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## SECTION 35A-3-312 -- INDIVIDUAL DEVELOPMENT ACCOUNTS

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### **35A-3-312. Individual development accounts.**

(1) As used in this section:

(a) "Individual development account" means a trust account funded through periodic contributions by a client and matched by or through a not-for-profit organization organized under Section 501(c)(3), Internal Revenue Code.

(b) "Qualified acquisition costs" means the costs of acquiring, constructing, or reconstructing a residence, including settlement and closing costs.

(c) "Qualified businesses capitalization expenses" means expenditures for capital, plant, equipment, working capital, and inventory.

(2) An individual development account may be established by or on behalf of a client to enable a client to accumulate funds for the following purposes:

(a) postsecondary educational expenses after leaving cash assistance, including tuition, fees, books, supplies, and transportation costs, if paid from the individual development account directly to an educational institution that the parent client is attending as part of an employment plan;

(b) qualified acquisition costs associated with a first-time home purchase if paid from the individual development account directly to a person to whom the amount is due; or

(c) amounts paid from an individual development account directly to a business capitalization account that is established in a federally insured financial institution and used solely for qualified business capitalization expenses.

(3) A client may only deposit earned income and funds received from a not-for-profit organization into an individual development account.

*Enacted by Chapter 174, 1997 General Session*