

**PURPOSE:** The statute that allows this expenditure does not explicitly state a purpose. Presumably, the purpose is to shift part of the cost of claims against insolvent insurers from the insurance industry to the state General Fund.

**WHO BENEFITS:** For tax year 2008, 19 taxpayers benefited from the credit. These taxpayers reduced their tax liability by \$120, on average. Other taxpayers claiming this credit were unable to use it due to insufficient tax liability.

Since there has been no OLHIGA class B assessment since 2005, no taxpayer has tax credit remaining for tax year 2009 forward. If and when a new class B assessment would be issued by OLHIGA, taxpayers would again start to use this credit.

**EVALUATION:** Not evaluated.

## 1.458 POLITICAL CONTRIBUTIONS

Oregon Statute: 316.102

Sunset Date: 12-31-2013

Year Enacted: 1969

	Corporation	Personal	Total
2011–13 Revenue Impact:	Not Applicable	\$14,900,000	\$14,900,000
2013–15 Revenue Impact:	Not Applicable	\$6,900,000	\$6,900,000

NOTE: The revenue impact estimate includes the effect of the sunset.

**DESCRIPTION:** A nonrefundable credit may be claimed against personal income taxes for the amount of qualified political contributions made, not to exceed \$50 (\$100 for a joint return). Qualified political contributions include cash contributions to a major or minor political party; to candidates for state, federal or local elective office; or to political action committees in the state. Credits that cannot be used because of insufficient tax liability in the current year may not be carried forward to later years.

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

**WHO BENEFITS:** Taxpayers who make cash contributions to political candidates or parties or political action committees. Usage of the credit is generally highest during presidential election years. The table below shows usage of this credit for tax year 2010.

2010 Personal Income Tax Filers				
Income Group of Full-Year Filers*	Number of Filers Using Credit	Average Revenue Impact of Credit	Revenue Impact (\$ millions)	Percent of Revenue Impact by Income Group
Below \$12,100	3,100	\$27	\$0.1	1%
\$12,100 - \$25,000	7,520	\$41	\$0.3	5%
\$25,000 - \$44,100	12,730	\$53	\$0.7	11%
\$44,100 - \$77,000	24,620	\$63	\$1.5	25%
Above \$77,000	46,920	\$78	\$3.7	58%
<b>All Full-Year Filers</b>	<b>94,880</b>	<b>\$66</b>	<b>\$6.3</b>	<b>100%</b>
<b>Part-Year and Nonresident Filers</b>	<b>3,340</b>	<b>\$63</b>	<b>\$0.2</b>	

\*Each income group contains 20 percent of the full-year filers (approximately 316,000)

**EVALUATION:** *by the Secretary of State*

Data provided by the Department of Revenue starting in 1990 indicates growth in the percentage of taxpayers using the credit from a low of 3.4 percent in 1997 to an all-time high of 7.8 percent in 2008. The percentage of taxpayers claiming the credit varies each year and the difference in number of taxpayers using the credit could be attributed to many factors, including the profile of candidates on the ballot, the number and subject matter of ballot measures, and the general political environment at the time.

It is difficult to determine whether this expenditure has been effective in achieving its purpose. The credit amount is relatively small at \$100 on a joint return, and the tax credit is low compared to the amount of contributions an individual could make in a given year. It's also unclear how much the tax credit affects the number of people participating in comparison to the amount of money a donor will contribute. Additionally, since the tax credit has been in effect since 1969, it is difficult to compare how many Oregonians will participate without the tax credit. Many candidates and political committees highlight the tax credit as a fundraising tool, yet the average percentage of taxpayers claiming the credit since 1990 is 5.1 percent.

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

## 1.459 PERSONAL EXEMPTION

Oregon Statute: 316.085

Sunset Date: None

Year Enacted: 1985

	Corporation	Personal	Total
2011–13 Revenue Impact:	Not Applicable	\$1,086,300,000	\$1,086,300,000
2013–15 Revenue Impact:	Not Applicable	\$1,121,000,000	\$1,121,000,000

**DESCRIPTION:** Oregon personal income taxpayers receive a personal exemption credit for each taxpayer and dependent represented on the return. Individuals who can be claimed as a dependent on another's return cannot claim a credit on their own return. The amount of the credit is indexed to inflation and is \$183 in 2012. In 2007, the Legislature modified the personal exemption credit, so that the credit is phased down for high income returns, to a minimum of 33 percent of the full credit amount. Nonresidents and part-year residents must multiply their credit by their Oregon percentage.

**PURPOSE:** The statute that allows this expenditure does not explicitly state a purpose. Presumably, the purpose is to provide a minimum level of tax-free income for all Oregon personal income taxpayers.

**WHO BENEFITS:** Oregon personal income taxpayers, except those who are claimed on another taxpayer's return. The table below shows usage of this credit for tax year 2010.

