

REVENUE: Revenue statement issued

FISCAL: No fiscal impact

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Action: Do Pass and be referred to Joint Committee on Tax Credits by prior reference

Vote: 9 - 0 - 0

Yeas: Barnhart, Berger, Dembrow, Hicks, Holvey, Hoyle, Jenson, Kennemer, Garrett

Nays: 0

Exc.: 0

Prepared By: Erin Seiler, Administrator

Meeting Dates: 2/18, 2/27

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**WHAT THE MEASURE DOES:** Extends sunset of income tax credit for political contributions through January 1, 2020.

**ISSUES DISCUSSED:**

- Fiscal impact of political tax credit on general fund
- Increase in ability to participate and engage in political process
- Inexpensive financial commitment for involvement in political process
- Balance citizen engagement and fiscal impact
- Frequency of use of tax credits
- Geographic, age, and income level attributes of those who use tax credit
- Limit political tax credit to contributions to measures only
- Means testing of political tax credit
- Purpose of political tax credit is valuable for state to incentivize public participation
- Limit use to particular income levels
- Encourages positive participation in political process
- Available information to make decisions about tax credits

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** The political tax credit allows a married couple to contribute up to \$100 and a single person to contribute up to \$50 to a qualified political cause and receive up to that amount back as a credit on their Oregon tax return. A contribution can be made to qualifying Oregon political organizations which include: political parties; a qualified candidate (or the candidate's principal campaign committee) for federal, state, or local office to be voted for in Oregon; and a political action committee certified in Oregon. The Oregon Department of Revenue reported that in 2010 the personal income tax revenue impact of the political tax credit was \$6.5 million with about 98,000 Oregonians utilizing it.

In 2009, House Bill 2067 established sunset dates for most income and corporate excise tax credits. The measure set the sunset for the political tax credit as January 1, 2014. House Bill 2407 would extend the sunset for the political tax credit until the tax years beginning before January 1, 2020.