

HOUSE No. 1782

By Mr. Aguiar of Swansea, petition of Antone S. Aguiar, Jr., and Theodore C. Speliotis for legislation to facilitate home ownership in the Commonwealth. Housing and Urban Development.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-Two.

AN ACT TO FACILITATE HOME OWNERSHIP IN THE COMMONWEALTH.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 1 of Chapter 62 of the General Laws is
2 hereby amended by adding the following subsection: —

3 (m) "Individual housing account" — shall mean a trust created
4 or organized in the commonwealth for the exclusive benefit of an
5 individual, or in the case of a married individual, for the exclusive
6 benefit of the individual and his spouse jointly, but only if the
7 written governing instrument creating the trust meets the following
8 requirements: —

9 (1) No contribution will be accepted unless it is in cash, and
10 contributions will not be accepted for the taxable year in excess of
11 three thousand dollars on behalf of an individual provided, howev-
12 er, that the maximum amount allowable as a deduction under
13 section three to an individual for any taxable year may not exceed
14 three thousand dollars, and in the case of a married couple filing
15 separate returns, the sum of the amounts allowable to each of them
16 under said section three for the taxable year may not exceed such
17 amount, and provided, further, that the amount allowable as a
18 deduction under said section three to an individual for all taxable
19 years may not exceed fifteen thousand dollars, and in the case of a
20 married individual, such fifteen thousand dollar amount shall be

21 reduced by an amount equal to the sums allowed as deductions for
22 all taxable years to his spouse.

23 (2) The trustee is a bank as defined in section one of chapter one
24 hundred and sixty-seven, national banking association, savings
25 and loan association or federal credit union.

26 (3) No part of the trust funds will be invested in life insurance
27 contracts.

28 (4) The interest of an individual in the balance in his account is
29 nonforfeitable.

30 (5) The assets of the trust will not be commingled with other
31 property except in a common trust fund or common investment
32 fund.

33 (6) The entire interest of an individual or married couple for
34 whose benefit the trust is maintained will be distributed to him, or
35 them, not later than one hundred and twenty months after the date
36 on which the first contribution is made to the trust. Such account
37 may be subject to those regulations that the commissioner may
38 prescribe from time to time.

39 (7) Said account must be created on or before December thirty-
40 first, nineteen hundred and eighty-five.

1 SECTION 2. Section 2 of said chapter 62, as so appearing, is
2 hereby amended by inserting after subparagraph (F) of paragraph
3 (1) of subsection (a) the following subparagraph:

4 (G) Any amount paid or distributed out of an individual housing
5 account, unless such amount is (i) used exclusively in connection
6 with the purchase or construction of a primary residence in Massa-
7 chusetts for the payee or distributee and (ii) the account has been in
8 existence for more than one year.

1 SECTION 3. Said section 2 of said chapter 62 is hereby further
2 amended by inserting after subparagraph (F) of paragraph (2) of
3 subsection (a) the following subparagraph: —

4 (G) Interest on an individual housing account.

1 SECTION 4. Section 3 of said chapter 62, as so appearing, is
2 hereby amended by inserting after paragraph (6) of subdivision (b)
3 of subsection B the following paragraph: —

4 (7) An amount equal to the contribution to an individual hous-
5 ing account.

1 SECTION 5. Said chapter 62 is hereby further amended by
2 inserting after section 2 the following section: —

3 *Section 2A.* The transfer of an individual's interest in an indi-
4 vidual housing account to his former spouse under a divorce decree
5 or under a written instrument incident to a divorce is not to be
6 considered a taxable transfer made by such individual notwith-
7 standing any other provision of this chapter and such interest, at
8 the time of the transfer, is to be treated as an individual housing
9 account of the spouse, and not of such individual. After the
10 transfer, the account is to be treated, for purposes of this chapter,
11 as maintained for the benefit of the spouse.

1 SECTION 6. Chapter 62B of the General Laws is hereby
2 amended by inserting after section 21 the following section: —

3 *Section 22.* Trustees of individual housing accounts created in
4 accordance with section one of chapter sixty-two shall deduct and
5 withhold a tax on any distribution subject to tax under chapter
6 sixty-two in accordance with tables prepared by the commissioner.

1 SECTION 7. Chapter 167 of the General Laws is hereby
2 amended by inserting after section 56C, inserted by section 1 of
3 chapter 553 of the acts of 1978, the following section: —

4 *Section 56D.* Any bank, national banking association, savings
5 and loan association, or federal credit union may act as trustee for
6 funds contributed to an individual housing account as defined in
7 subsection (m) of section one of chapter sixty-two. Such account
8 may be subject to such regulations as the commissioner of revenue
9 deems necessary and proper to establish and maintain such ac-
10 count in accordance with applicable law.

