Tax Credit Review: 2019 Session

(Pursuant to 2013 HB 2002)

RESEARCH REPORT #2-19

January 24, 2019

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State of Oregon **Research Report**

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Report on Expiring Tax Credits

Introduction

With the creation of the first comprehensive Tax Expenditure Report (TER) in 1996, the state of Oregon has had a single source that identifies existing tax expenditures (e.g. exemptions, deductions, and credits) for the major taxes imposed in Oregon. The TER, which has been a companion document for the Governor's Proposed Budget since the 1997-99 biennium, identified a total of 43 personal and corporate income tax credits in 1996. By the time the 2009-11 Tax Expenditure Report was created, the number of credits had grown to 64. Of this total, 25 did not have a sunset date, 11 had already sunset (carryforward amount of credit notwithstanding), and the remaining 28 had one of ten sunset dates ranging from 2010 to 2023.

This report on tax credits is required by ORS 315.051. It contains three sections: an overview of tax expenditures, a summary of the tax credit review process and an analysis of nine tax credits scheduled to sunset in 2020. The tax expenditure overview provides a brief concept discussion of tax expenditures in general and some specific context for the tax credits that are the primary focus of this report. It contains information from the Governor's 2019-21 Tax Expenditure Report. The second section describes the Legislature's review process for expiring tax credits, which was first established in 2011. While the exact process for 2019 is currently unknown, expectations are that it will be of a similar structure. The third and primary section of the report is the analysis of the expiring tax credits to be reviewed during the 2019 legislative session.

Tax Expenditures

The concept of tax expenditures has been part of the public finance lexicon since 1967 when the U.S. Treasury first created a list of tax preferences and concessions as part of a broader discussion and debate about tax reform. In its simplest form, tax expenditures are provisions of law that represent a departure from a normative tax structure. The concept of "normative" refers to a general set of principles that leads to a collective understanding of the appropriate tax base, in the case here the income tax. Disagreement exists about whether specific provisions in law are tax expenditures or simply not part of the "base" system. A portion of the debate on the topic revolves around the interpretation of "normative." A federal "tax expenditure budget" has been produced since the 1970s and most states now report on tax expenditures in some form.

Kleinbard (2010) has described three kinds of federal tax expenditures contained within the Internal Revenue Code. First, fixed-dollar subsidies are tax expenditures that have a dollar cap per fiscal year. These provisions are legislatively structured to spend no more than a statutory dollar amount. Once that cap is reached, no additional subsidies are granted. The other two types are temporary and permanent uncapped subsidies. These are provisions of tax law that are structured such that if a taxpayer meets the statutory qualifications, they are able to benefit from the subsidy. The amount claimed in a given year is not limited by law. The only difference between the latter two is those that have statutory sunsets and those that don't.

This same taxonomy can also be applied to Oregon tax expenditures with one additional caveat. Oregon-specific tax expenditures are those that are written into the Oregon Revised Statutes and can be categorized in the manner described above. The caveat is that Oregon's income tax is tied to federal tax law, specifically the definition of Federal Taxable Income (FTI). The policy choice of tying to federal law implicitly adopts many federal income tax expenditures. For example, a federal deduction reduces the FTI for taxpayers. Because the Oregon income tax calculation begins with FTI, the deduction is already included.

The result is that there is a broader perspective when referring to Oregon tax expenditures. They consist of two groups – tax expenditures specified in federal law and those specified in Oregon law. Any analysis of those specified in federal law eventually incorporates the myriad advantages and disadvantages of connecting to federal income tax law.

The table below contains summary figures from the most recent report, with income tax expenditures totaling roughly $14.2 billion for the 2019-21 biennium. A common context for this figure is the state's General Fund (GF) revenue. The current estimate for 2019-21 is $21.3 billion, of which $19.1 billion is from personal income tax collections. Given their relative magnitudes, some attention is paid to the possibility of making proportional changes to all income tax expenditures to increase funding for GF programs. The reality is that the public policy nuances of making such changes are varied and potentially quite complicated.

2019-21 Income Tax Expenditures		
Type	Revenue Impact $M	----------Notes----------
Federal		
Exclusions	$6,839	Information not reported on tax returns
Adjustments	$350	91% of which is: IRAs, self-employment health insurance, and interest on student loans
Deductions	$2,808	74% of which is: mortgage interest, property taxes, charitable donations, and medical expenses
Oregon		
Subtractions	$2,312	92% of which is: federal tax, Social Security, federal pensions, and military pay
Credits	$1,561	83% of which is: personal exemption and earned income tax credits
Other	$307	98% of which is the lower rate for certain pass-through and sole proprietorship income
Total	$14,176	

Source: 2019-21 Tax Expenditure Report (Includes impact of current law sunsets)

According to the 2019-21 Tax Expenditure Report (TER), there are 190 income tax expenditures totaling $14.2 billion during the 2019-21 biennium. In the table above, these provisions are separated into six categories, three federal and three Oregon. Roughly 70 percent ($10.0 billion) of the total cost is attributable to our connection to federal tax policy. The largest category, by far, are exclusions which amount to $6.8 billion. As their name implies, these tax expenditures represent items that are not reported on any tax return. Of the 30 percent ($4.2 billion) that is Oregon specific policy, $2.3 billion are subtractions and $1.6 billion are credits.

When tax policy analysis intersects with budget analysis the result often leads to a review of tax expenditures using one of two common approaches. The first is to focus on specific policies embodied within specific tax expenditures. The intricacies of that policy are explored, analyzed, and possible modifications are debated. The second approach is to make proportional changes to all or groups of tax expenditures.

The table on the following page attempts to build on the previous table and divide the full $14.2 billion impact into separate pieces. There are a handful of policies pertaining to either the structure of the income tax or specific tax credits that make up a significant share of the overall revenue impact. It can be instructive to understand how their impacts fit within the total impact. The table shows how the $14.2 billion total is reduced to $700 million when some of the more prominent policies are considered separately.

The first and largest group ($6.8 billion) is federal exclusions. Because Oregon's income tax is tied to federal law, the policies are implicitly adopted by the state. As previously stated, they represent information that is not reported on a tax return. When discussing the possibility of disconnecting from these provisions of federal tax policy, administrative issues for various stakeholders become the focal point. The individual merits of any particular federal exclusion can certainly be analyzed and debated, but the unique administrative issues that they have in common are often part of that discussion. Considering these provisions separately as a special category reduces the total cost to $7.3 billion ($14.2 billion - $6.8 billion, difference due to rounding).

Next, 14 specific federal and state-level tax expenditures are listed. The single largest item is the federal tax subtraction at just over $1 billion dollars. There are two provisions that would require constitutional changes to implement a policy change, namely Social Security Income and Federal Pension Income which together total over $1 billion. The Medical Subtraction for the Elderly and the Tax Rates for Pass-Thru Income were created during the 2013 Special Legislative Session.

If all these items are moved to separate policy considerations, the total is reduced to $700 million, or roughly 5% of the total loss from income tax expenditures.

Income Tax Expenditure Proportions

Type of Tax Expenditure	**2019-21 Revenue Impact ($M)**
Total	$14,176
Federal Exclusions	$6,839
Federal Adjustments/Deductions	
Home Mortgage Interest	$970
Business Depreciation	$526
Home Property Taxes	$499
Charitable Contributions	$440
IRA Contributions & Earnings	$193
Medical Expenses	$172
Self-Employed Health Insurance	$94
Oregon Subtractions	
Federal Tax Subtraction	$1,037
Social Security Income	$924
Federal Pension Income	$125
Medical Subtraction for Elderly	$66
Military Pay	$51
Oregon Credits	
Personal Exemption	$1,239
Other	
Tax Rates for Pass-Thru & Sole Proprietorship Income	$302
Net Tax Expenditures	$700

Source: 2019-21 Tax Expenditure Report (Includes impact of current law sunsets)

Tax Credit Review Process

In 2009, the Legislature passed, and the Governor signed HB 2067. This bill organized the active credits into three groups according to broad policy goals and placed a sunset date on all but three tax credits.[1] The three groups were scheduled to sunset on January 1 of 2012, 2014, or 2016, so that an organized review could occur during the legislative session just prior to their scheduled sunset. The 2011 Legislature conducted the first such review, which encompassed twenty tax credits. Ultimately, the Legislature allowed nine to sunset on January 1, 2012. One tax credit had its sunset date accelerated into 2011 with the proceeds used for a direct spending program. Five credits were extended without any modifications and four were extended with modifications. Finally, one other tax credit was divided into three separate tax credits according to their policy objectives.

Building on this work, the Legislature passed, and the Governor signed into law, HB 2002 in 2013 which requires a detailed report on sunsetting tax credits (his document is that required report.) For reference purposes, the table below contains a summary of recent tax legislation focusing on tax credit policy work. Collectively, this legislation is the basis of what some researchers have described as 'framework legislation' for the policy analysis and review of indirect spending (Kleinbard, 2010). These bills have culminated in a process to understand and evaluate part of what has become known as Oregon's tax expenditure budget. Theoretically, such a process could include all tax expenditures, but Oregon is currently and has been primarily focused on state income tax credits.

Session	Bill	Description
2007	HB 3201	Created or modified nine tax credits; paid for by phasing-down the personal exemption tax credit
2009	HB 2067	Organized tax credits into three groups with distinct sunset dates to facilitate their future review
2010	HB 3680	Made significant policy changes to the Business Energy Tax Credit
2011	HB 3672	Tax credit omnibus bill: nine tax credits extended and/or modified; one tax credit divided into three tax credits; one tax credit sunset date accelerated; and nine tax credits allowed to sunset
2013	HB 3367	Tax credit omnibus bill: seven credits extended without modification; two credits extended with modifications; four credits allowed to sunset
2013	HB 2002	Requires biennial report on sunsetting tax credits.
2015	HB 2171	Tax credit omnibus bill: two credits extended without modification; five credits extended with modifications; two credits merged into a single credit; modified one tax credit

[1] The three credits without a sunset date are the personal exemption credit, the credit for taxes paid to another state, and the claim of right income credit. These tax credits were considered part of the normative tax base.

		without changing the sunset date; accelerated the sunset date for one tax credit
	HB 3542	Requires a statement of purpose for each proposed tax credit along with the review of estimated revenue impacts of tax credits
2016	HB 4072	Moved sunset date for University Venture Development Fund from January 1, 2016 to January 1, 2022
	HB 4110	Increased EITC from 8% to 11% of federal credit for taxpayers with dependent < 3
	SB 1507	Omnibus tax credit bill, technical changes and policy changes to 2 credits
2017	HB 2066	Extends or modifies five tax credits and creates a new tax credit for qualified employer training costs
	SB 162	Technical changes to Working Family Dependent Care Credit
2018	HB 4028	Omnibus tax expenditure measure, changes to four credits
	SB 1528	Created credit for Opportunity Grant contributions

For each of the 2011, 2013, 2015 and 2017 legislative sessions, the process has varied. In a broad sense, however, the process has consisted of three stages: (1) the interim process; (2) the policy committee process; and (3) the Joint Tax Credit Committee process. The interim process involves updating information on the tax credits that are scheduled for the formal review process during the legislative session. It also includes a review of credits with a later sunset date if they meet criteria for early consideration. This stage ends with the pre-session filing of bills extending the sunset date by six years – a default time period intended as a placeholder. These bills are intended to set the stage for legislative discussions and have no direct policy implications.

The second stage begins with legislative leadership assigning the tax credit bills to relevant policy committees with subsequent referrals to the Joint Committee on Tax Credits. There are two such extension bills (House and Senate versions) for each credit that simply extend the sunset date. (Proponents of a given policy may have a version drafted that includes modifications.) The intent is that each committee reviews the purpose of each credit and evaluates its effectiveness in achieving that purpose. Sample questions have typically been provided to promote discussion. (These questions are included in Appendix C.) Possible committee actions include: allowing the credit to sunset by simply taking no action on the bill, extending the sunset date without policy changes, extending the sunset date with other policy changes, or replacing the credit with a more effective policy. All but the first option would result in a recommendation to the Joint Committee on Tax Credits. The objective is that each policy committee provides some degree of policy guidance to the Joint Committee for any continuation of desired tax credits.

Upon receiving tax credit bills referred from policy committees, the work of the Joint Committee on Tax Credits is intended to mirror the Ways & Means budget process. The "base" spending level may be the amount of spending presented in the Governor's proposed budget, an amount set by legislative leadership, or some combination thereof. One example is that this base could be the estimated credit revenue base – the revenue impact of straight credit extensions – within the overall revenue and budget situation. Consultation among legislative leadership, the Ways & Means Co-chairs, and the House and Senate Revenue Chairs may result in a tax credit budget for the upcoming biennium.

The Joint Committee evaluates credits based on policy committee input, recommendations, and prioritization, while considering general tax policy criteria. The Committee collectively considers all bills affecting the existing tax credits as well as any new credits proposed during the session. Some may be allowed to sunset as scheduled; some could have their sunset date accelerated; and others could be extended and/or modified. Examples of potential modifications include: separating a single tax credit into multiple tax credits, merging multiple tax credits into a single tax credit to improve efficiency, adding some form of means-testing, and sunsetting a tax credit early to raise revenue that can then be redirected to a different program.

Tax Credits for Review in 2019

This is the primary section of the report, containing detailed information on each tax credit scheduled to be reviewed in 2019. In total, there are nine such tax credits. To provide some context, the table below shows the cost to the biennial budget for the last, current, and following two biennia. These estimates are for current law; the declining cost estimates reflect the current sunset dates. The table reflects how this section is structured.

Tax Credit Costs Under Current Law and Costs to Extend Sunset Dates

	Biennium ($M)							
	Cost Under Current Law				Cost to Extend Sunset Date			
Tax Credit	2017-19	2019-21	2021-23	2023-25	2017-19	2019-21	2021-23	2023-25
Employer Provided Scholarships	< 50K	< 50K	< 50K	< 50K	0	< 50K	< 50K	< 50K
Earned Income	104.6	53.4	0.0	0.0	0	54.2	113.3	120.0
Volunteer Rural Emergency Medical Services Providers	0.2	0.1	0.0	0.0	0	0.1	0.2	0.2
Agriculture Workforce Housing Construction	4.8	2.7	0.5	0.3	0	2.0	4.1	4.1
Manufactured Dwelling Park Closure	0.1	0.0	0.0	0.0	0	< 50K	0.1	0.1
Crop Donations	0.4	0.3	0.1	0.0	0	0.2	0.4	0.5
Political Contributions	11.6	5.8	0.0	0.0	0	6.7	12.7	13.5
Oregon Cultural Trust	7.9	4.1	0.0	0.0	0	4.2	8.6	9.0
Certain Retirement Income	1.4	0.7	0.0	0.0	0	0.7	1.3	1.2
Total	***131.0***	***67.1***	***0.6***	***0.3***	***0.0***	***68.0***	***140.6***	***148.5***

The remainder of the report consists of separate reviews for each tax credit. Each review consists of eight subsections: description, policy purpose, beneficiaries, similar incentives available in Oregon, credit effectiveness and efficiency, analysis of potential direct appropriation, administrative & compliance costs and similar credits allowed in other states. The description provides detail on how the tax credit works under current law. The policy purpose is generally not in statute but is based on documentation from implementing or modifying legislation. Generally, the purposes are inferred from historical records. On occasion, Oregon statute provides a clear statement of the policy intent. The policy analysis describes academic research on relevant incentives if available, provides some discussion of the history, and an analysis of available data. Often the primary sources of data are certifications and tax returns. The review of items such as a summary of similar incentives in Oregon and other states and administrative costs conclude each tax credit analysis.

Statute requires this report to provide information on the public policy purpose or goal of each tax credit. The most basic of this information is simply the stated public policy purpose. Also required is information on the expected timeline for achieving that purpose, the best means of measuring its achievement, and whether or not the use of a tax credit is an effective and efficient way to achieve that goal. However, Oregon statute does not generally contain policy purposes or goals for tax credits. Consequently, statute does not generally identify timelines or metrics related to such goals. In the few cases where statute does provide a purpose or a goal, it is included in this report. The more common approach has been to rely on bill documentation and written testimony for the implementing legislation. This information is the basis for the purpose statements included in this report.

Statute requires that this report contain, among other things, an analysis of each credit regarding the extent to which each is an effective and efficient way to achieve the desired policy goals. Ideally, the best analytical approach would be to identify metrics for each desired outcome, measure them over time, and then estimate the degree to which each credit contributes to the success of obtaining those goals. However, a lack of clearly stated purposes presents several challenges to ultimately measuring or estimating their effectiveness. The information provided in this report is intended to be a step toward a more comprehensive analysis. To improve the effectiveness of this report, clarified policy objectives for each credit represents a critical step.

The importance of a clear objective is that it effectively provides direction for the framework of policy analysis. While many of Oregon's tax credits do constitute an incentive to encourage a certain kind of behavior, many tax credits intend to alleviate or provide support for specified individuals. The analytical framework for non-incentive tax credits is fundamentally different from those credits that are incentives. Many of the tax credits have different characteristics that may lend themselves to more, or less, analytical review. This report attempts to describe those frameworks in the discussions on policy analysis and/or credit effectiveness and efficiency.

Manufactured Dwelling Park Closure

Note after 316.116	Year Enacted:	2007	Transferable:	No
	Length:	1-year	Means Tested:	No
	Refundable:	Yes	Carryforward:	No
TER 1.428	Kind of cap:	None	Inflation Adjusted:	No

Description

Enacted in 2007, the Manufactured Dwelling Park Closure Credit is a $5,000 refundable tax credit available to owners of a manufactured dwelling where the manufactured dwelling was the owner's principal residence and the dwelling park is being closed and the rental agreement is being terminated because of the exercise of eminent domain by order of a federal, state or local agency or by the landlord. The $5,000 amount of the credit is reduced by any amount that was paid to the individual as compensation for the exercise of eminent domain. If more than one individual in a household qualifies for the credit, the amount of the credit is shared in proportion to each qualifying individual's respective gross income for the tax year.

The enacting legislation (HB 2735, 2007) was written in a manner suggesting the credit may only apply to manufactured dwelling park closures that result only from the exercise of eminent domain. This interpretation does not align with submitted testimony nor with the current administration of the credit. Statutory modification aligning statute language with purpose and current administration of credit is recommended.

The credit is available to an individual whose household ends tenancy at a manufactured dwelling park during a tax year that begins on or after 1/1/2007 and before 1/1/2020. For purposes of the credit, manufactured dwelling park is defined as a place within the state where four or more manufactured dwellings are located for the primary purpose of renting space to any person.

The current park closure credit replaced an existing mobile home tax credit that was available to households with income of $60,000 or less.[2] The previous credit was the lesser of $10,000 or the actual cost of moving and setting up the mobile home in a new location. The usage of the credit was taken in equal amounts over three years with a five-year carryforward. For households with income less than 200% of federal poverty guidelines, the credit was a refundable one-year credit.

Policy

A specific policy purpose statement regarding the manufactured dwelling park closure credit is not contained in statute. Rather, a general policy purpose of the credit can be derived by referencing the relevant legislative committee discussions and deliberations that took place when the credit was enacted.

[2] Statutory reference in the previous credit used the term "Mobile home" which was largely replaced by the current nomenclature, "manufactured dwelling". This report predominantly uses manufactured dwelling as preferred term, however, mobile home is used when referencing statute or testimony where term mobile home was used.

The credit was enacted by HB 2735 (2007) which contained multiple provisions relating to manufactured dwelling parks. The content of the measure relating to manufactured dwelling parks can be categorized in two primary ways:

1) Encouraging the continued existence of the current stock of manufactured dwelling parks
2) ***Mitigating the costs to manufactured dwelling park households that are forced to move due to instances where market forces and development are causing closure of the manufactured dwelling park.***

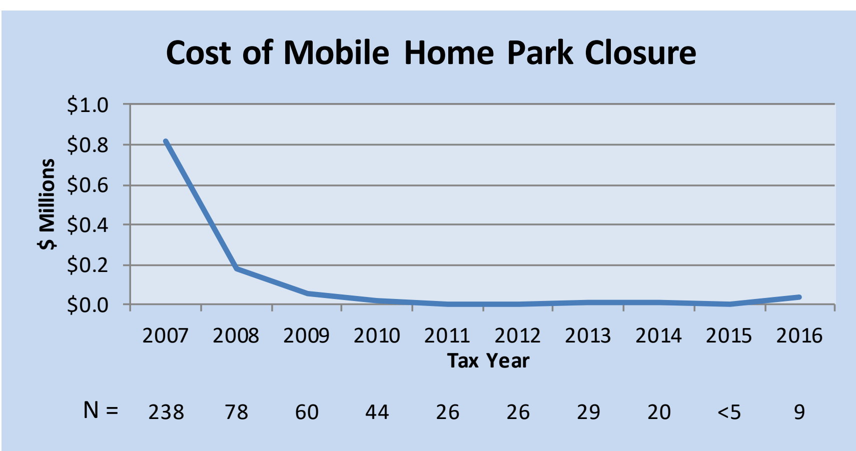
HB 2735 addressed mitigating resident park closure costs in two ways: 1) by requiring landlords that own a manufactured dwelling park that is closing to pay moneys to tenants displaced by the park closure, 2) Replacing existing park closure tax credit with a new refundable credit. Landlord payment amount varies from $5,000 to $9,000 depending upon type of manufactured dwelling.[3]

Statements supporting newly enacted refundable tax credit included:

- In the public interest to provide pragmatic solutions to displacement of mobile home park tenants
- Provide mobile home park tenants with peace of mind that if land is "sold out from under them" tenants will have means to move and will not have to abandon their home
- Credit payments to displaced tenants help to alleviate potential tenant costs to State from Medicaid

Beneficiaries

The number of beneficiaries of the credit has declined substantially since peak usage in the initial year of credit enactment. In each of the previous five tax years for which data is available, less than fifty tax returns have claimed the credit with fewer than ten claimants in each of the past two tax years. Coincidently, cost of the credit has declined from roughly $800,000 in tax year 2007 to an average annual cost of less than $50,000. Cost of the credit and number of return claimants is displayed in the exhibit below.



