

HB 2735 -2 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 3/26, 4/2

WHAT THE MEASURE DOES:

The measure eliminates the \$6,000 cap in matching funds from state-directed moneys within a 12-month period for individual development accounts. It sets the maximum total amount of state-directed moneys that may be deposited as matching funds into an individual development account to \$20,000. The measure also directs the Housing and Community Services Department to annually adjust the maximum total amount to account for effects of inflation in rule.

ISSUES DISCUSSED:

- Funding for individual development accounts program and inflation
- Annual cap on tax credit
- Changes of value of credit over time
- History of program and impacts

EFFECT OF AMENDMENT:

-2 Removes provisions eliminating cap in matching funds for total amount of state-directed moneys that may be deposited as matching funds into an individual development account.

Increases total credits allowed to all taxpayers in any tax year for making donations to fiduciary organizations that support individual development accounts to \$16.5 million.

Applies provisions to tax years beginning on or after January 1, 2025.

BACKGROUND:

Individual Development Accounts (IDAs) are special savings accounts designed to help low-income individuals and families save money for specific financial goals. These accounts are typically supported by matching funds from government programs, nonprofits, or other organizations to encourage savings and asset-building. Every dollar deposited by the account holder is matched (often at a ratio of 1:1 to 5:1) by a sponsoring organization. Savings in an IDA can only be used for approved purposes, such as: buying a first home, paying for higher education or job training, starting, or expanding a small business, or making home repairs or improvements. Participants often must complete financial literacy training to qualify for withdrawals. IDAs are typically available to low-income individuals who meet income and asset limits, as set by the program managing the accounts.