

APPENDIX A: OREGON STATUTE REQUIRING TAX EXPENDITURE REPORT

68th OREGON LEGISLATIVE ASSEMBLY—1995 Regular Session

Oregon Laws 1995, Chapter 746

SECTION 61. Sections 62, 63, and 65 of this Act may be cited as the Budget Accountability Act.

SECTION 62. (1) The Legislative Assembly hereby declares that the ability to make fiscally sound and effective spending decisions has been enhanced by requiring agencies and programs to develop performance measures and to evaluate all General Fund, State Lottery Fund and other expenditures in accordance with these performance measures. Fiscal pressure on this state requires even greater accountability and necessitates a review of the fairness and efficiency of all tax deductions, tax exclusions, tax subtractions, tax exemptions, tax deferrals, preferential tax rates and tax credits. These types of tax expenditures are similar to direct government expenditures because they provide special benefits to favored individuals or businesses, and thus result in higher tax rates for all individuals.

(2) The Legislative Assembly further finds that 76 percent of property in this state is exempt from property taxation and that income tax expenditures total billions of dollars per biennium. An accurate and accountable state budget should reflect the true costs of tax expenditures and should fund only those tax expenditures that are effective and efficient uses of limited tax dollars.

(3) The Legislative Assembly declares that it is in the best interest of this state to have prepared a biennial report of tax expenditures that will allow the public and policy makers to identify and analyze tax expenditures and to periodically make criteria-based decisions on whether the expenditures should be continued. The tax expenditure report will allow tax expenditures to be debated in conjunction with online budgets and will result in the elimination of inefficient and inappropriate tax expenditures, resulting in greater accountability by state government and a

lowering of the tax burden on all taxpayers.

SECTION 63. As used in ORS 291.202 to 291.222, "tax expenditure" means any law of the Federal Government or this state that exempts, in whole or in part, certain persons, income, goods, services or property from the impact of established taxes, including but not limited to tax deductions, tax exclusions, tax subtractions, tax exemptions, tax deferrals, preferential tax rates and tax credits.

SECTION 64. ORS 291.202 is amended to read:

291.202. (1) Except as otherwise provided in ORS 291.222, the Governor shall prepare in each even-numbered year [*a budget report*] for the biennium beginning July 1 of the following year:

- (a) A budget report; and
- (b) A tax expenditure report.

(2) The Oregon Department of Administrative Services shall advise and assist the Governor in the preparation of the budget report and tax expenditure report and shall perform such duties in connection therewith as the Governor requires.

(3) The Department of Revenue shall advise and assist the Governor in the preparation of the tax expenditure report.

SECTION 65. (1) Not later than November 10 of each even-numbered year, the Governor shall cause the tax expenditure report to be compiled and prepared for printing.

(2) In the tax expenditure report, the Governor shall:

- (a) List each tax expenditure;
- (b) Identify the statutory authority for each tax expenditure;
- (c) Describe the purpose of each tax expenditure;
- (d) Estimate the amount of revenue loss caused by each tax expenditure for the coming biennium;

(e) List the actual amount of revenue loss in the preceding biennium for each tax expenditure or an estimate if the actual amount cannot be determined;

(f) Determine whether each tax expenditure is the most fiscally effective means of achieving each purpose of the tax expenditure;

(g) Determine whether each tax expenditure has successfully achieved the purpose for which the tax expenditure was enacted and currently serves, including an analysis of the persons that are benefited by the expenditure; and

(h) Categorize each tax expenditure according to the programs or functions each tax expenditure supports.

SECTION 66. ORS 291.210 is amended to read:

291.210. (1) The Oregon Department of Administrative Services, in connection with its direct studies of the operations, plans and needs of state agencies and of the existing and prospective sources of income, shall prepare a tentative budget plan **and tentative tax expenditure report** for the two fiscal years for which a budget report [is] **and tax expenditure report** are required to be prepared.

(2) **The Department of Revenue shall advise and assist in the preparation of the tentative tax expenditure report.**

SECTION 67. ORS 291.214 is amended to read:

291.214. The Governor, during the preparation of the budget report and before its submission to the Legislative Assembly, shall:

(1)(a) Examine the budget forms filed by the various agencies [*The Governor*] **and** may make or cause to be made such further investigations by the Oregon Department of Administrative Services, with such hearings before the Governor or any state agency, as the Governor deems advisable, and may make such changes or revisions in policy and program and in specific details of the tentative budget report **or tentative tax expenditure report** as the Governor finds warranted ; **and** [.]

(b) **Identify each tax expenditure that has a full or partial sunset that, if allowed to take effect, will have a fiscal impact on the state or on school districts for**

the next biennium, and shall prepare a recommendation as to each tax expenditure identified under this paragraph that indicates the Governor's opinion on whether the full or partial sunset of the tax expenditure should be allowed to take effect as scheduled or should be revised to a different date.

(2) As used in this section:

(a) "Full sunset" means any provision that completely eliminates an existing tax expenditure on a specified date.

(b) "Partial sunset" means any provision that reduces the amount of an existing tax expenditure or that alters the eligibility requirements for the expenditure as of a specified date.

