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77<sup>th</sup> LEGISLATIVE ASSEMBLY  
SENATE COMMITTEE ON BUSINESS & TRANSPORTATION

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April 1, 2013

**TO:** Senator Ginny Burdick, Co-Chair  
Representative Phil Barnhart, Co-Chair  
Joint Committee on Tax Credits

**FROM:** Senator Lee Beyer, Chair  
Senate Committee on Business and Transportation

**RE:** **Recommendations Related to Tax Credit for Contributions to the  
Trust for Cultural Development (Senate Bill 319)**

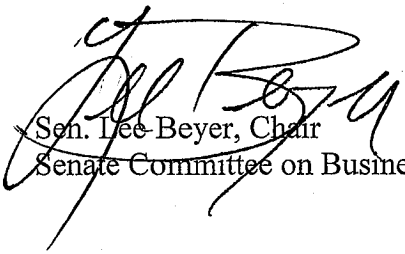
The Senate Committee on Business and Transportation has completed hearings and deliberations on Senate Bill 319, relating to tax credits for contributions to Trust for Cultural Development. The Committee Respectfully recommends that the sunset on this tax credit be extended through January 1, 2020.

This tax credit does carry with it a significant revenue impact to the state, estimated at \$3.3 million for the 2013-15 biennium and \$6.7 million for the 2015-17 biennium. It is fairly popular, with more than 6,000 individuals taking advantage of the credit in both 2009 and 2010. Because it is necessary to donate to a cultural nonprofit *and* to the Oregon Cultural Trust to receive the tax credit, individual supports both a specific entity of their choice and contributes to a statewide effort to support and enhance cultural activities throughout all 36 counties and the state's federally recognized Indian tribes. A number of witnesses at the hearing noted that the Trust for Cultural Development has become a national model for its use of public-private partnerships, creation of local cultural coalitions, and for bringing together various state and local entities and tribal governments.

The Committee received testimony regarding the cultural and economic impact of the cultural nonprofits that are supported through the Trust for Cultural Development. Collectively, the 1,326 eligible cultural nonprofits generated an estimated \$580.5 million in direct output, as well as 8,750 jobs, in 2011; there was also an estimated \$664.3 million in secondary output, supporting approximately 6,140 additional jobs. The Committee also received testimony regarding the educational value of investments made in cultural activities, both for school-age children and for the population as a whole, which is a direct benefit of investments in cultural nonprofits.

The Committee did receive testimony regarding the possibility of reducing the amount of the Cultural Trust tax credit, from both supporters and opponents. One witness suggested that a reduction in the tax credit would turn the Cultural Trust, which currently is a supporter of cultural activities in Oregon, into a competitor with the cultural nonprofits that it has funded over the years of its existence. Another witness suggested reducing the percentage of the tax credit incrementally. On balance, the Committee concluded that the efficacy of tax credits to the Trust for Cultural Development are sufficient to warrant recommendation that tax credit be extended at its current level through 2020.

Thank you for your consideration,



Sen. Lee Beyer, Chair

Senate Committee on Business and Transportation