

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 on-line 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 comprehensive 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 request, 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:

Agriculture, Department of	Library, Oregon State
Aviation, Department of	Lottery, Oregon State
Budget and Management Division	Liquor Control Commission, Oregon
Consumer and Business Services, Department of	Marine Board, State
Economic and Community Development Department	Military Department, Oregon
Education, Department of	Oregon Health Plan Policy and Research
Employment Department	Oregon University System
Energy, Department of	Public Utility Commission of Oregon
Environmental Quality, Department of	Parks and Recreation Department, Oregon
Fish and Wildlife, Department of	Police, Oregon State
Forestry Department, State	Rural Health, Office of
Geology and Mineral Industries, Department of	Secretary of State, Oregon
Housing and Community Services, Oregon	State Lands, Department of
Human Services, Department of	Transportation, Oregon Department of
Children, Adult, and Family Services Cluster	Treasury, Oregon State
Senior and People with Disabilities Cluster	Veterans' Affairs, Oregon Department of
Land Conservation and Development, Dept. of	

APPENDIX C: TAX PROGRAMS WITHOUT TAX EXPENDITURES

Amusement Device Tax

Gift and Inheritance Taxes

Real Estate Recording Tax

Lodging Tax

APPENDIX D: NEW, MODIFIED, OR EXPIRED TAX EXPENDITURES

This appendix contains a list of tax expenditures that have been created or modified or have expired since the publication of the 2003–05 *Tax Expenditure Report*. The new and modified expenditures are those that were created or changed during Oregon’s 2003 Legislative session. This appendix does not include the creation, modification, or expiration of expenditures that result from Oregon’s connection to the federal definition of taxable income. Expired expenditures are those expenditures that have sunset and have no revenue impact in either the 2003–05 or 2005–07 biennium; consequently, they are not included in this report. For a detailed description of the expired expenditures, refer to the 2003–05 *Tax Expenditure Report*.

NEW TAX EXPENDITURES

1.146 Income	Credit	Film Production Development Contributions
1.172 Income	Credit	Diesel Truck Engines
1.181 Income	Credit	Mile-Based or Time-Based Motor Vehicle Insurance
1.194 Income	Other	Apportionment for Certain Forest Product Companies
2.009 Property	Full	Construction-in-Process in an Enterprise Zone
2.012 Property	Full	Centrally Assessed Electricity Generating Facility in an Enterprise Zone
2.014 Property	Full	Rural Renewable Energy Development Zone
15.001 Medical Provider	Exclusion	Type A and B Hospitals
15.002 Medical Provider	Exclusion	Veterans Affairs and Pediatric Specialty Hospitals
15.003 Medical Provider	Exclusion	Oregon Veterans' Home
15.004 Medical Provider	Exclusion	Nursing Facilities

MODIFIED TAX EXPENDITURES

1.111 Income	Subtraction	Oregon 529 College Savings Network
1.135 Income	Credit	Contributions of Computer Equipment
1.149 Income	Credit	Qualified Research Activities
1.150 Income	Credit	Qualified Research Activities (Alternative)
1.160 Income	Credit	Child Care Division Contributions
1.161 Income	Credit	Farm Worker Housing Construction
1.162 Income	Credit	Farm Worker Housing Lender's Credit
1.184 Income	Credit	Oregon IGA Assessments
1.191 Income	Other	Small City Business Development
2.010 Property	Full	Enterprise Zone Businesses
2.011 Property	Full	Long-Term Nonurban Enterprise Zone (Property Tax)
2.013 Property	Full	Electronic Commerce Enterprise Zone (Property Tax)
2.017 Property	Full	Cargo Containers
2.018 Property	Full	Leased Docks and Airports
2.045 Property	Full	Environmentally Sensitive Logging Equipment
2.057 Property	Full	Property Used as Golf Course and Effluent
2.062 Property	Full	Nonprofit Water Associations
2.089 Property	Partial	Strategic Investment Program (SIP)
2.093 Property	Partial	Multi-Family Rental Housing in City Core
2.094 Property	Partial	Low-Income Multi-Unit Housing
2.096 Property	Partial	Nonprofit Low-Income Rental Housing
2.097 Property	Partial	War Veterans and Their Spouses
2.099 Property	Partial	Agricultural Commodity Cleaning Property
2.115 Property	Special	Western Private Forestland
2.116 Property	Special	Eastern Private Forestland
2.119 Property	Special	Wildlife Habitat

