

5
6 **SENATE BILL No. 332**

7
8 By Committee on Ways and Means

9
10 2-19

11
12 AN ACT establishing the individual development account program ***for***
13 ***assistive technology*** and ***an*** individual development account reserve
14 fund ***therefore***.

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16 *Be it enacted by the Legislature of the State of Kansas:*

17 Section 1. This act shall be known and may be cited as the individual
18 development account program.

19 Sec. 2. As used in this act:

20 (a) "Account holder" means a person who is the owner of an individ-
21 ual development account.

22 (b) "Assistive technology" means any item, piece of equipment or
23 product system, whether acquired commercially, off the shelf, modified
24 or customized, that is used to increase, maintain or improve functional
25 capabilities of individuals with disabilities.

26 (c) "Community-based organization" means any nonprofit or chari-
27 table association that is approved by the secretary of social and rehabili-
28 tation services to implement the individual development account reserve
29 fund.

30 (d) "Department" means the department of social and rehabilitation
31 services.

32 (e) "Federal poverty level" means the most recent poverty income
33 guidelines published in the calendar year by the United States depart-
34 ment of health and human services.

35 (f) "Financial institution" means any bank, trust company, savings
36 bank, credit union or savings and loan association or any other financial
37 institution regulated by the state of Kansas, any agency of the United
38 States or other state with an office in Kansas which is approved by the
39 secretary to create and manage the necessary financial instruments setting
40 up individual development accounts for eligible families or individuals to
41 implement this program.

42 (g) "Individual development account" means a financial instrument
43 established in section 3, and amendments thereto.

1 (h) “Individual development account reserve fund” means the fund
2 created by an approved community-based organization for the purposes
3 of funding the costs incurred in the administration of the program by the
4 financial institutions and the community-based organizations and for pro-
5 viding matching funds for moneys in individual development accounts.

6 **Such fund may include federal grant moneys.**

7 (i) “Matching funds” means the moneys ~~contributed~~ **[designated for**
8 **contribution]** from an individual development account reserve fund to
9 an individual development account by a community-based organization
10 at a one-to-one ratio up to a five-to-one match.

11 (j) “Program” means the Kansas individual development account pro-
12 gram established in sections 1 through 7, and amendments thereto.

13 (k) “Program contributor” means a person or entity, ~~including federal~~
14 ~~grants~~, who makes a contribution to an individual development account
15 reserve fund.

16 (l) “Secretary” means the secretary of social and rehabilitation
17 services.

18 Sec. 3. (a) There is hereby established within the department a pro-
19 gram to be known as the individual development account program. The
20 program shall provide eligible families and individuals with an opportunity
21 to establish special savings accounts for moneys which may be used by
22 such families and individuals for assistive technology.

23 (b) The secretary shall adopt rules and regulations and policies to
24 implement and administer the provisions of sections 1 through 7, and
25 amendments thereto.

26 (c) The secretary shall enter into contracts as deemed appropriate to
27 carry out the provisions of this act.

28 (d) The department of social and rehabilitation services shall prepare
29 a request for proposals from community-based organizations seeking to
30 administer an individual development account reserve fund on a not-for-
31 profit basis. The community-based organization proposals shall include:

32 (1) A requirement that the community-based organization make
33 matching contributions to the development account of an individual ac-
34 count holder’s or family’s contributions to the individual development
35 account;

36 (2) a process for including account holders in decision making re-
37 garding the investment of funds in the accounts;

38 (3) specifications of the population or populations targeted for pri-
39 ority participation in the program;

40 (4) a process for including economic ~~literacy~~ **education** seminars in
41 the individual development account program; and

42 (5) a process for regular evaluation and review of individual devel-
43 opment accounts to ensure program compliance by account holders.

1 (e) A notice of the request for proposals shall be published once a
2 week for two consecutive weeks in a newspaper having general circulation
3 in the community at least 30 days before any action thereon. The request
4 for proposals shall also be posted on readily accessible bulletin boards in
5 all offices of the department and sent elsewhere as the secretary deems
6 best.

7 (f) In reviewing the proposals of community-based organizations, the
8 department shall consider the following factors:

9 (1) The not-for-profit status of such organization;

10 (2) the fiscal accountability of the community-based organization;

11 (3) the ability of the community-based organization to provide or
12 raise moneys for matching contributions;

13 (4) the ability of the community-based organization to establish and
14 administer a reserve fund account which shall receive all contributions
15 from program contributors; and

16 (5) the significance and quality of proposed auxiliary services, includ-
17 ing economic ~~literacy~~ **education** seminars and their relationship to the
18 goals of the individual development account program.

19 (g) No more than 20% of all funds in the reserve fund account may
20 be used for administrative costs of the program in the first and second
21 years of the program, and no more than 15% of such funds may be used
22 for administrative costs in any subsequent year. Funds deposited by ac-
23 count holders shall not be used for administrative costs.

