

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
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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	Land Conservation and Development, Dept. of
Aviation, Department of	Library, 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 Lottery
Energy, Department of	Oregon University System
Environmental Quality, Department of	Public Utility Commission of Oregon
Oregon Film and Video	Parks and Recreation Department, State
Fish and Wildlife, Department of	Rural Health, Office of
Forestry Department, State	Secretary of State, Oregon
Geology and Mineral Industries, Department of	State Lands, Department of
Housing and Community Services, Oregon	Transportation, Oregon Department of
Human Services, Department of	Treasury, Oregon State
Children, Adults, and Families	Veterans' Affairs, Department of
Senior and People with Disabilities	

APPENDIX C: TAX PROGRAMS WITHOUT TAX EXPENDITURES

Amusement Device Tax

Gift and Inheritance Taxes

Real Estate Recording 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 been removed since the publication of the 2005–07 *Tax Expenditure Report*. The new and modified expenditures were generally created or changed during Oregon’s 2005 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. The 2005–07 *Tax Expenditure Report* provides descriptions of the removed items.

NEW TAX EXPENDITURES

1.011 Income	Exclusion	Prescription Drug Insurance (Part D)
1.081 Income	Deduction	Renewal Community Tax Incentives
1.082 Income	Deduction	Deduction of Certain Film and Television Production Costs
1.092 Income	Deduction	Small Refiner Expensing of Sulfur Compliant Equipment
1.096 Income	Deduction	Deferral of Capital Gains From FERC Restructuring Requirements
1.109 Income	Deduction	Overnight-travel Expenses of National Guard and Reserve Members
1.119 Income	Subtraction	Domestic Partner Benefits
1.125 Income	Subtraction	Gains from Manufactured Dwelling Park Sale
1.143 Income	Credit	Volunteer Rural Emergency Medical Technicians
1.156 Income	Credit	Water Transit Vessel Manufacturing
1.157 Income	Credit	Public University Venture Development Fund
1.169 Income	Credit	Individual Development Account Withdrawal (Credit)
1.196 Income	Other	Public Warehouse Sales Throwback Exemption
1.201 Income	Other	Title 10 Active Duty Death
1.202 Income	Other	Single Sales Factor Corporate Apportionment
2.031 Property	Full	Food Processing Equipment
2.073 Property	Full	NW Intertie Exemption
2.084 Property	Full	LLC Owned by Nonprofit Corporation
2.111 Property	Partial	Homestead Exemption for Federal Active Duty Military Servicemembers
16.001 Lodging	Exclusion	Exempt Dwelling Units

MODIFIED TAX EXPENDITURES

1.122 Income	Subtraction	Small City Business Development
1.135 Income	Subtraction	Military Active Duty Pay
1.140 Income	Credit	Earned Income Credit
1.151 Income	Credit	Qualified Research Activities
1.153 Income	Credit	Long-term Nonurban Enterprise Zone (Income Tax)
1.154 Income	Credit	Reservation Enterprise Zone (Income Tax)
1.159 Income	Credit	Working Family Child Care
1.160 Income	Credit	Dependent Care Assistance
1.166 Income	Credit	Involuntary Manufactured Dwelling Moves
1.167 Income	Credit	Oregon Affordable Housing Credit
1.168 Income	Credit	Individual Development Account Contribution (Credit)
1.180 Income	Credit	Alternative Energy Devices (Residential)
2.010 Property	Full	Enterprise Zone Businesses
2.011 Property	Full	Long-Term Rural Enterprise Zone (Property Tax)
2.035 Property	Full	Agricultural Products Held by Farmer
2.076 Property	Full	Fraternal Organizations
2.091 Property	Partial	Strategic Investment Program (SIP)
2.092 Property	Partial	Vertical Housing Development Zone
2.093 Property	Partial	New Houses in Distressed Area
2.095 Property	Partial	Multi-Family Rental Housing in City Core
2.096 Property	Partial	Low-Income Multi-Unit Housing
2.099 Property	Partial	Disabled War Veterans or Their Spouses
2.105 Property	Partial	Historic Property
15.003 Medical Provider	Exclusion	Oregon Veterans' Home

