

# Opportunity Grant Contributions Auctioned Income Tax Credit

Joint Committee on Tax Expenditures

LRO | 3/24/2023



# Opportunity Grant Auctioned Credit

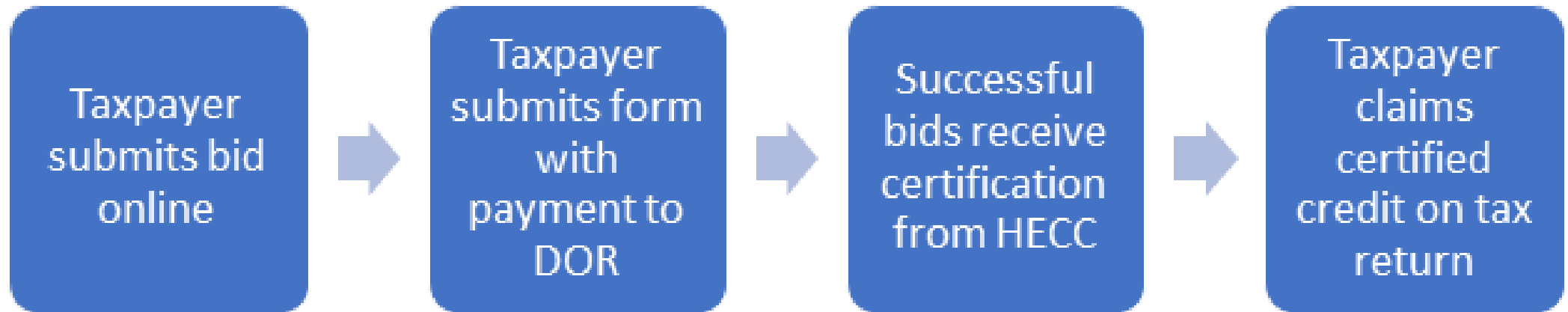
- Oregon Opportunity Grant: Oregon's largest state-funded need-based grant program for college students <https://www.oregon.gov/highered/research/Pages/state-financial-aid-data.aspx>
- **Purpose of Credit:** Establish an additional funding source for Opportunity Grant program, resulting in net increase in funding
  - Secondary purpose: work around SALT limitations
- Taxpayers purchase tax credits sold at auction held by Department of Revenue
- Proceeds of tax credit auction deposited into Opportunity Grant Fund
- Tax credits sold in \$500 increments, minimum auction bid price of \$450 (90% of credit face value)
- Non-refundable credit, 3-year carryforward
- Maximum \$14 million in credits sold at auction per fiscal year





# Opportunity Grant Auctioned Credit

## Tax Credit Auction Process





# SALT Limit Workaround

SALT limited to \$10,000

Itemized Deductions
Medical
<b>SALT</b>
Mortgage Int.
Charity
Other

Incentive to recategorize from SALT to charitable donation, if above \$10K

## SALT Workaround

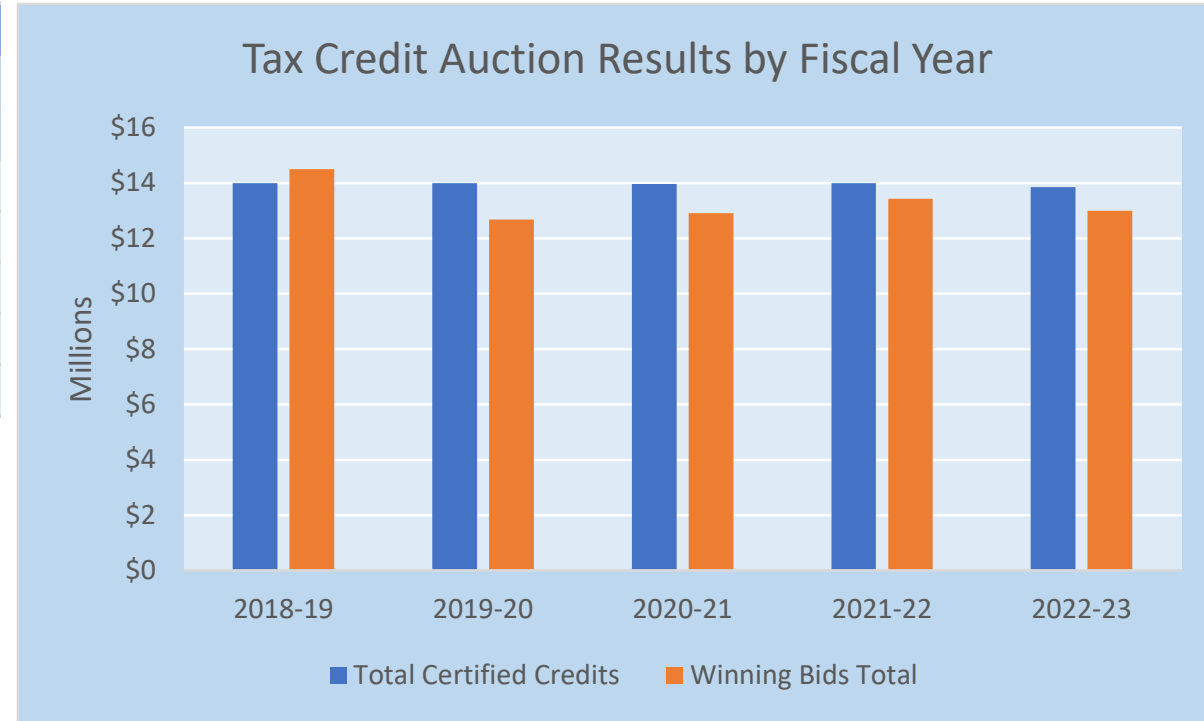
- Proposed IRS rules in August, 2018 (became final in 2019) eliminated this SALT workaround.
- Value of credit now subtracted from deductible charitable contribution





