

By: Senator(s) Horhn

To: Business and Financial  
Institutions

## SENATE BILL NO. 2419

1 AN ACT TO CREATE THE MISSISSIPPI SAVINGS INITIATIVE; TO  
2 AUTHORIZE THE CREATION OF INDIVIDUAL DEVELOPMENT ACCOUNTS (IDAS)  
3 FOR LOW-INCOME INDIVIDUALS THAT MAY BE UTILIZED BY THE ACCOUNT  
4 HOLDER FOR CERTAIN PURPOSES; TO AUTHORIZE THE MISSISSIPPI  
5 DEPARTMENT OF BANKING AND CONSUMER FINANCE TO CONTRACT WITH  
6 FIDUCIARY ORGANIZATIONS TO SERVE AS INTERMEDIARIES BETWEEN  
7 INDIVIDUAL DEVELOPMENT ACCOUNT (IDA) HOLDERS AND FINANCIAL  
8 INSTITUTIONS HOLDING ACCOUNT FUNDS; TO PROVIDE THAT THE GROSS  
9 HOUSEHOLD INCOME OF IDA HOLDERS MAY NOT EXCEED 185% OF THE POVERTY  
10 LEVEL AND THE ACCOUNT HOLDER'S NET WORTH MAY NOT EXCEED  
11 \$10,000.00; TO REQUIRE INDIVIDUALS OPENING AN IDA TO ENTER INTO AN  
12 AGREEMENT WITH A FIDUCIARY ORGANIZATION; TO PROVIDE THAT THE  
13 DEPARTMENT OF HUMAN SERVICES SHALL PROVIDE MATCHING FUNDS FOR  
14 AMOUNTS CONTRIBUTED TO THE IDA BY THE IDA HOLDER; TO LIMIT THE  
15 AMOUNT OF MATCHING FUNDS THAT MAY BE PROVIDED FOR AN IDA; TO  
16 PROVIDE THE PURPOSES FOR WHICH IDAS MAY BE UTILIZED; TO PROVIDE  
17 CIVIL PENALTIES FOR THE WITHDRAWAL OF IDA FUNDS FOR PURPOSES OTHER  
18 THAN THOSE AUTHORIZED UNDER THIS ACT; TO REQUIRE FIDUCIARY  
19 ORGANIZATIONS TO MAKE QUARTERLY REPORTS TO THE MISSISSIPPI  
20 DEPARTMENT OF BANKING AND CONSUMER FINANCE CONTAINING CERTAIN  
21 INFORMATION; TO PROVIDE THAT FUNDS DEPOSITED IN AN IDA SHALL NOT  
22 BE COUNTED AS INCOME, ASSETS OR RESOURCES OF THE INDIVIDUAL IN  
23 DETERMINING FINANCIAL ELIGIBILITY FOR ASSISTANCE OR SERVICES  
24 PURSUANT TO ANY FEDERAL, FEDERALLY ASSISTED, STATE OR MUNICIPAL  
25 PROGRAM BASED ON NEED; TO AUTHORIZE THE USE OF TEMPORARY  
26 ASSISTANCE OF NEEDY FAMILY FUNDS AS MATCHING FUNDS; AND FOR  
27 RELATED PURPOSES.

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

29 **SECTION 1.** This act shall be known and may be cited as the  
30 "Mississippi Savings Initiative."



31       **SECTION 2.** The purpose of this act is to provide for the  
32 establishment of individual development accounts and to authorize  
33 the Mississippi Department of Banking and Consumer Finance (MDBCFC)  
34 to contract with fiduciary organizations to serve as  
35 intermediaries between individual development account holders and  
36 financial institutions holding account funds. The accounts are  
37 designed to:

38               (a) Provide low-wealth, unbanked and under-banked  
39 Mississippians an opportunity to gain economic stability to become  
40 self-sufficient and less reliant on public assistance;

41               (b) Encourage and mobilize savings;

42               (c) Assist in purchasing a home or paying the cost of  
43 major repairs to an existing home, starting or expanding a  
44 business, paying the cost of postsecondary education, paying the  
45 cost-assistive technology for people with disabilities and paying  
46 the cost of an automobile purchase; and

47               (d) Strengthen families and build sustainable  
48 communities within Mississippi.

