Tax Credit Review: 2023 Oregon Legislative Session

REPORT #2-23

January 2023

Legislative Revenue Office
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Introduction

This report on tax credits is required by ORS 315.051. It contains an analysis of two tax credits scheduled to sunset in the upcoming biennium and two credits that meet the criteria for review one biennium early. To provide some context, the table below shows the cost to extend the tax credits for the current and following two biennia. These estimates are for current law, meaning they only reflect the cost of extending the credit's sunset date. The cost to extend amount in 2023-25 is roughly half the cost in 2025-27 for the Fish Screening Devices and Opportunity Grant Contributions credits as those two credits are scheduled to sunset midway through the 2023-25 biennium. The two housing related tax credits are scheduled to sunset midway through the 2025-27 biennia resulting in no impact in 2023-25. Both housing credits also spread the value of their credit over multiple years causing the cost to extend the credits to be relatively modest in the 2025-27 biennium as compared to 2027-29 and later.

Estimated Cost of Extending Tax Credits

$ Millions

Tax Expenditure Report Number and Credit Name	ORS	Sunset Date	--------Biennium-------- 2023-25	2025-27	2027-29
Scheduled for Review by the 2023 Legislature					
1.403 Opportunity Grant Contributions	**315.643**	2024	$13.1	$27.5	$28.0
1.439 Fish Screening Devices	**315.138**	2024	< 50K	< 50K	< 50K
1.413 Agriculture Workforce Housing Construction	**315.163-172**	2026	$0.0	$0.8	$4.2
1.426 Oregon Affordable Housing Lender	**317.097**	2026	$0.0	$0.8	$4.1
SUBTOTAL			**$13.1**	**$29.2**	**$36.3**

Each credit review consists of subsections related to the credit's policy purpose, description, policy analysis, similar incentives available in Oregon, and discussion of related credits available in other states. The policy purpose of a credit is generally not stated in statute. The purpose identified in this report is based on documentation from implementing or modifying legislation and related committee discussions. Generally, the purposes are inferred from historical records. When available, this report directly cites policy intent expressed in statute. The description provides detail on how the tax credit works under current law. The policy analysis describes academic research on relevant incentives if available, provides some discussion of the credit's history, and an analysis of available data. Often the primary sources of data are certifications and tax returns. The review also includes a summary of similar incentives in Oregon (direct spending program information is generally provided by the Legislative Fiscal Office).

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.

The information provided in this report is intended to support a more comprehensive analysis of each tax credit. To improve the effectiveness of this report, clarified policy objectives for each credit represents a critical step. The importance of a clear objective is that it provides direction for the framework of policy analysis. While many of Oregon's tax credits do constitute an incentive to encourage a certain kind of behavior, many tax credits intend to alleviate or provide support for specified individuals. The analytical framework for non-incentive tax credits is fundamentally different from those credits that are incentives. Many of the tax credits have different characteristics that may lend themselves to more, or less, analytical review. This report attempts to describe those frameworks in the discussions on policy purpose and analysis.

Fish Screening Devices

ORS 315.138	Year Enacted:	1989	Transferable:	No
	Length:	1-year	Means Tested:	No
	Refundable:	No	Carryforward:	5-years
TER 1.439	Kind of cap:	Device	Inflation Adjusted:	No

Policy Purpose

Statute addresses fish passage ways and water diversions in two places:

ORS 498.301 states the following:

> *It is the policy of the State of Oregon to prevent appreciable damage to game fish populations or populations of nongame fish that are classified as sensitive species, threatened species or endangered species by the State Fish and Wildlife Commission as the result of the diversion of water for nonhydroelectric purposes from any body of water in this state.*

ORS 509.585 states the following:

> *It is the policy of the State of Oregon to provide for upstream and downstream passage for native migratory fish and the Legislative Assembly finds that cooperation and collaboration between public and private entities is necessary to accomplish the policy goal of providing passage for native migratory fish and to achieve the enhancement and restoration of Oregon's native salmonid populations, as envisioned by the Oregon Plan.*

Testimony provided in 2011 by the Oregon Department of Fish and Wildlife (ODFW) to the Joint Committee on Tax Credits summarized these policies by stating "[f]ish protection, production, and population connectivity are the primary goals." This tax credit represents a method of enacting these policies, particularly with respect to a collaboration between private and public sectors.

