

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
83rd Oregon Legislative Assembly
2025 Regular Session
Legislative Revenue Office

Bill Number: HB 2735 - A3
Revenue Area: Income Tax
Economist: Kyle Easton
Date: 5/20/2025

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Increases from \$7.5 million to \$16.5 million, aggregate annual limit on amount of tax credits allowed to all taxpayers in any tax year for donations made to the state-selected fiduciary agency for use in providing funding to Individual Development Accounts (IDA). Aligns deadline for making credit qualifying donations for distribution to IDA with the underlying sunset of the tax credit. Applies to tax years beginning on or after January 1, 2025.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2025-26	2026-27	2025-27	2027-29	2029-31
General Fund	-\$7.5	-\$8.4	-\$15.9	-\$17.9	-\$10.5

Impact Explanation:

Revenue impact estimate assumes full additional \$9 million in annual credits are claimed by taxpayers making qualifying IDA donations. This assumption is based on the full \$7.5 million allotment of credits having been issued in three of the most recent five years and a total of \$36.9 million issued of the \$37.5 million available (corresponds with \$41 million in IDA donations). The majority of donations are made by higher income taxpayers in the form of stock donations. About 85% of credits are assumed to reduce taxpayer tax liability in the initial year of credit claimant with the remaining 15% being carried forward and claimed in the succeeding three tax years. This carryforward of credits is reflected in the revenue impact estimate and causes the estimate to be lower in the 2025-27 biennium. The tax credit's sunset following the 2029 tax year causes the impact to decline in the 2029-31 biennium.

Creates, Extends, or Expands Tax Expenditure: Yes ☒ No ☐

The policy purpose of the credit is to fund an asset-based antipoverty strategy that promotes personal financial management, investment, and savings for key assets.