

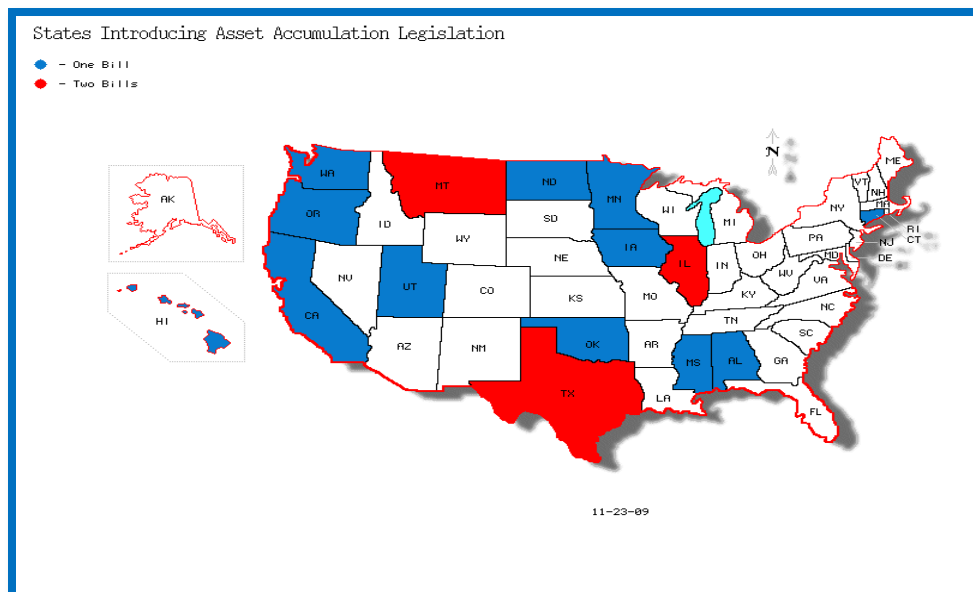
# 2009 State Legislative Guide: Asset Accumulation

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There were 18 asset accumulation–focused bills tracked in 15 states for the guide in the 2009 legislative session. Asset accumulation bills are initiatives designed to help low- and moderate-income residents save money for homeownership, education, funding small businesses, and other approved uses. States often match the contributions of the account holders, and most of these initiatives create Individual Development and Child Savings accounts. This year, financial literacy-focused legislation is included in the asset accumulation category.

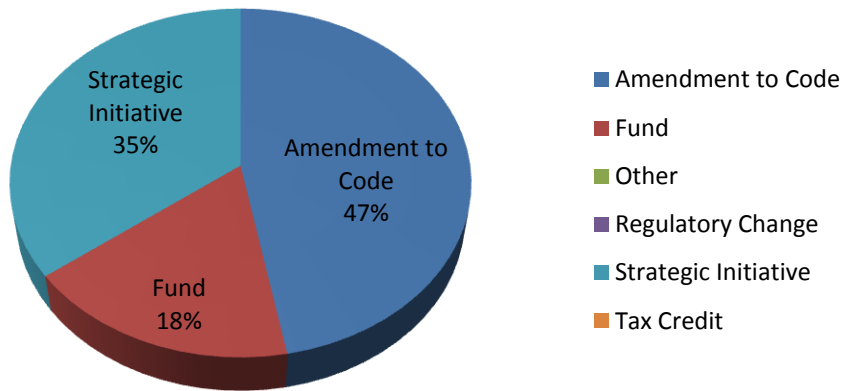
The map below shows states that introduced asset accumulation legislation in color: states in blue introduced one bill, states in red introduced two bills.

- One Bill: Alabama, California, Connecticut, Hawaii, Iowa, Minnesota, Mississippi, North Dakota, Oklahoma, Oregon, Utah, Washington
- Two Bills: Illinois, Montana, Texas

