



HB 2456-2: the revenue side of a balanced budget

Testimony for House Revenue 4.10.2013 Jody Wiser

We can all agree that there are more and other places to go for more revenue, and that if there are more PERS savings on the table, then those other revenue places should be explored. And the need isn't just for human services and education. Yesterday in the Ways and Means Subcommittee, OBDD asked for increases in funding of \$147 million.

But HB 2456-2 is a good beginning. The primary voices against it are the charities. Their fear forgets the fact that much of their budget comes from state funds. Without more revenue, that part of their budgets get cut. So the slice may come, from one place or another. While you have been given data on the losses in states that have altered their itemized deductions, that data is influenced by the recession of 2001, when GDP was down .3%. It doesn't show the continued upswing to 2008 and down again that one would likely see were the graphs to extend through today.

We agree that there could be some, at least initial effect on giving by the top 5%. There is research, now a dozen years old, that suggests that total elimination of the estate tax would mean a 22% reduction in giving. And as you know, most of the huge gifts of the top 5% come upon death, not during life. But that giving would be unaffected by the changes in HB2456-2.

However, if we are to believe that taxes decide all, then why is Oregon, one of the states with the highest income taxes also one of the states with the most charitable giving? And that is despite having low per capita income and high unemployment rates. In fact, our giving is considerably higher than Washington States, where they have no income tax, and more wealth. (See the reverse.)

And why have the gifts of Phil Knight, the Schnitzers, Directors and Vollums and other wealthy Oregonians consistently been \$10 million, \$100 million, \$200 million, and not \$14.1 million, \$141. million, or \$282 million. (The combination of state and federal taxes, taking the interaction into account has long been put at 41 cents per dollar by the wealthy, despite changes in tax rates and the fact that for most, their effective tax rate is much lower because of deductions and unearned income.)

When the federal government had the PEASE amendment in place during the Clinton years, was there a noticeable decrease in giving as it was implemented and an increase when it disappeared? No. As the Non Profit Quarterly points out in response to the reintroduction of the Pease Amendment at the first of this year, [Charity Hit by Fiscal Cliff? You'll Need a Microscope to See It.](#)

There is one change to the content of HB2456 we recommend: the special treatment of surviving spouse is about 50 years out of date. We now know that statistically, single and divorced citizens have lower income and net worth than those who live married or are surviving spouses. Therefore, we would eliminate that special treatment on page 2, lines 5 and 7 and page 12, line 4. Otherwise, the provisions of HB 2456-2 appear well thought out, reaching where Oregon's pockets are most deep.

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

Speaking personally, the effect of an increase of \$672 in my taxes is just fine. (Especially since you've not touched the \$562 I'll save with the senior medical deduction.)

Oregonians are exceptionally generous:

Table 1: 2009 Contributions as a Percent of Income

	Less than \$100K	\$100-200K	More than \$200K
Oregon	1.62%	2.34%	3.40%
United States	1.48%	2.23%	2.95%

Oregon Giving Ranks in Top One-Half of States Despite Having the Fifth Highest Unemployment Rate Despite Oregon's higher than national average unemployment rate and lower than national average incomes, Oregon consistently ranks above average in terms of individual giving, and in 2009 ranked 19th, ahead of California (ranked 31st) and Washington (ranked 36th). **Oregon outranks these neighbor states despite the fact that incomes in both states are substantially higher than Oregonians' incomes.**

Table 2: 2009 State Charitable Giving Rankings

State	Contributions as % of AGI	Rank
Utah	4.59%	1
Georgia	2.87%	2
Oregon	2.10%	19
California	1.91%	31
Washington	1.81%	36

Source: <http://www.oregoncf.org/resources/news-pubs/reports/current-reports/giving-in-oregon-2011>