

CF 7r1531

By: Delegate Rosenberg

Introduced and read first time: January 31, 1997

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Individual Development Account Act**

3 FOR the purpose of establishing the Maryland Individual Development Account Program
4 as a pilot program within the Department of Human Resources; providing for the
5 uses of individual development accounts (IDA); authorizing the Secretary of
6 Human Resources to adopt certain regulations; limiting the duration of the
7 Program; limiting the number of IDAs established in a certain period; authorizing
8 certain individuals to apply as eligible IDA account holders; requiring the Secretary
9 to determine eligibility to be IDA account holders; authorizing certain persons to
10 apply to the Secretary to serve as fiduciary organizations; authorizing certain
11 fiduciary organizations to select certain IDA account holders; authorizing the
12 imposition of certain penalties under certain circumstances; requiring the Program
13 to conform with certain federal laws; authorizing certain matching funds for IDAs;
14 requiring certain savings refunds for certain IDAs; authorizing certain tax credits;
15 requiring certain annual reports; requiring the State to provide certain
16 appropriations in the State budget for certain purposes; defining certain terms;
17 providing for the effective date of this Act; and generally relating to the Maryland
18 Individual Development Account Program.

19 BY adding to

20 Article 88A - Department of Human Resources
21 Section 90 through 99 to be under the new subtitle "Maryland Individual
22 Development Accounts"
23 Annotated Code of Maryland
24 (1995 Replacement Volume and 1996 Supplement)

25 Preamble

26 WHEREAS, Americans of most economic classes are having increasing difficulty
27 climbing the economic ladder and fully half of all Americans have no, negligible, or
28 negative investable assets just as the price of entry to the economic mainstream and the
29 cost of a house, an adequate education, or starting a business is increasing; and

30 WHEREAS, Economic well-being does not come solely from income, spending,
31 and consumption, but also requires savings, investment, and accumulation of assets, since
32 assets can improve economic stability, connect people with a viable and hopeful future,

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1 stimulate development of human and other capital, enable people to focus and specialize,
2 yield personal and social dividends, and enhance the welfare of offspring; and

3 WHEREAS, There is an urgent need for new means for Americans to navigate the
4 labor market to provide incentives and means for employment, upgrading, mobility, and
5 retention; and

6 WHEREAS, The household savings rate of the United States lags far behind other
7 industrial nations presenting a barrier to economic growth and the State of Maryland
8 should develop policies, such as individual development accounts, that promote higher
9 rates of personal savings and net private domestic investment; and

10 WHEREAS, In the current tight fiscal environment, the State of Maryland should
11 invest existing resources in high-yielding initiatives where there is reason to believe that
12 the financial returns, including increased income, tax revenue, and decreased welfare
13 cash assistance of individual development accounts will far exceed the cost of investment;
14 and

15 WHEREAS, Tens of thousands of Maryland residents continue to live in poverty
16 that is a loss of human resources, an assault on human dignity, and a drain on social and
17 fiscal resources of the State, and who receive public assistance through programs,
18 concentrating on income and consumption, that have rarely been successful in promoting
19 and supporting the transition to economic self-sufficiency; and

20 WHEREAS, Income-based welfare policy should be complemented with
21 asset-based welfare policy, because while income-based policies ensure that consumption
22 needs (including food, child care, rent, clothing, and health care) are met, asset-based
23 policies provide the means to achieve economic self-sufficiency and, accordingly, to leave
24 public assistance; now, therefore,

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
26 MARYLAND, That the Laws of Maryland read as follows:

27 **Article 88A - Department of Human Resources**

28 MARYLAND INDIVIDUAL DEVELOPMENT ACCOUNTS

29 90.

30 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
31 INDICATED.

32 (B) "DATE OF ACQUISITION" MEANS THE DATE ON WHICH PARTIES ENTER
33 INTO A BINDING CONTRACT TO ACQUIRE, CONSTRUCT, OR RECONSTRUCT A
34 PRINCIPAL RESIDENCE AS PROVIDED UNDER THIS SUBTITLE.

35 (C) "ELIGIBLE EDUCATIONAL INSTITUTION" MEANS:

36 (1) AN INSTITUTION DESCRIBED IN 20 U.S.C. §§ 1088(A)(1) OR 1141(A), AS
37 IN EFFECT ON OR AFTER JULY 1, 1997.

