

**SENATE . . . . . No.**

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**The Commonwealth of Massachusetts**

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PRESENTED BY:

***James B. Eldridge***

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*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

**An Act to promote economic mobility through matched savings.**

\_\_\_\_\_

PETITION OF:

NAME:

*James B. Eldridge*

DISTRICT/ADDRESS:

*Middlesex and Worcester*

**SENATE . . . . . No.**

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[Pin Slip]

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[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE SENATE, NO. 628 OF 2023-2024.]

**The Commonwealth of Massachusetts**

\_\_\_\_\_  
**In the One Hundred and Ninety-Fourth General Court  
(2025-2026)**  
\_\_\_\_\_

An Act to promote economic mobility through matched savings.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 Chapter 23A of the General Laws is hereby amended by adding the following three

2 sections:-

3 Section 70.

4 (a) As used in this section, the following words shall, unless the context clearly requires

5 otherwise, have the following meanings:

6 “Account holder”, a household that is an eligible participant.

7 “Eligible participant”, a household which has an income that does not exceed 80 percent

8 of the median income for the area, as such median shall be determined from time to time by the

9 secretary of the United States Department of Housing and Urban Development pursuant to 42

10 U.S.C. 1437(a)(B)(2) or any successor legislation and the regulations promulgated thereunder;  
11 provided however, that:

12 (1) notwithstanding any federal law or rule to contrary, a person shall not be denied  
13 assistance under this chapter based wholly or in part on the amount of the person's assets;

14 (2) that any income generated by such assets may be treated as countable income;

15 (3) receipt of federal, state or local public assistance of any form shall not make a  
16 person ineligible to be an account holder.

17 "Community-based organization", a public or private nonprofit organization that is  
18 exempt from taxation under 26 U.S.C. 501(c)(3), a community foundation, housing authority, a  
19 city or town with demonstrated effectiveness in representing a community or a significant  
20 segment of a community and providing educational or related social services to individuals in  
21 that community.

22 "Fiscal intermediary", a Massachusetts nonprofit organization that is exempt from  
23 taxation under 26 U.S.C. 501(c)(3) with demonstrated effectiveness in matched-savings account  
24 management.

25 "Financial institution", a bank, credit union, any association or corporation chartered by  
26 the commonwealth under chapter 168, 170, 171 or 172, or an individual, association, partnership  
27 or corporation incorporated or doing a banking business in the commonwealth subject to the  
28 supervision of the commissioner.

29 "Matched-savings account", a contract between an account holder and a fiscal  
30 intermediary to increase their economic mobility.

31 (b) (1) A person who qualifies to become an account holder may establish a matched-  
32 savings account. The matched-savings account shall permit the account holder to work towards  
33 approved savings goals set forth in subsection (c).

34 (2) A matched-savings account shall provide for the deposit of funds into 2 accounts at a  
35 financial institution: (i) a designated account at a financial institution by the account holder and;

36 (ii) the deposit of matching funds by the fiscal intermediary into a designated account at a  
37 financial institution.

38 (3) Before creating a matched-savings account, a person shall create a savings plan  
39 developed by the participant and a community-based organization. The plan shall provide the  
40 participant with the appropriate financial education, counseling and asset-specific training  
41 designed to increase the economic mobility of the participant's household.

42 (c) Approved savings goals shall serve to increase economic mobility including, but not  
43 limited to:

44 (1) the acquisition of post-secondary education or job training;

45 (2) if the account holder has established the account for the benefit of a household  
46 member who is under the age of 18 years, the payment of extracurricular non-tuition expenses  
47 designed to prepare the member for post-secondary education or job training;

48 3) if the account holder has established a savings plan authorized under 26 U.S.C. 529 or  
49 prepaid tuition plan on behalf of a designated beneficiary, the participant shall provide accurate  
50 account statements to the fiduciary organization in order to earn match;

51 (4) the purchase of a primary residence; provided further, that account moneys under this  
52 paragraph shall be broadly construed to include, but not be limited to: (i) payment on the  
53 purchase price of the residence; and (ii) any usual or reasonable settlement, financing, or other  
54 closing costs;

55 (5) the rental of a primary residence; provided further, that account moneys under this  
56 paragraph shall be broadly construed to include, but not be limited to: (i) security deposits; (ii)  
57 first month's rent; (iii) prepayment of last month's rent; (iv) application fees; (v) major

58 appliances not included in the lease necessary to move into the primary residence; and  
59 (vi) moving expenses;

60 (6) the capitalization of a small business; provided further, that account moneys under  
61 this paragraph shall be broadly construed to include, but not be limited to: (i) capital, plant,  
62 equipment, and inventory expenses, (ii) hiring employees upon capitalization of the small  
63 business; (iii) working capital;

