

IC 4-4-28

Chapter 28. Individual Development Accounts

IC 4-4-28-0.3

Repealed

(As added by P.L.220-2011, SEC.24. Repealed by P.L.63-2012, SEC.2.)

IC 4-4-28-1

"Account"

Sec. 1. As used in this chapter, "account" refers to an individual development account.

As added by P.L.15-1997, SEC.1.

IC 4-4-28-1.5

"Authority"

Sec. 1.5. As used in this chapter, "authority" refers to the Indiana housing and community development authority established under IC 5-20-1.

As added by P.L.181-2006, SEC.6.

IC 4-4-28-2

"Community development corporation"

Sec. 2. As used in this chapter, "community development corporation" means a private, nonprofit corporation:

- (1) whose board of directors consists primarily of community representatives and business, civic, and community leaders; and
- (2) whose principal purpose includes the provision of:
 - (A) housing;
 - (B) community based economic development projects; or
 - (C) social services;

that primarily benefit low income individuals and communities.

As added by P.L.15-1997, SEC.1. Amended by P.L.4-1999, SEC.1.

IC 4-4-28-3

"Financial institution"

Sec. 3. As used in this chapter, "financial institution" means a bank, savings association, credit union, or any other institution regulated under IC 28 or federal law.

As added by P.L.15-1997, SEC.1. Amended by P.L.4-1999, SEC.2.

IC 4-4-28-4

"Fund"

Sec. 4. As used in this chapter, "fund" refers to an individual development account fund established by a community development corporation under section 13 of this chapter.

As added by P.L.15-1997, SEC.1.

IC 4-4-28-5**"Individual development account"**

Sec. 5. As used in this chapter, "individual development account" means an account in a financial institution administered by a community development corporation that allows a qualifying individual to deposit money:

- (1) to be matched by the state, financial institutions, corporations, and other entities; and
- (2) that will be used by the qualifying individual for one (1) or more of the following:

- (A) To pay for costs (including tuition, laboratory costs, books, computer costs, and other costs associated with attendance) at an accredited postsecondary educational institution or a vocational school that is not a postsecondary educational institution, for the individual or for a dependent of the individual.

- (B) To pay for the costs (including tuition, laboratory costs, books, computer costs, and other costs) associated with an accredited or a licensed training program that may lead to employment for the individual or for a dependent of the individual.

- (C) To purchase a primary residence located in Indiana for the individual or for a dependent of the individual or to reduce the principal amount owed on a primary residence located in Indiana that was purchased by the individual or a dependent of the individual with money from an individual development account.

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

- (E) To begin or to purchase part or all of a business based in Indiana or to expand an existing small business based in Indiana.

- (F) Subject to section 8(b) of this chapter, to purchase a motor vehicle.

As added by P.L.15-1997, SEC.1. Amended by P.L.289-2001, SEC.4; P.L.2-2007, SEC.24; P.L.150-2007, SEC.1; P.L.50-2016, SEC.1.

IC 4-4-28-5.5**"Motor vehicle"**

Sec. 5.5. As used in this chapter, "motor vehicle" has the meaning set forth in IC 9-13-2-105(a).

As added by P.L.50-2016, SEC.2.

IC 4-4-28-6**"Qualifying individual"**

Sec. 6. As used in this chapter, "qualifying individual" means an individual or a member of an individual's household who may

establish an individual development account because the individual:

- (1) is an Indiana resident; and
- (2) either:
 - (A) receives or is a member of a household that receives assistance under IC 12-14-2; or
 - (B) is a member of a household with an annual household income that is less than two hundred percent (200%) of the federal income poverty level.

As added by P.L.15-1997, SEC.1. Amended by P.L.289-2001, SEC.5; P.L.50-2016, SEC.3.

IC 4-4-28-7

Establishing account; beneficiaries; residency

Sec. 7. (a) A qualifying individual, including an individual who:

- (1) established an individual development account under this chapter before July 1, 2001; and
- (2) held the account described in subdivision (1) for less than four (4) years;

may establish an account by applying at a community development corporation after June 30, 2001.

(b) At the time of establishing an account under this section, the qualifying individual must name a beneficiary to replace the qualifying individual as the holder of the account if the qualifying individual dies. If the beneficiary:

- (1) is a member of the qualifying individual's family, all funds in the account remain in the account; and
- (2) is not a member of the qualifying individual's family, all funds in the account provided by the state revert to the state.

The qualifying individual may change the name of the beneficiary at the qualifying individual's discretion. A beneficiary who becomes the holder of an account under this subsection is subject to this chapter and rules adopted under this chapter regarding withdrawals from the account.

