

A-Engrossed
Senate Bill 964

Ordered by the Senate April 10
Including Senate Amendments dated April 10

Sponsored by Senator WINTERS, Representatives BOLES, EVANS; Senator THATCHER, Representative POST

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Directs Department of Human Services to establish pilot program to encourage innovative strategies to strengthen families and build resilient neighborhoods. Establishes tax credit for qualified contributions to selected community agency for purposes of program. Requires selected community agencies to distribute funds to participating community agencies.

Applies to contributions made and tax years beginning on or after January 1, 2020, and before January 1, 2026.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to a pilot program for community agency tax credits; and prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. As used in sections 1 to 5 of this 2019 Act:**

5 (1) **"Community agency" means a nonprofit agency that is located in a region, identified**
6 **under section 3 of this 2019 Act, in which it provides services related to children and families,**
7 **services related to community development or similar services.**

8 (2) **"Qualified contribution" means a contribution made by a taxpayer to a selected com-**
9 **munity agency for the purpose of receiving a tax credit under section 7 of this 2019 Act.**

10 (3) **"Selected community agency" means a community agency that is:**

11 (a) **Selected by the Department of Human Services under section 3 of this 2019 Act to**
12 **perform the duties described in section 5 of this 2019 Act in a particular region; and**

13 (b) **Eligible to receive contributions that qualify as deductions under section 170 of the**
14 **Internal Revenue Code.**

15 **SECTION 2. The Department of Human Services, in collaboration with an advisory com-**
16 **mittee established by the department, shall establish a pilot program in up to three regions**
17 **of this state to:**

18 (1) **Encourage taxpayers to make contributions to selected community agencies by pro-**
19 **viding a financial return on qualified contributions and by soliciting other contributions.**

20 (2) **Achieve specific and measurable goals for targeted communities and populations.**

21 (3) **Encourage the development of innovative strategies for strengthening families,**
22 **building resilient neighborhoods, promoting the positive development of children and reduc-**
23 **ing child foster care placements.**

24 **SECTION 3. (1) For the purpose of implementing the pilot program established under**
25 **section 2 of this 2019 Act, the Department of Human Services, in collaboration with an ad-**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 visory committee established by the department, shall:

2 (a) Identify up to three regions of this state in which to establish the pilot program.

3 (b) For each region, identify outcome-based goals that are consistent with the purposes
4 provided in section 2 of this 2019 Act. The goals identified under this paragraph must take
5 into account the resources and needs of the region.

6 (c) Develop by rule the selected community agency application process, and any process
7 for the renewal of such selection.

8 (d) Select a community agency to be the selected community agency in each region.

9 (e) Enter into an agreement with each selected community agency to have the selected
10 community agency perform the duties specified in section 5 of this 2019 Act.

11 (f) Supervise the disbursement of moneys by selected community agencies to community
12 agencies consistent with the duties specified in section 5 of this 2019 Act.

13 (g) Provide written certification to taxpayers that are eligible to claim the credit under
14 section 7 of this 2019 Act.

15 (2) The department may establish by rule procedures and criteria for determining the
16 amount of the tax credit to be certified under this section and any other provisions required
17 to implement the pilot program established under section 2 of this 2019 Act.

18 **SECTION 4.** (1) In selecting a community agency to be the selected community agency
19 for a region under section 3 of this 2019 Act, the Department of Human Services shall con-
20 sider:

21 (a) A prospective agency's financial soundness, net worth, cash flow and accounting ca-
22 pacity to manage the tax credit program;

23 (b) A prospective agency's demonstrated ability to serve low and moderate income fami-
24 lies;

25 (c) The turnover rate of members of the governing board of the prospective agency and
26 the degree to which the board is representative of the region in which the agency is located,
27 has experience with financial matters and has a demonstrated history of collaboration with
28 other community agencies;

29 (d) The experience and expertise of the executive or managing officer and staff of the
30 prospective agency; and

31 (e) The prospective agency's ability to engage and support residents of a region facing
32 adversity, as evidenced by high rates of chronic absenteeism and child maltreatment, to take
33 responsibility for the agency's community and to be a safe healthy and nurturing environ-
34 ment.

