

Whereas, in the current fiscal environment, the State should invest existing resources in high-yielding initiatives and the financial returns of Individual Development Accounts, including increased income, tax revenue, and decreased public assistance costs, will exceed the cost of investment; Now, therefore,

1 The General Assembly of North Carolina enacts:

2 Section 1. There is appropriated from the General Fund to the Department of
3 Labor the sum of three hundred thousand dollars (\$300,000) for the 1997-98 fiscal year
4 and the sum of three hundred thousand dollars (\$300,000) for the 1998-99 fiscal year to
5 establish a pilot project creating Individual Development Accounts (IDA) designed to:

- 6 (1) Provide individuals and families, especially the working poor, an
7 opportunity and an incentive to accumulate assets.
8 (2) Promote investments in education, homeownership, and microenterprise
9 development.
10 (3) Demonstrate that household savings strategies, such as the development
11 of IDAs, can be a powerful strategy for assisting working persons and
12 families to achieve long-term self-sufficiency.
13 (4) Utilize and build comprehensive community partnerships that support
14 asset building in low-wealth communities.

15 Section 2. The funds appropriated by this act shall be made available to serve
16 as matching funds for personal savings of qualified participants selected to participate in
17 a multiyear demonstration to last not more than five years. Other expenses of the
18 demonstration, including training, technical assistance, evaluation, and other program and
19 administrative expenses, shall be covered from other public and private sources.
20 Matching funds provided from the funds appropriated in this act may be used by qualified
21 participants for home purchase, investment in a business or self-employment venture
22 owned by the participant, or costs of postsecondary education or training for the
23 participant. Participants shall not be restricted as to the amounts or sources of funds
24 deposited in the account, but in order to create the incentive for continued savings, only
25 savings from earned income will qualify for State matching funds. Tax return reports of
26 earned income shall be used to verify compliance.

27 Section 3. This act becomes effective July 1, 1997.