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By: Senator Madden

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Assigned to: Finance and Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 18, 1997

CHAPTER _____

1 AN ACT concerning

2 **Maryland Individual Development Account Act Program - Study**

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; requiring the Family Investment
 19 Program Advisory Council in the Department of Human Resources to conduct a
 20 certain study related to establishing a Maryland Individual Development Account
 21 Program; requiring the Family Investment Program Advisory Council to submit a
 22 certain report to certain persons by a certain date; providing for the effective date
 23 of this Act; and generally relating to conducting a study on the establishment of a
 24 Maryland Individual Development Account Program.

25 ~~BY adding to~~26 ~~Article 88A—Department of Human Resources~~27 ~~Section 90 through 99 to be under the new subtitle "Maryland Individual~~

2

1 ~~Development Accounts"~~
2 ~~Annotated Code of Maryland~~
3 ~~(1995 Replacement Volume and 1996 Supplement)~~

4 Preamble

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

9 WHEREAS, Economic well-being does not come solely from income, spending,
10 and consumption, but also requires savings, investment, and accumulation of assets, since
11 assets can improve economic stability, connect people with a viable and hopeful future,
12 stimulate development of human and other capital, enable people to focus and specialize,
13 yield personal and social dividends, and enhance the welfare of offspring; and

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

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

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

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

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

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

1 **Article 88A—Department of Human Resources**

2 ~~MARYLAND INDIVIDUAL DEVELOPMENT ACCOUNTS~~

3 ~~90.~~

4 ~~(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS~~
5 ~~INDICATED.~~

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

9 ~~(C) "ELIGIBLE EDUCATIONAL INSTITUTION" MEANS:~~

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

12 ~~(2) AN AREA VOCATIONAL EDUCATION SCHOOL AS DEFINED IN 20 U.S.C.~~
13 ~~§ 247J(4) WHICH IS IN ANY STATE, AS DEFINED UNDER FEDERAL LAW AS IN EFFECT~~
14 ~~ON OR AFTER JULY 1, 1997.~~

15 ~~(D) "FEDERAL POVERTY LEVEL" MEANS THE POVERTY INCOME GUIDELINES~~
16 ~~PUBLISHED FOR EACH CALENDAR YEAR BY THE UNITED STATES DEPARTMENT OF~~
17 ~~HEALTH AND HUMAN SERVICES.~~

18 ~~(E) "FIDUCIARY ORGANIZATION" MEANS ANY NONPROFIT FUNDRAISING~~
19 ~~ORGANIZATION WHICH IS EXEMPT FROM TAXATION UNDER SECTION 501(C)(3) OF~~
20 ~~THE FEDERAL IRS CODE OF 1986 THAT WILL SERVE AS AN INTERMEDIARY BETWEEN~~
21 ~~INDIVIDUAL ACCOUNT HOLDERS AND FINANCIAL INSTITUTIONS HOLDING~~
22 ~~ACCOUNT FUNDS AND WHOSE RESPONSIBILITIES MAY INCLUDE MARKETING~~
23 ~~PARTICIPATION, SOLICITING MATCHING CONTRIBUTIONS, COUNSELING PROGRAM~~
24 ~~PARTICIPANTS, AND CONDUCTING REQUIRED VERIFICATION AND COMPLIANCE~~
25 ~~ACTIVITIES.~~

26 ~~(F) "FINANCIAL INSTITUTION" MEANS AN ORGANIZATION AUTHORIZED TO~~
27 ~~DO BUSINESS UNDER STATE OR FEDERAL LAWS RELATING TO FINANCIAL~~
28 ~~INSTITUTIONS, AND INCLUDES A BANK, TRUST COMPANY, SAVINGS BANK, BUILDING~~
29 ~~AND LOAN ASSOCIATION, SAVINGS AND LOAN COMPANY OR ASSOCIATION, OR~~
30 ~~CREDIT UNION.~~