49       **SECTION 3.** The Legislature hereby finds that:

50               (a) Of the top one hundred (100) most unbanked places  
51 (municipalities or census-designated places with more than two  
52 hundred fifty (250) households), seventeen (17) are located in  
53 Mississippi. Jackson, Mississippi, is ranked fourth in the top  
54 ten (10) unbanked mid-sized cities. Because many hard-working  
55 Mississippians face insurmountable obstacles to accessing the



56 financial mainstream, they often turn to alternative, high-fee  
57 providers, thereby forcing them into a cycle of debt. By using  
58 such means, individuals are hard-pressed to build savings and  
59 assets.

60 (b) Individual Development Accounts (IDAs) have been  
61 used as a federal and state policy strategy for family economic  
62 security. Federal and state policies to fund IDAs have helped  
63 create accounts for numerous individuals and families across the  
64 country.

65 (c) IDAs, just like a bank or credit union account, can  
66 be the first step in saving, planning for the future, building  
67 credit and climbing the economic ladder. It assists individuals  
68 and families with a modest means to save toward the purchase of a  
69 lifelong asset, such as a home or education.

70 (d) The U.S. Census Bureau highlights just one (1)  
71 aspect of household finances, namely the percentage of people with  
72 insufficient income to cover their day-to-day expenses. It does  
73 not count the number of families who have insufficient resources,  
74 such as money in the bank or assets such as a home or a car, to  
75 meet emergencies or longer-term needs. When these longer-term  
76 needs are factored in, substantially more people in the United  
77 States face a future of limited hope for long-term financial  
78 security. At a time of widening income disparities, this data  
79 paints a stark picture of diminishing financial security for  
80 millions of families.



81           **SECTION 4.** As used in this act:

82           (a) "Administrative costs" includes, but is not limited  
83 to, processing fees charged by the fiduciary organization or  
84 financial institution and traditional overhead costs.  
85 Administrative costs shall be limited to no more than fifteen  
86 percent (15%) of the contract.

87           (b) "Eligible educational institution" means the  
88 following:

89                   (i) An institution described in 20 USC §  
90 1088(a)(1) or 1141(a), as such sections are in effect on July 1,  
91 2022;

92                   (ii) An area vocational education school, as  
93 defined in 20 USC § 2471(4), subparagraph (C) or (D), as such  
94 section is in effect on July 1, 2022; and

95                   (iii) Any other accredited education or training  
96 organization.

97           (c) "Emergency" means payments for necessary medical  
98 expenses of the account owner or family member, expenses to avoid  
99 the eviction of the account owner from the account owner's primary  
100 residence and necessary living expenses following a loss of  
101 income.

102           (d) "Federal poverty level" means the poverty income  
103 guidelines published for a calendar year by the United States  
104 Department of Human Services.



(e) "Fiduciary organization" means any nonprofit, fundraising organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, as amended, any certified community development financial institution or any credit union chartered under federal or state law.

(f) "Financial institution" means a federally insured bank, trust company, savings bank, building and loan association, savings and loan company or association or credit union authorized to do business in this state.

(g) "First-time homebuyer" means a person who has not been named on a legally recorded homeownership title for a minimum of thirty-six (36) months.

(h) "Individual development account" or "IDA" means an account established for an eligible individual or family member as part of a qualified individual development account program with the following requirements:

(i) The sole owner of the account is the individual or family member for whom the account was created;

(ii) The holder of the account is a qualified financial institution;

(iii) The assets of the account may not be commingled with other property except in a common trust fund or common investment fund; and



(iv) Any amount in the account shall be paid out only for the qualified purposes of the account owner, except if it meets the qualifications of an emergency use.

