



THE NONPROFIT
ASSOCIATION OF
OREGON

Good works. Together.

Nonprofit Association of Oregon Supports SB40

Representing over 500 Oregon nonprofit and affiliate organizations, the Nonprofit Association of Oregon supports the Attorney General's efforts to curtail state support (through elimination of tax deductible contributions) for inefficient and unproductive charities.

What would SB40 do?

Senate Bill 40 allows the Attorney General to issue orders disqualifying charitable organizations from receiving contributions that are deductible for the purpose of Oregon income tax and corporate excise tax if the Attorney General finds that the charitable organization has failed to expend at least 30% of total annual functional expenses on program services when those expenses are averaged over most recent three fiscal years. SB40 would impose mandatory disclosure requirements for those charitable organizations that are subject to disqualification orders, with provisions for mitigating circumstances. This legislation targets the handful of nonprofits engaged in unethical fundraising practices. Almost all of these are headquartered out-of-state, and use national telefunding companies that retain most of the donations raised.

Why NAO supports this bill

We know that this is not a widespread problem in Oregon. We know that the overwhelming majority of Oregon nonprofits are honorably run and effective stewards of the resources entrusted to them. Oregon nonprofits routinely accomplish a great deal with limited resources. That is why we support the Attorney General's efforts to publicize the few organizations that don't.

While this problem is not widespread in Oregon, it is serious for those donors whose trust is abused by a few organizations. We don't want the good work of Oregon's nonprofits to be discredited by a few bad apples.

We are mindful that setting a blanket threshold has its inherent risks. However, we believe that Senate Bill 40, as it was conceived by the Attorney General, recognizes legitimate reasons for underperformance and creates appropriate exceptions. What's more, it does not impose any additional reporting burdens for nonprofits.

We recognize that mission-driven nonprofits can only be earning and maintaining public trust through appropriate transparency, which can be guided by reasonable regulation that recognizes the unique role of nonprofits in our communities. This legislation meets our "reasonable regulation" standard.

Our members strongly support the bill. In a recent survey of our members, over 87% of respondents strongly supported this effort to curtail state support of charities engaged in unethical fundraising.

For more information, please contact Carrie Hoops, Executive Director, at 503-239-4001, ext. 109 or choops@nonprofitoregon.org. You can also find information about our position on SB40 on our website: http://www.nonprofitoregon.org/advocacy/public_policy_alerts