

Tax Credits for Review in 2019

This is the primary section of the report, containing detailed information on each tax credit scheduled to be reviewed in 2019. In total, there are nine such tax credits. To provide some context, the table below shows the cost to the biennial budget for the last, current, and following two biennia. These estimates are for current law; the declining cost estimates reflect the current sunset dates. The table reflects how this section is structured.

Tax Credit Costs Under Current Law and Costs to Extend Sunset Dates								
Tax Credit	Biennium (\$M)							
	Cost Under Current Law				Cost to Extend Sunset Date			
	2017-19	2019-21	2021-23	2023-25	2017-19	2019-21	2021-23	2023-25
Employer Provided Scholarships	< 50K	< 50K	< 50K	< 50K	0	< 50K	< 50K	< 50K
Earned Income	104.6	53.4	0.0	0.0	0	54.2	113.3	120.0
Volunteer Rural Emergency Medical Services Providers	0.2	0.1	0.0	0.0	0	0.1	0.2	0.2
Agriculture Workforce Housing Construction	4.8	2.7	0.5	0.3	0	2.0	4.1	4.1
Manufactured Dwelling Park Closure	0.1	0.0	0.0	0.0	0	< 50K	0.1	0.1
Crop Donations	0.4	0.3	0.1	0.0	0	0.2	0.4	0.5
Political Contributions	11.6	5.8	0.0	0.0	0	6.7	12.7	13.5
Oregon Cultural Trust	7.9	4.1	0.0	0.0	0	4.2	8.6	9.0
Certain Retirement Income	1.4	0.7	0.0	0.0	0	0.7	1.3	1.2
Total	131.0	67.1	0.6	0.3	0.0	68.0	140.6	148.5

The remainder of the report consists of separate reviews for each tax credit. Each review consists of eight subsections: description, policy purpose, beneficiaries, similar incentives available in Oregon, credit effectiveness and efficiency, analysis of potential direct appropriation, administrative & compliance costs and similar credits allowed in other states. The description provides detail on how the tax credit works under current law. The policy purpose is generally not in statute but is based on documentation from implementing or modifying legislation. Generally, the purposes are inferred from historical records. On occasion, Oregon statute provides a clear statement of the policy intent. The policy analysis describes academic research on relevant incentives if available, provides some discussion of the history, and an analysis of available data. Often the primary sources of data are certifications and tax returns. The review of items such as a summary of similar incentives in Oregon and other states and administrative costs conclude each tax credit analysis.

Statute requires this report to provide information on the public policy purpose or goal of each tax credit. The most basic of this information is simply the stated public policy purpose. Also required is information on the expected timeline for achieving that purpose, the best means of measuring its achievement, and whether or not the use of a tax credit is an effective and efficient way to achieve that goal. However, Oregon statute does not generally contain policy purposes or goals for tax credits. Consequently, statute does not generally identify timelines or metrics related to such goals. In the few cases where statute does provide a purpose or a goal, it is included in this report. The more common approach has been to rely on bill documentation and written testimony for the implementing legislation. This information is the basis for the purpose statements included in this report.

Statute requires that this report contain, among other things, an analysis of each credit regarding the extent to which each is an effective and efficient way to achieve the desired policy goals. Ideally, the best analytical approach would be to identify metrics for each desired outcome, measure them over time, and then estimate the degree to which each credit contributes to the success of obtaining those

Volunteer Rural Emergency Medical Services Providers

ORS 315.622	Year Enacted:	2005	Transferable:	No
	Length:	1-year	Means Tested:	No
	Refundable:	No	Carryforward:	No
	Kind of cap:	None	Inflation Adjusted:	No
TER 1.408				

Description

Oregon allows a personal income tax credit equal to \$250 for individuals licensed as emergency medical services (EMS) providers. To qualify for the credit, the licensed EMS provider must be certified by the Office of Rural Health as an individual who provided volunteer emergency medical services in a rural area. The volunteered rural services must comprise at least 20 percent of the total emergency medical services provided by the individual in the tax year. For purposes of the credit, rural area is defined as a geographic area that is located at least 25 miles from any city with a population of 30,000 or more. The credit is nonrefundable meaning tax liability cannot be reduced below zero.