3
1 (2) AN AREA VOCATIONAL EDUCATION SCHOOL AS DEFINED IN 20 U.S.C.
2 § 247J(4) WHICH IS IN ANY STATE, AS DEFINED UNDER FEDERAL LAW AS IN EFFECT
3 ON OR AFTER JULY 1, 1997.

4 (D) "FEDERAL POVERTY LEVEL" MEANS THE POVERTY INCOME GUIDELINES
5 PUBLISHED FOR EACH CALENDAR YEAR BY THE UNITED STATES DEPARTMENT OF
6 HEALTH AND HUMAN SERVICES.

7 (E) "FIDUCIARY ORGANIZATION" MEANS ANY NONPROFIT FUNDRAISING
8 ORGANIZATION WHICH IS EXEMPT FROM TAXATION UNDER SECTION 501(C)(3) OF
9 THE FEDERAL IRS CODE OF 1986 THAT WILL SERVE AS AN INTERMEDIARY BETWEEN
10 INDIVIDUAL ACCOUNT HOLDERS AND FINANCIAL INSTITUTIONS HOLDING
11 ACCOUNT FUNDS AND WHOSE RESPONSIBILITIES MAY INCLUDE MARKETING
12 PARTICIPATION, SOLICITING MATCHING CONTRIBUTIONS, COUNSELING PROGRAM
13 PARTICIPANTS, AND CONDUCTING REQUIRED VERIFICATION AND COMPLIANCE
14 ACTIVITIES.

15 (F) "FINANCIAL INSTITUTION" MEANS AN ORGANIZATION AUTHORIZED TO
16 DO BUSINESS UNDER STATE OR FEDERAL LAWS RELATING TO FINANCIAL
17 INSTITUTIONS, AND INCLUDES A BANK, TRUST COMPANY, SAVINGS BANK, BUILDING
18 AND LOAN ASSOCIATION, SAVINGS AND LOAN COMPANY OR ASSOCIATION, OR
19 CREDIT UNION.

20 (G) "HOUSEHOLD" MEANS ANY ADULTS RELATED BY BLOOD, MARRIAGE, OR
21 ADOPTION, OR WHO ARE UNRELATED BUT HAVE MAINTAINED A STABLE FAMILY
22 RELATIONSHIP TOGETHER OVER A PERIOD OF TIME, AND INDIVIDUALS UNDER 18
23 YEARS OF AGE RELATED TO THE ABOVE ADULTS BY MARRIAGE, BLOOD, OR
24 ADOPTION, WHO ARE LIVING TOGETHER IN A DOMICILE AS EVIDENCED BY THE
25 PARTIES' INTENT TO MAINTAIN A HOME FOR THEIR FAMILY AND DOES NOT
26 INCLUDE A TEMPORARY VISIT.

27 (H) "INDIVIDUAL DEVELOPMENT ACCOUNT (IDA)" MEANS A TRUST THAT IS
28 AN OPTIONAL, EARNINGS BEARING, SUBSIDIZED, TAX-BENEFITED ACCOUNT THAT
29 CAN BE USED FOR THE QUALIFIED USES OF HOMEOWNERSHIP, EDUCATION, JOB
30 TRAINING, OR SMALL BUSINESS CAPITALIZATION, AND WHICH IS CREATED OR
31 ORGANIZED IN THE STATE EXCLUSIVELY FOR THE PURPOSE OF PAYING THE
32 QUALIFIED EXPENSES OF AN ELIGIBLE INDIVIDUAL OR FAMILY.

33 (I) "NET WORTH" MEANS THE AMOUNT EQUAL TO THE AGGREGATE
34 MARKET VALUE OF ALL ASSETS THAT ARE OWNED IN WHOLE OR IN PART BY ANY
35 MEMBER OF A HOUSEHOLD, MINUS THE OBLIGATIONS OR DEBTS OF ANY MEMBER
36 OF THE HOUSEHOLD.

37 (J) "POSTSECONDARY EDUCATIONAL EXPENSES" MEANS:

38 (1) TUITION AND FEES REQUIRED FOR THE ENROLLMENT OR
39 ATTENDANCE OF A STUDENT AT AN ELIGIBLE EDUCATIONAL INSTITUTION; AND

40 (2) FEES, BOOKS, SUPPLIES, AND EQUIPMENT REQUIRED FOR COURSES
41 OF INSTRUCTION AT AN ELIGIBLE EDUCATIONAL INSTITUTION.