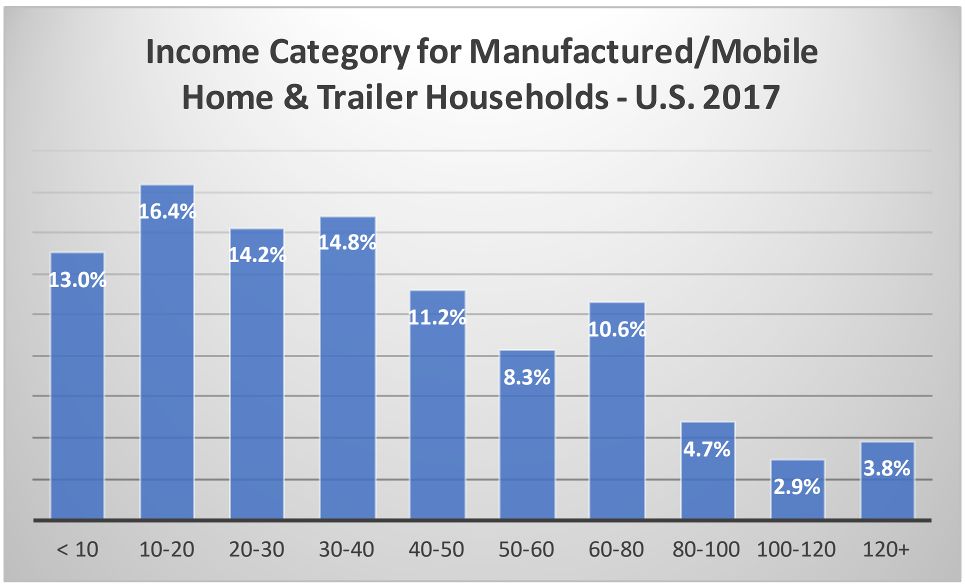
Manufactured Park Closures		
Calendar Year	**Park Closures**	**Spaces**
2002	2	40
2003	11	192
2004	12	164
2005	10	521
2006	10	366
2007	16	1,040
2008	5	323
2009	1	49
2010	2	21
2011	0	0
2012	0	0
2013	0	0
2014	1	21
2015	0	0
2016	1	10
2017	1	16

In years 2005 through 2007, the number of manufactured dwelling parks closed, and park spaces eliminated coincided with the accelerated increase of Oregon property values experienced during the

[3] $5,000 to $9,000 are the pre-inflation indexed dollar amount of the required payment.

2004 to 2006 period. The table to the right displays the number of parks closed and associated spaces eliminated for calendar years 2002 through 2017 (OHCS, 2018). As the number of park closures declined from its 2007 peak, usage of the credit has also declined. In the most recent five years when Oregon's house price index has consistently exceeded the long-term average, park closures have been rare (OEA, 2018). Unsurprisingly, a correlation exists between park closures/spaces eliminated and the number of credit claimants.

Due to the low number of credit claimants, credit claimed by income is unavailable. However, the U.S. Census reports income category by household type. Unfortunately, the data does not distinguish between manufactured structures located within or outside of parks. As shown, nearly 70% of manufactured/mobile home and trailer households reported annual income of less than $50,000 in 2017 (U.S. Census Bureau, 2017).



Similar Incentives Available in Oregon

While the enacting legislation for this credit contained multiple provisions relating to manufactured dwelling parks, for purposes of identifying other similar "incentives" available, the focus in this report is on the benefit of the tax credit to displaced dwelling owners.[4]

In addition to the credit, HB 2735 (2007) required a manufactured dwelling park landlord to pay a tenant for each space for which a rental agreement is terminated. The amount of the required payment was stipulated as:[5]

- $5,000 for a single-wide dwelling
- $7,000 for a double-wide dwelling, or
- $9,000 for a triple-wide dwelling.

[4] A discussion of manufactured dwelling park policy often involves the more expansive low-income housing discussion.

[5] HB 2008 (2017) increased each of the three payments by $1,000 respectively and indexed the payment amounts to reflect inflation.

In instances where a manufactured dwelling park is closed due to the exercise of eminent domain, the Fifth Amendment to the U.S. constitution requires just compensation. However, payments of just compensation are subtracted from the $5,000 Oregon credit amount, and park landlord to tenant payments are not required in instances of eminent domain.

The Manufactured Communities Resource Center, which is part of Oregon Housing and Community Services (OHCS), describes itself as:

> a member of the tenant relocation team during park closures and meets with tenants providing service referrals to meet the tenants' relocation needs and to educate tenants regarding tenant rights, responsibilities, and the availability of services. (OHCS, Manufactured Communities Resource Center, 2018)

OHCS also designates and funds a network of Regional Housing Centers (RHC). RHCs provide counseling services to residents facing potential displacement from a manufactured dwelling park.

Other potential similar services include funds originating from a community development block grant as park residents may receive Optional Relocation payments via the grant program (OHCS, Manufactured Communities Resource Center, 2018). Many other housing related programs may be available to tenants affected by a park closure, however, the programs are more synonymous with general housing support programs than specific programs for displaced manufactured dwelling park tenants and therefore are not included in this report.

The Legislative Fiscal Office identified two direct spending programs that shared some level of policy relationship to the credit. The two spending programs along with each program's 2017-19 legislatively adopted budget amount is detailed in the table below.

	2017-19 Legislatively Approved Budget ($M)
Direct Spending Program	***Other Funds***
Manufactured Communities Resource Center	$0.7
2018 Manufactured Parks Notice of Funds Availability	$10.0

The Manufactured Communities Resource Center is funded through assessments and park registration fees and exists to be an information and service provider to park residents and landlords, as well as to mediate landlord/resident disputes. The 2018 Manufactured Parks Notice of Funds Availability was funded through proceeds of the document recording fee and public purpose charge.

Credit Effectiveness and Efficiency

The refundable tax credit for manufactured dwelling park closures was enacted in 2007 as part of a larger measure relating to manufactured parks. Whereas other portions of the measure were enacted with the policy purpose of maintaining the stock of manufactured dwelling parks, the purpose of the credit is to mitigate the costs to owners of manufactured dwellings in parks that were closing. The tax credit was designed as a refundable credit to ensure that absence of tax liability did not limit a displaced individual's ability to receive the $5,000 credit. The new $5,000 credit replaced a previous tax credit that was equal to the lesser of $10,000 or the actual cost of moving and setting up the mobile home. The purpose of the previous credit was mitigating the cost of moving a mobile home whereas the existing

$5,000 credit is available to displaced manufactured dwelling owners regardless of whether they move their manufactured dwelling.

One part of the policy purpose of the credit as stated when the credit was enacted was mitigating moving costs and providing peace of mind to manufactured dwelling park residents. The existence of the credit fulfills that purpose as the credit provides up to $5,000 for displaced park residents that resided in an owner-occupied manufactured dwelling. When the credit is added to the direct payment received from the manufactured dwelling park owner, total potential compensation for park closure will range from $11,000 to $15,000.[6]

As the existence of the credit in part fulfills the purpose of the credit, examining the adequacy of the amount of the credit may be desirable. While the existing tax credit does not require an individual to move their manufactured dwelling for the individual to qualify for the credit, cost to move a manufactured dwelling can guide whether amount of credit is sufficient. Costs to move a manufactured dwelling are determined by specific individual dwelling characteristics. However, general estimates of cost to move a dwelling range from a few thousand dollars to upwards of $15,000 or more depending upon size of dwelling and moving distance (US Mobile Home , 2018) (Moving.com, 2018).

Mitigating costs to the state via Medicaid was also mentioned as a potential policy purpose by legislative members during the public hearing process when credit was enacted. No testimony was received where quantification of potential Medicaid cost savings was presented, and the fiscal policy statement stated no expenditure impact from the legislation.

Analysis of Potential Direct Appropriation

A direct appropriation could function in place of the refundable credit as the qualifying action or event that must occur for an individual to qualify for the credit is determined outside of the individual's control. The upside of using a direct appropriation rather than a credit is that a direct appropriation could help to eliminate the delay in funds received the exists due to the natural lag in tax filings. For example, an individual that ends tenancy at a manufactured dwelling park in January may not receive the benefit of the refundable tax credit until the Spring of the following year. A direct appropriation could distribute funds at a date closer to when the individual was forced to move providing greater immediate aid to the individual.

From an administrative perspective, administering the payments as refundable tax credits through tax filings provides a benefit as compared to a direct spending program. Historical use of this tax credit has varied with the greatest use occurring in the same year as enactment with little use in the most recent eight tax years. Administrative costs of the tax credit are relatively low and little ongoing cost are required as initial investment in tax form design and instruction are generally fixed and up front.

Recipients of the credit will generally also receive a direct payment from the park owner of $6,000 to $10,000 as specified in ORS 90.645. These direct payments are required to be paid in half after tenant notifies landlord intent to cease tenancy with the other half of the payment being made no later than seven days after tenant ceases to occupy the space. Amount and timing of direct payment mitigate time lag to receive tax credit.

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[6] Reflects the HB 2008 (2017) increases in required direct payment

Administrative & Compliance Costs

Administrative and compliance costs are minimal.

Employer Provided Scholarships

ORS 315.237	Year Enacted:	2001	Transferable:	No
	Length:	1-year	Means Tested:	No
	Refundable:	No	Carryforward:	5-years
TER 1.401	Kind of cap:	Program	Inflation Adjusted:	No

Description

Qualified employers providing qualified scholarships via a qualified scholarship program may receive a non-refundable income tax credit. Credit is equal to 50% of the amount of qualified scholarship funds paid to or on behalf of qualified scholarship recipients during the tax year. The credit amount may not exceed $50,000 per taxpayer per year. Unused credit amounts may be carried forward for five years. Qualified employers are those employing at least four full-time equivalent (FTE) employees but no more than 250 FTE. An employer may receive no more than $1 million in total lifetime credits.

Minimum criteria for an employer scholarship program is stated in rule by the Higher Education Coordinating Commission (HECC) which is required by statute to develop such rules. HECC aligns qualified employer sponsored scholarship programs with Section 117(b) of the Internal Revenue Code and definition of dependent contained in Section 152 (Oregon Student Access Commission, 2018). IRS guidelines for employer sponsored scholarship programs include provisions such as:

- Program must not be used to recruit or induce employees to continue their employment and the selection committee must be comprised of individuals totally independent and separate from the employer
- Potential recipients must be able to meet admission requirements of and attend an eligible post-secondary institution
- Recipient selection must be based on objective standards that are unrelated to employment or the employer's line of work
- Once awarded, scholarship may not be terminated if employee is no longer employed
- Courses of study for which scholarship is available must not be limited to those that would benefit the employer
- Eligibility requirements must be related to the purpose of the scholarship program
- If a minimum period of employment is required to qualify for the scholarship, the period may not exceed three years

(Oregon Student Access Commission, 2018)

To qualify as an employer scholarship program, employers apply for certification with the Director of the Office of Student Access and Completion (OSAC). OSAC designs the application form in alignment with required statute application specifications. OSAC then determines scholarship program eligibility.

In addition, employers must annually certify their qualified scholarship program tax credit with OSAC. Statute dictates an annual limit of $1 million in credit certifications. OSAC considers annual credit applications in chronological order.

Policy

A specific policy purpose statement regarding the employer provided scholarship credit is not contained in statute. Rather, a general policy purpose of the credit can be derived by referencing the relevant legislative committee discussions and deliberations that took place when the credit was enacted.

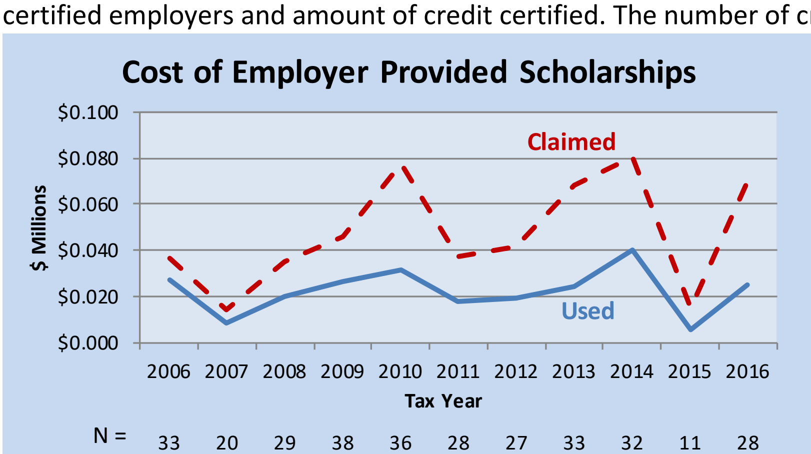
The credit for employer provided scholarships was enacted by HB 2521 in 2001 and submitted supportive testimony provides the basis for determining policy purpose as presented in this report. The underlying policy purpose of the credit as stated by proponents of credit is to ***encourage and/or leverage private money to help pay for higher education***. Specific statements of support included:

- “attempt to create financial incentives for businesses to create scholarships for their employees and their employees’ kids”
- “encourage business to take a greater roll in producing the highly educated graduates that their industries and our economy depends on” (Hass, 2001).

Beneficiaries

Direct beneficiaries of the credit are employers that provide qualified scholarships. Secondary beneficiaries may include employees and/or employee dependents receiving a scholarship that absent the credit may not have been provided, or provided in a lesser amount. Usage of the credit has been modest.

The line chart below displays personal income tax claimants and usage of the credit for the past ten years. On average about thirty taxpayers have benefited from the tax credit per year with average tax benefit of about $800 per year. The chart to the right displays the number of certified employers and amount of credit certified. The number of credit claimants may not compare to the number of employers certified as employers may be pass through entities which pass through the value of the credit to potentially multiple individual taxpayers.



Certifications of Scholarship Programs		
Tax Year	Certified Employers	Total Credit Certified
2002	1	2,500
2003	3	8,000
2004	3	7,000
2005	0	0
2006	0	0
2007	2	2,750
2008	3	3,250
2009	1	2,500
2010	3	3,750
2011	4	4,750
2012	3	4,250
2013	3	4,750
2014	2	1,500
2015	1	1,000
2016	2	3,500
2017	2	3,500

Similar Incentives Available in Oregon

While numerous incentives are available encouraging higher education participation, in identifying other incentives available in Oregon, focus is specific to the policy purpose of the credit which is to incentivize private investment funding of higher education. Viewed through this lens, no other direct incentive was identified. However, the corporate and personal income tax bases contain provisions that eliminate or reduce potential negative tax consequences of employer funding of higher education.

So long as employers are acting in compliance with the Internal Revenue Code, employer scholarship grants or reimbursed education expenses of employees can be categorized as business expenses. Employers may also be able to deduct charitable contributions supporting higher education.

The Legislative Fiscal Office identified three direct spending programs that shared some level of policy relationship to the credit. The three spending programs along with each program's 2017-19 legislatively adopted budget amount is detailed in the table below.

	2017-19 Legislatively Approved Budget ($M)	
Direct Spending Program	***General Fund***	***Other Funds***
Oregon Opportunity Grant	$125.2	$20.9
Private Scholarships		$12.5
National Guard Tuition Assistance	$2.5	

The Higher Education Coordinating Commission 's (HECC) Office of Student Access and Completion (OSAC) administers the Oregon Opportunity grant program which provides grants to lower income students to offset the costs of tuition and other costs at public universities, community colleges, and private colleges/universities.

OSAC also processes and administers grant and scholarship programs for a variety of foundations and other entities (e.g., Oregon Community Foundation). OSAC provides a number of services for the programs including "marketing" the programs, collecting applications, in some cases making preliminary decisions, and distributing the funds for these programs.

OSAC also administers tuition assistance programs for Oregon National Guard members (new for 2017-19 biennium).

Credit Effectiveness and Efficiency

Stated policy purpose of the credit is to encourage and/or leverage private money to help pay for higher education. Viewed as such, the existence of the credit fulfills the stated policy purpose of the credit.

Usage of the credit has remained relatively consistent with few employers taking advantage of the credit. Since 2002 when the program first became available, fewer than 10 employers have been certified for and used the tax credit incentive program. On average, two employers have used the program per year with overall use within a given year ranging from zero employers to a high of four in a single year. Consistent limited use of the credit suggests credit is not stimulating greater involvement of employers of qualifying size to invest in qualified scholarship programs for their employees or employees' dependents.

Efficiency of the credit depends on response to the incentive from employers, the proverbial "but for" question. The table below illustrates four potential employer response outcomes to the tax credit. The "base" example shows an employer that provides a $2,500 scholarship with no tax credit. Assuming the employer is able to deduct the $2,500 from their income and using a 9% tax rate, total cost to the employer of providing the scholarship is $2,275.[7]

Outcome 1 displays the same employer with Oregon's credit and assumes the employer does not change the scholarship amount. In Outcome 1 the employer receives a credit equal to $1,250 thus reducing cost of the scholarship to the employer to $1,025 while "net funding" is -$1,250 reflective of an assumed reduction in General Fund revenue that could otherwise be used to directly support higher education.

Outcomes 2a and 2b provide examples of the employer increasing the scholarship amount in response to the credit reducing the cost to the employer in providing the scholarship. In outcome 2a, the employer doubles the scholarship amount reflective of the credit offsetting 50% of the scholarship. In outcome 2a, net funding is -$225 reflective of the employer's increased business deduction. Outcome 2b displays the employer increasing scholarship amount equal to full amount of benefit to employer (credit + increased business deduction). In outcome 2b, net funding is zero as the increase in the awarded scholarship fully reflects the employer's reduced tax liability.

Outcome 3 reflects an employer that begins offering a scholarship in response to the credit being made available. In this example, net funding increases as the employer has now chosen to offer a scholarship that absent the tax credit would otherwise not be made available.

Outcome Examples of Credit Incentive

	Base	Outcome 1	Outcome 2a	Outcome 2b	Outcome 3
Employer Scholarship Amt.	2,500	2,500	5,000	5,550	2,500
Business Deduction	225	225	450	500	225
State Credit	0	1,250	2,500	2,775	1,250
Cost of Scholarship to Employer	2,275	1,025	2,050	2,275	1,025
Net Funding	*0*	*-1,250*	*-225*	*0*	*1,025*

Note: Example assumes 9% marginal tax rate

Analysis of Potential Direct Appropriation

Administration and oversight of a direct appropriation program would generally mimic the tax credit in terms of certifying scholarship program and payment to employer. Actual amount of credit used to reduce tax liability as compared to credit claimed has averaged about 50% over the preceding ten years. While the credit may be carried forward for five additional years, direct appropriation could potentially increase immediate benefit to employers with limited or no tax liability.

Administrative and Compliance Costs

Administrative and compliance costs are minimal. Certification of scholarship credit program represents a very small portion of OSAC's overall oversight responsibility of scholarship programs (Potoski, 2018). Administrative and compliance costs for Department of Revenue are also minimal.

[7] For example simplification purposes, federal tax liability changes are not included.

Oregon Cultural Trust

ORS 315.675	Year Enacted:	2001	Transferable:	No
	Length:	1-year	Means Tested:	No
	Refundable:	No	Carryforward:	None
TER 1.447	Kind of cap:	None	Inflation Adjusted:	No

Description

The Oregon Cultural Trust credit provides a credit against personal and corporate income taxes for amounts contributed during the tax year to the Trust for Cultural Development Account established under ORS 359.405. The credit is only allowed to the extent that the taxpayer has contributed an equal amount to an Oregon cultural organization during the tax year. The amount of the credit is equal to the amount of the donation to the Trust for Cultural Development but may not exceed the lesser of the tax liability of the taxpayer or $500 for personal income taxpayers or $2,500 for corporate income taxpayers. While statute dictates that the $500 limit exists regardless of taxpayer filling status, the original revenue impact statement issued at time of credit enactment and administration of the credit has viewed the limit for joint filers to be $1,000. This interpretation and administration of the credit appears to violate statute by providing a higher overall limit for jointly filed tax returns. The credit is nonrefundable and cannot be carried forward to later tax years.

ORS 315.675(7) states:

> (7) The credit allowed under this section is in addition to any charitable contribution deduction allowable to the taxpayer

ORS 315.675(7) allows a taxpayer to claim as an Oregon itemized deduction, donations made to the Cultural Trust regardless of reduction in tax liability received due the credit.[8] A brief explanation of the federal current/historical interpretation of "charitable contribution" elucidates the importance of this provision of Oregon statute. In United States v. American Bar Endowment (1986) the U.S. Supreme Court interpreted the phrase "charitable contribution" in IRC section 170. The court decision read in part:

> The sine qua non of a charitable contribution is a transfer of money or property without adequate consideration. The taxpayer, therefore, must at a minimum demonstrate that he purposely contributed money or property in excess of the value of any benefit he received in return.
>
> A taxpayer may therefore claim a deduction for the difference between a payment to a charitable organization and the market value of the benefit received in return, on the theory that the payment has the "dual character" of a purchase and a contribution. (United States v. American Bar Endowment, 1986)

Effectively, charitable contributions can only be claimed as an itemized deduction in amounts exceeding any value received for the charitable contribution. ORS 315.675(7) allows a taxpayer to claim the full amount of the donation to the Cultural Trust, without subtracting the value of the tax credit, for Oregon itemized deduction purposes. Federally, similar language does not exist, yet Oregon taxpayers were recommended to consult with their accredited tax preparer regarding the availability to take the

[8] IRC Section 170(a)(1) generally allows an itemized deduction for any "charitable contribution" paid within the taxable year. IRC Section 170(c)(1) includes for definitional purposes of "charitable contribution" a contribution or gift to or for the use of a State, a possession of the United States, or any political subdivision of the foregoing, but only if the contribution or gift is made exclusively for public purposes.

deduction on their federal return while also taking the credit on their Oregon return.[9] On August 23rd, 2018, the IRS released proposed regulations on charitable contributions and state and local tax credits. Under the proposed regulations

> a taxpayer who makes payments or transfers property to an entity eligible to receive tax deductible contributions must reduce their charitable deduction by the amount of any state or local tax credit the taxpayer receives or expects to receive. (Interal Revenue Service, 2018)

Assuming the IRS proposed regulation takes effect, it appears the IRS will require taxpayers to account for the value of any local tax credit received when itemizing deductions on a federal return.

