

# Senate Bill 82

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Governor Kate Brown for Housing and Community Services Department)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Establishes Individual Development Account Fund. Continuously appropriates moneys in fund to Housing and Community Services Department to support fiduciary organizations development of individual development accounts. Modifies individual development account program and decouples program from sunset tax credit program.

## A BILL FOR AN ACT

1  
2 Relating to individual development accounts; creating new provisions; and amending ORS 315.650,  
3 316.699, 458.670, 458.675, 458.680, 458.685, 458.690, 458.695 and 458.700.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2021 Act is added to and made a part of ORS 458.670 to**  
6 **458.700.**

7 **SECTION 2. (1) There is established the Individual Development Account Fund, separate**  
8 **and distinct from the General Fund.**

9 **(2) The Individual Development Account Fund consists of moneys credited to the fund**  
10 **from moneys appropriated or transferred to the fund by the Legislative Assembly or received**  
11 **from the federal government or other grants, gifts or donations from any source. Interest**  
12 **earned by the fund must be credited to the fund.**

13 **(3) Moneys in the fund are continuously appropriated to the Housing and Community**  
14 **Services Department to administer the individual development account program under ORS**  
15 **458.670 to 458.700 and to provide grants to fiduciary organizations to establish individual de-**  
16 **velopment accounts, to provide matching funds and to fulfill the responsibilities under ORS**  
17 **458.670 to 458.700.**

18 **SECTION 3. ORS 458.670 is amended to read:**

19 458.670. As used in this section and ORS 458.675 to 458.700, unless the context requires other-  
20 wise:

21 (1) "Account holder" means a resident of this state who:

22 (a) Is 12 years of age or older;

23 (b) Is a member of a lower income household; and

24 (c) Has established an individual development account with a fiduciary organization.

25 (2) "Fiduciary organization" means an organization selected under ORS 458.695 to administer  
26 state moneys directed to individual development accounts and that is:

27 (a) A nonprofit, fund raising organization that is exempt from taxation under section 501(c)(3)  
28 of the Internal Revenue Code as amended and in effect on December 31, 2018; or

29 (b) A federally recognized Oregon Indian tribe that is located, to a significant degree, within the

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 boundaries of this state.

2 (3) “Financial institution” means:

3 (a) An organization regulated under ORS chapters 706 to 716 or 723; or

4 (b) In the case of individual development accounts established for the purpose described in ORS  
5 458.685 (1)(c), a financial institution as defined in ORS 178.300.

6 (4) “Individual development account” means a contract between an account holder and a  
7 fiduciary organization, for the deposit of funds into a financial institution by the account holder[,]  
8 and the deposit of matching funds into [*the financial institution*] **a designated account** by the  
9 fiduciary organization, to allow the account holder to accumulate assets for use toward achieving  
10 a specific purpose approved by the fiduciary organization.

11 (5) “Lower income household” means a household having an income equal to or less than the  
12 greater of the following:

13 (a) 80 percent of the median household income for the area as determined by the Housing and  
14 Community Services Department. In making the determination, the department shall give consider-  
15 ation to any data on area household income published by the United States Department of Housing  
16 and Urban Development.

17 (b) 200 percent of the poverty guidelines as determined by the Housing and Community Services  
18 Department. In making the determination, the department shall give consideration to poverty  
19 guidelines published by the United States Department of Health and Human Services and may con-  
20 sider other income data periodically published by other federal or Oregon agencies.

21 **(6)(a) “Net worth” means a calculation based on the net value of assets of a household**  
22 **established by rule by the Housing and Community Services Department.**

23 **(b) “Net worth” does not include:**

24 **(A) Equity in one residence and in one vehicle.**

25 **(B) Holdings in pension accounts valued at less than \$120,000.**

26 [(6)] (7) “Resident of this state” has the meaning given that term in ORS 316.027.

