77TH OREGON LEGISLATIVE ASSEMBLY
2013 REGULAR SESSION
STAFF MEASURE SUMMARY
SENATE FINANCE AND REVENUE COMMITTEE

MEASURE: HB 2060 A
CARRIER: Sen. George

REVENUE: Revenue Impact Statement Issued
FISCAL: Minimal Fiscal Impact

Action:	Do Pass	
Vote:	5-0-0	
	Yeas:	Ferrioli, George, Hass, Rosenbaum, Burdick
	Nays:	0
	Exc.:	0

Prepared By: Chris Allanach, Economist
Meeting Dates: 5/13

WHAT THE BILL DOES: Allows the Attorney General to issue an order disqualifying a charitable organization from receiving tax deductible contributions under 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 (charitable organizations). 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.

ISSUES DISCUSSED:
- The definition of a charity
- Prior attempts to stop organizations that spend too much revenue on overhead from claiming to be a charity

EFFECT OF COMMITTEE AMENDMENTS: No amendment

BACKGROUND: Oregon’s Charitable Trust and Corporation Act charges the Attorney General, through the Charitable Activities Section of the Department of Justice, to represent the public's interest in connection with assets held for charitable purposes. Organizations holding such assets and/or soliciting donations in Oregon must register and file periodic financial reports with the Department of Justice. This bill does not change the existing reporting requirements. Each year, the Attorney General publishes a 20 Worst Charities list. In 2012, that list highlighted charities spending 25 percent or less on program services. The Better Business Bureau’s guidelines for charitable organizations recommend at least 65 percent be spent on program services. The 1980 U.S. Supreme Court decision in *Schaumburg v. Citizens for a Better Environment* struck down laws, including Oregon’s, that restricted solicitation of donations by charities that failed to spend certain proportions on program services. Charities disqualified under this bill could continue to solicit donations while disqualified, although no state tax deduction would be allowed.

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