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FISCAL IMPACT REPORT

SPONSOR HCPAC **DATE TYPED** 03/05/05 **HB** 820/HCPACS

SHORT TITLE Low-Income Household Asset Formation **SB** _____

ANALYST Ford

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
\$1,950.0				Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

The House Consumer and Public Affairs Committee substitute for House Bill 820 appropriates \$1.95 million from the general fund to the local government division of the department of finance and administration (DFA) for the purpose of contracting with statewide nonprofit networks to leverage private charitable donations for a statewide system of community economic development through asset building for low-income households pursuant to the Individual Development Account Act.

Significant Issues

The Individual Development Account Act allows eligible individuals to deposit money into specified accounts and receive matching funds. The funds can be used only for specified purposes such as higher education, purchasing a home, starting or expanding a business or making home repairs.

This bill would provide funding for the nonprofit networks to leverage private charitable donations to assist low income households through the Individuals Development Accounts. State funds and private charitable funds would serve as matching funds for the money deposited by the individual account holder. The bill limits eligible nonprofits to those nonprofits working under the Community Action Act.

FISCAL IMPLICATIONS

The appropriation of \$1.95 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of any fiscal shall not revert.

ADMINISTRATIVE IMPLICATIONS

DFA will have to establish procedures for distributing the funding.

TECHNICAL ISSUES

The bill does not specify a matching formula to indicate what percentage will come from the state, private charitable contributions and individual's deposits.

EF/lg