REMOVED TAX EXPENDITURES

Income	Exclusion	Inventory Property Sales Source-Rule Exception	Previously included in error.
Income	Other	Small Property Insurance Companies	Previously included in error.
Income	Deduction	Redevelopment Costs in Contaminated Areas	Expired
Income	Other	Small Life Insurance Companies	Previously included in error.
Income	Deduction	Blue Cross/Blue Shield and Other Nonprofits	Previously included in error.
Income	Subtraction	JOBS Plus Participants	Included with 1.005
Income	Subtraction	Capital Gains from Oregon Reinvestment	Expired
Income	Credit	Investment in Telecommunications Infrastructure	Expired
Income	Credit	Oregon IGA Assessments	Expired
Property	Full	Volunteer Fire Department Property	Included with 2.075
Property	Partial	Agricultural Commodity Cleaning Property	Included with 2.018

APPENDIX E: PERSONAL AND CORPORATION INCOME TAX EXPENDITURES

Personal Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)		
				2005-07	2007-09	
<i>Federal Exclusions</i>						
1.001	Scholarship and Fellowship Income	Education	1954	316.048	11,600	13,200
1.002	Interest on Education Savings Bonds	Education	1988	316.048	200	200
1.003	Earnings on Education Savings Accounts	Education	1997	316.048	800	1,000
1.004	Qualified Tuition Programs (Federal)	Education	1996	316.048	5,500	7,000
1.005	Public Assistance Benefits	Human Services	Pre-1955	316.048	16,400	18,300
1.006	Certain Foster Care Payments	Human Services	1982	316.048	4,500	5,200
1.007	Employee Adoption Benefits	Human Services	1996	316.048	3,400	4,200
1.008	Cafeteria Plan Benefits	Human Services	1974	316.048	236,200	286,300
1.009	Employer Paid Medical Benefits	Human Services	1918	316.048	770,000	910,300
1.010	Compensatory Damages	Human Services	Pre-1955	316.048	10,900	11,400
1.011	Prescription Drug Insurance (Part D)	Human Services	2003	316.048/317.013	30,500	10,900
1.012	Hospital Insurance (Part A)	Human Services	1965	316.048	157,500	190,200
1.013	Supplementary Medical Insurance (Part B)	Human Services	1970	316.048	208,200	130,000
1.014	Pension Contributions and Earnings	Human Services	1921	316.048	803,900	884,000
1.015	Special Benefits for Disabled Coal Miners	Human Services	1969	316.048	Less than 50	Less than 50
1.016	Social Security Benefits (Federal)	Human Services	1938	316.048	313,100	338,500
1.017	Income Earned Abroad by U.S. Citizens	Economic/Community	1926	316.048	29,100	32,200
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	6,000	6,300
1.020	Regional Economic Development Incentives	Economic/Community	1993	316.048/317.013	Less than 50	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	Imputed Interest Rules	Economic/Community	1964	316.048/317.013	2,900	3,000
1.025	Employer Paid Group Life Insurance Premiums	Economic/Community	1920	316.048	21,100	22,000
1.026	Employer Paid Accident and Disability Insurance	Economic/Community	1954	316.048	22,200	24,500
1.027	Employer Provided Dependent Care	Economic/Community	1981	316.048	22,400	22,300
1.028	Miscellaneous Fringe Benefits	Economic/Community	1984	316.048	55,300	58,900
1.029	Employee Meals and Lodging (Non-Military)	Economic/Community	1918	316.048	7,500	7,800
1.030	Employee Stock Ownership Plans	Economic/Community	1974	316.048/317.013	2,500	2,500
1.031	Employee Awards	Economic/Community	1986	316.048	1,300	1,500
1.032	Employer Provided Education Benefits	Economic/Community	1997	316.048	7,000	7,500
1.033	Spread on Acquisition of Stock	Economic/Community	1981	316.048	3,000	2,500
1.034	Capital Gains on Home Sales	Economic/Community	1997	316.048	331,900	352,700
1.035	Veteran's Benefits and Services	Economic/Community	1917	316.048	42,200	45,800
1.036	Military and Dependents CHAMPUS/TRICARE Insurance	Economic/Community	1925	316.048	20,100	22,900
1.037	Agriculture Cost -Sharing Payments	Natural Resources	1978	316.048/317.013	100	100
1.038	Cancellation of Debt for Farmers	Natural Resources	1986	316.048	1,100	1,100
1.039	Energy Conservation Subsidies (Federal)	Natural Resources	1992	316.048	Incl. in 1.128	Incl. in 1.128
1.040	Employer Paid Transportation Benefits	Transportation	1992	316.048	28,500	29,900
1.041	Life Insurance Company Reserves	Consumer and Business Services	1913	316.048/317.013	194,200	204,400
1.042	Workers' Compensation Benefits (Non-Medical)	Consumer and Business Services	1918	316.048	22,600	22,500
1.043	Workers' Compensation Benefits (Medical)	Consumer and Business Services	1918	316.048	54,000	63,200
1.047	Gain on Nondealer Installment Sales	Tax Administration	1921	316.048/317.013	3,800	4,100
1.048	Gain on Like-Kind Exchanges	Tax Administration	1921	316.048/317.013	5,800	6,400
1.049	Allowances for Federal Employees Abroad	Government	1943	316.048	4,200	5,000
1.050	Interest on Oregon State and Local Debt	Government	1913	316.048	78,900	77,700
1.051	Capital Gains on Inherited Property	Social Policy	1921	316.048	676,500	807,700
1.052	Gain on Involuntary Conversions in Disaster Areas	Social Policy	1996	316.048	200	200
1.053	Voluntary Employees' Beneficiary Associations	Social Policy	1928	316.048	25,100	27,000
1.054	Rental Allowances for Ministers' Homes	Social Policy	1921	316.048	3,800	4,100
1.055	Discharge of Certain Student Loan Debt	Social Policy	1984	316.048	Less than 50	Less than 50

