



IDA

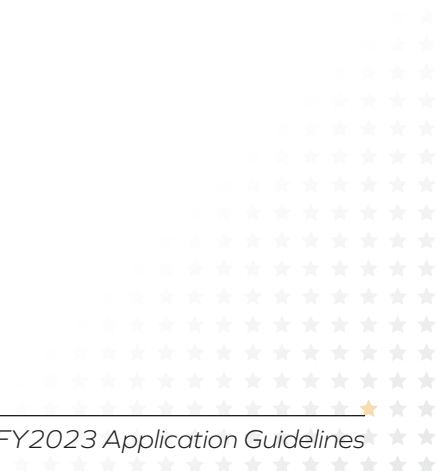
Individual Development Account
Tax Credit Program

www.kansascommerce.gov/ida

FY2023 Application Guidelines

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POTENTIAL APPLICATIONS

If you are considering the submission of an Individual Development Account Tax Credit Application and have questions, please contact us.

**Please include the following information
in your email:**

1. Name of organization
2. Location
3. Estimate of tax credit request
4. Year of most recent tax credit award (If applicable)
5. Year of most recent tax credit application (If applicable)
6. One paragraph description of program
7. Contact information
8. Statement acknowledging your understanding that the \$250 application fee is non-refundable

**Introduction to IDA Tax Credits
Zoom Meeting
Aug 16, 2022 at 1:00 PM Central Time**

**Register in advance for this zoom meeting:
<https://bit.ly/3JqW4DZ>**



CONTACT

SARA BLOOM
IDA PROGRAM COORDINATOR
(785) 506-9278
sara.bloom@ks.gov

Creating Success for Your Community

The goals of IDA Program are to decrease the number of Kansans receiving public income support and the number of communities with a high concentration of poverty.

The IDA Program raises the quality of life for all Kansans by increasing:

- The number of Kansans living above the federal poverty line
- Kansans who become homeowners
- Kansans completing over 12 years of education

HOW DOES IT WORK?

The Individual Development Account Program allows qualified Kansans of low-income levels the opportunity to achieve financial self-sufficiency through education and asset development.

An Individual Development Account, also known as an “IDA,” is a savings account for low-income workers that can be used for small-business development, higher education, or the purchase of a first home. The special savings accounts can receive up to a 3:1 match on every dollar saved. Community charities, tribal and religious entities are eligible to develop programs in their communities through the selling of tax credits. The Kansas Department of Commerce oversees the program and allocates up to \$500,000 in state income tax credits each calendar year. Commerce also partners with the Kansas Department of Revenue to administer the tax credits for qualified program contributors.

Kansans with higher income levels can help others achieve financial independence by contributing to the program while receiving up to a 75% income tax credit for their donation to the program.

The Kansas Department of Commerce (KDC) is seeking qualified community-based organizations to implement IDA Programs and administer an individual development account reserve fund on a not-for-profit basis as outlined in the Individual Development Account Program Act established under K.S.A. 74-50,201 through 74-50,208 (the Act) on behalf of KDC. The selected organizations will provide services to KDC and meet with an appointed representative from KDC regarding Program matters.

IDA Program Participants are qualified Kansans who enroll in a qualified IDA Program through an authorized Program Administrator.

Program Participants must meet income and asset qualifications and complete a money management education course before they can open a special savings account that is eligible for the financial match provided by a community-based organization at a one-to-one (1:1) ratio up to a three-to-one (3:1) ratio for every dollar saved.

Qualified community-based organizations selected to be IDA Program Administrators are responsible for providing or raising the funds necessary for matching contributions to individual development accounts and maintaining records of the names of Program Donors and the total amount each Program Donor contributes to the IDA account reserve fund in each calendar year.

IDA Program Donors are individuals or companies that donate to a qualified IDA Program. Donors provide the matching funds for participant savings accounts and are eligible to receive a Kansas refundable income tax credit valued at up to 75% of their contribution amount. Program Administrators will submit Program Donor information to Commerce annually to administer the tax credits.

Tax credits will be authorized to Administrator(s) on an annual basis and expire on December 31 of the year in which they are authorized. The maximum amount of tax credit that a community-based organization may receive each fiscal year shall not exceed \$100,000. However, if the total number of requests for tax credits by community-based organizations are less than \$500,000, additional tax credits may be awarded by Commerce to a previously selected Administrator. Administrators may choose to submit a proposal to administer a statewide program or a portion of the program on a regional basis. In the event Administrators propose to operate the program on a regional basis, multiple Administrators may be selected.

