S T A T E O F N E W Y O R K

1425

2009-2010 Regular Sessions

I N A S S E M B L Y

(PREFILED)

January 7, 2009

Introduced by M. of A. WRIGHT -- read once and referred to the Committee on Banks

AN ACT to amend the banking law, in relation to establishing personal development account programs

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. The banking law is amended by adding a new article 7 to read as follows:

ARTICLE VII

PERSONAL DEVELOPMENT ACCOUNT PROGRAMS

SECTION 300. SHORT TITLE.
300-A. LEGISLATIVE FINDINGS.
300-B. DEFINITIONS.
300-C. STRUCTURE AND ADMINISTRATION OF QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAMS.
300-D. PROCEDURES FOR OPENING A PERSONAL DEVELOPMENT ACCOUNT AND QUALIFYING FOR MATCHING FUNDS.
300-E. CONTRIBUTIONS TO PERSONAL DEVELOPMENT ACCOUNTS.
300-F. DEPOSITS BY QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAMS.
300-G. WITHDRAWAL PROCEDURES.
300-H. CERTIFICATION AND TERMINATION OF QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAMS.
300-I. REPORTING, MONITORING, AND EVALUATION.
300-J. FUNDS IN PARALLEL ACCOUNTS OF PROGRAM PARTICIPANTS DISREGARDED FOR PURPOSES OF CERTAIN MEANS-TESTED STATE PROGRAMS.
300-K. DESIGNATION OF EARNED INCOME TAX CREDIT PAYMENTS FOR DEPOSIT INTO PERSONAL DEVELOPMENT ACCOUNTS.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

LBD00299-01-9

S 300. SHORT TITLE. THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE "SAVINGS FOR WORKING FAMILIES ACT".

S 300-A. LEGISLATIVE FINDINGS. THE LEGISLATURE FINDS THAT THIRTY-THREE PERCENT OF ALL AMERICANS HAVE NO ASSETS AVAILABLE FOR INVESTMENT AND THAT ANOTHER TWENTY PERCENT HAVE NEGLIGIBLE ASSETS. THE HOUSEHOLD SAVINGS RATE OF THE UNITED STATES LAGS FAR BEHIND THAT OF OTHER INDUSTRIALIZED NATIONS. THIS PREVENTS MANY AMERICANS FROM ENTERING THE ECONOMIC MAINSTREAM BY BUYING A HOUSE, OBTAINING AN ADEQUATE EDUCATION, OR STARTING A BUSINESS.

BY INCREASING THEIR ASSETS, THE AMERICAN PEOPLE CAN IMPROVE THEIR ECONOMIC INDEPENDENCE AND WORK TOWARD A VIABLE, HOPEFUL FUTURE FOR THEMSELVES AND THEIR CHILDREN. ECONOMIC VIABILITY DOES NOT COME SOLELY FROM INCOME, SPENDING, AND CONSUMPTION, BUT ALSO REQUIRES SAVINGS, INVESTMENT, AND ACCUMULATION OF ASSETS.

TRADITIONAL PUBLIC ASSISTANCE PROGRAMS BASED ON INCOME AND CONSUMPTION HAVE RARELY BEEN SUCCESSFUL IN PROMOTING AND SUPPORTING THE TRANSITION OF THE AMERICAN PEOPLE TO ECONOMIC SELF-SUFFICIENCY. INCOME-BASED SOCIAL POLICIES THAT MEET CONSUMPTION NEEDS MUST BE COMPLEMENTED BY ASSET-BASED POLICIES THAT CAN PROVIDE THE MEANS TO ACHIEVE LONG-TERM INDEPENDENCE AND WELL-BEING.

PERSONAL DEVELOPMENT ACCOUNTS CAN PROVIDE WORKING AMERICANS WITH (I) STRONG INCENTIVES TO BUILD ASSETS, (II) BASIC FINANCIAL MANAGEMENT TRAINING, AND (III) ACCESS TO SECURE AND RELATIVELY INEXPENSIVE BANKING SERVICES. PERSONAL DEVELOPMENT ACCOUNTS WOULD ALSO FOSTER GREATER PARTICIPATION IN ELECTRONIC FUND TRANSFERS. THEY WOULD GENERATE FINANCIAL RETURNS, INCLUDING INCREASED INCOME AND TAX REVENUE AND DECREASED WELFARE CASH ASSISTANCE. THESE BENEFITS WOULD FAR EXCEED THE COST OF PUBLIC INVESTMENT IN THE PROGRAMS.

