

SB 181 -2 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 2/14, 2/27, 3/13

WHAT THE MEASURE DOES:

Requires specified institutions seeking property tax exemption under ORS 307.130 to annually file an information return on or before April 1 preceding each tax year for which exemption is claimed. Specifies contents of information return. Requires information return to be accompanied by the Form 990 or Form CT-12, as applicable, or link to publicly available version of applicable form, filed by reporting institution for reporting institution's current tax year. Requires institution that files a Form 990-N with the Internal Revenue Service, to file an information return postcard that contains the information set forth on the Form 990-N filed by institution for current tax year instead of form 990. Requires property to be disqualified from exemption under ORS 307.130 if information contained in information return or initial application for exemption was misleading or false. Imposes additional taxes on disqualified property in an amount equal to the property taxes that would have otherwise been imposed had the property not been exempt for up to the five immediately preceding property tax years, plus interest computed at the rate of one and one-third percent per month. Limits disclosure of information returns and information return postcards. Information return requirements effective beginning with 2018-19 property tax year. Requires county assessor to provide notice of information return requirements to all reporting institutions whose property has been granted exemption under ORS 307.130 for the 2017-18 property tax year. Provides late filing of information return for initial 2018-19 property tax year. Makes a number of insubstantial statutory modifications to ORS 307.130. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Introduced version is a discussion piece brought forth from legislative work group relating to nonprofit property exemption/taxation
- General idea of work group is for a one page document containing information reported from nonprofit organizations to assessors, to aid assessors in their determination of exemption qualification
- Much of accompanying documentation to be provided to assessor is currently publicly available
- Timing of the 990 and CT-12 forms to be submitted, need to adjust from current tax year to most recently available
- Exemption appeal rights of property owners
- Non-disclosure requirements and disclosure punishment being class C felony.

EFFECT OF AMENDMENT:

-2 For property acquired after March 1 and before July 1, requires information return to be filed within thirty days from the date of acquisition of property. Specifies that late filing provisions contained in ORS 307.162 apply to the filing of an information return. Requires reporting institution to include with information return, most recently required and timely filed Form 990 and Form CT-12 of the reporting institution or link to a version of the form that is publicly available on the Internet. Eliminates "postcard" distinction. Specifies that information returns are kept as public records.

BACKGROUND:

ORS 307.130 is a relatively broad exemption available to various types of nonprofit institutions including: hospitals and health organizations, social welfare organizations, museums and specified charitable retail stores. To qualify for

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exemption, organizations must initially apply to the assessor of the county in which the property resides. So long as ownership of all property included in the initial application remains unchanged, a new claim is not required.

Charitable organizations that solicit funds, hold assets, or otherwise do business in Oregon are required to register with the Charitable Activities Section of the Department of Justice (DOJ) and annually file financial reports with the Department. Annual reporting is met by filing DOJ form CT-12.

Form 990 is an annual information return required to be filed with the Internal Revenue Service (IRS) by most organizations exempt from the federal income tax under section 501(a) of the Internal Revenue Code. An organization's gross receipts and total assets determine which form an organization is required to file, the 990 being the most comprehensive. Organizations with gross receipts = \$200,000 or total assets = \$500,000 at the end of the tax year are required to file the full 990 return. Various schedules may be required as part of 990 filing depending upon the characteristics of the nonprofit organization. For example, hospitals are required to file schedule H which includes information specific to hospital organizations. Certain organizations are not required to file annual 990 returns including certain: religious, governmental, political, foreign, or organizations with limited gross receipts. Completed form 990 returns are required to be made publicly available in their entirety.