(c) Only one (1) member of a qualifying individual's household may establish an account.

(d) A qualifying individual shall maintain residency in Indiana until the individual development account is closed.

As added by P.L.15-1997, SEC.1. Amended by P.L.289-2001, SEC.6; P.L.50-2016, SEC.4.

IC 4-4-28-8

Community development corporation duties

Sec. 8. (a) A community development corporation shall do the following:

- (1) Determine whether an individual who wants to establish an account is a qualifying individual.
- (2) Administer, through a financial institution, and act as trustee for each account established through the community

development corporation.

(3) Approve or deny an individual's request to make a withdrawal from the individual's account.

(4) Provide or arrange for training in money management, budgeting, and related topics for each individual who establishes an account.

(b) A community development corporation may approve a qualifying individual's request to make a withdrawal from an account to purchase a motor vehicle if the purpose of the purchase is primarily to transport the individual to and from work, postsecondary education, or an accredited or licensed training program intended to lead to employment of the individual or a dependent of the individual.

As added by P.L.15-1997, SEC.1. Amended by P.L.50-2016, SEC.5.

IC 4-4-28-9

Account deposits

Sec. 9. (a) An individual may deposit money from the individual's earned income into the individual's account.

(b) An individual may deposit an unlimited amount of money into the individual's account. However, only eight hundred dollars (\$800) annually is eligible for a state deposit as provided in section 12 of this chapter.

As added by P.L.15-1997, SEC.1. Amended by P.L.150-2007, SEC.2.

IC 4-4-28-10

Number of accounts limited

Sec. 10. (a) Not more than eight hundred (800) accounts may be established in the state each state fiscal year beginning before July 1, 2009.

(b) Not more than one thousand (1,000) accounts may be established in the state each state fiscal year beginning after June 30, 2009.

(c) A community development corporation shall use money that is in an individual development account fund established under section 13 of this chapter to allow a qualified individual on a waiting list maintained by the community development corporation to establish an account.

As added by P.L.15-1997, SEC.1. Amended by P.L.289-2001, SEC.7; P.L.150-2007, SEC.3.

IC 4-4-28-11

Annual reports

Sec. 11. (a) Each community development corporation shall annually provide the authority with information needed to determine:

(1) the number of accounts administered by the community development corporation;

(2) the length of time each account under subdivision (1) has

been established; and

(3) the amount of money an individual has deposited into each account under subdivision (1) during the preceding twelve (12) months.

(b) The authority shall use the information provided under subsection (a) to deposit the correct amount of money into each account as provided in section 12 of this chapter.

As added by P.L.15-1997, SEC.1. Amended by P.L.235-2005, SEC.46; P.L.1-2006, SEC.52; P.L.181-2006, SEC.7; P.L.1-2007, SEC.9.

IC 4-4-28-12

Deposits to accounts; matching contributions; use of federal block grant money

Sec. 12. (a) The authority shall allocate, for each account that has been established, for not more than five (5) years, three dollars (\$3) for each one dollar (\$1) of the first four hundred dollars (\$400) an individual deposited into the individual's account during the preceding twelve (12) months. However, if the amount appropriated by the general assembly is insufficient to make the deposits required by this section for accounts that have been established, the authority shall proportionately reduce the amounts allocated to and deposited into each account. The authority may allocate three dollars (\$3) for each one dollar (\$1) of any part of an amount above four hundred dollars (\$400) an individual deposited into the individual's account during the preceding twelve (12) months. However, the authority's allocation under this subsection may not exceed two thousand four hundred dollars (\$2,400) for each account described in this subsection.

(b) The authority shall deposit into each account established under this chapter the appropriate amount of money determined under this section.

(c) Money from a federal block grant program under Title IV-A of the federal Social Security Act may be used by the state to provide money under this section for deposit into an account held by an individual who receives assistance under IC 12-14-2.

As added by P.L.15-1997, SEC.1. Amended by P.L.289-2001, SEC.8; P.L.235-2005, SEC.47; P.L.1-2006, SEC.53; P.L.181-2006, SEC.8; P.L.1-2007, SEC.10; P.L.150-2007, SEC.4; P.L.50-2016, SEC.6.

IC 4-4-28-13

Individual development account fund; tax credits

Sec. 13. (a) Each community development corporation may apply to the authority for an allocation of tax credits under IC 6-3.1-18 for the contributors to a fund established under this section. A community development corporation may establish an individual development account fund to provide money to be used to finance additional accounts to be administered by the community

development corporation under this chapter and to help pay for the community development corporation's expenses related to the administration of accounts.