EXPIRED TAX EXPENDITURES

Income	Subtraction	Medical Savings Accounts (Oregon)
Income	Subtraction	Oil Heat Tank Cleanup Costs
Income	Credit	Child Development Program Contributions
Income	Credit	Bone Marrow Transplant Expense
Income	Credit	Fish Habitat Improvement
Income	Credit	Geothermal Heating System Connection

APPENDIX E: PERSONAL AND CORPORATION INCOME TAX EXPENDITURES

Personal Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)		
				2003-05	2005-07	
<i>Federal Exclusions</i>						
1.001	Scholarship and Fellowship Income	Education	1954	316.048	11,500	12,300
1.002	Interest on Education Savings Bonds	Education	1988	316.048	200	200
1.003	Earnings on Education Savings Accounts	Education	1997	316.048	2,400	3,000
1.004	Qualified Tuition Programs (Federal)	Education	1996	316.048	3,800	5,500
1.005	Public Assistance Benefits	Human Services	Pre-1955	316.048	15,600	17,100
1.006	Certain Foster Care Payments	Human Services	1982	316.048	4,700	5,600
1.007	Employee Adoption Benefits	Human Services	1996	316.048	Less than 50	Less than 50
1.008	Cafeteria Plan Benefits	Human Services	1974	316.048	137,100	161,400
1.009	Employer Paid Medical Benefits	Human Services	1918	316.048	796,800	1,010,000
1.010	Compensatory Damages	Human Services	Pre-1955	316.048	10,600	11,000
1.011	Pension Contributions and Earnings	Human Services	1921	316.048	723,000	805,500
1.012	Hospital Insurance (Part A)	Human Services	1965	316.048	147,800	179,900
1.013	Supplementary Medical Insurance (Part B)	Human Services	1970	316.048	95,900	119,600
1.014	Special Benefits for Disabled Coal Miners	Human Services	1969	316.048	Less than 50	Less than 50
1.015	Social Security Benefits (Federal)	Human Services	1938	316.048	254,800	278,000
1.016	Income Earned Abroad by U.S. Citizens	Economic/Community	1926	316.048	25,900	29,400
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	4,900	6,000
1.020	Regional Economic Development Incentives	Economic/Community	1993	316.048/317.013	100	0
1.023	Cancellation of Debt for Non-Farmers	Economic/Community	Pre-1955	316.048/317.013	Less than 50	Less than 50
1.024	Employer Paid Group Life Insurance Premiums	Economic/Community	1920	316.048	19,700	21,400
1.025	Employer Paid Accident and Disability Insurance	Economic/Community	1954	316.048	19,700	22,100
1.026	Employer Provided Dependent Care	Economic/Community	1981	316.048	6,800	7,600
1.027	Miscellaneous Fringe Benefits	Economic/Community	1984	316.048	47,500	49,400
1.028	Employee Meals and Lodging (Non-Military)	Economic/Community	1918	316.048	7,300	7,300
1.029	Employee Stock Ownership Plans	Economic/Community	1974	316.048/317.013	2,300	2,400
1.030	Employee Awards	Economic/Community	1986	316.048	1,000	1,200
1.031	Employer Provided Education Benefits	Economic/Community	1997	316.048	6,400	7,200
1.032	Spread on Acquisition of Stock	Economic/Community	1981	316.048	3,200	3,100
1.033	Capital Gains on Home Sales	Economic/Community	1997	316.048	178,100	188,900
1.034	Veteran's Benefits and Services	Economic/Community	1917	316.048	33,900	36,800
1.035	Military and Dependents CHAMPUS/TRICARE Insurance	Economic/Community	1925	316.048	17,200	17,800
1.036	Agriculture Cost-Sharing Payments	Natural Resources	1978	316.048/317.013	100	100
1.037	Cancellation of Debt for Farmers	Natural Resources	1986	316.048	1,000	1,100
1.038	Energy Conservation Subsidies (Federal)	Natural Resources	1992	316.048	Incl. in 1.125	Incl. in 1.125
1.039	Employer Paid Transportation Benefits	Transportation	1992	316.048	25,400	25,700
1.041	Life Insurance Investment Income	Consumer and Business Services	1913	316.048/317.013	188,500	199,900
1.042	Workers' Compensation Benefits (Non-Medical)	Consumer and Business Services	1918	316.048	40,000	41,500
1.043	Workers' Compensation Benefits (Medical)	Consumer and Business Services	1918	316.048	30,600	33,100
1.046	Structured Settlement Accounts	Consumer and Business Services	1982	317.013	Less than 50	Less than 50
1.048	Imputed Interest Rules	Tax Administration	1964	316.048/317.013	2,300	2,300
1.049	Gain on Nondealer Installment Sales	Tax Administration	1921	316.048/317.013	3,300	3,800

