

HB 2551 -3 STAFF MEASURE SUMMARY

House Committee On Human Services

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Sub-Referral To: House Committee On Revenue

Meeting Dates: 3/8, 3/24

WHAT THE MEASURE DOES:

Establishes the Individual Development Account Fund (the Fund) and appropriates \$21,000,000 to it. The Fund appropriates money to: a) the Housing and Community Services to administer the individual development account program and b) fiduciary organizations to establish individual development accounts.

Narrows definition of "net worth".

Expands purposes for establishing an individual development account to align with account holders' personal development plans.

Permits the account holder to withdraw deposits in the individual development account for any financial hardship as determined by the account holder.

Directs fiduciary organizations to match amounts deposited by the account holder in the individual development account into a designated account according to a formula established by the fiduciary organization.

Sets \$6000 as a limit on annual matching funds individual development account holders can accrue.

Directs the fiduciary organizations to remove matching funds only for withdrawals made for non-emergency expenses.

Specifies how and when fiduciary organizations must report to the Housing and Community Services Department.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-3 Extends the sunset of the The Oregon Individual Development Account Initiative tax credit. Permits claiming a tax credit for donations made not later than April 15 following December 31 of the tax year for which the credit is allowed.

BACKGROUND:

Individual Development Accounts, or IDAs, are matched savings accounts that build the financial management skills of qualifying Oregonians with lower incomes while they save towards a defined goal. The Initiative was created in 1999 by the Oregon State Legislature along with several state agencies, private non-profit and tribal partners, and private contributors. The Individual Development Accounts Initiative is under the leadership of Oregon Housing and Community Services Department and the Oregon Department of Revenue. Eligible participants enroll in the program, set a goal and begin saving. Once the participant's goal is reached and all parts of the savings plan are completed, every dollar saved by a participant is matched by the Initiative. Account holders can use matched funds to help them purchase a home, fulfill an educational goal, develop and launch a small business, restore a home to habitable condition, or purchase equipment to support employment. Oregon residents twelve years of age and older who have low incomes and modest net worth may be eligible for the program. Residents work with a local partner to define and reach their goals. Neighborhood Partnerships, the program manager, reports that more than 3500 Oregonians are currently saving with an IDA, more than 15000 Oregonians have used the Initiative since its inception and have saved over \$28 million of their own money.

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House Bill 2551 expands the purposes of the Individual Development Accounts Initiative to include individual development goals, broadens definitions of emergency, expands the amount of savings allowed in a 12 month period, and extends the sunset of the The Oregon Individual Development Account Initiative tax credit.