

# Renew Political Tax Credit?

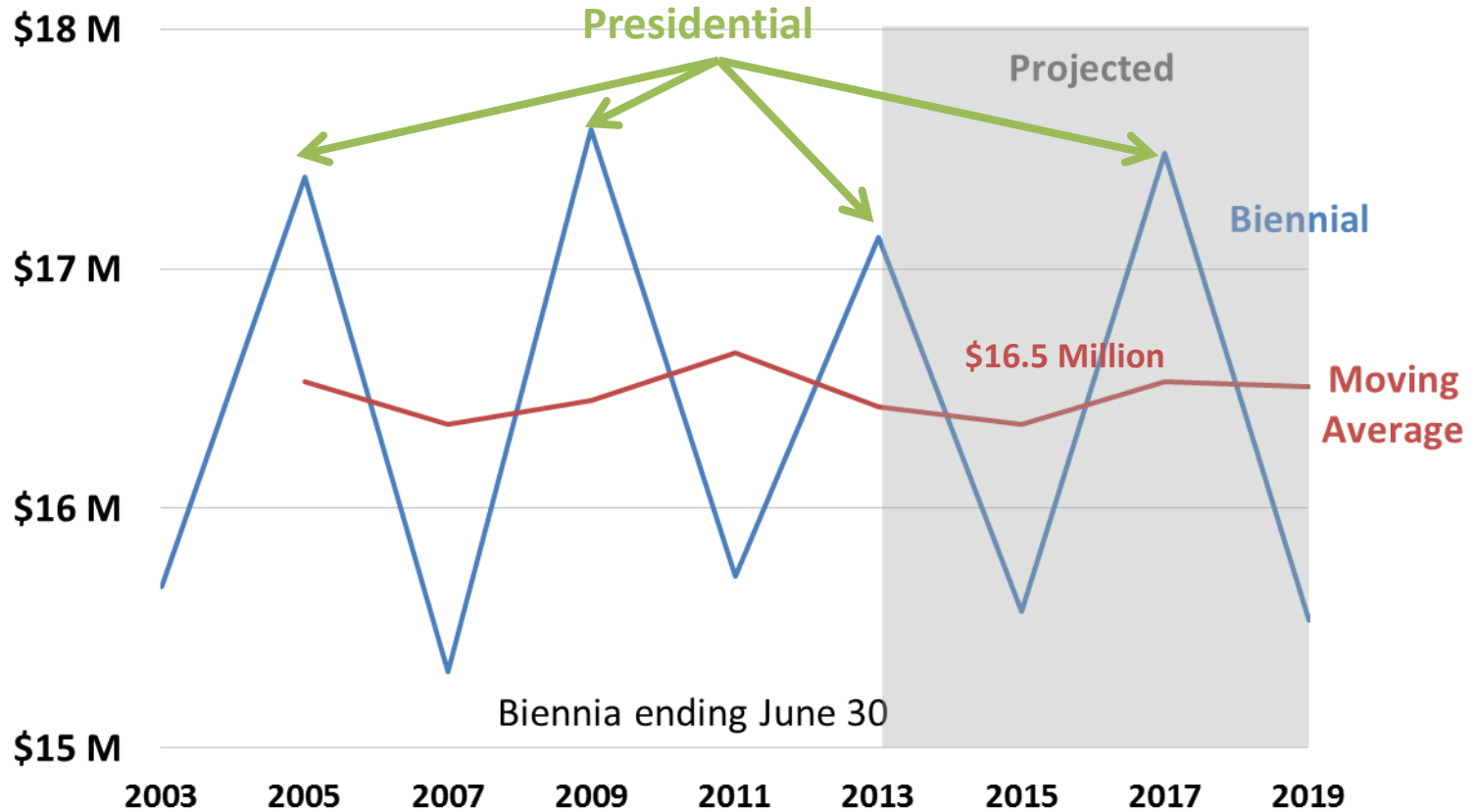
Presentation re **HB 2407**

Steve Robinson, Decision Metrics

May 9, 2013

# Use of Political Contribution Credit in Oregon

Biennial, Discounted by Statewide Personal Income  
Historical to 2011, projected to 2019 (\$ Millions)