For purposes of the tax credit, the Office of Rural Health defines a volunteer as:

a person properly trained under Oregon law who either operates an ambulance to and from the scene of an emergency or renders emergency medical treatment on a volunteer basis so long as the total reimbursement received for such volunteer services does not represent more than 25% of his or her gross annual income and does not exceed \$3,000 per calendar year. (Office of Rural Health, 2018)

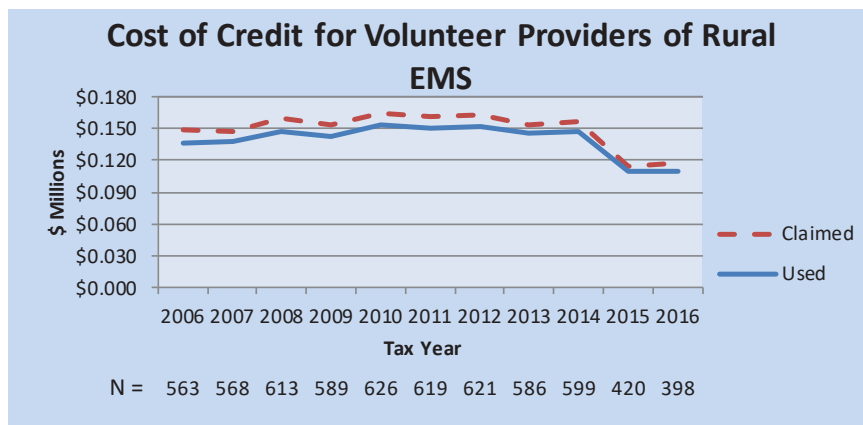
For previously certified volunteer rural EMS providers, the Office of Rural Health automatically sends a tax certification renewal form in December.

Policy

A specific policy purpose statement regarding the certain retirement income credit is not contained in statute. Rather, a general policy purpose of the credit can be derived by referencing the relevant legislative committee discussions and deliberations that took place when the credit was enacted and substantively modified. **The policy purpose of the credit is to help defray the out of pocket costs of rural volunteer providers of emergency medical services** (Submitted Testimony to Senate Committee on Rural Communities and Economic Development, 2013).

Beneficiaries

Volunteer providers of rural emergency medical services are the direct beneficiaries of the tax credit. For the first nine years that the tax credit was available, the average number of taxpayers claiming the credit was about 600 per year. In the past two tax years, the number of taxpayers claiming the credit has dropped to about 410 on average. As displayed in the table following, the average reduction in tax resulting from the credit was roughly \$280 in tax year 2016. The amount of the tax credit is



\$250 per individual. For joint returns with two individuals qualifying for the credit, total potential value of the tax credit is \$500.

Providers of Rural Emergency Medical Services 2016 Personal Income Tax Filers				
Income Group of Full-Year Filers	Number of Filers Using Credit	Avg. Revenue Impact of Credit	Revenue Impact (\$ millions)	Percent of Revenue Impact by Income Group
< \$14,400	30	\$80	<\$0.1	2%
\$14,400 - \$29,800	40	\$220	<\$0.1	8%
\$29,800 - \$52,400	70	\$280	<\$0.1	17%
\$52,400 - \$92,700	150	\$280	<\$0.1	38%
> \$92,700	110	\$340	<\$0.1	35%
Total Full-Year Filers	400	\$280	\$0.1	100%

(State of Oregon Tax Expenditure Report: 2019-21 Biennium)

Similar Incentives Available in Oregon

Area Health Education Centers (AHECs) work to improve healthcare for rural and underserved populations by educating current and potential rural health care students, and the Office of Rural Health coordinates the statewide effort to provide healthcare in rural Oregon. The Office of Rural Health supports rural emergency medical services through research and training and administers both the Oregon Rural Provider and Emergency Medical Services provider tax credits. However, the only direct support delivered to providers of rural emergency medical services to offset out of pocket training expenses is through the office’s Helping EMS in Rural Oregon (HERO) Program, which is entirely funded through donations to the OHSU Foundation. Since 2010, the HERO grant program has made 219 individual awards and 53 agency awards to conduct local trainings for their staff with a total distribution of \$230,012 (Oregon Office of Rural Health, 2018).

Direct Spending Program	2017-19 Legislatively Approved Budget (\$M)
	General Fund
Office of Rural Health/Area Health Education Centers	\$4.6

Credit Effectiveness and Efficiency

As the purpose of the tax credit is to help defray the out of pocket costs of rural EMS volunteer providers, credit effectiveness can be explored by examining costs associated with rural EMS volunteers. A multitude of costs are associated with being employed as an EMS provider or being a volunteer rural EMS provider. This report examines the direct costs associated with being a volunteer EMS provider, many other indirect associated costs such as travel & lodging or an individual’s time are not included.

Regulation for ambulances and emergency medical services is provided for in ORS chapter 682. Oregon requires licensing of providers of EMS. An Oregon license is valid for two years. Fee for an initial license can range from \$45 to \$290 depending upon certification (e.g. - EMR, EMT, Paramedic) with subsequent two-year license renewals costing \$23 to \$150.³²

³² ORS 682.212 provides authority for fee. Fee amounts are determined by the Oregon Health Authority in contained in Oregon Administrative Rule 333-265-0030.

