

By: Furniss

To: Finance

SENATE BILL NO. 3217

1 AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF INDIVIDUAL
2 DEVELOPMENT ACCOUNTS WITH COMMUNITY DEVELOPMENT CORPORATIONS BY
3 CERTAIN QUALIFYING INDIVIDUALS; TO REQUIRE THAT BENEFICIARIES MUST
4 BE NAMED FOR SUCH ACCOUNTS AND TO PROVIDE THAT ONLY ONE MEMBER OF
5 EACH HOUSEHOLD MAY ESTABLISH SUCH AN ACCOUNT; TO GIVE COMMUNITY
6 DEVELOPMENT CORPORATIONS CERTAIN POWERS AND DUTIES WITH REGARD TO
7 SUCH ACCOUNTS; TO PROVIDE FOR CERTAIN PAYMENTS TO SUCH ACCOUNT FOR
8 DEPOSITS MADE BY AN INDIVIDUAL; TO REQUIRE COMMUNITY DEVELOPMENT
9 CORPORATIONS TO ESTABLISH AN INDIVIDUAL ACCOUNT FUND TO PROVIDE
10 MONEY TO FINANCE ADDITIONAL INDIVIDUAL DEVELOPMENT ACCOUNTS UNDER
11 THIS ACT; TO REQUIRE COMMUNITY DEVELOPMENT CORPORATIONS TO
12 ENCOURAGE CONTRIBUTIONS TO SUCH FUND; TO LIMIT THE NUMBER OF
13 INDIVIDUAL DEVELOPMENT ACCOUNTS THAT MAY BE ESTABLISHED; TO
14 REQUIRE AN INDIVIDUAL TO RECEIVE AUTHORIZATION FROM THE COMMUNITY
15 DEVELOPMENT CORPORATION BEFORE WITHDRAWING MONEY FROM THE ACCOUNT;
16 TO PROVIDE THAT MONEY WITHDRAWN FROM AN ACCOUNT SHALL NOT BE
17 SUBJECT TO STATE INCOME TAXATION IF IT IS USED TO PAY CERTAIN
18 EDUCATIONAL COSTS, TO PAY THE COST OF CERTAIN TRAINING PROGRAMS,
19 TO PURCHASE A RESIDENCE OR TO PURCHASE A BUSINESS; TO PROVIDE THAT
20 MONEY IN AN ACCOUNT SHALL NOT BE CONSIDERED AN ASSET WHEN
21 DETERMINING AN INDIVIDUAL'S ELIGIBILITY FOR TEMPORARY ASSISTANCE
22 TO NEEDY FAMILIES; TO PROVIDE A STATE INCOME TAX CREDIT FOR
23 CERTAIN AMOUNTS CONTRIBUTED TO INDIVIDUAL DEVELOPMENT ACCOUNT
24 FUNDS ESTABLISHED BY COMMUNITY DEVELOPMENT CORPORATIONS; AND FOR
25 RELATED PURPOSES.

26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

27 SECTION 1. As used in this act:

28 (a) "Account" means an individual development account;

29 (b) "Community development corporation" means a
30 private, nonprofit corporation:

31 (i) Whose board of directors consists primarily of
32 community representatives and business, civic and community
33 leaders; and

34 (ii) Whose principal purpose includes the
35 provision of:

- 36 1. Housing;
- 37 2. Community-based economic development

38 projects; and

39 3. Social services that primarily benefit low
40 income individuals and communities.

41 (c) "Financial institution" has the same meaning as
42 "bank" in Section 81-3-1;

43 (d) "Fund" means an individual development account fund
44 established by a community development corporation;

45 (e) "Individual development account" means an account
46 in a financial institution administered by a community development
47 corporation that allows a qualifying individual to deposit money:

48 (i) To be matched by the state, financial
49 institutions, corporations and other entities; and

50 (ii) That will be used by the qualifying
51 individual for one or more of the following:

52 1. To pay for costs at an accredited
53 institution of higher education or a vocational school for the
54 individual or for a dependent of the individual.

55 2. To pay for the costs associated with an
56 accredited or licensed training program that may lead to
57 employment for the individual or for a dependent of the
58 individual.

59 3. To purchase a primary residence for the
60 individual or for a dependent of the individual.

61 4. To begin or to purchase part or all of a
62 business.

63 (f) "Qualifying individual" means an individual or a
64 member of an individual's household who may establish an
65 individual development account because the individual:

66 (i) Receives or is a member of a household that
67 receives Temporary Assistance for Needy Families; or

68 (ii) Is a member of a household with an annual
69 household income that is less than one hundred fifty percent
70 (150%) of the federal income poverty level.

