

April 15, 2013

House Revenue Committee
Oregon House of Representatives
900 Court St SE
Salem, OR 97301



Dear House Revenue Committee members,

I submit this letter into Public Comment in opposition of HB2456 and any other bill that threatens the Oregon Charitable Deduction tax incentive.

The negative effect of losing the charitable contribution deduction would be significant. It has been a longstanding incentive for donors to give to charities and there is extensive data, including experiences in other states as well as our own observations, to show that the tax deduction increases charitable giving.

Limiting or ending charitable deductions will harm charities, the people they serve, and the quality of life in our communities. Accordingly, we oppose any reduction in tax deductions for charitable contributions included in HB2456 and similar bills.

Nonprofit organizations, along with other private and public institutions, are key threads in the social fabric of our communities. Nonprofits contribute a wide variety of benefits to society. They are often the only source of essential services to Oregon's most vulnerable citizens – those who are homeless, hungry, disabled, victims of domestic violence and abuse, veterans, seniors and children. Nonprofits also promote arts and culture and protect and restore the environment. Their works reflect the values of all Oregonians

Although funding sources vary by mission and organization, private contributions of cash, volunteer time and in-kind goods and services comprise part – or all - of every charity's budget. A majority of nonprofit organizations in our community, including Child Abuse Assessment Centers like Liberty House, would be devastated by the loss of charitable donations from high-income individuals who contribute generously to improve the quality of life in our community.

Over the last four years of economic distress, nonprofits have struggled to meet increasing demand for services even as donations have dropped off. In the last year alone, Child Abuse Assessment Centers in Oregon experienced a 20% increase in child abuse assessments, and reports of abuse are rising. Nonprofits, just like the people and communities they serve, are striving to do more with less. And like the people they serve, many nonprofits are stretched to the limit and unable to meet the needs of those people they care so passionately about.

Regardless of how much of an organization's budget consists of private donations, such donations are more flexible than grant funding, allowing nonprofits to be dynamic and respond quickly to immediate needs. In addition, showing community investment is almost universally

required for nonprofits to compete for grant funds. The measure of community investment?
Local donations.

In other words, the charitable giving deduction is not just another tax loophole – it is a critical component of the nonprofit funding system. Proposed state and federal tax code changes to eliminate or weaken charitable giving fail to account for this.

If such changes are enacted, they will greatly reduce the ability of nonprofits to meet critical and beneficial community needs and causes. That would inevitably lead to greater dependence on government safety net services and shift the cost burden onto the state, which will more than offset any increase in revenue.

Again, we hope that you will join us in opposing any limitation on charitable deductions.

Respectfully,

Mary Lou Hazelwood
Board of Directors Member