Appendix E

Personal Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)	
				2003–05	2005–07
1.050 Gain on Like-Kind Exchanges	Tax Administration	1921	316.048/317.013	3,400	3,800
1.051 Allowances for Federal Employees Abroad	Government	1943	316.048	3,200	3,900
1.052 Interest on Oregon State and Local Debt	Government	1913	316.048	72,900	71,400
1.053 Capital Gains on Inherited Property	Social Policy	1921	316.048	498,400	560,000
1.054 Capital Gains on Gifts	Social Policy	1921	316.048	59,600	68,400
1.055 Gain on Involuntary Conversions in Disaster Areas	Social Policy	1996	316.048	200	200
1.056 Voluntary Employees' Beneficiary Associations	Social Policy	1928	316.048	23,400	27,200
1.057 Rental Allowances for Ministers' Homes	Social Policy	1921	316.048	3,300	3,800
1.058 Military Disability Benefits	Social Policy	1942	316.048	800	800
1.059 Benefits and Allowances of Armed Forces Personnel	Social Policy	1925	316.048	21,200	22,400
1.060 Restitution Payments for Holocaust Survivors	Social Policy	2001	316.048	Less than 50	Less than 50
1.061 Survivor Annuities	Social Policy	1997	316.048	Less than 50	Less than 50

Federal Adjustments

1.062 Interest on Student Loans	Education	1997	316.048	11,400	13,200
1.063 Qualified Higher Education Expenses	Education	2001	316.048	14,400	4,700
1.064 Teacher Classroom Expenses	Education	2002	316.048	Less than 50	0
1.065 Self-Employment Health Insurance	Human Services	1986	316.048	41,500	46,400
1.066 Medical Savings Accounts (Federal)	Human Services	1996	316.048	600	600
1.067 IRA Contributions and Earnings	Human Services	1974	316.048	106,700	134,000
1.068 Keogh Plan Contributions and Earnings	Human Services	1962	316.048	47,300	52,800
1.069 Moving Expenses	Economic/Community	1964	316.048	2,900	2,900

