

CHAPTER 177**(SJR 153)**

A JOINT RESOLUTION directing the Department of Financial Institutions to conduct a study of establishment of an individual development accounts program in Kentucky.

WHEREAS, individual development accounts (IDAs) are dedicated savings accounts at local financial institutions for low-income persons that are managed by community organizations; and

WHEREAS, typically each dollar deposited by low-income account holders are matched at a rate of \$1 to \$4 and the private contributor of matching funds is provided a tax credit; and

WHEREAS, the account holder can withdraw the funds tax-free to use for certain designated expenses such as postsecondary education, first home purchase, home renovation, home computer, and automobile purchase or repair; and

WHEREAS, one-third of all American households have zero or negative net financial assets and IDAs provide banks with the opportunity to reach persons without bank accounts and offer access to greater wealth and stability; and

WHEREAS, some banks in Kentucky have voluntarily engaged in IDA partnerships; and

WHEREAS, the Savings for Working Families Act of 2002, reintroduced on February 7 in Congress, if passed, will allow almost one million individuals to access IDAs by providing incentives to financial institutions to match IDA saving; and

WHEREAS, in less than 10 years thirty-two states have enacted legislation on IDAs;

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

Section 1. The Department of Financial Institutions is directed to conduct a study of, and make recommendations on, the establishment of an individual development accounts program for low-income Kentuckians. The Department shall consider the need for legislation, tax incentives for deposit and withdrawals from accounts, tax credits for entities that provide private matching funds, and the effects on state revenues.

Section 2. All licensed financial institutions in the Commonwealth shall cooperate with the Department of Financial Institutions in conducting this study.

Section 3. The study findings and recommendations shall be reported to the Legislative Research Commission no later than October 30, 2003.

Approved April 2, 2002