# Auction Results

Opportunity Grant Tax Credit Auction Results, by Fiscal Year (\$'s in Millions)					
	2018-19	Auctions Post IRS Rule Modification			
		2019-20	2020-21	2021-22	2022-23
<b>Total Certified Credits</b>	\$14.0	\$14.0	\$14.0	\$14.0	\$14.0
<b>Winning Bids Total</b>	\$14.6	\$12.7	\$13.0	\$13.5	\$13.2
<b>Admin. Costs</b>	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
<b>Net Auction Proceeds</b>	\$14.5	\$12.7	\$12.9	\$13.4	\$13.1
<b><i>Proceeds per \$ of Credit Cert.</i></b>	<b><i>\$1.04</i></b>	<b><i>\$0.91</i></b>	<b><i>\$0.92</i></b>	<b><i>\$0.96</i></b>	<b><i>\$0.94</i></b>



- In 2022-23, two auctions held, one in December (\$13.8M) and second in February for remaining credits
- Both auctions combined sold all but \$16,500 of available \$14M in credits

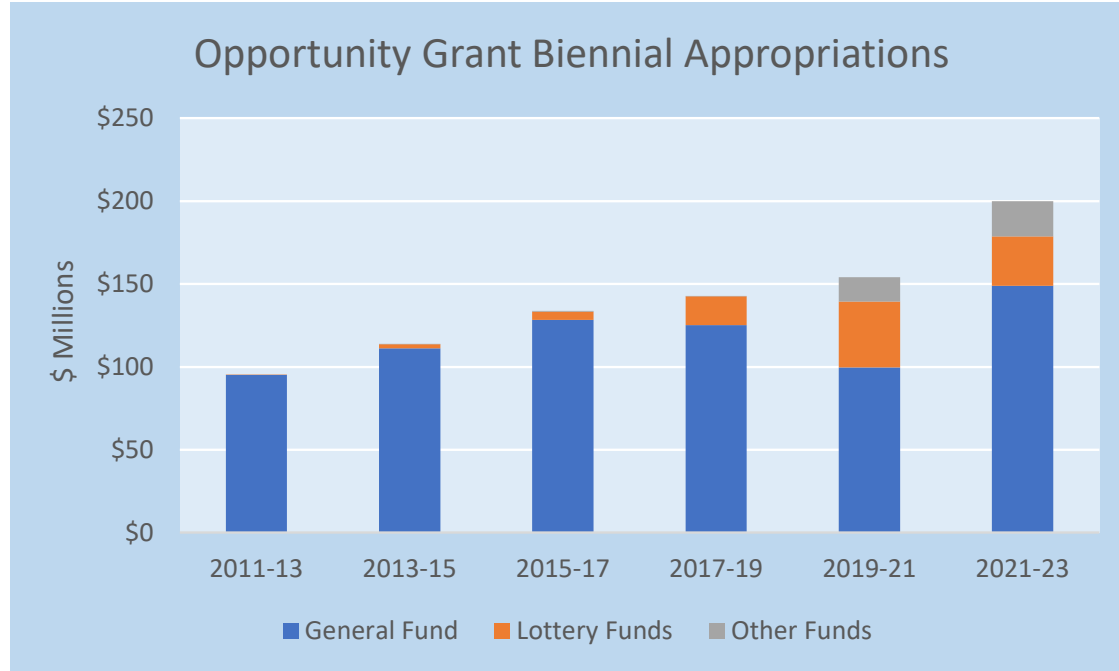




# Opportunity Grant Funding

Opportunity Grant Biennial Appropriations by Funding Source						
Fund Source	Actuals 2011-13	Actuals 2013-15	Actuals 2015-17	Actuals 2017-19	Actuals 2019-21	Approved 2021-23
General Fund	\$95,139,260	\$111,206,740	\$128,349,485	\$125,217,521	\$99,657,416	\$148,878,818