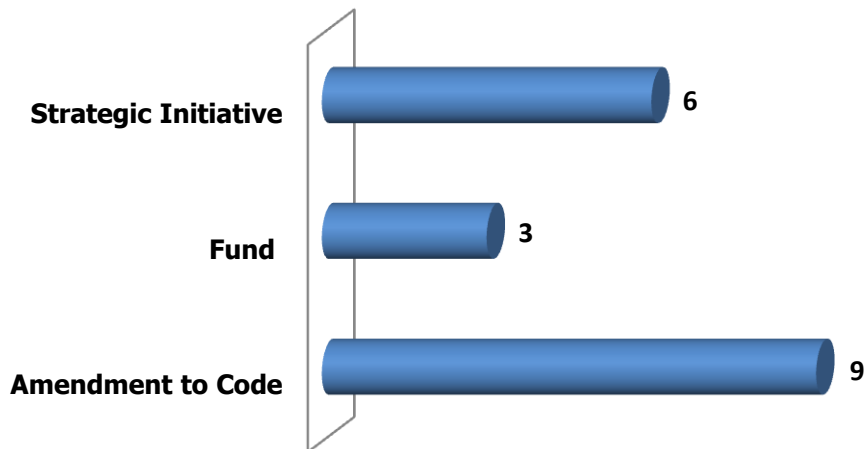


The following charts show the asset accumulation bills introduced this session based on the bill type. Forty-seven percent of the asset accumulation legislation tracked in this study, or eight bills, were amendments to state code. None of the asset accumulation bills introduced during the session were tax credits, regulatory changes, or “other” bill types. Six of the asset accumulation bills were strategic initiatives; half of which were focused on promoting financial literacy: Oklahoma House Bill 2010, Utah Senate Bill 100, and Washington House Bill 1829. The legislation in Utah was signed into law during the session, while Oklahoma’s bill died and Washington’s bill is still pending. There were also three bills introduced to create funds, none of which passed during the session.

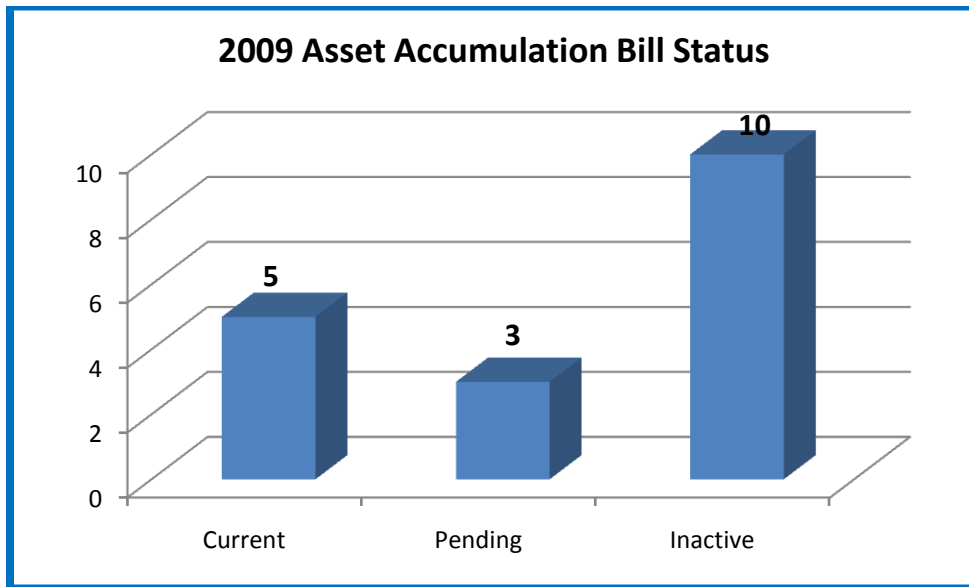
**2009 Asset Accumulation Bills By Type**



**2009 Asset Accumulation Bills By Type**



Five of the asset accumulation bills that were introduced this session passed their legislatures: three bills relating to Individual Development Accounts (IDAs): Illinois Senate Bill 1563, which authorizes a Child Savings Account Task Force, and as mentioned above, Utah Senate Bill 100, a bill focused on financial literacy. Three asset accumulation bills are still pending in their legislatures, while the remaining ten bills did not pass their legislatures during the session.



## Current Legislation

### **Illinois: Children's Savings Account Task Force, S.B. 1563**

**Focus: Asset Accumulation**

**Subfocus: Child Savings Accounts**

**Type: Strategic Initiative**

Senate Bill 1563 creates a Children's Savings Account Task Force to review and make recommendations about children's savings account program options and to create a strategic implementation plan to create a savings account at birth for every child born in Illinois to Illinois residents. The Children's Savings Account Task Force must conclude its activities and submit reports by December 31, 2009, and the State Treasurer must present the reports by February 1, 2010. The bill was signed into law and became effective on August 11, 2009.