S 300-B. DEFINITIONS. FOR PURPOSES OF THIS ARTICLE, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

1. "ELIGIBLE INDIVIDUAL" SHALL MEAN AN INDIVIDUAL WHO IS:

(A) AT LEAST EIGHTEEN YEARS OLD,

(B) A DOMICILE OF THE STATE OF NEW YORK, AND

(C) A MEMBER OF A HOUSEHOLD IN WHICH THE GROSS INCOME DOES NOT EXCEED EIGHTY PERCENT OF THE AREA MEDIAN INCOME (AS PUBLISHED BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN AFFAIRS).

2. "PERSONAL DEVELOPMENT ACCOUNT" SHALL MEAN A REGULAR INTEREST BEARING ACCOUNT ESTABLISHED FOR AN ELIGIBLE INDIVIDUAL AS PART OF A QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAM, BUT ONLY IF THE WRITTEN GOVERNING INSTRUMENT CREATING THE ACCOUNT MEETS THE FOLLOWING CRITERIA:

(A) THE SOLE OWNER OF THE ACCOUNT IS AN ELIGIBLE INDIVIDUAL;

(B) NO CONTRIBUTION WILL BE ACCEPTED UNLESS IT IS IN THE FORM OF CASH, CHECK, OR ELECTRONIC FUND TRANSFER;

(C) THE HOLDER OF THE ACCOUNT IS A QUALIFIED FINANCIAL INSTITUTION OR A QUALIFIED NOT-FOR-PROFIT ORGANIZATION;

(D) THE ASSETS OF THE ACCOUNT WILL NOT BE COMMINGLED WITH OTHER PROPERTY EXCEPT IN A COMMON TRUST FUND OR COMMON INVESTMENT FUND; AND

(E) EXCEPT AS PROVIDED IN SECTION THREE HUNDRED-G OF THIS ARTICLE, ANY AMOUNT IN THE ACCOUNT MAY BE PAID OUT ONLY FOR THE PURPOSE OF PAYING THE QUALIFIED EXPENSES OF THE ELIGIBLE INDIVIDUAL.

3. "PARALLEL ACCOUNT" SHALL MEAN A SEPARATE, PARALLEL INDIVIDUAL OR POOLED ACCOUNT FOR ALL MATCHING FUNDS AND EARNINGS DEDICATED TO AN ELIGIBLE INDIVIDUAL AS PART OF A QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAM, THE SOLE OWNER OF WHICH IS A QUALIFIED FINANCIAL INSTITUTION OR A QUALIFIED NOT-FOR-PROFIT ORGANIZATION.

4. "QUALIFIED FINANCIAL INSTITUTION" SHALL MEAN:

