

# SENATE BILL No. 365

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-4-28.

**Synopsis:** Uses for individual development accounts. Specifies that money deposited into an individual development account (account) may be used to purchase or repair an automobile that is or will be used by a qualifying individual or the individual's dependent to pursue educational, training, or employment opportunities. Specifies that money withdrawn from an account and used for this purpose is not subject to the adjusted gross income tax.

**Effective:** July 1, 2012.

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### Breaux

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January 9, 2012, read first time and referred to Committee on Appropriations.

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Second Regular Session 117th General Assembly (2012)

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 2011 Regular Session of the General Assembly.

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**SENATE BILL No. 365**



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, 2012]: 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) To purchase or repair an automobile that is or will be**
- 15 **used by the individual or a dependent of the individual as**
- 16 **transportation to enable the individual or dependent to**
- 17 **pursue or participate in educational, training, or**
- 18 **employment opportunities.**
- 19 SECTION 2. IC 4-4-28-16, AS AMENDED BY P.L.150-2007,
- 20 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 21 JULY 1, 2012]: Sec. 16. (a) Money withdrawn from an individual's
- 22 account is not subject to taxation under IC 6-3-1 through IC 6-3-7 if the
- 23 money is used for at least one (1) of the following:
- 24 (1) To pay for costs (including tuition, laboratory costs, books,
- 25 computer costs, and other costs) at an accredited postsecondary
- 26 educational institution or a vocational school that is not a
- 27 postsecondary educational institution for the individual or for a
- 28 dependent of the individual.
- 29 (2) To pay for the costs (including tuition, laboratory costs, books,
- 30 computer costs, and other costs) associated with an accredited or
- 31 a licensed training program that may lead to employment for the
- 32 individual or for a dependent of the individual.
- 33 (3) To purchase a primary residence for the individual or for a
- 34 dependent of the individual or to reduce the principal amount
- 35 owed on a primary residence that was purchased by the individual
- 36 or a dependent of the individual with money from an individual
- 37 development account.
- 38 (4) To pay for the rehabilitation (as defined in IC 6-3.1-11-11) of
- 39 the individual's primary residence.
- 40 (5) To begin or to purchase part or all of a business or to expand
- 41 an existing small business.
- 42 **(6) To purchase or repair an automobile that is or will be used**

COPY



1           **by the individual or a dependent of the individual as**  
2           **transportation to enable the individual or dependent to**  
3           **pursue or participate in educational, training, or employment**  
4           **opportunities.**  
5           (b) At the time of requesting authorization under section 15 of this  
6           chapter to withdraw money from an individual's account under  
7           subsection (a)(5), the individual must provide the community  
8           development corporation with a business plan that:  
9           (1) is approved by:  
10           (A) a financial institution; or  
11           (B) a nonprofit loan fund that has demonstrated fiduciary  
12           stability;  
13           (2) includes a description of services or goods to be sold, a  
14           marketing plan, and projected financial statements; and  
15           (3) may require the individual to obtain the assistance of an  
16           experienced business advisor.

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