



## **SB 790 Increases Tax Credit for Donations to Individual Development Accounts.**

Testimony for Senate Committee on Human Services Edith Rusch 3.19.2019

It is very difficult to testify against a bill that supports a value-added program like the IDA Initiative. But the reason you must vote against this bill is found in the 2018 Tax Expenditure Report (p.166). The description of IDA notes that, **“because the credit remains at no more than 70% of donations, the credit provides more resources than a direct expenditure.”** SB 790 nullifies that statement.

In fact, SB 790 would allow a 100% deduction up to the full amount of an Oregonian’s tax liability and if the donation is higher than the liability, one can defer the deduction over 3-years. Keep in mind that 98.2% of the tax credits are going to people who make more than \$92,500/year. IDA is a worthy cause but I would suggest that the public good of the state of Oregon is also a worthy cause greatly in need of tax revenues from its prosperous citizens.

Janet Byrd, the administrator of the IDA Initiative, testified before you last week, noting, *“It’s a good funding mechanism for us (tax credit) because it provides us with year to year stability”*. Anyone of you who has heard testimony from me in the past, might recall that ‘stable revenue stream is a consistent phrase I use when talking about the effects of Oregon’s current tax structure and I don’t question this program’s need for a stable revenue stream.

Using tax credits to fund important programs allows policymakers to avoid a healthy debate on the relationship between state priorities and tax policies, about raising adequate and stable revenue streams to prioritize and support the fundamental needs of Oregonians. As one of my TFO colleagues observed, *“Tax credits turn the tax code into Swiss Cheese”* (B. Minton)

The IDA Initiative will continue to do laudatory work without SB 790. We implore you develop tax policies that support stable revenue streams for all the state’s worthy causes. Then the IDA Initiative could count on stable funding as a direct expenditure from the General Fund.

***We read the bills and follow the money***