Policy

A specific policy purpose statement regarding the Cultural Trust tax credit is not contained in statute. Rather, a general policy purpose of the credit can be derived by referencing the relevant legislative committee discussions and deliberations that took place when the credit was enacted.

The Oregon Cultural Trust credit was enacted in 2001 as part of a broader legislative package relating to the Oregon Cultural Trust. The legislation was enacted at the behest of the Joint Interim Task Force on Cultural Development.[10] The Task Force recommended three primary funding sources for the Cultural Trust[11]:

1) Conversion of state assets
2) Personal and corporate income tax credits
3) Vanity license plates.

In identifying and analyzing the policy purpose of the credit, this report will focus on the credit as a means for funding the Cultural Trust. This report does not attempt to analyze the Cultural Trust itself as that lies outside the statutory defined framework of this report.

In referencing the output of the Task Force on Cultural Development and the legislative testimony provided by proponents of the tax credit, the policy purpose of the tax credit can be summarized as existing to ***protect and stabilize Oregon's cultural resources by creating a solid foundation for the future through the leveraging of private sector support from both individuals and businesses*** (Joint Interim Task Force on Cultural Development, 2001). In their testimony, the Task Force identified two goals for the credit:

1) Stimulate contributions to Oregon 501(c)(3) nonprofit cultural organizations and
2) Build the Oregon Trust through citizen contributions.

(Joint Interim Task Force on Cultural Development, 2001)

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[9] This recommendation is provided by the Cultural Trust on the Trust's FAQ webpage https://culturaltrust.org/resources/faq/

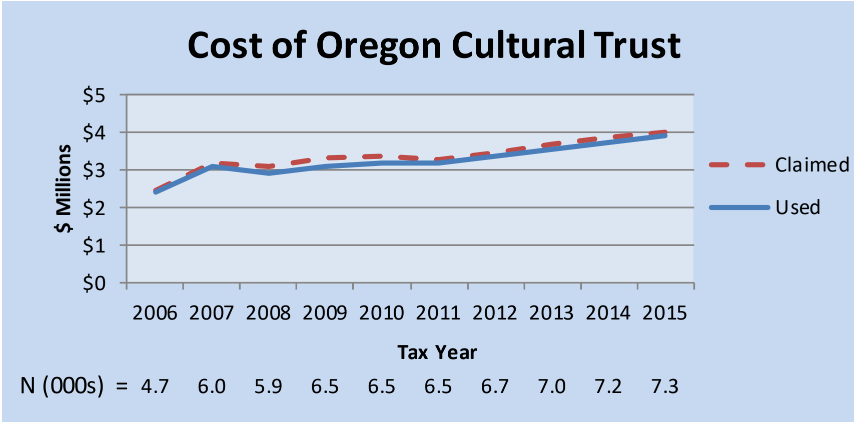
[10] The Joint Interim Task Force released the Culture of Oregon report detailing the Task Force's findings and recommendations and can be downloaded from the Cultural Trust's website https://culturaltrust.org/wp-content/uploads/culture_development_full.pdf

[11] Statutorily the account is known as Trust for Cultural Development Account. Cultural Trust is the term used in this report as it is the widely referenced name for the account.

Beneficiaries

The direct beneficiaries of the cultural trust credit are the taxpayers qualifying for the credit with the indirect beneficiary of the credit being the Trust for Cultural Development to which credit matched donations are made.

While the credit is available to both individuals and corporations, over 99% of the credit amount claimed is claimed by non-corporate taxpayers. The chart below displays the credit amount claimed and amount used to reduce tax liability for the ten most recent tax years for which data is available. A general trend of increasing annual credit claimants has existed over the 2006-2015 tax year (TY) period. However, preliminary TY 2016 return data shows a slight decline from TY 2015.



Direct credit beneficiaries are primarily higher income returns. For TY 2016, 83% of the revenue impact of the credit originated from returns in the highest income quintile for full-year filers (income above $92,700). For comparison, returns from the top income quintile comprised about 69% of net tax for TY 2016. During the most recent five tax years for which data is available, the number of personal income taxpayers claiming the credit has ranged from 6,700 to 7,300. In addition to the credit, ORS 315.675 specifically allows taxpayers that itemized to also deduct from taxable income their donation amount made to the Trust for Cultural Development allowing for additional tax benefit to the taxpayer (discussed in greater detail in Effectiveness and Efficiency subsection).

Concentration of Credit Use - TY 2016 Full Year Returns	
AGI Level ($000)	% of Total
<70	9%
70-100	12%
100-250	52%
250-500	19%
500+	8%

Credit Amt. Claimed by Age Category TY 2016 | Full Year Filers		
Age	Claimed	Pct. of Total
0 - 14	0	0%
15 - 19	100	0%
20 - 24	500	0%
25 - 29	8,900	0%
30 - 34	29,000	1%
35 - 39	76,600	2%
40 - 44	123,400	3%
45 - 49	175,700	5%
50 - 54	207,600	5%
55 - 59	300,200	8%
60 - 64	519,200	14%
65 - 69	744,900	20%
70 - 74	708,100	19%
75 - 79	467,000	12%
80 - 84	267,600	7%
85+	182,800	5%
Unknown	1,400	0%
Total	**3,812,900**	**100%**

For tax years 2006-2015, average corporate use of the credit has been fewer than 10 taxpayers with average credit amount being $1,700 per taxpayer per year.

Oregon Cultural Trust | 2016 Personal Income Tax Filers				
Income Group of Full-Year Filers	Number of Filers Using Credit	Avg. Revenue Impact of Credit	Revenue Impact ($ millions)	Percent of Revenue Impact by Income Group
< $14,400	80	$60	<$0.1	0%
$14,400 - $29,800	220	$140	<$0.1	1%
$29,800 - $52,400	460	$230	$0.1	3%
$52,400 - $92,700	1,420	$360	$0.5	14%
> $92,700	5,030	$610	$3.1	83%
Total Full-Year Filers	**7,200**	**$520**	**$3.7**	**100%**

(State of Oregon Tax Expenditure Report: 2019-21 Biennium)

While the Cultural Trust is an indirect beneficiary of the credit, the Trust is the intended beneficiary as described in the policy section of this report. To qualify for the credit, individuals and corporations must first donate to an exempt 501(c)(3) cultural organization in Oregon. The taxpayer must then donate to the Trust for Cultural Development at which time the taxpayer may qualify to receive an income tax credit up to the lesser of the amount of the donation or $500 ($2,500 C-Corps). Credit is designed to encourage taxpayers to donate to the Cultural Trust.

Similar Incentives Available in Oregon

Oregon allows qualified taxpayers engaging in qualifying film production to subtract from taxable income payments received from the Greenlight Oregon Labor Rebate program. The Greenlight Oregon Labor Rebate program offers productions that spend more than $1 million in Oregon a cash rebate of up to 6.2% of Oregon-based payroll. Transfers to the Greenlight Labor Rebate Fund were $5.1 and $4.0 million in fiscal years 2017 and 2018 respectively.

The Oregon Production Investment Fund offers qualifying film or television productions a 20% cash rebate on production related goods and services paid to Oregon vendors and a 10% cash rebate of wages paid for work done in Oregon including both Oregon and non-Oregon residents.

Oregon provides a credit against personal or corporate income taxes to taxpayers who purchase auctioned tax credits, the proceeds of which go to the Oregon Production Investment Fund (OPIF). OPIF moneys are used to make reimbursements to filmmakers or local media production services companies for a portion of the actual Oregon expenses incurred by the filmmaker or local media production services company.

The Legislative Fiscal Office identified several direct spending programs that shared some level of policy relationship to the credit in terms of providing funding to Arts/Culture programs in Oregon. The spending programs along with each program's 2017-19 legislatively adopted budget amount is detailed in the table below.

	2017-19 Legislatively Approved Budget ($M)		
Direct Spending Program	***General Fund***	***Other Funds***	***Federal Funds***
OR Bus. Dev. Dept. (OBDD) - Arts Division	$3.8	8.2*	$2.0
OBDD - Direct Support of Arts/Cultural Projects	$1.7	$2.5	
Special Government Payments			
Cash Grants Supporting Cultural Projects	$3.2		
Lottery Bond Supported Cultural Projects		$1.8	
State Fair Operations	$1.0		
County Fairs Operations		$3.8	
Oregon Public Broadcasting	$0.5	$1.6	
Oregon Historical Society	$0.9	$0.4	

*Much of this reflects cash transfers related to the tax credit.

The Oregon Arts Commission is a statewide arts funding entity supported by the General Fund, Federal Funds, and Other Funds. Direct grants support operating expenses of arts and cultural organizations and provide financial support to individual artists throughout the state.

Direct support includes funds in the Oregon Business Development Department (OBDD) budget specified for legislatively-designated arts and cultural projects. The projects are identified either in statute or by the Joint Committee on Ways and Means in a budget report. In the 2017-19 biennium budget, 10 identified projects are funded from a combination of General Fund and lottery bond proceeds.

The Special Government Payments program in the Department of Administrative Services (DAS) houses state payments to non-state agencies. Per the Oregon Constitution, General Fund appropriations may only be made to state agencies. Therefore, when the Legislature desires to provide state monies to non-state entities it often appropriates the money to DAS, who then passes the funding on to the intended recipient. State payments in support of cultural arts most often flow through DAS or the Oregon Business Development Department.

Credit Effectiveness and Efficiency

As discussed in the Policy section of this report, the primary identified purpose of the Cultural Trust tax credit is to protect and stabilize Oregon's cultural resources by creating a solid foundation for the future through the leveraging of private sector support from both individuals and businesses. Two goals were identified by the Task Force on Cultural Development: 1) Stimulate contributions to Oregon 501(c)(3) nonprofit cultural organizations, and 2) Build the Oregon Trust through citizen contributions.

As is the case with other credits discussed in this report, the mere existence of the tax credit fulfills the policy purpose of the credit. For purposes of analyzing credit effectiveness and efficiency, this report will examine contributions to the Trust for Cultural Development (amount, stability, etc.), functionality of the credit from taxpayer and government perspectives, potential implications of the federal Tax Cuts and Jobs Act of 2017 and the original funding goals of the Joint Interim Task Force on Cultural Development.

The table to the right displays sources of revenue for the Trust for Cultural Development. Contributions represent the largest source of revenue for the Trust, however, as the fund balance has grown over time, interest earnings have been contributing a larger proportion of overall revenue. During the 2005-2015 period, the amount of credit claimed by income taxpayers has averaged over 90% of contributions amount, indicating contributions are strongly linked to the availability of the income tax credit. It is safe to assume that absent the tax credit for donations, few if any contributions would be made to the Trust.

Fiscal Year	---------- Revenues ($'s Millions) ----------				
	Total Revenue	Contributions	License Plates	Interest Earnings	Other
2003	1.84	1.74	0.06	0.04	0.00
2004	1.85	1.75	0.07	0.03	0.00
2005	3.21	2.99	0.14	0.08	0.00
2006	3.20	2.47	0.25	0.20	0.29
2007	3.82	2.85	0.29	0.33	0.34
2008	4.71	3.58	0.30	0.39	0.45
2009	4.30	3.52	0.36	0.22	0.19
2010	4.51	3.73	0.35	0.08	0.34
2011	4.65	3.90	0.34	0.07	0.34
2012	4.66	3.79	0.35	0.09	0.43
2013	4.62	3.95	0.33	0.21	0.12
2014	5.28	3.95	0.31	0.47	0.54
2015	5.41	4.14	0.34	0.51	0.41

Contributions have represented a fairly steadily growing revenue source for Trust contributions. For tax years 2011 to 2016 average amount claimed by personal income taxpayers grew on average by 3.6% annually. During and following the great recession, amounts claimed were about $3.3 million for tax years 2009-2011 after which year over year growth resumed. The number of claimants and the amount claimed in TY 2016 is down slightly from TY 2015. It remains to be seen whether this represents a blip in year over year growth or a plateauing of contributions. For reasons explored later, recent tax law changes at the federal level could affect contributions to the Trust.

The original funding goals declared by the Joint Interim Task Force on Cultural Development were ambitious. The original goal was to raise $218 million in funds for the Cultural Trust within the first ten years. The conversion of state properties was expected to yield $102 million whereas the personal and corporate income tax credits were expected to yield nearly $135 million over ten years (Joint Interim Task Force on Cultural Development, 2001). Through the initial ten years, about $30 million in contributions relating to the credit were made to the Trust.

Operational parameters of the Trust for Cultural Development are contained in ORS 359.400 to 359.444. ORS 359.426 requires fiscal year disbursement of no less than 50 percent, but no more than 60 percent, of all moneys raised for and deposited in the Trust for Cultural Development Account during the previous fiscal year, and all interest earned on the moneys. If the tax credit is allowed to expire, a law change is recommended to ensure continued disbursements from the Trust in amounts similar to prior years.

For taxpayers with tax liability that itemize their deductions, the Cultural Trust credit can yield positive after-tax income. This is because ORS 315.675(7) specifically allows a taxpayer to receive the tax credit while also deducting from Oregon taxable income the amount of the donation made to the Cultural Trust. This is displayed in the example where the $500 donation is matched by the $500 credit. In addition, the taxpayer is allowed to deduct that $500 from taxable income generally yielding $45 in tax savings for the taxpayer ($500 * 9% tax rate). In this scenario, the state is essentially paying the taxpayer $545 to donate $500 to the Cultural Trust.[12]

Example of Credit & Deduction Interaction	
Donation	$500
Credit	$500
Charitable Donation Deduction	$45
Change in Tax Liability	-$45

In December of 2017 the federal Tax Cuts and Jobs Act (TCJA) was enacted. The tax package made a number of changes to corporate and personal income taxation. While numerous changes could have an affect on charitable donations, of specific note to the Cultural Trust credit is the increase in the federal standard deduction.[13] The TCJA increased the standard deduction from $6,350 (Single) and $12,700 (Joint) in 2017 to $12,000 (S) and $24,000 (J) beginning with TY 2018. This increase in the standard deduction is expected to greatly increase the number of taxpayers choosing the standard deduction as opposed to itemizing. As charitable donations are an itemized deduction, for many taxpayers there will no longer be a tax benefit at the federal level for donating to charity.[14]

Analysis of Potential Direct Appropriation

Direct appropriations to similar cultural-supportive or directly to cultural/arts programs have existed in previous biennial legislative budgets. See *Similar Incentives in Oregon* section of this report for a listing of such programs in the 2017-19 Legislative Adopted Budget.

Potential advantages and disadvantages exist for the Cultural Trust in utilizing a direct appropriation approach in replacement of the tax credit funding approach. Advantages of direct appropriation are known budgetary amounts. Usage of the tax credit has grown fairly steadily since inception and correspondingly so has Cultural Trust contribution revenue. However, tax credit associated donations have fallen short of the original funding expectations of the Joint Interim Task Force on Cultural Development. A potential disadvantage of direct appropriation is the biennial budget process as compared to standard six-year tax credit review.

Administrative & Compliance Costs

Historical administrative costs for the Cultural Trust have grown in line with total revenue. From 2007-2015, administrative costs averaged 13% of total revenue and ranged from 9.2% to 16.6% over the same period (Cultural Trust, 2018).[15] Administrative costs for the Department of Revenue are minimal.

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[12] For simplification purposes, this example excludes potential changes in federal tax liability of the taxpayer and ignores the time value of money.

[13] The share of federal itemizers is expected to decrease from 40% of all returns to 15% (Legislative Revenue Office, 2018)

[14] Oregon's standard deduction was not changed by the TCJA and therefore no tax benefit change occurred in Oregon.

[15] Administrative costs as used in this context includes: salaries & benefits, marketing & outreach and office expenses & statewide services.

Political Contributions

ORS 316.102	Year Enacted:	1969	Transferable:	No
	Length:	1-year	Means Tested:	Yes
	Refundable:	No	Carryforward:	None
TER 1.446	Kind of cap:	None	Inflation Adjusted:	No

Description

The political contributions tax credit provides a credit for voluntary contributions in money made to:

- major or minor political party
- candidate for federal, state or local elective office, or
- political action committee.

Amount of the credit allowed is equal to the lesser of the total contribution not to exceed $100 for a joint return or $50 for all other return types, or the tax liability of the taxpayer. Taxpayers with adjusted gross incomes greater than $200,000 (joint return) or $100,000 (all other return types) may not claim the credit. Taxpayers are required to keep, as part of their personal tax records, receipts from the candidate or organization to which the donation was made.

Policy

A specific policy purpose statement regarding the employer provided scholarship credit is not contained in statute. Rather, a general policy purpose of the credit can be derived by referencing the relevant legislative committee discussions and deliberations that took place when the credit was enacted and substantively modified.

The political contributions tax credit was enacted in 1969 by HB 1572. The originally enacted credit was equal to lesser of: 50% of the total contribution with a credit maximum of $10 (joint return) $5 (all others) or taxpayer's tax liability. The HB 1572 introduced version proposed maximums of $50 and $25 respectively but caps were reduced by amendment in an effort to reduce prospective reduction in tax revenues (Senate Elections Committee, 1969).[16]

Distilling into a single declaration the supportive statements and testimony made at time of enactment, ***the policy purpose of the political contributions tax credit is to encourage large numbers of people to contribute small amounts of money to political parties and candidates thereby encouraging participation in the political process***. Oregon's Secretary of State at the time, Clay Myers, provided much of the favorable testimony received. The Secretary expressed need to broaden the base and to have more participation in the democratic process. The Secretary felt both candidates and parties needed more money and should get it from a much broader base helping to avoid owing an election or a candidate to a very few contributors. (Senate Elections Committee, 1969)

The original design of the tax credit reflects the underlying intent of the policy purpose as well as potential revenue reduction concerns. Originally providing a 50% tax credit was presented as a way to encourage small donations while limiting the cost of the credit. Utilizing a credit as opposed to other methods such as a deduction was viewed as the most effective way of incentivizing political

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[16] Estimated revenue impact of $25 & $50 cap version of legislation was $500,000. Estimated impact of $5 & $10 caps was $100,000.

contributions while minimizing tax impact. Concern about potential loss in revenue resulted in the introduced version's caps being reduced from $25 and $50 to $5 and $10. In light of the reduced caps, the credit was viewed by some legislative members as an experiment in encouraging small contributions with the expectation that following the first taxable year of the credit, the Tax Commission would analyze and report on the usage of the credit thereby allowing the Legislature to contemplate increasing or eliminating the credit in subsequent years. (Senate Elections Committee, 1969)

In February 1973, the Oregon Department of Revenue presented Research Report No. 36-73 which provided reporting and analysis of the political contributions tax credit for tax year 1970. According to the report, usage and cost of the tax credit came in below original revenue loss estimates (Oregon Department of Revenue, 1973). Following the less than expected revenue loss and in an effort to align with a similar federal political contributions tax credit, the credit caps were increased to $12.50 and $25 by HB 2221 (1973) (Senate Revenue Committee, 1973).

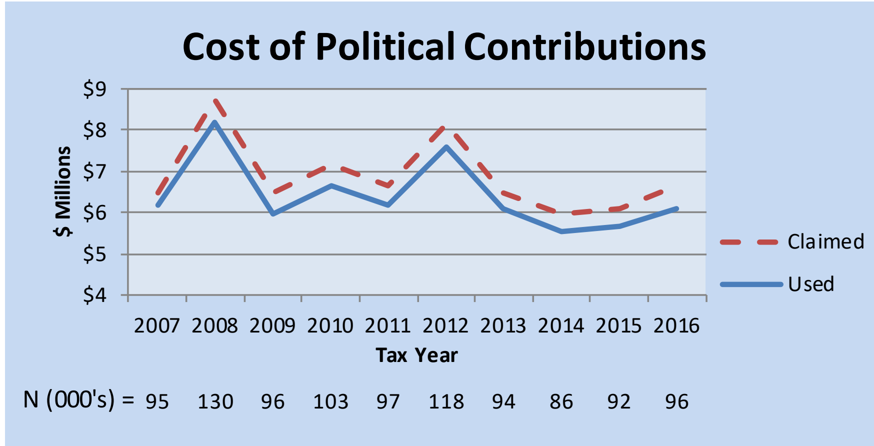
Two substantive changes have been made to the credit since 1973. First, in 1987, HB 2225 increased the amount of the credit to $100 on a joint return and $50 for all other types and made the credit equal to the full amount of the contribution up to the credit limit (previously was 50% of contribution). In 2013, HB 3367 disallowed the credit for taxpayers with federal adjusted gross income (FAGI) greater than $200,000 (joint) or $100,000 (all other filer types). The 2013 change occurred during a period when the Legislative Assembly was contemplating means testing many income tax credits and also at a time when balancing the "spending" needs of the various tax credits scheduled for sunset review during the 2013 legislative session was being contemplated (Allanach, 2016). The disallowance of the credit to taxpayers above the FAGI limits adjusted the policy purpose of the credit by eliminating the potential to encourage small contributions of money to candidates, political parties and political action committees by taxpayers of relatively higher income.

