

SB 465 A STAFF MEASURE SUMMARY

House Committee On Early Childhood and Human Services

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Meeting Dates: 4/15, 4/24

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 limit of \$20,000 in matching funds that may be accrued in an IDA.

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 of state-directed matching funds that may accrue in an IDA.

REVENUE: *No revenue impact*

FISCAL: *No fiscal impact*

SENATE VOTE: *Ayes, 30*

ISSUES DISCUSSED:

- Ability of individuals to participate in individual development accounts (IDAs)
- Fiduciary organizations' discretion in allocating matching funds
- Minimum saving periods and financial literacy requirements to participate in an IDA
- Number of individuals who apply for an IDA
- Current funding mechanisms for IDAs
- Household limits for IDA participation

EFFECT OF AMENDMENT:

No amendment.

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 goals. 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 deposited by an account holder are matched by the financial institution, often at a ratio of five-to-one. Currently, participants can receive up to \$6,000 in matching funds per year in an IDA. [OAR 813-300-0080](#) sets a limit of \$20,000 of matching funds an account holder may accrue in an IDA. IDA funds can be used for financial goals such as home purchases or repairs, education, developing a small business, investing in adaptive technology, or expenses related to vehicle ownership, rent, debt repayment, and emergency savings.