Appendix E

Personal Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)	
				2005-07	2007-09
1.056 Military Disability Benefits	Social Policy	1942	316.048	800	800
1.057 Benefits and Allowances of Armed Forces Personnel	Social Policy	1925	316.048	22,900	24,000
1.058 Capital Gains on Gifts	Social Policy	1921	316.048	72,700	87,100
1.059 Restitution Payments for Holocaust Survivors	Social Policy	2001	316.048	Less than 50	Less than 50
1.060 Survivor Annuities	Social Policy	1997	316.048	Less than 50	Less than 50
Federal Adjustments					
1.061 Teacher Classroom Expenses	Education	2002	316.048	400	0
1.062 Interest on Student Loans	Education	1997	316.048	12,000	13,500
1.063 Qualified Higher Education Expenses	Education	2001	316.048	5,000	0
1.064 Self-Employment Health Insurance	Human Services	1986	316.048	51,100	60,000
1.065 Health Savings Accounts	Human Services	1996	316.048	1,600	5,100
1.066 IRA Contributions and Earnings	Human Services	1974	316.048	93,100	120,000
1.067 SEP/SIMPLE Plan Contributions and Earnings	Human Services	1962	316.048	72,700	82,800
1.068 Moving Expenses	Economic/Community	1964	316.048	3,400	3,500
Federal Deductions					
1.069 Charitable Contributions: Education	Education	1917	316.695/317.013	39,200	44,800
1.070 Charitable Contributions: Health	Human Services	1917	316.695/317.013	27,200	30,600
1.071 Medical and Dental Expenses	Human Services	1942	316.695	217,100	275,800
1.072 Removal of Architectural Barriers	Human Services	1976	316.048/317.013	Less than 50	Less than 50
1.073 Accelerated Depreciation of Buildings	Economic/Community	1954	316.048/317.013	4,200	6,000
1.074 Accelerated Depreciation of Equipment	Economic/Community	1954	316.048/317.013	-6,000	20,600
1.077 Section 179 Expensing Allowances	Economic/Community	1959	316.048/317.013	19,700	-5,800
1.078 Amortization of Business Start-Up Costs	Economic/Community	1980	316.048/317.013	5,200	6,000
1.080 Ordinary Treatment of Losses from Small Business Corporation Stock	Economic/Community	1958	316.048	400	400
1.081 Renewal Community Tax Incentives	Economic/Community	2005	316.048/317.013	2,300	3,000
1.083 Accelerated Depreciation of Rental Housing	Economic/Community	1954	316.048/317.013	31,400	41,800
1.084 Property Taxes	Economic/Community	1913	316.695	246,700	259,500
1.085 Home Mortgage Interest	Economic/Community	1913	316.695	848,800	972,500
1.086 Cash Accounting for Agriculture	Natural Resources	1916	316.048/317.013	6,500	6,600
1.087 Soil and Water Conservation Expenditures	Natural Resources	1954	316.048/317.013	200	200
1.088 Fertilizer and Soil Conditioner Costs	Natural Resources	1960	316.048/317.013	1,700	1,100
1.089 Costs of Raising Dairy and Breeding Cattle	Natural Resources	1916	316.048/317.013	500	400
1.090 Sale of Stock to Farmers' Cooperatives	Natural Resources	1998	316.048/317.013	Less than 50	Less than 50
1.091 Clean-Fuel Vehicles and Refueling Property	Natural Resources	1993	316.048/317.013	200	0
1.093 Intangible Development Costs for Fuels	Natural Resources	1978	316.695/317.013	Less than 50	Less than 50
1.094 Depletion Costs for Fuels	Natural Resources	1962	316.695/317.013	Less than 50	Less than 50
1.095 Tertiary Injectants	Natural Resources	1980	316.695/317.013	Less than 50	Less than 50
1.097 Expensing Timber Growing Costs	Natural Resources	1986	316.048/317.013	300	300
1.098 Expensing and Amortization of Reforestation Costs	Natural Resources	1980	316.048/317.013	1,600	1,600
1.099 Development Costs for Nonfuel Minerals	Natural Resources	1951	316.048/317.013	200	200
1.100 Depletion Costs for Nonfuel Minerals	Natural Resources	1913	316.048/317.374	800	800
1.101 Mining Reclamation Reserves	Natural Resources	1984	316.048/317.013	200	200
1.105 Magazine Circulation Expenditures	Tax Administration	1950	316.048/317.013	200	200
1.107 Completed Contract Rules	Tax Administration	1986	316.048/317.013	200	200
1.108 Casualty and Theft Losses	Social Policy	1913	316.695	2,100	2,100
1.109 Overnight-travel Expenses of National Guard and Reserve Members	Social Policy	2005	316.048	700	800
1.110 Local Income Taxes	Social Policy	1913	316.695	7,700	Less than 50
1.111 Charitable Contributions: Other	Social Policy	1917	316.695/317.013	213,900	242,500
Oregon Subtractions					
1.112 Land Donated to Schools	Education	1999	316.852/317.488	Less than 50	Less than 50
1.113 Oregon 529 College Savings Network	Education	1999	316.699	6,600	7,400

