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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 4898

03/13/2024 Authored by Hanson, J., The bill was read for the first time and referred to the Committee on Children and Families Finance and Policy

1.1 A bill for an act
1.2 relating to human services; modifying the family assets for independence program;
1.3 amending Minnesota Statutes 2022, section 256E.35, subdivision 5; Minnesota
1.4 Statutes 2023 Supplement, section 256E.35, subdivision 2.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2023 Supplement, section 256E.35, subdivision 2, is amended
1.7 to read:

1.8 Subd. 2. Definitions. (a) The definitions in this subdivision apply to this section.

1.9 (b) "Eligible educational institution" means the following:

1.10 (1) an institution of higher education described in section 101 or 102 of the Higher
1.11 Education Act of 1965; or

1.12 (2) an area vocational education school, as defined in subparagraph (C) or (D) of United
1.13 States Code, title 20, chapter 44, section 2302 (3) (the Carl D. Perkins Vocational and
1.14 Applied Technology Education Act), which is located within any state, as defined in United
1.15 States Code, title 20, chapter 44, section 2302 (30). This clause is applicable only to the
1.16 extent section 2302 is in effect on August 1, 2008.

1.17 (c) "Family asset account" means a savings account opened by a household participating
1.18 in the Minnesota family assets for independence initiative.

1.19 (d) "Fiduciary organization" means:

1.20 (1) a community action agency that has obtained recognition under section 256E.31;

1.21 (2) a federal community development credit union;

- 2.1 (3) a women-oriented economic development agency;
- 2.2 (4) a federally recognized Tribal Nation; or
- 2.3 (5) a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue
2.4 Code.
- 2.5 (e) "Financial coach" means a person who:
- 2.6 (1) has completed an intensive financial literacy training workshop that includes
2.7 curriculum on budgeting to increase savings, debt reduction and asset building, building a
2.8 good credit rating, and consumer protection;
- 2.9 (2) participates in ongoing statewide family assets for independence in Minnesota (FAIM)
2.10 network training meetings under FAIM program supervision; and
- 2.11 (3) provides financial coaching to program participants under subdivision 4a.
- 2.12 (f) "Financial institution" means a bank, bank and trust, savings bank, savings association,
2.13 or credit union, the deposits of which are insured by the Federal Deposit Insurance
2.14 Corporation or the National Credit Union Administration.
- 2.15 (g) "Household" means all individuals who share finances and use of a dwelling unit as
2.16 primary quarters for living and eating separate from other individuals. Sharing finances
2.17 does not include situations in which a person is living in the same dwelling unit as others
2.18 without sharing any other financial arrangements.
- 2.19 (h) "Permissible use" means:
- 2.20 (1) postsecondary educational expenses at an eligible educational institution as defined
2.21 in paragraph (b), including books, supplies, and equipment required for courses of instruction;
- 2.22 (2) acquisition costs of acquiring, constructing, or reconstructing a residence, including
2.23 any usual or reasonable settlement, financing, or other closing costs;
- 2.24 (3) business capitalization expenses for expenditures on capital, plant, equipment, working
2.25 capital, and inventory expenses of a legitimate business pursuant to a business plan approved
2.26 by the fiduciary organization;
- 2.27 (4) acquisition costs of a principal residence within the meaning of section 1034 of the
2.28 Internal Revenue Code of 1986 which do not exceed 100 percent of the average area purchase
2.29 price applicable to the residence determined according to section 143(e)(2) and (3) of the
2.30 Internal Revenue Code of 1986;
- 2.31 (5) acquisition costs of a personal vehicle only if approved by the fiduciary organization;

3.1 (6) contributions to an emergency savings account; and

3.2 (7) contributions to a Minnesota 529 savings plan.

3.3 Sec. 2. Minnesota Statutes 2022, section 256E.35, subdivision 5, is amended to read:

3.4 Subd. 5. **Household eligibility; participation.** (a) To be eligible for ~~state or TANF~~
3.5 ~~matching funds in~~ the family assets for independence initiative, a household must ~~meet the~~
3.6 ~~eligibility requirements of the federal Assets for Independence Act, Public Law 105-285,~~
3.7 ~~in Title IV, section 408 of that act~~ have maximum income that is equal to or less than the
3.8 greater of:

3.9 (1) 50 percent of the area median income as determined by the United States Department
3.10 of Housing and Urban Development; or

3.11 (2) 200 percent of the federal poverty guidelines.

3.12 (b) To be eligible for state matching funds under this section, a household must meet
3.13 the requirements of this section.

3.14 ~~(b)~~ (c) Each participating household must sign a family asset agreement that includes
3.15 the amount of scheduled deposits into its savings account, the proposed use, and the proposed
3.16 savings goal. A participating household must agree to complete an economic literacy training
3.17 program.

3.18 ~~(e)~~ (d) Participating households may only deposit money that is derived from household
3.19 earned income or from state and federal income tax credits.