

## APPENDIX E: PERSONAL AND CORPORATION INCOME TAX EXPENDITURES

### Personal Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)	
				1997-99	1999-01
<i>Federal Exclusions</i>					
1.001 Scholarship and Fellowship Income	Education	1954	316.048	5,900	6,700
1.002 Interest on Education Savings Bonds	Education	1988	316.048	100	100
1.003 Earnings on Education IRAs	Education	1997	316.048	2,400	5,300
1.004 Public Assistance Benefits	Human Resources	1930s	316.048	6,300	7,100
1.005 Certain Foster Care Payments	Human Resources	1982	316.048	100	100
1.006 Employee Adoption Benefits	Human Resources	1996	316.048	Less than 50	Less than 50
1.007 Cafeteria Plan Benefits	Human Resources	1974	316.048	42,500	53,400
1.008 Employer Paid Medical Benefits	Human Resources	1918	316.048	369,900	424,000
1.009 Pension Contributions and Earnings	Human Resources	1921	316.048	523,200	565,900
1.010 Hospital Insurance (Part A)	Human Resources	1965	316.048	98,600	123,200
1.011 Supplementary Medical Insurance (Part B)	Human Resources	1970	316.048	43,600	57,300
1.012 Social Security Benefits (Federal)	Human Resources	1938	316.048	166,600	176,800
1.013 Accelerated Depreciation of Buildings	Economic/Community	1954	316.048/317.013	7,000	4,200
1.014 Accelerated Depreciation of Equipment	Economic/Community	1954	316.048/317.013	49,500	55,200
1.015 Income Earned Abroad by U.S. Citizens	Economic/Community	1926	316.048	12,900	14,900
1.018 Magazine, Paperback, and Record Returns	Economic/Community	1978	316.048/317.013	Not Available	Not Available
1.019 Cash Accounting, Other than Agriculture	Economic/Community	1916	316.048/317.013	700	700
1.020 Regional Economic Development Incentives	Economic/Community	1993	316.048/317.013	Less than 50	Less than 50
1.022 Employer Paid Group Life Insurance Premiums	Economic/Community	1920	316.048	13,200	14,500
1.023 Employer Paid Accident and Disability Insurance	Economic/Community	1954	316.048	1,400	1,400
1.024 Employer Provided Dependent Care	Economic/Community	1981	316.048	6,600	8,100
1.025 Miscellaneous Fringe Benefits	Economic/Community	1984	316.048	41,800	47,400
1.026 Employee Meals and Lodging (Non-Military)	Economic/Community	1918	316.048	4,900	5,700
1.027 Employee Stock Ownership Plans	Economic/Community	1974	316.048/317.013	300	300
1.028 Employee Awards	Economic/Community	1986	316.048	700	700
1.029 Employer Provided Death Benefits	Economic/Community	1951	316.048	100	100
1.030 Employer Provided Education Benefits	Economic/Community	1997	316.048	1,700	1,100
1.031 Accelerated Depreciation of Rental Housing	Economic/Community	1954	316.048/317.013	5,200	5,000
1.032 Capital Gains on Home Sales	Economic/Community	1997	316.048	59,000	63,700
1.033 Veteran's Benefits and Services	Economic/Community	1917	316.048	15,000	15,900
1.034 Agriculture Cost-Sharing Payments	Natural Resources	1978	316.048/317.013	Not Available	Not Available
1.035 Cancellation of Debt for Farmers	Natural Resources	1986	316.048	700	700
1.036 Energy Conservation Subsidies	Natural Resources	1992	316.048	(In 1.100)	(In 1.100)
1.038 Employer Paid Transportation Benefits	Transportation	1992	316.048	17,000	17,000
1.039 Life Insurance Investment Income	Insurance and Financial	1913	316.048/317.013	147,700	157,500
1.040 Workers' Compensation Benefits	Insurance and Financial	1918	316.048	26,800	29,000
1.043 Imputed Interest Rules	Tax Administration	1964	316.048/317.013	1,400	1,400
1.044 Gain on Non-Dealer Installment Sales	Tax Administration	1921	316.048/317.013	2,800	2,800
1.045 Gain on Like-Kind Exchanges	Tax Administration	1921	316.048/317.013	2,100	2,100
1.046 Allowances for Federal Employees Abroad	Government	1943	316.048	400	400
1.047 Interest on Oregon State and Local Debt	Government	1913	316.048	78,900	83,700
1.048 Capital Gains on Inherited Property	Social Policy	1921	316.048	194,400	225,100

