

Submitter: Josephine Davis
On Behalf Of:
Committee: Joint Committee On Tax Expenditures
Measure, Appointment or Topic: SB120

Dear Co-Chair Nathanson, Co-Chair Meek, and Members of the Joint Committee on Tax Expenditures:

On behalf of myself and so many others that want to see a better future for all Oregonians, please raise the cap on the tax credit that funds Individual Development Accounts (IDAs) to at least \$14M, through SB 120 -1.

The Legislature created Individual Development Accounts in 1999. This matched-savings program provides participants with education and individualized support to reach their financial goals, including homeownership, home repair, higher education, purchasing a vehicle, starting a business, and retirement. The state matches participants' own savings up to 5-to-1 to make their dreams a reality. Over 19,000 Oregonians have participated in this life-changing program over the past 25 years – spanning every House and Senate district in the state.

Throughout my career in banking I have seen many programs and efforts try to address the wealth gap for underrepresented communities. The Oregon IDA initiative by far stands out as one of the most effective. At the current financial institution where I am employed, we have helped hundreds of low income Oregonians save toward their goals and change their lives for the better because of their participation in the IDA program. One of the aspects of the IDA program that I appreciate is the financial education component; I love that the savers get knowledge and tools to ensure that they protect their saving investments as they are better equipped to make informed decisions,.

The tax credit that funds IDAs has not kept pace with inflation. While the credit has been capped at \$7.5M per year since 2009, the cost of everything that IDA participants save for has increased dramatically. Each saver needs more funds from the program in order to be successful, yet tax credit revenue has remained stagnant, prompting the Legislature to provide supplemental investments from the general fund in each of the past three budget cycles. An updated \$14M tax credit cap will allow the IDA program to enroll 1,750 new participants each biennium going forward – close to the program's established service level of 2,000 new savers per biennium. (If the Legislature takes no action on IDA funding this year, the program will shrink much further, to enroll only 1,000 people per biennium.)

By raising the IDA tax credit cap to at least \$14M through SB 120, the Legislature can return the IDA program to solid financial footing. I urge you to include IDAs in this

bill.

Sincerely,
Josephine Davis
Portland, Oregon