Personal Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)		
				2005-07	2007-09	
1.114	Scholarship Awards Used for Housing Expenses	Education	1999	316.846	400	400
1.115	Physicians in "Medically Disadvantaged" Areas	Human Services	1973	316.076	0	0
1.116	Additional Deduction for Elderly or Blind	Human Services	1989	316.695(7)	6,100	3,800
1.117	Additional Medical Deduction for Elderly	Human Services	1991	316.695 (1)(d)(B)	84,300	96,000
1.118	Social Security Benefits (Oregon)	Human Services	1985	316.054	263,000	299,500
1.119	Domestic Partner Benefits	Social Policy	1999	OAR 150-316-007(B)	500	600
1.120	Donations of Art by the Artist	Economic/Community	1979	316.838	100	100
1.121	Municipal Bond Interest	Economic/Community	1987	316.056	1,900	2,200
1.122	Small City Business Development	Economic/Community	2001	316.778/317.391	Less than 50	100
1.123	Individual Development Accounts (Exclusion and Subtraction)	Economic/Community	1999	316.848	Less than 50	Less than 50
1.125	Gains from Manufactured Dwelling Park Sale	Economic/Community	2005	316.153	Less than 50	Less than 50
1.126	Service in Vietnam on Missing Status	Economic/Community	1973	316.074	0	0
1.127	Underground Storage Tank Grants	Natural Resources	1991	316.834/317.383	0	0
1.128	Energy Conservation Subsidies (Oregon)	Natural Resources	1981	316.744/317.386	200	100
1.130	Income Earned in Border River Areas	Tax Administration	2001	316.127	Less than 50	Less than 50
1.131	Oregon State Lottery Prizes	Government	1985	461.560	2,400	3,000
1.132	Income Earned in "Indian Country"	Government	1977	316.777	3,600	3,800
1.133	Federal Pension Income	Government	1998	316.680(1)(f)	130,300	137,000
1.134	Federal Income Tax Deduction	Social Policy	1929	316.680/316.695	632,400	747,200
1.135	Military Active Duty Pay	Social Policy	1969	316.680/316.789/ 316.791	28,500	35,200
1.136	Interest and Dividends on U.S. Obligations	Federal Law	1970	316.680	27,900	34,300
Oregon Credits						
1.137	Youth Apprenticeship Sponsorship	Education	1991	315.254	0	0
1.139	Employer Provided Scholarships	Education	2001	315.237	Less than 50	Less than 50
1.140	Earned Income Credit	Human Services	1997	315.266	28,400	39,700
1.141	Qualified Adoption Expense	Human Services	1999	315.274	400	Less than 50
1.142	Rural Medical Practice	Human Services	1989	315.613/315.616/315.619	11,300	11,100
1.143	Volunteer Rural Emergency Medical Technicians	Human Services	2005	315.622	400	600
1.144	Costs in lieu of Nursing Home Care	Human Services	1979	316.147-316.149	Less than 50	Less than 50
1.145	Long-Term Care Insurance	Human Services	1999	315.610	11,300	12,600
1.146	Disabled Child	Human Services	1985	316.099	3,700	4,100
1.147	Elderly or Permanently Disabled	Human Services	1969	316.087	Less than 50	Less than 50
1.148	Loss of Limbs	Human Services	1973	316.079	Less than 50	Less than 50
1.149	Severe Disability	Human Services	1985	316.758/316.765	5,300	5,800
1.150	Film Production Development Contributions	Economic/Community	2003	315.514	1,300	1,500
1.153	Long-term Nonurban Enterprise Zone (Income Tax)	Economic/Community	1997	317.124	Less than 50	Less than 50
