

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 86th General Assembly
3 Regular Session, 2007
4

As Engrossed: S2/21/07

A Bill

HOUSE BILL 1423

5 By: Representative Key
6
7

For An Act To Be Entitled

9 AN ACT TO TRANSFER THE FAMILY SAVINGS INITIATIVE
10 FROM THE DEPARTMENT OF HEALTH AND HUMAN SERVICES
11 TO THE DEPARTMENT OF WORKFORCE SERVICES; AND FOR
12 OTHER PURPOSES.
13

Subtitle

15 AN ACT TO TRANSFER THE FAMILY SAVINGS
16 INITIATIVE FROM THE DEPARTMENT OF HEALTH
17 AND HUMAN SERVICES TO THE DEPARTMENT OF
18 WORKFORCE SERVICES.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
22

23 SECTION 1. Arkansas Code § 20-86-104 is amended to read as follows:
24 20-86-104. Definitions.

25 As used in this subchapter:

26 (1)(A) "Administrative costs" includes, but is not limited to,
27 soliciting matching funds, processing fees charged by the fiduciary
28 organization or financial institution, and traditional overhead costs.

29 (B) Administrative costs shall be limited to no more than
30 ten percent (10%) of the contract;

31 ~~(2) "Department" means the Department of Human Services;~~

32 ~~(3)~~(2) "Eligible educational institution" means the following:

33 (A) An institution described in 20 U.S.C., § 1088(a)(1) or
34 § 1141(a), as such sections are in effect on January 1, 2000;

35 (B) An area vocational education school, as defined in 20
36 U.S.C., § 2471(4), subparagraph (C) or (D), as such section is in effect on



1 January 1, 2000; and

2 (C) Any other accredited education or training
3 organization;

4 ~~(4)~~(3) "Federal poverty level" means the poverty income
5 guidelines published for a calendar year by the United States Department of
6 Health and Human Services;

7 ~~(5)~~(4) "Fiduciary organization" means the organization that will
8 serve as an intermediary between an individual account holder and a financial
9 institution holding account funds. A fiduciary organization shall be a not-
10 for-profit organization described in § 501(c)(3) of the Internal Revenue Code
11 of 1986, 26 U.S.C., § 501(c)(3), as in effect on January 1, 2000;

12 ~~(6)~~(5) "Financial institution" means an organization authorized
13 to do business under state or federal laws relating to financial institutions
14 and includes, but is not limited to, a bank, trust company, savings bank,
15 building and loan association, savings and loan company or association, or
16 credit union;

17 ~~(7)~~(6) "Individual development account" means an account created
18 pursuant to this subchapter exclusively for the purpose of paying the
19 expenses of an eligible individual or family for the purposes set forth in §
20 20-86-107;

21 ~~(8)~~(7) "Net worth" means the aggregate market value of all
22 assets that are owned in whole or in part by any member of the household,
23 less the obligations or debts of any member of the household;

24 ~~(9)~~(8) "Operating costs" includes, but is not limited to, costs
25 of training individual development account participants in economic and
26 financial literacy and individual development account uses, marketing
27 participation, counseling participants, and conducting required verification
28 and compliance activities;

29 ~~(10)~~(9) "Postsecondary educational expenses" means:

30 (A) Tuition and fees required for the enrollment or
31 attendance of an individual development account holder or immediate family
32 member thereof who is a student at an eligible educational institution; and

33 (B) Fees, books, supplies, and equipment required for
34 courses of instruction for an individual development account holder or
35 immediate family member thereof who is a student at an eligible educational
36 institution;

1 ~~(11)~~(10) "Qualified acquisition costs" means:

2 (A) The costs of acquiring, constructing, or
3 reconstructing a residence to be occupied by an individual development
4 account holder or an immediate family member thereof, including, but not
5 limited to, any usual or reasonable settlement, financing, or other closing
6 costs; and

7 (B) The costs of acquiring or repairing a motor vehicle to
8 be used by an individual development account holder or an immediate family
9 member thereof, including, but not limited to, any taxes, insurance, or
10 registration costs incurred in acquiring a motor vehicle;

11 ~~(12)~~(11) "Qualified business" means any business that does not
12 contravene any law or public policy;

13 ~~(13)~~(12) "Qualified business capitalization expenses" means
14 qualified expenditures for the capitalization of a qualified business
15 pursuant to a qualified plan;

16 ~~(14)~~(13) "Qualified emergency withdrawals" means a withdrawal by
17 an eligible individual that is a withdrawal of only those funds or a portion
18 of those funds deposited by the individual in the individual development
19 account of the individual and that is permitted by a fiduciary organization
20 on a case-by-case basis in accordance with the rules established by the
21 department;

22 ~~(15)~~(14) "Qualified expenditures" means expenditures included in
23 a qualified plan, including, but not limited to, capital, plant, equipment,
24 working capital, and inventory expenses;