(A) AN INSURED BANK, AS DEFINED IN SECTION 3(B) OF THE FEDERAL DEPOSIT INSURANCE ACT, 12 U.S.C. 1813(H);
(B) A COMMERCIAL BANK OR TRUST COMPANY;
(C) A PRIVATE BANKER;
(D) AN AGENCY OR BRANCH OF A FOREIGN BANK IN THE UNITED STATES;
(E) A CREDIT UNION;
(F) A THRIFT INSTITUTION;
(G) A BROKER OR DEALER REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES AND EXCHANGE ACT OF 1934, U.S.C. 78A ET SEQ.;
(H) A BROKER OR DEALER IN SECURITIES OR COMMODITIES;
(I) AN INVESTMENT BANKER OR INVESTMENT COMPANY;
(J) A CURRENCY EXCHANGE;
(K) AN ISSUER, REDEEMER, OR CASHIER OF TRAVELERS' CHECKS, CHECKS, MONEY ORDERS, OR SIMILAR INSTRUMENTS;
(L) AN OPERATOR OF A CREDIT CARD SYSTEM;
(M) AN INSURANCE COMPANY;
(N) A DEALER IN PRECIOUS METALS, STONES, OR JEWELS;
(O) A PAWNBROKER;
(P) A LOAN OR FINANCE COMPANY;
(Q) A TRAVEL AGENCY;
(R) A PERSON LICENSED TO ENGAGE IN THE BUSINESS OF RECEIVING MONEY FOR TRANSMISSION OR TRANSMITTING THE SAME BY WHATEVER MEANS, OR ANY OTHER PERSON ENGAGED IN SUCH BUSINESS AS AN AGENT OF A LICENSEE OR ENGAGED IN SUCH BUSINESS WITHOUT A LICENSE;
(S) A TELEGRAPH COMPANY;
(T) A BUSINESS ENGAGED IN VEHICLE SALES, INCLUDING AUTOMOBILE, AIRPLANE AND BOAT SALES;
(U) PERSONS INVOLVED IN REAL ESTATE CLOSINGS AND SETTLEMENTS;
(V) THE UNITED STATES POSTAL SERVICE;
(W) AN AGENCY OF THE UNITED STATES GOVERNMENT OR OF A STATE OR LOCAL GOVERNMENT CARRYING OUT A DUTY OR POWER OF A BUSINESS DESCRIBED IN THIS SUBDIVISION;
(X) A CASINO, GAMBLING CASINO, OR GAMING ESTABLISHMENT WITH AN ANNUAL GAMING REVENUE OF MORE THAN A MILLION DOLLARS WHICH:
(I) IS LICENSED AS A CASINO, GAMBLING CASINO OR GAMING ESTABLISHMENT UNDER THE LAWS OF ANY STATE OR ANY POLITICAL SUBDIVISION OF ANY STATE; OR
(II) IS AN INDIAN GAMING OPERATION CONDUCTED UNDER OR PURSUANT TO THE INDIAN GAMING REGULATORY ACT OTHER THAN AN OPERATION WHICH IS LIMITED TO CLASS 1 GAMING AS DEFINED IN SUBDIVISION SIX OF SECTION FOUR OF SUCH ACT; OR
(Y) ANY BUSINESS OR AGENCY ENGAGED IN ANY ACTIVITY WHICH THE SUPER-INTENDENT OR THE UNITED STATES SECRETARY OF THE TREASURY DETERMINES, BY REGULATION, TO BE AN ACTIVITY WHICH IS SIMILAR TO, RELATED TO, OR A SUBSTITUTE FOR ACTIVITY WHICH ANY BUSINESS AS DESCRIBED IN THIS SUBDIVI-SION IS AUTHORIZED TO ENGAGE.
5. "QUALIFIED NOT-FOR-PROFIT ORGANIZATION" SHALL MEAN:
(A) A DOMESTIC CORPORATION INCORPORATED PURSUANT TO OR OTHERWISE SUBJECT TO THE NOT-FOR-PROFIT CORPORATION LAW;
(B) A CHARITABLE ORGANIZATION REGISTERED WITH THE SECRETARY OF STATE;
(C) A RELIGIOUS CORPORATION AS DEFINED IN SECTION SIXTY-SIX OF THE GENERAL CONSTRUCTION LAW;
(D) A TRUSTEE AS DEFINED IN SECTION 8-1.4 OF THE ESTATES, POWERS AND TRUSTS LAW;

(E) AN INSTITUTION OR CORPORATION FORMED PURSUANT TO THE EDUCATION LAW; AND

(F) ANY FEDERATION OF CHARITABLE ORGANIZATIONS.

6. "QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAM" SHALL MEAN A PROGRAM ESTABLISHED UNDER SECTION THREE HUNDRED-C OF THIS ARTICLE UNDER WHICH PERSONAL DEVELOPMENT ACCOUNTS AND PARALLEL ACCOUNTS ARE HELD BY A QUALIFIED FINANCIAL INSTITUTION OR A QUALIFIED NOT-FOR-PROFIT ORGANIZATION.