27 **SECTION 4.** ORS 458.675 is amended to read:

28 458.675. The Legislative Assembly finds that:

29 (1) The problem of poverty will not be solved solely by government programs and income sub-  
30 sidies.

31 (2) Family economic well-being does not come solely from income, spending or consumption, but  
32 instead requires savings, investment and the accumulation of assets.

33 (3) It is appropriate for the state to institute an asset-based antipoverty strategy.

34 (4) The state has an opportunity to take advantage of private and federal resources by making  
35 the transition to an asset-based antipoverty strategy. Those resources **may** include, but are not  
36 limited to, the Assets for Independence Act (42 U.S.C. 604) and the Workforce Innovation and Op-  
37 portunity Act (29 U.S.C. 3101 et seq.).

38 (5) Investment through an individual development account system will help lower income  
39 households obtain the assets they need to succeed. Communities and this state will experience re-  
40 sultant economic and social benefits accruing from the promotion of [*job training and higher educa-*  
41 *tion, home ownership and small business development*] **the financial stability and resilience of**  
42 **lower income households.**

43 [(6)] *It is desirable for this state to enact legislation that enables an authorized fiduciary organ-*  
44 *ization sufficient flexibility to receive private, state and federal moneys for individual development ac-*  
45 *counts. The Legislative Assembly should periodically review the provisions of ORS 458.675 to 458.700*

1 to ensure that this state maximizes the receipt of available federal moneys for individual development  
2 accounts.]

3 **SECTION 5.** ORS 458.680 is amended to read:

4 458.680. (1) A person who qualifies to become an account holder may enter into an agreement  
5 with a fiduciary organization for the establishment of an individual development account.

6 (2) To become an account holder a person must, in addition to meeting any other qualifications,  
7 be a member of a lower income household that has a net worth of less than \$20,000. [*As used in this*  
8 *subsection, "net worth" means the value of all assets owned in whole or part by household members,*  
9 *excluding equity in a residence and in one vehicle, and excluding holdings in pension accounts, as*  
10 *defined by the Housing and Community Services Department by rule, that are valued at less than*  
11 *\$60,000, minus the total debts and obligations of household members, all as measured at the time that*  
12 *the person applies to establish the account.*]

13 (3) Every account holder, with support from the fiduciary organization, shall develop a personal  
14 development plan to advance account holder self-reliance. The personal development plan must in-  
15 clude appropriate coaching, mentorship, social support, financial adequacy training and asset-  
16 specific training designed to increase the independence of the person and the person's household  
17 through achievement of the account's approved purpose.

18 (4) Notwithstanding subsection (1) of this section, a fiduciary organization may refuse to allow  
19 a qualified person to establish an account if establishment of the account would result in the mem-  
20 bers of a lower income household having more than one account. Notwithstanding subsection (1) of  
21 this section, a fiduciary organization shall refuse to allow a qualified person to establish an account  
22 if establishment of the account would result in the members of a lower income household having  
23 more than two accounts.

24 **SECTION 6.** ORS 458.685, as amended by section 36, chapter 12, Oregon Laws 2020 (first special  
25 session) (Enrolled House Bill 4212), is amended to read:

26 458.685. (1) A person may establish an individual development account only for a purpose ap-  
27 proved by a fiduciary organization. Purposes that the fiduciary organization may approve are:

28 (a) The acquisition of post-secondary education or job training.

29 (b) If the account holder has established the account for the benefit of a household member who  
30 is under the age of 18 years, the payment of extracurricular nontuition expenses designed to prepare  
31 the member for post-secondary education or job training.

32 (c) If the account holder has established a savings network account for higher education under  
33 ORS 178.300 to 178.360 on behalf of a designated beneficiary, the funding of qualified higher educa-  
34 tion expenses as defined in ORS 178.300 by one or more deposits into a savings network account for  
35 higher education on behalf of the same designated beneficiary.

