



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4969 (Substitute H-2 as passed by the House)
Sponsor: Representative Paul Condino
House Committee: Family and Children Services
Senate Committee: Families and Human Services

Date Completed: 11-30-04

CONTENT

The bill would amend the Social Welfare Act to allow an Individual Development Account (IDA) to be used for postsecondary education and business capitalization.

An IDA is a trust created or organized in the United States that is funded through periodic contributions by the establishing individual and that may be matched by or through a qualified entity (i.e., a charitable nonprofit organization, or a State or local governmental agency acting in cooperation with such an organization) for a qualified purpose.

The Act requires the Family Independence Agency to operate a program allowing an individual eligible for family independence assistance to establish an IDA, which may be used currently only for first-time home purchases.

Under the Act, an individual who has established an IDA may withdraw and spend funds from the 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 IDA directly to the persons to whom the qualified acquisition costs are due. Under the bill, IDA money also could be withdrawn and spent for payment toward postsecondary education or business capitalization.

MCL 400.57k

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would have no fiscal impact on the Family Independence Agency. Section 418 of Public Act 344 of 2004 appropriates \$200,000 in Federal Temporary Assistance to Needy Families funds for State IDA partnership programs to provide assistance to qualified State households. The bill would result in no additional costs to the State.

Fiscal Analyst: Constance Cole

S0304\S4969sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.