**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Regular Session** **MEASURE: HB 2060 A**
**STAFF MEASURE SUMMARY** **CARRIER: Rep. Keny-Guyer**
**House Committee on Consumer Protection & Government Efficiency**

**REVENUE: Revenue statement issued**
**FISCAL: Minimal fiscal impact, no statement issued**

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| **Action:** | | Do Pass as Amended and Be Printed Engrossed |
| **Vote:** | | 9 - 0 - 0 |
| | **Yeas:** | Doherty, Johnson, Keny-Guyer, Lively, Richardson, Smith, Thatcher, Vega Pederson, Holvey |
| | **Nays:** | 0 |
| | **Exc.:** | 0 |
| **Prepared By:** | | Bob Estabrook, Administrator |
| **Meeting Dates:** | | 2/14, 2/21, 2/28 |

**WHAT THE MEASURE DOES:** Allows Attorney General to issue order disqualifying charitable organization that fails to expend at least 30 percent of expenses on program services from receiving contributions that are tax deductible. Requires disqualified organization to disclose when soliciting that contributions are not deductible for state income tax purposes. Eliminates property tax exemption for organization disqualified from receiving deductible charitable contributions. Specifies exempt organizations.

**ISSUES DISCUSSED:**

- Desirable levels of program expenditures
- Current Department of Justice monitoring of charitable organizations
- Efficiency of enforcement
- Communication of disqualification list to public
- Impact on donors
- Competition among charities for donations
- Property tax exemption for charities

**EFFECT OF COMMITTEE AMENDMENT:** Adds provision eliminating property tax exemption for organization disqualified from receiving deductible charitable contributions.

**BACKGROUND:** Oregon's Charitable Trust and Corporation Act charges the Attorney General, through the Charitable Activities Section of the Department of Justice, to represent the public's interest in connection with assets held for charitable purposes. Organizations holding such assets and/or soliciting donations in Oregon must register and file periodic financial reports with the Department of Justice. House Bill 2060A does not change the existing reporting requirements. Each year, the Attorney General publishes a 20 Worst Charities list. In 2012, that list highlighted charities expending 25 percent or less on program services. The Better Business Bureau's guidelines for charitable organizations recommend at least 65 percent be spent on program services.

The 1980 U.S. Supreme Court decision in *Schaumburg v. Citizens for a Better Environment* struck down laws, common in states including Oregon, that restricted solicitation of donations by charities that failed to expend certain proportions on program services. By contrast, charities disqualified under the provisions of House Bill 2060A could continue to solicit donations while disqualified, although no state tax deduction could be claimed for such donations.