

## HB 3302 A -A3, -A4 STAFF MEASURE SUMMARY

### Joint Committee On Tax Expenditures

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**Prepared By:** Kyle Easton, Economist

**Meeting Dates:** 6/10

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#### **WHAT THE MEASURE DOES:**

Creates income tax credit available to individuals and corporations that make contributions to a tax-exempt workforce training organization. Defines terms. Limits credit to least of, amount of contribution, \$250 for individuals or \$2,500 for corporations, or taxpayer's tax liability. Specifies National Taxonomy of Exempt Entities - Core Codes that a nonprofit organization must be classified in for purposes of meeting definition of workforce training organization. Requires contributions to be cash contributions. Allows unused credit amounts to be carried forward up to three succeeding tax years. Requires Department of Justice to certify credit. Applies to tax years beginning on or after January 1, 2021 and before January 1, 2031.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

-A3 Removes requirement that taxpayer receive written certification of eligibility from Department of Justice prior to claiming the tax credit. Requires taxpayer claiming the credit to retain receipts or other means of substantiation of the contribution for which the credit is claimed.

-A4 Change is identical to -A3 amendment but prepared as amendment replacing existing content of measure.

##### **BACKGROUND:**

An organization may qualify for exemption from federal income tax under section 501(c)(3) if it is organized and operated exclusively for one or more specified purposes including: religious, charitable, scientific, literary, and educational. Contributions to domestic tax exempt organizations are generally deductible as charitable contributions on a donor's federal and state income tax return. To deduct charitable contributions, a taxpayer generally must itemize their deductions though in recent years charitable contributions have been deductible to non-itemizing taxpayers up to specified dollar limits.

Measure would provide a tax credit for contributions to specified tax-exempt entities organized and operated in a manner supporting and promoting work and self-sufficiency. According to the Internal Revenue Service's Exempt Organizations Business Master File, about 100 nonprofit organizations reported in Oregon as operating in the employment and vocational categories of the National Taxonomy of Exempt Entities.