



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1393 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Bill Hardiman
Committee: Banking and Financial Institutions

CONTENT

The bill would amend the Social Welfare Act to require the Department of Human Services (DHS) to disregard all savings deposited in an individual or family development account under the proposed "Individual or Family Development Account Program Act" in determining an individual's eligibility for family independence assistance and the amount of the individual's grant.

The Social Welfare Act requires the DHS to operate a program allowing an individual eligible for family independence assistance to establish an individual development account (IDA) for postsecondary education, business capitalization, or a first-time home purchase. The DHS must disregard all savings deposited in an IDA, including accrued interest, when determining an individual's eligibility for family independence assistance and the amount of the grant the individual receives. Under the bill, the DHS also would have to disregard all savings deposited, including accrued interest, in an individual or family development account.

The bill would require the DHS to operate the IDA program authorized under the Social Welfare Act in coordination with the individual or family development account program operated by the Michigan State Housing Development Authority under the proposed Act.

The bill is tie-barred to Senate Bill 640, which would create the Individual or Family Development Account Program Act, and to House Bill 5022, which would allow a taxpayer to claim an income tax credit equal to 75% of contributions made under the proposed Act to a fiduciary organization's reserve fund.

MCL 400.57k

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on the Department of Human Services. Section 418 of Public Act 147 of 2005 and Public Act 345 of 2006 appropriates \$200,000 in Federal Temporary Assistance for Needy Families funds "to expand the availability of individual development accounts...for allocation to qualified IDA programs...to serve TANF eligible households in Michigan". The bill would result in no additional costs to the State.

Date Completed: 11-28-06

Fiscal Analyst: Constance Cole