SECTION 67a. **If Senate Bill 251 becomes law, section 19, chapter 610, Oregon Laws 1995 (Enrolled Senate Bill 251) (amending ORS 291.214), is repealed.**

SECTION 68. ORS 291.216 is amended to read:

291.216. (1) Not later than November 10 of each even-numbered year the Governor shall cause the budget report to be compiled and prepared for printing.

(2) The budget report shall include a budget message prepared by the Governor, including recommendations of the Governor with reference to the fiscal policy of the state government for the coming biennium, describing the important features of the budget plan, embracing a general budget summary setting forth the aggregate figures of the budget report so as to show a balanced relation between the total proposed expenditures and the total anticipated income, with the basis and factors on which the estimates are made, the amount to be borrowed, and other means of financing the estimated expenditures for the ensuing biennium, compared with the corresponding figures for at least the last completed biennium and the current biennium.

(3) The budget plan shall be supported by explanatory schedules or statements, classifying the expenditures reported therein, both past and proposed, by organization units, objects and funds, and the income by organization units, sources and funds, and the proposed amount of new borrowing as well as proposed new tax or revenue sources, including a single comprehen

sive list of all proposed increases in fees, licenses and assessments assumed in the budget plan.

(4) The budget plan shall be submitted for all dedicated funds, as well as the state General Fund, and shall include the estimated amounts of federal and other aids or grants to state agencies or activities provided for any purpose whatever, together with estimated expenditures therefrom.

(5) The budget report shall embrace the detailed estimates of expenditures and revenues. It shall include statements of the bonded indebtedness of the state government, showing the actual amount of the debt service for at least the past biennium, and the estimated amount for the current biennium and the ensuing biennium, the debt authorized and unissued, the condition of the sinking funds and the borrowing capacity. **It shall contain the Governor's recommendations concerning tax expenditures identified under ORS 291.214.** It shall also contain any statements relative to the financial plan which the Governor may deem desirable or which may be required by the legislature.

(6) The budget plan shall use the estimated revenues under ORS 291.342 for the fiscal year in which the plan is submitted as the basis for total anticipated income under subsection (2) of this section, subject to such adjustment as may be necessary to reflect accurately projections for the next biennium.

(7) As supplemental information to the budget report, the Governor shall publish an existing level tentative budget plan for the two fiscal years for which the budget report is required. This summary budget shall reflect only existing revenues estimated under subsection (6) of this section; subject to such adjustment as may be necessary to reflect accurately projections for the next biennium. The supplemental information to the budget report shall be submitted at the same time as the budget report.

SECTION 69. ORS 291.218 is amended to read:

291.218. Except when the Governor under whose supervision the budget report [*has*] **and the tax expenditure report have** been prepared will be succeeded in office in January next following:

(1) The Oregon Department of Administrative Services shall have as many copies of the approved budget report **and the tax expenditure report** printed as the Governor directs.

(2) Not later than December 1 of each even-numbered year, the Governor shall transmit a copy [*thereof*] **of each report** to each member of the legislature who is to serve during the next session.

(3) Upon request, the Governor shall distribute copies free of charge, under such regulations as the Governor may establish, to public libraries, schools and state officials. The Governor shall make copies available to the general public at a reasonable charge for each copy.

SECTION 70. ORS 291.220 is amended to read:

291.220. The Governor, upon request, shall furnish the Legislative Assembly any further information required concerning the budget report **and the tax expenditure report**. The Oregon Department of Administrative Services, upon request, shall furnish a representative to assist the Legislative Assembly, its Joint Committee on Ways and Means, appointed under ORS 171.555, and the Legislative Revenue Officer in the consideration of the budget report, **the tax expenditure report** and any accompanying measures.

SECTION 71. ORS 291.222 is amended to read:

291.222. If the Governor under whose supervision the budget report **and tax expenditure report have** [*has*] been prepared will be succeeded in office in January next following:

(1) The Oregon Department of Administrative Services shall make available to the Governor-elect so much as the Governor-elect requests of the information upon which the tentative budget report **and tentative tax expenditure report are** [*is*] based, and upon completion of [*the tentative budget*] **each report** shall supply the Governor-elect with a copy [*thereof*] **of each report** but shall not cause the tentative budget report **or tentative tax expenditure report** to be printed and distributed. The department shall also make available to the Governor-elect all facilities of the department reasonably necessary to permit the Governor-elect to review and become familiar with the tentative budget report **or tentative tax expenditure report**.

(2) After a review of the tentative budget report **or tentative tax expenditure report** the Governor-elect may prepare revisions and additions thereto. The **Oregon Department of Administrative Services and the Department of Revenue** shall assist, upon re-

quest, in the preparation of such revisions or additions.

(3) The **Oregon Department of Administrative Services** shall have **printed** as many copies of the revised budget report [*printed*] **and revised tax expenditure report** as the Governor-elect requests.