36 (d) The purchase of a primary residence. In addition to payment on the purchase price of the  
37 residence, account moneys may be used to pay any usual or reasonable settlement, financing or  
38 other closing costs. The account holder must not have owned or held any interest in a residence  
39 during the three years prior to making the purchase. However, this three-year period shall not apply  
40 to displaced homemakers, individuals who have lost home ownership as a result of divorce or owners  
41 of manufactured homes.

42 (e) The rental of a primary residence when housing stability is essential to achieve state policy  
43 goals. Account moneys may be used for security deposits, first and last months' rent, application fees  
44 and other expenses necessary to move into the primary residence, as specified in the account  
45 holder's personal development plan for increasing the independence of the person.

1 (f) The capitalization of a small business. Account moneys may be used for capital, plant,  
2 equipment and inventory expenses and to hire employees upon capitalization of the small business,  
3 or for working capital pursuant to a business plan. The business plan must have been developed  
4 [by] **with** a financial institution, nonprofit microenterprise program or other qualified agent demon-  
5 strating business expertise and have been approved by the fiduciary organization. The business plan  
6 must include a description of the services or goods to be sold, a marketing plan and projected fi-  
7 nancial statements.

8 (g) Improvements, repairs or modifications necessary to make or keep the account holder's pri-  
9 mary dwelling habitable, accessible or visitable for the account holder or a household member. This  
10 paragraph does not apply to improvements, repairs or modifications made to a rented primary  
11 dwelling to achieve or maintain a habitable condition for which ORS 90.320 (1) places responsibility  
12 on the landlord. As used in this paragraph, "accessible" and "visitable" have the meanings given  
13 those terms in ORS 456.508.

14 (h) The purchase of equipment, technology or specialized training [*required*], **as specified in the**  
15 **account holder's personal development plan, that allows the person** to become competitive in  
16 obtaining or maintaining employment, [*or*] to start or maintain a business, [*as specified in the account*  
17 *holder's personal development plan for increasing*] **or to increase** the independence of [*the person*]  
18 **an account holder.**

19 (i) The purchase or repair of a vehicle, as specified in the account holder's personal development  
20 plan for increasing the independence of the person.

21 (j) The saving of funds for retirement, as specified in the account holder's personal development  
22 plan for increasing the independence of the person.

23 (k) The payment of debts [*owed for educational or medical purposes when the account holder is*  
24 *saving for another allowable purpose, as specified in*] **to support** the account holder's personal de-  
25 velopment plan for increasing the independence of the person.

26 (L) The creation or improvement of a credit score by obtaining a secured loan or a financial  
27 product that is designed to improve credit, as specified in the account holder's personal development  
28 plan for increasing the independence of the person.

29 (m) The replacement of a primary residence when replacement offers significant opportunity to  
30 improve habitability or energy efficiency.

31 (n) The establishment of savings for emergency expenses to promote financial stability and to  
32 protect existing assets **as specified in the account holder's personal development plan.** As used  
33 in this paragraph, "emergency expenses" includes expenses for extraordinary medical costs or other  
34 unexpected and substantial personal expenses that would significantly impact the account holder's  
35 noncash assets, health, housing or standard of living if not promptly addressed.

36 (2)(a) An account holder may withdraw all or part of the account holder's deposits to an indi-  
37 vidual development account for [*emergency expenses as defined in subsection (1)(n) of this section*] **any**  
38 **financial hardship as determined by the account holder**, without regard to whether the account  
39 was established for emergency savings.