FY2023

Credit Allocation Plan

The state of Kansas Individual Development Account Tax Credit Program will award \$500,000 in tax credits for eligible projects in FY2023. The maximum award for tax credits is \$100,000 per program. If requests for tax credits exceed the amount available and all other scoring factors are equal, priority will be given to applicants not previously awarded. The Kansas Department of Commerce will evaluate the credit utilization of every project at the end of twelve (12) months. If, after notice has been provided

by Commerce, an organization is unable to provide written evidence that its remaining credits will be utilized, Commerce reserves the right to reduce the amount of tax credits for that project and reallocate those credits to other projects, so they can be utilized before the expiration date.

TECHNICAL ASSISTANCE

For questions regarding completion of the Individual Development Account Tax Credit Program contact the Kansas Department of Commerce. Questions can be submitted by telephone at (785) 506-9278 or submitted by email to sara.bloom@ks.gov. Every effort will be made to return calls or respond to emails within 24 hours or one business day.

For questions regarding tax issues or the completion of the appropriate tax forms, contact the Kansas Department of Revenue, Taxpayer Assistance Bureau at (785) 296-8042.

WHO QUALIFIES FOR THE CREDIT?

The contribution credit is a tax credit for contributions made by business firms or individuals subject to Kansas income tax, Kansas privilege tax, or the premium tax or privilege fees imposed on insurance companies. Donations must be \$250.00 or greater, and the payment should come directly from either the business firm or the individual.

SPECIAL FEATURES OF THE CREDIT

Any tax credit issued by an approved organization that exceeds the tax liability of the contributor shall be refunded to the taxpayer. Credits must be claimed in the year they are issued.

WHAT KINDS OF CONTRIBUTIONS QUALIFY?

- Cash, Check or Electronic Deposit – documented by a receipt, letter or proof of deposit. Donor name must be listed.
- Stocks & Bonds – documented by the transfer certificate and valued by the stock market price on the day of the transfer.

WHO MAY APPLY AND ADMINISTER A PROJECT?

Any religious association, charitable association, or tribal entity may submit a proposal to serve as a community-based Program Administrator.

Eligible Projects

Under the IDA Program each proposal shall create opportunities for Program Participants to accrue savings for the following purposes:

- 1) *Purchase of a first home*
- 2) *Pay for home repairs*
- 3) *Build on a small business*
- 4) *Pay for college or specialized training*

1) PURCHASE OF A FIRST HOME

OFFERED TO QUALIFIED FIRST-TIME HOMEBUYERS.

Qualified first-time homebuyers are defined as a taxpayer, and, if married, the taxpayer's spouse, who has no present ownership interest in a principal residence during the three-year period ending on the date on which a binding contract to acquire, construct or reconstruct the principal residence to which this subsection applies is entered.