Federal Deductions

1.070 Charitable Contributions: Education	Education	1917	316.695/317.013	36,200	38,200
1.071 Charitable Contributions: Health	Human Services	1917	316.695/317.013	24,900	26,500
1.072 Medical and Dental Expenses	Human Services	1942	316.695	126,200	141,300
1.073 Removal of Architectural Barriers	Human Services	1976	316.048/317.013	Less than 50	Less than 50
1.074 Accelerated Depreciation of Buildings	Economic/Community	1954	316.048/317.013	11,400	2,200
1.075 Accelerated Depreciation of Equipment	Economic/Community	1954	316.048/317.013	85,300	-2,300
1.076 Accelerated Depreciation of Rental Housing	Economic/Community	1954	316.048/317.013	23,300	29,600
1.079 Section 179 Expensing Allowances	Economic/Community	1959	316.048/317.013	18,200	5,200
1.080 Amortization of Business Start-Up Costs	Economic/Community	1980	316.048/317.013	4,400	4,600
1.082 Ordinary Treatment of Losses from Small Business Corporation Stock	Economic/Community	1958	316.048	300	300
1.083 Property Taxes	Economic/Community	1913	316.695	256,500	296,100
1.084 Home Mortgage Interest	Economic/Community	1913	316.695	905,100	958,600
1.085 Cash Accounting for Agriculture	Natural Resources	1916	316.048/317.013	3,300	3,300
1.086 Soil and Water Conservation Expenditures	Natural Resources	1954	316.048/317.013	200	200
1.087 Fertilizer and Soil Conditioner Costs	Natural Resources	1960	316.048/317.013	1,100	1,100
1.088 Costs of Raising Dairy and Breeding Cattle	Natural Resources	1916	316.048/317.013	500	200
1.089 Sale of Stock to Farmers' Cooperatives	Natural Resources	1998	316.048/317.013	Less than 50	Less than 50
1.090 Redevelopment Costs in Contaminated Areas	Natural Resources	1997	316.048/317.013	100	0
1.091 Clean-Fuel Vehicles and Refueling Property	Natural Resources	1993	316.048/317.013	1,300	900
1.092 Intangible Development Costs for Fuels	Natural Resources	1978	316.695/317.013	Less than 50	Less than 50
1.093 Depletion Costs for Fuels	Natural Resources	1962	316.695/317.013	Less than 50	Less than 50
1.094 Tertiary Injectants	Natural Resources	1980	316.695/317.013	Less than 50	Less than 50
1.095 Multi-Period Timber Growing Costs	Natural Resources	1986	316.048/317.013	500	500
1.096 Amortization of Reforestation Expenditures	Natural Resources	1980	316.048/317.013	100	100

Personal Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)		
				2003-05	2005-07	
1.097	Development Costs for Nonfuel Minerals	Natural Resources	1951	316.048/317.013	200	200
1.098	Depletion Costs for Nonfuel Minerals	Natural Resources	1913	316.048/317.374	800	800
1.099	Mining Reclamation Reserves	Natural Resources	1984	316.048/317.013	200	200
1.104	Magazine Circulation Expenditures	Tax Administration	1950	316.048/317.013	200	200
1.106	Completed Contract Rules	Tax Administration	1986	316.048/317.013	200	200
1.107	Casualty and Theft Losses	Social Policy	1913	316.695	2,000	2,000
1.108	Local Income Taxes	Social Policy	1913	316.695	13,700	7,700
1.109	Charitable Contributions: Other	Social Policy	1917	316.695/317.013	195,400	207,200
<i>Oregon Subtractions</i>						
1.110	Land Donated to Schools	Education	1999	316.852/317.488	Less than 50	Less than 50
1.111	Oregon 529 College Savings Network	Education	1999	316.680(1)(i)	9,800	13,400
1.112	Scholarship Awards Used for Housing Expenses	Education	1999	316.846	Less than 50	Less than 50
1.113	JOBS Plus Participants	Human Services	1995	316.680(1)(e)	Less than 50	Less than 50
1.114	Physicians in "Medically Disadvantaged" Areas	Human Services	1973	316.076	0	0
1.115	Additional Deduction for Elderly or Blind	Human Services	1989	316.695(7)	9,000	6,900
1.116	Additional Medical Deduction for Elderly	Human Services	1991	316.695 (1)(d)(B)	66,800	77,000
1.117	Social Security Benefits (Oregon)	Human Services	1985	316.054	213,100	229,400
1.118	Individual Development Accounts (Exclusion and Subtraction)	Economic/Community	1999	316.848	Less than 50	Less than 50
1.119	Donations of Art by the Artist	Economic/Community	1979	316.838	Less than 50	Less than 50
1.120	Capital Gains from Oregon Reinvestment	Economic/Community	1995	316.874	0	0
1.121	Municipal Bond Interest	Economic/Community	1987	316.056	26,500	26,500
1.123	Service in Vietnam on Missing Status	Economic/Community	1973	316.074	0	0
1.124	Underground Storage Tank Grants	Natural Resources	1991	316.834/317.383	0	0
1.125	Energy Conservation Subsidies (Oregon)	Natural Resources	1981	316.744/317.386	200	200
1.127	Income Earned in Border River Areas	Tax Administration	2001	316.127	Less than 50	Less than 50
1.128	Income Earned in "Indian Country"	Government	1977	316.777	2,300	2,300
1.129	Federal Pension Income	Government	1998	316.680(1)(g)	127,900	142,500
1.130	Oregon State Lottery Prizes	Government	1985	461.560	2,100	2,300
1.131	Federal Income Tax Deduction	Social Policy	1929	316.680/316.695	534,800	711,800
1.132	Military Active Duty Pay	Social Policy	1969	316.680/316.789	7,600	8,400
1.133	Interest and Dividends on U.S. Obligations	Federal Law	1970	316.680	38,500	40,900
<i>Oregon Credits</i>						
1.134	Youth Apprenticeship Sponsorship	Education	1991	315.254	0	0
1.136	Employer Provided Scholarships	Education	2001	315.237	Less than 50	Less than 50
1.137	Earned Income Credit	Human Services	1997	315.266	18,500	19,300
1.138	Qualified Adoption Expense	Human Services	1999	315.274	1,400	400
1.139	Rural Medical Practice	Human Services	1989	316.143	13,700	14,800
1.140	Costs in lieu of Nursing Home Care	Human Services	1979	316.147-316.149	Less than 50	Less than 50
1.141	Long-Term Care Insurance	Human Services	1999	315.610	100	200
1.142	Disabled Child	Human Services	1985	316.099	3,100	3,500
1.143	Elderly or Permanently Disabled	Human Services	1969	316.087	100	Less than 50
1.144	Loss of Limbs	Human Services	1973	316.079	Less than 50	Less than 50
1.145	Severe Disability	Human Services	1985	316.758/316.765	4,600	5,000
1.146	Film Production Development Contributions	Economic/Community	2003	315.514	0	400
1.147	Individual Development Accounts (Credit)	Economic/Community	1999	315.271	900	900
1.148	Oregon Capital Corporation Investments	Economic/Community	1987	315.504	0	0