(i) "MDBCFC" means the Mississippi Department of Banking and Consumer Finance.

(j) "Parallel account" means a separate parallel account for all matching funds and earnings dedicated to individual development account owners, the sole holder of which is a qualified financial institution or a qualified fiduciary organization.

(k) "Postsecondary educational expenses" means:

(i) Tuition and fees required for the enrollment or attendance of an IDA account holder or an immediate family member of the account holder who is a student at an eligible educational institution; and

(ii) Fees, books, supplies and equipment (including computer, software, etc.) required for courses of instruction for an IDA account holder or an immediate family member of the account holder who is a student at an eligible educational institution.

(l) "Operating costs" includes, but is not limited to, costs of training IDA participants in economic and financial literacy and IDA uses, marketing participation, counseling participants and conducting required verification and compliance activities.



(m) "Qualified purposes" means any of the purposes for which the account owner's accumulated savings and matching funds may be used as described in Section 7 of this act.

**SECTION 5.** (1) An individual who is a resident of this state may submit an application to open an IDA to a fiduciary organization approved by the Mississippi Department of Banking and Consumer Finance (MDBCFC). The fiduciary organization shall approve the application only if:

(a) The individual has gross household income from all sources for the calendar year preceding the year in which the application is made which does not exceed one hundred eighty-five percent (185%) of the federal poverty level; and

(b) Individual household net worth at the time the IDA account is opened does not exceed Ten Thousand Dollars (\$10,000.00) disregarding the primary dwelling and one (1) motor vehicle owned by the household.

(2) An individual opening an IDA shall be required to enter into an IDA agreement with the fiduciary organization.

(3) The IDA agreement shall provide for the amount of the savings deposits, the match fund rate, the asset goal, the financial literacy classes that must be completed, any additional training available pertaining to the asset and asset management, the financial counseling the individual will attend and any other services designed to increase the independence of the person through the achievement of the account's approved purpose.



178           (4) Before becoming eligible to receive matching funds to  
179 pay for qualified purposes, IDA owners shall complete a financial  
180 literacy education course offered by a qualified financial  
181 institution, a qualified fiduciary organization or a governmental  
182 entity in accordance with federal guidelines.

183           (5) The fiduciary organization shall be responsible for  
184 coordinating arrangements between the individual and a financial  
185 institution to open the individual's IDA.

186           (6) Each fiduciary organization shall provide written  
187 notification to each of its eligible IDA account holders of the  
188 amount of matching funds provided by the fiduciary to which each  
189 such IDA account holder is entitled. Such notification shall be  
190 made at such intervals as the fiduciary organization deems  
191 appropriate, but shall be required to be made at least once each  
192 calendar year. The amount of the matching funds for each IDA  
193 account holder shall be Two Dollars (\$2.00) for each One Dollar  
194 (\$1.00) contributed to the IDA by the IDA account holder during  
195 the preceding calendar year. The amount of such matching funds  
196 shall not exceed Six Thousand Dollars (\$6,000.00) per IDA account  
197 holder or Ten Thousand Dollars (\$10,000.00) per household.

198           (7) In order to receive matching funds, the account owner  
199 must:

- 200                   (a) Have saved for a minimum of six (6) months;  
201                   (b) Have reached his or her savings goal; and



(c) Have completed a financial literacy education course offered by a qualified financial institution, a qualified fiduciary organization or a governmental entity in accordance with federal guidelines.

(8) Once requirements in Section 7 of this act have been fulfilled, the appropriate matching funds shall be transferred from the parallel account directly to the vendor or service provider of the approved asset.

(9) If the amount of matching funds available is insufficient to disburse the maximum amounts specified in this section, amounts of disbursements shall be reduced proportionately based on available funds.