1.154	Reservation Enterprise Zone (Income Tax)	Economic/Community	2001	285C.309	Less than 50	Less than 50
1.155	Electronic Commerce Enterprise Zone (Income Tax)	Economic/Community	2001	315.507	Less than 50	Less than 50
1.156	Water Transit Vessel Manufacturing	Economic/Community	2005	315.517	Less than 50	Less than 50
1.157	Public University Venture Development Fund	Economic/Community	2005	315.521	Less than 50	200
1.158	Child and Dependent Care	Economic/Community	1975	316.078	16,800	15,600
1.159	Working Family Child Care	Economic/Community	1997	315.262	47,500	50,600
1.160	Dependent Care Assistance	Economic/Community	1987	315.204	400	400
1.161	Dependent Care Facilities	Economic/Community	1987	315.208	Incl. in 1.160	Incl. in 1.160
1.162	First Break Program	Economic/Community	1995	315.259	Less than 50	Less than 50
1.163	Child Care Division Contributions	Economic/Community	2001	315.213	300	300
1.164	Farm Worker Housing Construction	Economic/Community	1989	315.164	200	200
1.166	Involuntary Manufactured Dwelling Moves	Economic/Community	1991	316.153	300	400
1.168	Individual Development Account Contribution (Credit)	Economic/Community	1999	315.271	1,600	1,800
1.169	Individual Development Account Withdrawal (Credit)	Economic/Community	2005	315.272	Less than 50	100
1.170	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)	
				2005-07	2007-09
1.171 Crop Gleaning	Natural Resources	1977	315.156	100	100
1.172 Alternatives to Field Burning	Natural Resources	1975	468.150	100	100
1.173 Farm Machinery and Equipment (Income Tax)	Natural Resources	2001	315.119/315.123	Less than 50	Less than 50
1.174 Riparian Lands Removed from Farm Production	Natural Resources	2001	315.113	Less than 50	100
1.175 Pollution Prevention	Natural Resources	1995	315.311	Less than 50	Less than 50
1.176 Pollution Control	Natural Resources	1967	315.304	3,600	3,600
1.177 Reclaimed Plastics	Natural Resources	1985	315.324	Less than 50	Less than 50
1.178 Diesel Truck Engines	Natural Resources	2003	Note: 315.356	200	200
1.179 Fish Screening Devices	Natural Resources	1989	315.138	Less than 50	Less than 50
1.180 Alternative Energy Devices (Residential)	Natural Resources	1977	316.116	13,900	16,000
1.181 Alternative Fuel Stations	Natural Resources	2001	317.115	Less than 50	Less than 50
1.182 Business Energy Facilities	Natural Resources	1979	315.354	7,000	7,800
1.185 Reforestation	Natural Resources	1979	315.104	400	500
1.186 Sewer Connection	Natural Resources	1987	316.095	Less than 50	Less than 50
1.191 Political Contributions	Government	1969	316.102	11,600	11,900
1.192 Personal Exemption	Social Policy	1985	316.085	878,200	924,100
1.193 Oregon Cultural Trust	Social Policy	2001	315.675	3,300	3,700
1.194 Retirement Income	Social Policy	1991	316.157	2,000	1,600
Other					
1.195 Expatriate Residential Status	Economic/Community	1999	316.027	1,800	1,900
1.197 Income Averaging for Farmers	Natural Resources	2001	314.297	300	400
1.198 Capital Gains from Farm Property	Natural Resources	2001	318.020/317.063	1,000	1,100
1.201 Title 10 Active Duty Death	Social Policy	2005	314.088	Less than 50	Less than 50

