



HB 3133 Increases Tax Credit for Donations to Individual Development Accounts.

Testimony for Senate Committee on Human Services Edith Rusch 3.26.2019

It is very difficult to testify against a bill that supports a value-added program like the IDA Initiative. But the reason Tax Fairness Oregon objects to 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.”** If you choose to approve HB 3133, that statement will no longer be true. In fact, HB 3133 would allow a 100% deduction up to the full amount of an Oregonian’s tax liability.

Keep in mind that 98% of the tax credits are going to people who make more than \$92,500/year, thus reducing their tax obligation to an ever shrinking general fund that struggles to support all of Oregon’s most fundamental needs. IDA is a worthy cause but TFO contends that all public programs in the state of Oregon are worthy causes greatly in need of tax revenues from prosperous citizens.

Last week, the IDA administrator from Neighborhood Partnerships told a Senate committee that, *“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 Measures 5 and 50 on Oregon’s current tax structure.

Frankly, I don’t question any worthy program’s need for a stable revenue stream but, using tax credits to fund important programs lets policymakers avoid a healthy debate on the relationship between state priorities and tax policies. 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 HB 3133. 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