7. "QUALIFIED EXPENSE DISTRIBUTION" SHALL MEAN ANY AMOUNT PAID OR DISTRIBUTED OUT OF A PERSONAL DEVELOPMENT ACCOUNT AND A PARALLEL ACCOUNT ESTABLISHED FOR AN ELIGIBLE INDIVIDUAL IF SUCH AMOUNT:

(A) IS USED EXCLUSIVELY TO PAY THE QUALIFIED EXPENSES OF SUCH INDIVIDUAL'S SPOUSE OR DEPENDENTS,

(B) IS PAID BY THE QUALIFIED FINANCIAL INSTITUTION OR QUALIFIED NOT-FOR-PROFIT ORGANIZATION DIRECTLY TO THE PERSON TO WHOM THE AMOUNT IS DUE OR TO ANOTHER PERSONAL DEVELOPMENT ACCOUNT, AND

(C) IS PAID AFTER THE HOLDER OF THE PERSONAL DEVELOPMENT ACCOUNT HAS COMPLETED A FINANCIAL EDUCATION COURSE AS REQUIRED UNDER SECTION THREE HUNDRED-D OF THIS ARTICLE.

8. "QUALIFIED EXPENSE" SHALL MEAN ONE OF THE FOLLOWING:

(A) A QUALIFIED HIGHER EDUCATION EXPENSE,

(B) A QUALIFIED FIRST-TIME HOME BUYER COST,

(C) A QUALIFIED BUSINESS CAPITALIZATION COST, OR

(D) QUALIFIED PERSONAL DEVELOPMENT ACCOUNT ROLLOVERS.

9. "QUALIFIED HIGHER EDUCATION EXPENSE" SHALL MEAN ANY EXPENSE RELATED TO EDUCATIONAL SERVICES BEYOND THE LEVEL OF SECONDARY SCHOOL. SUCH EXPENSES SHALL INCLUDE, BUT NOT BE LIMITED TO, TUITION, BOOKS, ROOM AND BOARD, TRAVEL TO AND FROM THE EDUCATIONAL INSTITUTION, AND ANY FEES ASSOCIATED WITH THE FINANCIAL INSTITUTION.

10. "QUALIFIED FIRST-TIME HOME BUYER COST" SHALL MEAN ANY COST ASSOCIATED WITH THE PURCHASE OF A RESIDENCE BY A PERSON OR PERSONS, NONE OF WHOM HAVE EVER PREVIOUSLY PURCHASED A RESIDENCE. SUCH COSTS SHALL INCLUDE, BUT NOT BE LIMITED TO, PURCHASE PRICE OF THE RESIDENCE, CLOSING EXPENSES, TITLE SEARCHES, INSPECTIONS, AND ATTORNEYS' FEES. FOR PURPOSES OF THIS SUBDIVISION, A RESIDENCE SHALL MEAN A HOUSE, APARTMENT, CONDOMINIUM, TOWNHOUSE, TRAILER, MOBILE HOME, OR ANY SIMILAR STRUCTURE THE PURPOSE OF WHICH IS TO PROVIDE A PLACE FOR ITS OWNER TO SLEEP AND PERFORM THE FUNCTIONS OF DAILY LIFE.

11. "QUALIFIED BUSINESS CAPITALIZATION COST" SHALL MEAN AN EXPENDITURE IN ACCORDANCE WITH A BUSINESS PLAN THAT MEETS THE SPECIFICATIONS OF THE SECRETARY OF STATE, INCLUDING CAPITAL, PLANT, EQUIPMENT, WORKING CAPITAL, AND INVENTORY EXPENSES, FOR THE CAPITALIZATION OF ANY LEGITIMATE BUSINESS.

12. "QUALIFIED PERSONAL DEVELOPMENT ACCOUNT ROLLOVER" SHALL MEAN WHEN FUNDS FROM ONE PERSONAL DEVELOPMENT ACCOUNT ARE DISTRIBUTED AND ALL OR PART OF SUCH FUNDS ARE REPLACED IN THE ACCOUNT OR ARE PLACED IN A SECOND PERSONAL DEVELOPMENT ACCOUNT WITHIN ONE HUNDRED EIGHTY DAYS OF SUCH DISTRIBUTION.

S 300-C. STRUCTURE AND ADMINISTRATION OF QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAMS. 1. ANY QUALIFIED FINANCIAL INSTITUTION OR QUALIFIED NOT-FOR-PROFIT ORGANIZATION MAY ESTABLISH ONE OR MORE QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAMS THAT MEET THE REQUIREMENTS OF THIS ARTICLE.

