

HOUSE BILL No. 5943

March 30, 2006, Introduced by Rep. Hunter and referred to the Committee on Banking and Financial Services.

A bill to amend 1939 PA 280, entitled
"The social welfare act,"
by amending section 57k (MCL 400.57k), as amended by 2004 PA 445.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 57k. (1) The department shall operate a program allowing
2 an individual eligible for family independence assistance to
3 establish an individual development account for postsecondary
4 education, business capitalization, or a first-time home purchase
5 in accordance with this section. The department shall disregard all
6 savings deposited, including accrued interest, in an individual
7 development account **AND INDIVIDUAL OR FAMILY DEVELOPMENT ACCOUNT** in
8 determining the individual's eligibility for family independence
9 assistance and the amount of the grant the individual receives.

10 (2) An individual who is eligible to receive family

1 independence assistance, or another person on behalf of that
2 individual, may establish an individual development account for the
3 purpose of accumulating funds for a qualified purpose described in
4 subsection (3). An individual shall only contribute money to the
5 individual development account that is derived from earned income,
6 as that term is defined in section 911(d)(2) of the internal
7 revenue code. ~~of 1986.~~ The individual shall withdraw money from
8 the individual development account only for a qualified purpose
9 described in subsection (3).

10 (3) An individual who has established an individual
11 development account under this section may withdraw and expend
12 funds from the individual development account only for payment
13 toward postsecondary education or business capitalization, or for
14 payment of qualified acquisition costs with respect to a qualified
15 principal residence for a qualified first-time homebuyer, if paid
16 from an individual development account directly to the persons to
17 whom the qualified acquisition costs are due.

18 (4) **THE DEPARTMENT SHALL OPERATE THE PROGRAM AUTHORIZED BY**
19 **THIS SECTION IN COORDINATION WITH THE INDIVIDUAL OR FAMILY**
20 **DEVELOPMENT ACCOUNT PROGRAM OF THE MICHIGAN STATE HOUSING**
21 **DEVELOPMENT AUTHORITY ESTABLISHED UNDER THE INDIVIDUAL OR FAMILY**
22 **DEVELOPMENT ACCOUNT PROGRAM ACT.**

23 (5) ~~(4)~~ As used in this section:

24 (a) "Date of acquisition" means the date on which a qualified
25 first-time homebuyer enters into a binding contract to acquire,
26 construct, or reconstruct the qualified first-time homebuyer's
27 principal residence.

(b) "Individual development account" means a trust created or organized in the United States that is funded through periodic contributions by the establishing individual in accordance with this section and that may be matched by or through a qualified entity for a qualified purpose described in subsection (3).

(C) "INDIVIDUAL OR FAMILY DEVELOPMENT ACCOUNT" MEANS THAT TERM AS DEFINED IN THE INDIVIDUAL OR FAMILY DEVELOPMENT ACCOUNT PROGRAM ACT.

(D) ~~-(e)-~~ "Qualified acquisition costs" means the costs of acquiring, constructing, or reconstructing a qualified principal residence. The term includes any usual or reasonable settlement, financing, or other closing costs.

(E) ~~-(d)-~~ "Qualified entity" means either of the following:

(i) A not-for-profit organization described in section 501(c)(3) of the internal revenue code ~~-of 1986-~~ and exempt from taxation under section 501(a) of the internal revenue code. ~~-of 1986-~~

(ii) A state or local governmental agency acting in cooperation with an organization described in subparagraph (i).

(F) ~~-(e)-~~ "Qualified first-time homebuyer" means a taxpayer and, if married, the taxpayer's spouse who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the qualified principal residence to which this section applies.

(G) ~~-(f)-~~ "Qualified principal residence" means a principal residence within the meaning of former section 1034 of the internal revenue code, ~~-of 1986-~~ the qualified acquisition costs of which

1 do not exceed 100% of the average area purchase price applicable to
2 that residence, determined in accordance with paragraphs (2) and
3 (3) of section 143(e) of the internal revenue code. ~~of 1986.~~