Corporation Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)		
				2005-07	2007-09	
<i>Federal Exclusions</i>						
1.011	Prescription Drug Insurance (Part D)	Human Services	2003	316.048/317.013	3,500	1,500
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	18,800	28,900
1.022	Extraterritorial Income Exclusion	Economic/Community	2000	317.013	13,400	1,400
1.023	Cancellation of Debt for Non-Farmers	Economic/Community	Pre-1955	316.048/317.013	Less than 50	Less than 50
1.024	Imputed Interest Rules	Economic/Community	1964	316.048/317.013	100	100
1.030	Employee Stock Ownership Plans	Economic/Community	1974	316.048/317.013	4,100	4,600
1.037	Agriculture Cost-Sharing Payments	Natural Resources	1978	316.048/317.013	100	100
1.041	Life Insurance Company Reserves	Consumer and Business Services	1913	316.048/317.013	11,000	11,600
1.044	Credit Union Income	Consumer and Business Services	1951	317.080(1)	13,700	15,100
1.045	Structured Settlement Accounts	Consumer and Business Services	1982	317.013	Less than 50	Less than 50
1.046	Contributions in Aid of Construction for Utilities	Consumer and Business Services	1996	317.013	100	100
1.047	Gain on Nondealer Installment Sales	Tax Administration	1921	316.048/317.013	2,800	3,100
1.048	Gain on Like-Kind Exchanges	Tax Administration	1921	316.048/317.013	8,500	10,000
<i>Federal Deductions</i>						
1.069	Charitable Contributions: Education	Education	1917	316.695/317.013	6,600	5,000
1.070	Charitable Contributions: Health	Human Services	1917	316.695/317.013	6,600	6,100
1.072	Removal of Architectural Barriers	Human Services	1976	316.048/317.013	Less than 50	Less than 50
1.073	Accelerated Depreciation of Buildings	Economic/Community	1954	316.048/317.013	2,600	3,900
1.074	Accelerated Depreciation of Equipment	Economic/Community	1954	316.048/317.013	41,100	83,800
1.075	Deferral of Certain Financing Income of Foreign Corporations	Economic/Community	1997	317.013	5,800	5,900
1.076	Research and Development Costs	Economic/Community	1954	316.048/317.013	12,700	17,600
1.077	Section 179 Expensing Allowances	Economic/Community	1959	316.048/317.013	2,600	-1,400
1.078	Amortization of Business Start-Up Costs	Economic/Community	1980	316.048/317.013	100	100
1.079	Construction Funds of Shipping Companies	Economic/Community	1936	317.319	1,700	1,700
1.081	Renewal Community Tax Incentives	Economic/Community	2005	316.048/317.013	800	900
1.082	Deduction of Certain Film and Television Production Costs	Economic/Community	2005	317.013	200	100
1.083	Accelerated Depreciation of Rental Housing	Economic/Community	1954	316.048/317.013	1,900	2,800
1.086	Cash Accounting for Agriculture	Natural Resources	1916	316.048/317.013	600	600
1.087	Soil and Water Conservation Expenditures	Natural Resources	1954	316.048/317.013	100	100
1.088	Fertilizer and Soil Conditioner Costs	Natural Resources	1960	316.048/317.013	100	100
1.089	Costs of Raising Dairy and Breeding Cattle	Natural Resources	1916	316.048/317.013	100	100
1.090	Sale of Stock to Farmers' Cooperatives	Natural Resources	1998	316.048/317.013	Less than 50	Less than 50
1.091	Clean-Fuel Vehicles and Refueling Property	Natural Resources	1993	316.048/317.013	100	0
1.092	Small Refiner Expensing of Sulfur Compliant Equipment	Natural Resources	2004	317.013	Less than 50	Less than 50
1.093	Intangible Development Costs for Fuels	Natural Resources	1978	316.695/317.013	Less than 50	Less than 50
1.094	Depletion Costs for Fuels	Natural Resources	1962	316.695/317.013	Less than 50	Less than 50
1.095	Tertiary Injectants	Natural Resources	1980	316.695/317.013	Less than 50	Less than 50
1.096	Deferral of Capital Gains From FERC Restructuring Requirements	Natural Resources	2004	317.013	2,200	-200
1.097	Expensing Timber Growing Costs	Natural Resources	1986	316.048/317.013	1,800	1,800
1.098	Expensing and Amortization of Reforestation Costs	Natural Resources	1980	316.048/317.013	100	100
1.099	Development Costs for Nonfuel Minerals	Natural Resources	1951	316.048/317.013	400	400
1.100	Depletion Costs for Nonfuel Minerals	Natural Resources	1913	316.048/317.374	400	400
1.101	Mining Reclamation Reserves	Natural Resources	1984	316.048/317.013	100	100
1.102	Life Insurance Company Reserves	Consumer and Business Services	1984	317.655(2)(f) and (g)	8,500	9,000
1.103	Additions to Bad Debt Reserves of Small Financial Institutions	Consumer and Business Services	1947	317.310	Less than 50	Less than 50