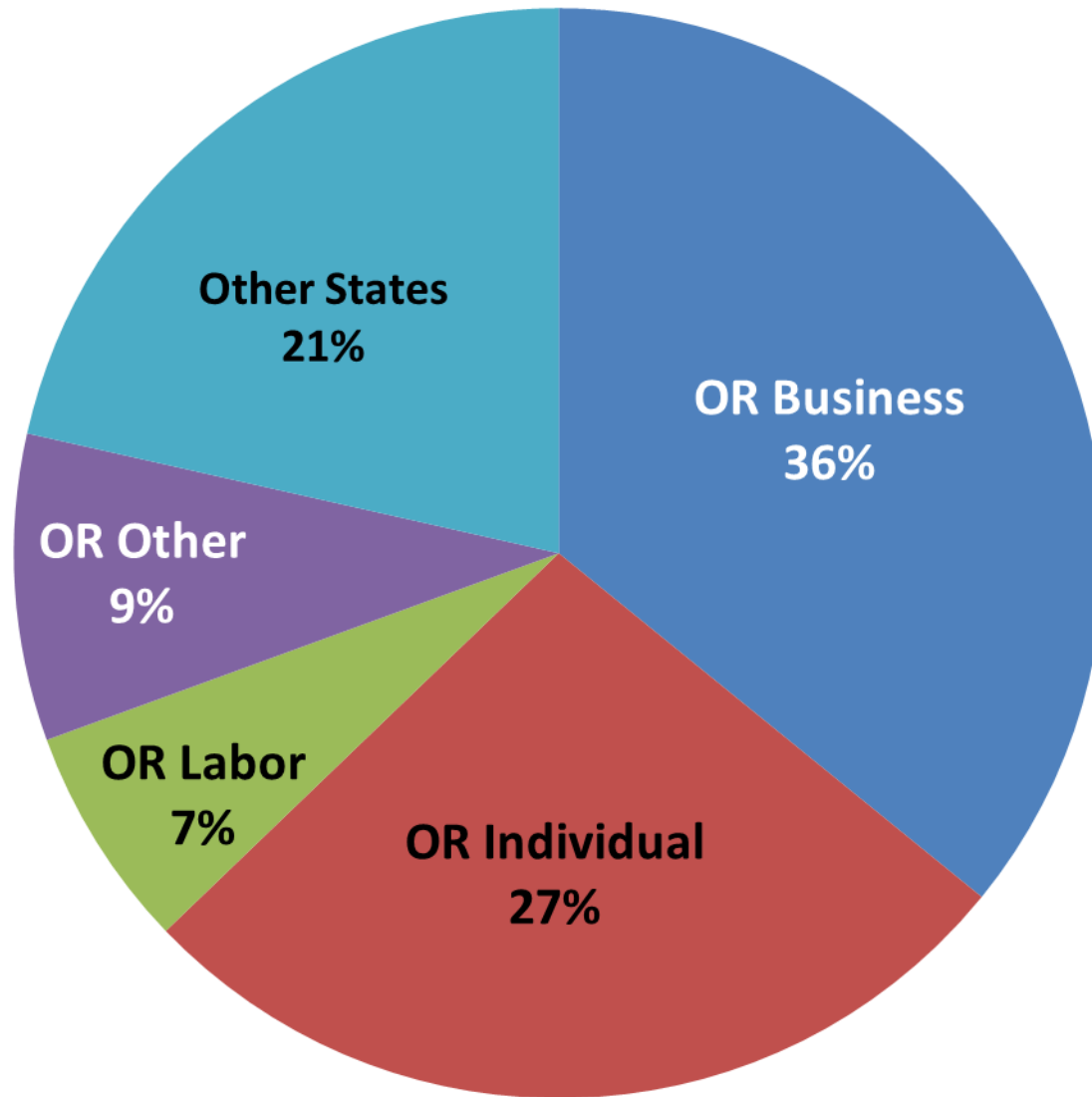


Source: Oregon DOR personal income tax tables

# The data

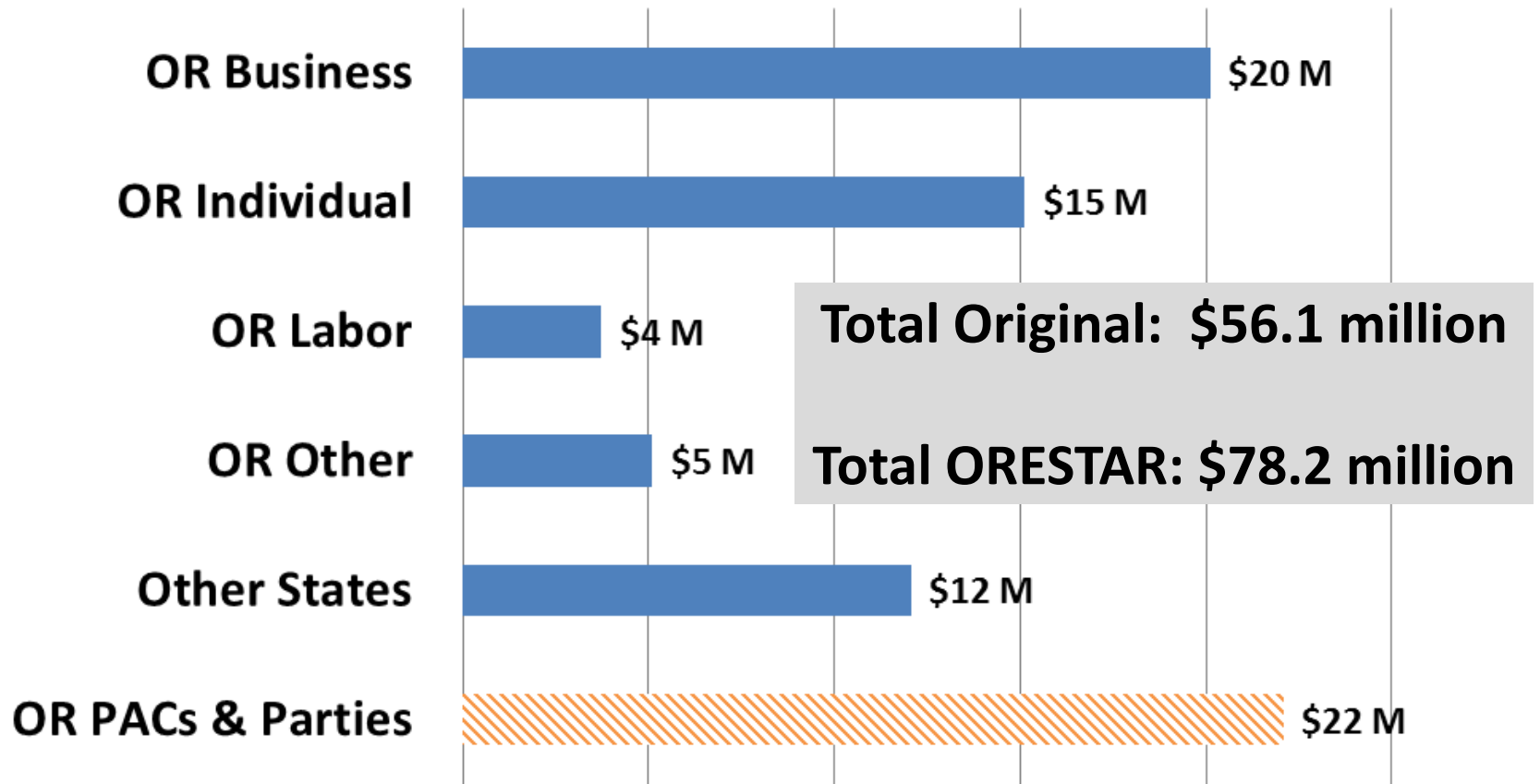
- About **98,000** individual political contributors in 2010, half in the top 20% of earners
- **58%** of benefit to top tier
- Average credit: **\$78** for top tier, **\$27** for lowest
- Taxpayers claiming credit: **5.1%** since 1990
- Only **2%** participation in bottom 60%
- Total revenue impact:
  - 2011-13: **\$14.9 M** (\$17.1 M in 2014 \$)
  - Renewal, 3 biennia: **\$48.5 M** (in 2014 \$)

## Original\* Political Contributors in Oregon, 2012



*Oregon PACs & Parties collect and redistribute contributions from businesses and individuals*