31 ~~(G) "HOUSEHOLD" MEANS ANY ADULTS RELATED BY BLOOD, MARRIAGE, OR~~
32 ~~ADOPTION, OR WHO ARE UNRELATED BUT HAVE MAINTAINED A STABLE FAMILY~~
33 ~~RELATIONSHIP TOGETHER OVER A PERIOD OF TIME, AND INDIVIDUALS UNDER 18~~
34 ~~YEARS OF AGE RELATED TO THE ABOVE ADULTS BY MARRIAGE, BLOOD, OR~~
35 ~~ADOPTION, WHO ARE LIVING TOGETHER IN A DOMICILE AS EVIDENCED BY THE~~
36 ~~PARTIES' INTENT TO MAINTAIN A HOME FOR THEIR FAMILY AND DOES NOT~~
37 ~~INCLUDE A TEMPORARY VISIT.~~

38 ~~(H) "INDIVIDUAL DEVELOPMENT ACCOUNT (IDA)" MEANS A TRUST THAT IS~~
39 ~~AN OPTIONAL, EARNINGS BEARING, SUBSIDIZED, TAX BENEFITED ACCOUNT THAT~~
40 ~~CAN BE USED FOR THE QUALIFIED USES OF HOMEOWNERSHIP, EDUCATION, JOB~~

~~1 TRAINING, OR SMALL BUSINESS CAPITALIZATION, AND WHICH IS CREATED OR
2 ORGANIZED IN THE STATE EXCLUSIVELY FOR THE PURPOSE OF PAYING THE
3 QUALIFIED EXPENSES OF AN ELIGIBLE INDIVIDUAL OR FAMILY.~~

~~4 (I) "NET WORTH" MEANS THE AMOUNT EQUAL TO THE AGGREGATE
5 MARKET VALUE OF ALL ASSETS THAT ARE OWNED IN WHOLE OR IN PART BY ANY
6 MEMBER OF A HOUSEHOLD, MINUS THE OBLIGATIONS OR DEBTS OF ANY MEMBER
7 OF THE HOUSEHOLD.~~

~~8 (J) "POSTSECONDARY EDUCATIONAL EXPENSES" MEANS:~~

~~9 (1) TUITION AND FEES REQUIRED FOR THE ENROLLMENT OR
10 ATTENDANCE OF A STUDENT AT AN ELIGIBLE EDUCATIONAL INSTITUTION; AND~~

~~11 (2) FEES, BOOKS, SUPPLIES, AND EQUIPMENT REQUIRED FOR COURSES
12 OF INSTRUCTION AT AN ELIGIBLE EDUCATIONAL INSTITUTION.~~

~~13 (K) "QUALIFIED ACQUISITION COSTS" MEANS THE COSTS OF ACQUIRING,
14 CONSTRUCTING, OR RECONSTRUCTING A RESIDENCE, INCLUDING ANY USUAL OR
15 REASONABLE SETTLEMENT, FINANCING, OR OTHER CLOSING COSTS.~~

~~16 (L) "QUALIFIED BUSINESS" MEANS ANY BUSINESS THAT DOES NOT
17 CONTRAVENE ANY LAW OR PUBLIC POLICY.~~

~~18 (M) "QUALIFIED BUSINESS CAPITALIZATION EXPENSES" MEANS QUALIFIED
19 EXPENDITURES FOR THE CAPITALIZATION OF A QUALIFIED BUSINESS PURSUANT
20 TO A QUALIFIED PLAN.~~

~~21 (N) "QUALIFIED EXPENDITURES" MEANS EXPENDITURES INCLUDED IN A
22 QUALIFIED PLAN, INCLUDING CAPITAL, PLANT, EQUIPMENT, WORKING CAPITAL,
23 AND INVENTORY EXPENSES.~~

~~24 (O) "QUALIFIED FIRST-TIME HOMEBUYER" MEANS A TAXPAYER, AND THE
25 TAXPAYER'S SPOUSE, IF APPLICABLE, WHO HAS NO PRESENT OWNERSHIP INTEREST
26 IN A PRINCIPAL RESIDENCE DURING THE 3-YEAR PERIOD ENDING ON THE DATE OF
27 ACQUISITION OF THE PRINCIPAL RESIDENCE.~~

