



General Assembly

January Session, 2013

Committee Bill No. 6145

LCO No. 4710



Referred to Committee on LABOR AND PUBLIC EMPLOYEES

Introduced by:
(LAB)

AN ACT CONCERNING EXPANSION OF THE INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAM.

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

1 Section 1. Subsection (a) of section 31-51xx of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

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

17 Sec. 2. Subsection (a) of section 31-51yy of the general statutes is
18 repealed and the following is substituted in lieu thereof (*Effective from*
19 *passage*):

20 (a) An individual who has earned income, and who is a member of
21 a household whose adjusted gross income is not in excess of [eighty]
22 two hundred per cent of the area median household income for the
23 area where such individual resides, is eligible to participate in a
24 certified state IDA program for the purpose of accumulating and
25 withdrawing moneys for purposes specified in subsection (a) of
26 section 31-51xx; except that, if an individual does not have earned
27 income solely due to a qualified disability, the earned income
28 requirement shall not apply to such individual.

29 Sec. 3. Section 31-51aaa of the general statutes is repealed and the
30 following is substituted in lieu thereof (*Effective from passage*):

31 (a) Funds from the Individual Development Account Reserve Fund
32 shall be used to provide grants to community-based organizations that
33 are operating certified state IDA programs for the purpose of
34 providing matching funds for the individual development accounts in
35 their programs, to assist the organizations to provide training,
36 counseling and case management for program participants and for
37 program administration purposes. Funds may also be used to pay for
38 the evaluation required pursuant to section 31-51ccc, the operation of
39 the clearinghouse, and the department's administrative expenses for
40 the Connecticut IDA Initiative. The department shall determine what
41 proportion of the funds in the Individual Development Account
42 Reserve Fund shall be used for each of these purposes.

43 (b) The Individual Development Account Reserve Fund shall be
44 administered as follows:

45 (1) No new grant shall be approved by the department unless there
46 is sufficient funding in the Individual Development Account Reserve
47 Fund, as determined by the department, to meet all existing funding

48 obligations including the maximum amount of state matching funds
49 that would be required if each account holder in these certified
50 programs met the savings [goal] goals in such account holder's
51 approved plan.

52 (2) Any funds remaining in the Individual Development Account
53 Reserve Fund at the end of each fiscal year, and the interest thereon,
54 shall be retained in said fund and used in the next succeeding fiscal
55 year for expenditures set forth in subsection (a) of this section.

56 (c) Grants received by the community-based organization from the
57 Individual Development Account Reserve Fund for matching funds
58 shall be held in the organization's local reserve fund. This fund shall be
59 an account separate from account holders' individual development
60 accounts, and its funds shall be disbursed in accordance with
61 subsections (e) and (f) of this section pursuant to regulations adopted
62 pursuant to section 31-51ddd. Grants from the Individual
63 Development Account Reserve Fund for matching funds to certified
64 state IDA programs shall be made on behalf of each individual account
65 holder in the maximum amount of two dollars for every one dollar
66 deposited in the individual development account by the account
67 holder, not to exceed one thousand dollars of such matching funds per
68 account holder for any calendar year and three thousand dollars per
69 account holder for the duration of the account holder's participation in
70 the program.

71 (d) The department and the community-based organizations,
72 separately or cooperatively, may solicit grants and private
73 contributions for the Individual Development Account Reserve Fund
74 and for the local reserve funds of community-based organizations
75 operating certified state IDA programs.

76 (e) If moneys are withdrawn from an individual development
77 account by an account holder due to the account holder's decision to
78 leave the certified state IDA program, all matching funds designated
79 for said moneys shall be forfeited by the account holder and [not later

80 than December thirty-first of each year, the matching funds from the
81 Individual Development Account Reserve Fund] shall be retained in
82 the local reserve fund to match the funds of a new account holder, or if
83 not used shall be returned by the community-based organization to the
84 department for redeposit into the Individual Development Account
85 Reserve Fund [; except that, if] at the close of the grant. If the
86 withdrawal is an emergency withdrawal, as defined in regulations
87 adopted pursuant to section 31-51ddd, or is a withdrawal due to
88 circumstances other than an account holder's decision to leave the
89 certified state IDA program, the community-based organization may
90 retain the matching funds for the account holder in its local reserve
91 fund until such account holder redeposits the withdrawn funds. [or
92 leaves the certified state IDA program, in accordance with such
93 regulations.]

94 (f) When the account holder has made sufficient deposits to such
95 account holder's individual development account to achieve the
96 savings [goal] goals set forth in such account holder's approved plan,
97 the community-based organization shall pay such sum together with
98 the matching funds from the organization's local reserve account that
99 are attributed to this individual development account, directly to the
100 person or entity providing the goods or services. Where matching
101 funds from the Individual Development Account Reserve Fund have
102 not been paid out by the community-based organization for an eligible
103 purpose within five years after the [opening] establishment of an
104 individual development account [due to an account holder not making
105 contributions as provided in the approved plan] grant, the matching
106 funds from the Individual Development Account Reserve Fund shall
107 be returned to the department for deposit in the Individual
108 Development Account Reserve Fund, except that the community-
109 based organization may grant a leave of absence or extension of time
110 to an account holder for a period not to exceed two years, within such
111 five-year period in accordance with regulations adopted pursuant to
112 section 31-51ddd.

113 Sec. 4. (*Effective from passage*) The sum of one hundred thousand
114 dollars is appropriated to the Labor Department, from the Banking
115 Fund, for the fiscal year ending June 30, 2014, for the Connecticut IDA
116 Initiative.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	31-51xx(a)
Sec. 2	<i>from passage</i>	31-51yy(a)
Sec. 3	<i>from passage</i>	31-51aaa
Sec. 4	<i>from passage</i>	New section

Statement of Purpose:

To create greater opportunities for low-income families by expanding the eligibility for individual development accounts.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: REP. FLEXER, 44th Dist.; SEN. CASSANO, 4th Dist.

H.B. 6145