2. ALL QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAMS SHALL CONSIST OF THE FOLLOWING TWO COMPONENTS:

(A) A PERSONAL DEVELOPMENT ACCOUNT TO WHICH AN ELIGIBLE INDIVIDUAL MAY CONTRIBUTE MONEY IN ACCORDANCE WITH SECTION THREE HUNDRED-E OF THIS ARTICLE; AND

(B) A PARALLEL ACCOUNT TO WHICH ALL MATCHING FUNDS SHALL BE DEPOSITED IN ACCORDANCE WITH SECTION THREE HUNDRED-F OF THIS ARTICLE.

3. A QUALIFIED FINANCIAL INSTITUTION OR A QUALIFIED NOT-FOR-PROFIT ORGANIZATION MAY TAILOR ITS QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAM TO ALLOW MATCHING FUNDS TO BE SPENT ON ONE OR MORE OF THE QUALIFIED EXPENSE CATEGORIES.

4. A PERSONAL DEVELOPMENT ACCOUNT PROGRAM SHALL BE TREATED AS QUALIFIED UNDER THIS ARTICLE ONLY IF NOT LESS THAN ONE-THIRD OF THE PERSONAL DEVELOPMENT ACCOUNTS UNDER SUCH PROGRAM ARE OWNED BY ELIGIBLE INDIVIDUALS, EACH OF WHOM IS A MEMBER OF A HOUSEHOLD WHERE THE GROSS INCOME OF SUCH HOUSEHOLD DOES NOT EXCEED FIFTY PERCENT OF THE AREA MEDIAN INCOME AS PUBLISHED BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN AFFAIRS.

5. ANY ACCOUNT DESCRIBED IN PARAGRAPH (B) OF SUBDIVISION TWO OF THIS SECTION IS EXEMPT FROM TAXATION UNDER ARTICLE NINE, NINE-A, TWENTY-TWO, THIRTY-TWO OR THIRTY-THREE OF THE TAX LAW, UNLESS SUCH ACCOUNT HAS CEASED TO BE SUCH ACCOUNT BY REASON OF SECTION THREE HUNDRED-G OF THIS ARTICLE OR THE QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAM HAD BEEN TERMINATED PURSUANT TO SECTION THREE HUNDRED-H OF THIS ARTICLE.

S 300-D. PROCEDURES FOR OPENING A PERSONAL DEVELOPMENT ACCOUNT AND QUALIFYING FOR MATCHING FUNDS. 1. AN ELIGIBLE INDIVIDUAL MUST OPEN A PERSONAL DEVELOPMENT ACCOUNT WITH A QUALIFIED FINANCIAL INSTITUTION OR A QUALIFIED NOT-FOR-PROFIT ORGANIZATION AND CONTRIBUTE MONEY IN ACCORDANCE WITH SECTION THREE HUNDRED-E OF THIS ARTICLE TO QUALIFY FOR MATCHING FUNDS IN A PARALLEL ACCOUNT.

2. BEFORE BECOMING ELIGIBLE TO WITHDRAW MATCHING FUNDS TO PAY FOR A QUALIFIED EXPENSE, OWNERS OF PERSONAL DEVELOPMENT ACCOUNTS MUST COMPLETE A FINANCIAL EDUCATION COURSE OFFERED BY A QUALIFIED FINANCIAL INSTITUTION, A QUALIFIED NOT-FOR-PROFIT ORGANIZATION, OR A GOVERNMENT ENTITY. THE SECRETARY OF STATE SHALL ESTABLISH THE STANDARDS UNDER WHICH THE FINANCIAL EDUCATION COURSE MUST BE TAUGHT.

S 300-E. CONTRIBUTIONS TO PERSONAL DEVELOPMENT ACCOUNTS. 1. EXCEPT IN THE CASE OF A QUALIFIED ROLLOVER, INDIVIDUAL CONTRIBUTIONS TO A PERSONAL DEVELOPMENT ACCOUNT WILL NOT BE ACCEPTED FOR THE TAXABLE YEAR IN EXCESS OF THE LESSER OF:

(A) TWO THOUSAND DOLLARS; OR

(B) AN AMOUNT EQUAL TO THE COMPENSATION INCLUDIBLE IN THE INDIVIDUAL'S GROSS INCOME FOR SUCH TAXABLE YEAR.