40 (b) [*The account holder must reimburse an account established for a purpose listed under sub-*  
41 *section (1)(a) to (m) of this section for the amount withdrawn under this subsection. Until the re-*  
42 *imbursement has been made in full, an account holder may not withdraw any matching deposits or*  
43 *accrued interest on matching deposits from the account except under this subsection.*] **The fiduciary**  
44 **organization shall remove from an account holder's account any moneys deposited as**  
45 **matching funds to deposits withdrawn under this section, unless the withdrawn deposits**

1 **were deposited and withdrawn for emergency expenses under subsection (1)(n) of this sec-**  
 2 **tion.**

3 *[(3) If an account holder withdraws moneys from an individual development account for other than*  
 4 *an approved purpose, the fiduciary organization may remove the account holder from the program.]*

5 *[(4)(a)]* **(3)(a)** If the account holder of an account established for the purpose set forth in sub-  
 6 section (1)(c) or (j) of this section has achieved the account's approved purpose in accordance with  
 7 the personal development plan developed by the account holder under ORS 458.680, the account  
 8 holder may withdraw, or authorize the withdrawal of, the remaining amount of all deposits, includ-  
 9 ing matching deposits, and interest in the account as follows:

10 (A) For an account established for the purpose set forth in subsection (1)(c) of this section, by  
 11 rolling over the entire withdrawal amount, not to exceed the limit established pursuant to ORS  
 12 178.335, into one or more of the savings network accounts for higher education under ORS 178.300  
 13 to 178.360, the establishment of which is the purpose of the individual development account; or

14 (B) For an account established for the purpose set forth in subsection (1)(j) of this section, by  
 15 rolling over the entire withdrawal amount into an individual retirement account, a retirement plan  
 16 or a similar account or plan established under the Internal Revenue Code.

17 (b) Upon withdrawal of all moneys in the individual development account as provided in para-  
 18 graph (a) of this subsection, the account relationship shall terminate.

19 (c) The rollover of moneys into a savings network account for higher education under this sub-  
 20 section may not cause the amount in the savings network account for higher education to exceed  
 21 the limit on total contributions established pursuant to ORS 178.335.

22 (d) Any amount of the rollover that has been subtracted on the taxpayer's federal return pur-  
 23 suant to section 219 of the Internal Revenue Code shall be added back in the determination of tax-  
 24 able income.

25 *[(5)]* **(4)** If an account holder moves from the area where the program is conducted or is other-  
 26 wise unable to continue in the program, the fiduciary organization may remove the account holder  
 27 from the program.

28 *[(6)]* **(5)** If an account holder is removed from the program under subsection *[(3) or (5)]* **(4)** of this  
 29 section, all matching deposits in the account and all interest earned on matching deposits shall re-  
 30 vert to the fiduciary organization. The fiduciary organization shall use the reverted funds as a  
 31 source of matching deposits for other accounts.

32 **SECTION 7.** ORS 458.690 is amended to read:

33 458.690. (1) *[Notwithstanding ORS 315.271, A fiduciary organization selected under ORS 458.695*  
 34 *may qualify as the recipient of account contributions that qualify the contributor for a tax credit under*  
 35 *ORS 315.271 only if the fiduciary organization structures the accounts to have the following features:]*

36 *[(a) The]* **A** fiduciary organization *[matches]* **shall match** amounts deposited by the account  
 37 holder according to a formula established by the fiduciary organization. *The fiduciary organization*  
 38 *shall maintain on deposit in the account]* **of** not less than \$1 nor more than \$5 for each \$1 deposited  
 39 by the account holder.

40 *[(b) The matching deposits by the fiduciary organization to the individual development account are*  
 41 *placed in:]*

42 *[(A) A savings account jointly held by the account holder and the fiduciary organization and re-*  
 43 *quiring the signatures of both for withdrawals:]*

44 *[(B) A savings]* **The matching funds must be deposited into a designated** account that is  
 45 controlled by the fiduciary organization and is separate from the savings account of the account

1 holder[; or].

2 [(C) In the case of an account established for the purpose described in ORS 458.685 (1)(c), a  
3 savings network account for higher education under ORS 178.300 to 178.360, in which the fiduciary  
4 organization is the account owner as defined in ORS 178.300.]

