

## HOUSE BILL No. 2160

By Committee on Children and Seniors

1-25

1 AN ACT concerning the individual development account program act;  
2 relating to certain expenditures by individuals who were likely to age  
3 out of foster care; amending K.S.A. 2016 Supp. 74-50,202, 74-50,204,  
4 74-50,205 and 74-50,206 and repealing the existing sections.

5  
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2016 Supp. 74-50,202 is hereby amended to read as  
8 follows: 74-50,202. As used in this act:

9 (a) "Account holder" means a legal resident who is the owner of an  
10 individual development account.

11 (b) "Community-based organization" means any religious or  
12 charitable association or tribal entity that is approved by the department to  
13 implement the individual development account reserve fund.

14 (c) "Department" means the department of commerce.

15 (d) "Federal poverty level" means the most recent poverty income  
16 guidelines published in the calendar year by the United States department  
17 of health and human services.

18 (e) "Financial institution" means any bank, trust company, savings  
19 bank, credit union or savings and loan association or any other financial  
20 institution regulated by the state of Kansas, any agency of the United  
21 States or other state with an office in Kansas which is approved by the  
22 secretary to create and maintain the necessary financial instruments setting  
23 up individual development accounts for eligible families or individuals to  
24 implement this program.

25 (f) "Individual development account" means a financial instrument  
26 established in K.S.A. 2016 Supp. 74-50,203, and amendments thereto.

27 (g) "Individual development account reserve fund" means the fund  
28 created by an approved community-based organization for the purposes of  
29 funding the costs incurred in the administration of the program by the  
30 financial institutions and the community-based organizations and for  
31 providing matching funds for moneys in individual development accounts.

32 (h) "Matching funds" mean the moneys designated for contribution  
33 from an individual development account reserve fund to an individual  
34 development account by a community-based organization at a one-to-one  
35 ratio up to a three-to-one ratio.

36 (i) "Postsecondary education expenses" mean tuition and fees

1 required for enrollment or attendance, and fees, books, supplies and  
2 equipment required for courses of instruction at an educational institution.

3 (j) "Program" means the Kansas individual development account  
4 program established in K.S.A. 2016 Supp. 74-50,201 through 74-50,208,  
5 and amendments thereto.

6 (k) "Program contributor" means a person or entity who makes a  
7 contribution to an individual development account reserve fund.

8 (l) "Qualified acquisition costs" mean the costs of acquiring,  
9 constructing or reconstructing a residence. The term includes any usual or  
10 reasonable settlement, financing or other closing costs.

11 (m) "Qualified business" means any business that does not  
12 contravene any law or public policy, as determined by the secretary.

13 (n) "Qualified business capitalization expenses" mean qualified  
14 expenditures for the capitalization of a qualified business pursuant to a  
15 qualified plan.

16 (o) "Qualified expenditures" mean expenditures included in a  
17 qualified plan, including capital, plant, equipment, working capital and  
18 inventory expenses.

19 (p) "Qualified first-time homebuyer" means a taxpayer, and, if  
20 married, the taxpayer's spouse, who has no present ownership interest in a  
21 principal residence during the three-year period ending on the date on  
22 which a binding contract to acquire, construct or reconstruct the principal  
23 residence to which this subsection applies is entered into.

24 (q) "Qualified plan" means a business plan which:

25 (1) Is approved by a financial institution, or by a nonprofit loan fund  
26 having demonstrated fiduciary integrity;

27 (2) includes a description of services or goods to be sold, a marketing  
28 plan and projected financial statements; and

29 (3) may require the eligible individual to obtain the assistance of an  
30 experienced entrepreneurial advisor.

31 (r) "Qualified principal residence" means a principal residence, the  
32 qualified acquisition costs of which do not exceed 100% of the average  
33 area purchase price applicable to such residence.

34 (s) *"Individuals who were likely to age out of foster care" means*  
35 *youth who: (1) Were in an out-of-home placement in the custody of the*  
36 *Kansas department for children and families, the department of*  
37 *corrections or a tribal government for any length of time on or after such*  
38 *child's 15<sup>th</sup> birthday; (2) have been released from such custody; and (3)*  
39 *are currently 18 years of age or older.*

40 (t) *"Qualified vehicle expenses" means the costs associated with the*  
41 *purchase of a qualified vehicle, including purchase price, up to 12 months*  
42 *of automobile insurance premium costs, registration, tags and associated*  
43 *personal property tax. "Qualified vehicle" means an automobile or truck*

1 *which has passed an inspection by a certified automotive mechanic.*

2 (u) *"Start-up costs" means expenses a youth leaving foster care will*  
3 *incur to establish a residence, including rent and deposits, utility deposits,*  
4 *necessary household supplies and necessary furniture and appliances.*

