HB 2737: Americorps awards are great, but not tax breaks for them
Testimony for House Revenue – Bennett Minton – 3.23.2021

Madam Chair and members of the committee:

My name is Bennett Minton, submitting testimony on behalf of Tax Fairness Oregon, a network of volunteers advocating a rational and equitable tax code.

Americorps has no greater fan than I. I was on the staff of the House committee that wrote the Americorps legislation in 1993. The only time my boss ever said what I wrote for him was when the White House gave him two minutes to speak at the signing ceremony, and the president’s schedule confined him to my text. More broadly, no career achievement resonates for me like meeting someone who tells me of his or herAmericorps service. Many do. It is a great program. If the decision were mine, national service would be mandatory. So would better compensation.

And I question the bill. Its underlying purpose is having other Oregon taxpayers say “thank you” to Americorps participants by treating their income differently than other income. In that it is contrary to principles outlined in ORS 316.003, in which the legislature pledges a tax system with “fairness and equity as its basic values.”

By its plain language, the bill would create a different state tax treatment than provided for federal treatment, under which these awards are subject to tax. How it would affect Americorps participants would depend on their particulars – for those of privilege, it would have little effect. For several who testified on this bill, it would make a big difference. I haven’t seen any data on how many Oregon taxpayers are affected and how much they owe at various levels. Perhaps the committee might delve into that.

Some other questions for your consideration:
• Would the treatment accorded under the bill change behavior?
• Would it generate interest or participation in Americorps?
• How would a young Oregonian considering national service learn of this tax break?
• Would it be the tipping point in applying?
• How would we know?

The purpose of the tax code is to raise revenue to fund whatever services you, as our representatives, judge appropriate. Exceptions to the equitable taxation of income should be well understood and justified. This one appears to rise from a fine notion: community service should pay better. But does that point toward disparate taxation of income? We think not.

I suggest two ways the legislature could otherwise subsidize Americorps service. The first is within the committee’s purview, and that is raise tax bracket thresholds and make the income tax more progressive, so that those with similar low incomes are treated similarly. Or the legislature could create a state stipend

We read the bills and follow the money
administered through the Higher Education Coordinating Commission or other appropriate body, providing for the expenditure to be judged and revised each biennium.

It may be easier to pass the bill and move on to other things. But it would punch another hole in the tax code. As the accustomed and often unpopular scold on the integrity of our tax system, I urge you to lay the bill on the table.