

HB 3133 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 3/26

WHAT THE MEASURE DOES:

Increases from \$7.5 million to \$15 million, total individual development account (IDA) tax credits allowed to all taxpayers in any tax year. Increases credit percentage limit from 70 percent to 100 percent of taxpayer's donation amount to a fiduciary organization for distribution to individual development accounts. Modifications are applicable to tax years 2019 through 2021. Eliminates requirement of Legislature to periodically review the IDA program. Modifies statutes governing IDAs. Takes effect 91st day after adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Individual Development Accounts (IDAs) are savings accounts where participant savings are matched from contributions to the program. Participants are of a lower income with a limited net worth. Use of the savings include purchasing a home, education attainment and small business development.

On August 23rd, 2018, the Internal Revenue Service (IRS) released proposed regulations on charitable contributions and state and local tax credits. Under the proposed regulations, a taxpayer who makes payments or transfers property to an entity eligible to receive tax deductible contributions must reduce their charitable deduction by the amount of any state or local tax credit the taxpayer receives or expects to receive.