24 ***(h) No provision of this act shall be deemed to require the de-***
25 ***partment to be obligated to provide matching funds or to incur any***
26 ***expense in the administration of an individual development account***
27 ***reserve fund.***

28 Sec. 4. A family or individual whose household income is less than
29 or equal to ~~400%~~ **300%** of the federal poverty level may open an indi-
30 vidual development account for the purpose of accumulating and with-
31 drawing moneys for specified expenditures. The account holder may with-
32 draw moneys from the account on the approval of the ~~financial institution~~
33 ***community-based organization***, without penalty, for expenditures for
34 assistive technology.

35 Sec. 5. (a) Financial institutions seeking to administer individual de-
36 velopment accounts ~~on a not for profit basis~~ approved by the department
37 shall be permitted to establish individual development accounts pursuant
38 to sections 1 through 7, and amendments thereto. The financial institution
39 shall certify to the department, on forms prescribed by the department
40 and accompanied by any documentation required by the department, that
41 such accounts have been established pursuant to this act and that deposits
42 have been made on behalf of the account holder.

43 (b) A financial institution establishing a individual development ac-

1 count shall:

2 (1) Keep the account in the name of the account holder;

3 (2) permit deposits to be made in the account by the following, sub-
4 ject to the indicated conditions:

5 (A) The account holder; or

6 (B) a community-based organization on behalf of the account holder.

7 Such a deposit may include moneys to match the account holder's de-
8 posits, up to a five to one match rate;

9 (3) require the account to earn at least the market rate of interest;
10 and

11 (4) permit the account holder to withdraw moneys **upon approval**
12 **of a community-based organization** from the account for the purpose
13 as provided in section 4, and amendments thereto.

14 (c) The total of all deposits by the account holder into an individual
15 development account in a calendar year shall not exceed \$5,000. The total
16 balance in an individual development account at any time shall not exceed
17 \$50,000.

18 Sec. 6. (a) Account holders who withdraw moneys from an individual
19 development account not in accordance with the provisions of section 4,
20 and amendments thereto, shall forfeit all matching moneys in the account.

21 (b) All moneys forfeited by an account holder pursuant to subsection
22 (a) shall be returned to the individual development account reserve fund
23 of the contributing community-based organization.

24 (c) In the event of an account holder's death, the account, minus the
25 match funds, may be transferred to the ownership of a contingent ben-
26 efiary. An account holder shall name contingent beneficiaries at the time
27 the account is established and may change such beneficiaries at any time.
28 If the named beneficiary is deceased or otherwise cannot accept the trans-
29 fer, the moneys shall be transferred to the individual development ac-
30 count reserve fund of the contributing community-based organization.

31 Sec. 7. (a) Moneys deposited in an individual development account
32 by an account holder, pursuant to section 4, and amendments thereto,
33 shall be exempt from income taxation imposed under the Kansas income
34 tax act unless withdrawn for an unapproved use.

35 (b) Earnings by any financial institution attributable to its individual
36 development accounts shall be exempt from privilege taxation imposed
37 by article 11 of chapter 79 of the Kansas Statutes Annotated.

38 (c) Interest earned by an individual development account shall be
39 exempt from taxation under the Kansas income tax act.

40 (d) ~~Direct appropriate~~ **Appropriate** state agencies **are hereby di-**
41 **rected** to amend their state plans to protect the benefits of those receiving
42 such benefits by adding language consistent with the following: Any funds
43 in an individual development account, including accrued interest, shall

1 be disregarded when determining eligibility to receive the amount of any
2 public assistance or benefits.

3 (e) A program contributor shall be allowed a credit against state in-
4 come tax imposed under the Kansas income tax act in an amount not to
5 exceed ~~\$50,000~~ **[\$25,000]** per program contributor or ~~50%~~ **[25%]** of the
6 contribution amount, whichever is less.

7 (f) The department of social and rehabilitation services shall verify all
8 tax credit claims by contributors. The administration of the community-
9 based organization, with the cooperation of the participating financial
10 institutions, shall submit the names of contributors and the total amount
11 each contributor contributes to the individual development account re-
12 serve fund for the calendar year. The secretary shall determine the date
13 by which such information shall be submitted to the secretary by the local
14 administrator. The department shall submit verification of qualified tax
15 credits pursuant to sections 1 through 7 and amendments thereto to the
16 department of revenue.

17 (g) The total tax credits authorized pursuant to this section shall not
18 exceed ~~\$4,000,000~~ **\$500,000** in any fiscal year.

19 (h) The provisions of this section shall be applicable to all taxable
20 years commencing after December 31, 2000.

21 Sec. 8. This act shall take effect and be in force from and after its
22 publication in the statute book.

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