Appendix E

**Personal Income Tax Expenditures (cont.)**

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)	
				1997-99	1999-01
1.049 Capital Gains on Gifts	Social Policy	1921	316.048	19,300	20,700
1.050 Gain on Involuntary Conversions in Disaster Areas	Social Policy	1996	316.048	100	100
1.051 Voluntary Employees Beneficiary Association	Social Policy	1928	316.048	3,500	3,900
1.052 Rental Allowances for Ministers' Homes	Social Policy	1921	316.048	2,100	2,500
1.053 Military Disability Benefits	Social Policy	1942	316.048	700	700
<i>Federal Deductions</i>					
1.054 Interest on Student Loans	Education	1997	316.048	400	1,100
1.055 Charitable Contributions: Education	Education	1917	316.695/317.013	21,700	23,400
1.056 Charitable Contributions: Health	Human Resources	1917	316.695/317.013	16,400	17,700
1.057 Medical and Dental Expenses	Human Resources	1942	316.695	63,300	67,100
1.058 Self-Employment Health Insurance	Human Resources	1986	316.048	5,700	6,000
1.059 Medical Savings Accounts (Federal)	Human Resources	1996	316.048	400	1,100
1.060 IRA Contributions and Earnings	Human Resources	1974	316.048	72,100	88,100
1.061 Keogh Plan Contributions and Earnings	Human Resources	1962	316.048	28,200	31,900
1.062 Removal of Architectural Barriers	Human Resources	1976	316.695/317.013	Less than 50	Less than 50
1.063 Research and Development Costs	Economic/Community	1954	316.695/317.013	Less than 50	Less than 50
1.064 Section 179 Expensing Allowances	Economic/Community	1959	316.695/317.013	2,400	2,500
1.065 Amortization of Business Start-Up Costs	Economic/Community	1980	316.695/317.013	2,100	2,100
1.067 Moving Expenses	Economic/Community	1964	316.048	1,100	1,200
1.068 Homeowner Property Taxes	Economic/Community	1913	316.695	164,500	183,400
1.069 Home Mortgage Interest	Economic/Community	1913	316.695	525,100	567,900
1.070 Cash Accounting for Agriculture	Natural Resources	1916	316.695/317.013	1,500	2,000
1.071 Soil and Water Conservation Expenditures	Natural Resources	1954	316.695/317.013	Not Available	Not Available
1.072 Fertilizer and Soil Conditioner Costs	Natural Resources	1960	316.695/317.013	Not Available	Not Available
1.073 Costs of Raising Dairy and Breeding Cattle	Natural Resources	1916	316.695/317.013	800	1,000
1.074 Redevelopment Costs in Contaminated Areas	Natural Resources	1997	316.048/317.013	0	100
1.075 Multi-Period Timber Growing Costs	Natural Resources	1986	316.695/317.013	1,100	1,100
1.076 Development Costs - Nonfuel Minerals	Natural Resources	1951	316.695/317.013	Not Available	Not Available
1.077 Depletion Costs for Nonfuel Minerals	Natural Resources	1913	316.695/317.013	700	700
1.078 Mining Reclamation Reserves	Natural Resources	1984	316.695/317.013	Not Available	Not Available
1.083 Magazine Circulation Expenditures	Tax Administration	1950	316.695/317.013	Not Available	Not Available
1.085 Completed Contract Rules	Tax Administration	1986	316.695/317.013	100	100
1.086 Casualty and Theft Losses	Social Policy	1913	316.695	1,300	1,300
1.087 Charitable Contributions: Other	Social Policy	1917	316.695/317.013	138,700	150,100
<i>Oregon Subtractions</i>					
1.088 JOBS Plus Participants	Human Resources	1995	316.680(1)(f)	Less than 50	Less than 50
1.089 Medical Savings Accounts (Oregon)	Human Resources	1997	316.743	Less than 50	Less than 50
1.090 Physicians in "Medically Disadvantaged" Areas	Human Resources	1973	316.076	0	0
1.091 Additional Deduction for Elderly or Blind	Human Resources	1989	316.695(8)	17,100	16,000
1.092 Additional Medical Deduction for Elderly	Human Resources	1991	316.695 (1)(d)(B)	42,600	45,800
1.093 Social Security Benefits (Oregon)	Human Resources	1985	316.054	130,200	143,500
1.094 Donations of Art by the Artist	Economic/Community	1979	316.838	100	100
1.095 Capital Gains from Oregon Reinvestment	Economic/Community	1995	316.874	1,000	600
1.096 Local Private Activity Bond Interest	Economic/Community	1987	316.056	400	400
1.097 Service in Vietnam on Missing Status	Economic/Community	1973	316.074	0	0
1.098 Oil Heat Tank Cleanup Costs	Natural Resources	1991	316.746	100	0
1.099 Underground Storage Tank Cleanup Grants	Natural Resources	1991	316.834/317.383	150	Less than 50

