



CHRISTOPHER MATTALIANO
GENERAL DIRECTOR

Public Testimony in Opposition to HB 2456-2 Amendments

April 9, 2013

Representative Phil Barnhart, Chair
Representative Jules Bailey, Vice-Chair
Representative Vicki Berger, Vice-Chair
Representative Cliff Bentz
Representative Jason Conger

Representative John Davis
Representative Sara Gelser
Representative Tobias Read
Representative Jessica Vega Pederson

Chair Barnhart and members of the House Revenue Committee,

We write today on behalf of Portland Opera in opposition to HB 2456, the proposal to phase out charitable contribution tax deduction for Oregonians earning over \$125,000. The passing of this resolution will have long-term debilitating effect on the state of Oregon and its citizens.

While some may argue that this measure seems fair as the majority of Oregonians fall below this income threshold, it is vital to realize that more than 80% of giving to all not-for-profit organizations – be they healthcare, education, arts or social services – comes from the top 20% of income earners. **Why would we punish these philanthropists by phasing out their charitable deduction, when they are already the Oregonians who invest the most in our state and positively impact Oregon and its citizens through their generous giving?**

HB 2456 is not a tiny change that affects a small number of Oregonians. It is a massive change that will negatively affect all Oregonians – particularly those who most rely on the services of our state’s nonprofits. Virtually any large transformational charitable gift that significantly affects our state – those that sustain a nonprofit’s mission, create a new social service program, launch an education initiative, preserve the environment, build a facility, or endow a meaningful program – comes from an Oregonian who has the income and assets that allow a gift of this nature. HB 2456 will not only seriously jeopardize this generous giving that provides critical support to our communities, but will also severely curtail efforts to create new, innovative programs and facilities to meet the growing needs of Oregon communities. And, in a time when many nonprofits are struggling to replace dwindling corporate, government and foundation support, each and every gift or pledge that would endow their mission is threatened by this measure.

The \$170M in revenue which the state expects to gain from this measure pales in comparison to the charitable giving that will be affected. At Oregon’s current 10.8% income tax rate for higher income earners, this additional state revenue could negatively affect nearly **\$1 billion in charitable giving**. If even a fraction of Oregonians choose not to give because of this legislation, the damage will far outweigh any revenue gain, seriously impacting vital services for hundreds of thousands of Oregonians, and tens of thousands of not-for-profit jobs.

On behalf of Portland Opera, our Board of Directors, and the more than 400,000 Oregonians we serve annually, we strongly urge you to vote against HB 2456 which phases out the charitable tax deduction for higher income Oregonians. Instead, let’s encourage the far greater economic impact of these citizens’ giving to strengthen thousands of arts, education, health care, environmental, and social serve not-for-profits throughout our state.

Respectfully,

Christopher Mattaliano
General Director

Peter J. Bilotta
Director of Development