Legislative Analysis

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CLEANUP PROVISIONS FOR INDIVIDUAL OR FAMILY DEVELOPMENT ACCOUNT PROGRAM

House Bill 6549
Sponsor: Rep. Andy Coulouris

House Bill 6550
Sponsor: Rep. Bill Huizenga
Committee: Banking and Financial Services

Complete to 11-11-08

A SUMMARY OF HOUSE BILLS 6549 AND 6550 AS INTRODUCED 10-15-08

House Bill 6549 would give MSHDA statutory authority to fulfill its duties under the Individual or Family Development Account Program Act. House Bill 6550 would divide some aspects of the Individual or Family Development Account Program between MSHDA and the Department of Labor and Economic Growth, change the time frame for administrators of fiduciary organizations to report the names of contributors and contribution amounts, and revise several provisions to provide greater clarity.

Public Act 513 of 2006 created the Individual or Family Development Account Program Act. Modeled after a program available to persons receiving public assistance, the act allows the use of individual development accounts by eligible low-income persons to save for educational expenses, a first-time home purchase, or business capitalization. The program is established within the Michigan State Housing Development Authority (MSHDA).

House Bill 6549 would amend the State Housing Development Authority Act (MCL 125.1422) to include in the list of powers necessary or convenient for MSHDA to carry out the act, the power to implement, administer, or execute administrative, substantive, or supervisory powers pursuant to the Individual or Family Development Account Program Act.

House Bill 6550 would amend the Individual or Family Development Account Program Act (MCL 206.702 et al.) to make numerous minor and substantive revisions to the act.

Currently, MSHDA must establish policies and procedures for the program, taking into consideration policies and procedures adopted by the Department of Human Services to implement the individual development account program under Section 57k of the Social Welfare Act. The bill would provide that this is to be done in consultation with the Department of Labor and Economic Growth (DLEG). The bill would also require MSHDA to be responsible for approving fiduciary organizations and program sites and for all activities related to the program. However, DLEG would be responsible for approving fiduciary organizations and program sites and for all activities related to these programs that relate solely to accounts to be used for education or business capitalization as provided in Section 4 of the act.

Currently, a fiduciary organization selected to administer an individual or family development account program must file an annual report with MSHDA that details, among other things, the number of individual development accounts administered by the fiduciary organization, the amount of deposits and matching deposits for each account, the purpose of each account, and the number of terminated accounts and the reasons for termination. The bill would revise the act to reflect the above-mentioned division of responsibility for fiduciary organizations between MSHDA and DLEG and require those fiduciary organizations administering programs related to first-time home purchases to file the report with MSHDA and those administering programs related to education or capitalization of a business to file the report with DLEG. Several other provisions in the act would be revised to reflect the shared responsibilities between MSHDA and the department.

In addition, the bill would revise a provision that currently allows the director of MSHDA to set a annual date by which the administrator of a fiduciary organization must submit names of contributors and the total amount each contributor made to an individual or family development account reserve fund. Instead, the administrator would have to submit the names of contributors and the amount contributed within 15 days after receipt of each contribution.

FISCAL IMPACT:

House Bill 6549 would have no fiscal impact on the Michigan State Housing Development Authority, and would have no fiscal impact on local units of government. House Bill 6550 would have an indeterminate fiscal impact on the Department of Labor and Economic Growth and the Michigan State Housing Development Authority. Currently, the MSHDA contracts with the Oakland Livingston Human Services Agency (OLHSA) to carry out its activities under 2006 PA 513. The cost of the contract is $500,000 annually, funded through MSHDA fees and charges. At this time, it is not clear how splitting some of the program oversight authorities between MSHDA (IDAs used for housing) and DLEG (IDAs used for education or business capitalization) would affect the overall administration of the program, what costs DLEG would incur, or how those costs would be funded.

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