Beneficiaries

The immediate beneficiaries of the political contributions tax credit are individuals who make qualified political contributions. As the maximum credit amount is fixed at $100 on a joint return of $50 for all others, taxpayers making contributions greater than the fixed credit cap will potentially have a portion of their contribution offset by the credit. For taxpayers that make political contributions equal to or less than the credit cap, the political contribution is potentially fully offset by the credit. The credit cannot reduce a taxpayer's tax liability below zero (aka, nonrefundable credit) requiring a taxpayer to have positive pre-refundable tax credit liability.[17] House Bill 3367 of 2013 made the credit unavailable to taxpayers with federal adjusted gross income (FAGI) in excess of $200,000 for joint filers and $100,000

[17] This differs from taxpayers with positive net tax liability. For example, a taxpayer with negative net tax liability due to the earned income tax credit (EITC) may have positive pre-EITC tax liability. This positive tax liability would first be offset by a standard credit such as the political contributions tax credit prior to the EITC being applied.

for all other filer types. The FAGI limitation became effective beginning with the 2014 tax year and was the first substantive modification to the credit since 1987 when credit maximums were increased to the present $50 & $100.



The chart to the right displays the credit amount claimed, amount used to reduce tax liability and the number of returns on which the credit was claimed for the past ten tax years. For the previous ten tax years, the average number of claimants was about 100,000. The number of credit claimants follows a general pattern with presidential years being peak years followed by even non-presidential years (containing

congressional midterms and Oregon's gubernatorial election) and odd years generally having the lowest number of claimants for a particular four-year cycle. The following series of charts display the pattern of credit usage. Columns shaded in green denote figures post imposed FAGI limitations.

As displayed in the following chart, returns claiming the credit as a percentage of all returns has been relatively consistent since tax year 1990 with a positive trend during the 2000 - 2010 period before remaining relatively consistent absent FAGI law changes effective beginning tax year 2014. It is estimated that limiting the credit by FAGI reduced overall use of the credit by about 18%.

The following two exhibits display the amount of credit used to reduce tax liability by taxpayer's federal adjusted gross income and by age of the primary filer on the return.[18] As displayed, taxpayers with FAGI in excess of $100,000 represent about 37% of overall use of the credit. As a percentage of total use, as FAGI increases, so too does overall usage of the credit. As displayed in the table to the lower right, overall use of the credit is most pronounced at ages 55-75.

Credit Amt. Used by AGI Category
TY 2016 | Full Year Filers

AGI (000's)	Used	Pct. of Total
<0	0	0%
0-5	11,000	0%
5-10	60,700	1%
10-15	103,600	2%
15-20	143,700	2%
20-25	170,100	3%
25-30	191,200	3%
30-35	196,700	3%
35-40	197,200	3%
40-45	193,900	3%
45-50	204,500	3%
50-60	439,900	7%
60-70	467,200	8%
70-80	468,300	8%
80-90	474,400	8%
90-100	463,000	8%
100-250	2,201,600	37%
250-500	0	0%
500 +	0	0%
Total	5,986,900	100%

Credit Amt. Used by Age Category
TY 2016 | Full Year Filers

Age	Used	Pct. of Total
0 - 14	500	0%
15 - 19	24,400	0%
20 - 24	115,000	2%
25 - 29	261,500	4%
30 - 34	370,800	6%
35 - 39	434,100	7%
40 - 44	410,700	7%
45 - 49	448,300	7%
50 - 54	462,700	8%
55 - 59	583,800	10%
60 - 64	765,800	13%
65 - 69	816,700	14%
70 - 74	587,700	10%
75 - 79	342,800	6%
80 - 84	199,300	3%
85+	159,700	3%
Unknown	3,000	0%
Total	**5,986,900**	**100%**

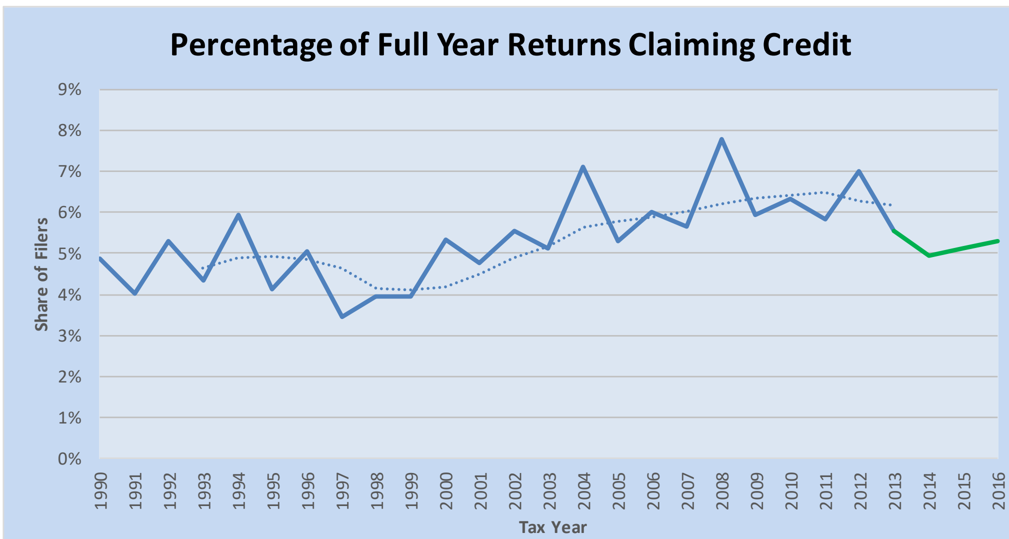
[18] For joint returns, primary filer's age corresponds to the age of the first name listed on the return.

Similar Incentives Available in Oregon

No similar programs were identified in Oregon.

Credit Effectiveness and Efficiency

This report identifies the policy purpose of the political contributions tax credit as "to encourage large numbers of people to contribute small amounts of money to political parties and candidates thereby encouraging participation in the political process". A simple approach to analyze the credit's effectiveness in light of the assumed policy purpose is to look at taxpayer claimants and use of the credit. The chart below displays the number of full-year resident returns claiming the credit as a percentage of all full-year resident returns for tax years 1990-2016. As displayed in the chart below, returns claiming the credit as a percentage of all returns has been relatively consistent since tax year 1990 with a positive trend during the 2000 - 2010 period before remaining relatively consistent absent FAGI law changes effective beginning tax year 2014.



Two structural factors of the credit limit its use. As previously discussed, in 2013 the credit was modified making the credit unavailable to taxpayers with federal adjusted gross income above $200,000 (joint returns) or $100,000 (all other returns). A second potential limiting factor is lack of tax liability. Taxpayers lacking sufficient tax liability may be able to use a portion or perhaps none of the credit as the tax credit is non-refundable meaning the credit cannot reduce a taxpayer's liability below zero. Claiming of the credit follows the cyclical election pattern indicating use of the credit aligns in part to general interest/involvement of citizens in the current political environment.

A review of the published literature examining the effectiveness of incentives for political contributions yields some insight. In summary, the existence of incentives does seem to positively influence donation behavior to some extent. Credits have the greatest potential to influence behavior of small contributors, younger adults and on less partisan individuals if those groups are made aware of the credit. Informing and/or encouraging use of tax incentives for contributions yields mixed results. Providing general non-partisan information regarding tax incentives appears less effective than information being provided to targeted populations or by interest groups or political action committees to like-minded members/individuals/constituents etc.

Published in 2005, authors Robert Boatright and Michael Malbin describe the results of two surveys conducted on Ohio residents[19]. One survey was sent to the general public while the second was sent to campaign contributors. The authors concluded:

> Our results indicate that if citizens are made aware of the tax credits, they have the potential to attract donors who are more similar to the general public than the current pool of campaign contributors. Tax credits have the greatest effect on small contributors, on younger adults, and on less partisan individuals.
>
> (Boatright & Malbin, 2005)

In interpreting the surveys conducted by Boatright and Malbin (2005) a few qualifiers should be kept in mind. The authors performed the surveys of Ohio residents in 2002 when Ohio's political contributions tax credit had only been in place for two "on-year" credit cycles.[20] In tax year 2002, slightly less than 1.5% of returns contained filings for the tax credit (far below Oregon's 5-8%). For these reasons, the results of the surveys may be more indicative of the early years of credit availability. A mature credit such as Oregon's may see less response than the Boatright and Malbin (2005) surveys would otherwise suggest.

In 2006, Messrs. Boatright, Green & Malbin published a study that analyzed the impact of using direct mail to inform Ohioans of their state's political contribution tax credit and to encourage contributions of money to political candidates. The upshot of the study was that the direct mailing did result in a slight increase in use of the credit by individuals receiving the mailing, but overall increase in the credit was not cost effective (Boatright, Green, & Malbin, 2006). Perhaps unsurprisingly, the authors found the behavioral response to the mailing differed based upon measurable circumstances of the individual(s) receiving the direct mailed information. The authors also speculated that the manner of outreach to individuals could also influence response as the direct mailings sent were designed in an informative non-partisan manner whereas current and previous work by some of the authors suggest that candidates are the most effective and innovative messengers because they directly benefit from the program (Boatright, Green, & Malbin, 2006).

Published in 2016, Messrs. Schwam-Baird, Panagopoulos, Krasno & Green examined the effectiveness of encouraging political contributions via public matching funds and tax credits. The authors performed three field experiments where nonpartisan information about municipal and state-level incentives for making political contributions was provided to potential donors. The authors found that providing information about matching funds and tax credits had a negligible effect on both the probability that an individual will make a contribution and the amount that the individual donates (Schwam-Baird, Panagopoulos, Krasno, & Green, 2016). The authors were careful to point out that their research did not provide conclusions on the effectiveness of the incentives in actually increasing donations, rather their research was in regard to providing non-partisan information about the incentives.

In 2002, following an examination of state-level political contribution credits, David Rosenberg of the American Enterprise Institute concluded that the evidence indicates that tax credits for political contributions encourage more active participation in the political process by average citizens (Rosenberg, 2002). Rosenberg's conclusions are reached through an examination of users of various

[19] Similar to Oregon, Ohio's tax credit limit is $50 for individuals and $100 for couples. Ohio's credit is only available for contributions made to candidates, not parties or political action committees.

[20] Ohio's credit was first available in 1995.

state tax credits as opposed to the two aforementioned studies that provided research results based on designed social science experiments.

Analysis of Potential Direct Appropriation

Voucher systems present an alternative proposal to tax credits for encouraging large numbers of small political contributions (Gans, 2014). The idea of a voucher is that every voter is provided with a voucher of a specified amount. The voter then has the ability to allocate their voucher to the candidate, party, etc. of their choosing. The general idea of a voucher program is that by assigning a voucher to each voter, candidates would have an incentive to appeal to as many voters as possible. Potential costs and oversight requirements of voucher/matching systems are often cited as barriers to implementation in addition to disinterest of some in designing a system of publicly funded elections.

Other direct spending options include donor matching systems where donor contributions are matched using public funds (Norden & Keith, 2017). Others have proposed matching systems that match private donations with public donations at ratios greater than 1:1 (Overton, 2012).

Seattle's Voucher Program

Following the approval of initiative petition I-222 (2015), known as the Honest Elections Seattle initiative, the city of Seattle instituted an election voucher program. The purpose of the initiative was to give more Seattle residents the opportunity to have their voices heard, to preserve values of accountability and transparency in Seattle campaigns and to encourage more Seattle residents to support their candidates or consider running for office themselves (Seattle Ethics & Elections Commission, 2017).

The Democracy Voucher Program (DVP) is funded by a 10-year property tax levy of $3 million dollars per year with voucher proceeds available to candidates for Seattle city council positions and the city attorney's position. Residents of the city that are eligible to contribute to political campaigns are eligible to participate in the DVP. Registered voters automatically received four $25 DVP vouchers by mail. Residents can then assign their vouchers to the candidate(s) of their choice by mailing, delivering in person or emailing their voucher. The Seattle Ethics and Elections Commission (SEEC) then distribute the funds to participating candidates. Participant candidates are those that sign a program pledge where candidates agree to rules including: not to accept contributions in excess of $250, abide by campaign spending limits, participate in a minimum of three public debates and agree not to solicit money for or on behalf of any political action committee, political party or organization that will make an independent expenditure for or against any City of Seattle candidate.

In 2017 the voucher program disbursed $1.1 million to candidates with an administrative cost of about $1.0 million. Seattle residents assigned 72,091 vouchers. Five of the six general election candidates participated in the program and the number of Seattle contributors increased by 300% in 2017 (Seattle Ethics & Elections Commission, 2017).

Administrative & Compliance Costs

The administrative costs of the political contributions credit are minimal.

Similar Credits Allowed in Other States

State	Eligible Contributions	Incentive
Arkansas	Political parties, political action committees (PAC) or candidates seeking state/local Arkansas public office	Credit: $50 (single) $100 (joint)
Minnesota	Minnesota political parties, legislature, governor, secretary of state and state auditor	Credit: $50 (single), $100 (joint)
Montana	Federal/state/local candidates, parties and PACs	Deduction: $100 (single), $200 (joint)
Ohio	State/local candidates	Credit: $50 (single) $100 (joint)

Crop Donations

315.154-156 (318.031)	Year Enacted:	1977	Transferable:	No
	Length:	1-year	Means Tested:	No
	Refundable:	No	Carryforward:	3-years
TER 1.430	Kind of cap:	None	Inflation Adjusted:	No

Description

The crop donations credit provides a credit against personal or corporate income taxes available to crop growers that make a qualified donation of the crop to a food bank or other charitable organization including but not limited to gleaning cooperatives. To be a qualified donation, donated crop must go to food banks, gleaning cooperatives and other charitable organizations engaged in the distribution of food without charge.

Credit amount is equal to fifteen percent of the value of the quantity of the crop donated computed at the wholesale market price. Credit is nonrefundable but unused credit amounts can be carried forward for up to three succeeding tax years.

For purposes of the credit, crop is defined as an agricultural crop producing food for human consumption and includes livestock that can be processed into food for human consumption. Qualified donation means the harvest or post-harvest contribution in Oregon of a crop or a portion of a crop grown primarily to be sold for cash. Donated food must be fit for human consumption and meet all quality and labeling standards imposed by federal, state or local laws. However, donated food is not required to be readily marketable due to appearance, age, freshness, grade, size, surplus or other condition.

To claim the credit taxpayers must keep form OR-CROP and maintain necessary records and invoices substantiating crop donation amount and price of crops donated.

Policy

A specific policy purpose statement regarding the crop donations credit is not contained in statute. Rather, a general policy purpose of the credit can be derived by referencing the relevant legislative committee discussions and deliberations that took place when the credit was enacted and substantively modified.

While originally enacted in 1977, the scope of the crop donations credit has existed in two similar but fundamentally different conditions. From 1977 to 2001, the credit was specific to crop donations made vis-á-vi gleaning organizations. ***The primary policy purpose of the credit was to encourage farmers to participate in gleaning programs and to incentivize more gleaning projects throughout the state.*** The credit was assumed to encourage participation by farmers allowing gleaning as the credit provided the only means of compensation to non-corporate farmers. The credit was designed in part to offset costs related to dedicating time to facilitating gleaning of crops and/or forgoing use of fields while gleaners were gleaning along with offsetting potential degradation costs of the gleaning process.[21] Parity

[21] Testimony from farmers regarding gleaning participation included examples of potential gleaning costs stemming from lost time in overseeing gleaners along with inability to work in the field while gleaners were

between corporate and non-corporate farmers was also discussed as a purpose for the credit. At time of enactment, federal law allowed corporate farmers to claim a tax deduction equal to 50% of the wholesale value of products donated for charitable purposes. (House Agriculture and Natural Resources Committee, 1977) (House Committee on Revenue, 1979)

Supportive testimony of gleaning organizations/operations presented included:

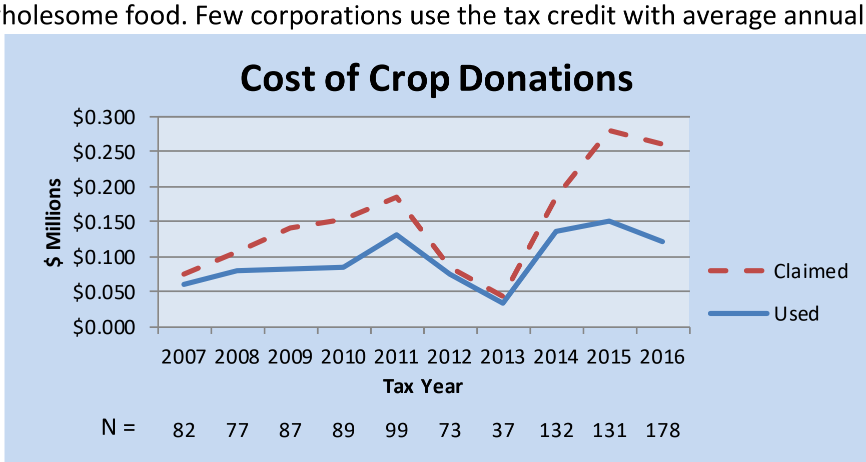
- It encourages people within the community to work together to help each other
- It encourages use of good food that might otherwise be left to rot
- It helps to meet real needs with dignity, from the perspective of helping people to help themselves rather than giving a dole. (House Committee on Revenue, 1979)

Enacted in 2001, House Bill 2718 expanded the scope of the credit allowing post-harvest contributions to qualify for the credit. HB 2718 also defined livestock as an allowable crop that could be donated and qualify for the credit. Expanding the credit also expanded the policy purpose of the credit. Supportive testimony provided in 2001 viewed ***the purpose of expanding the credit to be to increase the amount of food donated to gleaning cooperatives, food banks and other charitable organizations as well as providing compensation to farmers who donate already harvested crops*** (House School Funding and Tax Fairness/Revenue Committee, 2001). With the credit expansion, purpose for the credit also expanded to include aiding farmers as well as incentivizing food/gleaning donations. Examples provided in supportive testimony included the credit functioning as compensation to farmers wanting to keep migrant workers who will be needed for future work by allowing them to pick crops for donation (House School Funding and Tax Fairness/Revenue Committee, 2001).

The crop donation credit was allowed to sunset in 2012 but was reinstated and expanded in 2014 by SB 1541. Credit was expanded from 10% to 15% of the wholesale price of donated food. The following policy purpose statement was Included in the revenue impact statement, ***to increase the amount of food donated by food producers to charities that serve individuals and families experiencing hunger by offsetting expenses incurred during the collection, transportation, and storage of donated food***.

Beneficiaries

The direct beneficiaries of the crop donations tax credit are the growers that make qualified donations of apparently wholesome food. Few corporations use the tax credit with average annual usage of the



present. Examples of farm roads being damaged were discussed as well. Gleaning organizations were considered to be well organized with costs to farmers and potential damage to farm land as being pretty minimal.

credit by corporations ranging from zero to five per year. For tax years 2005-2011 when the credit was equal to 10% of the value of the crops donated, the average number of personal income taxpayers claiming the credit was about 85 per year. Since reenactment of the credit at 15% of value, the average annual number of personal income taxpayers claiming the credit is about 145 with a corresponding average reduction in tax liability from the credit of $900. The crop donation tax credit is nonrefundable meaning taxpayers without tax liability are unable to benefit from the credit. The credit can be carried forward for up to three years allowing taxpayers without liability to potentially use the credit in later tax years.

Personal Income Tax - Crop Donations Credit				
Tax Year	Returns Claiming the Credit	Amount Claimed	Reduction in Tax Liability	Reduction as % of Claimed
2005	83	80,000	60,000	77%
2006	89	90,000	80,000	89%
2007	82	80,000	60,000	80%
2008	76	100,000	70,000	74%
2009	86	140,000	80,000	58%
2010	87	150,000	80,000	55%
2011	98	180,000	130,000	71%
2012*	73	80,000	80,000	90%
2013*	37	40,000	30,000	79%
2014	127	170,000	130,000	77%
2015	128	240,000	130,000	54%
2016	178	220,000	110,000	49%

*Credit expired in 2012, was then reinstated beginning TY 2014 and expanded to 15% (from 10%) of the value of the crop. Continued usage of the credit in TYs 2012 & 2013 reflect 3 yr. carryforward of credit.

Note: Figures have been rounded

Indirect beneficiaries include organizations that receive the donated food, gleaning organizations and the final recipients of the food.

Similar Incentives Available in Oregon

After nearly a decade of temporary on-again off-again enhanced deductibility of food, the U.S. congress passed legislation in December of 2015 that permanently extended an enhanced deduction for tax-paying businesses that donate food to qualified domestic 501(c)(3) nonprofit organizations that use the food in a manner consistent with the purpose constituting that organization's exempt status (H.R. 2029 114th Congress, 2015). The enhanced deduction is available to all businesses including C-corps, S-corps, limited liability corporations (LLCs), partnerships and sole proprietorships. Limitations exist for both C-corps and non C-corp businesses that deduct donated food.[22] Generally, donations exceeding established limits can be carried forward for five succeeding tax years.

To receive the enhanced tax deduction, businesses are required to meet four primary requirements:

1) Donor organization must donate food to qualified domestic 501(c)(3) nonprofit organizations
2) Recipient organization must use the donated food in a manner consistent with the charitable organizations exempt status
3) The recipient organization may not use or transfer the food in exchange for money, other property or services
4) Businesses claiming the enhanced deduction must receive a written statement from the recipient organization and maintain proper documentation.

(Harvard Food Law and Policy Clinic, University of Arkansas Food Recovery Project, 2018)

[22] Limits on food donation are interconnected with overall limits on charitable deductions for businesses, see IRC chapter 170.

The enhanced deduction is equal to the lesser of:

a) $Basis\,Value\;of\;Food * 2$

or

b) $Basis\,Value\;of\;Food + \left(\frac{Expected\;profit\;margin}{2}\right)$

Basis value of food is the amount it costs to grow the donated food. For smaller businesses that are permitted to use cash accounting the business has the option of calculating basis value by multiplying the product's fair market value by 25%. In determining fair market value for certain products that cannot or will not be sold by, businesses are given the option of using the price of the same or substantially similar food items that are being sold by the business. For example, this allows a business to potentially determine the fair market value of blemished produce as equal to unblemished produce previously sold by the business.

