

SENATE REVENUE COMMITTEE

MARCH 29, 1999 - 3:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Senator Randy Miller, Chair

Senator Thomas Wilde, Vice Chair

Senator Lee Beyer

Senator Tom Hartung

Senator Charles Starr

Staff: Paul Warner, Legislative Revenue Officer

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Senator Lenn Hannon, Senate District 26

Beverly Vonfeld, Charitable Tax Commission

Sue Martino, Charitable Tax Commission

Rich Berry, Oregon Department of Fish and Wildlife

Diana Madarieta, The Wildlife Society

Cynthia Thompson, Children's Trust Fund

Margaret Brown, Oregon Coalition Against Domestic and Sexual Violence

Susan Browning, Department of Revenue

Carla Rathbun, Alzheimer's Research Alliance of Oregon

James Davis, Alzheimer's Association

Claire Puchy, Oregon Department of Fish and Wildlife

Bill Linden, Oregon Head Start Association

TAPE 073, SIDE A

005 Chair Miller Meeting called to order at 3:01 p.m.

PUBLIC HEARING ON SB 665 AND SB 666

012 Sen. Lenn Hannon Spoke in support of the measures.

054 Discussion and questions regarding:

1. How long Sen. Hannon has served on the Commission.
2. How did Sen. Hannon gain his appointment to the Commission?
3. How many non-profits would like to be on the tax form and the policy questions that raises for the Legislature.
4. How the determination is made as to what organizations are listed on the checkoff and the rigidity of the statute.

100 Chair Miller Is this a choice that would better be left to the individual taxpayers, with all charities competing on equal footing?

109 Sen. Hannon "Speaking personally and not as a Commission member; I choose the charities I give to and personally do not use the charitable checkoff on my income tax form."

131 Beverly Vonfeld Presented testimony in support of measures. (Exhibit 3)

The Commission would recommend amendments to both measures.

224 Sen. Beyer Would the Commission be opposed to a blank form allowing the taxpayer to choose the non-profit?

229 Vonfeld The current system has made it easy for people to give. The Commission would prefer

that the form has minimal changes and some form of equitable rotation is adopted for the addition of other charities.

- 246 Chair Miller Is this checkoff program available to all charitable entities?
- 248 Vonfeld All charitable entities that meet the basic criteria, as outlined by statute.
- 254 Chair Miller What assurance is there that the Commission does not have a bias in which charities are listed?
- 259 Vonfeld The Commission would need to develop unbiased ways of establishing a rotation system. The goal would be to provide an equitable system that gives access to all eligible organizations.
- 272 Chair Miller Is the Commission absolutely opposed to allowing taxpayers to give to whomever they choose and not give preferred status on the tax form to five organizations?
- 276 Vonfeld It would be more complex for the Department of Revenue and the Commission would have to verify that each non-profit listed on the form meets the statutory requirement to be listed.
- 286 Chair Miller If no one were listed on the form the taxpayer would list charitable contributions in filing their tax return.
- 291 Vonfeld The statute must be adhered to.
- 299 Chair Miller Is there a test for administrative costs, etc.?
- 304 Vonfeld Not specifically, although the Commission can ask for additional information, if necessary.
- 305 Chair Miller Has additional information ever been requested and what would an appropriate administrative fee be?
- 307 Vonfeld Additional information has been requested beginning this year and an appropriate administrative fee has not yet been determined.

317 Chair Miller How many qualifying charities would there be in Oregon that would meet the Commission's criteria?

322 Vonfeld I would guess hundreds.

324 Chair Miller Five of the hundreds have been elevated to a preferred status and that is called fair. Even with a rotation system it could take years for an organization to be listed.

330 Vonfeld Agreed, however the big concern is fixing something that is not broken.

345 Sen. Starr Does the statute mandate that the listing be a statewide charity?

347 Vonfeld The statute states "benefits citizens of Oregon" and the Commission has interpreted that to be statewide.

350 Sen. Starr Local police or fire departments charitable functions would not qualify under the statute?

366 Vonfeld Correct, the first issue is whether they are a 501(c)(3).

371 Sue Martino Spoke in support of the measures.

444 Chair Miller You personally would not have donated to some of the organizations, but for their inclusion on the tax form?

466 Martino Correct.

TAPE 074, SIDE A

039 Chair Miller Whose responsibility is it to advertise for the listed groups and for selecting charities for taxpayers to contribute to? The Commission or the individual taxpayer?

056	Martino	The statute charges the Commission to select charities that do not have the dollars to advertise.
080	Rich Berry	Spoke to SB 665. (Exhibit 4)
131	Berry	Spoke in opposition to SB 666. (Exhibit 5)
164	Chair Miller	Could the Department have received matches with another funding source other than the checkoff?
167	Berry	Cited funding sources available to the Department of Fish and Wildlife. If the checkoff fund revenue were not replaced it would curtail the Department's ability to use available federal funds.
178	Chair Miller	The recovery of species is not dependent on checkoff dollars, but on the Department's revenue sources?
181	Berry	Yes. The 1979 legislature decided to fund the non-game species program in this manner; the Department is not a charity. The Department's main concern is maintaining dollars for the non-game program.
210	Claire Puchy	Provided historical background to the checkoff listing for the Department of Fish and Wildlife.
225	Chair Miller	In 1979 was the Department of Fish and Wildlife the only checkoff on the tax form?
226	Puchy	Yes.
231	Chair Miller	What would a graph show as to how the Department has benefited from the checkoff?
233	Puchy	The first year the checkoff generated over \$360,000 for the program; with the addition of other entities it has declined. Other state's studies have indicated that for every entity added the non-game checkoff decreased approximately 16.4% and that is indicative of Oregon.