Lottery Funds	\$240	\$2,546,223	\$4,951,069	\$17,302,488	\$39,670,215	\$29,820,982
Other Funds	\$0	\$158,459	\$402,364	\$163,213	\$14,814,721	\$21,300,200
<b>Total</b>	<b>\$95,139,500</b>	<b>\$113,911,422</b>	<b>\$133,702,918</b>	<b>\$142,683,222</b>	<b>\$154,142,352</b>	<b>\$200,000,000</b>

Auction  
proceeds  
part of  
"Other"





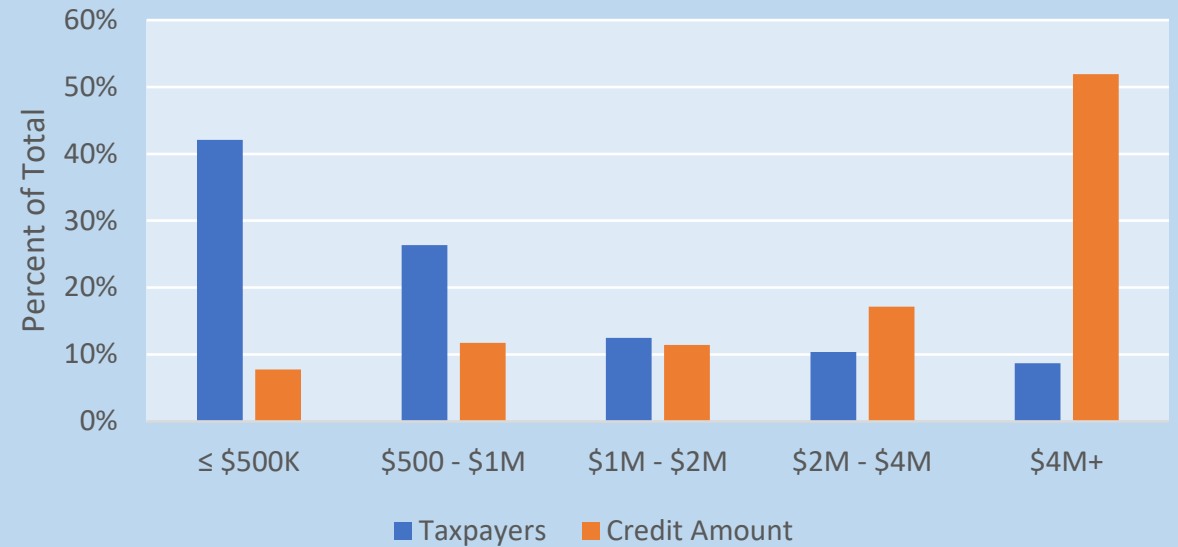
# Taxpayers Claiming the Credit

**Opp. Grant | OR FY Resident Personal Inc. Taxpayers | TYs 2018 - 2021**

AGI	--- Taxpayers ---		----- Credit Amount -----		
	Number	Pct. of Total	\$'s in Millions	Pct. of Total	Avg. Claimed
≤ \$500K	276	42%	\$4.0	8%	\$14,458
\$500 - \$1M	173	26%	\$6.0	12%	\$34,856
\$1M - \$2M	82	13%	\$5.9	11%	\$71,350
\$2M - \$4M	68	10%	\$8.8	17%	\$129,568
\$4M+	57	9%	\$26.6	52%	\$467,203
<b>Total</b>	<b>656</b>	<b>100%</b>	<b>\$51.3</b>	<b>100%</b>	<b>\$78,220</b>

Note: Includes preliminary tax year 2021 data

**Opp. Grant Credit | OR FY Resident Taxpayers 2018 through 2021**



# Legislative Revenue Office

<https://www.oregonlegislature.gov/lro>

503-986-1266

State of Oregon

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