## Original\* Political Contributors in Oregon, 2012

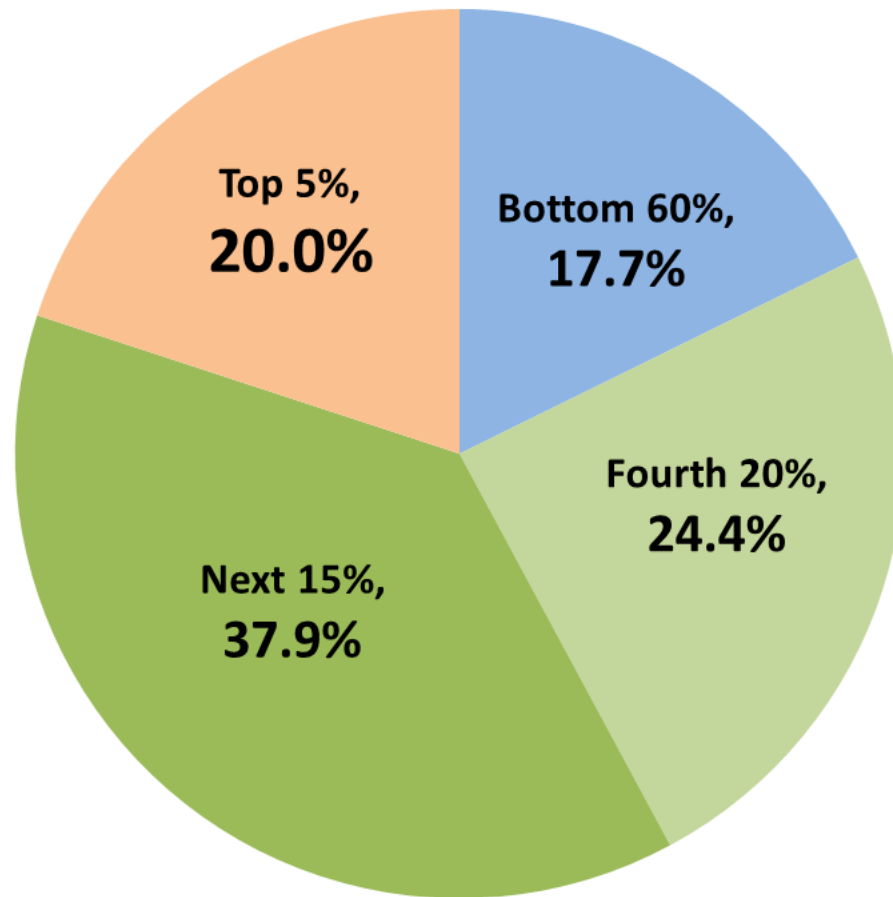


*Oregon PACs & Parties collect and redistribute contributions from businesses and individuals*

# Contributions in 2012

Total transactions	Over 100,000
Total “new money” contributions	\$56.1 million
Individual contributions	\$15 million
Exceeding \$50-100 tax credit	~60%

# Distribution of Credit, 2011



Source: Oregon DOR personal income tax tables

# Total cost of program to date:

Originated in 1969

**21** biennia

Revenue impact in 2011-13: **\$14.9 million**

21 x \$14.9 million = **\$313 million**

(assuming 2011-13 was average)



# HSCO Evaluation Criteria: **Program Design**

- Clear goal statement?

Typical:

*“The statute that allows this expenditure does not explicitly state a purpose. Presumably, ...”*

# HSCO Evaluation Criteria: **Program Design**

- Clear goal statement?
- Desired, measurable objectives?

## If missing or unclear:

- Try to amend statutes to correct problem
- Evaluate tax break against clear goals and objectives

# If performance doesn't measure up

## Options:

1. Terminate tax break program
2. Make immediate changes
3. Ask proponents to return in 2014 or 2015 with new, improved product

# HSCO Evaluation Criteria: **Program Design**

- Clear goal statement?
- Desired, measurable objectives?
- Most efficient approach to goals?
- Properly targeted, avoids redundancy?
- Benefits exceed costs?
- Sufficient in size to achieve goals?
- Avoid negative results (e.g. windfall)?

