

# SENATE BILL NO. 1247

December 03, 2020, Introduced by Senator HOLLIER and referred to the Committee on Finance.

A bill to create the family savings account program act; to permit the establishment and maintenance of family savings accounts; to prescribe the requirements of and restrictions on family savings accounts; to prescribe the powers and duties of certain state agencies, boards, and departments; to provide for certain tax credits and deductions; and to provide penalties and remedies.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1           Sec. 1. This act shall be known and may be cited as the
- 2 "family savings account program act".

1           Sec. 3. As used in this act:

2           (a) "Account administrator" means any of the following:

3           (i) A financial institution.

4           (ii) A certified public accountant licensed to practice in this  
5 state pursuant to article 7 of the occupational code, 1980 PA 299,  
6 MCL 339.720 to 339.736.

7           (b) "Account holder" means an individual who establishes a  
8 family savings account individually or jointly with his or her  
9 spouse.

10          (c) "Department" means the department of treasury.

11          (d) "Domicile" means a place where an individual has his or  
12 her true, fixed, and permanent home and principal establishment, to  
13 which, whenever absent, he or she intends to return. Domicile  
14 continues until another permanent home or principal establishment  
15 is established.

16          (e) "Eligible expense" means an expense paid by an account  
17 holder for reasonable living expenses for himself or herself or his  
18 or her family as determined by the department. Eligible expenses  
19 include, but are not limited to, child care expenses, family  
20 planning expenses, fertility and reproductive health services  
21 expenses, adoption expenses, diapers, lead-safe home renovations,  
22 home renovations to improve accessibility or provide visitability,  
23 preventative health care expenses, and mental health services not  
24 covered by insurance. Eligible expenses do not include any expenses  
25 or costs incurred for tuition or attendance at a nonpublic school  
26 containing any of grades kindergarten to 12.

27          (f) "Family savings account" or "account" means an account  
28 established in this state under this act to be used to pay the  
29 eligible expenses of an account holder or his or her family.

1 (g) "Financial institution" means any bank, trust company,  
2 savings institution, industrial loan association, consumer finance  
3 company, credit union, or any benefit association, insurance  
4 company, safe deposit company, money market mutual fund, broker, or  
5 similar entity authorized to do business in this state.

6 (h) "Program" means the family savings account program  
7 established under section 5.

8 (i) "Resident" means an individual domiciled in this state.

9 Sec. 5. (1) The family savings account program is established  
10 within the department. The program shall provide individuals with  
11 an opportunity to establish accounts to be used to encourage  
12 savings to pay for reasonable living expenses as provided in this  
13 act. The department shall establish policies and procedures for the  
14 program. The department is responsible for approving account  
15 administrators for the program and making a list of those approved  
16 account administrators available to the public. The department is  
17 responsible for determining eligible expenses and the use of  
18 accounts under this program. The department shall work  
19 cooperatively with account administrators to implement the program  
20 under this act.

21 (2) For tax years that begin after December 31, 2019, an  
22 individual may establish a family savings account with an account  
23 administrator for himself or herself or for his or her family to be  
24 used to pay or reimburse the individual for eligible expenses. To  
25 establish an account, the individual shall enter into an agreement  
26 with an account administrator. A household shall not have more than  
27 1 account under this program.

28 (3) Only cash and marketable securities may be contributed to  
29 a family savings account.

1           Sec. 7. (1) An account administrator shall administer the  
2 family savings account from which the payments are made and has a  
3 fiduciary duty to the individual for whose benefit the account  
4 administrator administers an account.

5           (2) The account administrator shall utilize the funds held in  
6 an account solely for the purpose of paying the eligible expenses  
7 of the account holder or his or her family. The account  
8 administrator may deduct a reasonable service fee from the account.

9           (3) The account administrator shall pay the eligible expenses  
10 based on bills or other evidence of a debt or account due or shall  
11 reimburse the account holder from the account holder's account for  
12 eligible expenses paid by the account holder based on documentation  
13 submitted to the account administrator.

14           Sec. 9. (1) Subject to subsection (2), if an account holder  
15 withdraws money for any purpose other than a purpose described in  
16 section 7(2), the administrator shall withhold from the amount of  
17 the withdrawal and on behalf of the account holder shall pay a  
18 penalty to the department equal to 10% of the amount of the  
19 withdrawal.

20           (2) The amount of a disbursement of any assets of an account  
21 pursuant to a filing for protection under title 11 of the United  
22 States Code, 11 USC 101 to 1330, by an account holder or an account  
23 holder's spouse is not considered a withdrawal for purposes of this  
24 section.

25           (3) Upon the death of the account holder, the account  
26 administrator shall distribute the principal and accumulated  
27 interest of the account to the estate of the account holder.

28           Sec. 11. (1) An account administrator shall file with the  
29 department an annual report of the family savings account program

1 activity related to accounts established under this act. The report  
2 shall be filed no later than September 30 each year. The report  
3 shall include, but is not limited to, all of the following:

4 (a) The number of accounts established and administered under  
5 this act.

6 (b) The amount of deposits for each account.

7 (c) The amount and number of withdrawals made.

8 (d) The number of terminated accounts and the reasons for  
9 termination.

10 (e) Any other information the department may require under  
11 this program.

12 (2) Not later than December 31 of each year, the department  
13 shall file with the clerk of the house of representatives and the  
14 secretary of the senate a report that includes all of the  
15 information under subsection (1), copies of any changes in policies  
16 or procedures used to administer this act that occurred during the  
17 year, and the effectiveness of the program and the credit offered  
18 under section 276 of the income tax act of 1967, 1967 PA 281, MCL  
19 206.276.

20 Enacting section 1. This act does not take effect unless  
21 Senate Bill No. 1248 of the 100th Legislature is enacted into  
22 law.