



House of Representatives

General Assembly

File No. 235

February Session, 2008

House Bill No. 5624

House of Representatives, March 27, 2008

The Committee on Labor and Public Employees reported through REP. RYAN, K. of the 139th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE CONNECTICUT IDA INITIATIVE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 31-51xx of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2008*):

3 (a) There is [hereby] established the "Connecticut IDA Initiative".
4 The initiative shall be administered by the [department] Labor
5 Department. The initiative shall provide an eligible [individuals]
6 individual as provided in section 31-51yy with an opportunity,
7 through a certified state IDA program, to establish an individual
8 development account from which funds may be used by the account
9 holder for one of the following purposes as specified in the approved
10 plan: (1) The costs of education or job training; (2) the purchase of a
11 home as a primary residence; (3) the participation in or development
12 of a new or existing entrepreneurial activity; (4) the purchase of an
13 automobile for the purpose of obtaining or maintaining employment;
14 [or] (5) the making of a lease deposit on a primary residence; or (6) the
15 costs of education or job training for a dependent child of the account

16 holder.

17 (b) To implement the Connecticut IDA Initiative, the department
18 shall, in accordance with regulations adopted pursuant to section 31-
19 51ddd: (1) Establish an Individual Development Account Reserve
20 Fund in accordance with section 31-51aaa; (2) establish and operate,
21 directly or by contract with another entity, the clearinghouse; (3)
22 solicit, review, accept or reject proposals from community-based
23 organizations seeking to operate certified state IDA programs on a not-
24 for-profit basis; and (4) perform such monitoring, evaluation and
25 oversight functions as are appropriate for the administration of the
26 Connecticut IDA Initiative.

27 (c) The department shall determine the maximum per cent of all
28 funds received from the Individual Development Account Reserve
29 Fund that may be used by a community-based organization operating
30 a certified state IDA program in providing training, counseling, case
31 management and for administrative purposes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2008</i>	31-51xx

LAB *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill expands the permitted use of Individual Development Account (IDA) funds under the Connecticut IDA Initiative to include the costs of education or job training for a dependent child of the account holder, and has no fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**HB 5624*****AN ACT CONCERNING THE CONNECTICUT IDA INITIATIVE.*****SUMMARY:**

This bill expands the purposes of the Individual Development Account (IDA) program administered by the Labor Department. The IDA program is an incentive account for low-income individuals and qualified disabled people to save money for the following purposes: (1) education and job training, (2) purchasing a home, (3) starting their own business, (4) buying a car to get to work, or (5) making a lease deposit. The bill expands the permitted uses of IDA funds to include money to provide education or job training to a dependent child of the IDA account holder.

EFFECTIVE DATE: October 1, 2008

BACKGROUND***IDAs***

The IDA program encourages saving for specified purposes by matching the money that individuals deposit in the account. The maximum match ratio is \$2 for every \$1 a participant deposits. The match cannot exceed \$1,000 per calendar year and \$3,000 for the program's duration.

Someone is eligible for the program if he or she (1) has earned income and belongs to a household whose adjusted gross income is no more than 80% of the area median income (2) has no earned income solely because of a qualified disability.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 9 Nay 0 (03/11/2008)