STATE OF OKLAHOMA

2nd Session of the 46th Legislature (1998)

CONFERENCE COMMITTEE SUBSTITUTE
FOR ENGROSSED
SENATE BILL NO. 1350

By: Brown, Muegge and Williams of the Senate

and

Toure and Roach of the House

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to individual development accounts; creating the Family Savings Initiative Act; providing short title; stating purposes; stating legislative findings; defining terms; authorizing Oklahoma Department of Human Services to enter into certain contracts with fiduciary organizations relating to establishment of individual development accounts; providing procedures therefor; stating criteria for awarding of such contracts; providing responsibilities of fiduciary organizations; providing for certain grants; providing procedures for opening of individual development accounts; providing for disbursement of certain matching funds and limiting amounts thereof; requiring certain notification; providing that account holder not eligible for certain provisions if income exceeds certain amount; stating purposes for which individual development accounts may be used; prohibiting unauthorized withdrawals and providing penalties; providing procedures in case of unauthorized withdrawal; requiring establishment of grievance committee and procedure; requiring Department of Human Services to implement act and promulgate rules; creating Individual Development Account Revolving Fund; providing for deposits to and expenditures from fund; amending 31 O.S. 1991, Section 1, which relates to property exempt from attachment, execution or forced sale; exempting funds in individual development account therefrom; amending Sections 3 and 5, Chapter 414, O.S.L. 1997 (56 O.S. Supp. 1997, Sections 230.52 and 230.54), which relate to the Temporary Assistance for Needy Families Program; exempting individual development accounts from resource determination criteria for purposes of TANF Program; modifying definition; providing for codification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 251 of Title 56, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Family Savings Initiative Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 252 of Title 56, unless there is created a duplication in numbering, reads as follows:

The purpose of the Family Savings Initiative Act is to provide for the establishment of individual development accounts designed to:

1. Provide individuals and families with limited means an opportunity to accumulate assets;

2. Facilitate and mobilize savings;

3. Promote home ownership, microenterprise development, education, saving for retirement, and automobile purchase; and

4. Stabilize families and build communities.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 253 of Title 56, unless there is created a duplication in numbering, reads as follows:

The Legislature hereby finds that:

1. Americans of most economic classes are having increasing difficulty climbing the economic ladder. Fully half of all Americans have no, negligible or negative investable assets just as the price of entry to the economic mainstream, such as the cost of a house, starting a business, an adequate education, establishing a retirement account, or purchasing an automobile, is increasing;

2. Economic well-being does not come solely from income, spending, and consumption, but also requires savings, investment, and accumulation of assets, since assets can improve economic stability, connect people with a viable and hopeful future, stimulate development of human and other capital, enable people to focus and specialize, yield personal and social dividends, and enhance the welfare of offspring;

3. There is an urgent need for new means for Americans to navigate the labor market and to provide incentives and means for employment, upgrading, mobility, and retention;

4. The household savings rate of the United States lags far behind other industrial nations, presenting a barrier to economic growth. The State of Oklahoma should develop policies, such as individual development accounts, that promote higher rates of personal savings and net private domestic investment;

5. In the current fiscal environment, the State of Oklahoma should invest existing resources in high-yielding initiatives. There is reason to believe that the financial returns, including increased income, tax revenue, and decreased welfare cash assistance, of individual development accounts will far exceed the cost of investment;

6. Tens of thousands of Oklahomans continue to live in poverty and receive public assistance. Poverty is a loss of human resources, an assault on human dignity, and a drain on social and fiscal resources of this state. Traditional public assistance programs, concentrating on income and consumption, have rarely been successful in promoting and supporting the transition to economic self-sufficiency; and

7. Income-based social policy should be complemented with asset-based social policy, because while income-based policies ensure that consumption needs, including food, child care, rent, clothing, and health care, are met, asset-based policies provide the means to achieve economic self-sufficiency and climb the economic ladder.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 254 of Title 56, unless there is created a duplication in numbering, reads as follows:

As used in this act:

