



SB 1507 Tax Credit Changes

Testimony for Senate Revenue – Jody Wiser

Tax Fairness Oregon's concerns about the provisions in this bill are limited to SECTION 2 on IDA donations and a suggestion to expand the bill

We believe that IDA donation tax credits deserve the same level of tax credit subsidy as the University Venture Development Fund, which is set at 60% rather than the current 70% IDA level. The inconsistency makes no sense, and clearly 60% is adequate, that is what the University system is asking to see continued in their University Venture Development Fund bill, HB 4072.

Additionally, there should be documentation for the value received.

Each year the IRS and I receive from my bank a 1099 for dividend interest received, this year it was for \$50.93. Yet under this IDA law we are extending tax credits valued at as much as \$500,000 a year, without a 1099 for the value received. This is not appropriate. All agencies and organizations granting tax credits in return for donations or for purchase should be issuing 1099s for their value, and this bill is where you can make that change, not just for IDA's, but for all the situations where Oregon tax credits are provided in return for donations to "funds."

A weaker alternative would be to at least require the issuing of donation received letters that show the value of the donation reduced by the value of the tax credit. Non-profit 503 c3 organizations often provide this kind of notice. For instance when one donates \$100 but receives a \$25 dinner, the donation letter one receives indicates that the donation is reduced by the value of the dinner. In my experience, Oregonians who exchange donations for tax credits are getting no documentation that indicates how the tax credit should be treated for tax purposes.

Similarly this bill is an appropriate bill to require the issuing of appropriate tax documentation for the capital gains inherit in purchasing tax credits below value in other Oregon tax credit programs.

The lack of tax documentation tied to the issuing of tax credits is a serious shortcoming in Oregon's law.