(b) Each community development corporation shall encourage individuals, financial institutions, corporations, and other entities to contribute to the fund. A contributor to the fund may qualify for a tax credit as provided under IC 6-3.1-18.

(c) Each community development corporation may use up to twenty percent (20%) of the first one hundred thousand dollars (\$100,000) deposited each calendar year in the fund under subsection (b) to help pay for the community development corporation's expenses related to the administration of accounts established under this chapter. All deposits in the fund under subsection (b) of more than one hundred thousand dollars (\$100,000) during each calendar year may be used only to fund accounts administered by the community development corporation under this chapter.

(d) A community development corporation may allow an individual to establish a new account as adequate funding becomes available.

(e) Only money from the fund may be used to make the deposit described in subsection (f) into an account established under this section.

(f) The community development corporation shall annually deposit at least three dollars (\$3) into each account for each one dollar (\$1) an individual has deposited into the individual's account as of June 30.

(g) A community development corporation may not allow a qualifying individual to establish an account if the community development corporation does not have adequate funds to deposit into the account under subsection (f).

As added by P.L.15-1997, SEC.1. Amended by P.L.4-1999, SEC.3; P.L.50-2016, SEC.7.

IC 4-4-28-14

Interest; taxes; fees

Sec. 14. (a) An account must earn interest at a rate that is competitive in the county where the account is located.

(b) Interest earned on an account during a taxable year is not subject to taxation under IC 6-3 or IC 6-5.5.

(c) An account is a custodial account and is not subject to fees.
As added by P.L.15-1997, SEC.1. Amended by P.L.192-2002(ss), SEC.2; P.L.50-2016, SEC.8.

IC 4-4-28-15

Withdrawal of money from account; appeal of denial

Sec. 15. (a) An individual must request and receive authorization from the community development corporation that administers the individual's account before withdrawing money from the account for

any purpose.

(b) An individual who is denied authorization to withdraw money under subsection (a) may appeal the community development corporation's decision to the authority under rules adopted by the authority under IC 4-22-2.

As added by P.L.15-1997, SEC.1. Amended by P.L.235-2005, SEC.48; P.L.1-2006, SEC.54; P.L.181-2006, SEC.9; P.L.1-2007, SEC.11.

IC 4-4-28-16

Account withdrawal; purposes; approval

Sec. 16. (a) Money withdrawn from an individual's account is not subject to taxation under IC 6-3-1 through IC 6-3-7 if the money is used for at least one (1) of the following:

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

(2) To pay for the costs (including tuition, laboratory costs, books, computer costs, and other costs) associated with an accredited or a licensed training program that may lead to employment for the individual or for a dependent of the individual.

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

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

(5) To begin or to purchase part or all of a business based in Indiana or to expand an existing small business based in Indiana.

(6) Subject to section 8(b) of this chapter, to purchase a motor vehicle.

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

(1) has been approved by a financial institution or is approved by the community development corporation;

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

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

As added by P.L.15-1997, SEC.1. Amended by P.L.289-2001, SEC.9;

P.L.135-2002, SEC.1; P.L.2-2007, SEC.25; P.L.150-2007, SEC.5; P.L.50-2016, SEC.9.

IC 4-4-28-17

Money in account not considered assets

Sec. 17. Money in an account may not be considered:

- (1) an asset of an individual when determining the individual's eligibility for assistance under IC 12-14; or
- (2) a countable asset (as defined in IC 12-7-2-44.6).

As added by P.L.15-1997, SEC.1.

IC 4-4-28-18

Annual evaluation of accounts; report

Sec. 18. (a) Each community development corporation shall annually:

- (1) evaluate the individual development accounts administered by the community development corporation; and
- (2) submit a report containing the evaluation information to the authority.

(b) Two (2) or more community development corporations may work together in carrying out the purposes of this chapter.

As added by P.L.15-1997, SEC.1. Amended by P.L.289-2001, SEC.10; P.L.235-2005, SEC.49; P.L.1-2006, SEC.55; P.L.181-2006, SEC.10; P.L.1-2007, SEC.12.

IC 4-4-28-19

Repealed

(As added by P.L.15-1997, SEC.1. Repealed by P.L.289-2001, SEC.15.)

IC 4-4-28-20

Repealed

(As added by P.L.15-1997, SEC.1. Repealed by P.L.289-2001, SEC.15.)

IC 4-4-28-21

Rules; adoption

Sec. 21. The authority may adopt rules under IC 4-22-2 to implement this chapter.

As added by P.L.15-1997, SEC.1. Amended by P.L.289-2001, SEC.11; P.L.235-2005, SEC.50; P.L.1-2006, SEC.56; P.L.181-2006, SEC.11; P.L.1-2007, SEC.13.