~~28 (P) "QUALIFIED PLAN" MEANS A BUSINESS PLAN THAT:~~

~~29 (1) IS APPROVED BY A FINANCIAL INSTITUTION, OR BY A NONPROFIT
30 MICROENTERPRISE PROGRAM HAVING DEMONSTRATED BUSINESS EXPERTISE;~~

~~31 (2) INCLUDES A DESCRIPTION OF SERVICES OR GOODS TO BE SOLD, A
32 MARKETING PLAN, AND PROJECTED FINANCIAL STATEMENTS; AND~~

~~33 (3) MAY REQUIRE THE ELIGIBLE INDIVIDUAL TO OBTAIN THE
34 ASSISTANCE OF AN EXPERIENCED ENTREPRENEURIAL ADVISOR.~~

~~35 (Q) "QUALIFIED PRINCIPAL RESIDENCE" MEANS A PRINCIPAL RESIDENCE AS
36 DEFINED IN SECTION 1034 OF THE INTERNAL REVENUE CODE OF 1986, WITH
37 QUALIFIED ACQUISITION COSTS THAT DO NOT EXCEED 100 PERCENT OF THE
38 AVERAGE AREA PURCHASE PRICE APPLICABLE TO SUCH RESIDENCE AS~~

5

1 ~~DETERMINED IN ACCORDANCE WITH PARAGRAPHS (2) AND (3) OF SECTION 143(E) OF~~
2 ~~THE INTERNAL REVENUE CODE OF 1986.~~

3 ~~91.~~

4 ~~(A) (1) THERE SHALL BE A MARYLAND INDIVIDUAL DEVELOPMENT~~
5 ~~ACCOUNT PROGRAM ESTABLISHED AS A PILOT PROGRAM WITHIN THE~~
6 ~~DEPARTMENT OF HUMAN RESOURCES AND ADMINISTERED BY THE SECRETARY OF~~
7 ~~HUMAN RESOURCES IN ACCORDANCE WITH THIS SUBTITLE.~~

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

9 ~~(I) POSTSECONDARY EDUCATIONAL EXPENSES PAID FROM AN~~
10 ~~IDA DIRECTLY TO AN ELIGIBLE EDUCATIONAL INSTITUTION.~~

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

14 ~~(III) AMOUNTS PAID FROM AN IDA DIRECTLY TO A BUSINESS~~
15 ~~CAPITALIZATION ACCOUNT WHICH IS ESTABLISHED IN A FEDERALLY INSURED~~
16 ~~FINANCIAL INSTITUTION AND IS RESTRICTED TO USE SOLELY FOR QUALIFIED~~
17 ~~BUSINESS EXPENSES CONSISTENT WITH AN APPROVED BUSINESS PLAN.~~

18 ~~(3) (I) THE SECRETARY SHALL ADOPT REGULATIONS TO CARRY OUT~~
19 ~~THE PROVISIONS OF THIS SUBTITLE.~~

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

24 ~~(B) (1) FOR THE 3-YEAR PERIOD BEGINNING JANUARY 1, 1998, AND ENDING~~
25 ~~DECEMBER 31, 2000, THE TOTAL NUMBER OF IDAS SHALL BE LIMITED TO 1,000~~
26 ~~ACCOUNTS FOR STATE RESIDENTS WHOSE HOUSEHOLD INCOME DOES NOT EXCEED~~
27 ~~200 PERCENT OF THE FEDERAL POVERTY LEVEL.~~

