

**Sixty-first Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 6, 2009**

SENATE BILL NO. 2260
(Senators Schneider, Erbele, Hogue)
(Representatives Kilichowski, Pietsch)

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

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

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

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

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

1. "Community action agency" has the meaning as provided in section 54-44.5-01.
2. "Division" means the department of commerce division of community services.
3. "Eligible educational institution" means a division-approved institution of higher education or approved area vocational education school.
4. "Household" means all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.
5. "Individual development account" means a matched savings account opened by a household participating in the North Dakota individual development account program.
6. "Permissible use" means any of the following:
 - a. Tuition at an eligible educational institution and expenses at an eligible educational institution, including books, eligible supplies, and equipment required for courses of instruction.
 - b. For first-time home buyers, acquisition costs of acquiring or constructing a principal residence, including any usual or reasonable settlement, financing, or other closing costs. As used in this subdivision, acquisition costs of a principal residence has the same meaning as under section 1034 of the Internal Revenue Code of 1986 which do not exceed one hundred twenty percent of the average area purchase price applicable to the residence determined according to section 143(e)(2) and (3) of the Internal Revenue Code of 1986.
 - c. Business capitalization expenses for expenditures on capital, plant, equipment, working capital, and inventory expenses of a legitimate business pursuant to a business plan approved by a community action agency.

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

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

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

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

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

Withdrawal - Matching - Permissible uses.

1. To receive a match, a participating household must transfer funds withdrawn from the household's individual development account to the household's matching fund custodial account held by the community action agency, according to the individual development account agreement. The community action agency shall determine if the participating household's match request is for a permissible use consistent with the household's individual development account agreement.
2. At least quarterly and at the time of an approved withdrawal, the community action agency shall ensure the household's custodial account contains the applicable matching funds to match the balance in the household's individual development account, not including interest.
3. Matches must be provided as follows:
 - a. From matching funding provided under this chapter, a matching contribution of no more than one dollar for every one dollar of funds withdrawn from the household's individual development account, not to exceed a lifetime limit of two thousand dollars; and

- b. From nonstate funds, a matching contribution of no less than one dollar for every one dollar of funds withdrawn from the household's individual development account, not to exceed a lifetime limit of two thousand dollars.
- 4. Upon receipt of transferred custodial account funds, the community action agency shall make a direct payment to the vendor of the goods or services for the permissible use.

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

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

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

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-first Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2260.

Senate Vote: Yeas 35 Nays 10 Absent 2

House Vote: Yeas 50 Nays 42 Absent 2

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2009.

Approved at _____ M. on _____, 2009.

Governor

Filed in this office this _____ day of _____, 2009,
at _____ o'clock _____ M.

Secretary of State