5 (2) Account holders may not accrue more than [\$3,000] **\$6,000** of matching funds under sub-  
6 section (1) of this section from [state-directed] **Individual Development Account Fund** moneys in  
7 any 12-month period. A fiduciary organization may designate a lower amount as a limit on annual  
8 matching funds. A fiduciary organization shall maintain on deposit sufficient funds to cover the  
9 matching deposit agreements for all individual development accounts managed by the organization.

10 (3) The Housing and Community Services Department shall adopt rules to establish a maximum  
11 total amount of [state-directed] **Individual Development Account Fund** moneys that may be de-  
12 posited as matching funds into an individual development account.

13 [(4) The Housing and Community Services Department shall provide information to the Department  
14 of Revenue about all individual development account contributors that are qualified for a tax credit  
15 under ORS 315.271, if required by ORS 315.058.]

16 **SECTION 8.** ORS 458.695 is amended to read:

17 458.695. The Housing and Community Services Department may select fiduciary organizations  
18 to administer **Individual Development Account Fund** moneys [directed by the state to individual  
19 development account purposes]. In making the selections, the department shall consider factors in-  
20 cluding, but not limited to:

21 (1) The ability of the fiduciary organization to implement and administer the individual devel-  
22 opment account program, including the ability to verify account holder eligibility, certify that  
23 matching deposits are used only for approved purposes and exercise general fiscal accountability;

24 (2) The capacity of the fiduciary organization to provide or raise **additional** matching funds for  
25 the deposits of account holders;

26 (3) The capacity of the fiduciary organization to provide appropriate support services and gen-  
27 eral assistance to advance account holder self-reliance; and

28 (4) The links that the fiduciary organization has to other activities and programs designed to  
29 increase the independence of this state's lower income households, **including** through education and  
30 training, home ownership and small business development.

31 **SECTION 9.** ORS 458.700 is amended to read:

32 458.700. (1) Subject to Housing and Community Services Department rules, a fiduciary organ-  
33 ization has sole authority over, and responsibility for, the administration of individual development  
34 accounts. The responsibility of the fiduciary organization extends to all aspects of the account pro-  
35 gram, including marketing to participants, soliciting **additional** matching contributions, counseling  
36 account holders, providing financial literacy education, and conducting required verification and  
37 compliances activities. The fiduciary organization may establish program provisions as the organ-  
38 ization believes necessary to ensure account holder compliance with the provisions of ORS 458.680  
39 and 458.685. [Notwithstanding ORS 458.670 (5) and 458.680 (2),] A fiduciary organization may estab-  
40 lish income and net worth limitations for account holders that are lower than the income and net  
41 worth limitations established by ORS 458.670 (5) and 458.680 (2).

42 (2) A fiduciary organization may act in partnership with other entities, including businesses,  
43 government agencies, nonprofit organizations, community development corporations, community  
44 action programs, housing authorities and congregations to assist in the fulfillment of fiduciary or-  
45 ganization responsibilities under [this section and ORS 458.685, 458.690 and 458.695] **ORS 458.670**

1 **to 458.700.**

2 (3) A fiduciary organization may use a reasonable portion of moneys allocated to the individual  
3 development account program for administration, operation and evaluation purposes.

4 (4) A fiduciary organization [*selected to administer moneys directed by the state to individual de-*  
5 *velopment account purposes or receiving tax deductible contributions*] shall provide the Housing and  
6 Community Services Department with an annual report of the fiduciary organization's individual  
7 development account program activity. The report [*shall*] **must** be filed no later than 90 days after  
8 the end of the fiscal year of the fiduciary organization. The report [*shall*] **must** include, but is not  
9 limited to:

10 (a) The number of individual development accounts administered by the fiduciary organization;

11 (b) The amount of deposits and matching deposits for each account;

12 (c) The purpose of each account;

13 (d) The number of withdrawals made; and

14 (e) Any other information the department may require for the purpose of making a return on  
15 investment analysis.

