

Testimony of James White, Executive Director, Nonprofit Association of Oregon
HB 4081 - 1
February 4, 2014
House Committee on Judiciary

The Nonprofit Association of Oregon (NAO) supports the passage of HB 4081. - 1

NAO is a registered 501(c)3 nonprofit organization representing over 600 Oregon nonprofit organizations and affiliate members which provide assistance to the nonprofit sector. Our Members are located across the state and serve all areas of our communities, including education, health and human services, the arts, and environmental protection. NAO's mission is to strengthen the collective voice, leadership, and capacity of Oregon nonprofits to enrich the lives of all Oregonians. We do this by conducting training, offering executive transition and consulting services, and through public policy advocacy. More information about our many programs and services can be found at WWW.NONPROFITOREGON.ORG.

The public, private, and nonprofit sectors collaborate to create and maintain our vibrant communities and to preserve Oregon as a wonderful place to live. Together, we elevate our communities, and we address the unmet needs of our citizens. The nonprofit sector is well aware of how precious resources are to our communities. Our Members, and the vast majority of nonprofits, acknowledge their responsibility to be good stewards of the resources they receive through their tax-exempt status, whether those assets are obtained from government contracts, foundation grants, or donations directly from the giving public. Oregon nonprofits accomplish incredible achievements with limited resources. More than 70% of registered charities in Oregon operate with budgets under \$100,000, and many of those are exclusively run by volunteers. The Oregon nonprofit sector understands our unique role in society and accepts the great responsibility that communities place in us to help them thrive and to assist when they are in need.

Nonprofits understand and appreciate the responsibilities of our tax-exempt status enacted through legislation by policy makers. Unfortunately, there are a handful of charitable corporations that do not take these responsibilities seriously. As an advocate for the vast majority of nonprofits that follow the law, NAO believes that organizations that do not comply with reasonable requirements for reporting need corrective measures up to and including penalties for specified violations. These types of organizations taint the reputation of all nonprofits.

NAO used three guiding principles in our consideration for supporting HB4081. That the proposed changes to legislation:

1. Minimize additional financial or reporting requirements given that the vast majority of nonprofits regularly and faithfully comply with the law;
2. Give organizations that run afoul of regulations the opportunity to correct their infringement with appropriate penalties and get back on track;

3. Help the Attorney General's office go after those few nonprofits that willfully disregard the law and erode the public's trust in the entire nonprofit sector.

We deeply appreciate the opportunity to comment on this legislation so that it might meet the needs of both the government and nonprofit communities. In the past weeks, we have communicated with the Attorney General's office on HB4081 and feel that the proposed legislation has appropriate checks so as not to unintentionally cause harm to compliant nonprofits.

For all of the above reasons, NAO supports the passage of HB 4081. ~ \