<http://www.ilga.gov/legislation/fulltext.asp?DocName=&SessionId=76&GA=96&DocTypeId=SB&DocNum=1563&GAID=10&LegID=44126&SpecSess=&Session=>

### **Iowa: An Act Relating to Individual Development Accounts Available to Certain Persons with Low Income and Providing Effective and Applicability Date Provisions, H.B. 672**

**Focus: Asset Accumulation**

**Subfocus: Individual Development Accounts**

**Type: Amendment to Code**

This bill makes several changes to the IDA program portion of the Iowa Code. The bill requires eligible applicants to have income of no more than 200 percent of the federal poverty line, whereas previously, this income restriction applied only to receiving the matching funds from the state. The bill also updates the Iowa Code to prohibit an account holder who is at least 59 and one-half years old to withdraw any amount from their account. The bill, which was signed into law by Governor Chet Culver in April, took effect upon enactment and is retroactively applicable to July 1, 2008.

<http://coolice.legis.state.ia.us/Cool-ICE/default.asp?Category=BillInfo&Service=Billbook&qa=83&menu=text&hbill=HF672>

### **North Dakota: An Act Relating to State Matching Funds for Individual Development Accounts, S.B. 2260**

**Focus: Asset Accumulation**

**Subfocus: Individual Development Account**

**Type: Amendment to Code**

This bill would provide an appropriation of \$125,000 for matching funds to Community Action Agencies for IDAs. In order to be eligible to participate in this program, a community action agency must:

- provide a separate account for the immediate deposit of program funds;
- establish a process to select participants and describe any priorities for participation;
- enter an IDA agreement with the household to establish the terms of participation;
- provide households with economic literacy education;

- provide households with asset-specific education;
- provide matching deposits for participating household;
- coordinate with other related public and private programs; and
- establish a process to appeal and mediate disputes.

The legislation also excludes a household's IDA savings and matching funds in determining eligibility for state-administered, means-tested programs, and includes the following eligible uses for the IDA account:

- tuition at an eligible educational institution and expenses at an eligible educational institution, including books, eligible supplies, and equipment required for courses of instruction;
- 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; and
- 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.

The bill passed both the House and the Senate and was signed into law by Governor John Hoeven on April 30, 2009.

<http://www.legis.nd.gov/assembly/61-2009/bill-text/JBDF0300.pdf>

## **Oregon: An Act Relating to Individual Development Accounts, H.B. 2258**

### **Focus: Asset Accumulation**

### **Subfocus: Individual Development Account**

### **Type: Amendment to Code**

This bill changes definition of lower-income household for statutes relating to IDAs. Lower-income household is now defined as a household having an income equal to or less than the greater of the following: 80 percent of the median household income for the area or 200 percent of the poverty guidelines as determined by the Oregon Housing and Community Services Department. In making the determination, the Department is to give consideration to poverty guidelines published by the United States Department of Health and Human Services and may consider other income data periodically published by other federal or Oregon agencies. The bill was signed into law by the Governor Ted Kulongoski on April 9, 2009, and will go into effect January 1, 2010.

<http://www.leg.state.or.us/09reg/measures/hb2200.dir/hb2258.a.html>

**Utah: Financial and Economic Literacy Education Amendments, S.B. 100**

**Focus: Asset Accumulation**

**Subfocus: Financial Literacy**

**Type: Strategic Initiative**

This bill requires a public school to provide the parents or guardians of kindergarten students with a Financial and Economic Literacy Passport and information about opening a Utah Educational Savings Plan account. A financial and economic literacy passport is a document that tracks mastery of financial and economic literacy concepts and completion of financial and economic activities, including the following: (a) basic budgeting; (b) saving and financial investments; (c) banking and financial services, including balancing a checkbook or a bank account; (d) career management, including earning an income; (e) rights and responsibilities of renting or buying a home; (f) retirement planning; (g) loans and borrowing money, including interest, credit card debt, predatory lending, and payday loans; (h) insurance; (i) federal, state, and local taxes; (j) charitable giving; (k) online commerce; (l) identity fraud and theft; (m) negative financial consequences of gambling; (n) bankruptcy; (o) free markets and prices; (p) supply and demand; (q) monetary and fiscal policy; (r) effective business plan creation, including using economic analysis in creating a plan; (s) scarcity and choices; (t) opportunity cost and tradeoffs; (u) productivity; (v) entrepreneurship; and (w) economic reasoning. The bill was signed into law in March, and went into effect on July 1, 2009.

