

Individual Development Account (IDA) Donation Tax Credit

Senate Committee on Finance & Revenue | 1/13/2026



Overview of Presentation – Focused on the Credit

- What is the IDA program and the tax credit for donations to IDA
- How the credit works
- Historic cost of the credit
- Who's claiming the credit & in what amounts
- History of credit changes

What is the IDA Program and Associated Tax Credit?

- IDA program
 - Matched savings program available to lower income households of modest wealth
 - Participants establish IDA accounts and contribute savings that are subsequently matched
 - Savings used for such things as: home purchase, education, starting a business, vehicle purchase
- Tax credit
 - Tax credit for individuals or businesses making donations to a fiduciary organization for distribution to individual development accounts (i.e., the source of the matched savings for IDAs)

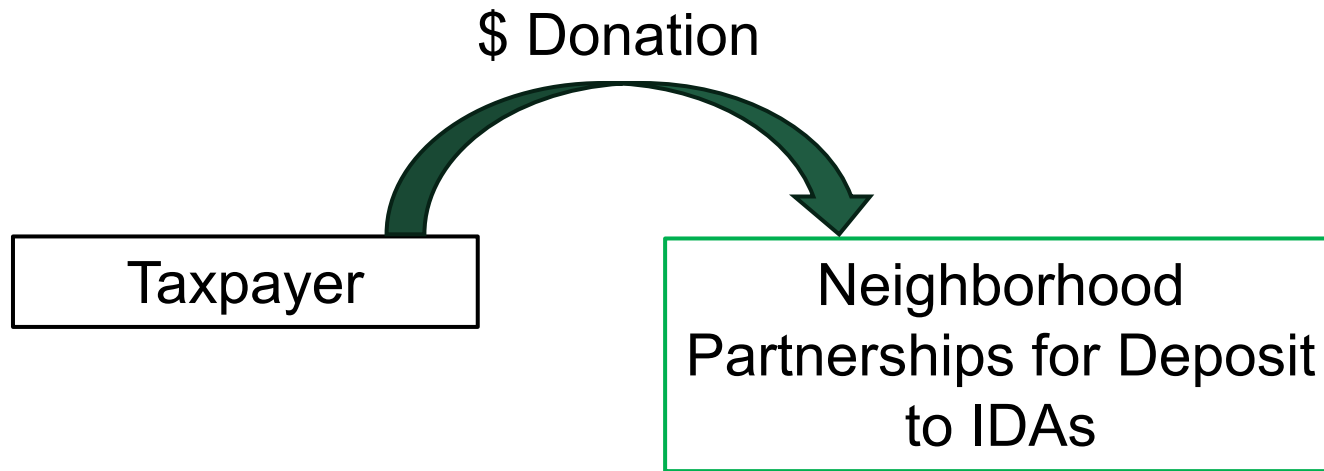
$$\text{Credit} = 90\% * \text{amount donated}$$

- Credit is non-refundable, unused credits carried forward for up to three years
- Maximum annual credits of \$7.7 million (2025), \$8.0 million (2026 and later)
- Maximum individual credit of \$500,000 per year
- Credit sunsets as of 1/1/2030, final year is tax year 2029