Appendix E

Personal Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)		
				2003–05	2005–07	
1.151 Long-term Nonurban Enterprise Zone (Income Tax)	Economic/Community	1997	317.124	Not available	Not available	
1.152 Reservation Enterprise Zone (Income Tax)	Economic/Community	2001	285C.309	Less than 50	Less than 50	
1.153 Electronic Commerce Enterprise Zone (Income Tax)	Economic/Community	2001	315.507	Not available	Not available	
1.154 Investment in Telecommunications Infrastructure	Economic/Community	2001	315.511	Less than 50	Less than 50	
1.155 Child and Dependent Care	Economic/Community	1975	316.078	15,400	16,400	
1.156 Working Family Child Care	Economic/Community	1997	315.262	44,700	46,500	
1.157 Dependent Care Assistance	Economic/Community	1987	315.204	100	100	
1.158 Dependent Care Facilities	Economic/Community	1987	315.208	Incl. in 1.157	Incl. in 1.157	
1.159 First Break Program	Economic/Community	1995	315.259	100	Less than 50	
1.160 Child Care Division Contributions	Economic/Community	2001	315.213	400	800	
1.161 Farm Worker Housing Construction	Economic/Community	1989	315.164	100	100	
1.163 Involuntary Mobile Home Moves	Economic/Community	1991	316.153	Less than 50	Less than 50	
1.165 Crop Gleaning	Natural Resources	1977	315.156	Less than 50	Less than 50	
1.166 Alternatives to Field Burning	Natural Resources	1975	468.150	Incl. in 1.170	Incl. in 1.170	
1.167 Farm Machinery and Equipment (Income)	Natural Resources	2001	315.119/315.123	300	300	
1.168 Riparian Lands Removed from Farm Production	Natural Resources	2001	315.113	Less than 50	Less than 50	
1.169 Pollution Prevention	Natural Resources	1995	315.311	100	100	
1.170 Pollution Control	Natural Resources	1967	315.304	8,900	8,800	
1.171 Reclaimed Plastics	Natural Resources	1985	315.324	200	Less than 50	
1.172 Diesel Truck Engines	Natural Resources	2003	Note: 315.356	0	1,500	
1.173 Sewer Connection	Natural Resources	1987	316.095	100	Less than 50	
1.174 Fish Screening Devices	Natural Resources	1989	315.138	Less than 50	Less than 50	
1.175 Alternative Energy Devices (Residential)	Natural Resources	1977	316.116	12,200	13,600	
1.176 Alternative Fuel Stations	Natural Resources	2001	317.115	Less than 50	Less than 50	
1.177 Business Energy Facilities	Natural Resources	1979	315.354	6,500	7,300	
1.180 Reforestation	Natural Resources	1979	315.104	Less than 50	Less than 50	
1.186 Political Contributions	Government	1969	316.102	9,700	10,000	
1.187 Personal Exemption	Social Policy	1985	316.085	897,600	1,019,100	
1.188 Retirement Income	Social Policy	1991	316.157	2,500	2,000	
1.189 Oregon Cultural Trust	Social Policy	2001	315.675	3,000	3,000	
<i>Other</i>						
1.190 Expatriate Residential Status	Economic/Community	1999	316.027	1,600	1,600	
1.191 Small City Business Development	Economic/Community	2001	316.778/317.391	Less than 50	Less than 50	
1.192 Income Averaging for Farmers	Natural Resources	2001	314.297	100	100	
1.193 Capital Gains from Farm Property	Natural Resources	2001	318.020/317.063	100	100	