Credit Effectiveness and Efficiency

Part of the policy purpose of the tax credit for crop donations is to offset the expenses incurred during the collection, transportation, and storage of donated food. The credit partially achieves this purpose by compensating growers making qualified donations of apparently wholesome food in an amount equal to 15% of the wholesale market price of the donated food. The following table provides two examples of potential benefit to growers that make qualified donations of food. The value of Oregon's tax credit is based upon the wholesale market price of the crop whereas the enhanced charitable deduction for donated food can vary depending upon the grower's basis in the crop. As the enhanced deduction overlaps with Oregon's tax credit, both computations are included in the example as the intent of the example is to provide a simplified contextual framework in how to think about tax incentives for crop donations. Actual value of the enhanced deduction and Oregon's tax credit will depend upon particular circumstances of the taxpayer and for this reason, two examples are provided, one with basis equal to 25% the value of the crop and the second example using an assumed 75% basis.

Example 1 illustrates the value of the enhanced deduction and Oregon's tax credit for a non C-corp hypothetical farm that makes a qualified donation of crops worth $5,000. Example 1 assumes the grower's basis is equal to 25% of the value of the crop creating an enhanced deduction equal to

Example of Potential Benefit of Crop Donation Deduction & Credit			**Example of Potential Benefit of Crop Donation Deduction & Credit**		
-----Example 1-----		**Notes on Calculations**	-----Example 2-----		**Notes on Calculations**
Fair market value (FMV)	$5,000		Fair market value (FMV)	$5,000	
Basis	$1,250	Assumed 25% of FMV	Basis	$3,750	Assumed 75% of FMV
Enhanced Deduction	$2,500	Basis x2	Deduction	$4,375	Basis + profit/2
Reduction in Tax Liability from Enhanced Deduction	$225	Assumed 9% tax rate (9% * 2,500)	Reduction in tax liability from enhanced deduction	$394	Assumed 9% tax rate (9% * 2,500)
OR Credit	$750	15% of FMV	OR Credit	$750	15% of FMV
Total OR Tax Savings	$975		Total OR tax savings	$1,144	
Savings as Pct. of Basis	18%	Deduction only	Savings as Pct. of Basis	11%	Deduction only
Savings as Pct. of Basis	78%	Deduction & Credit	Savings as Pct. of basis	31%	Deduction & Credit

Note: Simplified example intended for contextual purposes and assumes farm has tax liability.

$2,500.[23] Using an assumed 9% marginal tax rate, the value of the enhanced deduction is equal to $225 in reduced tax liability. Applying Oregon's tax credit using the $5,000 fair market value results in a decrease in Oregon tax liability of $750, for a net benefit of $975, or 78% of the grower's basis in the donated crop. Example 2 displays the same computations but assumes a basis of 75% of value rather than 25%. In this example, Oregon's credit stays the same, but the value of the deduction increases to $394 for a net reduction in tax liability of $1,144 (deduction plus credit). While the net reduction in tax is greater in example 2, as a percentage of crop basis, example 2 provides a lesser benefit at 31%.

While the above examples provide a framework in which to view the incentive to donate created by the credit, the effectiveness of the credit in inducing donations ultimately depends on particular circumstances of each grower. The marginal cost of donating crops will vary by grower. For example, a grower that has strawberries in the field post harvest will incur greater costs in harvesting the crop for subsequent donation than a grower that harvested a field of carrots, 5% of which are unmarketable for appearance purposes and subsequently donates the unmarketable carrots that are otherwise fit for consumption.

To receive benefit from the enhanced deduction or Oregon's crop donation credit, a grower must have tax liability as the credit may only reduce a taxpayer's tax liability to zero. This lack of credit refundability potentially limits the incentive to donate crops as the majority of farms in Oregon generally report a net loss (USDA, 2014). [24] However, a farm operating at a loss does not necessarily indicate lack of tax liability. In tax year 2016, about one-third of Schedule F (Profit and loss from farming) filers that reported a loss from farming reported adjusted gross income greater than $100,000 (DOR Research Section, 2018). Unused credit amounts can also be carried forward for three successive tax years allowing growers with no tax liability for the tax year in which the donation was made to potentially benefit from the credit in later tax years. It should also be noted that about half of Oregon farms have sales of less than $5,000.

Analysis of Potential Direct Appropriation

Part of the underlying rationale for encouraging crop donation is to distribute extra food that would otherwise not be consumed by humans (U.S. Environmental Protection Agency, 2018). One way to achieve that purpose is by diverting crops not destined for sale to nonprofit organizations that distribute food to those in need. Oregon's credit is designed to offset grower's costs associated with donating extra crops.

A direct appropriation program could potentially replace the tax credit. An example of such a program would be a reimbursement voucher that a grower would receive from the nonprofit organization following the donation of crops. This would be in addition to the donation documentation the nonprofit organization currently provides to the growers following donation. The grower would then submit the voucher to an administering agency such as the Oregon Department of Agriculture that would then disburse a reimbursement payment. Such a direct spending program could have advantages over a tax credit in that reimbursement could arrive more quickly for growers (as opposed to waiting until tax filing) and growers would not need sufficient tax liability to benefit as is required under the credit

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[23] Basis is the amount it costs to grow the crop. 25% of value is the assumed basis for farms permitted to use cash accounting in computing the enhanced deduction.

[24] According to the 2012 Census of Agriculture, 22,451 farms in Oregon reported net losses compared to 12,988 with net gains.

framework. A disadvantage of a direct spending program is the potential for greater administrative costs as the tax credit leverages Oregon's established tax structure to compensate growers.

Administrative & Compliance Costs
Administrative and costs for the Department of Revenue are minimal.

Similar Credits Allowed in Other States
Multiple states offer crop donation tax credits similar to Oregon's credit. While an exhaustive 50 state examination was not conducted, the states of West Virginia, New York and Colorado provide examples of other states with a similar credit. The three states each require the donations to be made by farmers to charitable food distribution organizations. The value of the credit is generally a percentage of the wholesale value of the crop donated and ranges from 10%-25% for the three states. All three states have caps on the credit amount for individual farmers and New York's credit is refundable (Capouet, 2018).

Certain Retirement Income

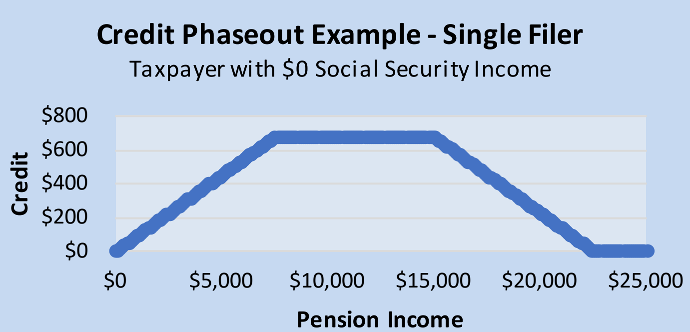
ORS 316.157	Year Enacted:	1991	Transferable:	No
	Length:	1-year	Means Tested:	Yes
	Refundable:	No	Carryforward:	None
TER 1.450	Kind of cap:	None	Inflation Adjusted:	No

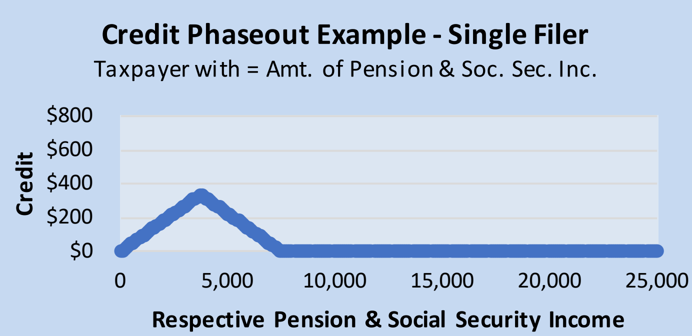
Description

Individuals aged 62 years or older that receive certain taxable retirement income may qualify for a tax credit equal to nine percent of their qualified net pension income. Qualified pension income means income included in Oregon taxable income from:

- An employee pension benefit plan
- Deferred compensation plans including: defined benefit, profit sharing, 401(k)s & 457 plans
- A federal/state/local public retirement system
- Employee annuity accounts
- Individual retirement account (IRA), annuity or trust

Net pension income qualifying for the credit is limited to $7,500 ($15,000 joint return) minus Social Security benefits minus household income over $15,000 ($30,000 joint). These two limitations effectively cause the credit to phaseout potentially with each additional dollar of Social Security income received or with each additional dollar of pension income above $15,000 ($30,000 joint).[25] The following two charts provide examples of the phaseout. The first chart displays tax credit amount by pension income for a single filer receiving no Social Security. The second displays tax credit amount by respective pension and Social Security income (assumes pension income and Social Security Benefits are identical). As displayed, a taxpayer with equal pension and Social Security Benefits has a lower maximum credit and no credit plateau as phaseout begins immediately after taxpayer reaches $3,750 in respective pension and Social Security income.





To qualify for the credit the taxpayer must meet all the following conditions:

- Social Security and/or Tier 1 Railroad Retirement Board benefits less than or equal to $7,500 ($15,000 joint)
- Household income is less than $22,500 ($45,000 joint)

[25] For example, a single filer with $10,000 in pension income would have their credit reduced from $675 ($7,500 * .09) to $585 if that same individual instead had $10,000 in pension income and $1,000 in Social Security income.

- Household income plus Social Security and/or Tier 1 Railroad Retirement Board less than or equal to $22,500 ($45,000 joint).

Policy

A specific policy purpose statement regarding the certain retirement income credit is not contained in statute. Rather, a general policy purpose of the credit can be derived by referencing the relevant legislative committee discussions and deliberations that took place when the credit was enacted and substantively modified. To better understand the policy purpose of the certain retirement income credit, a little context is required.

Until the late 1980s, Oregon Public Employees Retirement System (PERS) pensions were exempt from Oregon income tax while federal pensions were mostly taxable. In Davis v. Michigan, the U.S. Supreme Court ruled that state pensions could not receive better tax treatment than federal pensions (Davis v. Michigan Dept. of Treasury, 1989). Davis v. Michigan effectively made Oregon's statutory treatment of federal retiree pension income unconstitutional. In 1989 the Oregon Legislature responded by passing HB 3508 which was referred and defeated in the November election.

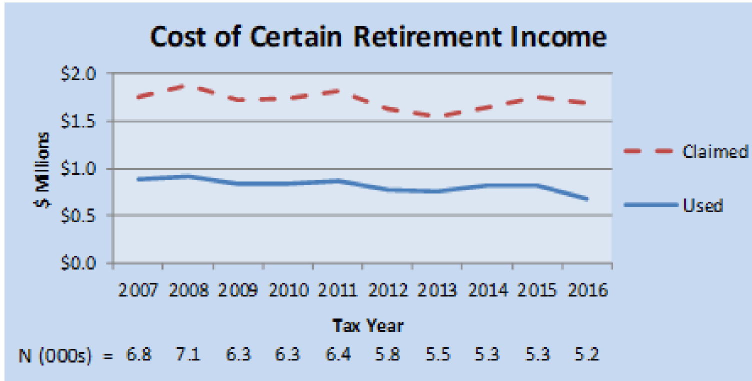
In 1991, the Oregon Legislature enacted HB 2352 which imposed Oregon's income tax on PERS pensions and equalized the tax treatment of all pensions. Additionally, HB 2352 eliminated from current law an income tax subtraction for up to $5,000 for federal retirement income, created the certain retirement income tax credit, allowed eligible medical expenses to be included in itemized deductions for taxpayers age 58 and over and expanded the elderly rental assistance program. The 1991 Legislature also increased PERS benefits, although not to the extent to fully compensate for benefits becoming subject to Oregon income taxation.

Discussion specific to the proposed certain retirement income tax credit by committee members and staff in both the House and Senate Revenue Committees centered upon response to the Davis v. Michigan Supreme Court decision and how to minimize potential tax implications for lower income pension receiving retirees. As HB 2352 eliminated from statute the income tax subtraction for up to $5,000 for federal retirement income,[26] the proposed credit was viewed in part as a replacement for the subtraction. ***The primary policy purpose of the credit is to provide tax relief to low-income individuals with pension income.***

[26] For taxpayers under 62, the subtraction was reduced dollar for dollar for any earned income received. For taxpayers 62 or older, the subtraction was reduced dollar for dollar for household income exceeding $30,000.

Beneficiaries

Year over year, the number of taxpayers claiming the certain retirement income tax credit has trended down relatively steadily for over a decade. In tax year 2016, about 5,200 taxpayers claimed the credit with a total reduction in tax liability of about $700,000 for the tax year. For full year filers, average benefit from the tax credit was about $130. Statutory limits on income qualifying for the credit causes credit beneficiaries to primarily be of comparatively lower income as displayed in the table below.

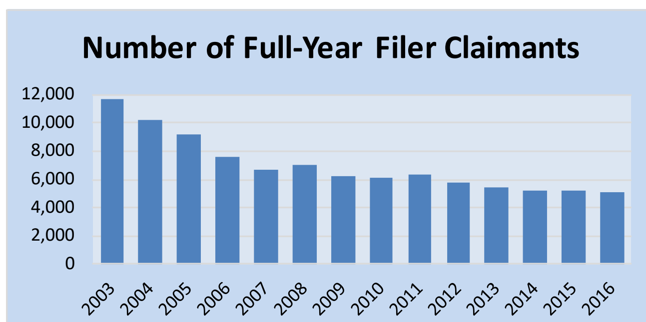


Certain Retirement Income | 2016 Personal Income Tax Filers					
Income Group of Full-Year Filers	Number of Filers Using Credit	Avg. Revenue Impact of Credit	Revenue Impact ($ millions)	Percent of Revenue Impact by Income Group
< $14,400	2,210	$40	$0.1	14%
$14,400 - $29,800	1,840	$180	$0.3	49%
$29,800 - $52,400	1,080	$230	$0.2	37%
$52,400 - $92,700	0	$0	$0.0	0%
> $92,700	0	$0	$0.0	0%
Total Full-Year Filers	**5,130**	**$130**	**$0.7**	**100%**

(State of Oregon Tax Expenditure Report: 2019-21 Biennium)

Two primary factors have contributed to the decline in taxpayers claiming the certain retirement income tax credit:

1) Changes in the personal income tax base relating to retirement income, and
2) Increases in Social Security benefits.



Since enactment in 1991, the personal income tax base relating to retirement income changed. Multiple court decisions relating to benefits and taxation also took place. Of most significance to the certain retirement income tax credit was the Legislature's enactment of an Oregon subtraction allowing federal pension income attributable to federal employment prior to October 1, 1991 to be subtracted from Oregon income subject to taxation. Enactment of this subtraction greatly reduced the number of taxpayers benefiting from the certain retirement income tax credit by exempting a large amount of otherwise taxable federal pension income.[27]

A second contributing factor to the declining use of the credit has been the increases in Social Security benefits. Taxpayers with Social Security benefits greater than $7,500 ($15,000 joint) are ineligible to receive the credit. Depending upon a taxpayer's pension income, Social Security benefits can contribute to the phasing-out of credit benefit. The various credit income thresholds are not indexed to inflation, as such, as Social Security benefits increase in accordance with statutory inflation adjustments, for many taxpayers the value of the tax credit decreases while for others, eligibility for the credit may become nonexistent.

Similar Incentives Available in Oregon

The certain retirement income tax credit is a narrowly designed credit that affects a relatively small subset of Oregon taxpayers. While the exclusions from income of Social Security benefits and federal pension income attributable to federal employment prior to October 1, 1991 may provide some crossover benefit to elderly individuals, neither exclusion necessarily has the same policy purpose as the certain retirement income credit. No Oregon direct spending program was identified as providing a similar incentive/benefit.

Credit Effectiveness and Efficiency

The certain retirement income tax credit was created in response or at least in conjunction to a federal judicial decision affecting Oregon's tax base relating to federal pension income. The tax credit also replaced in part, an Oregon income tax subtraction for federal pension income available to Oregon taxpayers with household income less than $30,000. The existence of the credit ultimately fulfills the policy purpose of the credit as the credit is a means to an end. To evaluate credit effectiveness and efficiency, this report will examine:

1) Enactment in 1998 of exclusion of federal pension income attributable to federal employment prior to October 1, 1991
2) The credit in terms of effectiveness in harmonizing tax treatment of generally lower income individuals aged 62 or older with multiple combinations of pension and social security income, and
3) The effect lack of indexing has on qualification for the credit.

The 1999 Legislature enacted SB 260 which established an income tax exclusion for pension income attributable to federal government service performed before October 1st, 1991. This tax exclusion greatly reduced the number of taxpayers qualifying for the retirement credit as federal retirement income earned prior to October 1, 1991 became no longer subject to Oregon taxation. The exclusion represents something of a capstone regarding the decade plus long dispute in how Oregon was, for tax purposes, treating state vs. federal pension income. Eliminating pre-1991 federal pension income from taxation also eliminated the pension income from factoring into the equation for determining the retirement credit.

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[27] Approximately 53,000 taxpayers claimed the credit in 1991 as compared to about 5,200 in tax year 2016 (Oregon Department of Revenue Research Section, 2016).

Design of the credit provides greater benefit to lower income taxpayers with taxable pension income and minimal Social Security benefits received. The design of the credit results in similar net tax liabilities for lower income individuals with qualified taxable pension income and comparatively low amounts of Social Security benefits. The credit may help in providing tax parity between retired individuals whose primary source of income is Social Security compared to other retired individuals who receive little to no Social Security but are more reliant on pension income as their primary source of income. For individuals that were not subject to Social Security taxes during their employed years because their employer provided a qualified pension program instead (a common practice of federal employees until the mid 80s)[28], Oregon's tax credit can be viewed as providing equitable tax treatment as Social Security benefits are entirely exempt from Oregon income taxation whereas pension income not attributable to federal employment prior to October 1, 1991[29] is subject to taxation.

The example below displays three credit scenarios for a single tax filer with identical total income but different sources of income. **Scenario 1** is a taxpayer with all income derived from taxable pension income. For credit calculation purposes, qualified pension income is limited to $7,500 causing amount of the tax credit to equal $7,500 multiplied by 9%, or $675. **Scenario 2** displays how Social Security income can result in a reduced credit. In scenario 2, net pension income is equal to $7,500 - $5,000 (Social Security amount) which yields a credit equal to $225 ($2,500 * .09). In scenario 3, the tax filer again has total income of $15,000 but in this scenario the source of total income is split evenly at $7,500 for both taxable pension income and Social Security benefits. However, in **Scenario 3** no credit is received as the entire $7,500 in pension income is reduced for tax credit calculation purposes by the $7,500 in Social Security benefits received. In all three scenarios net tax liability is identical. This reflects the exclusion of Social Security benefits from Oregon taxable income. While this is a simplified example that reflects a technically incorrect net tax liability, it does align with the discussion of the credit when it was enacted by the 1991 Oregon Legislature.

Scenario 1 - Single Filer		**Scenario 2 - Single Filer**		**Scenario 3 - Single Filer**	
Pension Income	$15,000	Pension Income	$10,000	Pension Income	$7,500
Social Security	$0	Social Security	$5,000	Social Security	$7,500
Total Income	$15,000	Total Income	$15,000	Total Income	$15,000
Net Pension Income	$7,500	Net Pension Income	$2,500	Net Pension Income	$0
Credit	***$675***	***Credit***	***$225***	***Credit***	***$0***
Net Tax Liability	$675	Net Tax Liability	$675	Net Tax Liability	$675

Note: Net tax liability is computed assuming 9% tax rate on all income. This is incorrect due to Oregon's multiple rates and brackets, but aligns with discussion of credit design during enactment in 1991 as presented during Committee discussions.

Oregon's certain retirement income tax credit was enacted in 1991. The credit's income limits and phaseout thresholds remain identical today to those that were enacted in 1991. Inflation adjustments are not part of the underlying credit and none of the subsequent legislative assemblies have made

[28] Until 1984, employment by the federal government was covered under the Civil Service Retirement System and not by Social Security. Employees that worked for a federal agency during those years did not pay Social Security on their earnings and therefor did not earn Social Security credit (Social Security, 2018).

[29] ORS 316.680(1)(f) exempts from Oregon income taxation pension income attributable to federal employment prior to October 1, 1991. This provision was enacted in 1998.

changes to the thresholds. As a result, qualification for the credit and average credit benefit have decreased over time, trends expected to continue.

To qualify for the credit, a single filer may receive no more than $7,500 in Social Security benefits during the tax year. Adjusting for intervening Social Security cost of living adjustments, the $7,500 of 1991 would equate to $12,675 in 2016 (Joint filers- $15,000 becomes $25,350). Applying the same inflationary adjustment to the credit's household income limits of $22,500 (S) and $45,000 (J), equivalent 2016 figures would be $38,025 (S) and $76,050 (J).

In 2016, the average OASDI[30] monthly benefit received by Oregon retired workers was $1,361 with the median received being $1,355 (annually equates to $16,332 & $16,260 respectively) (Office of Research, Evaluation, and Statistics, 2017). As the retirement income credit is unavailable to single filers with Social Security greater than $7,500, the average retired recipient of Social Security benefits will not qualify for the credit. Using published Social Security distribution tables as the primary source, it can be estimated that approximately 7.3% of Oregon retired workers receiving Social Security benefits receive benefits in amounts less than the $7,500 credit limit. It should be noted that for a single filer each $10 in Social Security benefits received, equates to a roughly $1 reduction in the credit. For comparison purposes, had Oregon's credit parameters been indexed using Social Security's cost of living increases, roughly 31.7% of Oregon retired workers receiving Social Security benefits would receive benefits below the indexed $12,675 individual limit.

Nationally in 2014, 84.2% of units aged 65 or older received Social Security benefits whereas 43.8% received income from private and/or public pensions (Office of Research, Evaluation, and Statistics, 2018).[31] However, pension income represents a smaller portion of total income for lower income retired units. In 2014, for the lowest income quintile of retired units aged 65 or older, pension income accounted for 3.0% of total income as compared to 22.3% of total income for retired units in the highest quintile (Office of Research, Evaluation, and Statistics, 2018). The upshot is that while lower income units are more likely to have income below the credit thresholds and phaseout limits, these same households are less likely to have pension income which is a prerequisite to benefitting from the credit.