## Personal Income Tax Expenditures (cont.)

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)	
				1997-99	1999-01
1.100 Cash Payments for Energy Conservation	Natural Resources	1981	316.744/317.386	3,600	160
1.102 Income Earned in "Indian Country"	Government	1977	316.777	2,400	2,700
1.103 Federal Pension Income	Government	1998	OR Supreme Court	306,000	101,000
1.104 Oregon State Lottery Prizes	Government	1985	461.560	43,400	43,100
1.105 Federal Income Tax Deduction	Social Policy	1929	316.680/316.695	430,900	475,500
1.106 Military Active Duty Pay	Social Policy	1969	316.680/316.789	4,100	4,200
1.107 Interest and Dividends on U.S. Obligations	Federal Law	1970	316.680	50,000	55,100
<i>Oregon Credits</i>					
1.108 Child Development Program Contributions	Education	1991	315.234	Less than 50	Less than 50
1.109 Youth Apprenticeship Sponsorship	Education	1991	315.254	0	0
1.111 Earned Income Credit	Human Resources	1997	315.266	15,200	17,100
1.112 Bone Marrow Transplant Expense	Human Resources	1991	315.604	Less than 50	Less than 50
1.113 Rural Medical Practice	Human Resources	1989	316.143	9,400	9,900
1.114 Costs in lieu of Nursing Home Care	Human Resources	1979	316.147-316.149	Less than 50	Less than 50
1.115 Disabled Child	Human Resources	1985	316.099	2,000	2,300
1.116 Elderly or Permanently Disabled	Human Resources	1969	316.087	200	200
1.117 Loss of Limbs	Human Resources	1973	316.079	Less than 50	Less than 50
1.118 Severe Disability	Human Resources	1985	316.758	3,500	4,200
1.119 Oregon Capital Corporation Investments	Economic/Community	1987	315.504	0	0
1.123 Child and Dependent Care	Economic/Community	1975	316.078	11,900	11,900
1.124 Working Family Child Care	Economic/Community	1997	315.262	6,900	7,000
1.125 Dependent Care Assistance	Economic/Community	1987	315.204	Not Available	Not Available
1.126 Dependent Care Facilities	Economic/Community	1987	315.208	(In 1.125)	(In 1.125)
1.127 First Break Program	Economic/Community	1995	315.259	Not Available	Not Available
1.128 Farm-Worker Housing Construction	Economic/Community	1989	315.164	200	200
1.130 Involuntary Mobile Home Moves	Economic/Community	1991	316.153	Not Available	Not Available
1.132 Crop Gleaning	Natural Resources	1977	315.156	50	50
1.133 Alternatives to Field Burning	Natural Resources	1975	468.150	(In 1.135)	(In 1.135)
1.134 Pollution Prevention	Natural Resources	1995	315.311	Not Available	Not Available
1.135 Pollution Control	Natural Resources	1967	315.304	1,500	1,400
1.136 Reclaimed Plastics	Natural Resources	1985	315.324	50	50
1.137 Sewer Connection	Natural Resources	1987	316.095	6,000	3,000
1.138 Fish Gleaning (Seafood) Credit	Natural Resources	1985	315.148	0	0
1.139 Fish Habitat Improvement	Natural Resources	1981	315.134	Less than 50	Less than 50
1.140 Fish Screening Devices	Natural Resources	1989	315.138	50	50
1.141 Alternative Energy Devices (Residential)	Natural Resources	1977	316.116	1,500	6,000
1.142 Business Energy Facilities	Natural Resources	1979	315.354	2,500	1,000
1.144 Geothermal Heating System Connection	Natural Resources	1979	316.086	Less than 50	Less than 50
1.145 Reforestation	Natural Resources	1979	315.104	100	100
1.150 Political Contributions	Government	1969	316.102	8,100	8,300
1.151 Personal Exemption Credit	Social Policy	1985	316.085	716,900	775,400
1.152 Retirement income	Social Policy	1991	316.157	10,500	5,600