264	Diana Madarieta	Spoke in opposition to the measures, although not opposed to the concept behind the measures. (Exhibit 6)
286	Chair Miller	If your organization were preserved as checkoff in the tax form as a non-charity would you oppose rotation or the elimination of the Commission?
294	Madarieta	I would believe that could be supported, if the non-game program was preserved and charities were rotated. Continued with testimony.
364	Sen. Hartung	Commented that this law was passed the same year as the kicker law. It may be time to debate whether either of these programs are good public policy or not.
400	Cynthia Thompson	Spoke in support of SB 665 and spoke in opposition to SB 666. (Exhibit 7)

TAPE 073, SIDE B

020	Thompson	Continued with testimony, (Page 1, Exhibit 7).
050	Thompson	Continued with testimony, (Page 2, Exhibit 7).
092	Vice Chair Wilde	What portion of the dollars distributed by your Agency go to groups in the Portland Metro area?
103	Thompson	For fiscal year 1998-99 approximately 20-25%.
106	Vice Chair Wilde	Most of the Agency dollars go to groups outside the Portland Metro area?
111	Thompson	Yes.
114	Sen. Beyer	Each dollar provided by the checkoff goes to the Trust Fund?
118	Thompson	Yes, 100% of the donated dollars are given back to the communities, our Agency is strictly a pass-through agency with no administrative costs.

121	Margaret Brown	Spoke in support of SB 665 and spoke in opposition to SB 666.
195	Sen. Beyer	How does your organization decide which programs will receive money?
199	Brown	Described the process used to make the dollar allocations.
208	Susan Browning	Presented proposed amendments to SB 665 (Exhibit 8), and SB 666 (Exhibit 9).
266	Chair Miller	Would it be simpler to eliminate the checkoff and let the taxpayer report to the Department of Revenue what charitable contributions they have made?
276	Browning	That is one possibility available to the Legislature.
288	Sen. Beyer	How difficult would it be for the Department to replace the current listing with a blank form?
294	Browning	Because of the automated system a listing would be necessary; a listing could be included in the tax packet with a corresponding code number.
310	Chair Miller	If a taxpayer claims a deduction the Department can accept the charity or audit the return, correct?
317	Browning	Yes.
321	Chair Miller	The Department does not need to be involved if it is left up to the taxpayer to choose the charity that they wish to contribute to, correct?
333	Browning	It would eliminate the charitable checkoff piece on the tax form and lead it back to the deduction piece, although I don't know if that would meet the needs and concerns of the interested parties.
341	Sen. Hartung	Referenced memo to Committee, which gives the figures for the Department's

administration of the program. Does the Department of Revenue subsidize this activity by charging \$4,900 to raise \$589,000? (Exhibit 10)

- 373 Browning The Department's interest is to maintain as simple a process as possible.
- 403 Chair Miller How many taxpayers file a tax return?
- 413 Browning Approximately 1.5 million per year.
- 416 Chair Miller Is the printing of the tax form included in the \$4,931 charge shown, (Page 2, Exhibit 10)?

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TAPE 074, SIDE B

- 009 Browning This is a piggyback program; when it can be combined with an existing program the costs go down.
- 016 Chair Miller The value of being added to the tax form is worth more than \$4,000 to these organizations.
- 022 Browning Acknowledged there is a benefit to the organizations.
- 029 Carla Rathbun Presented testimony in support of SB 665 and in opposition to SB 666 (Exhibit 11).
- 104 Jim Davis Spoke in opposition to the SB 666; the Alzheimer's Association has no problem with adding "of other worthy organizations", but wants to remain on the checkoff list. (Exhibit 12)
- 140 Rathbun The Portland Veterans Affairs Medical Center is one of our partners. Referenced the graph and the bar to the left is the tax checkoff program, (Page 5, Exhibit 11).
- 168 Bill Linden Spoke in support of the measures and broadening or leveling the playing field to achieve equity among all potential players.

203 Ed Waters Distributed tax form handout. (Exhibit 13)

Distributed preliminary staff measure summary for SB 665 (Exhibit 1) and SB 666 (Exhibit 2).

209 Chair Miller Meeting adjourned at 4:37 p.m.

Submitted by, Reviewed by,

Joan Green Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 665, Waters, Preliminary staff measure summary, 1 page
2. SB 666, Waters, Preliminary staff measure summary, 1 page
3. *SB 665, Vonfeld, Written testimony, 2 pages
4. SB 665, Berry, Written testimony, 2 pages
5. SB 666, Berry, Written testimony, 2 pages
6. *SB 665, Madarieta, Written testimony, 1 page
7. *SB 665, Thompson, Written testimony, 5 pages
8. SB 665, Browning, Proposed amendment, 1 page
9. SB 666, Browning, Proposed amendment, 1 page
10. *SB 665, Waters, Memo, 2 pages
11. *SB 665, Rathbun, Written testimony, 5 pages
12. SB 666, Davis, Written testimony, 1 page
13. *SB 665, Waters, Handout, 3 pages

*Refers also to SB 666