2. FEDERAL W-2 FORMS AND OTHER FORMS SPECIFIED BY THE SECRETARY OF STATE PROVING THE ELIGIBLE INDIVIDUAL'S WAGES AND OTHER COMPENSATION AND THE STATUS OF THE INDIVIDUAL AS AN ELIGIBLE INDIVIDUAL SHALL BE PRESENTED AT THE TIME OF THE ESTABLISHMENT OF THE PERSONAL DEVELOPMENT ACCOUNT AND AT LEAST ONCE ANNUALLY THEREAFTER.

3. FOR THE PURPOSES OF THIS SECTION, A TAXPAYER SHALL BE DEEMED TO HAVE MADE A CONTRIBUTION TO A PERSONAL DEVELOPMENT ACCOUNT ON THE LAST DAY OF THE PRECEDING TAXABLE YEAR IF THE CONTRIBUTION IS MADE ON ACCOUNT OF SUCH TAXABLE YEAR AND IS MADE NOT LATER THAN THE TIME PRESCRIBED BY LAW FOR FILING THE FEDERAL INCOME TAX RETURN FOR SUCH TAXABLE YEAR.

S 300-F. DEPOSITS BY QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAMS. 1. THE QUALIFIED FINANCIAL INSTITUTION OR QUALIFIED NOT-FOR-PROFIT ORGANIZATION SHALL DEPOSIT ALL MATCHING FUNDS FOR EACH PERSONAL DEVELOPMENT ACCOUNT INTO A PARALLEL ACCOUNT AT A QUALIFIED FINANCIAL INSTITU-

TION OR QUALIFIED NOT-FOR-PROFIT ORGANIZATION. THE PARALLEL ACCOUNT OR ACCOUNTS SHALL EARN NOT LESS THAN THE MARKET OF INTEREST.

2. SUBJECT TO SUBDIVISION THREE OF THIS SECTION, THE QUALIFIED FINANCIAL INSTITUTION OR QUALIFIED NOT-FOR-PROFIT ORGANIZATION SHALL DEPOSIT NOT LESS THAN QUARTERLY INTO THE PARALLEL ACCOUNT WITH RESPECT TO EACH ELIGIBLE INDIVIDUAL THE FOLLOWING:

(A) A DOLLAR-FOR-DOLLAR MATCH FOR THE FIRST FIVE HUNDRED DOLLARS CONTRIBUTED BY THE ELIGIBLE INDIVIDUAL INTO A PERSONAL DEVELOPMENT ACCOUNT WITH RESPECT TO ANY TAXABLE YEAR; AND

(B) ANY MATCHING FUNDS PROVIDED BY STATE, LOCAL OR PRIVATE RESOURCES IN ACCORDANCE TO THE MATCHING RATIO SET BY THOSE SOURCES.

3. MATCHING FUNDS THAT ARE FORFEITED UNDER SECTION THREE HUNDRED-G OF THIS ARTICLE SHALL BE USED BY THE QUALIFIED FINANCIAL INSTITUTION OR QUALIFIED NOT-FOR-PROFIT ORGANIZATION TO PAY MATCHES FOR OTHER PERSONAL DEVELOPMENT ACCOUNT CONTRIBUTIONS BY ELIGIBLE INDIVIDUALS.

4. ANY QUALIFIED FINANCIAL INSTITUTION OR QUALIFIED NOT-FOR-PROFIT ORGANIZATION SHALL REPORT THE BALANCES IN ANY PERSONAL DEVELOPMENT ACCOUNT AND PARALLEL ACCOUNT OF AN ELIGIBLE INDIVIDUAL ON NOT LESS THAN A QUARTERLY BASIS.

S 300-G. WITHDRAWAL PROCEDURES. 1. TO WITHDRAW MONEY FROM AN ELIGIBLE INDIVIDUAL'S PERSONAL DEVELOPMENT ACCOUNT TO PAY QUALIFIED EXPENSES OF SUCH INDIVIDUAL OR OF SUCH INDIVIDUAL'S SPOUSE OR DEPENDENTS, THE QUALIFIED FINANCIAL INSTITUTION OR QUALIFIED NOT-FOR-PROFIT ORGANIZATION SHALL DIRECTLY TRANSFER SUCH FUNDS FROM THE PERSONAL DEVELOPMENT ACCOUNT, AND, IF APPLICABLE, FROM THE PARALLEL ACCOUNT, ELECTRONICALLY TO THE VENDOR OR OTHER PERSONAL DEVELOPMENT ACCOUNT. IF THE VENDOR IS NOT EQUIPPED TO RECEIVE FUNDS ELECTRONICALLY, THE QUALIFIED FINANCIAL INSTITUTION OR QUALIFIED NOT-FOR-PROFIT ORGANIZATION MAY ISSUE SUCH FUNDS BY PAPER CHECK TO THE VENDOR.