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1 (K) "QUALIFIED ACQUISITION COSTS" MEANS THE COSTS OF ACQUIRING,
2 CONSTRUCTING, OR RECONSTRUCTING A RESIDENCE, INCLUDING ANY USUAL OR
3 REASONABLE SETTLEMENT, FINANCING, OR OTHER CLOSING COSTS.

4 (L) "QUALIFIED BUSINESS" MEANS ANY BUSINESS THAT DOES NOT
5 CONTRAVENE ANY LAW OR PUBLIC POLICY.

6 (M) "QUALIFIED BUSINESS CAPITALIZATION EXPENSES" MEANS QUALIFIED
7 EXPENDITURES FOR THE CAPITALIZATION OF A QUALIFIED BUSINESS PURSUANT
8 TO A QUALIFIED PLAN.

9 (N) "QUALIFIED EXPENDITURES" MEANS EXPENDITURES INCLUDED IN A
10 QUALIFIED PLAN, INCLUDING CAPITAL, PLANT, EQUIPMENT, WORKING CAPITAL,
11 AND INVENTORY EXPENSES.

12 (O) "QUALIFIED FIRST-TIME HOMEBUYER" MEANS A TAXPAYER, AND THE
13 TAXPAYER'S SPOUSE, IF APPLICABLE, WHO HAS NO PRESENT OWNERSHIP INTEREST
14 IN A PRINCIPAL RESIDENCE DURING THE 3-YEAR PERIOD ENDING ON THE DATE OF
15 ACQUISITION OF THE PRINCIPAL RESIDENCE.

16 (P) "QUALIFIED PLAN" MEANS A BUSINESS PLAN THAT:

17 (1) IS APPROVED BY A FINANCIAL INSTITUTION, OR BY A NONPROFIT
18 MICROENTERPRISE PROGRAM HAVING DEMONSTRATED BUSINESS EXPERTISE;

19 (2) INCLUDES A DESCRIPTION OF SERVICES OR GOODS TO BE SOLD, A
20 MARKETING PLAN, AND PROJECTED FINANCIAL STATEMENTS; AND

21 (3) MAY REQUIRE THE ELIGIBLE INDIVIDUAL TO OBTAIN THE
22 ASSISTANCE OF AN EXPERIENCED ENTREPRENEURIAL ADVISOR.

23 (Q) "QUALIFIED PRINCIPAL RESIDENCE" MEANS A PRINCIPAL RESIDENCE AS
24 DEFINED IN SECTION 1034 OF THE INTERNAL REVENUE CODE OF 1986, WITH
25 QUALIFIED ACQUISITION COSTS THAT DO NOT EXCEED 100 PERCENT OF THE
26 AVERAGE AREA PURCHASE PRICE APPLICABLE TO SUCH RESIDENCE AS
27 DETERMINED IN ACCORDANCE WITH PARAGRAPHS (2) AND (3) OF SECTION 143(E) OF
28 THE INTERNAL REVENUE CODE OF 1986.

29 91.

30 (A) (1) THERE SHALL BE A MARYLAND INDIVIDUAL DEVELOPMENT
31 ACCOUNT PROGRAM ESTABLISHED AS A PILOT PROGRAM WITHIN THE
32 DEPARTMENT OF HUMAN RESOURCES AND ADMINISTERED BY THE SECRETARY OF
33 HUMAN RESOURCES IN ACCORDANCE WITH THIS SUBTITLE.

34 (2) IDAS MAY BE USED FOR ANY OF THE FOLLOWING THREE USES:

35 (I) POSTSECONDARY EDUCATIONAL EXPENSES PAID FROM AN
36 IDA DIRECTLY TO AN ELIGIBLE EDUCATIONAL INSTITUTION.

37 (II) QUALIFIED ACQUISITION COSTS WITH RESPECT TO A
38 QUALIFIED PRINCIPAL RESIDENCE FOR A QUALIFIED FIRST-TIME HOMEBUYER, IF
39 PAID FROM AN IDA DIRECTLY TO THE PERSONS TO WHOM THE AMOUNTS ARE DUE.

