

Preliminary
**REVENUE IMPACT OF
PROPOSED LEGISLATION**
**Seventy-Sixth Oregon Legislative
Assembly**
2011 Regular Session
Legislative Revenue Office

Bill Number:	SB 40
Revenue Area:	Income Taxes
Economist:	Chris Allanach
Date:	4/1/2011

Measure Description: Allows the Attorney General to issue an order disqualifying a charitable organization from receiving contributions that otherwise would be deductible under the Oregon income or corporate excise taxes. Such an order would be contingent upon the finding that the organization failed to spend at least 30 percent of its total annual functional expenses on program services when averaged over the most recent three fiscal years for which the Attorney General has relevant information. Requires organizations to disclose that such an order has been issued when making solicitations in Oregon. Requires the Attorney General to publish the identity of such organizations on the Internet and elsewhere, and file an annual report with the Department of Revenue. Requires individual and corporate taxpayers to addback contributions made to such organizations 30 days after public notification was posted on the Internet.

Revenue Impact: Revenue gain of less than \$50,000 per biennium.

Impact Explanation: The revenue impact is based on the assumption that taxpayers are unlikely to change their behavior in such a way that the total amount of charitable contributions is significantly altered. Most taxpayers who would have made a contribution to an organization affected by the bill are instead, as a consequence of this bill, likely to make a similar contribution to a different organization. The small revenue gain is based on the assumption that, for a few taxpayers, that contribution is not simply redirected to a qualified organization.

Creates, Extends, or Expands Tax Expenditure: Yes No