

HB 3302 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Kyle Easton, Economist

Meeting Dates: 3/22

WHAT THE MEASURE DOES:

Creates income tax credit available to individuals and corporations that make contributions to a tax-exempt workforce training organization. Defines terms. Limits credit to least of: amount of contribution, \$500 for individuals or \$5,000 for corporations, or taxpayer's tax liability. Allows unused credit amounts to be carried forward up to three succeeding tax years. Applies to tax years beginning on or after January 1, 2021 and before January 1, 2031.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

An organization may qualify for exemption from federal income tax under section 501(c)(3) if it is organized and operated exclusively for one or more specified purposes including: religious, charitable, scientific, literary, and educational. Contributions to domestic tax exempt organizations are generally deductible as charitable contributions on a donor's federal and state income tax return. To deduct charitable contributions, a taxpayer generally must itemize their deductions though in recent years charitable contributions have been deductible to non-itemizing taxpayers up to specified dollar limits.

Measure would provide a tax credit for contributions to specified tax-exempt entities organized and operated in a manner supporting and promoting work and self-sufficiency. According to the Internal Revenue Service's Exempt Organizations Business Master File, about 100 nonprofit organizations reported in Oregon as operating in the employment and vocational categories of the National Taxonomy of Exempt Entities.