<http://le.utah.gov/~2009/bills/sbillenr/sb0100.htm>

## Pending Legislation

### **Illinois: An Act Concerning Appropriations, H.B. 3740**

#### **Focus: Asset Accumulation**

#### **Type: Amendment to Code**

House Bill 3740 appropriates \$3 million from the Predatory Lending Database Program Fund to the Department of Revenue to make grants to a HUD-certified counseling agency in any county for counseling described in the U.S. Department of Housing and Urban Development Housing Counseling Program Handbook and counseling to a borrower as specified under the Residential Real Property Disclosure Act. The bill is pending in the House Rules Committee.

<http://www.ilga.gov/legislation/billstatus.asp?DocNum=3740&GAID=10&GA=96&DocTypeID=HB&LegID=46525&SessionID=76>

### **Minnesota: Ladder Out of Poverty Task Force, H.F. 2062**

#### **Focus: Asset Accumulation**

#### **Type: Strategic Initiative**

House File 2062 creates the Ladder Out Of Poverty Task Force to identify specific actions and policies to assist Minnesotans to escape or avoid poverty through the accumulation and maintenance of assets. The task force is to provide recommendations to the chairs of the Senate Commerce and Consumer Protection Committee, the House of Representatives Labor and Consumer Protection Division and the House of Representatives Commerce and Labor Committee by January 15, 2010. At a minimum, the task force must identify specific policies, strategies, and actions to:

- increase opportunities for low-income families to create and build wealth;
- expand the utilization of Family Assets for Independence in Minnesota (FAIM) or other culturally specific IDA programs;
- reduce or eliminate predatory financial practices in Minnesota through regulatory actions, legislative enactments, and the development and statewide availability of alternative, non-predatory financial products;
- provide incentives or assistance to private sector financial institutions to offer additional programs and services that provide alternatives to and education about predatory financial products; and
- provide financial literacy information to low-income families and individuals at the moment the recipient has the ability, opportunity, and motivation to receive, understand, and act on the information provided.

The bill is still pending in the House Commerce and Labor Committee until the 2010 session.

[https://www.revisor.leg.state.mn.us/revisor/pages/search\\_status/status\\_results.php?body=House&search=basic&session=0862009&location=House&bill=2062&bill\\_type=bill&rev\\_number=&submit\\_bill=GO&keyword\\_d\\_type=all&keyword=&keyword\\_field\\_short=1&keyword\\_field\\_long=1&keyword\\_field\\_title=1&titleword=](https://www.revisor.leg.state.mn.us/revisor/pages/search_status/status_results.php?body=House&search=basic&session=0862009&location=House&bill=2062&bill_type=bill&rev_number=&submit_bill=GO&keyword_d_type=all&keyword=&keyword_field_short=1&keyword_field_long=1&keyword_field_title=1&titleword=)

## **Washington: An Act Relating to Establishing the Financial Services Intermediary, H.B. 1829**

### **Focus: Asset Accumulation**

### **Type: Strategic Initiative**

House Bill 1829 seeks to establish a framework that will provide access to capital and services to low-income individuals through a network of community-based organizations, financial institutions, consumers, and local and state governments. The creation of this state framework will allow state-chartered and tribal financial institutions and credit unions to provide essential financial products and services to low-income clients. These products include, but are not limited to: earned income tax credit services, IDAs, short-term loans, wire transmitting services, check cashing, mortgage loan assistance, career counseling, and financial literacy training to educate the client on the importance of savings, investing, and borrowing. The financial services intermediary is established to:

- improve the ability of low-income individuals to access and use mainstream financial products offered by financial institutions;
- identify strategies to make more mainstream financial products available to low-income individuals;
- coordinate with financial institutions to leverage the financial resources of low-income individuals served by community-based asset building coalitions to offer mainstream financial services to those individuals;
- consult and cooperate with organizations and government agencies that are already engaged in asset building and financial literacy activities;
- enter into memoranda of agreement with community-based asset building coalitions and financial institutions; and
- perform other duties as deemed appropriate by the intermediary.