1. "Department" means the Department of Human Services;

2. "Eligible educational institution" means the following:

a. an institution described in 20 U.S.C., Section 1088(a)(1) or 1141(a), as such sections are in effect on November 1, 1998, and

b. an area vocational education school, as defined in 20 U.S.C., Section 2471(4), subparagraph (C) or (D), as such section is in effect on November 1, 1998;

3. "Federal poverty level" means the poverty income guidelines published for a calendar year by the United States Department of Health and Human Services;

4. "Fiduciary organization" means the organization that will serve as an intermediary between an individual account holder and a financial institution holding account funds. Fiduciary organizations may include:

a. not-for-profit organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, 26 U.S.C., Section 501(c)(3),

b. state or local government agencies submitting an application jointly with another entity described in this paragraph,

c. community development financial institutions as defined pursuant to federal law,

d. for-profit financial institutions and community development corporations,

e. credit unions, or

f. partnerships involving any of the above;

5. "Financial institution" means an organization authorized to do business under state or federal laws relating to financial institutions, and includes but is not limited to a bank, trust company, savings bank, building and loan association, savings and loan company or association, or credit union;

6. "Individual development account" or "IDA" means an account created pursuant to this act exclusively for the purpose of paying the expenses of an eligible individual or family for the purposes set forth in Section 7 of this act;

7. "Operating costs" includes, but is not limited to, administrative costs and costs of training IDA participants in economic and financial literacy and IDA uses;

8. "Postsecondary educational expenses" means:

a. tuition and fees required for the enrollment or attendance of an IDA account holder or immediate family member thereof who is a student at an eligible educational institution, and

b. fees, books, supplies, and equipment required for courses of instruction for an IDA account holder or immediate family member thereof who is a student at an eligible educational institution;

9. "Qualified acquisition costs" means the costs of acquiring, constructing, or reconstructing a residence to be occupied by an IDA account holder or an immediate family member thereof, including, but not limited to, any usual or reasonable settlement, financing, or other closing costs;

10. "Qualified business" means any business that does not contravene any law or public policy;

11. "Qualified business capitalization expenses" means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan;

12. "Qualified expenditures" means expenditures included in a qualified plan, including but not limited to capital, plant, equipment, working capital, and inventory expenses;

13. "Qualified plan" means a plan for the operation of a business by an IDA account holder or an immediate family member thereof which:

a. is approved by a financial institution, or by a nonprofit microenterprise program having demonstrated business expertise,

b. includes a description of services or goods to be sold, a marketing plan, and projected financial statements,

c. may require the eligible individual to obtain the assistance of an experienced entrepreneurial advisor, and

d. is approved by the Department of Human Services; and

14. "Qualified principal residence" means a principal residence within the meaning of Section 1034 of the Internal

Revenue Code of 1986, 26 U.S.C., Section 1034, of an IDA account holder or an immediate family member thereof, the qualified acquisition costs of which do not exceed the average area purchase price applicable to such residence, determined in accordance with paragraphs (2) and (3) of Section 143(e) of the Internal Revenue Code, 26 U.S.C., Section 143(e)(2) and (3).

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 255 of Title 56, unless there is created a duplication in numbering, reads as follows:

A. The Department of Human Services shall enter into contracts with one or more fiduciary organizations pursuant to the provisions of this section, in such a manner that every qualified resident of the state has access to at least one fiduciary organization for the purpose of opening an individual development account. An organization based in this state which desires to enter into such a contract shall submit a proposal to the Department for the right to be approved as a fiduciary organization. Such proposals shall be made upon forms prescribed by the Department and shall contain such information as the Department may require.