(4) (a) Not later than the convening of the next Legislative Assembly the **Oregon Department of Administrative Services** shall transmit a copy of a summary of the revised budget report containing the revenue and expenditure recommendations of the Governor-elect and **a summary of the revised tax expenditure report estimating the amount of revenue loss caused by each tax expenditure.**

(b) Not later than February 1, the **Oregon Department of Administrative Services** shall transmit a copy of the revised budget report **and revised tax expenditure report** to each member of the Legislative Assembly.

(5) Upon request, the department shall distribute copies of the revised budget report **and revised tax expenditure report** free of charge, under such regulations as it may establish, to public libraries, schools and state officials. It shall make copies of the revised budget report **and revised tax expenditure report** available to the general public at a reasonable charge for each copy.

SECTION 72. ORS 173.820 is amended to read:

173.820. Pursuant to policies and directions of the appointing authority, the Legislative Revenue Officer shall:

(1) Upon written request of a member of the Legislative Assembly or any committee thereof, prepare or assist in the preparation of studies and reports and provide information and research assistance on matters relating to taxation and to the revenue of this state and to any other relevant matters.

(2) (a) Ascertain facts concerning revenues and make estimates concerning state revenues ; and [.]

(b) **Ascertain facts and make recommendations to the Legislative Assembly concerning the Governor's tax expenditure report.**

(3) Prepare analyses of and recommendations on the fiscal impact of all revenue measures before the Legislative Assembly and of all other measures affecting the revenue of this state.

(4) Perform such duties as may be directed by joint or concurrent resolution of the Legislative Assembly.

(5) Adopt rules relating to the submission, processing and priorities of requests. Rules adopted under this subsection shall be in conformance with any applicable rule of the House of Representatives or the Senate. Requests made by joint or concurrent resolution of the Legislative Assembly shall be given priority over other requests received or initiated by the Legislative Revenue Officer. Rules adopted under this subsection shall be reviewed and approved by the appointing authority prior to their adoption.

(6) Seek the advice and assistance of political subdivisions of this state, governmental agencies and any interested persons, associations or organizations in the performance of the duties of the Legislative Revenue Officer.

(7) Enter into such contracts as considered necessary by the appointing authority to carry out the functions of the Legislative Revenue Officer.

(8) Perform such other duties as may be prescribed by law.

SECTION 73. ORS 176.110 is amended to read:

176.110. (1) The person elected to the office of Governor may take any action prior to the date the official term of office commences that is necessary to enable the Governor to exercise on such date the powers and duties of the office of Governor.

(2) The Governor-elect shall cause the budget report **and the tax expenditure report** for the biennium beginning July 1 of the year in which the Governor takes office to be compiled and prepared for printing as required in ORS 291.222.

(3) All necessary expenses of the Governor-elect incurred in carrying out the provisions of this section shall be audited by the Secretary of State and paid from any funds appropriated for this purpose in the same manner as other claims against the state are paid.

SECTION 74. Sections 63 and 65 of this Act are added to and made a part of ORS 291.202 to 291.222.

SECTION 75. If Senate Bill 719 becomes law, sections 61 to 74 of this Act are repealed.

Approved by the Governor July 19, 1995
Filed in the office of Secretary of State July 21, 1995
Effective date September 9, 1995

APPENDIX B: CONTRIBUTORS

This report was developed by the following members of the Department of Revenue Research Section, with assistance from numerous Department of Revenue and other state agency personnel:

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The following agencies evaluated the effectiveness of the tax expenditures and provided other important information:

<p>Agriculture, Department of</p> <p>Aviation, Department of</p> <p>Budget and Management Division</p> <p>Consumer and Business Services Department</p> <p>Economic and Community Development Department</p> <p>Education, Department of</p> <p>Employment Department</p> <p>Energy, Office of</p> <p>Environmental Quality, Department of</p> <p>Fish and Wildlife, Department of</p> <p>Forestry Department</p> <p>Geology and Mineral Industries, Department of</p> <p>Housing and Community Services Department</p> <p>Human Resources, Department of</p> <p style="padding-left: 20px;">Adult and Family Services Division</p> <p style="padding-left: 20px;">Senior and Disabled Services Division</p> <p style="padding-left: 20px;">State Office for Services to Children</p> <p>and Families</p>	<p>Land Conservation and Development, Dept. of</p> <p>Lottery, Oregon State</p> <p>Liquor Control Commission</p> <p>Marine Board</p> <p>Military Department</p> <p>Oregon Health Plan Policy and Research</p> <p>Oregon University System</p> <p>Public Utility Commission</p> <p>Parks and Recreation Department</p> <p>Rural Health, Office of</p> <p>Secretary of State</p> <p>State Lands Division</p> <p>Library, Oregon State</p> <p>Transportation, Department of</p> <p>Treasury, Oregon State</p> <p>Veterans' Affairs, Department of</p>
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APPENDIX C: TAX PROGRAMS WITHOUT TAX EXPENDITURES

Amusement Device Tax

Gift and Inheritance Taxes

Real Estate Recording Tax

Timber Severance Taxes

APPENDIX D: NEW, MODIFIED OR EXPIRED TAX EXPENDITURES

This appendix contains a list of tax expenditures that have been created, modified or have expired since the publication of the *1999-01 Tax Expenditure Report*. The new and modified expenditures are those that were created or changed during Oregon's 1999 Legislative session. For a detailed description of these expenditures, refer to the relevant chapter in this publication. Expired expenditures are those expenditures that have sunset and have no revenue impact in either the 1999-01 or 2001-03 biennium; consequently, they are not included in this report. For a detailed description of the expired expenditures, refer to the *1999-01 Tax Expenditure Report*. This appendix does not reference the creation, modification or expiration of expenditures that result from Oregon's connection to the federal definition of taxable income.

