

SB 148 STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

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Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 2/4

WHAT THE MEASURE DOES:

Extends tax credit for individual development account (IDA) donations from January 1, 2022 to January 1, 2028.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Individual Development Account (IDA) program is designed to support low income individuals' and households' financial goals through matched savings contracts with fiduciary organizations. Program participants must complete financial education and follow a savings plan. Generally, IDAs are used to save for education, small business startups, and down payments to purchase homes.

Individuals or businesses donating to the state-selected nonprofit for IDAs (currently Neighborhood Partnerships) may be eligible to claim an income tax credit equal to 75 percent of the amount donated. Contributions are applied toward matching account holders' savings and program-related expenses of fiduciary organizations. The tax credit is currently scheduled to sunset January 1, 2022.

Senate Bill 148 extends the sunset on tax credits for IDA donations to January 1, 2028.