2) PAY FOR HOME REPAIRS

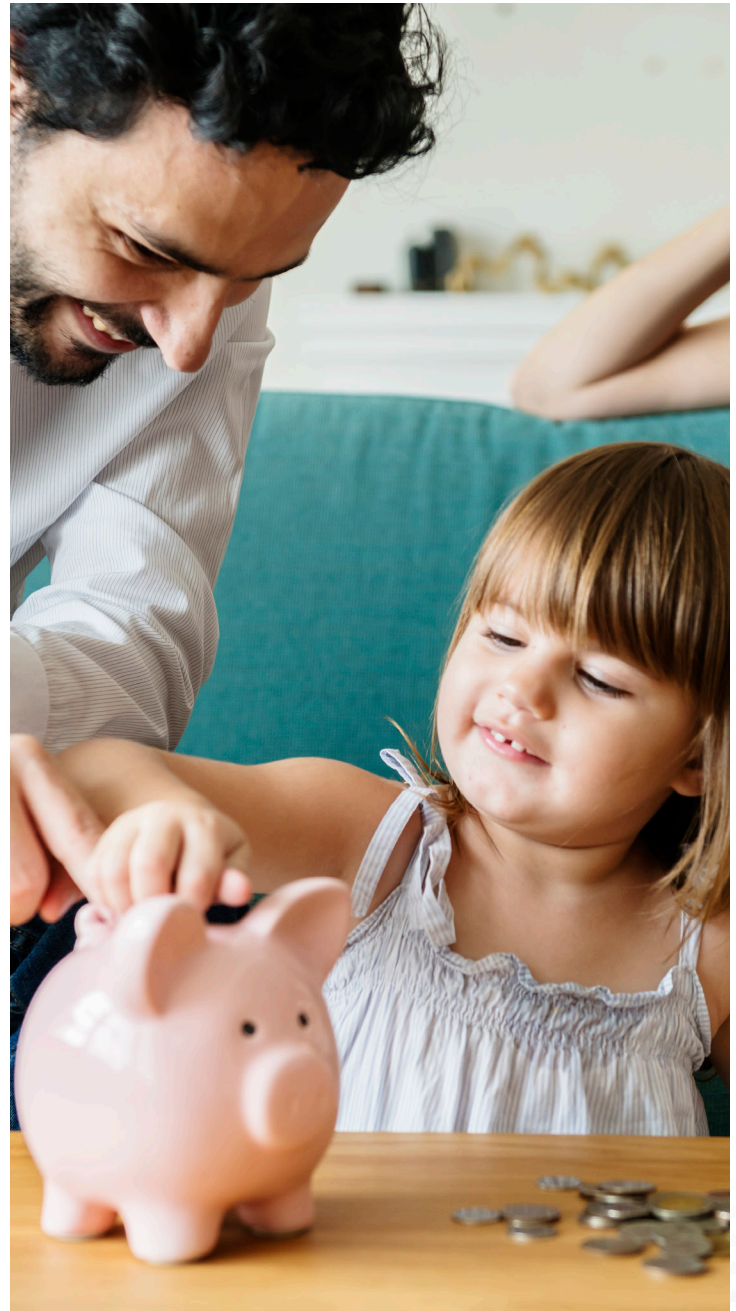
Households with low to moderate income can save to make repairs necessary to keep their home safe and accessible. To qualify, applicants must live in a single-family home in which they hold the deed, be current on property taxes and meet income guidelines.

3) BUILD ON A SMALL BUSINESS

Start, purchase or expand a small business. Qualified expenses using IDA funds include stocking inventory, working capital, business equipment and marketing materials.

4) PAY FOR COLLEGE OR SPECIALIZED TRAINING

This includes tuition and fees required for enrollment or attendance, and fees, books, supplies and equipment required for courses of instruction at an educational institution.





Program Administrator - Scope of Work

THE PROGRAM ADMINISTRATOR SHALL PROVIDE THE FOLLOWING SERVICES:

- Administer an individual development account reserve fund on a not-for-profit basis.
- Work with participating financial institutions to establish individual development accounts and individual development account reserve funds.
- Develop a strategic fundraising plan to recruit donations to the individual development account reserve fund from Program Donors, including methods for tracking and managing donations.
- In cooperation with participating financial institutions, submit to the KDC the names, addresses, and social security numbers, of each Program Donor, along with the type of and proof of contribution, and the total amount of contribution each Program Donor makes to the IDA account reserve fund for each calendar year.
- Make matching contributions at a one-to-one ratio up to a three-to-one ratio to the development account of an individual account holder's or family's contributions to the individual development account.
- Identify the population(s) targeted for priority participation in the IDA Program and develop methods of outreach to and inclusion of the targeted population.
- Develop a community-based organization-level IDA Program that includes the following components consistent with the Act:
 - Economic education seminars are to be offered to individual account holders and families of account holders at no cost to the individual account holder or the family of the account holder. Economic education seminars must provide a minimum of four workshops in basic economic literacy including, but not limited to, such topics as personal finance management training, budgeting and credit repair, loans and grant resource development, and personal financial planning.
- Guidelines for participation in the IDA Program including a requirement that the individual account holder or the family of the account holder attend economic education seminars.
- A process for including account holders in decision-making regarding the investment of funds in the accounts.
- A process for approval of account holder withdrawals for qualified expenditures.
- A process for regular evaluation and review of individual development accounts to ensure compliance by account holders.
- Obtain annual independent audits from an independent certified public accountant of the organization's administration of the IDA Program under the Act and amendments thereto.
- Submit quarterly reports to KDC, in a format approved by KDC, indicating the number of accounts established, the amount of tax credits used, the amount of donations secured through the tax credits, participating financial institutions, and any additional information as may be requested by KDC.
- Submit completed tax credit applications along with required verification to KDC so certificates may be issued to Program Donors.