28 ~~(2) NOT MORE THAN 250 ACCOUNTS SHALL BE ESTABLISHED DURING~~
29 ~~THE FIRST CALENDAR YEAR OF THE PERIOD.~~

30 ~~92.~~

31 ~~(A) ANY INDIVIDUAL MAY APPLY TO THE SECRETARY FOR APPROVAL AS AN~~
32 ~~ELIGIBLE IDA ACCOUNT HOLDER.~~

33 ~~(B) THE SECRETARY SHALL DETERMINE ELIGIBILITY TO BE AN IDA~~
34 ~~ACCOUNT HOLDER SUBJECT TO THE FOLLOWING CRITERIA:~~

35 ~~(1) THE INCOME OF THE HOUSEHOLD OF THE ACCOUNT HOLDER DOES~~
36 ~~NOT EXCEED 200 PERCENT OF THE FEDERAL POVERTY LEVEL;~~

37 ~~(2) THE INDIVIDUAL HAS ENTERED INTO AN IDA AGREEMENT WITH AN~~
38 ~~APPROVED FIDUCIARY ORGANIZATION;~~

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

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

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

7 93.

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

11 ~~(2) THE SECRETARY MAY SELECT APPLICANTS TO SERVE AS FIDUCIARY~~
12 ~~ORGANIZATIONS BASED ON THE APPLICANT'S:~~

13 ~~(I) ABILITY TO MARKET THE PROGRAM TO POTENTIAL ACCOUNT~~
14 ~~HOLDERS AND POTENTIAL MATCHING FUND CONTRIBUTORS;~~

15 ~~(II) ABILITY TO PROVIDE SAFE AND SECURE INVESTMENTS FOR~~
16 ~~INDIVIDUAL ACCOUNTS;~~

17 ~~(III) OVERALL ADMINISTRATIVE CAPACITY, INCLUDING THE~~
18 ~~CERTIFICATIONS OR VERIFICATIONS REQUIRED TO ASSURE COMPLIANCE WITH~~
19 ~~ELIGIBILITY REQUIREMENTS, AUTHORIZED USES OF THE ACCOUNTS MATCHING~~
20 ~~CONTRIBUTIONS BY INDIVIDUALS OR BUSINESSES, AND PENALTIES FOR~~
21 ~~UNAUTHORIZED DISTRIBUTIONS;~~

22 ~~(IV) CAPACITY TO PROVIDE FINANCIAL COUNSELING AND OTHER~~
23 ~~RELATED SERVICE TO POTENTIAL PARTICIPANTS; AND~~

24 ~~(V) LINKS TO OTHER ACTIVITIES DESIGNED TO INCREASE THE~~
25 ~~INDEPENDENCE OF INDIVIDUALS AND FAMILIES THROUGH HOME OWNERSHIP,~~
26 ~~ENHANCE EDUCATION AND TRAINING, AND SMALL BUSINESS DEVELOPMENT.~~

27 ~~(B) IF THE SECRETARY APPROVES AN APPLICATION TO FUND AN IDA~~
28 ~~PROJECT UNDER THIS SECTION, THE SECRETARY SHALL, NOT LATER THAN 6~~
29 ~~MONTHS AFTER THE DATE OF THE ENACTMENT OF THIS ACT, AUTHORIZE THE~~
30 ~~APPLICANT TO CONDUCT THE PROJECT FOR 3 PROJECT YEARS IN ACCORDANCE~~
31 ~~WITH THE APPROVED APPLICATION AND THIS SECTION.~~

32 ~~(C) FOR EACH IDA PROGRAM APPROVED UNDER THIS SUBTITLE, THE~~
33 ~~SECRETARY SHALL MAKE A GRANT TO THE FIDUCIARY ORGANIZATION~~
34 ~~AUTHORIZED TO CONDUCT THE PROJECT ON THE FIRST DAY OF THE PROJECT~~
35 ~~YEAR.~~

36 ~~(D) FROM AMONG THE INDIVIDUALS ELIGIBLE FOR ASSISTANCE UNDER THE~~
37 ~~STATE IDA PROGRAM, EACH SELECTED FIDUCIARY ORGANIZATION SHALL SELECT~~
38 ~~THE INDIVIDUALS THAT THE FIDUCIARY ORGANIZATION DETERMINES TO BE BEST~~
39 ~~SUITED TO RECEIVE ASSISTANCE.~~

7

1 94.