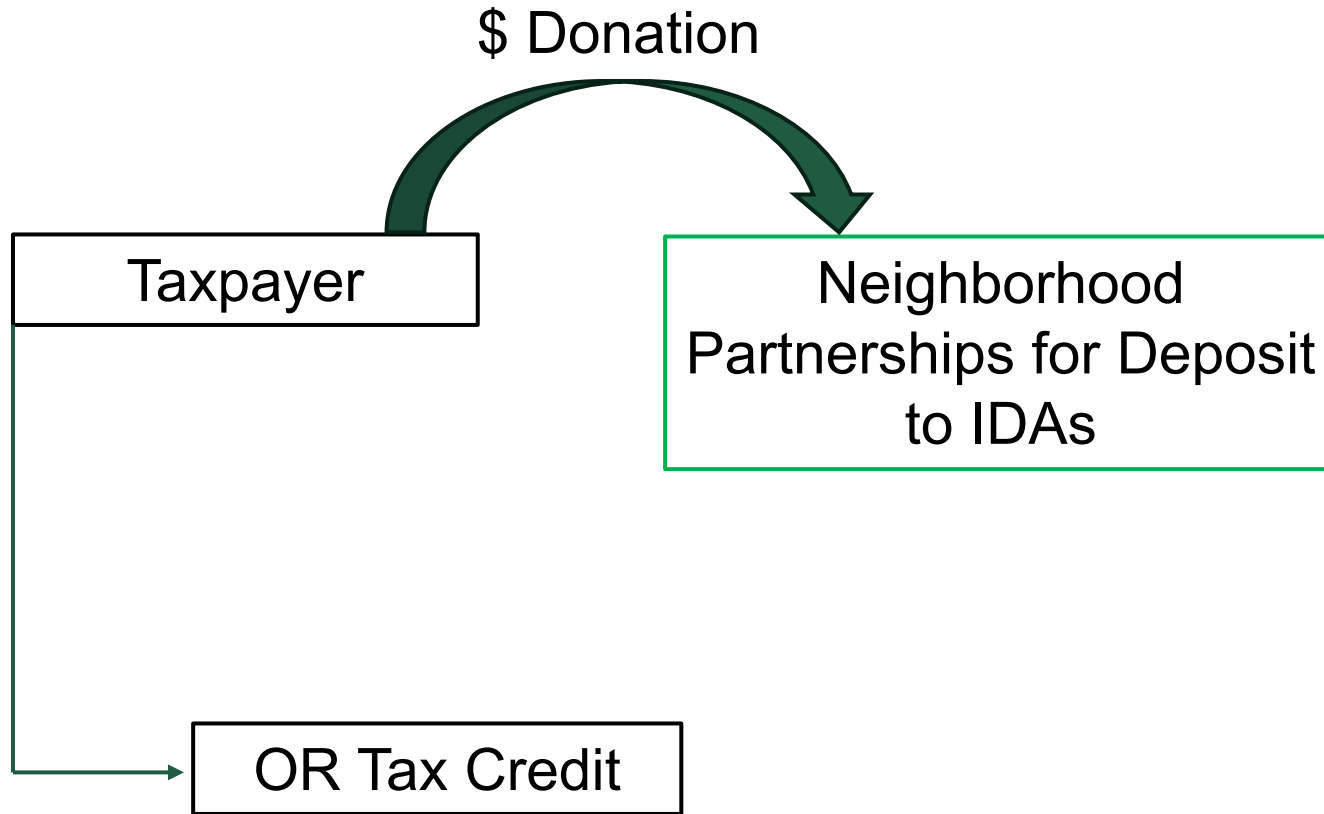
How the Credit Works

Taxpayer

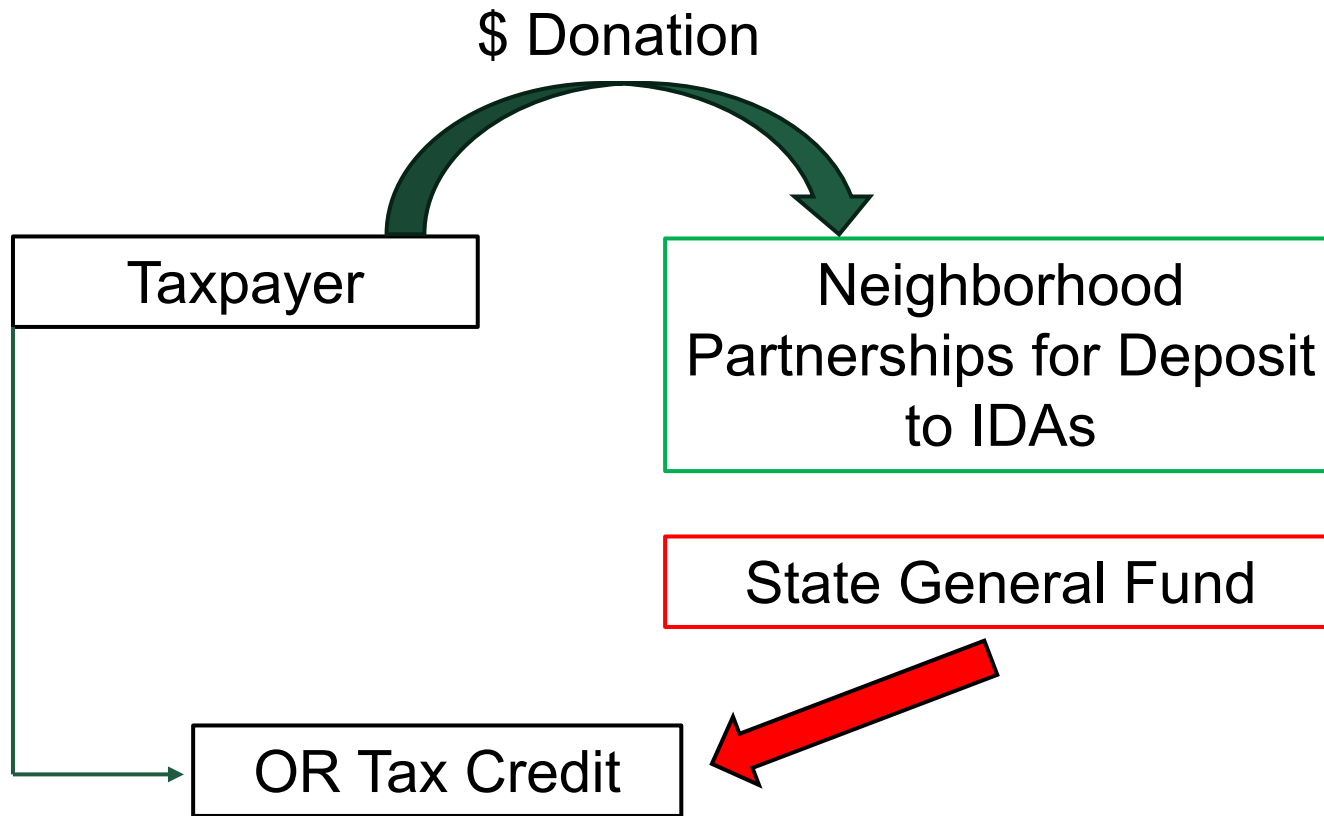
How the Credit Works