B. Organizations' proposals shall be evaluated and contracts awarded by the Department on the basis of such items as geographic diversity and an organization's:

1. Ability to market the project to potential account holders;

2. Ability to leverage additional matching and operating funds;

3. Ability to provide safe and secure investments for individual accounts;

4. Overall administrative capacity, including but not limited to the certifications or verifications required to assure compliance with eligibility requirements, authorized uses of the accounts, matching contributions by individuals or businesses, and penalties for unauthorized distributions;

5. Capacity to provide financial counseling and other related service to potential participants;

6. Links to other activities designed to increase the independence of individuals and families through home ownership, small business development, enhanced education and training, saving for retirement, and automobile purchase; and

7. Operating costs.

Responsibilities of a fiduciary organization shall include, but not be limited to, marketing participation, soliciting matching contributions, counseling project participants, conducting basic economic and financial literacy training and IDA use training for project participants, and conducting required verification and compliance activities. Neither a fiduciary organization nor an employee of or person associated with a fiduciary organization shall receive anything of value, other than compensation for services, for any act performed in connection with the establishment of an IDA or in furtherance of the provisions of this act.

C. For each contract entered into pursuant to the provisions of this section, the Department shall make a grant to the qualified fiduciary organization not later than April 1 of each year. The amount of any single grant made shall not exceed one-fourth of the amount of funds in the IDA Revolving Fund created in Section 10 of this act at the time the grant is made. The fiduciary organization shall use not less than eighty-five percent (85%) for matching funds and not more than fifteen percent (15%) for operating costs.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 256 of Title 56, unless there is created a duplication in numbering, reads as follows:

A. An individual who is a resident of this state may submit an application to open an individual development account to a fiduciary organization approved by the Department of Human Services pursuant to the provisions of Section 5 of this act. Such application shall be made upon a form prescribed by the Department. The fiduciary organization shall approve the application only if the individual has gross household income from all sources for the calendar year preceding the year in which the application is made which does not exceed two hundred percent (200%) of the federal poverty level.

B. An individual opening an IDA shall be required to enter into an IDA agreement with the fiduciary organization. Not more than one individual from a single household may open an IDA.

C. The fiduciary organization shall be responsible for coordinating arrangements between the individual and a financial institution to open the individual's IDA.

D. Each fiduciary organization shall provide written notification to each of its eligible IDA account holders of the amount of matching funds provided by the Department pursuant to the provisions of subsection C of Section 5 of this act to which each such IDA account holder is entitled. Such notification shall be made at such intervals as the fiduciary organization deems appropriate, but shall be required to be made at least once each calendar year. The amount of such matching funds for each IDA account holder shall be as follows:

1. For an IDA account holder who had gross household income from all sources for the preceding calendar year less than or equal to one hundred percent (100%) of the federal poverty level, One Dollar ($1.00) for each dollar contributed to the IDA by the IDA account holder during the preceding calendar year. The amount of such matching funds shall not exceed Five Hundred Dollars ($500.00) per IDA account holder per year;

2. For an IDA account holder who had gross household income from all sources for the preceding calendar year of more than one hundred percent (100%) of the federal poverty level but less than or equal to one hundred fifty percent (150%) of the federal poverty level, seventy-five cents ($0.75) for each dollar contributed to the IDA by the IDA account holder during the preceding calendar year. The amount of such matching funds shall not exceed Five Hundred Dollars ($500.00) per IDA account holder per year; and

3. For an IDA account holder who had gross household income from all sources for the preceding calendar year of more than one hundred fifty percent (150%) of the federal poverty level but less

than or equal to two hundred percent (200%) of the federal poverty level, fifty cents ($0.50) for each dollar contributed to the IDA by the IDA account holder during the preceding calendar year. The amount of such matching funds shall not exceed Five Hundred Dollars ($500.00) per IDA account holder per year.

If the amount provided by the Department pursuant to the provisions of subsection C of Section 5 of this act is insufficient to disburse the maximum amounts specified in this subsection, amounts of disbursements shall be reduced proportionally based upon available funds. If the amount provided by the Department pursuant to the provisions of subsection C of Section 5 of this act is in excess of the amount required to disburse the maximum amounts specified in this subsection, such excess funds shall be returned to the Department and deposited to the Individual Development Account Revolving Fund created pursuant to the provisions of Section 10 of this act.