Appendix E

Corporation Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)	
				2005-07	2007-09
1.104 Property and Casualty Insurance Company Reserves	Consumer and Business Services	1986	317.655(2)(f,g)	13,900	15,600
1.105 Magazine Circulation Expenditures	Tax Administration	1950	316.048/317.013	100	100
1.106 Net Operating Loss Limitation	Tax Administration	1954	317.478/317.479	2,600	2,600
1.107 Completed Contract Rules	Tax Administration	1986	316.048/317.013	1,300	1,700
1.111 Charitable Contributions: Other	Social Policy	1917	316.695/317.013	13,100	12,100
Oregon Subtractions					
1.112 Land Donated to Schools	Education	1999	316.852/317.488	Less than 50	Less than 50
1.122 Small City Business Development	Economic/Community	2001	316.778/317.391	Less than 50	300
1.124 Out-of-State Financial Institution	Economic/Community	1999	317.057	Less than 50	Less than 50
1.125 Gains from Manufactured Dwelling Park Sale	Economic/Community	2005	316.153	Less than 50	Less than 50
1.127 Underground Storage Tank Grants	Natural Resources	1991	316.834/317.383	0	0
1.128 Energy Conservation Subsidies (Oregon)	Natural Resources	1981	316.744/317.386	Less than 50	Less than 50
1.129 Wet Marine and Transportation Policies	Consumer and Business Services	1995	317.080(8)	500	600
Oregon Credits					
1.137 Youth Apprenticeship Sponsorship	Education	1991	315.254	0	0
1.138 Contributions of Computer Equipment	Education	1985	317.151	Less than 50	Less than 50
1.139 Employer Provided Scholarships	Education	2001	315.237	Less than 50	Less than 50
1.145 Long-Term Care Insurance	Human Services	1999	315.610	Less than 50	Less than 50
1.150 Film Production Development Contributions	Economic/Community	2003	315.514	200	200
1.151 Qualified Research Activities	Economic/Community	1989	317.152	11,300	16,500
1.152 Qualified Research Activities (Alternative)	Economic/Community	1989	317.154	Incl. in 1.151	Incl. in 1.151
1.153 Long-term Nonurban Enterprise Zone (Income Tax)	Economic/Community	1997	317.124	Less than 50	Less than 50
1.154 Reservation Enterprise Zone (Income Tax)	Economic/Community	2001	285C.309	Less than 50	Less than 50
1.155 Electronic Commerce Enterprise Zone (Income Tax)	Economic/Community	2001	315.507	2,900	3,000
1.156 Water Transit Vessel Manufacturing	Economic/Community	2005	315.517	Less than 50	Less than 50
1.157 Public University Venture Development Fund	Economic/Community	2005	315.521	Less than 50	200
1.160 Dependent Care Assistance	Economic/Community	1987	315.204	1,500	1,500
1.161 Dependent Care Facilities	Economic/Community	1987	315.208	Incl. in 1.160	Incl. in 1.160
1.162 First Break Program	Economic/Community	1995	315.259	Less than 50	Less than 50
1.163 Child Care Division Contributions	Economic/Community	2001	315.213	100	100