Description

Taxpayers are allowed a tax credit for installing a fish screening device, bypass device, or fishway. Eligible devices are used on any diversion of water from rivers, lakes and streams that is not required to be licensed by the Federal Energy Regulatory Commission. These projects are primarily on agricultural land to keep fish from entering irrigation canals. The tax credit is 50 percent of the certified cost of installing the device, up to $5,000 per device.

Credit *= 50% × certified cost of installing device (up to $5,000 per device)*

A tax credit is not allowed if a device is part of a federally regulated hydroelectric project or if an installation is financed by the Water Development Fund. The ODFW must certify the device through a process that includes a preliminary certification prior to installation and a final certification upon completion. The credit is claimed in the year of final certification. The credit is nonrefundable but unused portions of the credit may be carried forward for up to five years.

Policy Analysis

ODFW's incentive program encouraging water users to voluntarily screen their diversions consists of two parts: (1) a Cost-Share program that provides financial and technical assistance to water users who want to install eligible devices; and (2) this tax credit. There are more than 55,000 water diversions in Oregon (ODFW, 2015). Since 2000, the two incentives have supported in the installation of over 1,400 fish friendly screens throughout the state (ODFW, 2021). The four primary funding sources for the Cost Share program are the Pacific Coast Salmon Recovery Fund, Bonneville Power Administration, sport fishing license fish screens surcharge and the state General Fund. Outside of ODFW, third party funds and grants can also be available and instrumental in financing water diversions. Applicants for the tax credit can also receive financial support through the ODFW Cost-Share program and/or third part grants, though such amounts cannot be used as qualifying costs for the tax credit.

Financial assistance may take a variety of forms. For example, ODFW may do part or all of the work and then bill the applicant for some portion of the expenses.[1] Similarly, an applicant may submit invoices to the department for reimbursement. In some cases, grants may be awarded that formalize all the relevant terms prior to the work beginning. In other cases, when ODFW provides technical assistance to an applicant, the water user is able to reduce their costs.

New water diversions may be required to include fish screening and/or bypass devices. For existing diversions, however, installation is generally voluntary. The incentives program is the primary method of providing financial assistance to water users who wish to install such devices. ODFW maintains a list prioritizing diversions for potential fish screening and passage sites.

An additional aspect to this program is the responsibility for incurring maintenance costs. ODFW is required to provide major maintenance for program participants on diversions with volumes less than 30 cubic feet per second. The water users, or program participants, are responsible for minor maintenance. Consequently, as program participation grows, so does the department's potential financial obligation for maintenance costs.

ODFW cost share direct funding support of the fish screening and passage program far surpasses the amount of certified tax credits. As displayed in the following table, in the past five calendar years, ODFW cost share has totaled about $7.1 million whereas total certified tax credits were just under $51,000. This disparity in part reflects the variance in cost of screening projects which can range from a relatively modest amount to a great deal more for larger gravity diversion projects. As displayed, the average ODFW project funding was about $37,000 as compared to about $1,300 for the tax credit. For larger cost projects, the credit is less effective in that the credit offsets 50% of the taxpayer's contribution to project costs and is limited to no more than $5,000 per device installed. For these reasons, the credit is more conducive to lower-cost projects or as an additional cost offset for larger projects where direct funding cost share grants are more influential. In addition to ODFW grants, many water users installing such devices receive third-party grants further offsetting costs to the individual and reducing potential qualification for the tax credit.

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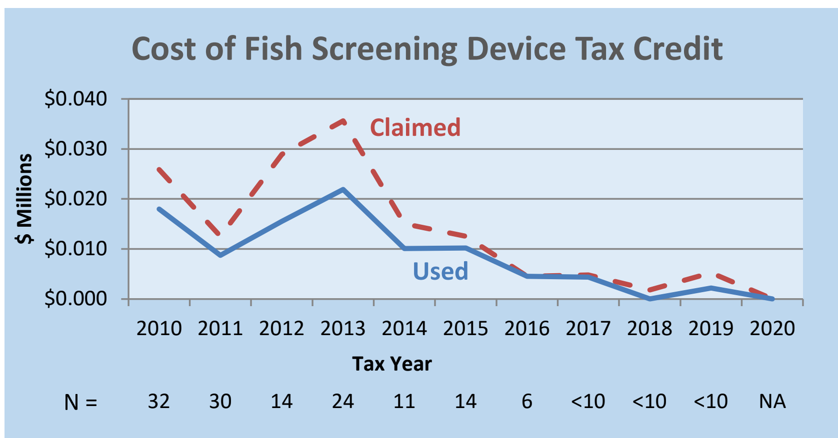
[1] Generally, when ODFW constructs/installs device, individual is responsible for 40% of the costs. In instance where individual constructs/installs device, ODFW reimburses up to 60% of the costs. ORS 498.306(4) sets limits on cost/sharing and reimbursement amounts.