Nothing in this subsection shall be construed to prohibit or limit a fiduciary organization from providing matching funds from sources other than the Department to its IDA account holder on such terms and under such conditions as it deems appropriate.

E. If an IDA account holder has gross household income from all sources for a calendar year which exceeds two hundred percent (200%) of the federal poverty level, the IDA account holder shall not be eligible to receive funds pursuant to the provisions of subsection D of this section in the following year.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 257 of Title 56, unless there is created a duplication in numbering, reads as follows:

Individual development accounts may be used for any of the following qualified purposes:

1. Qualified acquisition costs with respect to a qualified principal residence for a qualified home buyer, or the costs of major repairs or improvements to a qualified principal residence, if paid directly to the persons to whom the amounts are due;

2. Amounts paid directly to a business capitalization account which is established in a federally insured financial institution

and is restricted to use solely for qualified business capitalization expenses consistent with a qualified plan;

3. Postsecondary educational expenses paid directly to an eligible educational institution;

4. Amounts paid directly to an individual retirement account or education IRA established pursuant to federal law in the name of the IDA account holder or an immediate family member thereof; and

5. Qualified acquisition costs with respect to purchase of an automobile, or costs of repair of an automobile, if paid directly to a licensed automobile dealer or repair shop.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 258 of Title 56, unless there is created a duplication in numbering, reads as follows:

A. If the fiduciary organization receives evidence that monies withdrawn from IDAs are withdrawn under false pretenses or are used for purposes other than for the approved purposes indicated at the time of the withdrawal, the fiduciary organization shall make arrangements with the financial institution to impose a penalty of ten percent (10%) of the amount of the monies withdrawn or loss of matches and may, at its discretion, close the account. If the fiduciary organization is unable to impose the penalty specified herein, it shall notify the Oklahoma Tax Commission and the amount of such penalty shall be added to the income tax liability of the IDA account holder. All penalties collected by fiduciary organizations or the Tax Commission shall be deposited to the Individual Development Account Revolving Fund created pursuant to the provisions of Section 10 of this act.

B. The amount of any withdrawal for purposes other than those set forth in Section 7 of this act, or any withdrawal for purposes other than for the approved purposes indicated at the time of the withdrawal, shall be taxed as income during the year in which the withdrawal is made. The fiduciary organization shall notify the Tax Commission of any such withdrawals made.

C. The fiduciary organization shall establish a grievance committee and a procedure to hear, review, and decide in writing any grievance made by an IDA account holder who disputes a decision of the operating organization that a withdrawal is subject to penalty.

D. Each fiduciary organization shall establish such regulations as are necessary, including prohibiting eligibility for further matching funds, to ensure compliance with this section.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 259 of Title 56, unless there is created a duplication in numbering, reads as follows:

The Department of Human Services shall be responsible for implementation of this act and shall promulgate rules as necessary in accordance with the provisions of this act.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 260 of Title 56, unless there is created a duplication in numbering, reads as follows:

There is hereby created in the State Treasury a revolving fund for the Department of Human Services to be designated the "Individual Development Account (IDA) Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies appropriated or contributed thereto. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Department for grants awarded pursuant to the provisions of subsection C of Section 5 of this act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

SECTION 11. AMENDATORY 31 O.S. 1991, Section 1, is amended to read as follows:

Section 1. A. Except as otherwise provided in this title and notwithstanding subsection B of this section, the following property shall be reserved to every person residing in the state, exempt from attachment or execution and every other species of forced sale for the payment of debts, except as herein provided:

1. The home of such person, provided that such home is the principal residence of such person;

2. A manufactured home, provided that such manufactured home is the principal residence of such person;

3. All household and kitchen furniture held primarily for the personal, family or household use of such person or a dependent of such person;

4. Any lot or lots in a cemetery held for the purpose of sepulcher;

5. Implements of husbandry necessary to farm the homestead;

6. Tools, apparatus and books used in any trade or profession of such person or a dependent of such person;

7. All books, portraits and pictures that are held primarily for the personal, family or household use of such person or a dependent of such person;