Analysis of Potential Direct Appropriation

The purpose of the tax credit is to provide tax relief specifically to certain taxpayers with taxable pension income akin to the pension income not being subject to taxation. As the purpose is directed at effectively eliminating tax liability of specific income for certain taxpayers, comparison to a direct spending program is not considered in this report.

Administrative and Compliance Costs

Administrative and costs for the Department of Revenue are minimal.

[30] OASDI is the acronym for Old age, survivors, and disability insurance program and is the official name for Social Security.

[31] Pensions include payment from private pensions and annuities; government employee pensions; Railroad Retirement; and individual retirement accounts (IRAs), Keoghs, and 401() plans.

Volunteer Rural Emergency Medical Services Providers

ORS 315.622	Year Enacted:	2005	Transferable:	No
	Length:	1-year	Means Tested:	No
	Refundable:	No	Carryforward:	No
TER 1.408	Kind of cap:	None	Inflation Adjusted:	No

Description

Oregon allows a personal income tax credit equal to $250 for individuals licensed as emergency medical services (EMS) providers. To qualify for the credit, the licensed EMS provider must be certified by the Office of Rural Health as an individual who provided volunteer emergency medical services in a rural area. The volunteered rural services must comprise at least 20 percent of the total emergency medical services provided by the individual in the tax year. For purposes of the credit, rural area is defined as a geographic area that is located at least 25 miles from any city with a population of 30,000 or more. The credit is nonrefundable meaning tax liability cannot be reduced below zero.

For purposes of the tax credit, the Office of Rural Health defines a volunteer as:

> a person properly trained under Oregon law who either operates an ambulance to and from the scene of an emergency or renders emergency medical treatment on a volunteer basis so long as the total reimbursement received for such volunteer services does not represent more than 25% of his or her gross annual income and does not exceed $3,000 per calendar year. (Office of Rural Health, 2018)

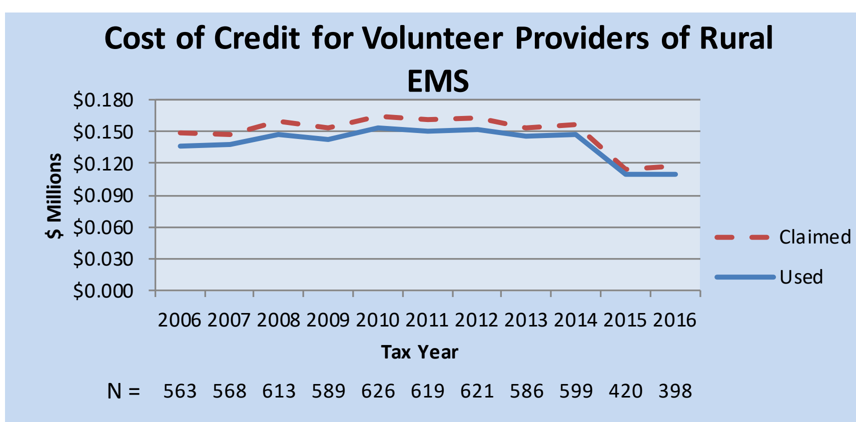
For previously certified volunteer rural EMS providers, the Office of Rural Health automatically sends a tax certification renewal form in December.

Policy

A specific policy purpose statement regarding the certain retirement income credit is not contained in statute. Rather, a general policy purpose of the credit can be derived by referencing the relevant legislative committee discussions and deliberations that took place when the credit was enacted and substantively modified. ***The policy purpose of the credit is to help defray the out of pocket costs of rural volunteer providers of emergency medical services*** (Submitted Testimony to Senate Committee on Rural Communities and Economic Development, 2013)***.***

Beneficiaries

Volunteer providers of rural emergency medical services are the direct beneficiaries of the tax credit. For the first nine years that the tax credit was available, the average number of taxpayers claiming the credit was about 600 per year. In the past two tax years, the number of taxpayers claiming the credit has dropped to about 410 on average. As displayed in the table following, the average reduction in tax resulting from the credit was roughly $280 in tax year 2016. The amount of the tax credit is



$250 per individual. For joint returns with two individuals qualifying for the credit, total potential value of the tax credit is $500.

Providers of Rural Emergency Medical Services | 2016 Personal Income Tax Filers				
Income Group of Full-Year Filers	Number of Filers Using Credit	Avg. Revenue Impact of Credit	Revenue Impact ($ millions)	Percent of Revenue Impact by Income Group
< $14,400	30	$80	<$0.1	2%
$14,400 - $29,800	40	$220	<$0.1	8%
$29,800 - $52,400	70	$280	<$0.1	17%
$52,400 - $92,700	150	$280	<$0.1	38%
> $92,700	110	$340	<$0.1	35%
Total Full-Year Filers	**400**	**$280**	**$0.1**	**100%**

(State of Oregon Tax Expenditure Report: 2019-21 Biennium)

Similar Incentives Available in Oregon

Area Health Education Centers (AHECs) work to improve healthcare for rural and underserved populations by educating current and potential rural health care students, and the Office of Rural Health coordinates the statewide effort to provide healthcare in rural Oregon. The Office of Rural Health supports rural emergency medical services through research and training and administers both the Oregon Rural Provider and Emergency Medical Services provider tax credits. However, the only direct support delivered to providers of rural emergency medical services to offset out of pocket training expenses is through the office's Helping EMS in Rural Oregon (HERO) Program, which is entirely funded through donations to the OHSU Foundation. Since 2010, the HERO grant program has made 219 individual awards and 53 agency awards to conduct local trainings for their staff with a total distribution of $230,012 (Oregon Office of Rural Health, 2018).

	2017-19 Legislatively Approved Budget ($M)
Direct Spending Program	***General Fund***
Office of Rural Health/Area Health Education Centers	$4.6

Credit Effectiveness and Efficiency

As the purpose of the tax credit is to help defray the out of pocket costs of rural EMS volunteer providers, credit effectiveness can be explored by examining costs associated with rural EMS volunteers. A multitude of costs are associated with being employed as an EMS provider or being a volunteer rural EMS provider. This report examines the direct costs associated with being a volunteer EMS provider, many other indirect associated costs such as travel & lodging or an individual's time are not included.

Regulation for ambulances and emergency medical services is provided for in ORS chapter 682. Oregon requires licensing of providers of EMS. An Oregon license is valid for two years. Fee for an initial license can range from $45 to $290 depending upon certification (e.g. - EMR, EMT, Paramedic) with subsequent two-year license renewals costing $23 to $150.[32]

[32] ORS 682.212 provides authority for fee. Fee amounts are determined by the Oregon Health Authority in contained in Oregon Administrative Rule 333-265-0030.

Providers of EMS must fulfill continuing education requirements. Continuing education topics and hour requirements vary depending on license type ranging from 12 hours for an EMR and up to 48 hours for paramedics (Oregon Health Authority). Cost of fulfilling continuing education requirements varies depending on required education courses and course provider. Many of Oregon's community colleges provide emergency medical technician programs that provide the necessary training/education to meet initial EMS provider certification requirements as well as EMS continuing education programs. Costs for continuing education program certification ranges depending on amount and type of continuing education, but a cursory review of continuing education programs provided at various Oregon community colleges indicates costs of continuing education to be at minimum, a few hundred dollars per two-year cycle.

Incurred costs are not specific to being a volunteer EMS provider. Two-year licenses and associated fees as well as costs related to fulfilling continuing education obligations are requirements for all certified EMS providers. For EMS providers that are employed as an EMS provider and also volunteer in rural areas, the tax credit may function more as additional compensation for providing volunteer services as underlying license and education costs are a requirement of employment. For individuals who are not otherwise employed as an EMS provider or are primarily a volunteer EMS provider, the tax credit more directly functions as a way to offset costs associated with maintaining EMS provider licensing.

Analysis of Potential Direct Appropriation

The HERO program administered by the OHSU Foundation provides a mechanism for distributing direct appropriations to support rural EMS providers. The Oregon Office of Rural Health HERO campaign raises funds to help rural and frontier EMS volunteer providers pay for their training. The HERO program is funded entirely through donations to the OHSU Foundation which is a 501(c)(3) tax-exempt organization. The HERO program offers a potential conduit and/or example of how dollars could be directly appropriated to rural volunteer EMS providers.

A potential advantage of a direct appropriation program is timing. While the funds from a tax credit are received at time of tax filing in late winter/early spring, license fees, continuing education and training costs may be incurred throughout the year. Another potential option is the waiving of initial and renewal license fees for volunteer rural EMS providers. Continuing EMS education programs are often provided through community colleges. Grants for volunteer EMS providers could also be directly provided to community college programs.

Administrative & Compliance Costs

The administrative and compliance costs of this credit are minimal.

Similar Credits Allowed in Other States

While an exhaustive 50 state review process was not conducted, the State of New York provides and example of a similar credit available in another state. New York provides an income tax credit equal to $200 available to active volunteer firefighters or volunteer ambulance workers. The credit is refundable meaning volunteers without sufficient tax liability to take the full amount of the credit will have any additional amount after reducing their tax liability to zero paid to them as a tax refund.

Earned Income

ORS 315.266	Year Enacted:	1997	Transferable:	No
	Length:	1-year	Means Tested:	Yes
	Refundable:	Yes	Carryforward:	No
TER 1.405	Kind of cap:	None	Inflation Adjusted:	Yes

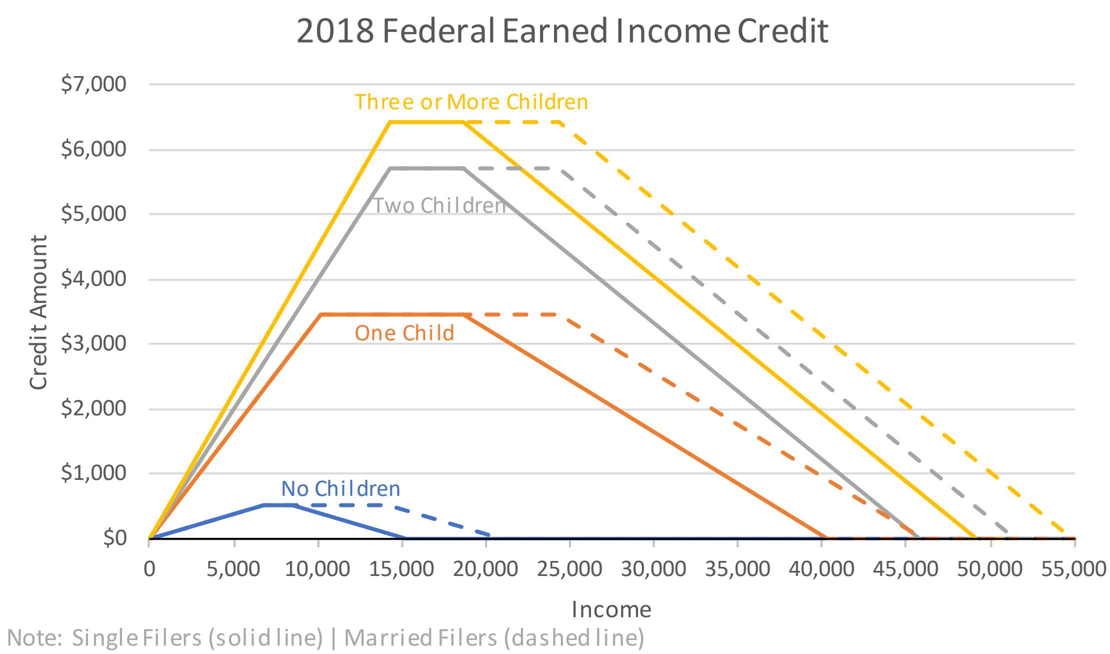
Description

Taxpayers allowed to claim the federal earned income tax credit (EITC) are allowed an Oregon earned income tax credit (OEITC) equal to either 8% or 11% of the federal credit amount allowed for the corresponding tax year. To claim the 11% credit, an Oregon taxpayer must have a dependent under the age of three at the close of the tax year. The OEITC is a refundable credit, meaning the credit is first used to reduce a taxpayer's tax liability potentially to zero with any remaining credit amount allowed being paid to the taxpayer in the form of a tax refund. As Oregon's credit is a percentage of the federal credit, Oregon's credit inherently reflects the design the federal EITC.

Federal Credit Description

The EITC is a refundable tax credit available to eligible individuals of comparatively low earnings. As the credit is refundable, the credit first reduces an individual's tax liability, potentially to zero. If additional credit amount is available after reducing tax liability to zero, the remaining credit amount is paid directly to the individual (or individuals in cases of joint tax return filers) as a tax refund.

The EITC amount is calculated on formulas that consider earned income, number of qualifying children, marital status and adjusted gross income (AGI). Initially, the EITC equals a fixed percentage (credit rate) of earned income until the credit reaches its maximum amount. The EITC then remains at its maximum amount (commonly referred to as the plateau) for a specified range of earned income. Following the plateau, the credit then decreases in value to zero at a fixed rate (phase-out rate) for each additional dollar of income above the phase-out threshold. The following chart visually provides the detailed components of the EITC formula and amount of the credit.



To qualify for the EITC a tax filer must fulfill the following requirements:

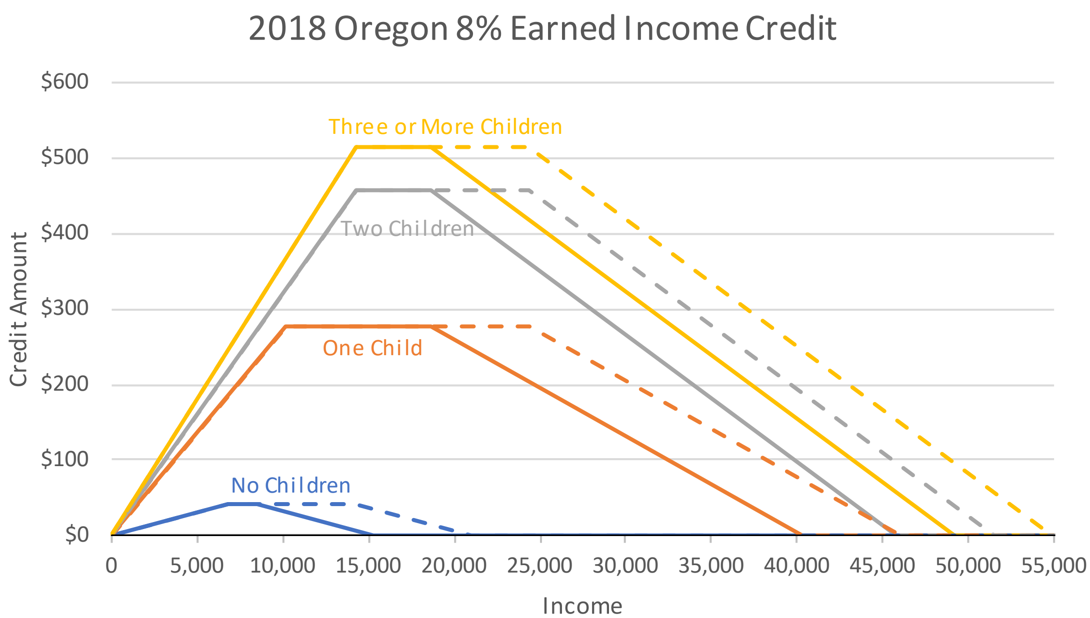
1) File a federal income tax return
2) Have earned income
3) Meet certain residency requirements
4) Tax filer's children must meet relationship, residency and age requirements (to be considered qualifying children for the credit)
5) Childless workers claiming credit must be aged 25-64
6) Investment income must be below specified amount (indexed to inflation, $3,500 in 2018)
7) Filer not disallowed from credit due to prior fraud or reckless disregard of EITC rules in previous year EITC claims
8) Must provide Social Security numbers. (Crandall-Hollick & Falk, 2018)

To be considered a qualifying child, the child of the EITC recipient must meet the following three requirements:

1) Child must have a specific relationship to the tax filer (including: son, daughter, step child or foster child, brother, sister, or descendent of such a relative)
2) Child must share a residence with the taxpayer for more than half the year in the U.S.
3) Child must be under the age of 19 (24 if a full-time student) or be permanently and totally disabled. (Crandall-Hollick & Falk, 2018)

These requirements can result in a child being a qualifying child of more than one tax filer (e.g. parents living separately). Tie-breaking rules exist in instances where a child is a qualifying child for more than one tax filer.

The following chart displays Oregon's 8% credit.



Note: Single Filers (solid line) | Married Filers (dashed line)

Policy

Oregon's earned income tax credit was enacted in 1997 by SB 388 and was originally enacted as 5% of the federal earned income tax credit and was not refundable nor could unused credit amounts be carried forward to succeeding tax years. In addition to the Oregon's EITC, SB 388 created Oregon's working family child care credit.[33] Policy purpose discussions that took place during the 1997 enactment of the two credits by SB 388 were often discussed as a combined policy proposal.

Discussions regarding the purpose of the EITC often focus on the purpose of the federal earned income tax credit.[34] This report by contrast focuses on the policy purpose of the Oregon credit. A review of the discussion and testimony during 1997 enactment of Oregon's EITC indicates the ***policy purpose of the credit is to increase the spendable income of low-income working families by offsetting state income taxes on such households, thereby encouraging low wage earners to enter the labor force or earn more if already part of the labor force*** (Discussions of Senate and House Revenue Committees, 1997). Presentation by committee staff depicted the OEITC's impact on low income households with children by providing examples of change in a household's spendable income[35] under different Oregon EITC percentage scenarios. The Committees also received testimony regarding the potential for low-income households without federal tax liability having Oregon tax liability and how Oregon's treatment of such

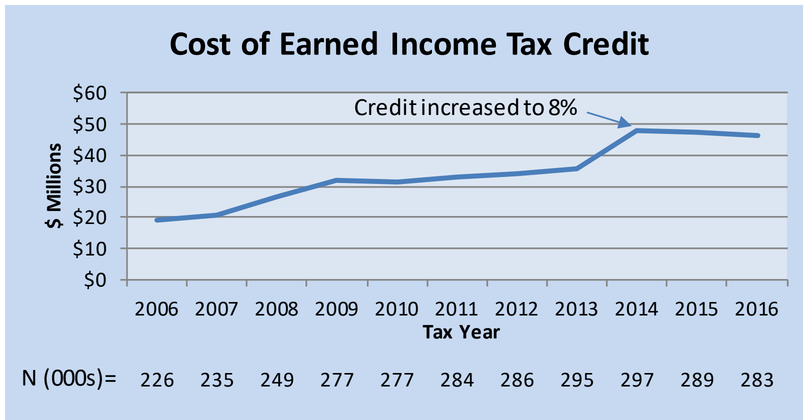
[33] HB 2171 (2015) combined Oregon's Working Family Child Care credit with Oregon's Child and Dependent Care credit. The combined credit is known as the Working Family Household and Dependent Care Credit.
[34] When enacted in the 1970's, two primary purposes existed for the federal EITC: 1) encourage nonworking poor with children to enter the workforce, and 2) help reduce the tax burdens of working poor families with children. In the 1990's the purpose of the federal credit expanded to include poverty reduction for working families with emphasis on encouraging unmarried mothers to work. (Crandall-Hollick & Hughes, 2018)
[35] "Spendable income" in this context refers to household income from employment and non-employment sources such as government assistance programs (e.g. federal EITC, food stamps etc.) with FICA taxes netted out.

households contrasted with other states. While higher OEITC percentages and refundability were considered in 1997 as policy options, potential impacts on General Fund revenues ultimately led to a non-refundable credit equal to 5% of the federal EITC.

Subsequent Legislatures expanded Oregon's EITC and made the credit refundable. Oregon's current EITC is 8% of the federal EITC and 11% for taxpayers with a dependent under the age of three at the close of the tax year. This expansion of the credit further grew spendable income for qualifying households through a combination of an increased reduction in tax liability or as a direct payment to households benefiting from the refundability of the credit.

Beneficiaries

Beneficiaries of Oregon's earned income tax credit are determined by Oregon's credit percentage and federal credit design. For most qualifying filers, Oregon's EITC is equal to 8% of the federal EITC, whereas filers with at least one dependent under the age of three receive 11% of federal EITC. The 11% percentage more heavily weights credit benefits towards families with young children. As displayed in the previous charts, by design, amount of credit initially increases as income increases, plateaus as income continues to increase and subsequently declines as income continues to increase. Credit benefit increases with the number of qualifying children a filer can claim (up to three) with little benefit available to filers with no children.



On average, the total value of Oregon's earned income tax credit for the past three tax years has been about $47 million with the average number of beneficiaries at about 290,000. The number of full-year tax filers, revenue impact and average credit amount is presented in the following table. As displayed, about 80% of the total ETIC benefit goes to filers with income less than $30,000. Average EITC benefit is greatest for filers with income between $14,400 and $29,800 where average benefit is $290 compared to an overall average of $170.