64 (7) improvements, repairs, or modifications to a home already owned and occupied as a  
65 primary residence in Massachusetts by the account holder;

66 (8) the purchase of equipment, adaptive technology or specialized training required to  
67 become competitive in obtaining or maintaining employment, or to start or maintain a business,  
68 or to increase the economic mobility of the account holder;

69 (9) the purchase or repair of a vehicle, as specified in the account holder's matched-  
70 savings plan for increasing the economic mobility of the person;

71 (10) the saving of funds for a qualified individual retirement account;

72 (11) the payment of debts owed when the account holder is saving for another allowable  
73 purpose, as specified in the account holder's matched-savings plan; provided further, a non-profit  
74 organization with demonstrated expertise shall provide credit counseling;

75 (12) the creation or improvement of a credit score by obtaining a secured credit-builder  
76 loan or a financial product that is designed to improve credit, as specified in the account holder's  
77 matched-savings plan for increasing the economic independence of the person.

78 (d) Policy

79 1. Contributions

80 Any earnings an individual contributes to their Matched-savings account are deducted  
81 from their wages in determining countable income. An individual's contribution that are  
82 deposited in a Matched-savings account are excluded from resources.

83 2. Matching funds

84 Any matching funds that are deposited in a Matched-savings account are excluded from  
85 income and resources.

86 3. Interest

87 Any interest earned on the individual's own contributions and on the matching funds that  
88 are deposited in a Matched-savings account is excluded from income and resources.

89 (e) A fiscal intermediary may qualify as the recipient of account contributions only if the  
90 fiscal intermediary structures the accounts to have the following features:

91 (1) The fiscal intermediary matches amounts deposited by the account holder according

92 to a formula established by the fiscal intermediary. The fiscal intermediary shall deposit  
93 up to \$4 into the account for each \$1 deposited by the account holder.

94 (2) The matching deposits by the fiscal intermediary to the matched-savings account are  
95 placed in a savings account that is controlled by the fiscal intermediary and is separate from the  
96 savings account of the account holder.

97 (e)(1) If an emergency occurs, an account holder may withdraw all or part of the account  
98 holder's deposits to a matched-savings account for a purpose not described in subsection (c). A  
99 financial emergency is a disruption to the account holder's economic circumstances including,  
100 but not limited to: (i) making payments for necessary medical expenses; (ii) avoiding eviction of  
101 the account holder from the account holder's residence; (iii) for necessary living expenses  
102 following a change in economic circumstances.

103 (2) The account holder shall resume contributions to the account holder's savings account  
104 after the account holder deems that the financial emergency has been resolved. The account  
105 holder may choose to continue to pursue the savings plan through the appropriate financial  
106 education, counseling and asset-specific training in coordination with the account holder's  
107 community-based organization while experiencing the financial emergency.

108 (3) If an account holder withdraws funds from a matched-savings account for other than  
109 an approved purpose, the fiscal intermediary may remove the account holder from the program.

110 (f)(1) If the account holder of an account established for the purpose set forth in the third  
111 paragraph through the tenth paragraph, inclusive, of subsection (c) has achieved the account's  
112 approved purpose in accordance with the matched-savings plan developed by the account holder,  
113 the account holder may withdraw, or authorize the withdrawal of, the remaining amount of all

114 deposits, including matching deposits, and interest in the account as follows: (i) for an account  
115 established for the purpose set forth in subsection (c)(3) of this section, by rolling over the entire  
116 withdrawal amount into one or more savings plans authorized under 26 U.S.C. 529, the  
117 establishment of which is the purpose of the matched-savings account; or (ii) for an account  
118 established for the purpose set forth in subsection (c)(10) of this section, by rolling over the  
119 entire withdrawal amount into an individual retirement account, a retirement plan or a similar  
120 account or plan established under the Internal Revenue laws of the United States.

121 (2) Upon withdrawal of all funds in the matched-savings account as provided in the first  
122 paragraph of this subsection, the account relationship shall terminate.

123 (g) (1) If an account holder moves from the area where the program is conducted or is  
124 otherwise unable to continue in the program, the fiscal intermediary may remove the account  
125 holder from the program.

126 (2) If the fiscal intermediary removes an account holder from the program, all matching  
127 deposits in the account and all interest earned on matching deposits shall revert to the fiscal  
128 intermediary. The fiscal intermediary shall use the reverted funds as a source of matching  
129 deposits for other accounts.

130

131 (h) (1) The executive office of housing and livable communities may select a fiscal  
132 intermediary to administer moneys directed by the commonwealth to matched-savings account  
133 purposes.