2 ~~(A) IF A FIDUCIARY ORGANIZATION RECEIVES EVIDENCE THAT FUNDS~~
3 ~~WITHDRAWN FROM AN IDA ARE WITHDRAWN UNDER FALSE PRETENSES AND ARE~~
4 ~~USED FOR PURPOSES OTHER THAN FOR THE APPROVED PURPOSES INDICATED AT~~
5 ~~THE TIME OF THE WITHDRAWAL, THE FIDUCIARY ORGANIZATION MAY MAKE~~
6 ~~ARRANGEMENTS WITH THE FINANCIAL INSTITUTION TO:~~

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

8 ~~(2) WITHDRAW ANY MATCHING FUNDS; OR~~

9 ~~(3) CLOSE THE ACCOUNT.~~

10 ~~(B) ANY WITHDRAWAL FOR PURPOSES OTHER THAN THE PERMISSIBLE USES,~~
11 ~~OR WITHDRAWN FOR PURPOSES OTHER THAN FOR THE APPROVED PURPOSE~~
12 ~~INDICATED AT THE TIME OF THE WITHDRAWAL ARE SUBJECT TO TAXATION.~~

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

17 ~~(D) THE SECRETARY SHALL ADOPT REGULATIONS THAT ARE NECESSARY TO~~
18 ~~ENSURE COMPLIANCE WITH THIS SUBTITLE IF AN INDIVIDUAL PARTICIPATING IN~~
19 ~~THE IDA PROJECT MOVES FROM THE COMMUNITY IN WHICH THE PROJECT IS~~
20 ~~CONDUCTED OR IS OTHERWISE UNABLE TO CONTINUE PARTICIPATING IN THE~~
21 ~~PROJECT, INCLUDING PROHIBITING ELIGIBILITY FOR FURTHER ASSISTANCE UNDER~~
22 ~~AN IDA PROJECT CONDUCTED UNDER THIS SUBTITLE.~~

23 95.

24 ~~(A) THE STATE IDA PROGRAM SHALL BE ESTABLISHED IN ACCORDANCE~~
25 ~~WITH ALL APPLICABLE FEDERAL LAW ADDRESSING TEMPORARY ASSISTANCE FOR~~
26 ~~NEEDY FAMILIES (TANF) FUNDS.~~

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

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

32 ~~(3) TANF FUNDS MAY ALSO BE USED TO PROVIDE OPERATING~~
33 ~~EXPENSES TO THOSE FIDUCIARY ORGANIZATIONS SELECTED TO RUN IDA~~
34 ~~PROGRAMS.~~

35 ~~(C) TO THE EXTENT REQUIRED UNDER FEDERAL LAW FOR CONSIDERATION~~
36 ~~OF ONE OR MORE FINANCIAL CIRCUMSTANCES OF AN INDIVIDUAL FOR THE~~
37 ~~PURPOSE OF DETERMINING ELIGIBILITY TO RECEIVE ANY ASSISTANCE OR BENEFIT~~
38 ~~AUTHORIZED BY FEDERAL LAW, FUNDS IN AN IDA, INCLUDING ACCRUING~~
39 ~~INTEREST, SHALL BE DISREGARDED FOR THOSE PURPOSES WITH RESPECT TO ANY~~

1 ~~PERIOD DURING WHICH SUCH INDIVIDUAL MAINTAINS OR MAKES CONTRIBUTIONS~~
2 ~~INTO AN IDA.~~

3 ~~96.~~

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

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

10 ~~(2) FOR AN ACCOUNT HOLDER WITH A HOUSEHOLD INCOME WHICH IS~~
11 ~~GREATER THAN 100 PERCENT OF THE FEDERAL POVERTY LEVEL BUT LESS THAN 150~~
12 ~~PERCENT OF THE FEDERAL POVERTY LEVEL, THE STATE SHALL MATCH 50 CENTS~~
13 ~~FOR EACH DOLLAR SAVED.~~