**SECTION 6.** (1) Deposits to IDAs made by the account owner shall come from earned income, including, but not limited to, wages, earned income tax credit (EITC) returns, child support payments, supplemental security income (SSI), disability benefits, community service under Temporary Assistance For Needy Families (TANF), AmeriCorps stipends, VISTA stipends and job training programs. Matching funds shall only be used for qualified purposes.

(2) Eligible individuals shall certify that their deposits do not exceed their income. The maximum amount of deposits made by an account owner may not exceed Three Thousand Dollars (\$3,000.00).



(3) If an IDA holder has gross household income from all sources for a calendar year which exceeds one hundred eighty-five percent (185%) of the federal poverty level, the IDA account holder shall not be eligible to receive funds pursuant to the provisions of this act in the following year.

(4) In the event of an IDA account holder's death, the account may be transferred to the ownership of a contingent beneficiary or beneficiaries. An account holder shall name a contingent beneficiary or beneficiaries at the time the account is established and may change such beneficiary or beneficiaries at any time. If the named beneficiary or beneficiaries are deceased or cannot otherwise accept the transfer, the monies shall be transferred to the fiduciary organization to redistribute as matching funds.

**SECTION 7.** (1) Individual development accounts shall be used for any of the following qualified purposes:

(a) Paying the expenses of securing postsecondary education, including, but not limited to, community college courses, courses at a four-year college or university or post-college graduate courses for the account owner or any member of the account owner's family that are paid directly to an eligible educational institution;

(b) Paying the expenses of securing postsecondary occupational training, including, but not limited to, vocational or trade school training for the account owner or any training



251 authorized under the Workforce Investment Act through the  
252 Mississippi Department of Employment Security; however, such  
253 payments must be made directly to the provider of such training;

254 (c) Payments for a principal residence for an account  
255 owner who is a first-time homebuyer, or the costs of major repairs  
256 or improvements to the principal residence of an account holder;  
257 however, such payments must be paid directly to the persons to  
258 whom the amounts are due;

259 (d) Amounts paid directly to a business capitalization  
260 account which is established in a federally insured financial  
261 institution and is restricted to use solely for qualified business  
262 capitalization expenses;

263 (e) Payments for the purchase of an automobile  
264 necessary to transport the account owner or a family member to a  
265 place of employment or education or payments for costs of repair  
266 of such an automobile; however, payments must be paid directly to  
267 a licensed automobile dealer or repair shop, and this purpose  
268 cannot be the sole purpose of the IDA;

269 (f) Purchase assistive technology for people with  
270 disabilities, including, but not limited to, screen readers for  
271 computers, assistive listening devices and accessible hand control  
272 for automobiles and motorized wheelchairs; however, payments must  
273 be paid directly to the assistive technology provider;

274 (g) Qualified emergency withdrawals as provided in  
275 subsection (2) of this section; and



(h) Any other activity based on a plan approved by  
Mississippi Department of Banking and Consumer Finance (MDBCF).

(2) If an emergency occurs, an account owner may withdraw  
all or part of the account owner's deposits to an IDA with the  
approval of the fiduciary organization. The account owner shall  
reimburse his or her IDA for the amount withdrawn under this  
section within twelve (12) months after the date of the  
withdrawal. Failure of the account owner to make a timely  
reimbursement to the account will remove the account owner from  
the program. Until the reimbursement has been made in full, an  
account owner may not withdraw any matching funds or accrued  
interest on matching funds from the account.

(3) If an account owner withdraws money from an IDA for any  
purpose other than a qualified purpose, the fiduciary organization  
shall remove the account owner from the program.

**SECTION 8.** (1) If the fiduciary organization receives  
evidence that any money withdrawn from an IDA is withdrawn under  
false pretenses or is used for purposes other than for the  
approved purposes indicated at the time of the withdrawal, the  
fiduciary organization shall make arrangements with the financial  
institution to impose a penalty for the loss of matching funds and  
may, at its discretion, close the account. All penalties  
collected by fiduciary organizations shall remain with the  
fiduciary organization to distribute as matching funds to other  
eligible individuals.