Oregon Earned Income Tax Credit | 2016 Personal Income Tax Filers

Income Group of Full-Year Filers	Number of Filers Using Credit	Avg. Revenue Impact of Credit	Revenue Impact ($ millions)	Percent of Revenue Impact by Income Group
< $14,400	110,400	$100	$11.3	26%
$14,400 - $29,800	82,120	$290	$23.7	55%
$29,800 - $52,400	60,170	$140	$8.3	19%
$52,400 - $92,700	430	$10	<$0.1	<1%
> $92,700	0	$0	$0.0	0%
Total Full-Year Filers	**253,120**	**$170**	**$43.3**	**100%**

(State of Oregon Tax Expenditure Report: 2019-21 Biennium)

The following two charts display OEITC claimed amounts by adjusted gross income (AGI) and age of primary filer on the tax return. Credit amount claimed by AGI category displays a fairly normal distribution of credit claimed with about 70% of the EITC benefit going to tax filers with AGIs between $10K-30K. As EITC benefit is greater for households with more qualifying children, it is perhaps unsurprising that EITC benefits are most concentrated in age groups where children are more likely to be present in a household.[36]

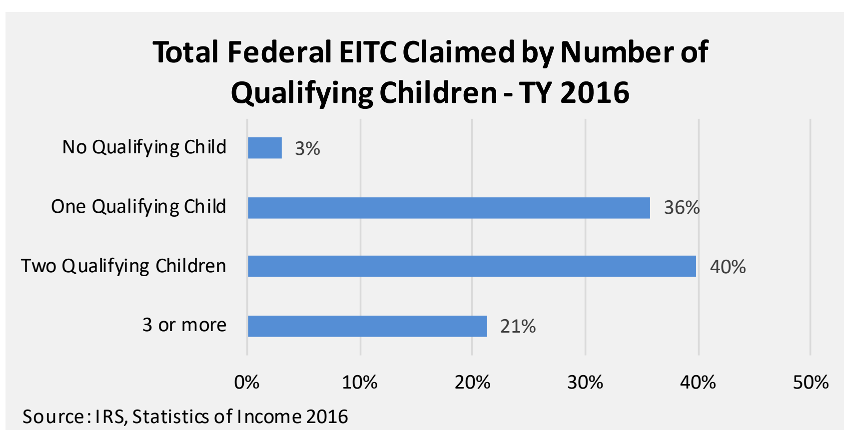
Credit Amt. Claimed by AGI Category
TY 2016 | Full Year Filers

AGI (000's)	Claimed	Pct. of Total
<0	152,500	0%
0-5	939,500	2%
5-10	4,042,300	9%
10-15	7,253,000	17%
15-20	8,614,800	20%
20-25	8,061,200	19%
25-30	6,147,400	14%
30-35	4,203,900	10%
35-40	2,344,600	5%
40-45	1,108,500	3%
45-50	381,700	1%
50-60	44,500	0%
60-70	0	0%
70-80	0	0%
80-90	0	0%
90-100	0	0%
100-250	0	0%
250-500	0	0%
500 +	0	0%
Total	43,293,900	100%

Credit Amt. Claimed by Age Category
TY 2016 | Full Year Filers

Age	Claimed	Pct. of Total
0 - 14	0	0%
15 - 19	341,200	1%
20 - 24	3,799,400	9%
25 - 29	7,724,800	18%
30 - 34	8,355,700	19%
35 - 39	7,677,900	18%
40 - 44	5,456,200	13%
45 - 49	4,133,500	10%
50 - 54	2,686,300	6%
55 - 59	1,669,600	4%
60 - 64	912,600	2%
65 - 69	325,100	1%
70 - 74	127,100	0%
75 - 79	49,900	0%
80 - 84	14,600	0%
85+	5,400	0%
Unknown	14,800	0%
Total	**43,293,900**	**100%**

The chart to the right displays the proportion of the federal EITC benefit claimed by number of qualifying children claimed on the tax return. As displayed, only 3% of total EITC claimed was claimed by tax filers with no qualifying children which is unsurprising as the policy purpose of the federal credit is directed towards low-income tax filers with children.



[36] Note that the chart depicts OEITC benefits for TY 2016 which is the most recent year for which data is available. Oregon's EITC increase to 11% for tax filers with a dependent under the age of 3 became effective beginning with the 2017 tax year so is not depicted in the tables.

Similar Incentives Available in Oregon

The Working Family Household and Dependent Care (WFHDC) tax credit was created in 2015 through the merging of two former credits, the Working Family Child Care and Dependent Care tax credits. The WFHDC is a refundable personal income tax credit available to taxpayers with employment related expenses for care of qualifying individual(s) that allow the taxpayer to work, look for work or attend school. Examples of qualified individuals include: dependents under the age of thirteen, disabled dependents, disabled taxpayer or spouse.

The WFHDC amount is a percentage of the qualified employment related expenses limited to no more than $12,000 (single) and $24,000 (joint). The credit percentage initially increases as taxpayer adjusted gross income (AGI) as a percentage of federal poverty level (FPL) increases. The maximum potential credit percentage is 75% and is available to taxpayers with AGI as a percentage of FPL between 90% - 110%. As AGI as a percentage of FPL increases above 110%, the credit percentage decreases, eventually to zero at AGI greater than 300% of FPL. In tax year 2016, the total amount of credit received was $36.1 million, most of the benefit went to taxpayers with AGI less than $50,000 and the average credit amount for full year Oregon filers was $1,090 (State of Oregon Tax Expenditure Report: 2019-21 Biennium).

The Legislative Fiscal Office identified several direct spending programs that shared some level of policy relationship to the credit in terms of providing funding to income assistance programs for working adults and families in Oregon. The spending programs along with each program's 2017-19 legislatively adopted budget amount is detailed in the table below.

	2017-19 Legislatively Approved Budget ($M)			
Other Tax Credits	***General Fund***			
Working Family Household and Dependent Care	$72			
Direct Spending Program	***General Fund***	***Other Funds***	***Federal Funds***	***Lottery Funds***
Oregon Health Plan (Medicaid)	$1,025	$2,516	$10,506	
Non-Medicaid Behavioral Health Services	$262	$143	$64	$9
Employment Related Day Care (ERDC)	$63	$97		
Emergency Housing Assistance (EHA)	$28	$12		
Individual Development Account (IDA)		$0.4		
Wage and Hour Division	$3	$7		
Workforce Operations/Employment Services - STEP and ABAWD		$6		
Workforce Operations/Employment Services - Contracted Employment Services		$0.8		

Oregon Health Plan (Medicaid)

The Oregon Health Plan provides health care services for low-income Oregonians. About 1 million Oregonians receive their health care through this program. In general, adults must be at an income level of 138% of the federal poverty level or below. Children's programs cover children at income levels up to 300% of the federal poverty level. Services include physician, pharmaceutical, hospital, behavioral health, vision, dental, and other services. The state receives federal matching revenues for state expenditures. The match rate varies depending on the population served, but the overall average for the 2017-19 biennium is 75% federal funding.

OHA reports that nearly 40% of adults on the Oregon Health Plan have some type of employment. Roughly 26% work at least half-time.

Non-Medicaid Behavioral Health Services

The non-Medicaid budget provides prevention and treatment services for behavioral health care for Oregonians, including drug and alcohol addiction, problem gambling, and mental illness. In general people served must be at or below 200% of the federal poverty level. This includes people who are not eligible for the Oregon Health Plan, are under-insured, or are on the Oregon Health Plan but need services that are not eligible through Medicaid.

Although there is no data available, presumably some proportion of these people work, similar to the Oregon Health Plan.

Employment Related Day Care (ERDC)

The Employment Related Day Care program provides a subsidy to help low-income working, part-time working/student, and self-employed families purchase quality child care. To be eligible, a family's income must be less than 185 percent of the 2018 Federal Poverty Level; for a family of three this is less than $3,204 in gross monthly income. Families choose a DHS-approved child care provider and ERDC pays the subsidy portion directly to the provider on behalf of the family. Families also pay a portion of the cost of child care, called a copayment. Copayments are income-based on a sliding scale and remain stable during the 12-month certification period. Families may pay additional costs when a provider charges more than the maximum hourly or monthly rate that the program is authorized to pay.

The Other Funds come from federal Child Care and Development Fund dollars that are passed to the Department from the Oregon Department of Education. In June 2018, ERDC helped 8,083 families (15,325 children) pay child care costs.

Emergency Housing Assistance (EHA)

The program provides funds to local Community Action Agencies for homelessness prevention and assistance services, which can include low income rental assistance payments, transitional housing, in-home services and other cash assistance that may help prevent homelessness or rapidly rehouse a low-income individual or family. To qualify for the program, those requesting assistance must have a total household income no greater than 80% of the area's median income. Data collected by the Housing and Community Services Department that 27% of adults receiving EHA assistance in FY 2018 had some form of earned income.

Individual Development Account

The budgeted amount represents HCSD contract management and oversight costs attributable to agreements with Individual Development Account administrators. Individual Development Accounts are matched savings accounts for low income Oregonians who are saving toward goals including business startup, education, and home purchase. Matching funds come from a state tax credit offered to those who contribute to the initiative.

Wage and Hour Division

The Wage and Hour Division is responsible for the enforcement of minimum wage, overtime, prevailing wage, sick leave and work schedule laws, helping to ensure that Oregon workers are paid what they are owed under Oregon Law. Investigation of claims, collection of wages owed, and enforcement of these laws ensure that Oregonians have more income to meet their needs.

Workforce Operations/Employment Services - STEP and ABAWD

The Employment Department provides enhanced employment services to recipients of the federal Supplemental Nutritional Assistance Program, and intensive case management services to a targeted subset of those recipients, able bodied adults without dependents, via an interagency contract with and transfer of funds from the Department of Human Services.

Workforce Operations/Employment Services - Contracted Employment Services

This program provides job placement assistance for other Department of Human Services clients via an interagency contract with and transfer of funds from the Department of Human Services.

Credit Effectiveness and Efficiency

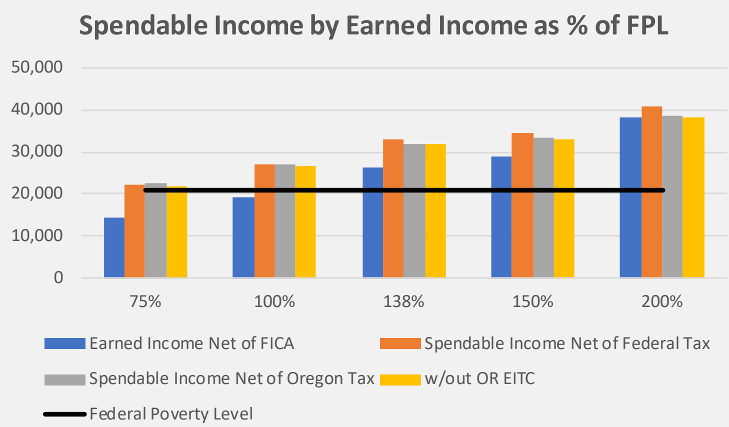
In the context of the purpose of Oregon's EITC being, to increase the spendable income of low-income working families by offsetting state income taxes on such households, thereby encouraging low wage earners to enter the labor force or earn more if already part of the labor force, the existence of Oregon's EITC fulfills the credit's underlying purpose of increasing spendable income for low-income working families. The following examples are provided to illustrate the effectiveness of Oregon's credit. The examples are overly simplistic in that they ignore many additional factors that may specifically influence a low-income family's spendable income (e.g. - OR child & dependent care tax credits, TANF benefits, SNAP benefits, housing vouchers). Having said that, the simplicity of the examples provides a straightforward way of illustrating the benefit of Oregon's EITC.

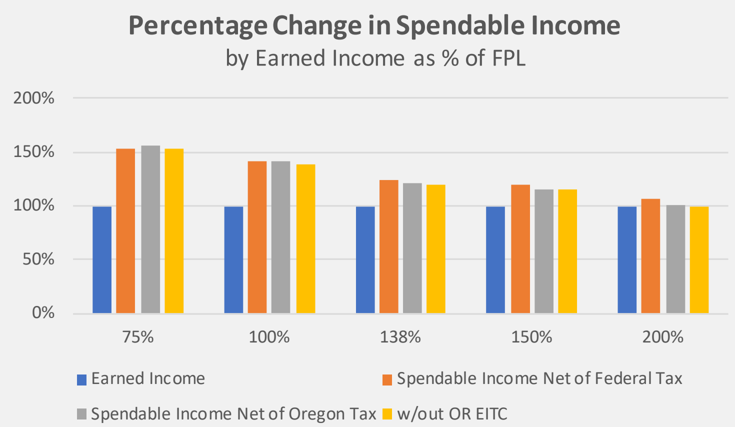
The table to the right illustrates the tax computations related to a family consisting of one adult and two children (most common recipient of EITC) presented by family's income in relation to percentage of federal poverty level (FPL). In the table, $\boldsymbol{Spendable\ Income} = earned\ income - FICA\ Taxes - Net\ federal\ inc.tax - Net\ OR\ inc.tax$. As displayed, the federal EITC and child tax credit have the greatest effect in increasing spendable income. In the example, increase in spendable income from Oregon's EITC ranges from 2.1% for a family with earned

Tax Year 2018 - Poverty Guideline for 1 Adult + 2 Children Household

	-----Poverty Guideline-----				
	75%	100%	138%	150%	200%
Earned Income	15,585	20,780	28,676	31,170	41,560
FICA Taxes	1,192	1,590	2,194	2,385	3,179
Federal Income Tax					
Tax Before Credits	0	278	1,068	1,317	2,555
Child Tax Credit	-1,963	-3,020	-3,867	-4,000	-4,000
Federal EITC	-5,716	-5,271	-3,607	-3,080	-890
Net Federal Income Tax	-7,679	-8,013	-6,406	-5,763	-2,335
Oregon Income Tax					
Tax Before Credits	703	1,067	1,774	1,998	2,933
Personal Exemption Credit	-603	-603	-603	-603	-603
OR EITC	-457	-422	-289	-246	-71
Net Or Income Tax	-357	42	882	1,149	2,259
Spendable Income					
With OR EITC (current law)	22,429	27,161	32,007	33,400	38,457
Without OR EITC	21,971	26,740	31,718	33,153	38,385
OR EITC % Increase in Spendable Income	2.1%	1.6%	0.9%	0.7%	0.2%

Note: Example uses OR EITC percentage of 8% of federal income at 75% of FPL to .2% for a family with earned income at 200% of FPL. The charts below visually provide the same information contained in the previous table and represent tax year 2018. The chart to the lower left presents the change in household spendable income due to federal tax policy (FICA taxes and refundable child and earned income tax credit) and Oregon tax policy both with and without Oregon's EITC. The chart to the lower right displays the change in federal and Oregon tax policy as percentage of earned income prior to federal and Oregon tax policy. As displayed in the second chart, the greater percentage benefits from federal and Oregon tax policy are experienced at lower relative income amounts.





Summary of Federal Earned Income Effectiveness

As previously mentioned, this report focuses on Oregon's earned income tax credit. As Oregon's EITC is a percentage of federal, the briefest of overviews of the federal credit's effectiveness is included. The federal EITC has been the subject of much study since original enactment in the 1970's. The upshot of this analysis is:

- EITC is the largest refundable tax credit targeted to the poor and is considered the most effective government tax and transfer program in reducing poverty of working families with children
- Federal EITC has had a positive effect on labor force participation of single mothers
- Literature is mixed on the EITC's effect on workforce participation of married workers with some studies suggesting the EITC has, to a small degree, decreased workforce participation of married workers. Other research suggests this effect is negligible.
- EITC does tend to result in a slight reduction of hours worked among married workers
- The EITC has had a substantial effect in reducing new entries into the cash welfare system
- EITC has had little effect on the number of hours recipients work. Where adjustment in hours does take place, it is more likely to be an increase in hours.
- For workers that have greater flexibility in adjusting hours worked and income received such as self-employed individuals, evidence suggest some such workers do adjust income to maximize the EITC. This adjusting can increase over time suggesting that as credit recipients learn more about credit structure, greater adjustment to income takes place.

(Crandall-Hollick & Hughes, 2018)

Analysis of Potential Direct Appropriation

The chief administrative benefit of the Oregon EITC is the simplicity of the credit for both the administrating agency (Oregon Department of Revenue) and for the tax filer. Oregon's EITC simply functions as a percentage of the federal credit. For a taxpayer to determine their Oregon EITC they either multiply their federal credit amount by 8% or 11% for filers with dependent under the age of three.

The drawbacks of the Oregon's EITC functioning as a percentage of the federal EITC include the potential loss in ability to determine policy (other than how Oregon's EITC connects to the federal EITC) and the timing of the EITC payments to individuals. As the credit is received after a tax return is filed, this results in funds being dispersed at a single point in time, usually late winter or early spring.

A direct spending program could provide Oregon with more policy options in terms of structural design and could also be designed to provide more monetary support for qualifying individuals throughout the year. However, counter to how the EITC functions, a direct spending program generally requires qualification criteria to be met through an application process prior to benefits being dispersed. The EITC by contrast determines eligibility through the tax return process with benefits being dispersed shortly following return filing. As noted by IRS Taxpayer Advocate, Nina Olson, in congressional testimony:

> Using tax returns as the "application" for EITC benefits rather than a traditional screening process results in low cost with high participation as well as the risk of improper payment. The IRS has pointed out that for the EITC: Current administration costs are less than 1% of benefits delivered. This is quite different from other non-tax benefits programs in which administrative costs related to determining eligibility can range as high as 20% of program expenditures. (Olson, 2011)

Administrative & Compliance Costs

The administrative and compliance costs of this credit are minimal.

Similar Credits Allowed in Other States

Twenty-nine states and the District of Columbia have earned income tax credits. Of the twenty-nine, all states except Minnesota base their credit on the federal earned income tax credit. The percentage of the federal credit varies by state (Low, Montana: 3% | High, South Carolina: 125%[37]) along with other potential limiting factors such as credit refundability (National Conference of State Legislatures, 2018).

Only one of the four states neighboring Oregon has a funded state earned income tax credit.[38] California provides a credit equal to 85% of the federal credit but only up to half of the federal phase-in range. For tax year 2018, the maximum income to still receive the state credit for a family with one or more children was $24,950 with a state credit maximum of between $1,554 - $2,879 (CA Franchise Tax Board, 2018).

[37] South Carolina's 125% is being phased in over six years and will reach 125% beginning in tax year 2023.
[38] While Washington enacted in 2008 a version of the EITC known as the Working Families Tax Rebate, the credit has not been funded by the Legislature (Washington does not have a personal income tax).

Agriculture Workforce Housing Construction

ORS 315.163 - 315.164	Year Enacted:	1989	Transferable:	Yes
	Length:	10-years	Means Tested:	No
	Refundable:	No	Carryforward:	9-years
TER 1.411	Kind of cap:	Program	Inflation Adjusted:	No

Description

Taxpayers are allowed a credit for the construction, rehabilitation, or acquisition of agriculture workforce housing in Oregon. The credit is 50 percent of the eligible costs of housing projects. The credit can be taken over ten years, with a maximum credit amount taken any in of the ten years equal to 20% of the total credit amount ($50\% * eligible\ costs$). The credit also has a nine-year carryforward. The policy also allows for the credit to be transferred to a contributor. The defined term "contributor" leads to some level of ambiguity in to whom a credit may be transferred. The Housing and Community Services Department (HCSD) may certify up to $3,625,000 in credits per year. Certification is received through an application process submitted to and approved by HCSD. The following qualifications must be met for eligibility:

- Rehabilitation projects must restore housing to a condition that meets building code requirements
- Housing must be registered, if required, as an agriculture workforce camp with the Department of Consumer and Business Services
- The housing must be occupied by agriculture workers.

At this time, ambiguity exists regarding the sunset, carryforward and transferability of the credit. Absent statutory changes, the Department of Revenue intends to interpret the sunset as not allowing any claiming of the credit absent credits that have been carried forward from previous tax years. This interpretation is likely inconsistent with legislative intent.

Policy

A specific policy purpose statement regarding the agriculture workforce housing construction credit is not contained in statute. Rather, a general policy purpose of the credit can be derived by referencing the relevant legislative committee discussions and deliberations that took place when the credit was enacted and/or substantively modified. Legislative documentation from the implementing legislation in 1989 indicates that the tax credit was part of a package of policies (SBs 732,734, and 735) designed to address problems with the scarcity and condition of housing for agricultural workers. The Legislature declared, in part,

> that it is the policy of this state to insure adequate agricultural labor accommodations commensurate with the housing needs of Oregon's workers that meet decent health, safety and welfare standards. (ORS 197.677)[39]

Roughly a decade later, in 2000, the Farmworker Housing Interim Task Force evaluated the housing situation for Oregon farmworkers. They concluded that there was a "...serious and growing shortage of

[39] In 2001, when the administrative responsibility for the tax credit was moved to OHCS, this language was added to ORS 456.550(7) as part of the policy statement for the Housing and Community Services Department.

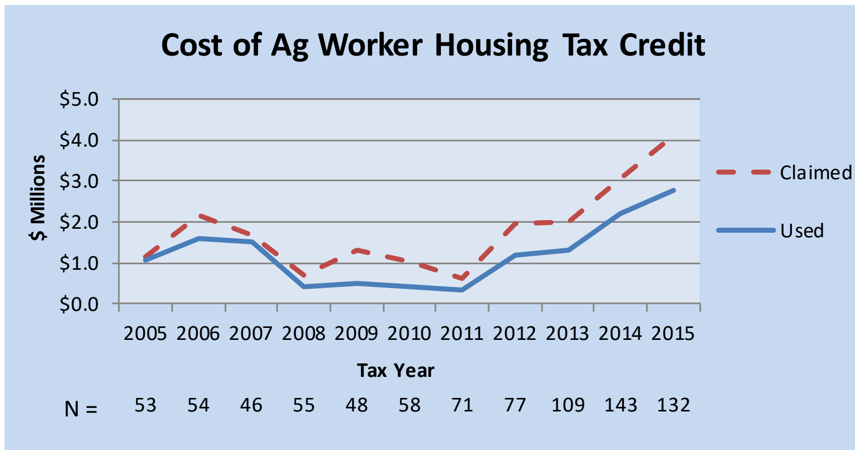
safe, decent, and affordable housing...” for this portion of Oregon’s labor force. Among the Task Force’s findings was that

> [f]armers, community-based groups, faith organizations, government agencies, and the private sector need to work together to provide an adequate mix of safe, decent, and affordable housing for farmworkers.

The Task Force also noted that multiple approaches are required that should include both on-farm housing and community-based housing. In short, this tax credit appears to be a key tool in the development of affordable housing for Oregon’s agricultural workforce.