8. The person's interest, not to exceed Four Thousand Dollars ($4,000.00) in aggregate value, in wearing apparel that is held primarily for the personal, family or household use of such person or a dependent of such person;

9. All professionally prescribed health aids for such person or a dependent of such person;

10. Five milk cows and their calves under six (6) months old, that are held primarily for the personal, family or household use of such person or a dependent of such person;

11. One hundred chickens, that are held primarily for the personal, family or household use of such person or a dependent of such person;

12. Two horses and two bridles and two saddles, that are held primarily for the personal, family or household use of such person or a dependent of such person;

13. Such person's interest, not to exceed Three Thousand Dollars ($3,000.00) in value, in one motor vehicle;

14. One gun, that is held primarily for the personal, family or household use of such person or a dependent of such person;

15. Ten hogs, that are held primarily for the personal, family or household use of such person or a dependent of such person;

16. Twenty head of sheep, that are held primarily for the personal, family or household use of such person or a dependent of such person;

17. All provisions and forage on hand, or growing for home consumption, and for the use of exempt stock for one (1) year;

18. Seventy-five percent (75%) of all current wages or earnings for personal or professional services earned during the last ninety (90) days, except as provided in Title 12 of the Oklahoma Statutes in garnishment proceedings for collection of child support;

19. Such person's right to receive alimony, support, separate maintenance or child support payments to the extent reasonably necessary for the support of such person and any dependent of such person;

20. Subject to the Uniform Fraudulent Transfer Act, Section 112 et seq. of Title 24 of the Oklahoma Statutes, any interest in a retirement plan or arrangement qualified for tax exemption purposes under present or future Acts of Congress; provided, such interest shall be exempt only to the extent that contributions by or on behalf of a participant were not subject to federal income taxation to such participant at the time of such contributions, plus earnings and other additions thereon; provided further, any transfer or rollover contribution between retirement plans or arrangements which avoids current federal income taxation shall not be deemed a transfer which is fraudulent as to a creditor under the Uniform Fraudulent Transfer Act. "Retirement plan or arrangement qualified for tax exemption purposes" shall include without limitation, trusts, custodial accounts, insurance, annuity contracts and other properties and rights constituting a part thereof. By way of example and not by limitation, retirement plans or arrangements qualified for tax exemption purposes permitted under present Acts of Congress include defined contribution plans and defined benefit plans as defined under the

Internal Revenue Code ("IRC"), individual retirement accounts, individual retirement annuities, simplified employee pension plans, Keogh plans, IRC Section 403(a) annuity plans, IRC Section 403(b) annuities, and eligible state deferred compensation plans governed under IRC Section 457. This provision shall be in addition to and not a limitation of any other provision of the Oklahoma Statutes which grants an exemption from attachment or execution and every other species of forced sale for the payment of debts. This provision shall be effective for retirement plans and arrangements in existence on, or created after the effective date of this act; ~~and~~

21. Such person's interest in a claim for personal bodily injury, death or workers' compensation claim, for a net amount not in excess of Fifty Thousand Dollars ($50,000.00), but not including any claim for exemplary or punitive damages<u>; and</u>

<u>22. Funds in an individual development account established pursuant to the provisions of Sections 1 through 10 of this act</u>.

B. No natural person residing in this state may exempt from the property of the estate in any bankruptcy proceeding the property specified in subsection (d) of Section 522 of the Bankruptcy Reform Act of 1978, Public Law 95-598, 11 U.S.C.A. 101 et seq., except as may otherwise be expressly permitted under this title or other statutes of this state.

C. In no event shall any property under paragraph 5 or 6 of subsection A of this section, the total value of which exceeds Five Thousand Dollars ($5,000.00), of any person residing in this state be deemed exempt.