(2) The fiduciary organization shall establish a grievance committee and a procedure to hear, review and decide in writing any grievance made by an IDA account holder who disputes a decision of the fiduciary organization that a withdrawal is subject to penalty.

(3) Each fiduciary organization shall establish such procedures as are necessary, including prohibiting eligibility for further matching funds, to ensure compliance with this section.

**SECTION 9.** An organization based in this state which desires to enter into such a contract shall submit a proposal to the Mississippi Department of Banking and Consumer Finance (MDBCF) for the right to be approved as a fiduciary organization. The MDBCF shall select fiduciary organizations through competitive processes. Proposals of organizations shall be evaluated and contracts awarded by the MDBCF on the basis of such items as geographic diversity and an organization's:

(a) Ability to implement and administer the IDA program, including the ability to verify account owner eligibility, certify that matching funds are used only for qualified purposes and exercise general fiscal accountability;

(b) Capacity to provide or raise matching funds for the deposits of account owners;

(c) Ability to provide safe and secure investments for individual accounts;



(d) Overall administrative capacity, including, but not limited to, the certifications or verifications required to assure compliance with eligibility requirements, authorized uses of the accounts, matching contributions by individuals or businesses and penalties for unauthorized distributions;

(e) Capacity to provide, or to arrange for the provisions of, financial counseling, financial literacy education and training specific to the assets the account owners will be purchasing, and other related services to account owners;

(f) Connection to other activities and programs designed to increase the independence of this state's low-income households and individuals through education and training, homeownership, small business capitalization and other asset-building programs;

(g) Program design, including match rates and savings goals, to lead to asset purchase; and

(h) Operating costs.

**SECTION 10.** (1) For each contract entered into pursuant to the provisions of this section, the contract shall begin no later than October 1 of each year. The fiduciary organization shall use not less than seventy percent (70%) for matching funds. The fiduciary organization shall use not more than fifteen percent (15%) for operating cost and not more than fifteen percent (15%) for administrative costs.



(2) Responsibilities of a fiduciary organization shall include, but not be limited to, marketing participation, counseling project participants, conducting basic economic and financial literacy training and IDA use training for project participants and conducting required verification and compliance activities. Neither a fiduciary organization nor an employee of, or person associated with, a fiduciary organization, shall receive anything of value, other than compensation for services, for any act performed in connection with the establishment of an IDA or in furtherance of the provisions of this act.

(3) Subject to rules promulgated by the Mississippi Department of Banking and Consumer Finance (MDBCF), a fiduciary organization has sole authority over, and responsibility for, the administration of individual development accounts. The responsibility of the fiduciary organization extends to all aspects of the account program, including marketing to all eligible individuals and families, soliciting matching funds, counseling account owners, providing financial literacy education and conducting required verification and compliance activities. The fiduciary organization may establish program provisions as the organization believes necessary to ensure account owner compliance with this act.

(4) A fiduciary organization may act in partnership with other entities, including businesses, government agencies, corporations, nonprofit organizations, community action programs,



community development corporations, housing authorities and faith-based entities, to assist in the fulfillment of its responsibilities under this act.

(5) A fiduciary organization may use a reasonable portion of money allocated by the Legislature to the IDA program for administration, operation, research and evaluation purposes. A fiduciary organization may not expend more than fifteen percent (15%) of allocated funds for those purposes. Research can be conducted in partnership with a university or state-funding organization.

(6) A fiduciary organization selected by the MDBCF to administer funds allocated for family empowerment initiative purposes shall provide the MDBCF an annual report based on regularly collected data of the fiduciary organization's family empowerment initiative program activity. The report shall be filed not later than ninety (90) days after the end of the fiscal year. The report shall include, but is not limited to, the following:

(a) The number of IDAs administered by the fiduciary organization;

(b) The amount of deposits and matching funds for each account;

(c) The asset purchase goal of each account;

(d) The number of withdrawals made; and



(e) Any other information the MDBCF may require for the purpose of determining whether the family empowerment initiative program is achieving the purposes for which it was established.