# HSCO Evaluation Criteria: **Distribution and Administration**

- Analysis of who benefits and how?
  - By type of beneficiary
  - By industries and/or geography
  - By income group
- Workable, efficient administration?
  - Clear qualification standards
  - Efficient enforcement, adequate safeguards
  - Sunset date no more than 3 biennia
  - Transparency, annual outcome reporting

# Comparing Political Contribution Credit with HSCO Criteria

HSCO Criterion	?
Clear goal statement? Desired, measurable objectives?	No

Purpose statement in TER

*“The statute that allows this expenditure does not explicitly state a purpose. Presumably, ...  
the purpose is to increase participation in the political process.”*

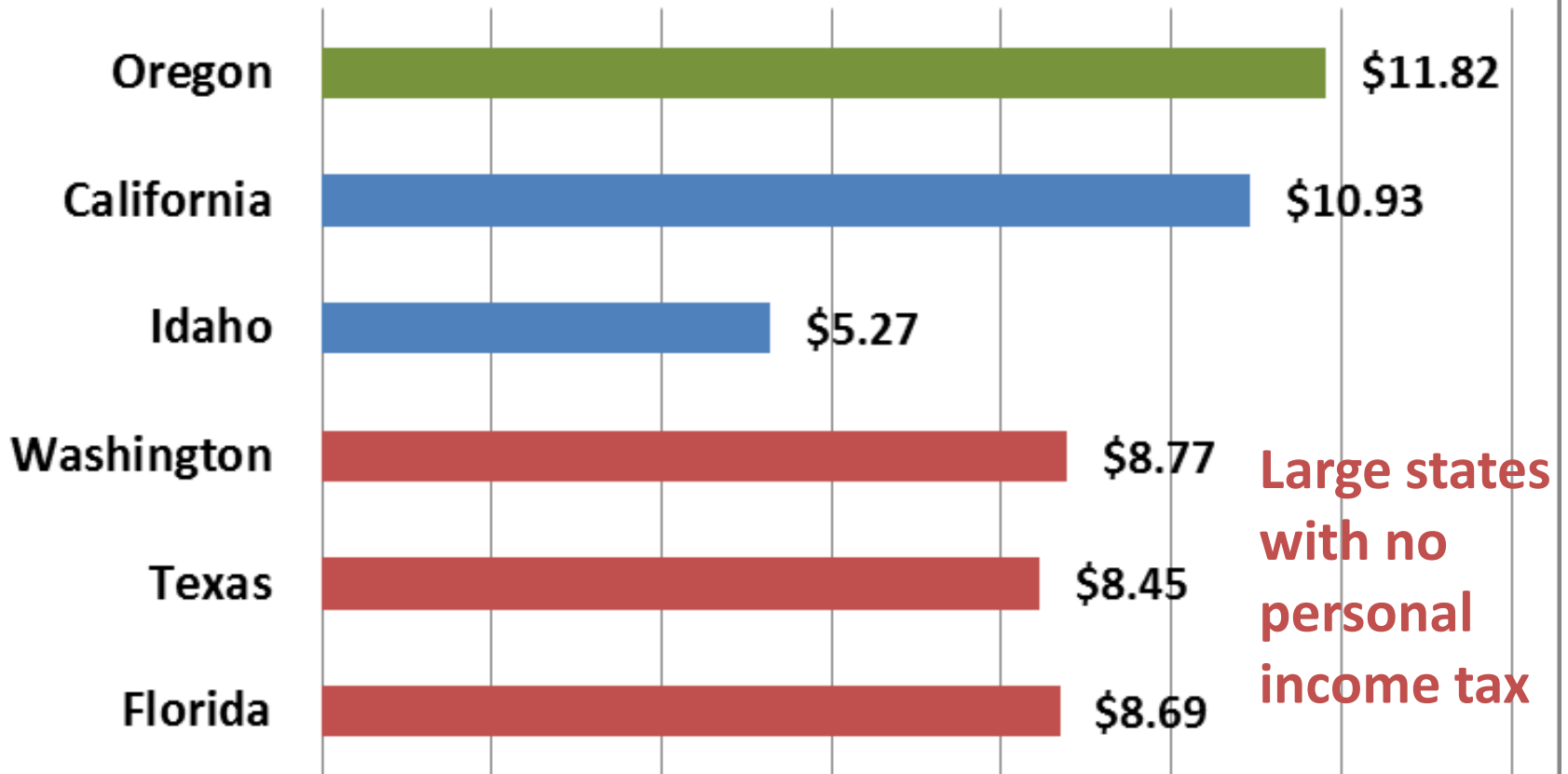
HSCO Criterion	?
Clear goal statement? Desired, measurable objectives?	No
Most efficient approach to goals? Benefits exceed costs? Sufficient in size to achieve goals?	N/A

Secretary of State:

*“We are unable to determine if a tax expenditure is the most fiscally effective means of increasing public participation in the political process.”*