## Corporation Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)	
				1997-99	1999-01
<i>Federal Exclusions</i>					
1.013 Accelerated Depreciation of Buildings	Economic/Community	1954	316.048/317.013	10,100	6,200
1.014 Accelerated Depreciation of Equipment	Economic/Community	1954	316.048/317.013	117,700	130,500
1.016 Income of Foreign Sales Corporations	Economic/Community	1984	317.013	7,400	8,900
1.017 Inventory Property Sales Source-Rule Exception	Economic/Community	1921	317.013	17,400	18,500
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	Less than 50
1.021 Income of Controlled Foreign Corporations	Economic/Community	1909	317.013	5,600	6,200
1.027 Employee Stock Ownership Plans	Economic/Community	1974	316.048/317.013	3,600	4,100
1.031 Accelerated Depreciation of Rental Housing	Economic/Community	1954	316.048/317.013	4,700	4,600
1.034 Agriculture Cost-Sharing Payments	Natural Resources	1978	316.048/317.013	Not Available	Not Available
1.037 Contributions in Aid of Construction for Utilities	Transportation	1996	317.013	200	200
1.039 Life Insurance Investment Income	Insurance and Financial	1913	316.048/317.013	5,400	6,000
1.041 Credit Union Income	Insurance and Financial	1951	317.013	3,600	4,100
1.042 Life Insurance Company Reserves	Insurance and Financial	1984	317.013	8,800	10,100
1.043 Imputed Interest Rules	Tax Administration	1964	316.048/317.013	100	100
1.044 Gain on Non-Dealer Installment Sales	Tax Administration	1921	316.048/317.013	2,300	2,300
1.045 Gain on Like-Kind Exchanges	Tax Administration	1921	316.048/317.013	1,800	1,800
<i>Federal Deductions</i>					
1.055 Charitable Contributions: Education	Education	1917	316.695/317.013	5,000	5,400
1.056 Charitable Contributions: Health	Human Resources	1917	316.695/317.013	3,800	4,100
1.062 Removal of Architectural Barriers	Human Resources	1976	316.695/317.013	100	100
1.063 Research and Development Costs	Economic/Community	1954	316.695/317.013	12,200	14,200
1.064 Section 179 Expensing Allowances	Economic/Community	1959	316.695/317.013	2,900	3,200
1.065 Amortization of Business Start-Up Costs	Economic/Community	1980	316.695/317.013	100	100
1.066 Construction Funds of Shipping Companies	Economic/Community	1936	317.013	500	500
1.070 Cash Accounting for Agriculture	Natural Resources	1916	316.695/317.013	300	500
1.071 Soil and Water Conservation Expenditures	Natural Resources	1954	316.695/317.013	Not Available	Not Available
1.072 Fertilizer and Soil Conditioner Costs	Natural Resources	1960	316.695/317.013	Not Available	Not Available
1.073 Costs of Raising Dairy and Breeding Cattle	Natural Resources	1916	316.695/317.013	Less than 50	Less than 50
1.074 Redevelopment Costs in Contaminated Areas	Natural Resources	1997	316.048/317.013	0	500
1.075 Multi-Period Timber Growing Costs	Natural Resources	1986	316.695/317.013	7,200	7,300
1.076 Development Costs - Nonfuel Minerals	Natural Resources	1951	316.695/317.013	Not Available	Not Available
1.077 Depletion Costs for Nonfuel Minerals	Natural Resources	1913	316.695/317.013	900	900
1.078 Mining Reclamation Reserves	Natural Resources	1984	316.695/317.013	Not Available	Not Available
1.079 Bad Debt Reserves of Financial Institutions	Insurance and Financial	1947	317.013	100	100
1.080 Small Life Insurance Company	Insurance and Financial	1984	317.013	500	500
1.081 Unpaid Loss Reserves	Insurance and Financial	1986	317.013	13,100	14,700
1.082 Blue Cross/Blue Shield and Other Nonprofits	Insurance and Financial	1986	317.013	Not Available	Not Available
1.083 Magazine Circulation Expenditures	Tax Administration	1950	316.695/317.013	Not Available	Not Available
1.084 Net Operating Loss Limitation	Tax Administration	1954	317.013	2,300	2,300
1.085 Completed Contract Rules	Tax Administration	1986	316.695/317.013	900	900
1.087 Charitable Contributions: Other	Social Policy	1917	316.695/317.013	5,100	5,600