SECTION 12. AMENDATORY Section 3, Chapter 414, O.S.L. 1997 (56 O.S. Supp. 1997, Section 230.52), is amended to read as follows:

Section 230.52 A. Except for specific exceptions, conditions or restrictions authorized by the Statewide Temporary Assistance Responsibility System (STARS) and rules promulgated by the Commission for Human Services pursuant thereto, the following are the minimum mandatory requirements for the Temporary Assistance for Needy Families (TANF) program:

1. A recipient shall be eligible to receive assistance pursuant to the TANF program only for a lifetime total of five (5) years. Child-only cases are not subject to the five-year limitation;

2. Single parents receiving temporary assistance pursuant to the TANF program shall participate in work activities for a minimum of twenty (20) hours per week during the month. Two-parent families receiving temporary assistance pursuant to the TANF program shall participate in work activities for a minimum of thirty-five (35) hours per week during the month;

3. A recipient must be engaged in one or more of the work activities set out in paragraph 4 of this subsection as soon as required by the Department of Human Services pursuant to the TANF program, but not later than twenty-four (24) months after certification of the application for assistance, unless the person is exempt from work requirements under rules promulgated by the Commission pursuant to the STARS;

4. The Department shall develop and describe categories of approved work activities for the TANF program recipients in accordance with this paragraph. Work activities that qualify in meeting the requirements include, but are not limited to:

a. unsubsidized employment which is full-time employment or part-time employment that is not directly supplemented by federal or state funds,

b. subsidized private sector employment which is employment in a private for-profit enterprise or a private not-for-profit enterprise that is directly supplemented by federal or state funds. Prior to receiving any subsidy or incentive, the employer shall enter into a written contract with the Department,

c. subsidized public sector employment which is employment by an agency of a federal, state, or local governmental entity which is directly supplemented by federal or state funds. Prior to receiving any subsidy or incentive, the employer shall enter into a written contract with the Department,

d. a program of work experience,

e. on-the-job training,

f. assisted job search which may include supervised or unsupervised job-seeking activities,

g. job readiness assistance which may include, but is not limited to:

(1) orientation in the work environment and basic job-seeking and job retention skills,

(2) instruction in completing an application for employment and writing a resume, and

(3) instruction in conducting oneself during a job interview, including appropriate dress,

h. job skills training which is directly related to employment in a specific occupation for which there is a written commitment by an employer to offer employment to a recipient who successfully completes the training. Job skills training includes, but is not limited to, customized training designed to meet the needs of a specific employer or a specific industry,

i. community service programs which are job-training activities provided in areas where sufficient public or private sector employment is not available. Such activities are linked to both education or training and activities that substantially enhance a recipient's employability,

j. literacy and adult basic education programs,

k. vocational-educational programs, not to exceed twelve (12) months for any individual, which are directed toward vocational-educational training and education directly related to employment,

l. education programs which are directly related to specific employment opportunities, if a recipient has not received a high school diploma or General Equivalency Degree, and

m. child care for other STARS recipients. The recipient must meet training and licensing requirements for child care providers as required by the Oklahoma Child Care Facilities Licensing Act;

5. Single, custodial parents with a child up to one (1) year of age may be exempt from work activities for a lifetime total exemption of twelve (12) months;

6. In order to receive assistance, unmarried teen parents of a minor child at least twelve (12) weeks of age must participate in educational activities or work activities approved by the state;

7. For single-parent families, except for teen parents, educational activities, other than vocational-technical training, do not count toward meeting the required twenty (20) hours of work activity. For two-parent families, educational activities, except vocational-technical training, do not count toward meeting the required thirty-five (35) hours of work activity;

8. A teen parent must live at home or in an approved, adult-supervised setting as specified in Section ~~6~~ 230.55 of this ~~act~~ title to receive TANF assistance;

9. A recipient must comply with immunization requirements established pursuant to the TANF program;

10. A recipient shall be subject to the increment in benefits for additional children established by Section ~~9~~ 230.58 of this ~~act~~ title;