NEW TAX EXPENDITURES

1.090	Income Tax	Exclusion	Expatriate residential status
1.091	Income Tax	Subtraction	Land Donated to Schools
1.092	Income Tax	Subtraction	Oregon Qualified Tuition Savings
1.093	Income Tax	Subtraction	Scholarship Awards Used for Housing Expenses
1.094	Income Tax	Subtraction	Individual Development Accounts (Exclusion)
1.104	Income Tax	Subtraction	Out-of-State Financial Institution
1.119	Income Tax	Credit	Individual Development Accounts (Credit)
1.121	Income Tax	Credit	Qualified Adoption Expense
1.125	Income Tax	Credit	Long Term Care Insurance
2.007	Property Tax	Full	Leased Health Care Property
2.008	Property Tax	Partial	Long Term Care Facilities
2.030	Property Tax	Exemption	Low Income Multi-Unit Housing
2.044	Property Tax	Partial	Agricultural Commodity Cleaning Property
2.055	Property Tax	Full	Environmentally Sensitive Logging Equipment
2.100	Property Tax	Full	Volunteer Fire Department Property

MODIFIED TAX EXPENDITURES

1.111	Income Tax	Subtraction	Federal Pension Income
1.113	Income Tax	Subtraction	Federal Income Tax Deduction
1.123	Income Tax	Credit	Rural Medical Practice
1.135	Income Tax	Credit	Working Family Child Care
1.138	Income Tax	Credit	First Break Program
1.146	Income Tax	Credit	Pollution Control
1.151	Income Tax	Credit	Alternative Energy Devices (Residential)
1.152	Income Tax	Credit	Business Energy Facilities
1.160	Income Tax	Credit	Political Contributions
2.010	Property Tax	Deferral	Senior Deferral Program
2.011	Property Tax	Full Exemption	Enterprise Zone Businesses
2.038	Property Tax	Partial Exemption	War Veterans and Their Spouses
2.052	Property Tax	Partial Exemption	Pollution Control Facilities
2.059	Property Tax	Special Assessment	Western Private Forest Land
2.062	Property Tax	Special Assessment	Eastern Private Forest Land

EXPIRED TAX EXPENDITURES

Income Tax	Credit	Fish Gleaning (Seafood) Credit
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APPENDIX E: PERSONAL AND CORPORATION INCOME TAX EXPENDITURES