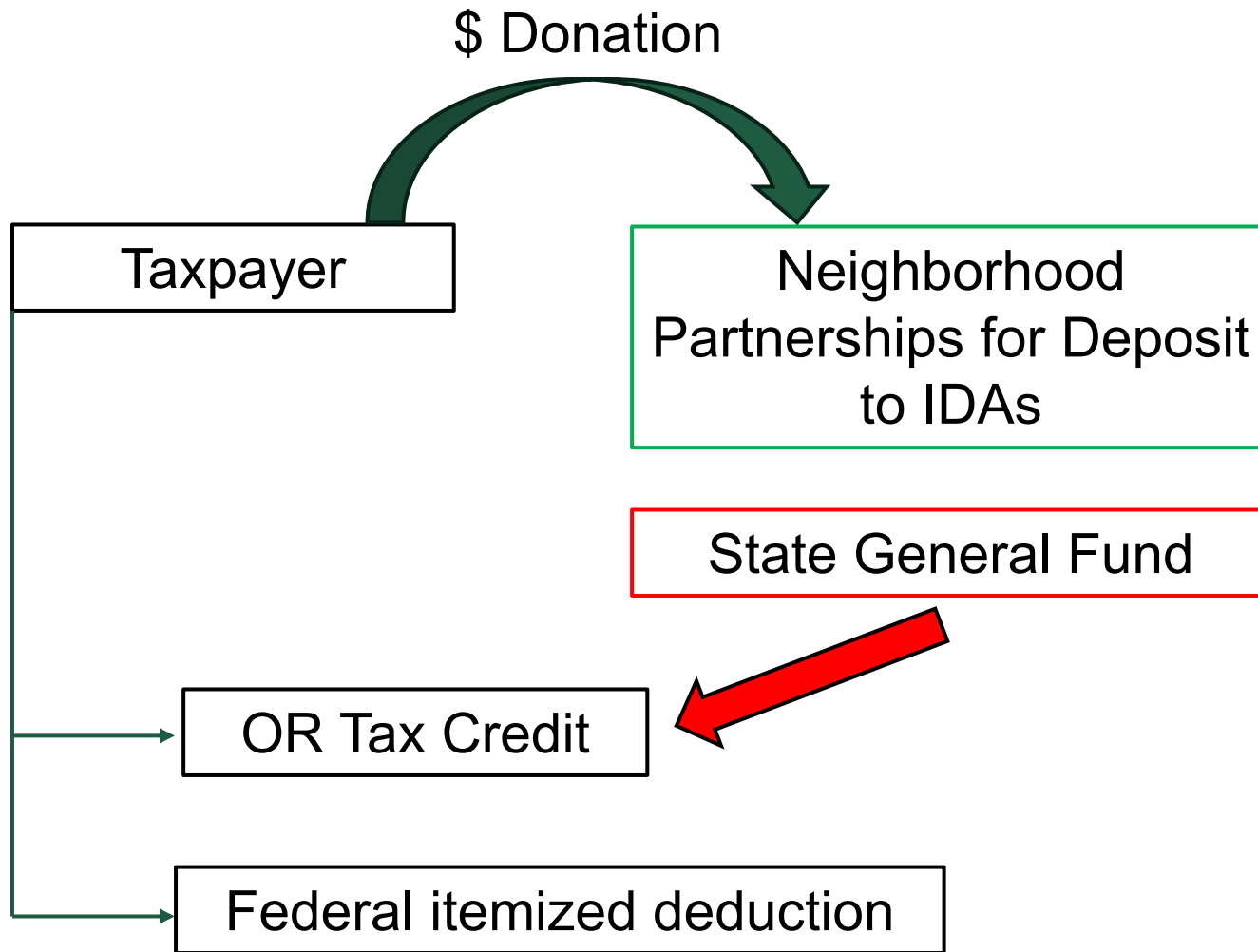
How the Credit Works



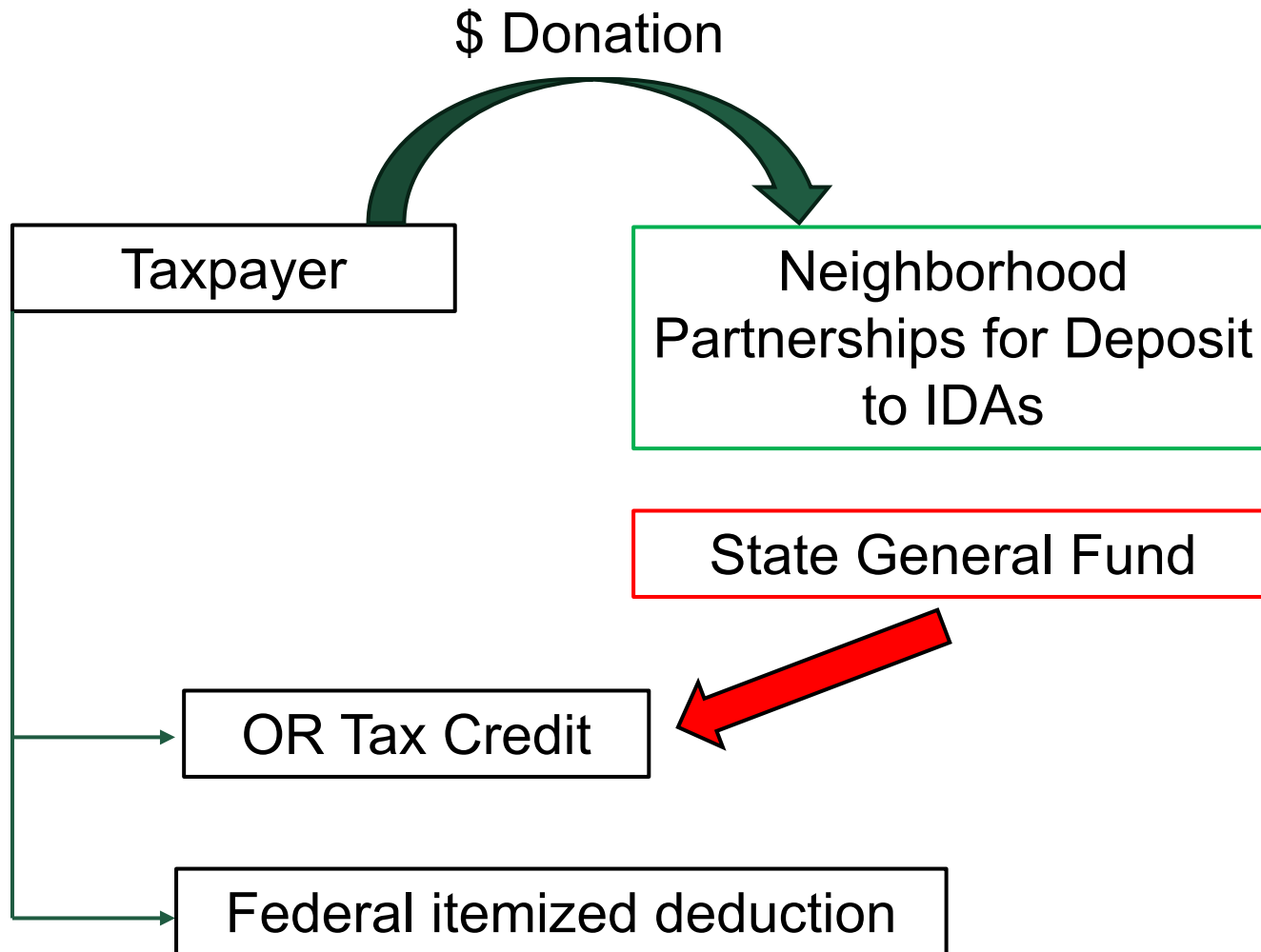
How the Credit Works



How the Credit Works



