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Individual Development Accounts (IDA)

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Agenda

- What is the IDA Program?
- Role of Department of Commerce
- Program Funding
- Program Goals
- Program Participants and Donors
- Role of Program Administrators
- What are tax credits & how they work
- How to Apply
- Questions

What is the IDA Program?

- IDA Stands for Individual Development Account

- The IDA program provides financial assistance to community charities, tribal and religious entities to help them develop programs in their communities that provide asset development to low-income individuals, through the selling of tax credits to fund their Development Savings Account program

- IDA Accounts allow qualified Kansans of low-income levels the opportunity to achieve financial self-sufficiency through education and asset development via special savings accounts that receive up to a 3:1 match on every dollar they save

Role of Kansas Department of Commerce

- Requests proposals from qualified community-based organizations to implement the Individual Development Account Program
- Tracks and reviews qualified donations
- Issues Tax credit certificates for qualified donations
- Reports program progress to the Legislature

Program Funding

- Commerce allocates up to $500,000 in state income tax credits among selected Program Administrators each calendar year

- Tax credits will be authorized to Program Administrators on an annual basis and expire on December 31 of the year in which they are authorized

- The maximum amount of tax credits that a community-based organization may receive each fiscal year shall not exceed $100,000*

*However, if the total amount of requests for tax credits by community-based organizations is less than $500,000, or fewer than 5 awards, additional tax credits may be awarded by Commerce to a previously selected Program Administrator

Allotted Operations Fund

- In the first 2 years of the program the organization can allocate up to 20% of the funding earned from the sale of the tax credits for the operation/administration of the budget

- Every year thereafter, the organization may allocate 15% of the funds earned from the sale of the tax credits for its operation/administration budget

Who Can be a Program Administrator?

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

Program Administrators will identify financial institutions to partner with to host accounts opened by program participants.

Program Goals

Using Program guidelines community-based organizations are encouraged to exercise flexibility and creativity to design and implement an IDA Program that suits the needs of the targeted populations and addresses the following goals:

- Decrease the number of Kansans receiving public income support at any time during the year
- Decrease the number of communities with a high concentration of poverty

- Increase the number of Kansans living above the federal poverty line
- Increase the number of Kansans who become homeowners
- Increase the number of Kansans completing over 12 years of education
- Increase the number of Kansans operating a small business

Who can participate?

To qualify for an IDA savings account participants must:

- Meet income and asset guidelines

- Complete a “money management course” that relates to their Saving Goals

If participants meet the eligibility criteria, they can open a special savings account that is eligible for a match provided by the Program Administrator up to a 3:1 ratio for every dollar they save.

What can participants save for?

Program participants can use the accrued savings to:

- Purchase a first home
- Pay for substantial home repairs
- Build on a small business
- Pay for college or specialized training

Program Donors

- Individuals and Businesses can help others achieve financial independence by contributing to the program while receiving a REFUNDABLE income tax credit for up to 75% of their donation to an IDA Program Administrator running an approved IDA Program

- Donors may be private citizens, a revocable trust, or a business

WHAT KINDS OF CONTRIBUTIONS QUALIFY?

- Cash, Check or Electronic Deposit – documented by a receipt, letter or proof of deposit.

- Stocks & Bonds – documented by the transfer certificate and valued by the stock market price on the **day of the transfer**

What are Tax Credits?

A tax credit is a dollar-for-dollar reduction of the actual tax someone owes.

They are NOT a deduction! They are usually more valuable than a deduction because they directly cut down on a donor's tax bill!

Tax credits can be combined with a deduction in some circumstances (State Credit + Federal Deduction)

IDA tax credits are refundable! If the tax credit is greater than the donor's tax credit liability, the donor receives a refund.

IDA tax credits are NOT transferrable

HOW DO TAX CREDITS WORK?

The IDA program is a donation-based tax credit:

1. Donors Make a Qualified Donation
   A donor makes a $1,000 donation to Program Administrator that qualifies for a 75% tax credit. *A minimum donation of $250 is required.

