

HOUSE BILL No. 4969

July 16, 2003, Introduced by Reps. Condino, Spade, Clack, Sak, Tobocman, Minore, Gielegem, Kooiman, Gleason, Cheeks and Hunter and referred to the Committee on Family and Children Services.

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 first-time homebuyers in accordance with this section. The
5 department shall disregard ~~funds~~ up to \$5,000.00, including
6 accrued interest, in an individual development account in
7 determining the individual's eligibility for family independence
8 assistance and the amount of the grant the individual receives.
9 This section does not prohibit the family independence agency
10 from increasing the amount allowed to be held in an individual
11 development account to an amount that is more than \$5,000.00.

1 This section does not require a grant to the individual that
2 exceeds an amount established by the family independence agency
3 or a private individual or agency with whom the family
4 independence agency has contracted to administer the individual
5 development account program.

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

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

23 (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.

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

6 (c) "Qualified acquisition costs" means the costs of
7 acquiring, constructing, or reconstructing a qualified principal
8 residence. The term includes any usual or reasonable settlement,
9 financing, or other closing costs.

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

11 (i) A not-for-profit organization described in section
12 501(c)(3) of the internal revenue code of 1986 and exempt from
13 taxation under section 501(a) of ~~that~~ **the internal revenue** code
14 **of 1986.**

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

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

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

1 code of 1986.