35 (2) The department shall select the community agency that, in the judgment of the de-
36 partment and based on the criteria set forth in subsection (1) of this section, will best serve
37 the interests of the region for which it is selected.

38 **SECTION 5.** Each selected community agency shall:

39 (1) Encourage taxpayers to make contributions that qualify for the tax credit under
40 section 7 of this 2019 Act;

41 (2) Provide a means for taxpayers to make qualified contributions to the selected com-
42 munity agency;

43 (3) Send to the Department of Human Services the information required by the depart-
44 ment to certify qualified contributions for the tax credit available under section 7 of this 2019
45 Act;

1 (4) Disburse moneys to the community agencies located in the region that the selected
2 community agency represents, pursuant to rules adopted by the Department of Human Ser-
3 vices;

4 (5) Coordinate an application process by which persons may apply to be a participating
5 community agency;

6 (6) Enter into an agreement with each participating community agency under which the
7 duties and responsibilities of the participating community agency and the selected commu-
8 nity agency are stated;

9 (7) Provide or coordinate required training for participating community agencies;

10 (8) Monitor participating community agencies through visits to the agencies and other-
11 wise;

12 (9) By the end of each calendar year, disburse to participating community agencies all
13 moneys that are available to the agency from qualified contributions; and

14 (10) Base any disbursements under this section on the actual costs of providing services
15 in the region for which the disbursements are being made, including training costs, operating
16 costs and wages.

17 **SECTION 6.** Section 7 of this 2019 Act is added to and made a part of ORS chapter 315.

18 **SECTION 7.** (1) A credit against the taxes otherwise due under ORS chapter 316 is al-
19 lowed to a taxpayer for qualified contributions made to a selected community agency under
20 section 5 of this 2019 Act.

21 (2) The credit allowed under this section may not exceed the lesser of 70 percent of the
22 amount of qualified contributions for the taxpayer for the tax year or the tax liability of the
23 taxpayer for the tax year in which the credit is claimed.

24 (3) A nonresident shall be allowed the credit under this section. The credit shall be
25 computed in the same manner and be subject to the same limitations as the credit granted
26 to a resident. However, the credit shall be prorated using the proportion provided in ORS
27 316.117.

28 (4) If a change in the status of a taxpayer from resident to nonresident or from nonres-
29 ident to resident occurs, the credit allowed by this section shall be determined in a manner
30 consistent with ORS 316.117.

31 (5) The Department of Revenue may by rule require that the Department of Human
32 Services provide information about the certification issued under section 3 of this 2019 Act,
33 including the name and taxpayer identification number of the taxpayer or other person re-
34 ceiving certification, the date the certification was issued in its final form, the approved
35 amount of credit and the first tax year for which the credit may be claimed.

36 (6) The Department of Revenue shall prescribe by rule the manner and the timing of
37 submission of the information described in subsection (5) of this section to the Department
38 of Revenue.

39 (7) Any tax credit otherwise allowable under this section that is not used by the taxpayer
40 in a particular tax year may be carried forward and offset against the taxpayer's tax liability
41 for the next succeeding tax year. Any credit remaining unused in the next succeeding tax
42 year may be carried forward and used in the second succeeding tax year, and likewise any
43 credit not used in that second succeeding tax year may be carried forward and used in the
44 third succeeding tax year but may not be carried forward for any tax year thereafter.

45 (8) The total credits allowed under this section may not exceed \$700,000 for all qualified

1 contributions to a selected community agency in any tax year and may not exceed \$2.1
2 million for all taxpayers in any tax year.

3 (9) As used in this section, “qualified contribution” and “selected community agency”
4 have the meanings given those terms in section 1 of this 2019 Act.

5 **SECTION 8.** Section 7 of this 2019 Act applies to contributions made and tax years be-
6 ginning on or after January 1, 2020, and before January 1, 2026.

7 **SECTION 9.** The Department of Human Services shall report on the progress of the pilot
8 program established under section 2 of this 2019 Act, in the manner provided by ORS 192.245,
9 to the interim committees of the Legislative Assembly related to human services no later
10 than September 15, 2022.

11 **SECTION 10.** This 2019 Act takes effect on the 91st day after the date on which the
12 regular session of the Eightieth Legislative Assembly adjourns sine die.
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