Funding and Tax Credit Certification of Fish Screening and Passage Program, Calendar Years 2017-2021								
	Projects with ODFW Funding			Projects with Tax Credit Certification				
Calendar Year	# of Projects	ODFW Project Share Amount	Avg. Per Project	# of Projects	User Total Share	Certified Credit Amount	Avg. Per Project
2017	64	$1,721,018	$26,891	15	$39,640	$19,820	$1,321
2018	40	$1,272,525	$31,813	4	$13,519	$6,759	$1,690
2019	34	$2,786,420	$81,954	6	$16,924	$8,462	$1,410
2020	27	$458,127	$16,968	6	$22,372	$11,186	$1,864
2021	27	$878,982	$32,555	7	$9,236	$4,618	$660
Total	**192**	**$7,117,073**	**$37,068**	**38**	**$101,691**	**$50,845**	**$1,338**

The table below contains appropriations for the 2021-23 biennium relating to the larger program of Fish Screens and Passages.[2] It is difficult to isolate the amount strictly for screens because the program staff are used to address both screens and passage issues.

	2021-23 Legislatively Adopted Budget ($M)		
Direct Spending Program	***General Fund***	***Other Funds***	***Federal Funds***
Fish Screens and Passages Program	$9.2	$20.7	$5.7

The line chart below displays use of the tax credit for the past eleven years. "Claimed" reflects the amount of credit claimed on taxpayer returns whereas "Used" reflects the amount of credit used to reduce tax liability. Since 2017, published credit data has been limited due to disclosure constraints resulting from the limited number of credit claimants. Credit certification data can reflect higher credit participation than tax return data because some credits may be awarded to taxpayers with income below the tax return filing threshold or having insufficient tax liability.



Other States

A search for active tax incentives offered in other states and related to similarly sized fish passage projects (similar to projects qualifying to Oregon's tax credit) yielded few results. Some tax incentives did exist in other states but have expired. For example, prior to 2003, as part of the Idaho's natural resource conservation income tax credit, corporate taxpayers that installed devices that prevent fish from entering diversions could have benefitted from a tax credit equal to 50% of the preapproved qualified expenditures of such installed device (up to $2,000). Maine exempts from sales tax, qualified expenses or use of materials used in the construction of fish passage facilities in new, reconstructed, or redeveloped dams.

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[2] Numbers provided by Legislative Fiscal Office.

Similar to Oregon, other states provide incentives and financial support for fish passage and fish screening devices via direct expenditures.

Administrative Costs

Any administrative costs for the tax credit are born by ODFW and represent a minor cost in relation to the entirety of the fish passage program. As is usually the case, Department of Revenue may incur marginal tax administrative and enforcement costs.

Opportunity Grant Contributions

ORS 315.643	Year Enacted:	2018	Transferable:	No
	Length:	1-year	Means Tested:	No
	Refundable:	No	Carryforward:	3-years
TER 1.403	Kind of cap:	Program	Inflation Adjusted:	No

Policy Purpose

The Opportunity Grant tax credit was enacted in 2018 as part of SB 1528. The revenue impact statement for SB 1528 stated ***the policy purpose of the credit for certified Opportunity Grant contributions is to establish an additional funding source to be used to support the Oregon Opportunity Grant program thereby expanding support to Oregon higher education students in need of financial assistance.*** Testimony provided in support of the tax credit emphasized that the intent of the credit was to provide a net increase in Opportunity Grant funding rather than a shift from existing funding sources (Higher Education Coordinating Commission, 2018).

An additional purpose expressed by credit proponents during 2018 Senate Finance and Revenue committee discussions was the credit providing a means in which Oregon taxpayers could circumvent the itemized deduction limit on state and local taxes. This purpose was described within the context of the federal Tax Cuts and Jobs Act (TCJA) legislation (passed in December of 2017) which limited the federal personal itemized deduction for state and local taxes to no more than $10,000.

