

SENATE BILL NO.

Introduced by

Senator Schneider

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 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. "Family asset account" means a savings account opened by a household
19 participating in the North Dakota individual development account program.

20 5. "Household" means all individuals who share use of a dwelling unit as primary
21 quarters for living and eating separate from other individuals.

22 6. "Permissible use" means:

23 a. Postsecondary educational expenses at an eligible educational institution,

24 including books, supplies, and equipment required for courses of instruction;

- 1 b. Acquisition costs of acquiring, constructing, or reconstructing a residence,
2 including any usual or reasonable settlement, financing, or other closing
3 costs;
- 4 c. Business capitalization expenses for expenditures on capital, plant,
5 equipment, working capital, and inventory expenses of a legitimate business
6 pursuant to a business plan approved by a community action agency;
- 7 d. Acquisition costs of a principal residence within the meaning of section 1034
8 of the Internal Revenue Code of 1986 which do not exceed one hundred
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; and
- 12 e. Other division-approved uses, which may include computer purchases,
13 vehicle purchases, home repairs, retirement savings, assistive technology,
14 and foster child savings for aging out of the foster care system.

15 **Funds awarded.** The division shall allocate state funds and temporary assistance for
16 needy families funds to participating community action agencies to provide matching funds for
17 eligible family asset accounts. The division shall allocate funds to achieve geographic balance
18 and document the capacity of participating community action agencies to manage the program
19 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 separate accounts 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 a family asset agreement with the household to establish the terms of
26 participation;
- 27 4. Provide households with economic literacy education;
- 28 5. Provide households with information on early childhood family 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.**

- 2 1. To be eligible for temporary assistance for needy families matching funds under
3 this chapter, a household must meet the eligibility requirements of section 408 of
4 the federal Assets for Independence Act [Pub. L. 105-285].
- 5 2. To be eligible for matching funds under this chapter, a household shall:
- 6 a. Sign an individual development account asset agreement that includes the
7 amount of scheduled deposits into the household's family asset account, the
8 proposed use of the funds, and the proposed savings goal; and
- 9 b. Agree to complete an economic literacy training program.

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

- 11 1. To receive a match, a participating household must transfer funds withdrawn from
12 the household's family asset account to the household's matching fund custodial
13 account held by the community action agency, according to the individual
14 development account asset agreement. The community action agency shall
15 determine if the participating household's match request is for a permissible use
16 consistent with 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 family asset account,
20 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 fifty cents for every one dollar of funds withdrawn
24 from the household's family asset account equal to the lesser of seven
25 hundred fifty dollars per year or a three thousand dollar lifetime limit; and
- 26 b. From nonstate funds, a matching contribution of no less than one dollar fifty
27 cents for every one dollar of funds withdrawn from the household's family
28 asset account equal to the lesser of seven hundred twenty dollars per year or
29 a three thousand dollar lifetime limit.

1 4. Upon receipt of transferred custodial account funds, the community action agency
2 shall make a direct payment to the vendor of the goods or services for the
3 permissible use.

4 **Consideration for assistance programs.** A state-administered, means-tested
5 program may not adversely consider a household's family asset account savings and matching
6 funds in determining eligibility for the program.

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

14 **SECTION 3. APPROPRIATION.** There is appropriated out of any moneys from special
15 funds derived from federal funds and other income from the temporary assistance for needy
16 families program, not otherwise appropriated, the sum of \$125,000, or so much of the sum as
17 may be necessary, to the department of commerce division of community services for the
18 purpose of providing matching funds under section 2 of this Act, for the biennium beginning
19 July 1, 2009, and ending June 30, 2011.

20 **SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the
21 general fund in the state treasury, not otherwise appropriated, the sum of \$125,000, or so much
22 of the sum as may be necessary, to the department of commerce division of community
23 services for the purpose of providing matching funds under section 2 of this Act, for the
24 biennium beginning July 1, 2009, and ending June 30, 2011.