The legislation is pending in the Washington legislature.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=1829#documents>

## Inactive Legislation

### **Alabama: An Act to Establish the Individual Development Account Program in the Office of the Commissioner of the Department of Agriculture and Industries, S.B. 93**

**Focus: Asset Accumulation**

**Subfocus: Individual Development Account**

**Type: Fund**

Senate Bill 93 establishes the IDA program to be administered by the Commissioner of the Department of Agriculture and Industries. This bill provides for the establishment of IDAs for up to three years for eligible persons who have incomes equal to or less than 80 percent of the median income of the state or less than 200 percent of the federal poverty level whichever is greater. The bill places a cap of \$2,000 on the contributions made by the individual account holder.

Under this legislation, qualified withdrawals from an IDA include funds used to further postsecondary education, purchase a first-time home, improve a primary residence, purchase an automobile, for assistive technology, and other activities approved by the commissioner. Further, the bills include a provision exempting IDA savings and matching funds from eligibility for certain means-based programs including Medicaid and food stamps. The provisions of the bill would terminate five years after the effective date, prohibiting new IDAs from being created after that time. The bill was pocket vetoed by Governor Robert Riley on May 15, 2009.

<http://alisondb.legislature.state.al.us/acas/ViewBillsStatusACASLogin.asp?BillNumber=SB93>

### **California: California Financial Literacy Initiative, A.B. 550**

**Focus: Asset Accumulation**

**Type: Fund**

This bill establishes the Financial Literacy Initiative in the Controller's office and the California Financial Literacy Fund in the State Treasury, and authorizes the controller to deposit donations from entities without direct financial interest in any financial products into the fund. It also requires the controller, beginning in 2011, to report to the specified committees of the Legislature annually on or before August 30 on the implementation of the initiative and any recommendations to enhance financial literacy in California. The bill was sent to the Appropriations suspense file in late April.

[http://www.leginfo.ca.gov/pub/09-10/bill/asm/ab\\_0501-0550/ab\\_550\\_bill\\_20090414\\_amended\\_asm\\_v98.html](http://www.leginfo.ca.gov/pub/09-10/bill/asm/ab_0501-0550/ab_550_bill_20090414_amended_asm_v98.html)

### **Connecticut: Connecticut Graduates' First Home Purchase Fund, S.B. 327**

**Focus: Asset Accumulation**

**Type: Fund**

Senate Bill 327 creates the Connecticut Graduates' First Home Purchase Program. The bill is intended to provide incentives for recent graduates to purchase a home in the state by allowing individuals who are employed in the state to save for the cost of purchasing a condominium or house. Eligible participants must graduate on or after January 1, 2010, and within one year after

receiving their degree elect to have up to \$5,000 of their annual gross income taxes deposited into the non-lapsing First-time Homebuyers Fund. The fund, established by the Comptroller, will be comprised of individual savings accounts. Participants must reside in Connecticut before the State Treasurer pays money out of the fund for the purchase of their first home. The bill also requires the State Treasurer to administer the fund, invest its proceeds, and credit the investment earnings to the General Fund. The bill died in the Senate Committee on Finance, Revenue and Bonding.

[http://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Bill&bill\\_num=327&which\\_year=2009&SUBMIT1.x=0&SUBMIT1.y=0&SUBMIT1=Normal](http://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Bill&bill_num=327&which_year=2009&SUBMIT1.x=0&SUBMIT1.y=0&SUBMIT1=Normal)

### **Hawaii: An Act Relating to Individual Development Accounts, S.B. 789**

#### **Focus: Asset Accumulation**

#### **Subfocus: Individual Development Accounts**

#### **Type: Amendment to Code**

Senate Bill 789 amends the Hawaii state code to clarify the guidelines of the IDA program. The bill adds one motor vehicle purchase for school or work transportation as a qualified expenditure along with costs associated with first homeownership, post-secondary education, vocational training and small or microbusiness capitalization. Further, under the legislation, locally-based organizations must enter into a competitive process for the right to become fiduciary organizations. The proposals will be evaluated and participation rights awarded on the basis of:

- ability to market the program to potential IDA holders and potential matching fund contributors;
- ability to provide safe and secure investments for IDAs;
- overall administrative capacity;
- capacity to provide financial counseling and other related services to potential participants; and
- links to other activities designed to increase the independence of individuals and families through high return investments, including homeownership, education and training, and small business development.