134 (2) In making the selection, the executive office of housing and livable communities shall  
135 consider factors related to its effectiveness including, but not limited to: (i) the ability of the  
136 fiscal intermediary to implement and administer the matched-savings program, including the  
137 ability to verify account holder eligibility, certify that matching deposits are used only for  
138 approved purposes and exercise general fiscal accountability; (ii) the capacity of the fiscal  
139 intermediary to convene and provide professional development opportunities that increase the  
140 capacity of community-based organizations to provide financial education, counseling, and asset-  
141 related training to account holders; (iii) the partnerships that the fiscal intermediary maintains  
142 with like-minded community-based organizations, government agencies, and other entities that  
143 support asset-building and wealth creation among the lower-income households across the  
144 commonwealth; (iv) Subject to executive office of housing and livable communities rules, a  
145 fiscal intermediary has sole authority over, and responsibility for, the administration of matched-  
146 savings accounts.

147 (3) The fiscal intermediary may use at least 5 percent of the allocated moneys to the  
148 matched-savings program for account management, compliance, and participation in audits.

149 (4) (i) The fiscal intermediary shall ensure that account holders include people of color  
150 and women, at least in such proportion as these groups exist in the commonwealth's population  
151 as periodically determined by the state secretary as the commonwealth's chief census officer. (ii)  
152 The fiscal intermediary shall ensure that account holders represent diverse geographic areas of  
153 the commonwealth, including urban, rural and suburban areas.

154 (5) The fiscal intermediary shall provide the executive office of housing and livable  
155 communities with an annual report of the fiscal intermediary's matched-savings account program

156 activity. The fiscal intermediary shall file the report with the executive office of housing and  
157 livable communities no later than 90 days after the end of the fiscal intermediary's fiscal year.  
158 The report shall include, but is not limited to: (i) the number of matched-savings accounts  
159 administered by the fiscal intermediary; (ii) the amount of deposits and matching deposits for  
160 each account; (iii) the purpose of each account; (iv) the number of withdrawals made; and (v)  
161 participant demographics including, but not limited to, race, ethnicity, age, gender identity and  
162 sexual orientation, and any other information the executive office of housing and livable  
163 communities may require for the purpose of making a return-on-investment analysis.

164 (i) (1) Subject to executive office of housing and livable communities rules, the  
165 responsibility of the community-based organization extends to all aspects of operating the  
166 matched-savings program, including, but not limited to: (i) marketing and outreach; (ii)  
167 verification and enrollment of participants; (iii) financial education; (iv) one-on-one counseling;  
168 (v) conducting asset-specific training; (vi) indirect costs; (vii) and other required verification and  
169 compliance activities.

170 (2) There is no limit to how many community-based organizations work with the selected  
171 fiscal intermediary if they satisfy the required qualifications. The executive office of housing and  
172 livable communities can set how many community-based organizations participating in offering  
173 the program.

174 (3) A community-based organization shall receive no more than 25 per cent of the  
175 allocated monies for providing all activities set forth in the first paragraph. (j) The executive  
176 office of housing and livable communities may issue regulations to implement this section.

177 Section 70. (a) There shall be a Matched Savings Trust Fund, which shall be administered  
178 by the secretary of housing and livable communities. Monies in the trust fund shall be deposited  
179 with the state treasurer in a manner that will secure the highest interest rate available consistent  
180 with the safety of the trust fund.

181 (b) The secretary shall appoint the trustee of the fund, who shall serve until a successor is  
182 appointed.

183 (c) There shall be credited to the trust fund:

184 (1) all funds appropriated by the general court; (2) federal funds directed to the trust fund;  
185 (3) grants and any other funds directed to the trust fund; and (5) all interest earned on monies in  
186 the trust fund.

187 (d) Expenditures from the fund shall not be subject to appropriation and balances  
188 remaining at the end of a fiscal year shall not revert to the General Fund. Expenditures from the  
189 fund shall be made for promoting economic mobility among account holders as defined in  
190 section 70. Expenditures from the fund may be made for satisfying the objectives of section,  
191 including but limited to, providing matches to account holder contributions to their accounts,  
192 financial education, counseling, asset-specific training, for program administration, the fiscal  
193 intermediary and for oversight by the executive office of housing and livable communities.

194 (e) Not later than August 1 of each fiscal year, the secretary shall submit a spending plan  
195 to the secretary of administration and finance and the house and senate committees on ways and  
196 means. For the purpose of accommodating discrepancies between the receipt of revenues and  
197 related expenditures, the secretary may incur obligations and the comptroller may certify  
198 payment amounts not to exceed the most recent revenue estimate submitted by the secretary and

199 approved by the secretary of administration and finance but the fund shall be in balance by the  
200 close of each fiscal year.