

HOUSE BILL NO. 6079

November 13, 2024, Introduced by Reps. Martus, Churches and McKinney and referred to the Committee on Appropriations.

A bill to create the baby bond trust account program; to prescribe the powers and duties of certain state officials and departments; to allow for the promulgation of rules; and to provide for an appropriation.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act may be cited as the "Michigan baby bond trust
2 account program act".

3 Sec. 3. As used in this act:

4 (a) "Account" means the separate account created within the
5 fund for each designated beneficiary and includes the initial
6 \$3,200.00 deposit into that account, plus the designated

1 beneficiary's pro rata share of the total net interest and earnings
2 from investments of the sums held in the fund.

3 (b) "Department" means the department of treasury.

4 (c) "Designated beneficiary" means an individual who is born
5 on or after January 1, 2024 to a family domiciled in this state.

6 (d) "Eligible expenditures" means expenditures associated with
7 any of the following:

8 (i) Postsecondary education of the designated beneficiary.

9 (ii) Purchase of a primary residence in this state by a
10 designated beneficiary.

11 (iii) Investment in a business in this state by a designated
12 beneficiary.

13 (iv) An investment in financial assets or personal capital that
14 provides long-term gains to wages or wealth.

15 (e) "Fund" means the baby bond trust fund created in section 5
16 of the baby bond trust fund act.

17 (f) "Program" means the baby bond trust account program
18 created under section 5.

19 Sec. 5. (1) The baby bond trust account program is created
20 within the department. The purpose of the baby bond trust account
21 program is to assist designated beneficiaries in pursuing
22 opportunities for education, housing, and entrepreneurship and to
23 create opportunities for financial independence by establishing a
24 separate account within the fund upon the birth of each designated
25 beneficiary and crediting \$3,200.00 of the money in the fund to
26 that account for the designated beneficiary. Money in the account
27 must be disbursed only to residents of this state and must only be
28 used for eligible expenditures.

29 (2) If the designated beneficiary is a resident of this state

1 when the designated beneficiary reaches the age of 18 but before
2 the age of 30 and has completed the financial literacy requirement
3 as prescribed by the department, that designated beneficiary is
4 eligible to submit, in a form and manner as prescribed by the
5 department, a claim, in whole or in part, for payment from the
6 designated beneficiary's account to be used for eligible
7 expenditures.

8 (3) If a designated beneficiary fails to submit a valid claim,
9 as determined by the department, before the designated beneficiary
10 reaches the age of 30, the balance of that designated beneficiary's
11 account must be credited back to the fund. In the case of the death
12 of a designated beneficiary prior to reaching the age of 30, upon
13 receipt of notification of that individual's death, any amount in
14 that designated beneficiary's account must be credited back to the
15 fund.

16 (4) Notwithstanding any other provision of law, payments from
17 an account under this act that are used for eligible expenditures
18 are not an asset or income for purposes of determining an
19 individual's taxable income under section 30 of the income tax act
20 of 1967, 1967 PA 281, MCL 206.30, eligibility for the medical
21 assistance program under the social welfare act, 1939 PA 280, MCL
22 400.1 to 400.119b, or eligibility for state aid under the state
23 school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896.

24 Sec. 7. (1) Before February 1, 2025 and each year after 2025,
25 the department of health and human services shall report the number
26 of designated beneficiaries born in the prior calendar year to the
27 department, the state budget office, and the legislature. The
28 report must include a calculation of the total amount required to
29 be appropriated to the fund for the next fiscal year to create an

1 account for each designated beneficiary born in the prior calendar
2 year.

3 (2) Beginning with the 2025-2026 state fiscal year and each
4 state fiscal year thereafter, it is the intent of the legislature
5 to annually appropriate sufficient money to the department to
6 create accounts and make disbursements required to be made by the
7 department under this act to further accomplish the purpose of the
8 baby bond trust account program created under this act.

9 Sec. 9. The department may promulgate rules in accordance with
10 the administrative procedures act of 1969, 1969 PA 306, MCL 24.201
11 to 24.328, as necessary or proper for the implementation and
12 administration of the baby bond trust account program created under
13 this act.

14 Enacting section 1. This act does not take effect unless both
15 of the following bills of the 102nd Legislature are enacted into
16 law:

17 (a) Senate Bill No. ____ or House Bill No. 6081 (request no.
18 06192'24).

19 (b) Senate Bill No. ____ or House Bill No. 6082 (request no.
20 06417'24).