25 ~~(16)~~(15) "Qualified first-time home buyer" means an individual
26 who has no ownership interest in a principal residence during the three-year
27 period ending on the date of acquisition of the principal residence to which
28 this subchapter applies;

29 ~~(17)~~(16) "Qualified plan" means a plan for the operation of a
30 business by an individual development account holder or an immediate family
31 member thereof which:

32 (A) Is approved by a financial institution or by a
33 nonprofit microenterprise program or loan fund, having demonstrated business
34 expertise;

35 (B) Includes a description of services or goods to be
36 sold, a marketing plan, and projected financial statements; and

1 (C) May require the eligible individual to obtain the
2 assistance of an experienced entrepreneurial advisor; and

3 ~~(18)~~(17) "Qualified principal residence" means a principal
4 residence within the meaning of § 1034 of the Internal Revenue Code of 1986,
5 26 U.S.C., § 1034, as in effect on January 1, 2000, of an individual
6 development account holder or an immediate family member thereof, the
7 qualified acquisition costs of which do not exceed the average area purchase
8 price applicable to such residence, determined in accordance with paragraphs
9 (2) and (3) of § 143(e) of the Internal Revenue Code, 26 U.S.C., § 143(e)(2)
10 and (3), as in effect on January 1, 2000.

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12 SECTION 2. Arkansas Code § 20-86-105(a), concerning proposals for
13 approval as a fiduciary organization under the Family Savings Initiative Act,
14 is amended to read as follows:

15 (a)(1) The ~~Department of Human Services~~ Department of Workforce
16 Services shall enter into contracts with one (1) or more fiduciary
17 organizations pursuant to the provisions of this section in such a manner
18 that different regions of the state are served by one (1) or more fiduciary
19 organizations.

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21 SECTION 3. Arkansas Code § 20-86-106(a), concerning individual
22 development account, is amended to read as follows:

23 (a)(1) An individual who is a resident of this state may submit an
24 application to open an individual development account to a fiduciary
25 organization approved by the ~~Department of Human Services~~ Department of
26 Workforce Services pursuant to the provisions of § 20-86-105.

27 (2) The fiduciary organization shall approve the application
28 only if:

29 ~~(1)~~(A) The individual has gross household income from all
30 sources for the calendar year preceding the year in which the application is
31 made which does not exceed one hundred eighty-five percent (185%) of the
32 federal poverty level; and

33 ~~(2)~~(B) The individual's household net worth at the time
34 the individual development account is opened does not exceed ten thousand
35 dollars (\$10,000) disregarding the primary dwelling and one (1) motor vehicle
36 owned by the household.

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2 SECTION 4. Arkansas Code § 20-86-109(d)(1)(B), concerning matching
3 funds, is amended to read as follows:

4 (B) The fiduciary organization shall then notify the
5 ~~Department of Human Services~~ Department of Workforce Services and request a
6 certification from the department certifying the amount of the tax credit to
7 which the taxpayer is entitled.

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10 SECTION 5. Arkansas Code §§ 20-86-111 through 20-86-113 are amended to
11 read as follows:

12 20-86-111. Reporting requirements.

13 Each fiduciary organization shall provide quarterly to the ~~Department~~
14 ~~of Human Services~~ Department of Workforce Services the following information:

15 (1) The number of individuals making deposits into an individual
16 development account;

17 (2) The amounts deposited in the individual development account;

18 (3) The amounts not yet allocated to individual development
19 accounts;

20 (4) The amounts withdrawn from the individual development
21 accounts and the purposes for which the amounts were withdrawn;

22 (5) The balances remaining in the individual development
23 accounts;

24 (6) The service configurations such as peer support, structured
25 planning exercises, mentoring, and case management which increased the rate
26 and consistency of participation in the demonstration project and how such
27 configurations varied among different populations or communities; and

28 (7) The number of grievances filed, the resolution of the
29 grievances, and any penalties imposed.

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31 20-86-112. Implementation.

32 The ~~Department of Human Services~~ Department of Workforce Services shall
33 be responsible for implementation of this subchapter and shall promulgate
34 rules as necessary in accordance with the provisions of this subchapter.

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36 20-86-113. Reports – Recommendations.

1 (a) ~~The Department of Human Services~~ Department of Workforce Services
2 shall prepare a written report annually regarding the implementation of the
3 Family Savings Initiative Act and shall make recommendations for improving
4 the program.

5 (b) The report shall be transmitted to the General Assembly on or
6 before August 1 of each year.

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8 SECTION 6. *Arkansas Code § 19-5-999(a), concerning the creation of the*
9 *Individual Development Account Trust Fund, is amended to read as follows:*

10 (a) *There is hereby created on the books of the Treasurer of State,*
11 *the Auditor of State, and the Chief Fiscal Officer of the State a trust fund*
12 *for the* ~~*Department of Human Services*~~ *Department of Workforce Services* *to be*
13 *designated the "Individual Development Account Trust Fund".*

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15 /s/ Key

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