Personal Income Tax Expenditures				Revenue Impact	
Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	(\$ Thousands) 1999-01	2001-03
<i>Federal Exclusions</i>					
1.001 Scholarship and Fellowship Income	Education	1954	316.048	8,000	9,300
1.002 Interest on Education Savings Bonds	Education	1988	316.048	100	100
1.003 Earnings on Education IRAs	Education	1997	316.048	300	300
1.004 Public Assistance Benefits	Human Resources	1930s	316.048	9,700	10,500
1.005 Certain Foster Care Payments	Human Resources	1982	316.048	3,500	3,800
1.006 Employee Adoption Benefits	Human Resources	1996	316.048	400	100
1.007 Cafeteria Plan Benefits	Human Resources	1974	316.048	51,900	60,500
1.008 Employer Paid Medical Benefits	Human Resources	1918	316.048	435,300	491,900
1.009 Pension Contributions and Earnings	Human Resources	1921	316.048	543,200	595,000
1.010 Hospital Insurance (Part A)	Human Resources	1965	316.048	125,200	138,900
1.011 Supplementary Medical Insurance (Part B)	Human Resources	1970	316.048	70,800	89,800
1.012 Special Benefits for Disabled Coal Miners	Human Resources	1969	316.048	Less than 50	Less than 50
1.013 Social Security Benefits (Federal)	Human Resources	1938	316.048	208,200	230,700
1.014 Accelerated Depreciation of Buildings	Economic/Community	1954	316.048/317.013	4,200	3,100
1.015 Accelerated Depreciation of Equipment	Economic/Community	1954	316.048/317.013	46,400	42,300
1.016 Income Earned Abroad by U.S. Citizens	Economic/Community	1926	316.048	17,300	20,300
1.018 Magazine, Paperback, and Record Returns	Economic/Community	1978	316.048/317.013	100	100
1.019 Cash Accounting, Other than Agriculture	Economic/Community	1916	316.048/317.013	700	700
1.020 Regional Economic Development Incentives	Economic/Community	1993	316.048/317.013	1,000	1,000
1.022 Employer Paid Group Life Insurance Premiums	Economic/Community	1920	316.048	15,000	16,700
1.023 Employer Paid Accident and Disability Insurance	Economic/Community	1954	316.048	1,500	1,500
1.024 Employer Provided Dependent Care	Economic/Community	1981	316.048	2,900	3,700
1.025 Miscellaneous Fringe Benefits	Economic/Community	1984	316.048	49,000	56,000
1.026 Employee Meals and Lodging (Non-Military)	Economic/Community	1918	316.048	5,800	6,300
1.027 Employee Stock Ownership Plans	Economic/Community	1974	316.048/317.013	1,500	1,500
1.028 Employee Awards	Economic/Community	1986	316.048	700	700
1.029 Employer Provided Education Benefits	Economic/Community	1997	316.048	2,600	400
1.030 Accelerated Depreciation of Rental Housing	Economic/Community	1954	316.048/317.013	10,400	11,500
1.031 Capital Gains on Home Sales	Economic/Community	1997	316.048	134,100	136,900
1.032 Veteran's Benefits and Services	Economic/Community	1917	316.048	16,300	17,800
1.033 Military and Dep. CHAMPUS/TRICARE Insurance	Economic/Community	1925	316.048	10,700	11,000
1.034 Agriculture Cost-Sharing Payments	Natural Resources	1978	316.048/317.013	100	100
1.035 Cancellation of Debt for Farmers	Natural Resources	1986	316.048	300	300
1.038 Employer Paid Transportation Benefits	Transportation	1992	316.048	25,300	26,200
1.039 Life Insurance Investment Income	Insurance and Financial	1913	316.048/317.013	161,200	172,800
1.040 Workers' Compensation Benefits	Insurance and Financial	1918	316.048	43,600	48,700
1.041 Workers' Compensation Benefits (Medical)	Insurance and Financial	1918	316.048	38,900	42,700
1.044 Imputed Interest Rules	Tax Administration	1964	316.048/317.013	1,400	1,400
1.045 Gain on Non-Dealer Installment Sales	Tax Administration	1921	316.048/317.013	2,100	2,100
1.046 Gain on Like-Kind Exchanges	Tax Administration	1921	316.048/317.013	2,800	2,800
1.047 Allowances for Federal Employees Abroad	Government	1943	316.048	400	600
1.048 Interest on Oregon State and Local Debt	Government	1913	316.048	77,800	79,400
1.049 Capital Gains on Inherited Property	Social Policy	1921	316.048	254,300	289,100
1.050 Capital Gains on Gifts	Social Policy	1921	316.048	25,000	29,900
1.051 Gain on Involuntary Conversions in Disaster Areas	Social Policy	1996	316.048	100	100
1.052 Voluntary Employees Beneficiary Association	Social Policy	1928	316.048	10,100	11,500

Appendix E

Personal Income Tax Expenditures (cont.)

