

**Testimony in support of HB 3133
House Committee on Revenue
March 25, 2019**

My name is Janet Byrd, and I am Executive Director of Neighborhood Partnerships. Neighborhood Partnerships is a statewide non-profit organization that works through policy and program delivery to increase opportunity for Oregonians, particularly Oregonians with low incomes. One of our most rewarding roles is to administer the Oregon Individual Development Account Initiative on behalf of the State of Oregon. Through our work on IDAs, we have learned of the life changing impact of small amounts of money on the trajectory of people's lives, and the power of developing strong savings habits and a feeling of control over your financial future.

Our first request is that you enable us to serve more Oregonians, and double the tax credit authority from \$7.5 to \$15 million.

The Oregon IDA Initiative is funded by a tax credit authorized in ORS 315.271. The tax credit was first authorized in 1999, and tax credit funding continues to be appropriate for the Initiative, because we enter into multi-year partnerships with providers, and providers enter into multi-year agreements with savers.

Credits are now capped at \$7.5 million a year. We would like to increase that limit to \$15 million in 2019, to meet more of the demand for this crucial tool for building financial resilience across Oregon. My colleague described the network of partner organizations we work with across the state. They are all working hard to make the most of the IDA Initiative resources, and they are all turning away potential savers, or maintaining very long waiting lists. We have essentially had flat funding for the last four years, at a time when Oregonians in all communities need help and support to build a stronger financial base.

Keep the tax credit viable as a funding mechanism: Adjust the value of the credit.

The credit value is currently set at 70% in ORS 315.271. This means we currently pay 70 cents of state money for every dollar we raise for the initiative. Or, stated another way, for every \$1 of state money we collected \$1.45 to use for the Initiative. In 2018, we raised \$10,876,216 with our allocation of \$7.5 million in tax credits. For 2016, we raised \$10,859,658, and for 2017, \$10,916,302.

Federal tax law changes and IRS rules have made the tax credit less valuable to donors. We need to be allowed to adjust this percentage up to 100% to keep the credit viable and to make the credit more comparable to other state credits. We will still make every effort to keep the percentage we offer low, and to raise the most money possible with what we are allowed in tax credits.

Accelerate savings: Set higher limits for annual match earnings

Accelerating match earnings will especially benefit those saving for homeownership. We want to allow up to \$3,000 in savings match per 6 month period. ORS 458.690 (2) currently allows this match amount over 12 months.

Update statutory language, and remove outdated references to federal programs

There are a number of places in the IDA statute that need updating. We worked with our partners and Oregon Housing and Community Services last summer on suggested changes, and these are supported by the agency and our network.

We need to remove outdated references to federal programs

ORS 458.675 (4) references one federal program which was discontinued, and one which is not currently used by many IDA Initiative partners. We would like to remove those references. ORS 458.675 (6) references the receipt of federal monies for accounts. We propose referencing the ability to leverage or complement federal resources.

Update references to the range of uses of IDA accounts

The 2015 Legislature added a variety of new savings categories for IDAs. The statutes were not all updated to include reference to the wider range of uses. ORS 458.675 (5) and ORS 458.695 (4).

Remove specific net worth calculation instructions from statute, and place in administrative rule

The statute ORS 458.680 (2) contains specific instructions for calculation of net worth. We propose removing this specific language and replacing it by a requirement that the procedure be defined in administrative rule.

Modify language about uses of home repair IDAs

Current language in ORS 458.685 referring to making residences accessible and visitable is unnecessarily limiting and places a burden on our partners for certification of repairs or improvements. We propose more general language that is still true to the intent of the original.

To conclude, I would just emphasize that the adjustment to the tax credit percentage is critical to the survival of the Initiative, and the increase in tax credit authority will enable us to help more Oregonians take that first big step to financial stability. I ask your support of HB 3133.

Thank you for your service on behalf of Oregon communities.