

The Senate Committee on Banking and Financial Institutions offered the following substitute to SB 491:

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 48 of the Official Code of Georgia Annotated, relating to revenue and
2 taxation, so as to create a qualified down payment savings program to be implemented by the
3 Department of Revenue; to provide for definitions, conditions, and limitations; to provide for
4 related matters; to repeal conflicting laws; and for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 **SECTION 1.**

7 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
8 amended by adding a new chapter to read as follows:

9 "CHAPTER 19

10 48-19-1.

11 (a) For purposes of this chapter, the term:

12 (1) 'Department' means the Department of Banking and Finance.

13 (2) 'Designated beneficiary' means the individual designated at the commencement of
14 participation in the qualified down payment savings program as the beneficiary of
15 amounts paid, or to be paid, to the program.

16 (3) 'Qualified down payment expenses' means amounts, including closing costs, paid or
17 incurred to purchase a principal residence.

18 (4) 'Qualified down payment savings program' means a program established pursuant to
19 this chapter and administered by the department.

20 (b) Upon certification by the department that it meets the qualifications contained in this
21 chapter, a bank or credit union lawfully operating in the State of Georgia shall be
22 authorized to administer a qualified down payment savings program under which a person
23 may make contributions to an account which is established for the purpose of meeting
24 qualified down payment expenses of the designated beneficiary of the account.

25 (c) The department is authorized to develop, implement, and regulate a qualified down
26 payment savings program which meets the requirements of this chapter. The department
27 shall authorize banks and credit unions to administer such program after executing an
28 agreement with the department to comply with all of the requirements of this chapter and
29 any regulations promulgated by the department in compliance with this chapter.

30 (d) A program shall not be treated as a qualified down payment savings program:

31 (1) Unless it requires that only cash contributions will be accepted. Further, no
32 contribution to a qualified down payment savings account shall be accepted if it would
33 result in the balance of such account exceeding \$100,000.00;

34 (2) Unless it requires separate accounting for each designated beneficiary;

35 (3) Unless it provides that any contributor to, or designated beneficiary of, such program
36 may, directly or indirectly, direct the investment of any contributions to the program, or
37 any earnings thereon, no more than two times in any calendar year and subject to the
38 regulations promulgated pursuant to this chapter;

39 (4) Unless it complies with all regulations issued pursuant to this chapter; and

40 (5) If it allows any interest in the program or any portion thereof to be used as security
41 for a loan.

42 (e) No amount shall be includable in the gross income of a designated beneficiary of a
43 qualified down payment savings program, or of a contributor to such program on behalf
44 of a designated beneficiary, with respect to any distribution or earnings under such
45 program.

46 (f) Any distribution under a qualified down payment savings program shall be includable
47 in the gross income of the distributee; provided, however, that, if distributions do not
48 exceed the qualified down payment expenses, no amount shall be includable in gross
49 income."

50

SECTION 2.

51 All laws and parts of laws in conflict with this Act are repealed.