SESSION OF 2017

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2160

As Recommended by House Committee on
Children and Seniors

Brief*

HB 2160 would amend the Individual Development Account (IDA) Program Act, which provides for a matched savings program for low-income families and individuals, to allow participation by individuals likely to age out of the foster care program for certain qualified vehicle expenses and start-up costs as described below. The bill also would make technical amendments.

The bill would add the following definitions:

- "Individuals who were likely to age out of foster care" would mean youth who were in an out-of-home placement in the custody of the Department for Children and Families (DCF), the Department of Corrections, or a tribal government for any length of time on or after the child's 15th birthday; have been released from such custody; and are currently 18 years of age or older;
- "Qualified vehicle expenses" would mean the costs associated with the purchase of a qualified vehicle (defined as an automobile or truck which has passed an inspection by a certified automotive mechanic), including purchase price, up to 12 months of automobile insurance premium costs, registration, tags, and associated personal property tax; and

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*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at http://www.kslegislature.org

- “Start-up costs” would mean expenses a youth leaving foster care will incur to establish a residence, including rent and deposits, utility deposits, necessary household supplies, and necessary furniture and appliances.

An IDA holder would be allowed to withdraw moneys from the account on the approval of the community-based organization approved to implement the IDA reserve fund, without penalty, for expenditures for individuals who were likely to age out of foster care for qualified vehicle expenses and start-up costs.

Background

The bill was introduced by the House Committee on Children and Seniors at the request of the DCF. In the House Committee hearing, a DCF representative testified in support of the bill, stating the bill would allow savings by youth who have transitioned out of foster care to be matched under the IDA program for start-up costs and vehicle purchases and associated vehicle costs. The DCF representative stated, just as all IDA participants, the youth exiting foster care would be required to complete financial education courses. Written-only proponent testimony was provided by a representative of Interfaith Housing Services, Inc., which manages the IDA program through its Creating Assets, Savings & Hope (CASH) program.

No neutral or opponent testimony was provided.

According to the fiscal note prepared by the Division of the Budget, the Department of Revenue indicates enactment of the bill has the potential to increase donations to IDAs by expanding the allowable expenditures from an IDA. The bill would not alter the tax credit associated with program contributions to an IDA. The Department of Revenue does not have data to determine the amount of additional tax credits claimed by taxpayers to provide a precise estimate of the reduction to State General Fund (SGF) revenues; however, the reduction in SGF revenue is estimated to be negligible.

The Department of Commerce indicates it is responsible for managing the IDA Tax Credit Program and allowing additional IDA expenditures would have no fiscal effect on the operation of this program.

The DCF indicates enactment of the bill would have no fiscal effect on the operation of the foster care system and the bill has the potential to benefit DCF Independent Living clients aging out of the foster care system.