16 [(5) *A fiduciary organization that is the account owner of a savings network account for higher*  
17 *education under ORS 178.300 to 178.360:*]

18 [(a) *May make a qualified withdrawal only at the direction of the designated beneficiary and only*  
19 *after the savings network account of the account holder that was established for the designated bene-*  
20 *ficiary has been reduced to a balance of zero exclusively through qualified withdrawals by the desig-*  
21 *nated beneficiary; and]*

22 [(b) *May make nonqualified withdrawals only if the savings network account of the account holder*  
23 *that was established for the designated beneficiary has a balance of less than \$100 or if the account*  
24 *holder or designated beneficiary has granted permission to make the withdrawal. Moneys received by*  
25 *a fiduciary organization from a nonqualified withdrawal made under this paragraph must be used for*  
26 *individual development account purposes.*]

27 [(6)] (5) The department may make all reasonable and necessary rules to ensure fiduciary or-  
28 ganization compliance with [*this section and ORS 458.685 and 458.695*] **ORS 458.670 to 458.700.**

29 **SECTION 10.** ORS 315.650 is amended to read:

30 315.650. (1) A credit against taxes otherwise imposed under ORS chapter 316 shall be allowed  
31 for amounts contributed by the taxpayer during the tax year to a savings network account for  
32 higher education established under ORS 178.300 to 178.360 or an ABLE account established under  
33 ORS 178.380. A taxpayer who makes contributions to both types of account may claim the credit for  
34 the amounts listed in subsection (2) of this section for each type of account.

35 (2) The amount of the credit allowed under this section shall be limited based on the taxpayer's  
36 adjusted gross income and shall be the lesser of \$300, if reported on a joint return, or \$150, if re-  
37 ported on any other type of return, or the following:

38 (a) The amount contributed, if the taxpayer's adjusted gross income does not exceed \$30,000;

39 (b) 50 percent of the amount contributed, if the taxpayer's adjusted gross income exceeds \$30,000  
40 but does not exceed \$70,000;

41 (c) 25 percent of the amount contributed, if the taxpayer's adjusted gross income exceeds \$70,000  
42 but does not exceed \$100,000;

43 (d) 10 percent of the amount contributed, if the taxpayer's adjusted gross income exceeds  
44 \$100,000 but does not exceed \$250,000; or

45 (e) 5 percent of the amount contributed, if the taxpayer's adjusted gross income exceeds

1 \$250,000.

2 (3)(a) The Department of Revenue shall annually adjust the maximum credit amounts allowable  
3 under this section according to the cost-of-living adjustment for the calendar year. The department  
4 shall first make this adjustment for a joint return by multiplying the maximum credit amount in  
5 subsection (2) of this section by the percentage (if any) by which the monthly averaged U.S. City  
6 Average Consumer Price Index for the 12 consecutive months ending August 31 of the prior calendar  
7 year exceeds the monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive  
8 months ending August 31, 2018.

9 (b) As used in this subsection, "U.S. City Average Consumer Price Index" means the U.S. City  
10 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of  
11 Labor Statistics of the United States Department of Labor.

12 (c) If any adjustment to the maximum credit amount for a joint return, as determined under  
13 paragraph (a) of this subsection, is not a multiple of \$20, the adjustment shall be rounded to the next  
14 lower multiple of \$20. The department shall then adjust the maximum credit amount for all other  
15 types of returns so that it is half the maximum credit amount for a joint return.

16 (4) A credit under this section is allowed for a preceding tax year for amounts contributed to  
17 a savings network account for higher education or to an ABLE account if the contribution is made  
18 before the taxpayer files a return or before the 15th day of the fourth month following the closing  
19 of the taxpayer's tax year, whichever is earlier.

20 (5) A credit is not allowed under this section for any amount that has been transferred into a  
21 savings network account for higher education from an individual development account, through a  
22 rollover, as provided in ORS 458.685 [(4)(a)(A)] (3)(a)(A).