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1 (III) AMOUNTS PAID FROM AN IDA DIRECTLY TO A BUSINESS
2 CAPITALIZATION ACCOUNT WHICH IS ESTABLISHED IN A FEDERALLY INSURED
3 FINANCIAL INSTITUTION AND IS RESTRICTED TO USE SOLELY FOR QUALIFIED
4 BUSINESS EXPENSES CONSISTENT WITH AN APPROVED BUSINESS PLAN.

5 (3) (I) THE SECRETARY SHALL ADOPT REGULATIONS TO CARRY OUT
6 THE PROVISIONS OF THIS SUBTITLE.

7 (II) ANY REGULATIONS ADOPTED UNDER SUBPARAGRAPH (I) OF
8 THIS PARAGRAPH SHALL REQUIRE THAT FUNDS HELD IN AN INDIVIDUAL
9 DEVELOPMENT ACCOUNT ARE NOT WITHDRAWN EXCEPT FOR ONE OR MORE OF
10 THE QUALIFIED PURPOSES DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION.

11 (B) (1) FOR THE 3-YEAR PERIOD BEGINNING JANUARY 1, 1998, AND ENDING
12 DECEMBER 31, 2000, THE TOTAL NUMBER OF IDAS SHALL BE LIMITED TO 1,000
13 ACCOUNTS FOR STATE RESIDENTS WHOSE HOUSEHOLD INCOME DOES NOT EXCEED
14 200 PERCENT OF THE FEDERAL POVERTY LEVEL.

15 (2) NOT MORE THAN 250 ACCOUNTS SHALL BE ESTABLISHED DURING
16 THE FIRST CALENDAR YEAR OF THE PERIOD.

17 92.

18 (A) ANY INDIVIDUAL MAY APPLY TO THE SECRETARY FOR APPROVAL AS AN
19 ELIGIBLE IDA ACCOUNT HOLDER.

20 (B) THE SECRETARY SHALL DETERMINE ELIGIBILITY TO BE AN IDA
21 ACCOUNT HOLDER SUBJECT TO THE FOLLOWING CRITERIA:

22 (1) THE INCOME OF THE HOUSEHOLD OF THE ACCOUNT HOLDER DOES
23 NOT EXCEED 200 PERCENT OF THE FEDERAL POVERTY LEVEL;

24 (2) THE INDIVIDUAL HAS ENTERED INTO AN IDA AGREEMENT WITH AN
25 APPROVED FIDUCIARY ORGANIZATION;

26 (3) THE NET WORTH OF THE HOUSEHOLD DOES NOT EXCEED \$20,000,
27 NOT INCLUDING HOME EQUITY VALUE;

28 (4) AN INDIVIDUAL MAY ONLY CONTRIBUTE TO AN IDA ACCOUNT
29 THOSE AMOUNTS THAT ARE DERIVED FROM EARNED INCOME THAT IS VERIFIED BY
30 TAX RETURNS; AND

31 (5) THE TOTAL AMOUNT OF ANY IDA MAY NOT EXCEED \$20,000.

32 93.

33 (A) (1) ANY PERSON MAY APPLY TO THE SECRETARY AND ENTER INTO A
34 COMPETITIVE PROCESS FOR THE RIGHT TO BECOME A FIDUCIARY ORGANIZATION
35 FOR A PORTION OF THE 250 ACCOUNTS THAT WOULD BE AUTHORIZED INITIALLY.

36 (2) THE SECRETARY MAY SELECT APPLICANTS TO SERVE AS FIDUCIARY
37 ORGANIZATIONS BASED ON THE APPLICANT'S:

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1 (I) ABILITY TO MARKET THE PROGRAM TO POTENTIAL ACCOUNT
2 HOLDERS AND POTENTIAL MATCHING FUND CONTRIBUTORS;

3 (II) ABILITY TO PROVIDE SAFE AND SECURE INVESTMENTS FOR
4 INDIVIDUAL ACCOUNTS;

5 (III) OVERALL ADMINISTRATIVE CAPACITY, INCLUDING THE
6 CERTIFICATIONS OR VERIFICATIONS REQUIRED TO ASSURE COMPLIANCE WITH
7 ELIGIBILITY REQUIREMENTS, AUTHORIZED USES OF THE ACCOUNTS MATCHING
8 CONTRIBUTIONS BY INDIVIDUALS OR BUSINESSES, AND PENALTIES FOR
9 UNAUTHORIZED DISTRIBUTIONS;

10 (IV) CAPACITY TO PROVIDE FINANCIAL COUNSELING AND OTHER
11 RELATED SERVICE TO POTENTIAL PARTICIPANTS; AND

12 (V) LINKS TO OTHER ACTIVITIES DESIGNED TO INCREASE THE
13 INDEPENDENCE OF INDIVIDUALS AND FAMILIES THROUGH HOME OWNERSHIP,
14 ENHANCE EDUCATION AND TRAINING, AND SMALL BUSINESS DEVELOPMENT.

