

HB 2551 -4 STAFF MEASURE SUMMARY

House Committee On Human Services

Prepared By: Iva Sokolovska, LPRO Analyst

Sub-Referral To: House Committee On Revenue

Meeting Dates: 3/8, 4/5

WHAT THE MEASURE DOES:

Allocates \$21 million to the Individual Development Account Fund for continuous appropriation to Oregon Housing and Community Services (OHCS) to support and expand the Individual Development Account (IDA) program.

Allows more individuals to participate by modifying the definition of "net worth."

Expands purposes for establishing an IDA.

Allows withdrawals from IDAs for any financial hardship as determined by the account holder.

Specifies that fiduciary organizations must depositing matching funds into a designated account.

Raises annual limit on matching funds from \$3,000 to \$6,000.

Creates an exception to the requirement that matching funds be withdrawn by fiduciary organizations consistent with account-holder withdrawals, when the account-holder's withdrawal was for emergency expenses.

Removes references to a tax credit for contributions to the IDA program.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-4 Permits tax credit to be claimed for donations made by 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 for qualifying Oregonians with lower incomes that help them save towards a defined financial goal. The IDA program was created by the Legislative Assembly in 1999, along with several state agencies, private non-profit and tribal partners, and private contributors, and is under the leadership of Oregon Housing and Community Services (OHCS) and the Department of Revenue (DOR). 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 program. Account holders may use 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 age 12 or 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 15,000 Oregonians have participated in the program since its inception and have saved over \$28 million of their own money.

House Bill 2551 appropriates \$21 million to OHCS to support development of the IDA program, allows more individuals to participate, expands the purposes of IDAs, and increases the amount of annual savings allowed.