Corporation Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)		
				2003–05	2005–07	
<i>Federal Exclusions</i>						
1.017	Inventory Property Sales Source-Rule Exception	Economic/Community	1921	317.013	24,200	27,000
1.018	Magazine, Paperback, and Record Returns	Economic/Community	1978	316.048/317.013	Less than 50	Less than 50
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	Less than 50	0
1.021	Income of Controlled Foreign Corporations	Economic/Community	1909	317.013	20,500	22,400
1.022	Extraterritorial Income Exclusion	Economic/Community	2000	317.013	23,400	26,300
1.023	Cancellation of Debt for Non-Farmers	Economic/Community	Pre-1955	316.048/317.013	Less than 50	Less than 50
1.029	Employee Stock Ownership Plans	Economic/Community	1974	316.048/317.013	4,000	4,300
1.036	Agriculture Cost-Sharing Payments	Natural Resources	1978	316.048/317.013	100	100
1.040	Contributions in Aid of Construction for Utilities	Consumer and Business Services	1996	317.013	100	100
1.041	Life Insurance Investment Income	Consumer and Business Services	1913	316.048/317.013	6,200	6,600
1.044	Credit Union Income	Consumer and Business Services	1951	317.080(1)	5,300	5,900
1.045	Life Insurance Company Reserves	Consumer and Business Services	1984	317.655(2)(f,g)	7,400	8,600
1.046	Structured Settlement Accounts	Consumer and Business Services	1982	317.013	Less than 50	Less than 50
1.047	Small Property Insurance Companies	Consumer and Business Services	1986	317.013	Less than 50	Less than 50
1.048	Imputed Interest Rules	Tax Administration	1964	316.048/317.013	100	100
1.049	Gain on Nondealer Installment Sales	Tax Administration	1921	316.048/317.013	2,600	2,800
1.050	Gain on Like-Kind Exchanges	Tax Administration	1921	316.048/317.013	5,400	5,700

