

HB 4019-3
(LC 182)
2/5/16 (BLS/ps)

Requested by Representative READ (at the request of Neighborhood Partnerships)

**PROPOSED AMENDMENTS TO
HOUSE BILL 4019**

1 On page 1 of the printed bill, line 2, delete “and” and insert a comma and
2 before the period insert “and 458.685”.

3 On page 8, after line 28, insert:

4 **“SECTION 7.** ORS 458.685 is amended to read:

5 “458.685. (1) A person may establish an individual development account
6 only for a purpose approved by a fiduciary organization. Purposes that the
7 fiduciary organization may approve are:

8 “(a) The acquisition of post-secondary education or job training.

9 “(b) If the account holder has established the account for the benefit of
10 a household member who is under the age of 18 years, the payment of ex-
11 tracurricular nontuition expenses designed to prepare the member for post-
12 secondary education or job training.

13 “(c) If the account holder has established a savings network account for
14 higher education under ORS 178.300 to 178.355 on behalf of a designated
15 beneficiary, the [*establishment of an additional*] **funding of qualified higher**
16 **education expenses as defined in ORS 178.300 by one or more deposits**
17 **into a** savings network account for higher education on behalf of the same
18 designated beneficiary.

19 “(d) The purchase of a primary residence. In addition to payment on the
20 purchase price of the residence, account moneys may be used to pay any
21 usual or reasonable settlement, financing or other closing costs. The account

1 holder must not have owned or held any interest in a residence during the
2 three years prior to making the purchase. However, this three-year period
3 shall not apply to displaced homemakers, individuals who have lost home
4 ownership as a result of divorce or owners of manufactured homes.

5 “(e) The rental of a primary residence when housing stability is essential
6 to achieve state policy goals. Account moneys may be used for security de-
7 posits, first and last months’ rent, application fees and other expenses nec-
8 essary to move into the primary residence, as specified in the account
9 holder’s personal development plan for increasing the independence of the
10 person.

11 “(f) The capitalization of a small business. Account moneys may be used
12 for capital, plant, equipment and inventory expenses and to hire employees
13 upon capitalization of the small business, or for working capital pursuant to
14 a business plan. The business plan must have been developed by a financial
15 institution, nonprofit microenterprise program or other qualified agent dem-
16 onstrating business expertise and have been approved by the fiduciary or-
17 ganization. The business plan must include a description of the services or
18 goods to be sold, a marketing plan and projected financial statements.

19 “(g) Improvements, repairs or modifications necessary to make or keep the
20 account holder’s primary dwelling habitable, accessible or visitable for the
21 account holder or a household member. This paragraph does not apply to
22 improvements, repairs or modifications made to a rented primary dwelling
23 to achieve or maintain a habitable condition for which ORS 90.320 (1) places
24 responsibility on the landlord. As used in this paragraph, ‘accessible’ and
25 ‘visitable’ have the meanings given those terms in ORS 456.508.

26 “(h) The purchase of equipment, technology or specialized training re-
27 quired to become competitive in obtaining or maintaining employment or to
28 start or maintain a business, as specified in the account holder’s personal
29 development plan for increasing the independence of the person.

30 “(i) The purchase or repair of a vehicle, as specified in the account

1 holder's personal development plan for increasing the independence of the
2 person.

3 "(j) The saving of funds for retirement, as specified in the account
4 holder's personal development plan for increasing the independence of the
5 person.

6 "(k) The payment of debts owed for educational or medical purposes when
7 the account holder is saving for another allowable purpose, as specified in
8 the account holder's personal development plan for increasing the independ-
9 ence of the person.

10 "(L) The creation or improvement of a credit score by obtaining a secured
11 loan or a financial product that is designed to improve credit, as specified
12 in the account holder's personal development plan for increasing the inde-
13 pendence of the person.

14 "(m) The replacement of a primary residence when replacement offers
15 significant opportunity to improve habitability or energy efficiency.

16 "(2)(a) If an emergency occurs, an account holder may withdraw all or
17 part of the account holder's deposits to an individual development account
18 for a purpose not described in subsection (1) of this section. As used in this
19 paragraph, 'emergency' includes making payments for necessary medical ex-
20 penses, to avoid eviction of the account holder from the account holder's
21 residence and for necessary living expenses following a loss of employment.

22 "(b) The account holder must reimburse the account for the amount
23 withdrawn under this subsection within 12 months after the date of the
24 withdrawal. Failure of an account holder to make a timely reimbursement
25 to the account is grounds for removing the account holder from the individ-
26 ual development account program. Until the reimbursement has been made
27 in full, an account holder may not withdraw any matching deposits or ac-
28 crued interest on matching deposits from the account.

29 "(3) If an account holder withdraws moneys from an individual develop-
30 ment account for other than an approved purpose, the fiduciary organization

1 may remove the account holder from the program.

2 “(4)(a) If the account holder of an account established for the purpose set
3 forth in subsection (1)(c) or (j) of this section has achieved the account’s
4 approved purpose in accordance with the personal development plan devel-
5 oped by the account holder under ORS 458.680, the account holder may
6 withdraw, or authorize the withdrawal of, the remaining amount of all de-
7 posits, including matching deposits, and interest in the account as follows:

8 “(A) For an account established for the purpose set forth in subsection
9 (1)(c) of this section, by rolling over the entire withdrawal amount, not to
10 exceed the limit established pursuant to ORS 178.335, into one or more of the
11 savings network accounts for higher education under ORS 178.300 to 178.355,
12 the establishment of which is the purpose of the individual development ac-
13 count; or

14 “(B) For an account established for the purpose set forth in subsection
15 (1)(j) of this section, by rolling over the entire withdrawal amount into an
16 individual retirement account, a retirement plan or a similar account or plan
17 established under the Internal Revenue Code.

18 “(b) Upon withdrawal of all moneys in the individual development ac-
19 count as provided in paragraph (a) of this subsection, the account relation-
20 ship shall terminate.

21 “(c) The rollover of moneys into a savings network account for higher
22 education under this subsection may not cause the amount in the savings
23 network account for higher education to exceed the limit on total contribu-
24 tions established pursuant to ORS 178.335.

25 “(d) Any amount of the rollover that has been subtracted on the
26 taxpayer’s federal return pursuant to section 219 of the Internal Revenue
27 Code shall be added back in the determination of taxable income.

28 “(5) If an account holder moves from the area where the program is con-
29 ducted or is otherwise unable to continue in the program, the fiduciary or-
30 ganization may remove the account holder from the program.

1 “(6) If an account holder is removed from the program under subsection
2 (2), (3) or (5) of this section, all matching deposits in the account and all
3 interest earned on matching deposits shall revert to the fiduciary organiza-
4 tion. The fiduciary organization shall use the reverted funds as a source of
5 matching deposits for other accounts.”.

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