

SUBSTITUTE FOR
HOUSE BILL NO. 4969

A bill to amend 1939 PA 280, entitled
"The social welfare act,"
by amending section 57k (MCL 400.57k), as added by 1998 PA 361.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

11 (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
3 the purpose of accumulating funds for a qualified purpose
4 described in subsection (3). An individual shall only contribute
5 money to the individual development account that is derived from
6 earned income, as that term is defined in section 911(d)(2) of
7 the internal revenue code of 1986. The individual shall withdraw
8 money from the individual development account only for a
9 qualified purpose 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
15 qualified principal residence for a qualified first-time
16 homebuyer, if paid from an individual development account
17 directly to the persons to whom the qualified acquisition costs
18 are due.

19 (4) As used in this section:

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

24 (b) "Individual development account" means a trust created or
25 organized in the United States that is funded through periodic
26 contributions by the establishing individual in accordance with
27 this section and that may be matched by or through a qualified

1 entity for a qualified purpose described in subsection (3).

2 (c) "Qualified acquisition costs" means the costs of
3 acquiring, constructing, or reconstructing a qualified principal
4 residence. The term includes any usual or reasonable settlement,
5 financing, or other closing costs.

6 (d) "Qualified entity" means either of the following:

7 (i) A not-for-profit organization described in section
8 501(c)(3) of the internal revenue code of 1986 and exempt from
9 taxation under section 501(a) of ~~that~~ **the internal revenue** code
10 **of 1986**.

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

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

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