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)	
				1999-01	2001-03
1.053 Rental Allowances for Ministers' Homes	Social Policy	1921	316.048	2,800	2,800
1.054 Military Disability Benefits	Social Policy	1942	316.048	700	700
<i>Federal Deductions</i>					
1.055 Interest on Student Loans	Education	1997	316.048	3,500	3,900
1.056 Charitable Contributions: Education	Education	1917	316.695/317.013	27,600	32,800
1.057 Charitable Contributions: Health	Human Resources	1917	316.695/317.013	20,800	24,700
1.058 Medical and Dental Expenses	Human Resources	1942	316.695	58,200	63,100
1.059 Self-Employment Health Insurance	Human Resources	1986	316.048	12,500	14,300
1.060 Medical Savings Accounts (Federal)	Human Resources	1996	316.048	200	300
1.061 IRA Contributions and Earnings	Human Resources	1974	316.048	86,300	102,500
1.062 Keogh Plan Contributions and Earnings	Human Resources	1962	316.048	35,000	36,700
1.063 Removal of Architectural Barriers	Human Resources	1976	316.048/317.013	Less than 50	Less than 50
1.065 Research and Development Costs	Economic/Community	1954	316.048/317.013	Less than 50	Less than 50
1.066 Section 179 Expensing Allowances	Economic/Community	1959	316.048/317.013	3,800	3,500
1.067 Amortization of Business Start-Up Costs	Economic/Community	1980	316.048/317.013	2,100	2,800
1.069 Moving Expenses	Economic/Community	1964	316.048	2,500	2,400
1.070 Homeowner Property Taxes	Economic/Community	1913	316.695	175,600	186,300
1.071 Home Mortgage Interest	Economic/Community	1913	316.695	673,400	755,200
1.072 Cash Accounting for Agriculture	Natural Resources	1916	316.048/317.013	5,500	6,000
1.073 Soil and Water Conservation Expenditures	Natural Resources	1954	316.048/317.013	200	200
1.074 Fertilizer and Soil Conditioner Costs	Natural Resources	1960	316.048/317.013	600	600
1.075 Costs of Raising Dairy and Breeding Cattle	Natural Resources	1916	316.048/317.013	800	1,000
1.076 Redevelopment Costs in Contaminated Areas	Natural Resources	1997	316.048/317.013	Less than 50	Less than 50
1.077 Multi-Period Timber Growing Costs	Natural Resources	1986	316.048/317.013	Less than 50	Less than 50
1.079 Depletion Costs for Nonfuel Minerals	Natural Resources	1913	316.048/317.013	700	700
1.080 Mining Reclamation Reserves	Natural Resources	1984	316.048/317.013	100	100
1.085 Magazine Circulation Expenditures	Tax Administration	1950	316.048/317.013	100	100
1.087 Completed Contract Rules	Tax Administration	1986	316.048/317.013	100	100
1.088 Casualty and Theft Losses	Social Policy	1913	316.695	1,300	1,200
1.089 Charitable Contributions: Other	Social Policy	1917	316.695/317.013	176,600	210,000
<i>Oregon Subtractions</i>					
1.090 Expatriate residential status	Economic/Community	1999	316.027	3,100	1,600
1.091 Land Donated to Schools	Education	1999	316.848/317.485	Less than 50	Less than 50
1.092 Oregon Qualified Tuition Savings	Education	1999	348.844/316.680	Less than 50	700
1.093 Scholarship Awards Used for Housing Expenses	Education	1999	316.846	Less than 50	Less than 50
1.094 Individual Development Accounts (Exclusion)	Economic/Community	1999	315.271	#VALUE!	Less than 50
1.095 JOBS Plus Participants	Human Resources	1995	316.680(1)(f)	Less than 50	Less than 50
1.096 Medical Savings Accounts (Oregon)	Human Resources	1997	316.743	Less than 50	Less than 50
1.097 Physicians in "Medically Disadvantaged" Areas	Human Resources	1973	316.076	0	0
1.098 Additional Deduction for Elderly or Blind	Human Resources	1989	316.695(8)	15,200	14,900
1.099 Additional Medical Deduction for Elderly	Human Resources	1991	316.695 (1)(d)(B)	51,100	55,200
1.100 Social Security Benefits (Oregon)	Human Resources	1985	316.054	183,600	242,900
1.101 Donations of Art by the Artist	Economic/Community	1979	316.838	Less than 50	Less than 50
1.102 Capital Gains from Oregon Reinvestment	Economic/Community	1995	316.874	200	Less than 50
1.103 Local Private Activity Bond Interest	Economic/Community	1987	316.056	400	400
1.105 Service in Vietnam on Missing Status	Economic/Community	1973	316.074	0	0
1.106 Oil Heat Tank Cleanup Costs	Natural Resources	1991	316.746	0	0
1.107 Underground Storage Tank Grants	Natural Resources	1991	316.834/317.383	Less than 50	Less than 50

Personal Income Tax Expenditures (cont.)

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)	
				1999-01	2001-03
1.108 Cash Payments for Energy Conservation	Natural Resources	1981	316.744/317.386	200	200
1.110 Income Earned in "Indian Country"	Government	1977	316.777	2,600	2,900
1.111 Federal Pension Income	Government	1998	316.680(1)(g)	98,000	202,000
1.112 Oregon State Lottery Prizes	Government	1985	461.560	54,000	49,600
1.113 Federal Income Tax Deduction	Social Policy	1929	316.680/316.695	470,600	695,700
1.114 Military Active Duty Pay	Social Policy	1969	316.680/316.789	4,200	4,300
1.115 Interest and Dividends on U.S. Obligations	Federal Law	1970	316.680	48,000	50,200
<i>Oregon Credits</i>					
1.116 Child Development Program Contributions	Education	1991	315.234	Less than 50	Less than 50
1.117 Youth Apprenticeship Sponsorship	Education	1991	315.254	0	0
1.119 Individual Development Accounts (Credit)	Economic/Community	1999	315.271	Less than 50	Less than 50
1.120 Earned Income Credit	Human Resources	1997	315.266	16,300	18,000
1.121 Qualified Adoption Expense	Human Resources	1999	315.274	900	1,800
1.122 Bone Marrow Transplant Expense	Human Resources	1991	315.604	Less than 50	Less than 50
1.123 Rural Medical Practice	Human Resources	1989	316.143	9,100	9,700
1.124 Costs in lieu of Nursing Home Care	Human Resources	1979	316.147-316.149	Less than 50	Less than 50
1.125 Long Term Care Insurance	Human Resources	1999	315.610	Less than 50	Less than 50
1.126 Disabled Child	Human Resources	1985	316.099	2,300	2,600
1.127 Elderly or Permanently Disabled	Human Resources	1969	316.087	100	100
1.128 Loss of Limbs	Human Resources	1973	316.079	Less than 50	Less than 50
1.129 Severe Disability	Human Resources	1985	316.758	4,600	6,100
1.130 Oregon Capital Corporation Investments	Economic/Community	1987	315.504	0	0
1.134 Child and Dependent Care	Economic/Community	1975	316.078	10,900	9,900
1.135 Working Family Child Care	Economic/Community	1997	315.262	7,400	30,000
1.136 Dependent Care Assistance	Economic/Community	1987	315.204	Not Available	Not Available
1.137 Dependent Care Facilities	Economic/Community	1987	315.208	0	0
1.138 First Break Program	Economic/Community	1995	315.259	100	100
1.139 Farm-Worker Housing Construction	Economic/Community	1989	315.164	200	200
1.141 Involuntary Mobile Home Moves	Economic/Community	1991	316.153	Less than 50	Less than 50
1.143 Crop Gleaning	Natural Resources	1977	315.156	Less than 50	Less than 50
1.144 Alternatives to Field Burning	Natural Resources	1975	468.150	Incl. in 1.146	Incl. in 1.146
1.145 Pollution Prevention	Natural Resources	1995	315.311	200	100
1.146 Pollution Control	Natural Resources	1967	315.304	1,700	1,800
1.147 Reclaimed Plastics	Natural Resources	1985	315.324	Less than 50	Less than 50
1.148 Sewer Connection	Natural Resources	1987	316.095	3,000	1,000
1.149 Fish Habitat Improvement	Natural Resources	1981	315.134	Less than 50	Less than 50
1.150 Fish Screening Devices	Natural Resources	1989	315.138	Less than 50	Less than 50
1.151 Alternative Energy Devices (Residential)	Natural Resources	1977	316.116	3,600	1,300
1.152 Business Energy Facilities	Natural Resources	1979	315.354	1,600	2,100
1.154 Geothermal Heating System Connection	Natural Resources	1979	316.086	Less than 50	Less than 50
1.155 Reforestation	Natural Resources	1979	315.104	200	200
1.160 Political Contributions	Government	1969	316.102	7,700	8,600
1.161 Personal Exemption Credit	Social Policy	1985	316.085	756,600	820,300
1.162 Retirement income	Social Policy	1991	316.157	5,400	4,100