Selection Criteria

ALL PROPOSALS MUST SET FORTH:

- Organization Overview: 250 Word Limit
- Organization Qualifications: 250 Word Limit
- Program Administration Plan: 250 Word Limit
- Program Design: 550 Word Limit
- Goals/Timelines: 350 Word Limit
- Program Marketing: 150 Word Limit
- Program Budget Justification: 150 Word Limit

ALL PROPOSALS MUST SET FORTH THE FOLLOWING PUBLIC BENEFIT IMPACT MEASUREMENTS:

- Estimate of the number of individuals who will benefit from the proposed project
- Describe your organization's proposed approach to developing a community-based IDA Program.
- Provide a preliminary timeline for Program development and implementation including goal setting and activities under the Scope of Work.
- State the outcomes you will achieve through this program.
- Describe your method for data collection and the evaluation tools you will use as well as how often the evaluation will take place.

THE KANSAS DEPARTMENT OF COMMERCE WILL EVALUATE ALL PROPOSALS BASED ON THE FOLLOWING CRITERIA:

PROJECT NEED/SUMMARY: MAXIMUM OF 45 POINTS

- What is the need?
- Summary of the project.
- How does this project address the stated need?
- Are there alternative solutions?
- What steps were taken to collect input from the community?

PROJECT PLANNING: MAXIMUM OF 12 POINTS

An outline of the action plan that includes:

- Project goals and objectives.
- Project timeline.
- Administrative controls.
- Coordination with organizations.
- Fiscal controls and audit.
- Fundraising plan.

AGENCY CAPACITY: MAXIMUM OF 10 POINTS

Ability of the organization to sustain the project over time.

FUNDRAISING CAPACITY: MAXIMUM OF 35 POINTS

- Capacity to adequately administer the project and manage the fundraising campaign.
- Fundraising experience and fundraising plan.
- Pledge letters (more letters = higher score).

OVERALL QUALITY OF APPLICATION: MAXIMUM OF 15 POINTS

- Applicant has clearly, briefly and adequately completed the application and followed all directions.
- Excessively long applications may degrade the overall quality of the proposal and result in a lower rating.

INNOVATION: MAXIMUM OF 10 POINTS

- Innovative solution to solve the need.
- Is the project replicable and scalable?

CONFIDENCE IN PROJECT: MAXIMUM OF 20 POINTS

Application Submittal Procedures and Approval Process

PLEASE READ ALL INSTRUCTIONS CAREFULLY

APPLICATIONS MUST BE SUBMITTED BY SEPTEMBER 30, 2022 AT 11:59 P.M.

- Application technical assistance ends at 4:00 p.m. on September 30, 2022
- Incomplete applications will not be accepted.
- Announcement will be made on or after November 1, 2022 and results of awards will be mailed and emailed.

The proposed project must be submitted electronically via the FY2023 IDA Application

THE FOLLOWING DOCUMENTATION MUST ACCOMPANY THE APPLICATION AS UPLOADED ATTACHMENTS:

1. Articles of Incorporation.
2. Bylaws of the organization.
3. If the organization has previously received individual development account tax credits, note that in the application.
4. IRS tax-exempt status notification if applicable.
5. A current "letter of good standing" from the Kansas Secretary of State.
6. Minutes of the board meeting where the IDA Tax Credit Program application was reviewed and approved.
 - Please highlight or underline that portion of the minutes where the application was reviewed and approved.
 - If minutes are confidential, the part of the board meeting where the application was approved may be submitted noting date of meeting and those attending the board meeting. Minutes may be submitted with redaction (black line) through the minutes that are not pertinent to the IDA Tax Credit Program application.
7. A current list of the organization's board of directors with addresses and phone numbers where board members may be reached.
8. A legible map showing boundaries of the service area or the project location.
Available software: <http://mymaps.google.com>.
9. A list of proposed financial institutions.
10. Proposed participation Agreements. Attach a proposed participation agreement(s) that identifies the responsibilities of the community-based organization and the financial institution to promote effective management of the Individual Development Accounts and ensure the safety and security of the accounts. Note: The participation agreement with the financial institution(s) does not need to be finalized when you submit your proposal, however it must be finalized within two months of selection as an Administrator and be submitted to Commerce for approval prior to opening Individual Development Accounts with the financial institution.
11. Financial audit of the organization. Applicants are required to submit an independent financial audit of the organization for the most recent fiscal year. If the organization has been in existence for less than two (2) years or has less than \$100,000 of annual gross receipts in each of the previous two (2) years, the organization may submit a copy of their current 990 IRS form in lieu of an audit.
12. Other miscellaneous documents (if applicable).