Description

A tax credit against personal or corporate income/excise taxes is available to taxpayers who purchase tax credits from an auction conducted by the Department of Revenue (DOR), in cooperation with the Higher Education Coordinating Commission (HECC). Net proceeds from the tax credit auction(s) are deposited in the Opportunity Grant Fund.[3] Purchased tax credits may not reduce a taxpayer's tax liability below zero, but unused portions of tax credits may be carried forward for three succeeding tax years. The total amount of certified tax credits is limited to $14 million per fiscal year. No tax credits may be newly certified beginning with tax year 2024.

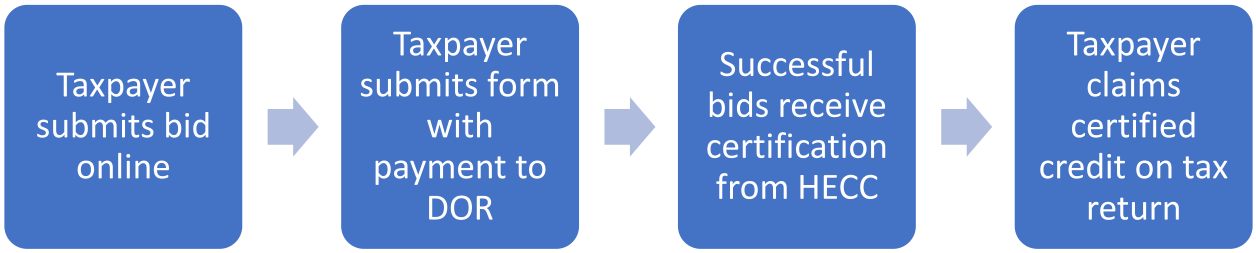
Credits are auctioned in $500 face value increments, with an increment purchase price floor set at a minimum of $450 (statute requires an auction reserve amount no lower than 90% of credit value).[4] Auction duration is generally a week. Taxpayers submit bids online through DOR's website. Taxpayers then finalize their bid by filing Form OR-TCA with DOR, accompanied by an acceptable form of payment.[5] Winning bids are those made with the highest bid value and where payment is received by the deadline (generally one week following auction window closure). Taxpayers with successful bids subsequently receive tax credit certificates from the HECC. Certified tax credits are subsequently claimed when the taxpayer files their tax return. Unsuccessful bids and payments are returned to taxpayers by DOR. The exhibit below provides an overview of the auctioned tax credit process.

[3] Both DOR and HECC may each receive up to 0.25% of auction proceeds as reimbursement for administrative costs associated with conducting the auction.

[4] 315.643(2)(a)

[5] Acceptable forms of payment are certified check, cashier's check, or money order.

Opportunity Grant Auctioned Tax Credit Process



Statute requires auctions to be conducted no later than April 15 following December 31 of any tax year for which the credit is allowed. Tax credits are allowed for the tax year in which a credit is purchased at auction, or for the tax year immediately preceding the tax year in which a credit is purchased if the taxpayer has not filed a tax return for the preceding year and the auction was help prior to April 15.

Policy Analysis

The Oregon Opportunity Grant is Oregon's largest state-funded, need-based grant program for college students. The grant is available to eligible students attending Oregon college and universities for up to four years at full-time enrollment. If funds are insufficient to serve all qualified students, then grant awards are prioritized to students with the greatest financial need. The policy analysis in this report is focused on the tax credit for Opportunity Grant contributions. The HECC produces an evaluation of the Opportunity Grant program.[6]

The primary policy purpose of the auctioned tax credit is to establish an additional funding source for the Opportunity Grant program. The secondary policy purpose is to allow taxpayers the ability to avoid the limit on the tax deductibility of state and local taxes (SALT). This section first examines the latter policy purpose to provide a foundation for analysis of the credit's primary purpose.

Mitigating the federal limit on state and local taxes (SALT)

When filing their income taxes, taxpayers can lower their taxable income by claiming either the standard deduction or itemized deductions. The primary deduction categories are displayed in Figure 1 on the following page and include state & local income taxes and charitable donations.[7]

Internal Revenue Code (IRC) section 170(a)(1) generally allows a deduction for any charitable contribution payment made within the taxable year. Included in the definition of "charitable contribution" are contributions or gifts to a state if the contribution or gift is made exclusively for public purposes.[8] While not being settled law, IRS advice memoranda did suggest that a taxpayer may take a charitable deduction for the full amount of a state contribution even in instances where a state tax credit equal to such contribution amount was received (Department of the Treasury, 2019). For taxpayers not subject to the