(7) Each fiduciary organization shall provide quarterly to the MDBCF the following information:

(a) The number of individuals making deposits into an IDA;

(b) The amounts deposited in the IDAs;

(c) The amounts not yet allocated to IDAs;

(d) The amounts withdrawn from the IDAs and the purposes for which the amounts were withdrawn;

(e) The balances remaining in the IDAs;

(f) The service configurations (such as peer support, structured planning exercises, mentoring and case management) that increased the rate and consistency of participation in the demonstration project and how such configurations varied among different populations or communities; and

(g) The number of grievances filed, the resolution of the grievances and any penalties imposed.

(8) The MDBCF shall make all reasonable and necessary rules to ensure the fiduciary organization's compliance with this act.

**SECTION 11.** The Mississippi Department of Banking and Consumer Finance (MDBCF) shall prepare a written report each year regarding the implementation of the Mississippi Savings Initiative with recommendations for improving the program, as well as



suggested next steps for the program. The report shall be filed with the Secretary of the Senate and the Clerk of the House of Representatives on or before August 1 of each year.

**SECTION 12.** Financial institutions holding IDAs, at a minimum, shall:

- (a) Keep the account in the name of the account owner;
- (b) Permit deposits to be made in the account;
- (c) Require the account to earn a market rate of interest;
- (d) Maintain the IDAs as fee free; and
- (e) Permit the account owner, after obtaining the written authorization of the fiduciary organization, to withdraw money from the account for any qualified purpose.

**SECTION 13.** (1) An amount of One Million Dollars (\$1,000,000.00) shall be made available from Temporary Assistance to Needy Families (TANF) funds administered by the Mississippi Department of Human Services for use as matching funds as allowed by Section 404 of the U.S. Social Security Act. The funds shall be designated to the fiduciary organization to allocate to all its participants on a proportionate basis.

(2) The Department of Human Services shall promulgate any regulations necessary to carry out the provisions of this section.

**SECTION 14.** (1) An account owner's savings and matching funds shall not affect his or her eligibility for any means tested public benefits, including, but not limited to, Medicaid, state



children's health insurance programs, Temporary Assistance to  
Needy Families (TANF), Supplemental Nutrition Assistance Program  
(SNAP), supplemental security income, government subsidized foster  
care and adoption payments and child care or housing payments.

(2) Except as otherwise provided in this section, funds  
deposited into an IDA shall not be counted as income, assets or  
resources of the account owner for the purpose of determining  
financial eligibility for assistance or service pursuant to any  
federal, federally assisted, state or municipal program based on  
need.

(3) Except as otherwise provided in this section, money  
deposited into an IDA shall not be included in gross income for  
income tax purposes. Any amount withdrawn from a parallel account  
shall not be included in an eligible individual's gross income for  
income tax purposes.

(4) Money withdrawn from an IDA shall not be included in  
gross income unless it is not used for a qualified purpose.

**SECTION 15.** The Mississippi Department of Banking and  
Consumer Finance (MDBCF) shall not be obligated to fund individual  
development parallel accounts or be obligated to enter into  
contracts with fiduciary organizations unless the Legislature  
appropriates funding for the establishment of a family empowerment  
initiative program, nor shall the MDBCF be obligated to spend  
funds on a family empowerment initiative program above the amount  
appropriated by the Legislature for the program.



473        **SECTION 16.**    The administration of the Individual Development  
474    Account program shall begin on or about August 1, 2025, and shall  
475    stand repealed August 1, 2027.

476        **SECTION 17.**    This act shall take effect and be in force from  
477    and after July 1, 2025.