71 SECTION 2. (1) A qualifying individual may establish an
72 account by applying at a community development corporation.

73 (2) At the time of establishing an account under this
74 section, the qualifying individual must name a beneficiary to
75 replace the qualifying individual as the holder of the account if
76 the qualifying individual dies. If the beneficiary is a member of
77 the qualifying individual's family, all funds in the account
78 remain in the account. If the beneficiary is not a member of the
79 qualifying individual's family, all funds in the account provided
80 by the state revert to the state.

81 The qualifying individual may change the name of the
82 beneficiary at the qualifying individual's discretion. A
83 beneficiary who becomes the holder of an account under this
84 subsection subject to this act and rules adopted under this act
85 regarding withdrawals from the account.

86 (3) Only one (1) member of a qualifying individual's
87 household may establish an account.

88 SECTION 3. A community development corporation shall do the
89 following:

90 (a) Determine whether an individual who wants to
91 establish an account is a qualifying individual.

92 (b) Administer, through a financial institution, and
93 act as trustee for each account established through the community
94 development corporation.

95 (c) Approve or deny an individual's request to make a
96 withdrawal from the individual's account.

97 (d) Provide or arrange for training in money
98 management, budgeting, and related topics for each individual who
99 establishes an account.

100 SECTION 4. (1) An individual may deposit money from the
101 individual's earned income into the individual's account.

102 (2) An individual may deposit an unlimited amount of money
103 into the individual's account. However, only Three Hundred

104 Dollars (\$300.00) annually is eligible for a state deposit as
105 provided in Section 7 of this act.

106 SECTION 5. (1) Not more than eight hundred (800) accounts
107 may be established in the state each year.

108 (2) A community development corporation shall use money that
109 is in an individual development account fund established under
110 Section 8 of this act to allow a qualified individual on a waiting
111 list maintained by the community development corporation to
112 establish an account.

113 SECTION 6. (1) Each community development corporation shall
114 annually provide the Department of Banking and Consumer Finance
115 with information needed to determine:

116 (a) The number of accounts administered by the
117 community development corporation;

118 (b) The length of time each account has been
119 established; and

120 (c) The amount of money an individual has deposited
121 into each account during the preceding twelve (12) months.

122 (2) The Department of Banking and Consumer Finance shall use
123 the information provided under subsection (1) to deposit the
124 correct amount of money into each account as provided in Section 7
125 of this act.

126 SECTION 7. (1) The Department of Banking and Consumer
127 Finance shall allocate, for each account that has been established
128 for not more than four (4) years, Three Dollars (\$3.00) for each
129 One Dollar (\$1.00) an individual deposited into the individual's
130 account during the preceding twelve (12) months. However, the
131 department's allocation under this subsection may not exceed Nine
132 Hundred Dollars (\$900.00) for each account described in this
133 subsection.

134 (2) Not later than June 30 of each year, the department
135 shall deposit into each account established under this act the
136 appropriate amount of money determined under this section.

137 (3) Money from a federal block grant program under Title
138 IV-A of the federal Social Security Act may be used by the state
139 to provide money under this section for deposit into an account
140 held by an individual who receives Temporary Assistance for Needy
141 Families.

142 SECTION 8. (1) Each community development corporation shall
143 establish an individual development account fund to provide money
144 to be used to finance additional accounts to be administered by
145 the community development corporation under this act.

146 (2) Each community development corporation shall encourage
147 individuals, financial institutions, corporations and other
148 entities to contribute to the fund. A contributor to the fund may
149 qualify for the tax credit established in Section 15 of this act.

150 (3) A community development corporation may allow an
151 individual to establish a new account as adequate funding becomes
152 available.

153 (4) Only money from the fund may be used to make the deposit
154 described in subsection (5) into an account established under this
155 section.

156 (5) The community development corporation shall annually
157 deposit at least Three Dollars (\$3.00) into each account for each
158 One Dollar (\$1.00) an individual has deposited into the
159 individual's account as of June 30.

160 (6) A community development corporation may not allow a
161 qualifying individual to establish an account if the community
162 development corporation does not have adequate funds to deposit
163 into the account under subsection (5).

164 SECTION 9. (1) An account shall earn interest at a rate
165 that is competitive in the county where the account is located.

166 (2) Interest earned on an account during a taxable year is
167 not subject to taxation.

