

**Testimony of Hunter Emerick, Oregon State Bar Board of Governors
in Support of HB 3350
Before the House Judiciary Committee**

March 20, 2013

I am appearing on behalf of the Oregon State Bar to testify in support of HB 3350. This bill creates a tax credit for contributions to support the statewide network of programs that provide legal services to low income Oregonians in civil matters.

The legal services network is comprised of 17 offices that provide services in every part of Oregon. More than 800,000 people are eligible for service under federal poverty guidelines; this year legal services will serve roughly 20,000 of them. Services are aimed at critical needs: physical safety, shelter, medical care, and income maintenance. The programs stretch their limited resources by providing self-help materials and with free services from volunteer attorneys.

In the last two years, Oregon's legal services programs have experienced a 25 percent decrease in revenues, resulting in 20 percent reductions in staffing. These decreases are largely the results of cuts in federal funds and the historically low interest rates on lawyer trust accounts that generate income for legal services. The recent federal budget sequestration will further deepen the cut to Oregon's legal services programs.

If there is a bright spot in this picture it's the continuing success of the Lawyers Campaign for Equal Justice, a private non-profit that has raised substantial funds to support legal services for over 20 years. Over the last few years, the Campaign raised between \$850,000 and \$925,000 from Oregon lawyers to support legal services.

- HB 3350 would create a tax credit for 50 percent of the amount of contributions to the Campaign for Equal Justice, in addition to the current charitable deduction. We expect that a tax credit will encourage both larger donations, since the credit will leverage contributions by 50 percent, and broader participation.
- At current contribution levels, this tax credit would increase legal services funding by between \$425,000 and \$462,500 a year.
- While the direct beneficiaries of the credit are the donors to the Campaign, more significant are the indirect beneficiaries: low income Oregonians throughout the state who need legal services for example to prevent domestic abuse, deal with foreclosures, collect wages that are owing, or obtain medical coverage to which they are entitled under the law. These services obviously help the client, but they also help the wider community by improving public safety and public health, and by preventing homelessness and destitution.

We realize that asking for a new tax expenditure in the current budget climate – let alone a direct appropriation – requires a showing of extraordinary need. We think that the tax credit approach creates a useful partnership between the state and the legal community that acknowledges this need and attempts to address it cooperatively.

The Oregon State Bar urges your support for HB 3350.