Federal Deductions

1.070	Charitable Contributions: Education	Education	1917	316.695/317.013	7,500	7,800
1.071	Charitable Contributions: Health	Human Services	1917	316.695/317.013	6,500	6,800
1.073	Removal of Architectural Barriers	Human Services	1976	316.048/317.013	Less than 50	Less than 50
1.074	Accelerated Depreciation of Buildings	Economic/Community	1954	316.048/317.013	6,900	4,800
1.075	Accelerated Depreciation of Equipment	Economic/Community	1954	316.048/317.013	171,600	28,300
1.076	Accelerated Depreciation of Rental Housing	Economic/Community	1954	316.048/317.013	1,500	1,900
1.077	Deferral of Certain Financing Income of Foreign Corporations	Economic/Community	1997	317.013	7,800	9,100
1.078	Research and Development Costs	Economic/Community	1954	316.048/317.013	18,400	26,900
1.079	Section 179 Expensing Allowances	Economic/Community	1959	316.048/317.013	2,400	800
1.080	Amortization of Business Start-Up Costs	Economic/Community	1980	316.048/317.013	100	100
1.081	Construction Funds of Shipping Companies	Economic/Community	1936	317.319	1,700	1,700
1.085	Cash Accounting for Agriculture	Natural Resources	1916	316.048/317.013	100	100
1.086	Soil and Water Conservation Expenditures	Natural Resources	1954	316.048/317.013	100	100
1.087	Fertilizer and Soil Conditioner Costs	Natural Resources	1960	316.048/317.013	100	100
1.088	Costs of Raising Dairy and Breeding Cattle	Natural Resources	1916	316.048/317.013	100	100
1.089	Sale of Stock to Farmers' Cooperatives	Natural Resources	1998	316.048/317.013	Less than 50	Less than 50
1.090	Redevelopment Costs in Contaminated Areas	Natural Resources	1997	316.048/317.013	100	0
1.091	Clean-Fuel Vehicles and Refueling Property	Natural Resources	1993	316.048/317.013	Less than 50	Less than 50
1.092	Intangible Development Costs for Fuels	Natural Resources	1978	316.695/317.013	Less than 50	Less than 50
1.093	Depletion Costs for Fuels	Natural Resources	1962	316.695/317.013	Less than 50	Less than 50
1.094	Tertiary Injectants	Natural Resources	1980	316.695/317.013	Less than 50	Less than 50
1.095	Multi-Period Timber Growing Costs	Natural Resources	1986	316.048/317.013	5,800	5,800

Appendix E

Corporation Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)		
				2003–05	2005–07	
1.096	Amortization of Reforestation Expenditures	Natural Resources	1980	316.048/317.013	100	100
1.097	Development Costs for Nonfuel Minerals	Natural Resources	1951	316.048/317.013	100	100
1.098	Depletion Costs for Nonfuel Minerals	Natural Resources	1913	316.048/317.374	400	400
1.099	Mining Reclamation Reserves	Natural Resources	1984	316.048/317.013	100	100
1.100	Bad Debt Reserves of Financial Institutions	Consumer and Business Services	1947	317.310	Less than 50	Less than 50
1.101	Small Life Insurance Companies	Consumer and Business Services	1984	317.013	400	400
1.102	Unpaid Loss Reserves	Consumer and Business Services	1986	317.655(2)(f,g)	7,400	7,100
1.103	Blue Cross/Blue Shield and Other Nonprofits	Consumer and Business Services	1986	317.013	Not available	Not available
1.104	Magazine Circulation Expenditures	Tax Administration	1950	316.048/317.013	100	100
1.105	Net Operating Loss Limitation	Tax Administration	1954	317.478/317.479	2,800	2,700
1.106	Completed Contract Rules	Tax Administration	1986	316.048/317.013	900	900
1.109	Charitable Contributions: Other	Social Policy	1917	316.695/317.013	12,600	13,300

Oregon Subtractions

1.110	Land Donated to Schools	Education	1999	316.852/317.488	Less than 50	Less than 50
1.122	Out-of-State Financial Institution	Economic/Community	1999	317.057	Not available	Not available
1.124	Underground Storage Tank Grants	Natural Resources	1991	316.834/317.383	0	0
1.125	Energy Conservation Subsidies (Oregon)	Natural Resources	1981	316.744/317.386	Less than 50	Less than 50
1.126	Wet Marine and Transportation Policies	Consumer and Business Services	1995	317.080(8)	400	500

