

PUBLIC HEARING AND

WORK SESSION ON SB 60 TAPES 089 - 090 A/B

SENATE REVENUE COMMITTEE

MARCH 25, 1997 - 9:00 A.M. - HEARING ROOM B - STATE CAPITOL BUILDING

Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair

Sen. Joan Dukes

Sen. Verne Duncan

Sen. Tom Hartung

Members Excused: Sen. Randy Leonard

Witnesses: Carla Rathbun, Executive Director, Alzheimer's Research Alliance

Emily Heilbrun, Oregon Coalition Against Domestic and Sexual Violence

Stephen Kafoury, The Wildlife Society

Cynthia Thompson, Executive Director, Children's Trust Fund of Oregon

Staff: Ed Waters, Economist

Carol Phillips, Committee Assistant

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TAPE 089, SIDE A

005 Chair Baker Opened meeting at 9:12 a.m.

OPENED WORK SESSION ON SB 60

- 017 Susan Browning Exhibit A- Oregon Department of Revenue Charitable Checkoff History, and Exhibit B - Form 40 Page 2 example. Charities must maintain \$50,000 over preceding two years to be retained on checkoff form. Choices were expanded in 1987 from two choices to seven. Have had interest in adding charities to the form. Problem in expanding form is it would create difficulties for processing and for tax payers to fill out the form. If form goes to fill-in space instead of checkoff box, there would be room for ten charities in the same space with no increase in cost.
- 070 Sen. Dukes Asked if space could be shared between checkoff boxes and fill-in line.
- 070 Browning Stated that was possible. Commission meeting now to determine who goes onto form this year. Exhibit C - Oregon Department of Revenue Memo dated 2/21/97. Memo discussed areas of concern regarding changes to the Charitable Checkoff Program. Exhibit D - SB 60 Wording. The trend moving toward telefiling of tax returns creates small problem in that a long list of charities takes more time to recite. Questions and discussion interspersed.
- 202 Browning Three entities cannot be rotated off form because they are on it by statute. They are Nongame Wildlife, Children's Trust Fund, and Alzheimers Disease Research. Confirmed that 1999 tax form is start date for change in checkoff box choices. Exhibit D addresses the fact that currently the Department of Revenue by statute does not issue tax refunds for less than \$5.00. People should have the opportunity to apply amounts less than \$5.00 toward a charity.
- 258 Ed Waters Exhibit E - SB 60 (-1). Would create space on form for up to ten charities, would provide that all programs on the form are selected by the Commission, and would limit the number of years a particular charity could appear on the tax form to a maximum number before they would have to be removed. Currently listed programs would retain their status for a period until new program phases in. Statutory authority for the three checkoffs currently provided would be repealed. They would be grandfathered for a period, then subject to same criteria as others.
- 286 Waters Section 2 line 18 states if contributions are going to be done by fill-in blank instead of checkoff boxes, program cannot be called checkoff program any longer. Section 3 increases from five to ten number of charities, limited by space available on page. Section 5 on page 3 describes procedure for applicants to be chosen by commission. No appeal of decision by Commission. Questions and discussion interspersed.
- 345 Browning There are twelve charities on waiting list to be included on form.

- 349 Waters Section 6 lists eligibility conditions for charitable programs.
- 355 Waters Section 7 states there is a "clean slate" beginning in 2000 when programs would all compete on equal basis.
- 366 Waters Section 8 is application procedures.
- 368 Waters Section 9 states Commission shall maintain eligibility roster. Limit to number of consecutive years a program can be on the form. Must have received at least \$50,000 in one of prior two years. Maximum number of consecutive years allowable.

TAPE 090, SIDE A

- 004 Waters Section 10 and Section 11 do not have changes over existing statutes.
- 009 Waters Section 12 provides for annual monitoring of programs to determine continuing eligibility. Also specifies Department of Revenue will maintain record of how much particular programs have received in contributions. Also specified de-selection process and provides an appeal procedure.
- 020 Waters Section 13 stipulates how Department of Revenue places lines on tax form and removes reference to checkoff boxes replaced with blank lines.
- 026 Waters Section 14 refers to remittance and disbursement of program funds.
- 030 Waters Sections 19 and 20 remove or repeal some of existing statutes which no longer apply with this Amendment. Specifically Section 20 repeals the statutory authority for the three charities currently on tax form effective 6/30/2002, i.e. Oregon Nongame Wildlife, Alzheimers Disease Research, and Children's Trust Fund.

