



Action Needed in 2020 session

Invest in the vitality of Oregon communities -- Keep the Oregon IDA Initiative Strong

The Oregon Individual Development Account (IDA) Initiative helps build hope by creating stronger financial futures for Oregon individuals and families with low incomes. Its flexibility supports the unique approaches of culturally specific, rural, and urban partners as they work with individuals and families to buy homes, get an education, start small businesses, and reach other goals.

Because of changes in federal tax law and IRS code that affect state tax credits like the one that funds the IDA Initiative, the Initiative is facing significant funding shortfalls. In spite of action in 2019 (HB 2164) the shortfalls from the Initiative's 2018 budget of \$10.8 million are extreme, and threaten the ability of partners to serve their communities.

We need action in the 2020 session to keep the IDA Initiative working in Oregon. We cannot afford to lose one of the few tools we have that strengthens families and communities as it invests in the long term financial security of people with lower incomes.

Action to address shortfalls in the 2019-2021 biennium must take three forms for 2020:

- **General Fund Allocation – one time \$4.5 million investment until 2021**
Demand for IDAs overwhelms resources in all parts of the state. We need at least \$4.5 million in one-time resources to prevent cuts in numbers of savers and services in the 2019-2021 biennium. This shortfall is due to the drop in value of our credit after the federal tax law and rule changes in 2017 – 2019.
- **Convert unsold 2019 tax credit authority to General Fund allocation**
\$2,601,213 of 2019 IDA tax credit authority was not sold, because changes in IRS Regulations made the credits unattractive at a 90% on the dollar rate. The tax credit should sunset (in SB 1531) and the budgeted credit should be converted to a General Fund allocation for IDAs.
- **Convert unsold 2020 tax credit authority to General Fund allocation**
Convert the \$7.5 million budgeted for IDA tax credits in the 2020 tax year to a General Fund allocation for IDAs. Sunset the IDA tax credit in SB 1531.

For future years, we will work with the Governor's office and Oregon Housing and Community Services to include the IDA Initiative in the Governor's Recommended Budget.

In addition, the Joint Task Force on Addressing Racial Disparities in Homeownership (HB 4003) has called out IDAs as an effective strategy to achieve their goals. They have asked for \$2 million in General Fund for homeownership IDAs, and for match earnings to be accelerated.

Oregon Individual Development Account Initiative

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Additional Endorsements from the 2020 Children's Agenda:

American Association of University Women of Oregon

CareOregon

Children's Institute

Children First for Oregon

Ecumenical Ministries of Oregon

Family Forward Oregon

Housing Oregon

Impact NW

NARAL Pro-Choice Oregon

New Avenues for Youth

Oregon Foster Parent Association

Oregon Foster Youth Connection

Oregon Head Start Association

Oregon Primary Care Association

Oregon Sexual Assault Task Force

Oregon Women's Rights Coalition

Partners for a Hunger-Free Oregon

UFCW Local 555