It also designates the Department of Human Services, or a contracted agency, as the administrator of the IDA program and appropriates funds to allow fiduciary organizations to operate IDA programs. The legislation contains a space for an appropriation for the program; however the bill died before an amount was listed.

[http://www.capitol.hawaii.gov/session2009/Bills/SB789\\_.HTM](http://www.capitol.hawaii.gov/session2009/Bills/SB789_.HTM)

### **Mississippi Family Savings Initiative Act: H.B. 1429/S.B. 2434**

#### **Focus: Individual Development Account**

#### **Type: Asset Accumulation**

This legislation establishes the Family Savings Initiative Act to create IDAs designed to:

- provide individuals and families with limited means an opportunity to accumulate assets;
- facilitate and mobilize savings;

- promote homeownership, microenterprise development, and education; and
- stabilize families and build communities.

House Bill 1429 authorizes the Department of Human Services to enter into contracts with one or more nonprofit fiduciary organizations to administer the IDA accounts. Under this bill, contributions would be matched \$3:\$1 by the state, with a maximum of \$2,000 per IDA account holder or \$4,000 per household. The IDAs may be used for any of the following qualified purposes:

- qualified acquisition costs with respect to a qualified principal residence for a qualified first time home buyer, or the costs of major repairs or improvements to a qualified principal residence, if paid directly to the persons to whom the amounts are due.
- amounts paid directly to vendors used solely for qualified business capitalization expenses consistent with a qualified plan;
- postsecondary educational expenses paid directly to a vendor for education and training purposes; and
- qualified emergency withdrawals.

The Senate version of the legislation is essentially the same as the House version, except the House version of the bill contains more detailed and proscriptive uses for the funds saved in the IDA. Further, the Senate version offers a tax credit to taxpayers in the state that contribute matching funds to the IDA program. Both bills died in committee when the legislative session ended.

<http://billstatus.ls.state.ms.us/documents/2009/html/SB/2400-2499/SB2434IN.htm>

### **Montana: An Act Creating an Individual Development Account Program to Assist Eligible Individuals in Saving Funds for Specific Purposes, D.755**

**Focus: Asset Accumulation**

**Subfocus: Individual Development Accounts**

**Type: Amendment to Code**

This bill directs the Montana Department of Health and Human Services to establish an IDA Program to match savings and provide financial literacy to eligible individuals. Eligible participants are Montana residents with household income at or below 250 percent of the federal poverty level. An IDA may be used to:

- buy a first home,
- repair a home owned by the individual
- invest in a business owned by the individual;
- pay for postsecondary education or training;
- buy a vehicle that is needed for transportation to the individual's place of employment or education; or
- repair a vehicle owned by the individual.

Entities that are eligible to administer IDA accounts include 501(c)(3) nonprofit organizations, a tribal government, or a tribal entity. In awarding contracts to administer the program, the Department is to consider:

- an entity's fiscal accountability;
- its ability to establish and administer a fund to receive all contributions from program contributors;
- its ability to work with local financial institutions to hold the IDAs;
- the proposed auxiliary services, including financial literacy training and grant writing for federal and other funding; and
- how the proposed auxiliary services relate to the goals of the IDA program.

The bill died when the legislative session ended.

<http://data.opi.mt.gov/bills/2009/lhtml/LC0755.htm>

### **Montana: Financial Literacy Pilot Program, S.B. 485**

**Focus: Asset Accumulation**

**Subfocus: Financial Literacy**

**Type: Strategic Initiative**

Senate Bill 485 establishes the Financial Literacy Pilot Program account in the state special revenue fund. The account will be used to provide funds for the Superintendent of Public Instruction to establish and fund the Financial Literacy Pilot Program in one Montana school. The first year of the program must be dedicated to planning, including the selection of the pilot project location by the superintendent of public instruction and the establishment of project guidelines such as staffing needs, curriculum training, and development of the IDA program and of evaluation strategies. The pilot program must be implemented during the second year. The bill died in the House Education Committee after failing to pass a vote.