Oregon Credits

1.134	Youth Apprenticeship Sponsorship	Education	1991	315.254	0	0
1.135	Contributions of Computer Equipment	Education	1985	317.151	200	200
1.136	Employer Provided Scholarships	Education	2001	315.237	Less than 50	Less than 50
1.141	Long-Term Care Insurance	Human Services	1999	315.610	Less than 50	Less than 50
1.146	Film Production Development Contributions	Economic/Community	2003	315.514	0	1,600
1.147	Individual Development Accounts (Credit)	Economic/Community	1999	315.271	Less than 50	Less than 50
1.148	Oregon Capital Corporation Investments	Economic/Community	1987	315.504	0	0
1.149	Qualified Research Activities	Economic/Community	1989	317.152	5,100	21,600
1.150	Qualified Research Activities (Alternative)	Economic/Community	1989	317.154	Incl. in 1.149	Incl. in 1.149
1.151	Long-term Nonurban Enterprise Zone (Income Tax)	Economic/Community	1997	317.124	Not available	Not available
1.152	Reservation Enterprise Zone (Income Tax)	Economic/Community	2001	285C.309	Less than 50	Less than 50
1.153	Electronic Commerce Enterprise Zone (Income Tax)	Economic/Community	2001	315.507	Not available	Not available
1.154	Investment in Telecommunications Infrastructure	Economic/Community	2001	315.511	Less than 50	Less than 50
1.157	Dependent Care Assistance	Economic/Community	1987	315.204	1,900	1,900
1.158	Dependent Care Facilities	Economic/Community	1987	315.208	Incl. in 1.157	Incl. in 1.157
1.159	First Break Program	Economic/Community	1995	315.259	Less than 50	Less than 50
1.160	Child Care Division Contributions	Economic/Community	2001	315.213	100	200
1.161	Farm Worker Housing Construction	Economic/Community	1989	315.164	200	200
1.162	Farm Worker Housing Lender's Credit	Economic/Community	1989	317.147	700	800
1.164	Oregon Affordable Housing Credit	Economic/Community	1989	317.097	7,700	8,100
1.165	Crop Gleaning	Natural Resources	1977	315.156	Less than 50	Less than 50
1.166	Alternatives to Field Burning	Natural Resources	1975	468.150	Incl. in 1.170	Incl. in 1.170
1.167	Farm Machinery and Equipment (Income)	Natural Resources	2001	315.119/315.123	100	100
1.168	Riparian Lands Removed from Farm Production	Natural Resources	2001	315.113	Less than 50	Less than 50

Corporation Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)		
				2003–05	2005–07	
1.169	Pollution Prevention	Natural Resources	1995	315.311	Less than 50	Less than 50
1.170	Pollution Control	Natural Resources	1967	315.304	16,300	16,000
1.171	Reclaimed Plastics	Natural Resources	1985	315.324	Less than 50	Less than 50
1.172	Diesel Truck Engines	Natural Resources	2003	Note: 315.356	0	1,500
1.174	Fish Screening Devices	Natural Resources	1989	315.138	Less than 50	Less than 50
1.176	Alternative Fuel Stations	Natural Resources	2001	317.115	Less than 50	Less than 50
1.177	Business Energy Facilities	Natural Resources	1979	315.354	6,100	5,600
1.178	Energy Conservation Lender's Credit	Natural Resources	1981	317.112	Less than 50	Less than 50
1.179	Weatherization Lender's Credit	Natural Resources	1977	317.111	Less than 50	Less than 50
1.180	Reforestation	Natural Resources	1979	315.104	Less than 50	Less than 50
1.181	Mile-Based or Time-Based Motor Vehicle Insurance	Consumer and Business Services	2003	Note: 317.122	0	400
1.182	Fire Insurance	Consumer and Business Services	1969	317.122(1)	2,300	2,600
1.183	Workers' Compensation Assessments	Consumer and Business Services	1995	317.122(2)	3,000	3,000
1.184	Oregon IGA Assessments	Consumer and Business Services	1977	734.575	400	200
1.185	Oregon Life and Health IGA Assessments	Consumer and Business Services	1975	734.835	400	400
1.189	Oregon Cultural Trust	Social Policy	2001	315.675	200	200
<i>Other</i>						
1.191	Small City Business Development	Economic/Community	2001	316.778/317.391	Less than 50	Less than 50
1.193	Capital Gains from Farm Property	Natural Resources	2001	318.020/317.063	100	100
1.194	Apportionment for Certain Forest Product Companies	Natural Resources	2003	314.650(2)	0	Not available
1.195	Apportionment for Utility and Telecommunication Companies	Consumer and Business Services	2001	314.280	800	1,400