Instructions

IMPORTANT - PLEASE READ ALL INSTRUCTIONS VERY CAREFULLY!

ALL QUESTIONS ARE TO BE ANSWERED COMPLETELY AND CONCISELY.

- 1) The most current Individual Development Account Tax Credit Program online application form will be the only recognized document to be submitted for review.
- 2) All required documents must be submitted with the application.
- 3) Incomplete applications will not be accepted.
- 4) The Individual Development Account Program coordinator must be in receipt of the \$250 non-refundable application fee (payable online or by check).

**HAVE QUESTIONS OR NEED HELP?
WE'RE HERE TO HELP!**

Phone: (785) 506-9278
sara.bloom@ks.gov



IDA
Individual Development Account
Tax Credit Program

Frequently Asked Questions

1. WHAT IS THE IDA TAX CREDIT PROGRAM?

IDA allows administering organizations to provide qualified Kansans of low-income levels the opportunity to achieve financial self-sufficiency through education and asset development via special savings accounts. An Individual Development Account, also known as an “IDA,” is a savings account for low-income workers that can be used for small-business development, higher education, or the purchase of a first home. Each time a Program Participant makes a deposit, the IDA Program contributes an additional deposit called a “match.” The match can be up to a 3:1 match on every dollar a participant saves. For example, if an IDA program offers a 2:1 match, each time a deposit of \$25 is made, the program sets aside an additional \$50.

Kansans with higher income levels can help others achieve financial independence by contributing to the program while receiving up to a 75% income tax credit for their donation to the program.

2. WHAT IS THE MAXIMUM AMOUNT OF TAX CREDITS THAT CAN BE APPLIED FOR?

The maximum amount of tax credits is \$100,000. There is no minimum. However, if the total amount of requests for tax credits by community-based organizations is less than \$500,000, additional tax credits may be awarded by Commerce to a previously selected Program Administrator.

3. HOW DO ORGANIZATIONS PAY THE APPLICATION FEE? APPLICATION FEES CAN BE [paid online here](#).

PAPER CHECKS ARE ALSO ACCEPTED. DOWNLOAD AND COMPLETE THE CHECK FEE PAYMENT FORM AND MAIL IT TO:

**KANSAS DEPARTMENT OF COMMERCE
IDA TAX CREDIT PROGRAM
ATTN: SARA BLOOM
1000 SW JACKSON STREET, SUITE 100
TOPEKA, KANSAS 66612-1354**

[CHECK FEE PAYMENT FORM](#)

4. WHAT IS THE KANSAS DEPARTMENT OF COMMERCE’S ROLE IN SOLICITING TAX CREDITS?

It is the responsibility of the Program Administer (nonprofit organization) to solicit donations, complete the necessary paperwork and send the information to the Kansas Department of Commerce for processing. Kansas Department of Commerce will provide contact information to potential donors that are interested in donating.

5. WHAT HAPPENS IF AN ORGANIZATION DOESN’T USE ALL OF ITS ALLOTTED TAX CREDITS?

The Kansas Department of Commerce will evaluate the credit utilization of every project at the end of 12 months. If, after notice has been provided by Commerce, an organization is unable to provide written evidence that their remaining credits will be utilized, Commerce reserves the right to reduce the number of tax credits for that project and re-allocate those credits to other projects so they can be utilized before the expiration date.

6. WHO IS ELIGIBLE FOR TAX CREDITS?

The tax credit is for contributions made by business firms or individuals subject to Kansas income tax, Kansas privilege tax or the premium tax or privilege fees imposed on insurance companies. The minimum amount that can be donated is \$250. There is no maximum amount.

7. ARE TAX CREDITS REFUNDABLE OR CARRIED FORWARD?

Tax credits are refundable and must be claimed in the year they are issued.

8. HOW DO PROGRAM DONORS RECEIVE THEIR TAX CREDIT CERTIFICATE?

Once the Kansas Department of Commerce makes the Individual Development Account Tax Credit award, Program Administrators will have the ability to download a copy of the tax credit certificate through the Kansas Department of Revenue.

