

Submitter: Nancy Yuill
On Behalf Of: Individual Development Accounts
Committee: Joint Committee On Ways and Means
Measure, Appointment or Topic: HB5006

Individual Development Accounts are a highly effective way to help people move out of poverty and into the wealth building class, impacting families for generations to come. Unfortunately, the future of IDAs is at risk, because the tax credit that funds them has not kept pace with inflation. While the credit has been capped at \$7.5M per year since 2009, the cost of everything that IDA participants save for has increased dramatically – especially IDA savers' two most common goals: homeownership and higher education. Compared with 15 years ago, each saver needs more funds from the program in order to be successful, yet the total funding has remained stagnant.

Here is a simple solution for you to take: There are two funding options available to you in the 2025 session: HB 2735 raises the cap on the existing tax credit, from \$7.5M to \$16.5M, in order to fully fund the program. Or, HB 3809 dedicates revenue from the state lottery to supplement the existing \$7.5M tax credit. Either option would return the IDA program to solid financial footing. Please incorporate one of these options into the 2025-2027 state budget and Fix the Funding for IDAs.

Thank you.