Appendix E

Corporation Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)	
				1999-01	2001-03
<i>Federal Exclusions</i>					
1.014 Accelerated Depreciation of Buildings	Economic/Community	1954	316.048/317.013	6,100	5,200
1.015 Accelerated Depreciation of Equipment	Economic/Community	1954	316.048/317.013	110,400	106,400
1.017 Inventory Property Sales Source-Rule Exception	Economic/Community	1921	317.013	18,400	20,400
1.018 Magazine, Paperback, and Record Returns	Economic/Community	1978	316.048/317.013	100	100
1.019 Cash Accounting, Other than Agriculture	Economic/Community	1916	316.048/317.013	100	100
1.020 Regional Economic Development Incentives	Economic/Community	1993	316.048/317.013	900	900
1.021 Income of Controlled Foreign Corporations	Economic/Community	1909	317.013	15,900	18,600
1.027 Employee Stock Ownership Plans	Economic/Community	1974	316.048/317.013	3,600	3,800
1.030 Accelerated Depreciation of Rental Housing	Economic/Community	1954	316.048/317.013	900	900
1.034 Agriculture Cost-Sharing Payments	Natural Resources	1978	316.048/317.013	Less than 50	Less than 50
1.036 Energy Conservation Subsidies	Natural Resources	1992	316.048	Incl. in 1.108	Incl. in 1.108
1.037 Contributions in Aid of Construction for Utilities	Transportation	1996	317.013	100	100
1.039 Life Insurance Investment Income	Insurance and Financial	1913	316.048/317.013	5,800	6,300
1.042 Credit Union Income	Insurance and Financial	1951	317.013	3,800	4,100
1.043 Life Insurance Company Reserves	Insurance and Financial	1984	317.013	5,200	5,700
1.044 Imputed Interest Rules	Tax Administration	1964	316.048/317.013	100	100
1.045 Gain on Non-Dealer Installment Sales	Tax Administration	1921	316.048/317.013	900	900
1.046 Gain on Like-Kind Exchanges	Tax Administration	1921	316.048/317.013	4,700	5,400
<i>Federal Deductions</i>					
1.056 Charitable Contributions: Education	Education	1917	316.695/317.013	6,400	7,600
1.057 Charitable Contributions: Health	Human Resources	1917	316.695/317.013	4,800	5,700
1.063 Removal of Architectural Barriers	Human Resources	1976	316.048/317.013	Less than 50	Less than 50
1.064 Deferral of Certain Financing Income	Economic/Community	1997	317.013	3,100	900
1.065 Research and Development Costs	Economic/Community	1954	316.048/317.013	12,800	13,600
1.066 Section 179 Expensing Allowances	Economic/Community	1959	316.048/317.013	900	700
1.067 Amortization of Business Start-Up Costs	Economic/Community	1980	316.048/317.013	0	0
1.068 Construction Funds of Shipping Companies	Economic/Community	1936	317.013	2,200	2,200
1.072 Cash Accounting for Agriculture	Natural Resources	1916	316.048/317.013	100	100
1.073 Soil and Water Conservation Expenditures	Natural Resources	1954	316.048/317.013	100	100
1.074 Fertilizer and Soil Conditioner Costs	Natural Resources	1960	316.048/317.013	Less than 50	Less than 50
1.075 Costs of Raising Dairy and Breeding Cattle	Natural Resources	1916	316.048/317.013	Less than 50	Less than 50
1.076 Redevelopment Costs in Contaminated Areas	Natural Resources	1997	316.048/317.013	400	300
1.077 Multi-Period Timber Growing Costs	Natural Resources	1986	316.048/317.013	5,200	7,100
1.078 Development Costs: Nonfuel Minerals	Natural Resources	1951	316.048/317.013	300	300
1.079 Depletion Costs for Nonfuel Minerals	Natural Resources	1913	316.048/317.013	900	900
1.080 Mining Reclamation Reserves	Natural Resources	1984	316.048/317.013	100	100
1.081 Bad Debt Reserves of Financial Institutions	Insurance and Financial	1947	317.013	Less than 100	Less than 50
1.082 Small Life Insurance Company	Insurance and Financial	1984	317.013	500	500
1.083 Unpaid Loss Reserves	Insurance and Financial	1986	317.013	12,800	13,400
1.084 Blue Cross/Blue Shield and Other Nonprofits	Insurance and Financial	1986	317.013	Not Available	Not Available
1.085 Magazine Circulation Expenditures	Tax Administration	1950	316.048/317.013	100	100
1.086 Net Operating Loss Limitation	Tax Administration	1954	317.013	2,200	2,300
1.087 Completed Contract Rules	Tax Administration	1986	316.048/317.013	900	900
1.089 Charitable Contributions: Other	Social Policy	1917	316.695/317.013	6,500	7,800

