

Submitter: Donna Lindsey
On Behalf Of: Myself
Committee: Joint Committee On Ways and Means
Measure, Appointment or Topic: HB5006

Re: Individual Development Accounts (IDAs)
Co-Chairs Lieber and Sanchez and Members of the Joint Committee on Ways and Means:

I am writing on behalf of myself to urge you to “Fix the Funding” for Individual Development Accounts (IDAs). Without your action this year, this life-changing program will shrink by 50% and will enroll fewer than 500 Oregonians per year going forward.

In 1999 the Legislature created IDAs and established a state tax credit to fund them. This matched-savings program provides participants with education and individualized support to reach their financial goals, including homeownership, home repair, higher education, purchasing a vehicle, starting a business, and retirement. The state matches participants’ own savings up to 5-to-1 to make their dreams a reality. Over 19,000 Oregonians have participated in this program over the past 25 years.

The IDA is making it possible for me to replace the roof on my home. Because of the condition of the roof, my homeowner's insurance was cancelled last year, and I had to go through another agency and pay much higher insurance premiums. I am an older, single woman and have only one source of income. The cost of the simple roof replacement is estimated to be about \$12,000 and without the help of the IDA program, it would take me a minimum of 5 years to save up enough to pay for it myself. In that time frame, there could be much more damage done resulting in a complete roof repair costing thousands more. I will be able to begin the repairs at the end of April and I am beyond thrilled knowing that I will be able to protect the most important asset and investment in my life and do so without going deeper into debt. Without the IDA, it would not be possible, and I will forever be grateful for this program.

The future of IDAs is at risk, because the tax credit that funds them has not kept pace with inflation. While the credit has been capped at \$7.5M per year since 2009, the cost of everything that IDA participants save for has increased dramatically – especially IDA savers’ two most common goals: homeownership and higher education. Compared with 15 years ago, each saver needs more funds from the program in order to be successful, yet the total funding has remained stagnant.

There are two funding options available to you in the 2025 session: HB 2735 raises the cap on the existing tax credit, from \$7.5M to \$16.5M, in order to fully fund the

program. Or, HB 3809 dedicates revenue from the state lottery to supplement the existing \$7.5M tax credit. Either option would return the IDA program to solid financial footing. Please incorporate one of these options into the 2025-2027 state budget and Fix the Funding for IDAs.

Sincerely,
Donna Lindsey