



HB 3302: A great idea with the wrong funding mechanism

Testimony for the House Committee on Revenue –Jody Wisner–3.22.2021

I am here today as a volunteer for Tax Fairness Oregon, a network of volunteers who support a rational and equitable tax code.

This is a well-designed bill that really does a great job of attending to the particulars. The reader can easily understand the goals and the mechanisms that can be used to help citizens stuck between jobs make a successful transition. There is another, less well designed pilot project piece of the legislation proposed this session that seems to be aimed at the same goal.

Unfortunately, we cannot support the idea of a 100% tax credit as the correct funding mechanism. This concept instead should compete in Ways and Means, and be managed by a department which can require reporting that would allow the legislature to assess whether the mechanism is attaining any goals other than supporting some non-profits. They are allowed to spend 50% of their funding on overhead, an amount that would steer most normal non-profit donors away from the particular non-profits.

Frequently over more recent years we've seen the idea of a tax credit for donations, and in this case a 100% tax credit. A donation to a 503(c)3 non-profit is generally a gift, which the tax system allows as an itemized deduction. A 100% tax credit really means that the taxpayer is not making a gift at all, but rather is directing their taxes to particular purposes. This is not fair to other taxpayers, and removes the legislature from making budget decisions, both of which we find at cross-purposes to the goals for taxation in this State as outlined in ORS.003:

“The goals of the Legislative Assembly are to achieve for the people of this state a tax system that recognizes fairness and equity as its basic values”

We read the bills and follow the money