

STAFF MEASURE SUMMARY**House Committee On Higher Education, Innovation, and Workforce Development****Fiscal:** Has minimal fiscal impact**Revenue:** Revenue impact issued**Action Date:** 04/03/15**Action:** Do Pass. Refer To Tax Credits.**Meeting Dates:** 03/06, 04/03**Vote:**

Yeas: 9 - Gallegos, Hayden, Johnson, McKeown, Nearman, Read, Reardon, Whisnant, Williamson

Prepared By: Victoria Cox, Committee Administrator

WHAT THE MEASURE DOES:

Expands allowable purposes for establishment of individual development accounts as specified. Allows moneys in accounts to be rolled over into college savings network accounts or individual retirement accounts when conditions of personal development plans are met. Extends sunset of tax credits for both withdrawals from individual development accounts and donations to fiduciary organizations for distribution to individual development accounts.

ISSUES DISCUSSED:

- Background of programs designed to encourage savings by low-income individuals
- Impact on lives of individuals, families and communities
- Importance of ability to build assets
- Additional provisions designed to promote self-sufficiency

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

The Oregon Individual Account Initiative was established by the 1999 Legislative Assembly to encourage Oregonians with limited income to utilize matched accounts to save toward defined goals. Individual development accounts (IDAs) may be used to fund continuing education, starting or expanding a small business or purchasing a first home. Under the leadership of the Oregon Housing and Community Services Department and the Oregon Department of Revenue, the program utilizes private partners throughout the state coordinated by Neighborhood Partnerships. Participants undergo financial counseling to create personal development plans. Once the participants' goals are reached and all parts of the plan are completed, every dollar saved is matched, typically three dollars for each dollar saved.

House Bill 2011 expands the allowable IDA purposes to include rental of a primary residence, hiring of employees upon capitalization of a small business, purchase or repair of an automobile, secured loans to create or improve one's credit score, and replacement of a primary residence to significantly improve habitability or energy efficiency. The measure also creates provisions for rolling over remaining funds into college savings or individual retirement accounts when personal development plans are completed and extends sunsets to 2022 on tax credits for both withdrawals from IDAs and donations to funding organizations.