

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
Seventy-Seventh Oregon Legislative
Assembly
2013 Regular Session
Legislative Revenue Office

Bill Number: HB 2060A
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 3/1/2013

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description: Allows the Attorney General to issue an order disqualifying a charitable organization from receiving contributions that otherwise would be tax deductible under the Oregon income or corporate excise taxes. Issuance of such an order would also disqualify the organization from a property tax exemption under ORS 307.130, which exempts charitable organizations from the property tax. Such an order would be contingent upon the finding that the organization failed to spend at least 30 percent of its total annual functional expenses on program services when averaged over the most recent three fiscal years for which the Attorney General has relevant information. Requires organizations to disclose that such an order has been issued when making solicitations in Oregon. Requires the Attorney General to publish the identity of such organizations on the Internet and elsewhere, and file an annual report with the Department of Revenue. Requires individual and corporate taxpayers to include in taxable income the amount of contributions made to such organizations if made 30 days after the public notification.

Revenue Impact: Revenue gain to the General Fund of less than \$50,000 per biennium. Revenue gain to local taxing districts of less than \$50,000 per biennium.

Impact Explanation: The General Fund revenue impact is based on the assumption that taxpayers are unlikely to change their behavior in such a way that their total amount of charitable contributions is significantly altered. Most taxpayers who would have made a contribution to an organization affected by this policy would likely make a similar contribution to a different charitable organization. The small revenue gain is based on the assumption that a few taxpayers would not simply redirect their contribution.

A revenue impact on local taxing districts would result from any such organizations losing their property tax exemption for Oregon property. It is difficult to predict with certainty which organizations with Oregon property would be affected by this proposed law; however, the revenue impact is not expected to be significant. The magnitude of any revenue impact would depend on Department of Justice enforcement actions and the value of Oregon property own by affected organizations.

Creates, Extends, or Expands Tax Expenditure: Yes No