2. A PERSONAL DEVELOPMENT ACCOUNT OWNER MAY UNILATERALLY WITHDRAW FUNDS FROM THE PERSONAL DEVELOPMENT ACCOUNT FOR PURPOSES OTHER THAN TO PAY QUALIFIED EXPENSES, BUT SHALL FORFEIT ANY CORRESPONDING MATCHING FUNDS AND INTEREST EARNED ON THE MATCHING FUNDS BY DOING SO, UNLESS SUCH FUNDS ARE RECONTRIBUTED TO SUCH ACCOUNT WITHIN ONE HUNDRED EIGHTY DAYS OF THEIR WITHDRAWAL.

3. IF THE INDIVIDUAL FOR WHOSE BENEFIT A PERSONAL DEVELOPMENT ACCOUNT IS ESTABLISHED CEASES TO BE AN ELIGIBLE INDIVIDUAL, SUCH ACCOUNT SHALL CEASE TO BE A PERSONAL DEVELOPMENT ACCOUNT AS OF THE FIRST DAY OF THE TAXABLE YEAR OF SUCH INDIVIDUAL AND ANY BALANCE IN SUCH ACCOUNT SHALL BE DEEMED TO HAVE BEEN WITHDRAWN ON SUCH FIRST DAY BY SUCH INDIVIDUAL FOR PURPOSES OTHER THAN TO PAY QUALIFIED EXPENSES.

4. ANY AMOUNTS WITHDRAWN FROM A PARALLEL ACCOUNT SHALL NOT BE INCLUDED IN AN ELIGIBLE INDIVIDUAL'S GROSS INCOME.

S 300-H. CERTIFICATION AND TERMINATION OF QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAMS. 1. UPON ESTABLISHING A QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAM, A QUALIFIED FINANCIAL INSTITUTION OR QUALIFIED NOT-FOR-PROFIT ORGANIZATION SHALL CERTIFY TO THE SECRETARY OF STATE THAT:

(A) THE ACCOUNTS DESCRIBED IN SECTION THREE HUNDRED-C OF THIS ARTICLE ARE OPERATING PURSUANT TO ALL THE PROVISIONS OF THIS ARTICLE; AND

(B) THE QUALIFIED FINANCIAL INSTITUTION OR QUALIFIED NOT-FOR-PROFIT ORGANIZATION AGREES TO IMPLEMENT AN INFORMATION SYSTEM NECESSARY TO MONITOR THE COST AND OUTCOMES OF THE QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAM.

2. IF THE SECRETARY OF STATE DETERMINES THAT A QUALIFIED FINANCIAL INSTITUTION OR A QUALIFIED NOT-FOR-PROFIT ORGANIZATION UNDER THIS ARTI-

CLE IS NOT OPERATING A QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAM IN ACCORDANCE WITH THE REQUIREMENTS OF THIS ARTICLE, THE SECRETARY OF STATE SHALL TERMINATE SUCH INSTITUTION'S OR NOT-FOR-PROFIT ORGANIZATION'S AUTHORITY TO OPERATE THE PROGRAM. IF THE SECRETARY OF STATE IS UNABLE TO IDENTIFY A QUALIFIED FINANCIAL INSTITUTION OR QUALIFIED NOT-FOR-PROFIT ORGANIZATION TO ASSUME THE AUTHORITY TO CONDUCT SUCH PROGRAM, THEN ANY ACCOUNT ESTABLISHED FOR THE BENEFIT OF ANY INDIVIDUAL UNDER SUCH PROGRAM SHALL CEASE TO BE A PERSONAL DEVELOPMENT ACCOUNT AS OF THE FIRST DAY OF SUCH TERMINATION AND ANY BALANCE IN SUCH ACCOUNT SHALL BE DEEMED TO HAVE BEEN WITHDRAWN ON SUCH DAY BY SUCH INDIVIDUAL FOR PURPOSES OTHER THAN TO PAY QUALIFIED EXPENSES.