168 SECTION 10. (1) An individual must request and receive
169 authorization from the community development corporation that

170 administers the individual's account before withdrawing money from
171 the account for any purpose.

172 (2) An individual who is denied authorization to withdraw
173 money under subsection (1) may appeal the community development
174 corporation's decision to the Department of Banking and Consumer
175 Finance under such rules as it may establish.

176 SECTION 11. (1) Money withdrawn from an individual's
177 account is not subject to taxation if the money is used for at
178 least one (1) of the following:

179 (a) To pay for costs at an accredited institution of
180 higher education or a vocational school for the individual or for
181 a dependent of the individual.

182 (b) To pay for the costs associated with an accredited
183 or a licensed training program that may lead to employment for the
184 individual or for a dependent of the individual.

185 (c) To purchase a primary residence for the individual
186 or for a dependent of the individual.

187 (d) To begin or to purchase part of all of a business.

188 (2) At the time of requesting authorization under Section 10
189 of this act to withdraw money from an individual's account under
190 subsection (1)(d), the individual must provide the community
191 development corporations with a business plan that:

192 (a) Is approved by:

193 (i) A financial institution; or

194 (ii) A nonprofit loan fund that has demonstrated
195 fiduciary stability;

196 (b) Includes a description of services or goods to be
197 sold, a marketing plan, and projected financial statements; and

198 (c) May require the individual to obtain the assistance
199 of an experienced business advisor.

200 SECTION 12. Money in an account may not be considered an
201 asset of an individual when determining the individual's
202 eligibility for Temporary Assistance for Needy Families;

203 SECTION 13. Each community development corporation shall
204 annually:

205 (a) Evaluate the individual development accounts
206 administered by the community development corporation; and

207 (b) Submit a report containing the evaluation
208 information to the Department of Banking and Consumer Finance.

209 SECTION 14. The Department of Banking and Consumer Finance
210 may adopt rules and regulations to implement this act.

211 SECTION 15. (1) A credit against the income taxes imposed
212 in this chapter shall be allowed in an amount equal to fifty
213 percent (50%) of the amount contributed by a person or an
214 individual to an individual development account fund established
215 by a community development corporation under Section 8 of this
216 act; provided, however, that the contribution not be less than One
217 Hundred Dollars (\$100.00) and not more than Fifty Thousand Dollars
218 (\$50,000.00).

219 (2) A person who desires to claim a tax credit as provided
220 in this section shall file with the State Tax Commission, in the
221 form approved by the commission, an application stating the amount
222 of the contribution that the person proposes to make that would
223 qualify for the credit and the amount sought to be claimed as a
224 credit.

225 (3) The State Tax Commission shall promptly notify an
226 applicant whether, or the extent to which, the tax credit is
227 allowable in the state fiscal year in which the application is
228 filed. If the credit is allowable, the applicant shall, within
229 thirty (30) days after receipt of the notice, file a statement
230 with the State Tax Commission, in the form and accompanied by such
231 proof of payment as the commission may prescribe, setting forth
232 that the amount to be claimed as a credit under this section has
233 been paid to a fund as provided in Section 8 of this act. The
234 State Tax Commission may disallow any credit claimed under this
235 section for which the statement or proof of payment is not filed

236 within the thirty-day period.

237 (3) The amount of tax credits allowed under this section
238 shall not exceed Five Hundred Thousand Dollars (\$500,000.00) in
239 any state fiscal year.

240 (4) The State Tax Commission shall:

241 (a) Record the time of filing of each application for
242 allowance of a credit required under this section; and

243 (b) Approve the applications, if they otherwise qualify
244 for a tax credit under this act, in the chronological order in
245 which the applications are filed in the state fiscal year.

246 (5) When the total credits approved under this section equal
247 the maximum amount allowable in any state fiscal year, an
248 application filed after that time for the same fiscal year shall
249 not be approved. If an applicant for whom a credit has been
250 approved fails to file the statement of proof of payment as
251 required by this section, an amount equal to the credit allowed
252 for the applicant may be allowed to any subsequent applicant in
253 the fiscal year. The State Tax Commission may, if the applicant
254 so requests, approve a credit application, in whole or in part,
255 with respect to the next succeeding fiscal year.

256 (6) A tax credit under this section shall be allowed only
257 for the taxable year of the taxpayer in which the contribution
258 qualifying for the credit is paid.

259 SECTION 16. The provisions of Section 15 of this act shall
260 be codified in Chapter 7, Title 27, Mississippi Code of 1972.

261 SECTION 17. This act shall take effect and be in force from
262 and after July 1, 2000.