1.164 Farm Worker Housing Construction	Economic/Community	1989	315.164	700	1,000
1.165 Farm Worker Housing Lender's Credit	Economic/Community	1989	317.147	700	700
1.167 Oregon Affordable Housing Credit	Economic/Community	1989	317.097	5,800	9,000
1.168 Individual Development Account Contribution (Credit)	Economic/Community	1999	315.271	Less than 50	Less than 50
1.170 Oregon Capital Corporation Investments	Economic/Community	1987	315.504	0	0
1.171 Crop Gleaning	Natural Resources	1977	315.156	Less than 50	Less than 50
1.172 Alternatives to Field Burning	Natural Resources	1975	468.150	300	300
1.173 Farm Machinery and Equipment (Income Tax)	Natural Resources	2001	315.119/315.123	Less than 50	Less than 50
1.174 Riparian Lands Removed from Farm Production	Natural Resources	2001	315.113	Less than 50	Less than 50
1.175 Pollution Prevention	Natural Resources	1995	315.311	Less than 50	Less than 50
1.176 Pollution Control	Natural Resources	1967	315.304	15,900	14,700
1.177 Reclaimed Plastics	Natural Resources	1985	315.324	Less than 50	Less than 50
1.178 Diesel Truck Engines	Natural Resources	2003	Note: 315.356	100	100
1.179 Fish Screening Devices	Natural Resources	1989	315.138	Less than 50	Less than 50
1.181 Alternative Fuel Stations	Natural Resources	2001	317.115	Less than 50	Less than 50
1.182 Business Energy Facilities	Natural Resources	1979	315.354	12,700	15,200
1.183 Energy Conservation Lender's Credit	Natural Resources	1981	317.112	Less than 50	Less than 50
1.184 Weatherization Lender's Credit	Natural Resources	1977	317.111	Less than 50	Less than 50
1.185 Reforestation	Natural Resources	1979	315.104	Less than 50	Less than 50

Corporation Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)	
				2005–07	2007–09
1.187 Mile-Based or Time-Based Motor Vehicle Insurance	Consumer and Business Services	2003	Note: 317.122	Less than 50	Less than 50
1.188 Fire Insurance	Consumer and Business Services	1969	317.122(1)	5,300	6,600
1.189 Workers' Compensation Assessments	Consumer and Business Services	1995	317.122(2)	2,200	1,600
1.190 Oregon Life and Health IGA Assessments	Consumer and Business Services	1975	734.835	100	100
1.193 Oregon Cultural Trust	Social Policy	2001	315.675	Less than 50	Less than 50
<i>Other</i>					
1.196 Public Warehouse Sales Throwback Exemption	Economic/Community	2005	314.665	Less than 50	Less than 50
1.198 Capital Gains from Farm Property	Natural Resources	2001	318.020/317.063	Less than 50	Less than 50
1.199 Apportionment for Certain Forest Product Companies	Natural Resources	2003	314.650(2)	Not available	Not available
1.200 Apportionment for Utility and Telecommunication Companies	Consumer and Business Services	2001	314.280	500	600
1.202 Single Sales Factor Corporate Apportionment	Economic/Community	2003	314.650	77,600	65,600