How the Credit Works



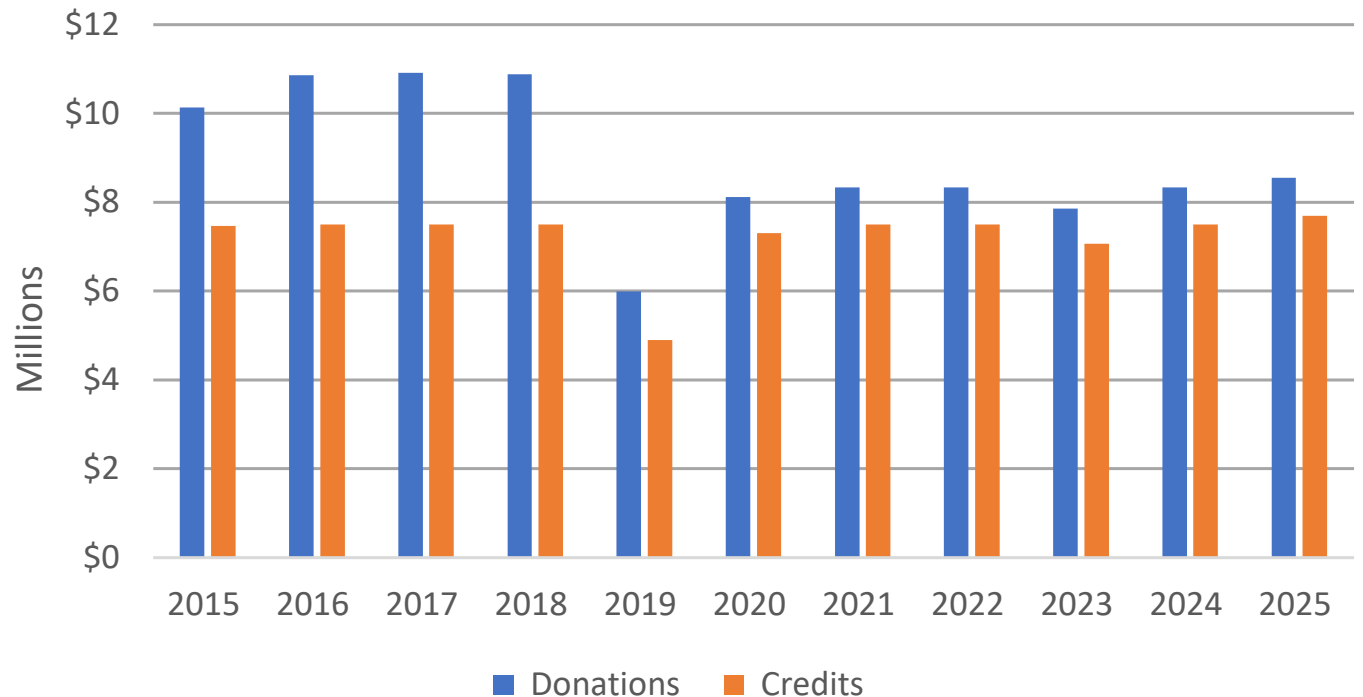
Illustrative Example	
Contribution	\$10,000
Oregon Credit	\$9,000
Oregon Deduction	\$0
Federal Deduction	\$320
Total "cost" to Taxpayer	\$680
Net IDA & State GF	\$1,000
IDA Program	\$10,000
State General Fund (GF)	-\$9,000