2010 Personal Income Tax Filers				
Income Group of Full-Year Filers*	Number of Filers Using Credit	Average Revenue Impact of Credit	Revenue Impact (\$ millions)	Percent of Revenue Impact by Income Group
<b>Below \$12,100</b>	250,180	\$116	\$29.1	5.9%
<b>\$12,100 - \$25,000</b>	310,650	\$281	\$87.2	17.6%
<b>\$25,000 - \$44,100</b>	315,640	\$336	\$106.2	21.5%
<b>\$44,100 - \$77,000</b>	316,110	\$391	\$123.7	25.0%
<b>Above \$77,000</b>	316,180	\$470	\$148.7	30.0%
<b>All Full-Year Filers</b>	1,508,770	\$328	\$494.9	100.0%
<b>Part-Year and Nonresident Filers</b>	202,940	\$166	\$33.7	

\*Each income group contains 20 percent of the full-year filers (approximately 316,000)

EVALUATION: *by the Department of Revenue*

The credit achieves its purpose of providing a level of tax-free income for personal income taxpayers, and because the credit is granted for each taxpayer and dependent, the credit increases with family size. This tax relief is in the form of a credit rather than a deduction, so it provides more tax relief, relative to incomes, to lower income taxpayers, increasing the progressivity of Oregon's income tax.

## 1.460 OREGON CULTURAL TRUST

Oregon Statutes: 315.675

Sunset Date: 12-31-2013

Year Enacted: 2001

	Corporation	Personal	Total
2011–13 Revenue Impact:	Less than \$100,000	\$6,500,000	\$6,500,000
2013–15 Revenue Impact:	Less than \$100,000	\$3,300,000	\$3,300,000

NOTE: The revenue impact estimate includes the effect of the sunset.

DESCRIPTION: A credit is allowed against personal or corporation income tax for contributions made to the Trust for Cultural Development Account. In order to qualify for the credit, the taxpayer must first make a contribution to an Oregon cultural organization and then make a contribution of equal or lesser value to the Trust for Cultural Development Account. The credit is equal to the amount of the contribution to the Trust for Cultural Development Account, not to exceed \$500 for a single filer, \$1,000 for joint filers, and \$2,500 for corporations. Nonresident and part-year resident individual taxpayers must multiply their credit by their Oregon percentage. It may not be carried forward to another tax year.

The Oregon Cultural Trust Board oversees the Trust for the Cultural Development Account. The Oregon Cultural Trust invests in Oregon cultural development by funding county and tribal coalitions, providing grants to cultural organizations, and supporting statewide cultural agencies. Beneficiaries include theatres, performing arts centers and programs, historic buildings, museums and their exhibits, public art, historic trails, historic cemeteries, archeological sites, architecture, Native American and other ethnic traditions, libraries, and parks.

Income Tax  
Oregon Credits

**PURPOSE:** The statute that allows this expenditure does not explicitly state a purpose. Presumably, the purpose is to create incentives for increased cultural development in Oregon and to encourage direct donations to Oregon-based nonprofit entities organized primarily for the purpose of producing, promoting or presenting the arts, heritage and humanities to the public, or for identifying, documenting, interpreting or preserving cultural resources.

**WHO BENEFITS:** For tax year 2009, 7 corporate taxpayers benefited from this credit. These taxpayers reduced their tax liability by \$1,600, on average. The table below shows personal income tax usage of this credit for tax year 2010.

<b>2010 Personal Income Tax Filers</b>				
<b>Income Group of Full-Year Filers*</b>	<b>Number of Filers Using Credit</b>	<b>Average Revenue Impact of Credit</b>	<b>Revenue Impact (\$ millions)</b>	<b>Percent of Revenue Impact by Income Group</b>
<b>Below \$12,100</b>	70	\$33	<\$0.1	<1%
<b>\$12,100 - \$25,000</b>	160	\$127	<\$0.1	1%
<b>\$25,000 - \$44,100</b>	420	\$207	\$0.1	3%
<b>\$44,100 - \$77,000</b>	1,260	\$310	\$0.4	13%
<b>Above \$77,000</b>	4,540	\$578	\$2.6	84%
<b>All Full-Year Filers</b>	6,450	\$484	\$3.1	100%
<b>Part-Year and Nonresident Filers</b>	50	\$289	<\$0.1	

\*Each income group contains 20 percent of the full-year filers (approximately 316,000)

**EVALUATION:** *by the Oregon Arts Commission*

This tax incentive appears to achieve its purpose. It successfully funds cultural institutions, projects and activities, for which public support is commonplace in the U.S. and elsewhere. The tax program accomplishes this with a great many small tax credits, such that it is the interested individual citizen/taxpayer, who decides whether to fund these objectives based on that person’s own evaluation and interests. Thousands of Oregonians are contributing to the Cultural Trust each year. In addition, this tax credit balances individual preferences for funding with the more centralized, larger investment capacity embodied by the Oregon Cultural Trust.

### 1.461 RETIREMENT INCOME

Oregon Statute: 316.157  
Sunset Date: 12-31-2013  
Year Enacted: 1991

	<b>Corporation</b>	<b>Personal</b>	<b>Total</b>
2011–13 Revenue Impact:	Not Applicable	\$1,300,000	\$1,300,000
2013–15 Revenue Impact:	Not Applicable	\$400,000	\$400,000

NOTE: The revenue impact estimate includes the effect of the sunset.

**DESCRIPTION:** Taxpayers who are 62 or older and receiving taxable retirement income are allowed a credit against personal income taxes of up to 9 percent of their net pension income. Net pension income is all retirement income included in federal taxable income, except federal pensions excluded from Oregon taxable income (see 1.323 Federal Pension Income) and Social Security benefits, which are not taxed by Oregon. Thus net pension income consists of private, state, local, and some federal government