2. Calculate the Tax Credit
   Since the tax credit is 75%, they would receive a $750 tax credit ($1,000 x 75%).

3. Apply the Credit to Your Tax Bill
   Before the credit, assume their total tax liability (the amount owed before credits) is $1,000. After applying the $750 credit, their new tax liability is $250.

4. Report the Credit
   They claim the tax credit when they file their tax return by filling out the appropriate form and providing documentation of the donation.

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Role of Program Administrators

- Fundraising/Sell the allotted tax credits
- Process donations and tax credit certificates
- Identify and outreach for eligible participants
- Maintain accounts for all participants
- Provide educational opportunities to participants
- Provide required quarterly reporting on tax credits, participants, and accounts

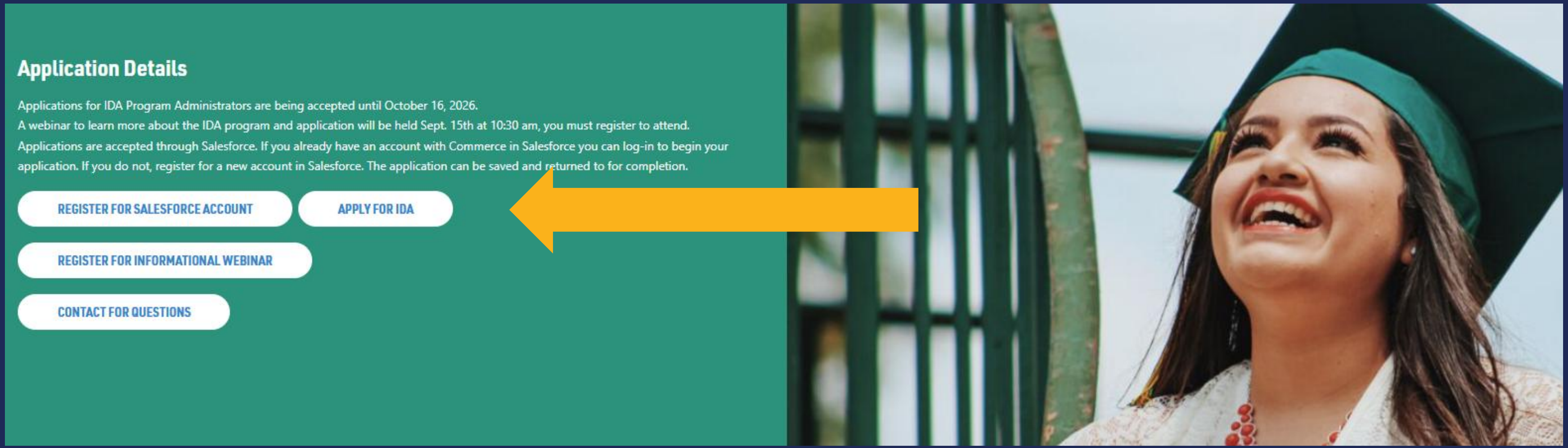
How to Apply

APPLICATIONS MUST BE SUBMITTED BY OCTOBER 16, 2026, AT 5:00 P.M.

- Applications will be submitted through Salesforce
- Application technical assistance ends at 4:00 p.m. on October 15, 2026
- Incomplete applications will not be accepted

The proposed project must be submitted electronically via the FY2027 IDA Application

www.kansascommerce.gov/ida



How to Apply

Application Content:

- Organization Introduction
- Program Need, Summary and Program Design
- Program Planning, Goals and Timelines
- Program Marketing
- Organization Capacity and Qualifications
- Fundraising Capacity and Program Administration Plan
- Program Budget Justification

How to Apply

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.