11. The following recipient resources are exempt from resource determination criteria:

a. an automobile with an equity allowance of not more than Five Thousand Dollars ($5,000.00) pursuant to Section ~~4~~ 230.53 of this ~~act~~ title,

b. individual development accounts established pursuant to ~~Section 5 of this act~~ the Family Savings Initiative Act, or individual development accounts established prior to November 1, 1998, pursuant to the provisions of Section 230.54 of this title in an amount not to exceed Two Thousand Dollars ($2,000.00),

c. the equity value of funeral arrangements owned by a recipient that does not exceed the limitation specified by Section 165 of ~~Title 56 of the Oklahoma Statutes~~ this title, and

d. earned income disregards not to exceed One Hundred Twenty Dollars ($120.00) and one-half (1/2) of the remainder of the earned income;

12. An applicant who applies and is otherwise eligible to receive TANF benefits but who has resided in this state less than twelve (12) months shall be subject to Section ~~8~~ 230.57 of this ~~act~~ title;

13. The recipient shall enter into a personal responsibility agreement with the Department for receipt of assistance pursuant to ~~Section 16 of this act~~ Section 230.65 of this title;

14. a. As a condition of participating in the STARS, all recipients are deemed to have given authorization for the release of any and all information necessary to allow all state and federal agencies to meet the program needs of the recipient.

b. The recipient shall be provided a release form to sign in order to obtain the required information. Failure to sign the release form may result in case closure; and

15. The recipient shall comply with all other conditions and requirements of the STARS, and rules of the Commission promulgated pursuant thereto.

B. 1. Agencies of this state involved in providing services to recipients pursuant to the STARS shall exchange information as necessary for each agency to accomplish objectives and fulfill obligations created or imposed by the STARS and rules promulgated pursuant thereto.

2. Information received pursuant to the STARS shall be maintained by the applicable agency and, except as otherwise

provided by this subsection, shall be disclosed only in accordance with any confidentiality provisions applicable to the agency originating the information.

3. The various agencies of the state shall execute operating agreements to facilitate information exchanges pursuant to the STARS.

C. In implementing the TANF program, the Department shall:

1. Provide assistance to aliens pursuant to Section ~~26~~ 230.73 of this ~~act~~ title;

2. Provide for the closure of the TANF case when the adult recipient refuses to cooperate with agreed upon work activities or other case requirements pursuant to the TANF program;

3. Provide for the sanctioning of parents who do not require their minor children to attend school; and

4. Deny temporary assistance to fugitive felons.

D. In order to ensure that the needy citizens of this state are receiving necessary benefits, the Department shall maintain a listing of all recipients receiving public assistance. The listing shall reflect each recipient's income, social security number, and the programs in which the recipient is participating including, but not limited to, TANF, food stamps, child care, and medical assistance.

E. The Department is hereby authorized to establish a grant diversion program and emergency assistance services.

SECTION 13. AMENDATORY Section 5, Chapter 414, O.S.L. 1997 (56 O.S. Supp. 1997, Section 230.54), is amended to read as follows:

Section 230.54 A. As used in the Temporary Assistance for Needy Families (TANF) program, an "individual development account" means an account established by a recipient under the TANF program ~~and rules promulgated by the Commission for Human Services pursuant thereto for any of the following:~~

~~1. Paying for postsecondary education expenses;~~

~~2. Setting aside funds for the purchase of a first home to be used as the recipient's primary residence;~~

~~3. Contributing to a business capitalization account; and~~

~~4. Any other uses authorized by the TANF program~~ pursuant to the provisions of the Family Savings Initiative Act or an account established prior to November 1, 1998, pursuant to the provisions of this section.

B. ~~The Commission for Human Services shall promulgate rules that enable recipients to fund individual development accounts for the purposes in subsection A of this section that are consistent with the requirements in Section 404(h) of the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193. The Commission shall also promulgate rules that sanction recipients who misuse or abuse the spending down of funds contained in the individual development account for purposes not authorized pursuant to the TANF program.~~

~~C.~~ Funds deposited in an individual development account, in an amount not to exceed Two Thousand Dollars ($2,000.00), shall not be counted as resources by the Department of Human Services in determining financial eligibility for assistance or services pursuant to the TANF program.

SECTION 14. This act shall become effective November 1, 1998.

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