           principal residence has the same meaning as under section 1034 of the  
8           Internal Revenue Code of 1986 which do not exceed one hundred twenty  
9           percent of the average area purchase price applicable to the residence  
10           determined according to section 143(e)(2) and (3) of the Internal Revenue  
11           Code of 1986.
- 12           c. Business capitalization expenses for expenditures on capital, plant,  
13           equipment, working capital, and inventory expenses of a legitimate business  
14           pursuant to a business plan approved by a community action agency.

15           **Funds awarded.** The division shall allocate state funds to participating community  
16 action agencies to provide matching funds for eligible individual development accounts. The  
17 division shall allocate funds to achieve geographic balance in the eight regions served by this  
18 program. The division shall document the capacity of participating community action agencies  
19 to manage the program and to raise the private match.

20           **Community action agency duties.** In order to be eligible to participate in this  
21 program, a community action agency shall:

- 22           1. Provide a separate account for the immediate deposit of program funds;  
23           2. Establish a process to select participants and describe any priorities for  
24           participation;
- 25           3. Enter an individual development account agreement with the household to  
26           establish the terms of participation;
- 27           4. Provide households with economic literacy education;  
28           5. Provide households with asset-specific education;  
29           6. Provide matching deposits for participating household;  
30           7. Coordinate with other related public and private programs; and  
31           8. Establish a process to appeal and mediate disputes.

1           **Household eligibility - Participation.** To be eligible for matching funds under this  
2 chapter, a household:

- 3           1. Shall sign an individual development account agreement that includes the amount  
4           of scheduled deposits into the household's individual development account, the  
5           proposed use of the funds, and the proposed savings goal;
- 6           2. Shall agree to complete an economic literacy training program and asset-specific  
7           training; and
- 8           3. At the time of application, must have an income that does not exceed two hundred  
9           percent of the federal poverty line.

10           **Withdrawal - Matching - Permissible uses.**

- 11           1. To receive a match, a participating household must transfer funds withdrawn from  
12           the household's individual development account to the household's matching fund  
13           custodial account held by the community action agency, according to the individual  
14           development account agreement. The community action agency shall determine if  
15           the participating household's match request is for a permissible use consistent with  
16           the household's individual development account agreement.
- 17           2. At least quarterly and at the time of an approved withdrawal, the community action  
18           agency shall ensure the household's custodial account contains the applicable  
19           matching funds to match the balance in the household's individual development  
20           account, not including interest.
- 21           3. Matches must be provided as follows:
  - 22           a. From matching funding provided under this chapter, a matching contribution  
23           of no more than one dollar for every one dollar of funds withdrawn from the  
24           household's individual development account, not to exceed a lifetime limit of  
25           two thousand dollars; and
  - 26           b. From nonstate funds, a matching contribution of no less than one dollar for  
27           every one dollar of funds withdrawn from the household's individual  
28           development account, not to exceed a lifetime limit of two thousand dollars.
- 29           4. Upon receipt of transferred custodial account funds, the community action agency  
30           shall make a direct payment to the vendor of the goods or services for the  
31           permissible use.

1           **Consideration for assistance programs.** A state-administered, means-tested  
2 program may not adversely consider a household's individual development account savings  
3 and matching funds in determining eligibility for the program.

4           **Program reporting.** Quarterly, the fiscal agent on behalf of each community action  
5 agency participating in a North Dakota individual development account under this chapter shall  
6 report to the division, identifying the participants with accounts; the number of accounts; the  
7 amount of savings and matches for each participant's account; the uses of the account; and the  
8 number of businesses, homes, and educational services paid for with money from the account,  
9 as well as other information that may be required for the division to administer the program.

10           **SECTION 3. APPROPRIATION.** There is appropriated out of any moneys in the  
11 general fund in the state treasury, not otherwise appropriated, the sum of \$125,000, or so much  
12 of the sum as may be necessary, to the department of commerce division of community  
13 services for the purpose of providing matching funds under section 2 of this Act, for the  
14 biennium beginning July 1, 2009, and ending June 30, 2011.