## Corporation Income Tax Expenditures

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)	
				1997-99	1999-01
<i>Oregon Subtractions</i>					
1.099 Underground Storage Tank Cleanup Grants	Natural Resources	1991	316.834/317.383	Less than 50	Less than 50
1.100 Cash Payments for Energy Conservation	Natural Resources	1981	316.744/317.386	Less than 50	Less than 50
1.101 Wet Marine and Transportation Policies	Insurance and Financial	1995	317.080(6)	100	400
<i>Oregon Credits</i>					
1.108 Child Development Program Contributions	Education	1991	315.234	Less than 50	Less than 50
1.109 Youth Apprenticeship Sponsorship	Education	1991	315.254	0	0
1.110 Contributions of Computer Equipment	Education	1985	317.151	200	200
1.112 Bone Marrow Transplant Expense	Human Resources	1991	315.604	Less than 50	Less than 50
1.119 Oregon Capital Corporation Investments	Economic/Community	1987	315.504	0	0
1.120 Qualified Research Activities	Economic/Community	1989	317.152	16,800	17,800
1.121 Qualified Research Activities (Alternative)	Economic/Community	1989	317.154	(In 1.120)	(In 1.120)
1.122 Investment in Rural Enterprise Zone (Income Tax)	Economic/Community	1997	Note: 285B.689	0	Not Available
1.125 Dependent Care Assistance	Economic/Community	1987	315.204	3,300	3,500
1.126 Dependent Care Facilities	Economic/Community	1987	315.208	(In 1.125)	(In 1.125)
1.127 First Break Program	Economic/Community	1995	315.259	Not Available	Not Available
1.128 Farm-Worker Housing Construction	Economic/Community	1989	315.164	1,800	1,800
1.129 Farm-Worker Housing Lender's Credit	Economic/Community	1989	317.147	100	100
1.131 Low Income Housing Lenders' Credit	Economic/Community	1989	317.097	4,200	4,800
1.132 Crop Gleaning	Natural Resources	1977	315.156	Less than 50	Less than 50
1.133 Alternatives to Field Burning	Natural Resources	1975	468.150	(In 1.135)	(In 1.135)
1.134 Pollution Prevention	Natural Resources	1995	315.311	Not Available	Not Available
1.135 Pollution Control	Natural Resources	1967	315.304	18,100	17,000
1.136 Reclaimed Plastics	Natural Resources	1985	315.324	150	250
1.138 Fish Gleaning (Seafood) Credit	Natural Resources	1985	315.148	0	0
1.139 Fish Habitat Improvement	Natural Resources	1981	315.134	Less than 50	Less than 50
1.140 Fish Screening Devices	Natural Resources	1989	315.138	Less than 50	Less than 50
1.142 Business Energy Facilities	Natural Resources	1979	315.354	15,500	5,400
1.143 Energy Conservation Lender's Credit	Natural Resources	1981	317.112	100	Less than 50
1.145 Reforestation	Natural Resources	1979	315.104	600	600
1.146 Fire Insurance Credit	Insurance and Financial	1969	317.122(1)	1,600	1,600
1.147 Assessments on Workers' Compensation	Insurance and Financial	1995	317.122(2)	1,200	1,100
1.148 Assessments Paid to Oregon IGA: General	Insurance and Financial	1977	734.575	700	300
1.149 Assessments Paid to Oregon Life and Health IGA	Insurance and Financial	1975	734.835	15,000	11,200