Providers of EMS must fulfill continuing education requirements. Continuing education topics and hour requirements vary depending on license type ranging from 12 hours for an EMR and up to 48 hours for paramedics (Oregon Health Authority). Cost of fulfilling continuing education requirements varies depending on required education courses and course provider. Many of Oregon's community colleges provide emergency medical technician programs that provide the necessary training/education to meet initial EMS provider certification requirements as well as EMS continuing education programs. Costs for continuing education program certification ranges depending on amount and type of continuing education, but a cursory review of continuing education programs provided at various Oregon community colleges indicates costs of continuing education to be at minimum, a few hundred dollars per two-year cycle.

Incurred costs are not specific to being a volunteer EMS provider. Two-year licenses and associated fees as well as costs related to fulfilling continuing education obligations are requirements for all certified EMS providers. For EMS providers that are employed as an EMS provider and also volunteer in rural areas, the tax credit may function more as additional compensation for providing volunteer services as underlying license and education costs are a requirement of employment. For individuals who are not otherwise employed as an EMS provider or are primarily a volunteer EMS provider, the tax credit more directly functions as a way to offset costs associated with maintaining EMS provider licensing.

Analysis of Potential Direct Appropriation

The HERO program administered by the OHSU Foundation provides a mechanism for distributing direct appropriations to support rural EMS providers. The Oregon Office of Rural Health HERO campaign raises funds to help rural and frontier EMS volunteer providers pay for their training. The HERO program is funded entirely through donations to the OHSU Foundation which is a 501(c)(3) tax-exempt organization. The HERO program offers a potential conduit and/or example of how dollars could be directly appropriated to rural volunteer EMS providers.

A potential advantage of a direct appropriation program is timing. While the funds from a tax credit are received at time of tax filing in late winter/early spring, license fees, continuing education and training costs may be incurred throughout the year. Another potential option is the waiving of initial and renewal license fees for volunteer rural EMS providers. Continuing EMS education programs are often provided through community colleges. Grants for volunteer EMS providers could also be directly provided to community college programs.

Administrative & Compliance Costs

The administrative and compliance costs of this credit are minimal.

Similar Credits Allowed in Other States

While an exhaustive 50 state review process was not conducted, the State of New York provides an example of a similar credit available in another state. New York provides an income tax credit equal to \$200 available to active volunteer firefighters or volunteer ambulance workers. The credit is refundable meaning volunteers without sufficient tax liability to take the full amount of the credit will have any additional amount after reducing their tax liability to zero paid to them as a tax refund.

Appendix A: Legislative History

This appendix contains the legislative history for each tax credit included in this report. Statutory changes can be technical in nature or policy-oriented. Text in bold indicates changes that are more policy-oriented.

Statute	Tax Expenditure (TE) Name and TE Number (Number aligns with Governor's Tax Expenditure Report)			
315.237	1.401 Employer Provided Scholarships			
	Year	Bill	Chapter	Section(s)
				Policy
	2001	HB 2521	475	1-9 Enacting legislation
	2009	HB 2067	913	24 Established sunset of 1/1/2014
	2011	SB 242	637	102 Definitional change aligning to other related statutory changes (Oregon Student Assistance Commission replaced by Oregon Student Access Commission)
	2013	HB 3367	750	17 Sunset extended from 2014 to 2020
315.266	1.405 Earned Income			
	Year	Bill	Chapter	Section(s)
				Policy
	1997	SB 388	692	3 Enacting legislation Credit amount equal to 5% of federal earned income tax credit (EITC) Credit not refundable and no carryforward allowed
	2001	HB 2777	114	33 Statutory grammar correction
	2001	HB 2272	660	56 Specified Internal Revenue Code (IRC) date connection as IRC in effect on June 8, 2001
	2003	HB 2186	77	12 Removed IRC date connection language (IRC connection became part of ORS 314.011)
	2005	SB 31	832	54, 57, 59 Made Oregon EITC refundable beginning 1/1/2006 Increased credit amount to 6% of federal EITC beginning 1/1/2008 Sunset refundability for OR EITC as of 1/1/2011
	2007	HB 2810	880	2 Extended refundability through tax year 2013 Full sunset of credit set to 1/1/2014
	2013	3367	750	1 Sunset extended to 1/1/2020
	2013 S.S.	HB 3601	5	6d Increased OR EITC to 8% of federal EITC effective beginning with tax year 2014
	2016	HB 4110	98	1 Increased OR EITC to 11% of federal EITC for taxpayers with a dependent under the age of 3 at end of tax year (beginning TY 2017)
315.622	1.408 Volunteer Rural Emergency Medical Services Providers			
	Year	Bill	Chapter	Section(s)
				Policy
	2005	SB 31	832	63,66 Enacting legislation Credit equal to \$250 made available to certified emergency medical technicians (EMTs) that provide volunteer EMT services in rural areas when at least 20% of the EMT's total technician services provided in that year are provided in rural areas
	2009	HB 2067	913	26 Extended sunset to 1/1/2014
	2011	SB 234	703	31 Modified statutory terminology
	2013	3367	750	16 Sunset extended to 1/1/2020