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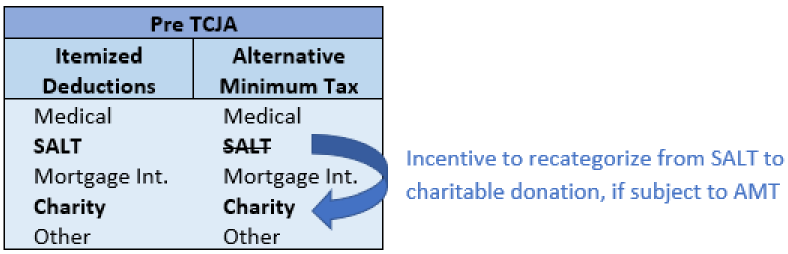
[6] See https://www.oregon.gov/highered/research/Documents/Reports/HECC-HB-2407-OOG-2021-Report.pdf
[7] Various limitations on itemized deductions existed prior to and post TCJA enactment. To minimize complexity, discussion of itemized deductions focuses on pertinent limitations and changes to law.
[8] IRC 170(c)(1)

federal Alternative Minimum Tax (AMT), a state tax credit could have an offsetting effect by reducing a taxpayer's SALT deduction while at the same time increasing a taxpayer's charitable contribution deduction and ultimately leaving the taxpayer's taxable income unchanged.[9] However, a net benefit to a taxpayer subject to the AMT could arise as a SALT deduction is not available to such taxpayers. As displayed in Figure 1, making a state donation and receiving a state tax credit equal to the donation amount has the effect of transforming a non-deductible SALT payment into a deductible charitable contribution.

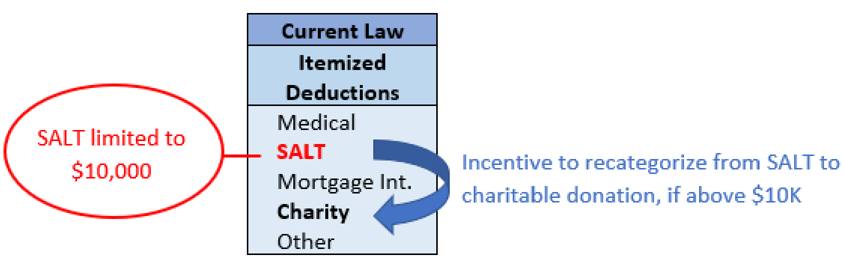
Figure 1. - Benefit to AMT Taxpayer



For Oregon filers, the SALT deduction is comprised of state/local income & property taxes.[10] Prior to the $10K SALT limitation, states had the ability to effectively shift some of their state tax burden to the federal government. If for example a taxpayer had a state income tax liability of $100,000 and deducted the full $100,000 from their federal income tax at a marginal rate of 26%, then the $100,000 in state personal income tax would result in a reduction of federal income tax equal to $26,000. Due to the SALT deduction, the state could generate $100,000 in revenue while the taxpayer's net after tax income was reduced by $74,000. The TCJA limited the SALT deduction to $10,000 per tax year, significantly reducing this tax shift.

Following the TCJA's limitation of the SALT deduction, multiple states devised plans to allow taxpayers to "donate" to the state and receive a state tax credit offsetting the donated amount. As illustrated in Figure 2, the intent was to mitigate the effect of the SALT limit by recategorizing SALT payments to deductible charitable donations. In this way, Oregon's Opportunity Grant credit had the potential to fulfill the secondary purpose of the credit, to provide a way for itemizing taxpayers to get beyond the new SALT limit.

Figure 2. - Recategorize SALT



[9] For example, a taxpayer making a $20,000 charitable contribution to their state receives a state income tax credit equal to the $20,000 donation. The credit reduces the taxpayer's deductible state income tax by $20,000 (amount of credit) and increases the taxpayer's charitable deduction by $20,000. The deductions effectively offset one another.

[10] Taxpayers can elect to deduct state and local general sales taxes instead of state and local income taxes, but not both.