15 (B) IF THE SECRETARY APPROVES AN APPLICATION TO FUND AN IDA
16 PROJECT UNDER THIS SECTION, THE SECRETARY SHALL, NOT LATER THAN 6
17 MONTHS AFTER THE DATE OF THE ENACTMENT OF THIS ACT, AUTHORIZE THE
18 APPLICANT TO CONDUCT THE PROJECT FOR 3 PROJECT YEARS IN ACCORDANCE
19 WITH THE APPROVED APPLICATION AND THIS SECTION.

20 (C) FOR EACH IDA PROGRAM APPROVED UNDER THIS SUBTITLE, THE
21 SECRETARY SHALL MAKE A GRANT TO THE FIDUCIARY ORGANIZATION
22 AUTHORIZED TO CONDUCT THE PROJECT ON THE FIRST DAY OF THE PROJECT
23 YEAR.

24 (D) FROM AMONG THE INDIVIDUALS ELIGIBLE FOR ASSISTANCE UNDER THE
25 STATE IDA PROGRAM, EACH SELECTED FIDUCIARY ORGANIZATION SHALL SELECT
26 THE INDIVIDUALS THAT THE FIDUCIARY ORGANIZATION DETERMINES TO BE BEST
27 SUITED TO RECEIVE ASSISTANCE.

28 94.

29 (A) IF A FIDUCIARY ORGANIZATION RECEIVES EVIDENCE THAT FUNDS
30 WITHDRAWN FROM AN IDA ARE WITHDRAWN UNDER FALSE PRETENSES AND ARE
31 USED FOR PURPOSES OTHER THAN FOR THE APPROVED PURPOSES INDICATED AT
32 THE TIME OF THE WITHDRAWAL, THE FIDUCIARY ORGANIZATION MAY MAKE
33 ARRANGEMENTS WITH THE FINANCIAL INSTITUTION TO:

34 (1) IMPOSE A 15 PERCENT PENALTY ON THE FUNDS WITHDRAWN;

35 (2) WITHDRAW ANY MATCHING FUNDS; OR

36 (3) CLOSE THE ACCOUNT.

37 (B) ANY WITHDRAWAL FOR PURPOSES OTHER THAN THE PERMISSIBLE USES,
38 OR WITHDRAWN FOR PURPOSES OTHER THAN FOR THE APPROVED PURPOSE
39 INDICATED AT THE TIME OF THE WITHDRAWAL ARE SUBJECT TO TAXATION.

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1 (C) THE FIDUCIARY ORGANIZATION SHALL ESTABLISH A GRIEVANCE
2 COMMITTEE AND A PROCEDURE TO HEAR, REVIEW, AND DECIDE IN WRITING ANY
3 GRIEVANCE MADE BY AN IDA ACCOUNT HOLDER WHO DISPUTES A DECISION OF
4 THE OPERATING ORGANIZATION THAT A WITHDRAWAL IS SUBJECT TO PENALTY.

5 (D) THE SECRETARY SHALL ADOPT REGULATIONS THAT ARE NECESSARY TO
6 ENSURE COMPLIANCE WITH THIS SUBTITLE IF AN INDIVIDUAL PARTICIPATING IN
7 THE IDA PROJECT MOVES FROM THE COMMUNITY IN WHICH THE PROJECT IS
8 CONDUCTED OR IS OTHERWISE UNABLE TO CONTINUE PARTICIPATING IN THE
9 PROJECT, INCLUDING PROHIBITING ELIGIBILITY FOR FURTHER ASSISTANCE UNDER
10 AN IDA PROJECT CONDUCTED UNDER THIS SUBTITLE.

11 95.

12 (A) THE STATE IDA PROGRAM SHALL BE ESTABLISHED IN ACCORDANCE
13 WITH ALL APPLICABLE FEDERAL LAW ADDRESSING TEMPORARY ASSISTANCE FOR
14 NEEDY FAMILIES (TANF) FUNDS.

