

Summary of Proposed Legislation for 2019

The Oregon Individual Development Account (IDA) Initiative builds strong communities from the ground up, by providing individuals and families incentives and support as they work to invest in their futures.

Oregonians from all corners of the state benefit from IDAs. They work with local partners to build skills and knowledge as they develop a strong savings habit. Their savings are matched as they reach their goals with a solid plan for their future.

Our proposal for legislative changes in 2019 includes an increase in tax credit authority, and several changes to the statutes which define uses of IDAs and administration of the Initiative.

Changes needed in 2019

Increase tax credit authority from \$7.5 to \$15 million, and adjust value of credit to compensate for federal tax changes

The Oregon IDA Initiative is funded by a tax credit authorized in ORS 315.271. There is currently a cap on tax credits of \$7.5 million a year. We would like to increase that limit to \$15 million in 2019. This would allow us to meet demand by Oregonians who are ready to save for a better future. The credit value may also need to be adjusted upward to compensate for changes in the federal tax plan.

Remove outdated references to federal programs

ORS 458.675 (4) references one federal program which was discontinued, and one which is not currently used by many IDA Initiative partners. We would like to remove those references. ORS 458.675 (6) references the receipt of federal monies for accounts. We propose referencing the ability to leverage or complement federal resources.

Update references to the range of uses of IDA accounts

The 2015 Legislature added a variety of new savings categories for IDAs. The statutes were not all updated to include reference to the wider range of uses. ORS 458.675 (5) and ORS 458.695 (4).

Remove specific income calculation instructions from statute, and place in administrative rule

The statute ORS 458.680 (2) contains specific instructions for calculation of net worth. We propose removing this specific language and replacing it by a requirement that the procedure be defined in administrative rule.

Modify language about uses of home repair IDAs

Current references to making residences accessible and visitable is unnecessarily limiting and places a burden on partners for certification of repairs or improvements. We propose more general language that is still true to the intent of the original.

Allow savings to be accelerated

Allow accrual of up to \$3,000 in savings match per 6 month period. ORS 458.690 (2) currently allows this accrual over 12 months. Shortening the period to accrue \$3,000 will particularly benefit those saving for homeownership.

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