

SB 465 -1 STAFF MEASURE SUMMARY

Senate Committee On Human Services

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Meeting Dates: 2/4, 2/18

WHAT THE MEASURE DOES:

The measure removes the annual limit on matching funds that may accrue in an individual development account (IDA) and replaces it with a maximum total limit of \$20,000, with annual adjustments for inflation.

Detailed Summary:

- Removes the annual limit of \$6,000 of state-directed matching funds that may accrue in an IDA.
- Removes the requirement that the Housing and Community Services Department adopt rules governing limits on state-directed matching funds deposited into IDAs.
- Establishes a maximum total amount of \$20,000, with annual adjustments for inflation, of state-directed matching funds that may accrue in an IDA.
- Directs OHCS to adopt rules to make annual adjustments to the maximum amount to account for inflation based on the federally calculated Consumer Price Index.

REVENUE: May have revenue impact, but no statement yet issued

FISCAL: May have fiscal impact, but no statement yet issued

ISSUES DISCUSSED:

- Clarification on the limitation on matching funds
- Number of individuals served by the IDA program
- Potential fiscal impact of tax credit mechanism
- Characteristics, eligibility, and promotion of the program
- Interaction with First-Time Homebuyer Tax Credit

EFFECT OF AMENDMENT:

-1 The amendment removes the requirement that OHCS made annual adjustments to the maximum amount to account for inflation based on the federally calculated Consumer Price Index.

REVENUE: No revenue impact

FISCAL: No fiscal impact

BACKGROUND:

Individual development accounts (IDAs) are personal depository accounts, hosted by a financial institution and funded by the Housing and Community Services Department via tax credits for participating fiduciary organizations. These accounts are created to allow a person from a low-income background to build wealth and save money to achieve financial independence. Account holders must be Oregon residents who are at least 12 years old, meet specified income limits, commit to regularly set aside money for at least 3 months, and be willing to work with a provider organization. Funds that a person deposits are matched at a five-to-one ratio by the financial institution, enabling the account holder to build resources to help with home purchases or repairs, fulfill an educational goal, develop and launch a small business, invest in assistive technology to increase independence, or help cover expenses related to vehicle ownership, rent, debt repayment, and emergency savings.