

HB 2132 A STAFF MEASURE SUMMARY

House Committee On Revenue

Action Date: 04/23/19

Action: Do pass with amendments and be referred to Tax Expenditures. (Printed A-Eng.)

Vote: 7-0-0-0

Yeas: 7 - Findley, Hernandez, Marsh, Nathanson, Reschke, Smith G, Smith Warner

Fiscal: No fiscal impact

Revenue: Revenue impact issued

Prepared By: Kyle Easton, Economist

Meeting Dates: 4/4, 4/23

WHAT THE MEASURE DOES:

Extends sunset for tax credit for contributions to Trust for Cultural Development Account from January 1, 2020 to January 1, 2026. Clarifies that personal income tax credit limits are equal to the lesser of the tax liability of the taxpayer or \$1,000 for a taxpayer filing a joint return or \$500 for a taxpayer filing any other type of return.

ISSUES DISCUSSED:

- Delineation between individual and corporate donors to Cultural Trust
- Recent drop in contributions
- Donations received from donor advised funds do not qualify for the tax credit
- As a potential response to federal tax changes, some donations are being made every other year rather than on annual basis
- Recent Cultural Trust marketing and outreach budget changes
- Ability of Cultural Trust to respond to budget limits affecting marketing and outreach
- Original framework for Cultural Trust was to establish Trust and make grants based on interest and earnings of the corpus
- State properties originally designated for sale to fund Cultural Trust never occurred
- Arts and Business Alliance of Eugene and other like organizations in Oregon
- Expected technical amendment.

EFFECT OF AMENDMENT:

Clarified personal income tax credit limits.

BACKGROUND:

The Oregon Cultural Trust credit provides a credit against personal and corporate income taxes for amounts contributed during the tax year to the Trust for Cultural Development Account established under ORS 359.405. The credit is only allowed to the extent that the taxpayer has contributed an equal amount to an Oregon cultural organization during the tax year. The amount of the credit is equal to the amount of the donation to the Trust for Cultural Development but may not exceed the lesser of the tax liability of the taxpayer or \$500 for personal income taxpayers or \$2,500 for corporate income taxpayers. The credit is nonrefundable and cannot be carried forward to later tax years.

While statute dictates that the \$500 limit exists regardless of taxpayer filing status, the original revenue impact statement issued at time of credit enactment and administration of the credit has viewed the limit for joint filers to be \$1,000. This interpretation and administration of the credit appears to violate statute by providing a higher overall limit for jointly filed tax returns. Measure as amended modifies statute to specifically state that the credit limit for taxpayers filing a joint return is \$1,000.