

Tuesday, May 9, 2017



RE: Opposition to SB181

Greetings Chair Barnhart, Vice Chair's Bentz and Smith-Warner, and Members of the Committee on Revenue:

Shangri La is a registered 501(c) (3) nonprofit organization supporting people with disabilities and families with economic disadvantages in Marion, Polk, Yamhill, Linn, Benton, Lane, and Lincoln Counties, helping them reach their full potential.

We do this in a variety of ways, and many of our programs include support services offered in houses and apartments across our 7-county region. Our tax-exempt status for these 40+ properties is vital to the sustainability of our programs and services, allowing us to serve people with limited or no income in them.

We do not believe it is in the best interest of the government or the people of Oregon to ask nonprofits to provide annual reporting that will determine property tax exemption status. This could potentially harm the important work we do in our community, and more importantly, detract already scarce funding to pay taxes, as opposed to putting that funding directly into services.

Charitable nonprofits should only need to file their paperwork with the government at the time they seek their charitable property tax exemption and should not be put in the position of defending their charitability every year. The administrative burden for annual reporting would be a hardship for our organization, and our fear is that our eligibility might differ from year-to-year due to tax assessors interpreting current laws inconsistently.

Existing vague laws for County Tax Assessors could lead to inaccurate determinations. We believe the legislature's first focus should be to clarify the existing statute for determining what qualifies for property tax exemption status. Creating clarity for these "bright lines" is essential work needed before considering new burdensome requirements for nonprofits, as proposed in SB181. Even the Legislative Revenue Office suggested the creation of bright lines in [their recent report](#) on the issue in Section VIII – Nonprofit Reporting and "Bright Lines."

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We believe the result of passing SB181 without first clarifying the bright lines will create massive confusion between nonprofits and tax assessors, overwhelm both of them and inadvertently cause nonprofits to lose their tax-exempt status based on interpretations that may not be fair, valid or are inconsistent.

In summary, SB181 would negatively impact our organization in both time and money. Additionally, we fear the lack of clarity of existing statute for determining tax exempt status leaves us at risk.

It is for these reasons that we ask this committee to vote against the passage of SB181.

Respectfully,

A handwritten signature in cursive script that reads "Karen Rutledge".

Karen Rutledge, CEO
Shangri-La