S 300-I. REPORTING, MONITORING, AND EVALUATION. 1. EACH QUALIFIED FINANCIAL INSTITUTION OR QUALIFIED NOT-FOR-PROFIT ORGANIZATION THAT ESTABLISHES A QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAM SHALL REPORT ANNUALLY TO THE SECRETARY OF STATE WITHIN NINETY DAYS AFTER THE END OF EACH CALENDAR YEAR ON:

(A) THE NUMBER OF ELIGIBLE INDIVIDUALS MAKING CONTRIBUTIONS INTO PERSONAL DEVELOPMENT ACCOUNTS;

(B) THE AMOUNTS CONTRIBUTED INTO PERSONAL DEVELOPMENT ACCOUNTS AND DEPOSITED INTO PARALLEL ACCOUNTS FOR MATCHING FUNDS;

(C) THE AMOUNTS WITHDRAWN FROM PERSONAL DEVELOPMENT ACCOUNTS AND PARALLEL ACCOUNTS, AND THE PURPOSES FOR WHICH SUCH AMOUNTS WERE WITHDRAWN;

(D) THE BALANCES REMAINING IN PERSONAL DEVELOPMENT ACCOUNTS AND PARALLEL ACCOUNTS; AND

(E) SUCH OTHER INFORMATION AS THE SECRETARY OF STATE MAY DEEM NECESSARY TO HELP MONITOR THE COSTS AND OUTCOMES OF THE PERSONAL DEVELOPMENT ACCOUNT PROGRAM.

2. NOT LATER THAN JANUARY FIRST, NEXT SUCCEEDING THE EFFECTIVE DATE OF THIS SECTION, THE SECRETARY OF STATE SHALL DEVELOP AND IMPLEMENT A PROTOCOL AND PROCESS TO CONTINUALLY MONITOR THE COST AND OUTCOMES OF THE QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAMS ESTABLISHED UNDER SECTION THREE HUNDRED-C OF THIS ARTICLE.

3. BEGINNING JANUARY FIRST, NEXT SUCCEEDING THE EFFECTIVE DATE OF THIS SECTION AND EVERY JANUARY FIRST THEREAFTER, THE SECRETARY OF STATE SHALL ISSUE A PROGRESS REPORT ON THE STATUS OF SUCH QUALIFIED PERSONAL DEVELOPMENT ACCOUNT PROGRAMS.

S 300-J. FUNDS IN PARALLEL ACCOUNTS OF PROGRAM PARTICIPANTS DISREGARDED FOR PURPOSES OF CERTAIN MEANS-TESTED STATE PROGRAMS. NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, IN ANY INSTANCE IN WHICH THE AMOUNT OF FINANCIAL OR OTHER ASSISTANCE PROVIDED TO AN INDIVIDUAL RELIES UPON HIS OR HER INCOME, THE LESSER OF (I) THE SUM OF ALL CONTRIBUTIONS BY AN ELIGIBLE INDIVIDUAL TO A PERSONAL DEVELOPMENT ACCOUNT AND ANY MATCHING DEPOSITS MADE ON BEHALF OF SUCH INDIVIDUAL INTO A PARALLEL ACCOUNT; OR (II) TWO THOUSAND DOLLARS, SHALL NOT BE INCLUDED IN SUCH PERSON'S INCOME.

S 300-K. DESIGNATION OF EARNED INCOME TAX CREDIT PAYMENTS FOR DEPOSIT INTO PERSONAL DEVELOPMENT ACCOUNTS. WITH RESPECT TO THE TAX RETURN OF ANY ELIGIBLE INDIVIDUAL FOR THE TAXABLE YEAR OF THE TAX IMPOSED BY ARTICLE TWENTY-TWO OF THE TAX LAW, SUCH INDIVIDUAL MAY DESIGNATE THAT A SPECIFIED PORTION OF ANY OVERPAYMENT OF TAX FOR SUCH TAXABLE YEAR THAT IS ATTRIBUTABLE TO AN EARNED INCOME CREDIT SHALL BE DEPOSITED INTO A PERSONAL DEVELOPMENT ACCOUNT.

S 2. This act shall take effect on the first of January next succeeding the date on which it shall have become a law.