Cost of the Tax Credit

- Annual credit max:
2015 - 2024: \$7.5M
2025: \$7.7M
- Beginning with tax year 2019, credit = 90% of donation amount (up from 70%)
- Changes to federal tax policy by Tax Cuts and Jobs Act (TCJA), effect on donation deductibility beginning tax year 2019
- Nearly all donations made by individuals

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IDA Donations & Credits Awarded by Tax Year

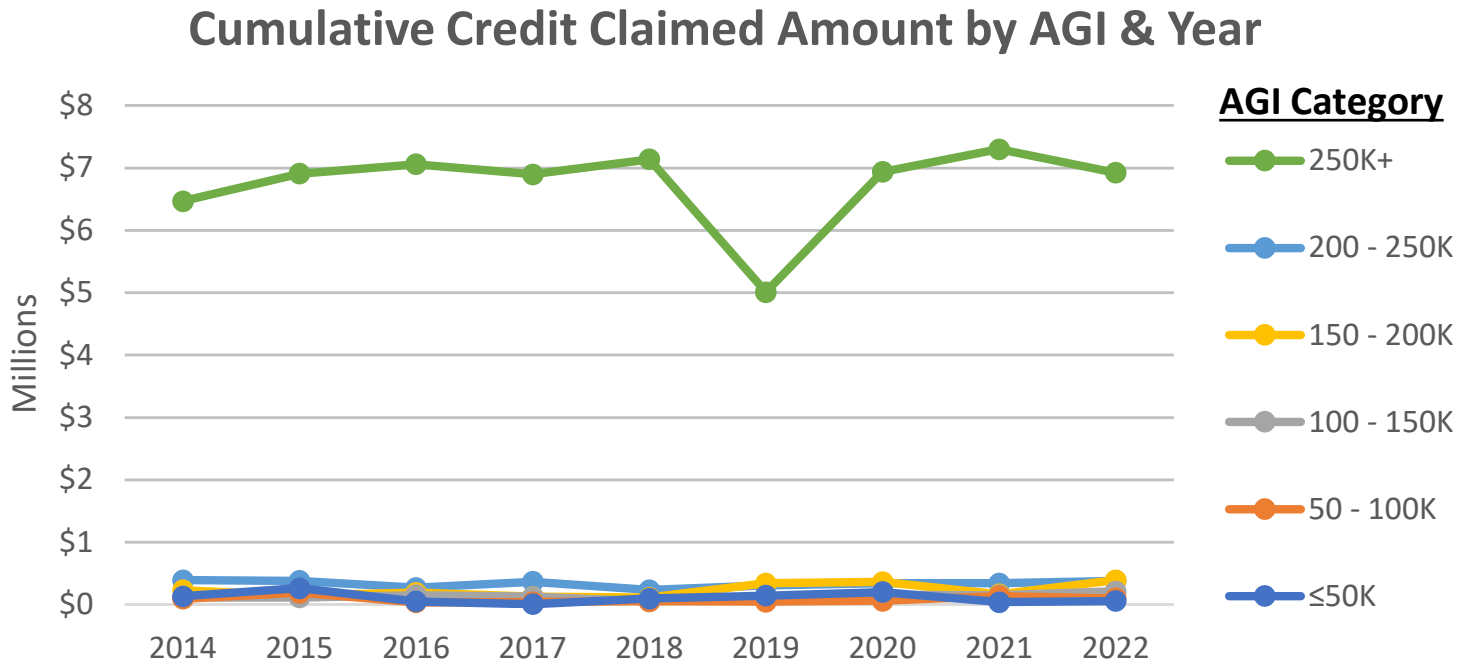


- IDA program received General Fund Appropriations of
2019-21: \$2M 2021-23: \$7M 2023-25: \$5M