Beneficiaries

The chart to the right shows the use of this tax credit between 2005 and 2015. During this time period, which includes the most recent recession, the annual amount of tax credits claimed have ranged between $700,000 and $4.1 million. The amount used to actually offset tax liability ranged from $400,000 to $2.8 million. Use of the tax credit has grown substantially since 2011. In tax year 2015, use of the credit was about equal between personal and corporate income tax filers at roughly $1.4 million respectively.



Similar Incentives Available in Oregon

HCSD issues tax exempt “conduit” bonds on behalf of certain organizations who assume debt service and payment responsibilities. Administrative costs of the conduit program in 2017-19 were budgeted at $1.3 million (for all programs, not agricultural workforce projects exclusively). In addition, HCSD receives roughly $20,000 per biennium in penalties and fines transferred from OSHA and BOLI to the Farmworker Housing Development Account, which can also be used as a means of financing agricultural workforce housing. However, awards are made only periodically, and the account balance currently sits at $421.

Credit Effectiveness and Efficiency

Given the policy purpose for this tax credit, the key issue is whether or not the tax credit increases the supply of safe and affordable housing for agricultural workers. By design, the tax credit directly reduces the cost of providing such housing by 50 percent of eligible costs. The policy has been in effect for roughly 25 years, so a review and analysis of historical data should help inform the analysis to determine if the tax credit has been effective and whether or not any changes are warranted.

In 1989, the Legislature found that Oregon had a large stock of farmworker housing that did not meet minimum health and safety standards (ORS 197.680(1)). Furthermore, they noted that it would not be feasible to rehabilitate much of that housing stock to meet appropriate standards. Statute outlined broad policies to improve the situation, including the creation of this tax credit. At the time, program responsibility was given to the Department of Consumer and Business Services. In 2001, responsibility was moved to OHCS in an effort to better align state policies with their corresponding administrative agencies.

Since the inception of the tax credit, the state has experienced some significant shifts in the nature of the agricultural workforce and a commensurate impact on housing needs. There has been a general shift from migrant labor toward more year-round work. During this same time, there has been a decrease in the amount of employer-owned housing units. An estimated 70 percent of farmworkers stay in the same location throughout the year. The share of the labor force working for a single employer increased from 65 percent in 1998 to 81 percent in 2009. This gradual change in mobility has had a direct impact on the housing market. According to Western SARE, one example of the housing shortage exists in Washington County, where, in 2009, the supply of housing was between 10,500 and 11,500 units below demand.

Perhaps the most significant change is the role of community-based housing compared to on-farm housing. Over time there has been a gradual shift away from on-farm housing to community-based housing. For example, from 1995 to 2011, the share of farmworker housing units that were employer-owned fell from 30 percent to 13 percent. Also, employer-provided housing for workers had historically been free (an estimated 83 percent of the time). Western SARE cites that, generally speaking, the supply of adequate housing has been limited by a combination of lack of funds, high land costs, land use limitations, and lack of support services for residents.

Stakeholders argue that community-based housing addresses many of these concerns. They argue that community-based housing provides the needed stability for families of agricultural workers, including access to services such as education, child care, and workforce training. In addition, there are a number of CDCs that help provide such infrastructure, such as the Community and Shelter Assistance Corporation of Oregon (CASA of Oregon), Hacienda Community Development Corporation, and the Farmworker Housing Development Corporation (FHDC).

To that end, much of the tax credit dollars are similarly allocated. According to data from OHCS, between 2001 and 2012, tax credits were integral parts of funding packages that resulted in the construction of 1,257 units - 830 community-based and 437 on-farm. An example of such a funding package is provided in the table to the right.

Example Project, $M	
Credit, Grants, & Equity	
Tax Credit	$1,670,302
Home / HDGP	$750,000
Energy Trust	$24,000
FHLB	$239,976
USDA Rural Development 514 Grant	$1,500,000
Other Grants	$250,000
Loans	
Oregon Rural Rehabilitation	$75,000
USDA Rural Development 516 Loan	$1,500,000

According to historical testimony, the program has been fully or near fully allocated every year. When tax returns are examined, however, the amount of tax credit claimed is substantially less.

Despite the estimated nature of the data, the differences between OHCS certification data and DOR tax return data are significant. It is not until 2014 that return data reaches the expected levels. Possible explanations include: (1) taxpayers indicating the wrong tax credit on tax returns, (2) developers being certified for tax credits and then being unable to claim them, maybe because the projects were never completed, (3) an unknown data error, (4) some credits may simply remain unused because they remain held by non-profit developers who are unable to sell them, or (5) there are significant lags in development that suggest a more delayed reporting on tax returns.

Similar to the federal low income housing tax credit, one key feature of this tax credit is the ability to sell, or transfer, the tax credit. Many developers of this kind of housing are non-profits, so they are unable to directly use the tax credit. However, the tax credit can be sold to project contributors, who then are able to use the tax credits. According to the OHCS (historical testimony), credits have been sold at a discount of between 15 and 30 percent. So, purchasers of the tax credits appear to have paid between 70 cents and 85 cents for every tax credit dollar purchased.

Analysis of Potential Direct Appropriation

A direct spending program could be implemented to replace the Agriculture Workforce Housing Construction tax credit program. A direct spending program would address the potential lack of benefit (prior to credit transfer) that that existing tax credit has on entities that lack sufficient tax liability to benefit from the tax credit. A potential drawback to a direct spending program is that the current structure of the credit spreads the "spending" to support housing construction through the tax system over multiple years (minimum five years) which could be somewhat difficult to mimic as a direct spending program.

Administrative & Compliance Costs

Administrative costs are largely incurred by the OHCS department. For example, the department tracks the awarded tax credits to ensure that the tax credit cap is not exceeded. The DOR incurs some incremental costs as this is one of several tax credits that affects tax liability. There could be costs incurred during audits if the relevant taxpayer has claimed the credit. Or there could be more explicit and direct costs if the DOR chooses to undertake an audit project that focuses on the tax credit.

Similar Credits Allowed in Other States

It is unclear if other states offer a similar tax credit.

Appendix A: Legislative History

This appendix contains the legislative history for each tax credit included in this report. Statutory changes can be technical in nature or policy-oriented. Text in bold indicates changes that are more policy-oriented.

Statute	Tax Expenditure (TE) Name and TE Number (Number aligns with Governor's Tax Expenditure Report)

315.237 — 1.401 Employer Provided Scholarships

Year	Bill	Chapter	Section(s)	Policy
2001	**HB 2521**	**475**	**1-9**	**Enacting legislation**
2009	HB 2067	913	24	Established sunset of 1/1/2014
2011	SB 242	637	102	Definitional change aligning to other related statutory changes (Oregon Student Assistance Commission replaced by Oregon Student Access Commission)
2013	HB 3367	750	17	Sunset extended from 2014 to 2020

315.266 — 1.405 Earned Income

Year	Bill	Chapter	Section(s)	Policy
1997	**SB 388**	**692**	**3**	**Enacting legislation | Credit amount equal to 5% of federal earned income tax credit (EITC) | Credit not refundable and no carryforward allowed**
2001	HB 2777	114	33	Statutory grammar correction
2001	HB 2272	660	56	Specified Internal Revenue Code (IRC) date connection as IRC in effect on June 8, 2001
2003	HB 2186	77	12	Removed IRC date connection language (IRC connection became part of ORS 314.011)
2005	**SB 31**	**832**	**54, 57, 59**	**Made Oregon EITC refundable beginning 1/1/2006 | Increased credit amount to 6% of federal EITC beginning 1/1/2008 | Sunset refundability for OR EITC as of 1/1/2011**
2007	HB 2810	880	2	Extended refundability through tax year 2013 | Full sunset of credit set to 1/1/2014
2013	3367	750	1	Sunset extended to 1/1/2020
2013 S.S.	**HB 3601**	**5**	**6d**	**Increased OR EITC to 8% of federal EITC effective beginning with tax year 2014**
2016	**HB 4110**	**98**	**1**	**Increased OR EITC to 11% of federal EITC for taxpayers with a dependent under the age of 3 at end of tax year (beginning TY 2017)**

315.622 — 1.408 Volunteer Rural Emergency Medical Services Providers

Year	Bill	Chapter	Section(s)	Policy
2005	**SB 31**	**832**	**63,66**	**Enacting legislation | Credit equal to $250 made available to certified emergency medical technicians (EMTs) that provide volunteer EMT services in rural areas when at least 20% of the EMT's total technician services provided in that year are provided in rural areas**
2009	HB 2067	913	26	Extended sunset to 1/1/2014
2011	SB 234	703	31	Modified statutory terminology
2013	3367	750	16	Sunset extended to 1/1/2020

Statute	Tax Expenditure (TE) Name and TE Number (Number aligns with Governor's Tax Expenditure Report)
315.163-172	1.411 Agriculture Workforce Housing Construction

Year	Bill	Chapter	Section(s)	Policy
1989	**SB 734**	**963**	**2,4**	**Enacting legislation | Credit (non-refundable) equal to 50% of costs actually paid or incurred by taxpayer to complete farm-worker housing project | Credit taken over 5 years, equal instalments | 5 year carry forward of credit | Property requirements include: comply with all occupational safety or health laws, regulations, rules and standards, registered by BOLI, operated by indorsed farm-worker camp operator**
1991	**SB 857**	**766**	**3,4,5**	**Placed sunset of 1/1/1996 | Defined eligible costs | For builders, repealed requirement that housing be in compliance with safety and health standards, be registered and be operated by a licensed operator; instead required housing, upon completion, to comply with safety**
1991	HB 2162	877	10,34	Clarified eligibility of S corporations for their prorated share of business tax credits
1993	HB 2413	730	19,20,20a	Measure combined and moved business tax credits from ORS chapters 316, 317, & 318 into chapter 315
1995	SB 705	500	10	Property registration requirement moved from BOLI to DCBS
1995	**HB 2255**	**746**	**52,52a,58**	**Extended sunset to 12/31/2001 | Reduced credit to 30% of costs | Prohibited credit for housing occupied by owner or operator of the housing | Limited credit in an EFU zone to rehabilitation or existing farmworker housing or installation of manufactured housing | Credit certification authority given to DCBS | Credit approval required by DCBS and eligible costs limited to no more than estimated cost originally approved by DCBS | Limited total statewide certified costs to $3.3 million per year**
2001	HB 3171	613	13a,14	Eliminated distinction of seasonal or year-round farmworker and defined farmworker and farmworker housing
2001	HB 3172	625	2,3	Definitional modifications | DCBS oversight replaced by Housing and Community Services
2001	**HB 3173**	**868**	**1,3,4,5**	**Made credit permanent by eliminating 12/31/2001 sunset | Increased credit to 50% of eligible costs | Increased annual cap on certified project costs to $7.5 million (from previous $3.3) | Set period for claiming the credit to 10 years with no more than 20% of credit being claimed in any one year | Allowed owner or operator to transfer up to 80% of credit amount**
2003	**HB 2166**	**588**	**1,3,5,6a,7, 9,11,15**	**Added acquisition costs to eligible costs | Modified application deadlines | Allowed lending institution not subject to taxation to sell or transfer credit to taxpayer subject to taxation | Allowed entire credit to be sold (previously limited to 80%) | Decreased total annual**
2009	HB 2067	913	28	Placed sunset of 1/1/2014
2011	HB 2154	471	1,2,3,4	Modified definition of "farmworker" to include handling/processing of agricultural or aquacultural crops or products | Expanded definition of "contributor" to include a person who has purchased or received the credit | Makes exception to the provision barring credits for dwellings occupied by relatives of owner in case of manufactured dwelling park nonprofit cooperatives | Modified the definition of taxpayer to include tax-exempt entities | Allows housing occupants to include farmworkers who are retired or disabled | Allows occupant to be relative of housing owner/operator if housing is a manufactured dwelling
2013	HB 3367	750	18,19,20,2 1,22,23	Extended sunset to 1/1/2020 | Terminology modifications

Statute	Tax Expenditure
Note after 316.116	1.428 Manufactured Dwelling Park Closure

Year	Bill	Chapter	Section(s)	Policy
2007	**HB 2735**	**906**	**17,18**	**Enacting legislation | Credit available to individuals whose principal residence is a manufactured dwelling for which the rental agreement is being terminated due to exercise of eminent domain | Credit equal to $5,000 minus amounts paid to individual for exercise of eminent domain | Credit made refundable | Sunset 1/1/2013**
2009	HB 2067	913	33	Placed sunset of 1/1/2014
2013	HB 3367	750	33	Placed sunset of 1/1/2020
2015	SB 296	348	17	Non-substantive required statutory revision

Statute	Tax Expenditure (TE) Name and TE Number (Number aligns with Governor's Tax Expenditure Report)
315.154-156 (318.031)	1.430 Crop Donations

Year	Bill	Chapter	Section(s)	Policy
1977	**HB 3322**	**852**	**2**	**Enacting legislation | Credit equal to 10% of the value of the crop donated (gleaned) | Required certification by State Department of Agriculture | Defined terms**
1979	**HB 2255**	**622**	**2**	**Modified definition of "wholesale market price" | Eliminated donation certification requirements administered by State Department of Agriculture | Added requirements that crop is grown primarily to be sold for cash and that crop is still usable as food for human**
1985	HB 2487	521	3	Required gleaning to be done in Oregon | Non-substantive statutory revisions
1993	HB 2413	730	15,16,18	Measure combined and moved business tax credits from ORS chapters 316, 317, & 318 into chapter 315
1995	HB 2200	54	5	Allowed Department of Revenue to waive requirements of taxpayer to submit proof of eligibility when claiming income tax credits or deductions
1999	HB 2518	21	39,40	Non-substantive statutory revisions
2001	**HB 2718**	**222**	**1,2**	**Expanded list of recipients eligible to receive donated food to include food banks and other tax exempt organizations engaged in charitable food distribution | Change had effect of changing emphasis of credit from crop gleaning to crop donation (which includes, but is not limited to, gleaning)**
2009	**HB 2067**	**913**	**5**	**Placed sunset of 1/1/2012 (was allowed to sunset)**
2014	**SB 1541**	**115**	**1,2**	**Reinstated credit for tax years 2014 to 2019 | Increased the wholesale price allowed as credit to 15% from 10%**

Statute	TE Name
ORS 316.102	1.446 Political Contributions

Year	Bill	Chapter	Section(s)	Policy
1969	**HB 1572**	**432**	**2**	**Enacting Legislation | Credit equal to least of: amount contributed, 50% of total contribution with a max of $5 (S) $10 (J), tax liability of taxpayer**
1973	**HB 2221**	**119**	**3**	**Increased amount of credit to one-half of total contribution not to exceed $12.50 (S) $25 (J) | Disallowed tax credit if taxpayer has claimed a deduction for a political contribution on federal tax return | Modified definitional language**
1975	**SB 204**	**177**	**1**	**Increased amount of credit to one-half of total contribution not to exceed $25 (S) $50 (J) | Amended definitional language to which donations could be made**
1977	HB 2300	268	1	Modified language related to candidacy and trust, committee, association or organization to which voluntary donations can be made
1979	SB 376	190	413	Aligned credit statute with changes made elsewhere in measure
1985	HB 2011	802	6	IRC connection update
1987	**HB 2225**	**293**	**16**	**Limits on credit increased to $50 (S) $100 (J) and made credit equal to full amount of contribution up to credit limit (increased from half of contribution) | Eliminated language disallowing credit if taxpayer claimed a deduction for a political contribution on taxpayer's federal return | Defined "national political party" | Refined definitional language**
1989	HB 3130	986	1	Aligned definition of "national political party or to a committee thereof" with existing definitions provided elsewhere in statute
1993	HB 2276	797	27	Aligned credit with definitional changes to types of candidates and/or political parties made in other sections of measure
1995	B.M. 9	1	19	Disallows credit for political contributions to a state candidate that has not filed a declaration of limitation on expenditures per Ballot Measure 9 (1994) restrictions.
1995	SB 928	712	104	Statutory language alignment with Ch. 1 Section 19 (1995)
1999	SB 369	999	27	Removed Measure 9 restrictions on political contributions qualifying for the Political Contributions Tax Credit (aligned with 1994 Ballot Measure 9 provisions declared void by
2009	HB 2067	913	34	Placed sunset of 1/1/2014
2013	**HB 3367**	**750**	**6,7**	**Disallowed credit for taxpayers with FAGI > $200,000 (joint return) $100,000 (all others) | Sunset extended to 1/1/2020**

Statute	Tax Expenditure (TE) Name and TE Number (Number aligns with Governor's Tax Expenditure Report)
315.675	1.447 Oregon Cultural Trust

Year	Bill	Chapter	Section(s)	Policy
2001	**HB 2923**	**954**	**18,19**	**Enacting legislation | Tax credit equal to 100% of contributions to Cultural Development Account that are matched by an equal contribution to an Oregon cultural organization | Credit limited to: $500 (S) $1,000 (J) $2,500 corporations | Sunset 1/1/2013**
2009	HB 2067	913	35	Placed sunset of 1/1/2014
2013	HB 3367	750	8	Placed sunset of 1/1/2020
2015	HB 2478	629	39	Terminology modification, replaced "A husband and wife" with "Spouses in a marriage"

Statute	Tax Expenditure (TE) Name and TE Number
316.157-158	1.450 Certain Retirement Income

Year	Bill	Chapter	Section(s)	Policy
1991	**HB 2352**	**823**	**5,9**	**Enacting legislation | Grants income tax credit for all types of pensions | Credit set to 9% of eligible pension income | Limited eligible pension income to $7,500 (S) $15,000 (J) less social security retirement benefits and household income in excess of $15,000 (S) $30,000 (J) | Applicable to taxpayers ≥ 58 | Increased min age by 1 year each biennium stopping at 62 in**
1997	SB 1144	839	13	IRC connection date of 12/31/1996 | Eliminated eligibility of nonresident individual
1999	HB 2137	90	12	IRC connection date of 12/31/1998
2001	HB 2272	660	39	Eliminated IRC connection
2009	HB 2067	913	36	Placed sunset of 1/1/2014
2013	HB 3367	750	9	Placed sunset of 1/1/2020
2015	SB 296	348	19,22	Conforming language necessitated by repeal of ORS 310.630
2015	SB 36	480	9,10	Correction and conforming
2016	HB 4025	33	22	Update IRC "adjusted gross income" connection date to 12/31/2015
2017	SB 148	315	24	LC reviser bill: improved syntax and deleted outdated provisions
2017	SB 701	527	22	Update IRC "adjusted gross income" connection date to 12/31/2016
2018	SB 1529	101	22	Update IRC "adjusted gross income" connection date to 12/31/2017

Appendix B: HB 3542 Tax Credit List

The 2015 Legislature enacted HB 3542 which requires certain information to be included in this report. Specifically, tax credits that have a revenue impact that exceeds the estimate in the most recent revenue impact statement. The table below contains a list of the tax credits that were extended between 2011 and 2016, along with the estimated impact for tax year 2016 and the actual impact as reported on tax returns.

Estimates are broken down into two components - base and change. Some credits are claimed over multiple years or have carryforwards. For example, the Affordable Housing Lender's credit is claimed over 20 years. Even if the credit were to sunset, there would still be an impact on tax collections for up to two decades. The base estimate represents a baseline estimate of the revenue impact in 2016 that would have occurred without any policy change. If the base amount is zero, then the credit is a single year credit and has no carryforward.

The change estimate is the estimate directly attributable to the change in policy. The base and change estimates are added together to arrive at the total estimate. This total estimate is the full cost of the policy, baseline plus policy change.

Tax Credit Costs: Estimates vs Actuals

Tax Year 2016, $Millions

Tax Credit	Year of Estimate	Estimates			Actuals		
		Base	Change	Total	Total	Difference	
Agriculture Workforce Housing Construction	2013	$1.0	$0.1	$1.1	$2.6	$1.6	149%
Oregon Affordable Housing Lender	2011	$10.1	$2.6	$12.7	$9.5	-$3.1	-25%
Employer Provided Scholarships	2013	<50K	$0.1	$0.1	$0.0	$0.0	-51%
Earned Income Credit*	2013	$0.0	$37.5	$37.5	$46.2	$8.7	23%
Volunteer Rural EMS Providers	2013	$0.0	$0.2	$0.2	$0.1	$0.0	-27%
Manufactured Dwelling Park Closure	2013	<50K	$0.1	$0.1	$0.0	$0.0	-17%
Crop Donations	2014	$0.0	$0.4	$0.4	$0.1	-$0.3	-72%
Political Contributions	2013	$0.0	$8.2	$8.2	$6.1	-$2.1	-26%
Oregon Cultural Trust	2013	$0.0	$3.3	$3.3	$3.7	$0.5	15%
Certain Retirement Income	2013	$0.0	$0.9	$0.9	$0.7	-$0.2	-19%
Working Family Dependent Care	2015	$0.5	$31.4	$31.9	$36.1	$4.2	13%
IDA Contributions	2015	$0.4	$6.9	$7.3	$7.2	-$0.1	-1%
Oregon Vets Physician	2015	<50K	<50K	<50K	<50K		
Oregon Life & IGA	2015	<50K	<50K	<50K	<50K		
Severe Disability	2015	$0.0	$5.3	$5.3	$5.2	-$0.1	-1%
Child w/Disability	2015	$0.0	$4.6	$4.6	$3.6	-$1.0	-22%
Rural Medical Providers	2015	$8.1	$0.1	$8.2	$8.4	$0.2	2%
Office of Child Care Cont.	2015	$0.0	$0.4	$0.4	$0.5	$0.1	28%
Univ. Vent. Development	2016	$0.5	$0.5	$1.0	$0.9	-$0.1	-15%
Biomass Manure	2016	$5.1	-$1.5	$3.6	$3.5	-$0.1	-3%
Film & Video	2016	$10.0	$1.8	$11.8	$11.1	-$0.7	-6%
Total		***$35.6***	***$102.6***	***$138.2***	***$145.7***	***$7.5***	***5%***

*Includes OR 2013 Special Session and federal extension estimates

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