5 (v) *"Secretary" means the secretary of commerce.*

6 Sec. 2. K.S.A. 2016 Supp. 74-50,204 is hereby amended to read as  
7 follows: 74-50,204. A family or individual whose household income is less  
8 than or equal to 200% of the federal poverty level at the time of  
9 application to an individual development account program may open an  
10 individual development account for the purpose of accumulating and  
11 withdrawing moneys for specified expenditures. The account holder may  
12 withdraw moneys from the account on the approval of the community-  
13 based organization, without penalty, for any of the following expenditures:

14 (a) Postsecondary educational costs for any family member paid from  
15 the account directly to an eligible educational institution as determined by  
16 the secretary;

17 (b) job training costs for any family member 18 years of age or older,  
18 at an accredited or licensed training program;

19 (c) qualified acquisition costs with respect to a qualified principal  
20 residence for a qualified first-time home buyer paid directly to the persons  
21 to whom the amounts are due;

22 (d) major repairs or improvements to a primary residence; ~~or~~

23 (e) qualified business capitalization expenses paid directly to a  
24 business capitalization account which is established in a federally insured  
25 financial institution which is restricted for such expenses; *and*

26 (f) *for individuals who were likely to age out of foster care:*

27 (1) *Qualified vehicle expenses, which shall be paid directly to the*  
28 *third party vendor; and*

29 (2) *start-up costs. Rent and utility deposits shall be paid directly to*  
30 *the landlord, property management company or utility company providing*  
31 *the service.*

32 Sec. 3. K.S.A. 2016 Supp. 74-50,205 is hereby amended to read as  
33 follows: 74-50,205. (a) Financial institutions seeking to open and maintain  
34 individual development accounts approved by the secretary for account  
35 holders shall be permitted to establish individual development accounts  
36 pursuant to K.S.A. 2016 Supp. 74-50,201 through 74-50,208, and  
37 amendments thereto.

38 (b) A financial institution establishing an individual development  
39 account shall:

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

41 (2) permit deposits to be made in the account by the following,  
42 subject to the indicated conditions:

43 (A) The account holder; or

1 (B) a community-based organization on behalf of the account holder.  
2 Such a deposit may include moneys to match the account holder's deposits,  
3 up to a three-to-one match ratio;

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

5 (4) permit the account holder to withdraw moneys upon approval of a  
6 community-based organization from the account for any of the purposes  
7 listed in ~~subsections (a) through (e)~~ of K.S.A. 2016 Supp. 74-50,204, and  
8 amendments thereto.

9 (c) The total of all deposits by the account holder into an individual  
10 development account in a calendar year shall not exceed 30% of an  
11 account holder's annual personal income not to exceed \$4,000, except  
12 when necessary to comply with the emergency withdrawal provisions  
13 contained in K.S.A. 2016 Supp. 74-50,206, and amendments thereto. The  
14 total balance in an individual development account at any time shall not  
15 exceed \$50,000.

16 Sec. 4. K.S.A. 2016 Supp. 74-50,206 is hereby amended to read as  
17 follows: 74-50,206. (a) Except as otherwise provided, account holders who  
18 withdraw moneys from an individual development account not in  
19 accordance with ~~subsections (a) through (e)~~ of K.S.A. 2016 Supp. 74-  
20 50,204, and amendments thereto, shall forfeit all matching moneys in the  
21 account. Account holders who withdraw moneys from an individual  
22 development account not in accordance with ~~subsections (a) through (e)~~ of  
23 K.S.A. 2016 Supp. 74-50,204, and amendments thereto, due to an  
24 emergency related to the illness or death of a family member of the  
25 account holder, illness of the account holder or loss of employment of the  
26 account holder, shall remain an account holder and shall not forfeit all  
27 matching moneys in the account as provided by this section as long as the  
28 balance in the individual development account reaches the amount in such  
29 account prior to such withdrawal within 12 months of the date of such  
30 withdrawal or within the number of months the account holder has been  
31 depositing funds in the individual development account, whichever occurs  
32 later.

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

36 (c) In the event of an account holder's death, the account may be  
37 transferred to the ownership of a contingent beneficiary. An account holder  
38 shall name contingent beneficiaries at the time the account is established  
39 and may change such beneficiaries at any time. If the named beneficiary is  
40 deceased or otherwise cannot accept the transfer, the moneys shall be  
41 transferred to the individual development account reserve fund of the  
42 contributing community-based organization.

43 Sec. 5. K.S.A. 2016 Supp. 74-50,202, 74-50,204, 74-50,205 and 74-

1 50,206 are hereby repealed.

2 Sec. 6. This act shall take effect and be in force from and after its  
3 publication in the statute book.