

### 541A.3 Individual development accounts — state savings match and tax provisions.

All of the following state savings match and tax provisions shall apply to an individual development account:

1. *a.* Payment by the state of a state savings match on amounts of up to two thousand dollars that an account holder deposits in the account holder's account.

*b.* Moneys transferred to an individual development account from another individual development account and a state savings match received by the account holder in accordance with [this section](#) shall not be considered an account holder deposit for purposes of determining a state savings match.

*c.* Payment of a state savings match either shall be made directly to the account holder or to an operating organization's central reserve account for later distribution to the account holder in the most appropriate manner as determined by the administrator.

*d.* Subject to the limitation in paragraph "a", the state savings match shall be equal to one hundred percent of the amount deposited by the account holder. However, the administrator may limit, reduce, delay, or otherwise revise state savings match payment provisions as necessary to restrict the payments to the funding available.

2. Income earned by an individual development account is not subject to state tax, in accordance with the provisions of [section 422.7, subsection 28](#).

3. Amounts transferred between individual development accounts are not subject to state tax.

4. The administrator shall coordinate the filing of claims for a state savings match authorized under [subsection 1](#), between account holders and operating organizations. Claims approved by the administrator may be paid to each account holder, for an aggregate amount for distribution to the holders of the accounts in a particular financial institution, or to an operating organization's central reserve account for later distribution to the account holders depending on the efficiency for issuing the state savings match payments. Claims shall be initially filed with the administrator on or before a date established by the administrator. Claims approved by the administrator shall be paid from the individual development account state savings match fund.

93 Acts, ch 97, §18; 96 Acts, ch 1106, §11; 98 Acts, ch 1218, §78, 84; 2002 Acts, ch 1175, §39, 40; 2003 Acts, ch 145, §286; 2006 Acts, ch 1016, §5, 6, 8; 2006 Acts, ch 1185, §123; 2008 Acts, ch 1178, §13, 17; 2009 Acts, ch 70, §3, 5; 2009 Acts, ch 133, §170

Referred to in [§422.7](#), [541A.5](#), [541A.7](#)

2008 amendment changing "savings refund" to "state match" is retroactively applicable to January 1, 2008, for the tax year commencing on January 1, 2008; 2008 Acts, ch 1178, §17

2009 amendment to subsection 1, paragraph a, by 2009 Acts, ch 70, §3, takes effect April 17, 2009, and applies retroactively to July 1, 2008; 2009 Acts, ch 70, §5

Individual disaster grants for unmet needs to provide the state match to certain account holders affected by natural disaster in 2008; 2009 Acts, ch 169, §4 - 6; 2009 Acts, ch 179, §175, 176, 179