Following the TCJA's limitation placed on the SALT deduction, numerous states signaled their intention to explore ways in which to mitigate the impact of the $10,000 deduction limit. In response, the US Treasury Department released proposed rules regarding contributions in exchange for state or local tax credits.[11] A key determination in the proposed rule was the IRS finding that:

> *When a taxpayer receives or expects to receive a state or local tax credit in return for a payment or transfer to an entity listed in [IRC] section 170(a) [charitable contribution defined], the receipt of this tax benefit constitutes a quid pro quo that may preclude a full deduction under section 170(a). Thus...the amount otherwise deductible as a charitable contribution must generally be reduced by the amount of the state or local tax credit received or expected to be received, just as it is reduced for many other benefits. (Department of the Treasury, 2018)*

This IRS finding effectively eliminated a taxpayer's ability to claim a charitable deduction for the amount that is offset by a state or local tax credit. For example, if a taxpayer makes a $1,000 contribution and receives a state tax credit equal to 70% of the contribution, then the taxpayer may only claim a charitable deduction of $300. The proposed regulations apply to all such tax credit for contribution programs regardless of when such credit programs were established. In June of 2019, the proposed rule was permanently adopted with only minimal changes. The applicable date of the proposed rule did have an impact on the initial auction held for the Opportunity Grant credit.

The first Opportunity Grant tax credit auction was held August 20th through the 24th of 2018. On August 23rd, the IRS issued a press release containing the contents of the proposed rule. The applicability of the proposed rule for the deduction limit was for contributions made after August 27, 2018. This fortuitous applicability date was significant for the Opportunity Grant auction in that contributions made prior to August 28, 2018, would not be subject to the IRS's updated interpretation. Following the IRS press release on Thursday, August 23rd, credit auction bids surged with the vast majority of winning bids coming in on Friday the 24th. The average winning bid was $518 for each $500 credit increment sold, or about 104% of the credit's face value. In the three auctions held under the new IRS rule, winning auction bids have averaged $465 for a $500 credit, or about $0.93 cents of the face value of the credit. In the 2018 auction year, taxpayers were able to utilize auctioned credits to minimize the effect of the deduction SALT limit, however, in later years after the applicability of the new IRS rules, taxpayers were unable to circumvent the SALT deduction limit.

Establishing an Additional Funding Source

The Legislative Fiscal Office categorizes funding for the Opportunity Grant program to three sources, General Fund (GF), lottery funds (LF), and other funds. Lottery funds represent statutorily directed Education Stability Fund (ESF) interest earnings of which at least 25% of ESF earnings are required to be transferred to the Opportunity Grant Program.[12] Other funds consist primarily of tax credit auction proceeds. The table and exhibit that follow detail the three funding sources for the current and recent biennia.

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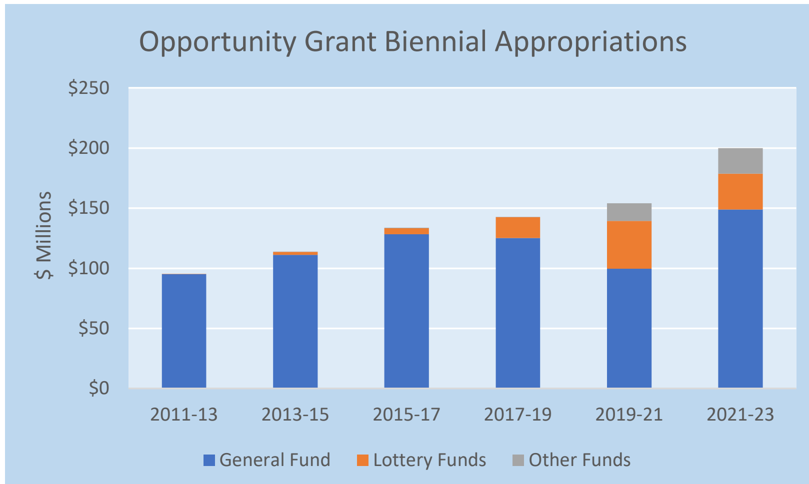
[11] For IRS news release and text of proposed rules, see https://www.irs.gov/newsroom/treasury-irs-issue-proposed-regulations-on-charitable-contributions-and-state-and-local-tax-credits
[12] ORS 348.696

Opportunity Grant Biennial Appropriations by Funding Source						
Fund Source	**Actuals 2011-13**	**Actuals 2013-15**	**Actuals 2015-17**	**Actuals 2017-19**	**Actuals 2019-21**	**Approved 2021-23**
General Fund	$95,139,260	$111,206,740	$128,349,485	$125,217,521	$99,657,416	$148,878,818
Lottery Funds	$240	$2,546,223	$4,951,069	$17,302,488	$39,670,215	$29,820,982
Other Funds	$0	$158,459	$402,364	$163,213	$14,814,721	$21,300,200
Total	**$95,139,500**	**$113,911,422**	**$133,702,918**	**$142,683,222**	**$154,142,352**	**$200,000,000**



