

1998 PUBLIC AND LOCAL ACTS

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[No. 361]

(HB 4786)

AN ACT to amend 1939 PA 280, entitled "An act to protect the welfare of the people of this state; to provide general assistance, hospitalization, infirmary and medical care to poor or unfortunate persons; to provide for compliance by this state with the social security act; to provide protection, welfare and services to aged persons, dependent children, the blind, and the permanently and totally disabled; to administer programs and services for the prevention and treatment of delinquency, dependency and neglect of children; to create a state department of social services; to prescribe the powers and duties of the department; to provide for the interstate and intercounty transfer of dependents; to create county and district departments of social services; to create within certain county departments, bureaus of social aid and certain divisions and offices thereunder; to prescribe the powers and duties of the departments, bureaus and officers; to provide for appeals in certain cases; to prescribe the powers and duties of the state department with respect to county and district departments; to prescribe certain duties of certain other state departments, officers, and agencies; to make an appropriation; to prescribe penalties for the violation of the provisions of this act; and to repeal certain parts of this act on specific dates," (MCL 400.1 to 400.119b) by adding section 57k.

*The People of the State of Michigan enact:*

400.57k Individual development account for first-time homebuyers.  
[M.S.A. 16.457k]

Sec. 57k. (1) The department shall operate a program allowing an individual eligible for family independence assistance to establish an individual development account for first-time homebuyers in accordance with this section. The department shall disregard funds, including accrued interest, in an individual development account in determining the individual's eligibility for family independence assistance and the amount of the grant the individual receives.

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

(3) An individual who has established an individual development account under this section may withdraw and expend funds from the individual development account only for payment of qualified acquisition costs with respect to a qualified principal residence for a qualified first-time homebuyer, if paid from an individual development account directly to the persons to whom the qualified acquisition costs are due.

(4) As used in this section:

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

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(c) "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.

(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 that code.

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

(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.

(f) "Qualified principal residence" means a principal residence within the meaning of section 1034 of the internal revenue code of 1986, the qualified acquisition costs of which do not exceed 100% of the average area purchase price applicable to that residence, determined in accordance with paragraphs (2) and (3) of section 143(e) of the internal revenue code of 1986.

This act is ordered to take immediate effect.

Approved October 20, 1998.

Filed with Secretary of State October 20, 1998.

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