



SB703

Food Bank donations and Political Donations

SB703 adds a 1:1 tax credit for donations to Food Banks to the tax code, mirroring the Political Donations tax credit.

However, unlike political donations, Food Bank donations are already eligible for inclusion in the standard deduction or itemized deductions of all taxpayers, based on the taxpayer's calculation of which best reduces his tax liability. As written, this bill allows for double dipping, claiming donation and getting a tax credit for the donation. Further, it opens a door that would undoubtedly see more and more charitable purposes added over time.

While it is clear that this would increase private donations to Food Banks, we do not believe that tax credits for voluntary donations of time or property are appropriate. Donations are gifts; we should not turn gifts into tax reduction events.

If the legislature wishes to add to the budget available to food banks, then the budget process should establish the proper allocation, rather than leaving the amount open to taxpayer interest.

We note that this legislation was not crafted at the request of the Oregon Food Bank. However this is the perfect vehicle for consideration of whether we should discontinue the political tax credit. It has been a provision in law since 1969 and is expected to cost the General Fund \$17 million in the upcoming biennium.

Like many tax credits, this is used primarily by those with ample means. Further, according to the Tax Expenditure Report, "We are unable to determine if this tax expenditure is the most fiscally effective means of increasing participation in the political process." While the Political Tax Credit is set to sunset in a later biennium, given our current economic circumstances, now seems the right time to save \$17 million.

If we can't afford Head Start – which is the long term future of our state, or OPI --which could actually cost us more for care in the long run, we can't afford either the new addition or the political tax credit itself.

We recommend that you craft an amendment to SB703 that removes the food bank provision and ends or at least suspend the political tax credit.

Tax Fairness is a nearly all-volunteer group advocating for fair, stable and adequate taxes