Oregon Subtractions

Corporation Income Tax Expenditures (cont.)

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)	
				1999-01	2001-03
1.091 Land Donated to Schools	Education	1999	316.848/317.485	Less than 50	Less than 50
1.104 Out-of-State Financial Institution	Economic/Community	1999	317.057	Not Available	Not Available
1.107 Underground Storage Tank Grants	Natural Resources	1991	316.834/317.383	Less than 50	Less than 50
1.108 Cash Payments for Energy Conservation	Natural Resources	1981	316.744/317.386	Less than 50	Less than 50
1.109 Wet Marine and Transportation Policies	Insurance and Financial	1995	317.080(6)	400	400
<i>Oregon Credits</i>					
1.116 Child Development Program Contributions	Education	1991	315.234	Less than 50	Less than 50
1.117 Youth Apprenticeship Sponsorship	Education	1991	315.254	0	0
1.118 Contributions of Computer Equipment	Education	1985	317.151	1,000	1,000
1.119 Individual Development Accounts (Credit)	Economic/Community	1999	315.271	Less Than 50	Less than 50
1.122 Bone Marrow Transplant Expense	Human Resources	1991	315.604	Less than 50	Less than 50
1.125 Long Term Care Insurance	Human Resources	1999	315.610	200	500
1.130 Oregon Capital Corporation Investments	Economic/Community	1987	315.504	0	0
1.131 Qualified Research Activities	Economic/Community	1989	317.152	25,800	23,900
1.132 Qualified Research Activities (Alternative)	Economic/Community	1989	317.154	Incl. in 1.131	Incl. in 1.131
1.133 Investment in Rural Enterprise Zone (Income Tax)	Economic/Community	1997	Note: 285B.689	0	Not Available
1.136 Dependent Care Assistance	Economic/Community	1987	315.204	5,600	5,900
1.137 Dependent Care Facilities	Economic/Community	1987	315.208	0	0
1.138 First Break Program	Economic/Community	1995	315.259	200	500
1.139 Farm-Worker Housing Construction	Economic/Community	1989	315.164	700	700
1.140 Farm-Worker Housing Lender's Credit	Economic/Community	1989	317.147	600	500
1.142 Oregon Affordable Housing Credit	Economic/Community	1989	317.097	4,400	4,600
1.143 Crop Gleaning	Natural Resources	1977	315.156	Less than 50	Less than 50
1.144 Alternatives to Field Burning	Natural Resources	1975	468.150	Incl. in 1.146	Incl. in 1.146
1.145 Pollution Prevention	Natural Resources	1995	315.311	Less than 50	Less than 50
1.146 Pollution Control	Natural Resources	1967	315.304	28,000	29,100
1.147 Reclaimed Plastics	Natural Resources	1985	315.324	200	200
1.149 Fish Habitat Improvement	Natural Resources	1981	315.134	100	100
1.150 Fish Screening Devices	Natural Resources	1989	315.138	Less than 50	Less than 50
1.152 Business Energy Facilities	Natural Resources	1979	315.354	8,800	12,200
1.153 Energy Conservation Lender's Credit	Natural Resources	1981	317.112	Less than 50	Less than 50
1.155 Reforestation	Natural Resources	1979	315.104	300	300
1.156 Fire Insurance Credit	Insurance and Financial	1969	317.122(1)	10,400	10,700
1.157 Assessments on Workers' Compensation	Insurance and Financial	1995	317.122(2)	11,400	11,800
1.158 Assessments Paid to Oregon IGA: General	Insurance and Financial	1977	734.575	2,900	3,000
1.159 Assessments Paid to Oregon Life and Health IGA	Insurance and Financial	1975	734.835	17,900	18,400