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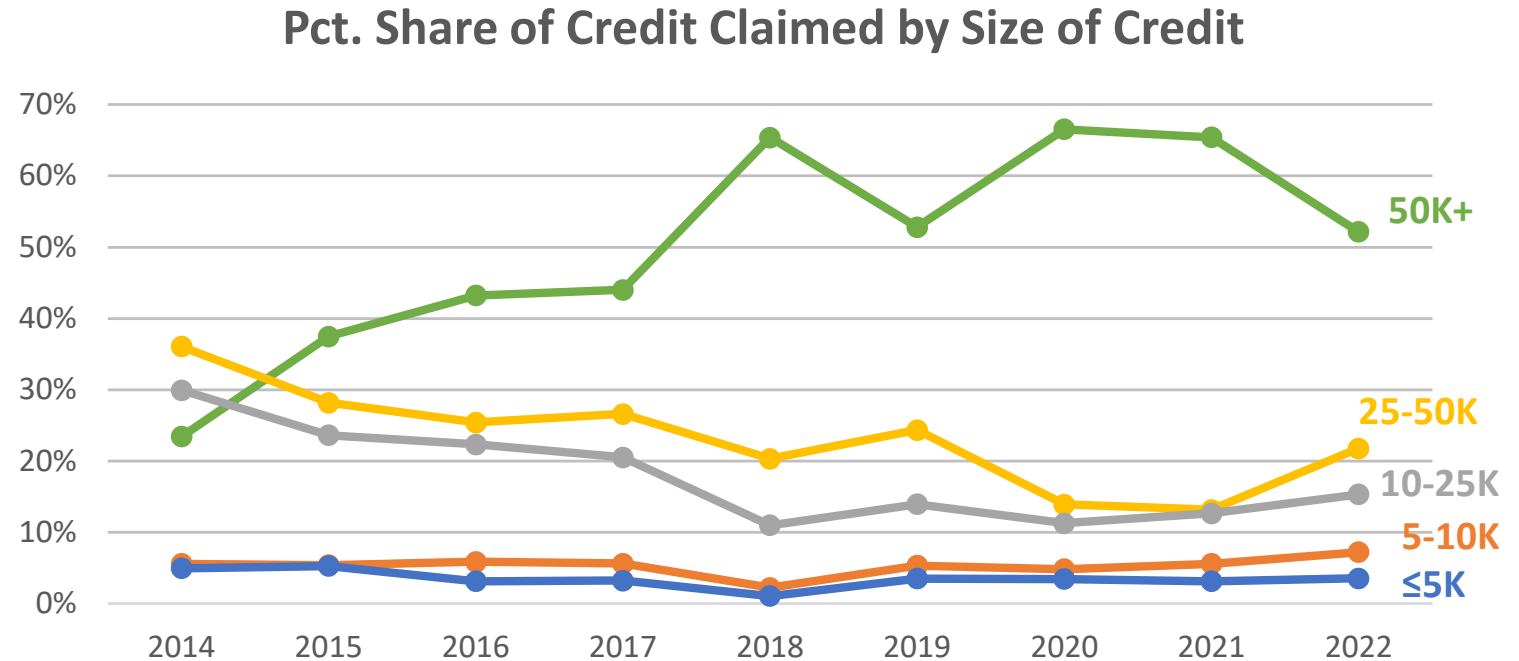
Taxpayers Claiming the Credit

- Predominately high-income taxpayers are making most of the donations & claiming associated credits



Size of Donations

- Size of donations has varied
- In recent years,
 - Donations > \$50K represent over half of all donations



History of Credit

315.271 1.423 Individual Development Account Contributions

Year	Bill	Chapter	Section(s)	Policy
1999	HB 3600	1000	12	Enacting legislation Credit equal to lesser of: 25% of donation, \$25,000
2001	HB 3391	648	1	Modified credit equal to lesser of: 75% of donation or \$75,000
2007	HB 2094	765	1,98	Add sunset of 1/2/2016 Refined definitions IRC update
2009	HB 2067	913	48	Extend donation sunset to 1/1/2016
2015	HB 2171	701	7-8	Modified credit equal to percentage of donation as determined by fiduciary organization, not to exceed 70% Limited total credits per tax year to \$7.5 million Extend sunset to 1/1/2022
2016	SB 1507	29	2	Total credit to a taxpayer per tax year limited to \$500,000
2019	HB 2164	579	49a,49b	Credit donation percentage limited to 90%, applicable beginning with TY 2019
2021	HB 2433	525	6,7	Sunset extended to 1/1/2028 Allows credit for donations made after close of tax year but prior to April 15 (beg. TY 2022)
2023	HB 2071	490	16	Sunset extended to 1/1/2030
2025	HB 2087	562	15	Increases annual credit limit to \$7.7M in TY 2025, \$8.0M in TYs 2026 and later.

[Link](#) to 2021 Tax Credit Report including section on IDA credit

[Link](#) to April 2025 IDA credit presentation