[http://laws.leg.mt.gov/laws09/LAW0203W\\$BSRV.ActionQuery?P\\_BLTP\\_BILL\\_TYP\\_CD=SB&P\\_BILL\\_NO=485&P\\_BILL\\_DFT\\_NO=&P\\_CHPT\\_NO=&Z\\_ACTION=Find&P\\_SBJ\\_DESCR=&P\\_SBJT\\_SBJ\\_CD=&P\\_LST\\_NM1=&P\\_ENTY\\_ID\\_SEQ=](http://laws.leg.mt.gov/laws09/LAW0203W$BSRV.ActionQuery?P_BLTP_BILL_TYP_CD=SB&P_BILL_NO=485&P_BILL_DFT_NO=&P_CHPT_NO=&Z_ACTION=Find&P_SBJ_DESCR=&P_SBJT_SBJ_CD=&P_LST_NM1=&P_ENTY_ID_SEQ=)

### **Oklahoma: Passport to Financial Literacy Act, H.B. 2010**

**Focus: Asset Accumulation**

**Subfocus: Financial Literacy**

**Type: Strategic Initiative**

The Passport to Financial Literacy Act would require personal financial literacy education to be taught in public schools. Personal financial literacy education includes the following areas of instruction:

- understanding interest, credit card debt, and on-line commerce;
- rights and responsibilities of renting or buying a home;
- savings and investing, and planning for retirement;
- bankruptcy, banking and financial services;
- understanding loans and borrowing money, including predatory lending, payday loans and insurance;

- identity fraud and theft;
- charitable giving;
- earning an income; and
- understanding state and federal taxes.

The bill also requires teachers employed by a school district prior to the 2010-2011 school year who will provide instruction in personal financial literacy to complete a six-hour professional development training program in personal financial literacy developed by the State Department of Education prior to the beginning of the 2010-2011 school year, and at least one time every three years thereafter.

All teachers employed by a school district after the beginning of the 2010-2011 school year who will provide instruction in personal financial literacy must complete a six-hour professional development training program in personal financial literacy prior to teaching the course or curriculum and at least one time every three years thereafter. The bill died in conference committee after the conferees failed to agree on the Senate's amendments to the legislation. <http://webserver1.lsb.state.ok.us/TextOfMeasures/TextOfMeasures.aspx>

**Texas: An Act Relating to the Creation of the Individual Development Account Program to Provide Savings Incentives and Opportunities to Eligible Low-Income Individuals and Households, S.B. 27**

**Focus: Asset Accumulation**

**Subfocus: Individual Development Accounts**

**Type: Amendment to Code**

Senate Bill 27 creates an IDA Program to provide low-income individuals and households with an opportunity to accumulate assets and to facilitate and mobilize savings. The program is to be administered by the Comptroller, who by rule may develop and implement a program under which IDAs are facilitated and administered by sponsoring organizations. Sponsoring organizations are provided grant funds for use in administering the program and matching qualified expenditures made by program participants, with a provision in the bill requiring at least 85 percent of the grant funds to be used by the sponsoring organization for matching qualified expenditures. The comptroller must also establish eligibility criteria for participation in the program consistent with the purposes of the program and with the Assets for Independence Act.<sup>1</sup> The bill also contains a provision stating that if federal Assets for Independence Act money is used as matching funds, the amount of federal matching funds spent for each IDA may not exceed the limits established by the Assets for Independence Act. If money other than Assets for Independence Act money is used as matching funds, the Comptroller by rule may set a different limit on the amount of matching funds that may be spent for each account. The bill died in the Senate Business and Commerce Committee.

<http://www.legis.state.tx.us/tlodocs/81R/billtext/html/SB00027I.htm>

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<sup>1</sup> Assets for Independence (AFI) is a federal program that provides grants to enable community-based nonprofits and state, local, and tribal government agencies to implement and demonstrate an asset-based approach for helping low-income families get out of poverty.

**Texas: An Act Relating to the Creation of the Individual Development Account Program, H.B. 885**

**Focus: Asset Accumulation**

**Subfocus: Individual Development Account**

**Type: Amendment to Code**

House Bill 885 is very similar to Senate Bill 27, although the House version contains a provision that the selection criteria for sponsoring organizations must give priority to organizations that serve rural areas, or have demonstrated a capacity to administer IDA programs or a commitment to serve areas of this state that currently do not have IDA programs available. The legislation died when it failed to receive an affirmative vote in the Agriculture and Livestock Committee.

<http://www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=81R&Bill=HB885>