CLOSED WORK SESSION ON SB 60

OPENED PUBLIC HEARING ON SB 60

- 055 Carla Rathbun Exhibit F - Written testimony. Opposed to SB 60. Suggests the criteria for qualification on form be considered seriously because as it is now every non-profit group in Oregon can sign up. Wants Department of Revenue and Charitable Contributions Committee to have strict standards for eligible charities. Wants charities to submit business plans showing benefit they would provide to state with funds they would receive from state. Have reservations about cycling charities onto and then off of form.
- Against SB 60. There are 31 programs in Oregon Coalition across state. The funds that come from the tax checkoff box impact primarily programs in rural areas because they are a greater part of their funding. Oregon Coalition gets funding from other

- 102 Emily Heilbrun government agencies, but to suddenly start cycling through and making a decision that programs cycle off form sends a message that may not be the one you want to give, i.e. suddenly domestic violence is not something state is not concerned about any more. It is an issue in Oregon that people are increasingly concerned about, and suggests utilizing a method which does not drop programs off the form. Questions and discussion.
- 133 Stephen Kafoury Represents The Wildlife Society, an association of wildlife biologists. Nongame checkoff is different from other organizations which receive money in that The Wildlife Society is not a non-profit organization. They are a state agency; and many of their members work for Oregon Department of Fish & Wildlife. Basic support for Fish & Wildlife besides federal money comes from hunting and fishing licenses. Budget of about \$600,000 from general fund, but Governor has requested 10% cutback. \$125,000 comes from the checkoff program. If they are on for short time and then dropped off list, it would cause severe problem. Types of work they do is analysis and studies of frogs and toads, and education booklets and pamphlets on how to observe nongame wildlife. Questions and discussion interspersed.
- 209 Sen. Dukes Asked if Committee were to leave the three charities by statute on the form, would The Wildlife Society still be okay with SB 60?
- 211 Kafoury For his clients he would say it was okay. But believes there is a problem with charities being cycled onto and off of form.
- 217 Chair Baker To what extent do organizations have a responsibility to become self-sustaining? Is checkoff program not just to get a start, then go out and support yourself?
- 235 Kafoury Responded that in the real world that is good philosophy.
- 255 Rathbun Agreed that philosophy was excellent. Should program be for start-up money, or is it going to be enabling Oregonians to assist programs they have a strong link with in an easy manner for them? Checkoff will continue to be backbone of funds. What is intent of checkoff program? Is it for startup money or to enable Oregonians to give charitably to groups they want to?
- 277 Sen. Dukes Asked if wrong message was being sent by giving a choice and not providing for all? If no space on form, others don't get a chance to be on it.
- 293 Rathbun Charities which are part of a national group should not be on the Oregon checkoff list because they have other sources of funding. A better qualification process should be instituted. Does not support SB 60 regarding the cycling onto and off of checkoff form.
- 331 Heilbrun Has same reservation about rotating programs off checkoff form. The commission has important role in deciding which are the important issues to be included, and then keep them on form so people can depend on them to be there in a steady way without

cycling on and off.

350 Kafoury Should see mechanism as checkoff at work, i.e. employers making it easy for employees to transfer funds from their account into account of whatever charity they choose. Sees rotating off as a terrible idea.

375 Cynthia Thompson Agrees with the Alzheimer Research Alliance in that there is a need to understand public policy. Best use of public policy is to create philanthropy in whatever way possible. Have seen groups given money for startup; and then when there are no further funds, they fail. It takes several years to build up strategies, effective mechanisms, and are least expensive. Works hard to take advantage of in-kind contributions wherever possible to preserve whatever donations they receive.

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023 Thompson Would welcome opportunity to help make form more effective for a larger number of organizations.

030 Chair Baker "Playing devil's advocate": Children's Trust Fund has been on form since 1987. At any time during that period has it ever gone back to the Commission and justified its existence, or in other words provided them with a business plan or told them what it was doing or had Commission reverify that Children's Trust Fund was performing same mission that it started ten years ago?

039 Thompson Would like to answer that question, but has been with group only seven months and does not have information.

041 Chair Baker Suspects answer to question is probably "No." When a group comes to the state with a goal that want to serve children or whatever, how in fact does the state know that groups are doing what they said they wouldt? Do not see why Commission exists, because it appears to do nothing.

051 Thompson Agrees that is a reasonable expectation. Of course groups should justify what they are doing with funds and that goals have been met or whatever. Important that charities stay on list because of reduction in funds if off list.

077 Chair Baker Adjourned meeting at 10:10 a.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

- A. SB 60, Browning, Oregon Department of Revenue Charitable Chechoff History, 1 page
- B. SB 60, Browning, Sample tax form with checkoffs, 1 page
- C. SB 60, Browning, Interoffice Memo dated 2/21/97 re. Charitable Checkoffs, 1 page
- D. SB 60, Browning, Sample wording for Sec. 305.745 re eligible entities, 1 page
- E. SB 60, Waters, (-1) Amendments, (DJ/ps) 3/25/97, 16 pages
- F. SB 60, Rathbun, Written testimony, 5 pages