15 (B) (1) STATE TANF FUNDS MAY BE USED TO MATCH ACCOUNT HOLDERS
16 CONTRIBUTIONS TO THEIR IDAS AS PROVIDED UNDER FEDERAL LAW.

17 (2) MATCHING FUNDS OF UP TO \$500 PER YEAR IN THE ACCOUNT OF A
18 TANF ELIGIBLE INDIVIDUAL MAY BE PROVIDED ON A 1:1 BASIS THROUGH THOSE
19 FIDUCIARY ORGANIZATIONS SELECTED TO RUN IDA PROGRAMS.

20 (3) TANF FUNDS MAY ALSO BE USED TO PROVIDE OPERATING
21 EXPENSES TO THOSE FIDUCIARY ORGANIZATIONS SELECTED TO RUN IDA
22 PROGRAMS.

23 (C) TO THE EXTENT REQUIRED UNDER FEDERAL LAW FOR CONSIDERATION
24 OF ONE OR MORE FINANCIAL CIRCUMSTANCES OF AN INDIVIDUAL FOR THE
25 PURPOSE OF DETERMINING ELIGIBILITY TO RECEIVE ANY ASSISTANCE OR BENEFIT
26 AUTHORIZED BY FEDERAL LAW, FUNDS IN AN IDA, INCLUDING ACCRUING
27 INTEREST, SHALL BE DISREGARDED FOR THOSE PURPOSES WITH RESPECT TO ANY
28 PERIOD DURING WHICH SUCH INDIVIDUAL MAINTAINS OR MAKES CONTRIBUTIONS
29 INTO AN IDA.

30 96.

31 (A) AS PROVIDED IN SUBSECTIONS (B) THROUGH (D) OF THIS SECTION, THE
32 STATE SHALL PROVIDE MATCHING FUNDS EACH CALENDAR YEAR ON DEPOSITS IN
33 AN IDA, BASED ON THE INDIVIDUAL INCOME LEVEL.

34 (B) (1) FOR AN ACCOUNT HOLDER WITH A HOUSEHOLD INCOME WHICH IS
35 LESS THAN OR EQUAL TO 100 PERCENT OF THE FEDERAL POVERTY LEVEL, THE
36 STATE SHALL MATCH ONE DOLLAR FOR EACH DOLLAR SAVED.

37 (2) FOR AN ACCOUNT HOLDER WITH A HOUSEHOLD INCOME WHICH IS
38 GREATER THAN 100 PERCENT OF THE FEDERAL POVERTY LEVEL BUT LESS THAN 150
39 PERCENT OF THE FEDERAL POVERTY LEVEL, THE STATE SHALL MATCH 50 CENTS
40 FOR EACH DOLLAR SAVED.

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1 (3) FOR AN ACCOUNT HOLDER WITH A HOUSEHOLD INCOME WHICH IS
2 GREATER THAN OR EQUAL TO 150 PERCENT OF THE FEDERAL POVERTY LEVEL, BUT
3 LESS THAN OR EQUAL TO 200 PERCENT OF THE FEDERAL POVERTY LEVEL, THE
4 STATE SHALL MATCH 25 CENTS FOR EACH DOLLAR SAVED.

5 (C) NOT MORE THAN \$500 IN STATE MATCHING FUNDS SHOULD BE
6 DEPOSITED INTO ANY IDA IN A GIVEN YEAR.

7 (D) SELECTED FIDUCIARY ORGANIZATIONS MAY RECEIVE NO MORE THAN
8 \$10,000 IN STATE MATCHING FUNDS IN ANY GIVEN YEAR.

9 96A.

10 (A) AS PROVIDED IN SUBSECTIONS (B) AND (C) OF THIS SECTION, THE STATE
11 SHALL PROVIDE A SAVINGS REFUND ON IDA DEPOSITS.

12 (B) (1) FOR AN ACCOUNT HOLDER WITH A HOUSEHOLD INCOME WHICH IS
13 LESS THAN OR EQUAL TO 100 PERCENT OF THE FEDERAL POVERTY LEVEL, THE
14 STATE SAVINGS REFUND SHALL BE 100 PERCENT OF THE AMOUNT DEPOSITED.