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

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

20 ~~(D) SELECTED FIDUCIARY ORGANIZATIONS MAY RECEIVE NO MORE THAN~~
21 ~~\$10,000 IN STATE MATCHING FUNDS IN ANY GIVEN YEAR.~~

22 ~~96A.~~

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

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

28 ~~(2) FOR AN ACCOUNT HOLDER WITH A HOUSEHOLD INCOME WHICH IS~~
29 ~~GREATER THAN 100 PERCENT OF THE FEDERAL POVERTY LEVEL BUT LESS THAN 150~~
30 ~~PERCENT OF THE FEDERAL POVERTY LEVEL, THE STATE SAVINGS REFUND SHALL~~
31 ~~BE 75 PERCENT OF THE AMOUNT DEPOSITED.~~

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

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

9

1 ~~97.~~

2 ~~(A) ANY FUNDS CONTRIBUTED INTO AN IDA, INCLUDING STATE AND~~
3 ~~PRIVATE MATCHES, INDIVIDUAL SAVINGS, AND INTEREST EARNED, ARE NOT~~
4 ~~SUBJECT TO STATE TAX.~~

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

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

13 ~~98.~~

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

17 ~~(B) THE SECRETARY MAY ADOPT REGULATIONS WITH RESPECT TO~~
18 ~~DEMONSTRATION PROJECTS UNDER THIS SUBTITLE THAT ARE NECESSARY TO~~
19 ~~ENSURE COMPLIANCE WITH THE APPROVED APPLICATIONS.~~

20 ~~(C) EACH SELECTED FIDUCIARY ORGANIZATION SHALL ANNUALLY REPORT:~~

21 ~~(1) THE NUMBER OF ACCOUNTS;~~

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

23 ~~(3) THE USES OF THE ACCOUNT;~~

24 ~~(4) THE NUMBER OF BUSINESSES AND HOMES AND THE AMOUNT OF~~
25 ~~EDUCATIONAL EXPENSES; AND~~

26 ~~(5) ANY OTHER INFORMATION REQUIRED FOR THE STATE TO~~
27 ~~RESPONSIBLY OPERATE THE PROGRAM.~~

28 ~~(D) (1) THE SECRETARY SHALL PREPARE A WRITTEN ANNUAL REPORT FOR~~
29 ~~EACH FISCAL YEAR REGARDING THE IMPLEMENTATION OF AND~~
30 ~~RECOMMENDATIONS CONCERNING THE STATE IDA PROGRAM.~~

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

33 ~~99.~~

34 ~~THE STATE SHALL PROVIDE NECESSARY APPROPRIATIONS IN THE STATE~~
35 ~~BUDGET TO EFFECTIVELY IMPLEMENT AND MANAGE THE STATE IDA PROGRAM.~~

36 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
37 MARYLAND, That:

10

1 (a) The Family Investment Program Advisory Council in the Department of
2 Human Resources shall conduct a study and make recommendations on establishing a
3 Maryland Individual Development Account Program within the Department of Human
4 Resources that will be administered by the Secretary of Human Resources.

5 (b) As part of its study the Family Investment Program Advisory Council shall
6 consider, among other factors:

7 (1) the criteria that an individual would have to satisfy in order to be eligible
8 to establish an individual development account, including income and net worth criteria;

9 (2) the criteria that a fiduciary organization would have to satisfy in order to
10 participate in the Maryland Individual Development Account Program;

11 (3) for what purposes an individual development account may be used;

12 (4) the level and total amount of matching funds, if any, the State should
13 contribute to individual development accounts; and

14 (5) whether to establish the Maryland Individual Development Account
15 Program as a pilot program.

16 (c) The Family Investment Program Advisory Council shall submit a report on its
17 findings and recommendations, in accordance with § 2-1312 of the State Government
18 Article, to the Joint Committee on Welfare Reform on or before December 31, 1997.

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