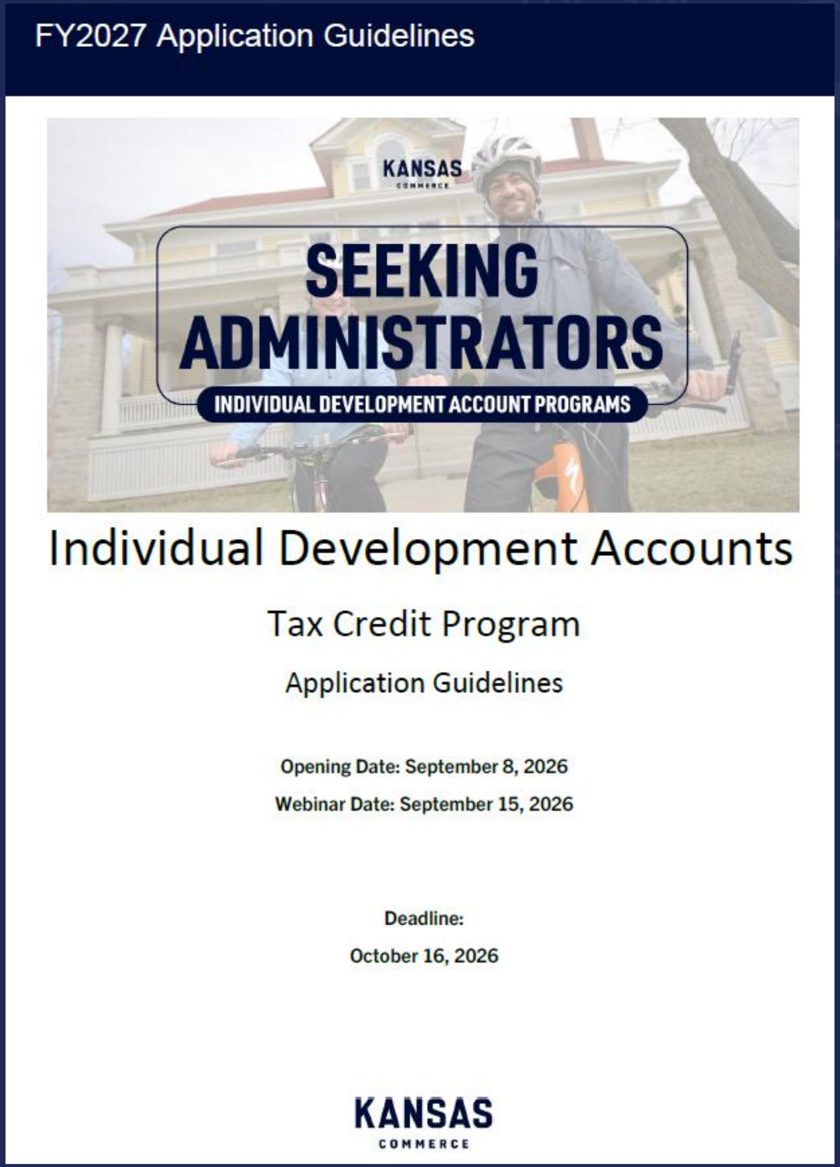
Funding Priorities

Priority will be given to organizations with similar experience in maintaining education and financial programs to low-income persons. In reviewing the proposals of community-based organizations, the following factors shall be considered:

- The not-for-profit status or tribal status of such community-based organization
- The fiscal accountability of the community-based organization
- The ability of the community-based organization to provide or raise funds through the sale of the tax credits for matching participant contributions
- The ability of the community-based organization to establish and administer an individual development reserve fund account which shall receive all contributions from program participants
- The significance and quality of proposed auxiliary services, including economic education seminars and their relationship to the goals of the IDA program

Program Guidelines

www.kansascommerce.gov/ida


FY2027 Application Guidelines

Individual Development Accounts

Tax Credit Program

Application Guidelines

Opening Date: September 8, 2026

Webinar Date: September 15, 2026

Deadline:

October 16, 2026

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Let's Talk

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