15 (2) FOR AN ACCOUNT HOLDER WITH A HOUSEHOLD INCOME WHICH IS
16 GREATER THAN 100 PERCENT OF THE FEDERAL POVERTY LEVEL BUT LESS THAN 150
17 PERCENT OF THE FEDERAL POVERTY LEVEL, THE STATE SAVINGS REFUND SHALL
18 BE 75 PERCENT OF THE AMOUNT DEPOSITED.

19 (3) FOR AN ACCOUNT HOLDER WITH A HOUSEHOLD INCOME WHICH IS
20 GREATER THAN OR EQUAL TO 150 PERCENT OF THE FEDERAL POVERTY LEVEL, BUT
21 LESS THAN OR EQUAL TO 200 PERCENT OF THE FEDERAL POVERTY LEVEL, THE
22 STATE SAVINGS REFUND SHALL BE 25 PERCENT OF THE AMOUNT DEPOSITED.

23 (C) NOT MORE THAN \$1,000 IN STATE SAVINGS REFUNDS SHOULD BE
24 DEPOSITED INTO ANY IDA IN A GIVEN YEAR.

25 97.

26 (A) ANY FUNDS CONTRIBUTED INTO AN IDA, INCLUDING STATE AND
27 PRIVATE MATCHES, INDIVIDUAL SAVINGS, AND INTEREST EARNED, ARE NOT
28 SUBJECT TO STATE TAX.

29 (B) INDIVIDUALS, ORGANIZATIONS, OR BUSINESSES CONTRIBUTING
30 MATCHING FUNDS FOR AN IDA WILL RECEIVE A TAX CREDIT EQUAL TO 50 PERCENT
31 OF THE AMOUNT CONTRIBUTED.

32 (C) INDIVIDUALS, ORGANIZATIONS, AND BUSINESSES SEEKING A TAX
33 CREDIT UNDER SUBSECTION (B) OF THIS SECTION MAY CONTRIBUTE A MATCHING
34 SHARE TO DESIGNATED INDIVIDUALS OR CONTRIBUTE TO A SELECTED FIDUCIARY
35 ORGANIZATION THAT IS PARTICIPATING IN THE IDA PROGRAM AND AUTHORIZE IT
36 TO ALLOCATE THE FUNDS TO ALL ITS PARTICIPANTS ON A PROPORTIONAL BASIS.

37 98.

38 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, EACH SELECTED
39 FIDUCIARY ORGANIZATION PARTICIPATING IN THE IDA PROGRAM SHALL HAVE
40 SOLE AUTHORITY OVER THE ADMINISTRATION OF ITS IDAS.

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1 (B) THE SECRETARY MAY ADOPT REGULATIONS WITH RESPECT TO
2 DEMONSTRATION PROJECTS UNDER THIS SUBTITLE THAT ARE NECESSARY TO
3 ENSURE COMPLIANCE WITH THE APPROVED APPLICATIONS.

4 (C) EACH SELECTED FIDUCIARY ORGANIZATION SHALL ANNUALLY REPORT:

5 (1) THE NUMBER OF ACCOUNTS;

6 (2) THE AMOUNT OF SAVINGS AND MATCHES FOR EACH ACCOUNT;

7 (3) THE USES OF THE ACCOUNT;

8 (4) THE NUMBER OF BUSINESSES AND HOMES AND THE AMOUNT OF
9 EDUCATIONAL EXPENSES; AND

10 (5) ANY OTHER INFORMATION REQUIRED FOR THE STATE TO
11 RESPONSIBLY OPERATE THE PROGRAM.

12 (D) (1) THE SECRETARY SHALL PREPARE A WRITTEN ANNUAL REPORT FOR
13 EACH FISCAL YEAR REGARDING THE IMPLEMENTATION OF AND
14 RECOMMENDATIONS CONCERNING THE STATE IDA PROGRAM.

15 (2) THE SECRETARY SHALL SUBMIT THE ANNUAL REPORT TO THE
16 GENERAL ASSEMBLY OF MARYLAND ON OR BEFORE OCTOBER 1 OF EACH YEAR.

17 99.

18 THE STATE SHALL PROVIDE NECESSARY APPROPRIATIONS IN THE STATE
19 BUDGET TO EFFECTIVELY IMPLEMENT AND MANAGE THE STATE IDA PROGRAM.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 July 1, 1997. It shall remain effective for a period of 3 years and 6 months and, at the end
22 of December 31, 2000, with no further action required by the General Assembly, this Act
23 shall be abrogated and of no further force and effect.