

# Oregon Cultural Trust

## Frequently Asked Questions: Cultural Tax Credit

### 1) What is the Oregon Cultural Trust?

The Trust is an innovative funding mechanism meant to strengthen every aspect of Oregon's culture through a permanent endowment that will grow to more than \$200 million.

Since its creation, over 4,600 Oregonians have contributed to the Trust enabling us to add more than \$3.2 million to the endowment and award over \$2.4 million in grants statewide.

### 2) How is the Cultural Trust Funded?

The funding for the Cultural Trust comes from three sources:

- contributions by individuals and businesses directly to the Trust,
- from the conversion of certain state-owned surplus assets, and
- revenue derived from the sale of a special "culture" license plate.

### 3) How can I contribute to the Oregon Cultural Trust?

Individuals and corporations may contribute directly to the Oregon Cultural Trust in any amount they choose. Your contribution to the Trust is eligible for a credit against your State of Oregon income tax liability, a dollar-for-dollar tax credit against your Oregon income tax liability when you *also* contribute to a qualifying Oregon nonprofit cultural organization in the same tax year.

### 4) What is the difference between a tax credit and a tax deduction?

A tax deduction reduces your taxable income – the total income on which the tax rate is applied to figure the amount of tax due. A tax credit is an amount subtracted from the total amount of tax due after completion of all other tax computations. **A tax credit reduces your taxes more than a tax deduction.**

The use of this tax credit allows you to redirect a portion of taxes you would be obligated pay. You are saying to the State of Oregon, "please put \$500 (or \$1,000) of my taxes into the Cultural Trust to support arts and culture in Oregon."

### 5) Are there limits on the amount of tax credit I can take for my gift to the Trust?

You can receive a tax credit for your direct contributions to the Cultural Trust of up to \$500 for individuals (\$1,000 per household filing jointly).

### 6) Is the tax credit available to businesses as well as individuals?

Yes, Oregon corporations may take a 100% Oregon tax credit up to a maximum of \$2,500 in contributions to the Cultural Trust.

### 7) If I am a sole proprietor of a business, can I take the higher corporate tax credit or am I limited to the individual tax credit?

A sole proprietor is limited to the individual cultural tax credit, 100% of gifts of up to \$500, or \$1,000 for couples filing jointly.

**8) Can I get an Oregon tax credit without itemizing deductions on my federal tax return?**

Yes, although you will get no tax benefit for your contribution to the qualified nonprofit cultural organization.

**9) Are taxpayers entitled to a federal charitable contribution deduction for the gift to the Oregon Cultural Trust as well as to the qualified charity?**

Under IRC Section 170 (c)(1), contributions to the Oregon Cultural Trust qualify as deductible charitable contributions on the federal tax return. However, if you take a deduction for a charitable contribution to the Cultural Trust on your federal income tax return, that amount must be added back to your income on your Oregon income tax return in order to claim the Oregon tax credit. See question 10 below.

**10) Can I take both an Oregon tax credit and a charitable deduction on my federal taxes for my gift to the Oregon Cultural Trust?**

Yes. See question 9 above.

**11) How much may I contribute to the Oregon Cultural Trust in one year?**

You may contribute as much as you wish, but your Oregon tax credit will be limited to the amount of your matching gifts to qualifying nonprofit cultural organizations in that calendar year, up to the maximum amount of the tax credit for individuals (\$500 or \$1,000) or corporations (100% of up to \$2,500).

**12) What is a “qualifying nonprofit cultural organization?”**

A Qualified Nonprofit Cultural Organization is one that:

- Is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code;
- Is based in Oregon;
- Is organized primarily for the purpose of producing, promoting or presenting the arts, heritage and humanities to the public, or for identifying, documenting, interpreting and/or preserving cultural resources.

An alphabetical list of qualified nonprofit cultural organizations can be found at [www.culturaltrust.org](http://www.culturaltrust.org).

**13) What if a nonprofit cultural organization is not on that list?**

Inquiries, including a request to add an organization to the list, should be directed to the Cultural Trust at [cultural.trust@state.or.us](mailto:cultural.trust@state.or.us). The Trust considers requests from organizations to be added to the list on an ongoing basis.

**14) Why is Oregon’s culture so important?**

- Oregon’s non-profit arts industry contributes more than \$100.2 million in direct spending to the state’s economy and supports more than 3,200 jobs.
- Our culture defines who we are as Oregonians and as Americans.
- Culture builds strong communities which, in turn, build strong businesses.

**15) How will my contribution be used?**

58% of all funds go directly to the permanent endowment. The other 42% are invested in Oregon in three ways:

- Every county and all nine federally recognized Native American tribes receive an annual grant that helps them expand programs and increase access to culture in their local community.
- The state’s largest cultural organizations (our five key partner agencies in the arts, heritage, historic preservation and the humanities) receive funding to support their already existing programs.
- Cultural organizations across the state are able to apply for competitive grants that help support, stabilize and grow cultural projects.