

SENATE BILL No. 185

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-4-28.

Synopsis: Individual development accounts. Allows money in an individual development account to be used by an individual for the purchase of a motor vehicle if: (1) the withdrawal of the money for the purchase of the motor vehicle does not exceed \$10,000; and (2) the purchase of the motor vehicle is for the primary purpose of transporting the individual to and from work or school. Provides that the withdrawal of the money for the purchase of the motor vehicle is not subject to state and local tax.

Effective: July 1, 2013.

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January 7, 2013, read first time and referred to Committee on Appropriations.

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First Regular Session 118th General Assembly (2013)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2012 Regular Session of the General Assembly.

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SENATE BILL No. 185



A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-4-28-5, AS AMENDED BY P.L.150-2007,
- 2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2013]: Sec. 5. As used in this chapter, "individual
- 4 development account" means an account in a financial institution
- 5 administered by a community development corporation that allows a
- 6 qualifying individual to deposit money:
- 7 (1) to be matched by the state, financial institutions, corporations,
- 8 and other entities; and
- 9 (2) that will be used by the qualifying individual for one (1) or
- 10 more of the following:
- 11 (A) To pay for costs (including tuition, laboratory costs, books,
- 12 computer costs, and other costs associated with attendance) at
- 13 an accredited postsecondary educational institution or a
- 14 vocational school that is not a postsecondary educational
- 15 institution, for the individual or for a dependent of the
- 16 individual.
- 17 (B) To pay for the costs (including tuition, laboratory costs,



1 books, computer costs, and other costs) associated with an
 2 accredited or a licensed training program that may lead to
 3 employment for the individual or for a dependent of the
 4 individual.

5 (C) To purchase a primary residence for the individual or for
 6 a dependent of the individual or to reduce the principal amount
 7 owed on a primary residence that was purchased by the
 8 individual or a dependent of the individual with money from
 9 an individual development account.

10 (D) To pay for the rehabilitation (as defined in IC 6-3.1-11-11)
 11 of the individual's primary residence.

12 (E) To begin or to purchase part or all of a business or to
 13 expand an existing small business.

14 **(F) Subject to section 8.5 of this chapter, to purchase a**
 15 **motor vehicle.**

16 SECTION 2. IC 4-4-28-5.5 IS ADDED TO THE INDIANA CODE
 17 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY
 18 1, 2013]: **Sec. 5.5. As used in this chapter, "motor vehicle" has the**
 19 **meaning set forth in IC 9-13-2-105(a).**

20 SECTION 3. IC 4-4-28-8.5 IS ADDED TO THE INDIANA CODE
 21 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY
 22 1, 2013]: **Sec. 8.5. A community development corporation may**
 23 **approve an individual's request to make a withdrawal from an**
 24 **account for the purchase of a motor vehicle only if the following**
 25 **apply:**

26 **(1) The withdrawal does not exceed ten thousand dollars**
 27 **(\$10,000).**

28 **(2) The individual is purchasing the motor vehicle primarily**
 29 **for the purpose of transporting the individual to and from**
 30 **work or school.**

31 SECTION 4. IC 4-4-28-16, AS AMENDED BY P.L.150-2007,
 32 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JULY 1, 2013]: **Sec. 16. (a) Money withdrawn from an individual's**
 34 **account is not subject to taxation under IC 6-3-1 through IC 6-3-7 if the**
 35 **money is used for at least one (1) of the following:**

36 (1) To pay for costs (including tuition, laboratory costs, books,
 37 computer costs, and other costs) at an accredited postsecondary
 38 educational institution or a vocational school that is not a
 39 postsecondary educational institution for the individual or for a
 40 dependent of the individual.

41 (2) To pay for the costs (including tuition, laboratory costs, books,
 42 computer costs, and other costs) associated with an accredited or

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1 a licensed training program that may lead to employment for the
2 individual or for a dependent of the individual.

3 (3) To purchase a primary residence for the individual or for a
4 dependent of the individual or to reduce the principal amount
5 owed on a primary residence that was purchased by the individual
6 or a dependent of the individual with money from an individual
7 development account.

8 (4) To pay for the rehabilitation (as defined in IC 6-3.1-11-11) of
9 the individual's primary residence.

10 (5) To begin or to purchase part or all of a business or to expand
11 an existing small business.

12 **(6) To purchase a motor vehicle if the withdrawal of the**
13 **money is approved by a community development corporation**
14 **under section 8.5 of this chapter.**

15 (b) At the time of requesting authorization under section 15 of this
16 chapter to withdraw money from an individual's account under
17 subsection (a)(5), the individual must provide the community
18 development corporation with a business plan that:

19 (1) is approved by:

20 (A) a financial institution; or

21 (B) a nonprofit loan fund that has demonstrated fiduciary
22 stability;

23 (2) includes a description of services or goods to be sold, a
24 marketing plan, and projected financial statements; and

25 (3) may require the individual to obtain the assistance of an
26 experienced business advisor.

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