

MICHIGAN FIRST-TIME HOME BUYER SAVINGS PROGRAM ACT (EXCERPT)
Act 6 of 2022

565.1007 Account holder responsibilities; use of funds; filing with department; maintenance and retention of records; rules; deduction under MCL 206.30; informational materials.

Sec. 7. (1) The account holder is responsible for the use or application of funds in a first-time home buyer savings account. The account holder shall not use funds held in an account to pay expenses of administering the account, except that a service fee may be deducted from the account by a financial institution in which the account is held. An account holder may withdraw funds, in whole or in part, from a first-time home buyer savings account and deposit the funds in a new first-time home buyer savings account held by a different financial institution or the same financial institution. If necessary, an account holder or qualified beneficiary may make a hardship withdrawal from the account due to an immediate and heavy financial need of the account holder or qualified beneficiary. However, the amount withdrawn must be limited to the amount necessary to satisfy that need. A hardship withdrawal is not a qualified withdrawal and will be subject to taxation under part 1 of the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532.

(2) An account holder shall submit, with the account holder's income tax return filed under part 1 of the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532, all of the following to the department, along with the form prescribed by the department under subsection (5):

(a) Account statements that show the contributions made during the tax year and the taxable interest or earnings on the account in the tax year for which the deduction is claimed.

(b) The Form 1099 issued by the financial institution for the account for the tax year for which the deduction is claimed.

(c) Upon a withdrawal of funds from a first-time home buyer savings account, a copy of the real estate settlement statement that shows that the withdrawal was used for eligible costs.

(3) An account holder shall maintain and keep, for a period of at least 4 years, suitable records and documentation, for each first-time home buyer savings account, including, but not limited to, account statements for all contributions and withdrawals made, a detailed list describing the transactions for the account, and other pertinent records and papers as required by the department for the administration of this act.

(4) The treasurer may promulgate rules to implement the program in accordance with the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The rules shall not apply to, or impose administrative, reporting, or other obligations or requirements on, financial institutions-related accounts for first-time home buyer savings accounts.

(5) The department shall prescribe the form and manner in which a taxpayer shall claim a deduction in accordance with this act and section 30 of the income tax act of 1967, 1967 PA 281, MCL 206.30, on his or her income tax return filed under part 1 of the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532. The form shall include, at a minimum all of the following:

(a) The account holder's name.

(b) The name of the qualified beneficiary.

(c) The name of the financial institution and the account number.

(d) The beginning and end of the year balance of the account.

(e) The amount of the deduction claimed for the tax year.

(6) The department may prepare and distribute informational materials on the Michigan first-time home buyer savings program to financial institutions and potential home buyers to publicize the availability of the program.

History: 2022, Act 6, Imd. Eff. Feb. 9, 2022.