23 (6) If the amount allowable as a credit under this section, when added to the sum of the amounts  
24 allowable as payment of tax under ORS 316.187 (withholding), ORS 316.583 (estimated tax), other tax  
25 prepayment amounts and other refundable credit amounts, exceeds the taxes imposed by ORS chap-  
26 ters 314 and 316 for the tax year (reduced by any nonrefundable credits allowable for purposes of  
27 ORS chapter 316 for the tax year), the amount of the excess shall be refunded to the taxpayer as  
28 provided in ORS 316.502.

29 (7) The credit shall be claimed on a form prescribed by the Department of Revenue that contains  
30 the information required by the department.

31 (8) Spouses in a marriage who file separate returns for a taxable year may each claim a share  
32 of the tax credit that would have been allowed on a joint return in proportion to the adjusted gross  
33 income of each.

34 (9) In the case of a credit allowed under this section:

35 (a) A nonresident shall be allowed the credit in the proportion provided in ORS 316.117.

36 (b) If a change in the status of the taxpayer from resident to nonresident or from nonresident  
37 to resident occurs, the credit shall be determined in a manner consistent with ORS 316.117.

38 (c) If a change in the taxable year of the taxpayer occurs as described in ORS 314.085, or if the  
39 department terminates the taxpayer's taxable year under ORS 314.440, the credit shall be prorated  
40 or computed in a manner consistent with ORS 314.085.

41 **SECTION 11.** ORS 316.699 is amended to read:

42 316.699. (1) There shall be subtracted from federal taxable income the amount contributed to:

43 (a) A savings network account for higher education established under ORS 178.300 to 178.360;

44 or

45 (b) An ABLE account established under ORS 178.380 and rules adopted by the Oregon 529



1 Savings Board, when the contribution is made before the designated beneficiary of the account at-  
2 tains 21 years of age.

3 (2) Notwithstanding subsection (1) of this section, a subtraction under this section may not ex-  
4 ceed the lesser of:

5 (a) \$4,000 for the tax year if the taxpayer files a joint return, or \$2,000 for the tax year if the  
6 taxpayer files a return other than a joint return; and

7 (b) If an amount is carried forward to a succeeding tax year under subsection (4) of this section,  
8 the balance in the savings network account for higher education or ABLE account at the close of  
9 the tax year for which the subtraction is being made.

10 (3)(a) The Department of Revenue shall annually adjust the maximum subtraction allowable un-  
11 der this section according to the cost-of-living adjustment for the calendar year. The department  
12 shall make this adjustment by multiplying the amount in subsection (2) of this section by the per-  
13 centage (if any) by which the monthly averaged U.S. City Average Consumer Price Index for the 12  
14 consecutive months ending August 31 of the prior calendar year exceeds the monthly averaged U.S.  
15 City Average Consumer Price Index for the 12 consecutive months ending August 31, 2007.

16 (b) As used in this subsection, "U.S. City Average Consumer Price Index" means the U.S. City  
17 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of  
18 Labor Statistics of the United States Department of Labor.

19 (4) Any amounts contributed to a savings network account for higher education or an ABLE  
20 account that are not subtracted from federal taxable income because of the monetary limitations  
21 imposed by subsection (2) of this section may be carried forward for four succeeding tax years and  
22 subtracted from federal taxable income in any of those succeeding tax years in an amount that does  
23 not exceed the monetary limitations imposed by subsection (2) of this section.

24 (5) The amount contributed to a savings network account for higher education or an ABLE ac-  
25 count may be subtracted from a preceding tax year if the contribution is made before the taxpayer  
26 files a return or before the 15th day of the fourth month following the closing of the taxpayer's tax  
27 year, whichever is earlier.

28 (6) A subtraction is not allowed under this section for any amount that has been transferred into  
29 a savings network account for higher education from an individual development account, through a  
30 rollover, as provided in ORS 458.685 [(4)(a)(A)] **(3)(a)(A)**.

31

---