## Per Capita Contributions to Statewide Candidates, 2010



Source: [Followthemoney.org/database/state\\_overview](http://Followthemoney.org/database/state_overview)

*Statewide candidates include governor, legislators, judges, etc.*

<b>HSCO Criterion</b>	<b>?</b>
Clear goal statement? Desired, measurable objectives?	<b>No</b>
Most efficient approach to goals? Benefits exceed costs? Sufficient in size to achieve goals?	<b>N/A</b>
Targeted, avoids redundancy?	<b>Yes</b>

<b>HSCO Criterion</b>	<b>?</b>
Clear goal statement? Desired, measurable objectives?	<b>No</b>
Most efficient approach to goals? Benefits exceed costs? Sufficient in size to achieve goals?	<b>N/A</b>
Targeted, avoids redundancy?	<b>Yes</b>
Avoids negative results, windfalls	<b>No</b>

HSCO Criterion	?
Analysis of who benefits?	Yes
Workable, efficient administration?	Yes
Clear standards?	Yes
Efficient enforcement?	Yes
Sunset date	Yes
Annual outcome reporting?	No



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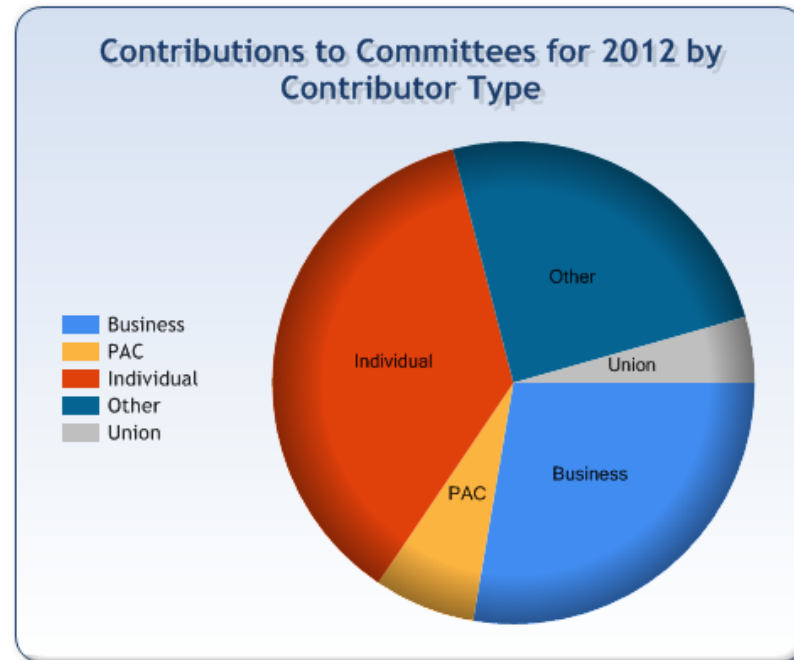
## CONTRIBUTION TOTALS FOR COMMITTEES FOR 2012: \$104,005,827.30

Election Year:

2012

[Switch to Expenditure Totals](#)

Details	Contributor Types	Amount
Details	Anonymous	\$80,257.31
Details	Business	\$28,317,874.29
Details	PAC	\$6,948,057.82
Details	Individual	\$37,324,267.87
Details	Caucus	\$1,273,145.00
Details	Other	\$25,197,436.16
Details	Party	\$239,873.08
Details	Self	\$105,220.00
Details	Minor Party	\$7,040.00
Details	Union	\$4,512,655.77



THE GRID ABOVE SHOWS CONTRIBUTION TOTALS FROM ALL CONTRIBUTOR TYPES.

THE CHART ABOVE SHOWS CONTRIBUTOR TYPES WITH 4% OR MORE OF TOTAL CONTRIBUTIONS.

# Overall evaluation

Secretary of State:

*“It is difficult to determine whether this expenditure has been effective in achieving its purpose.”*

# My Evaluation: **Needs Improvement**

## Recommendations:

- 1. Clarify goals and objectives** (top priority)
- 2. Means test** (high priority):  
**Eliminate\*** for incomes over threshold
  - Could save half the cost (\$25 million / 3 biennia)
- 3. Make Refundable** (low priority)
  - Provides access to low income earners at low cost

*\* Not a phase-out; would be too complex for such a small credit*

Steve Robinson



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