As displayed, as recently as ten years ago the Opportunity Grant's primary funding source was the General Fund. The effect of the tax credit auction can be seen in the Other Funds category beginning with the 2019-21 biennium. In 2019-21, the tax credit proceeds represented about 9.6% of overall funding. Between the 2017-19 and the 2019-21 biennium, combined GF and LF decreased by about $3.2 million, a reduction of 2.2%. Including the credit proceeds in the funding mix results in a net increase in biennial funding of about $11.5 million, or 8.0%. Approved 2021-23 biennial appropriations reflect increased net funding from GF and lottery sources as well as total funding from all sources including the proceeds from the credit auctions.

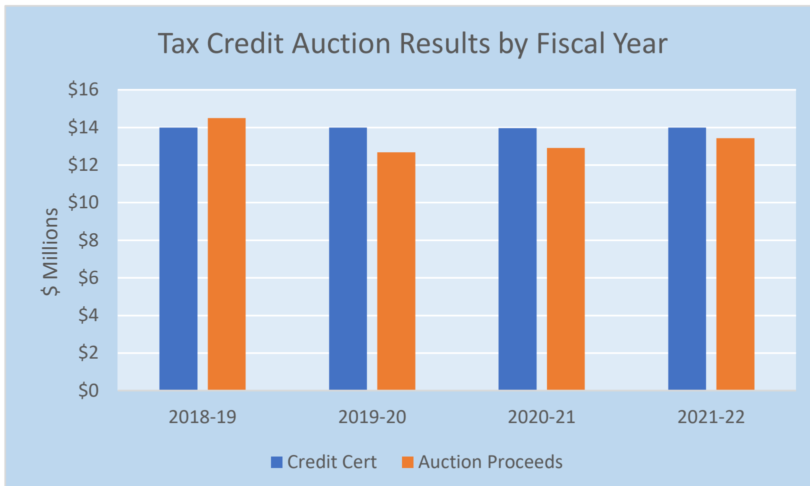
Establishing the tax credit auction did result in an additional funding source for the Opportunity Grant. What is unclear is whether the tax credit auction proceeds represent net additional funding for the Opportunity Grant or whether such funding was offset to some extent by reduced General Fund appropriations. Without knowing the Legislature's intentions regarding Opportunity Grant appropriations, a conclusive determination is unachievable. Rather than engage in a speculative counterfactual examination, this report continues with an analysis of the tax credit auction including an examination of the proceeds derived from the auction and the taxpayers purchasing such credits at auction.

Auction Bids

The Oregon DOR conducts the tax credit auction in cooperation with the HECC. A tax credit auction is generally held once per year, though multiple auctions may be held if necessary to sell the full $14 million in certified tax credits available each fiscal year. The auction is generally held in December of each year and bids are accepted for only a few days. Taxpayers submit their auction bids online during the auction window. Following the auction bid window, taxpayers generally have one week to submit form OR-TCA along with their payment for the full amount of their bid(s). Payment must be a cashier's check, certified check, or money order. Tax credits are sold in $500 increments with a minimum bid price of $450. Winning bids must be timely received and are determined by DOR based on highest bid price received. If a bid is unsuccessful, DOR returns the payment to the taxpayer. This process requires taxpayers to submit payment without knowing whether their bid will be successful. Tax credit certificates are issued by HECC following DOR's determination of the winning bids. Both DOR and HECC may receive up to 0.25% of auction proceeds for reimbursement of administrative expenses.

Opportunity Grant Tax Credit Auction Results, by Fiscal Year				
		Auctions Post IRS Rule Modification		
	2018-19	**2019-20**	**2020-21**	**2021-22**
Total Certified Credits	$14,000,000	$14,000,000	$13,966,500	$13,999,500
Winning Bids Total	$14,578,505	$12,740,714	$12,980,698	$13,495,454
Admin. Costs	$72,893	$63,704	$64,903	$67,477
Net Auction Proceeds	$14,505,612	$12,677,010	$12,915,795	$13,427,977
Proceeds per $ of Credit Certificate	***$1.04***	***$0.91***	***$0.92***	***$0.96***

(Higher Education Coordinating Commission, 2020)



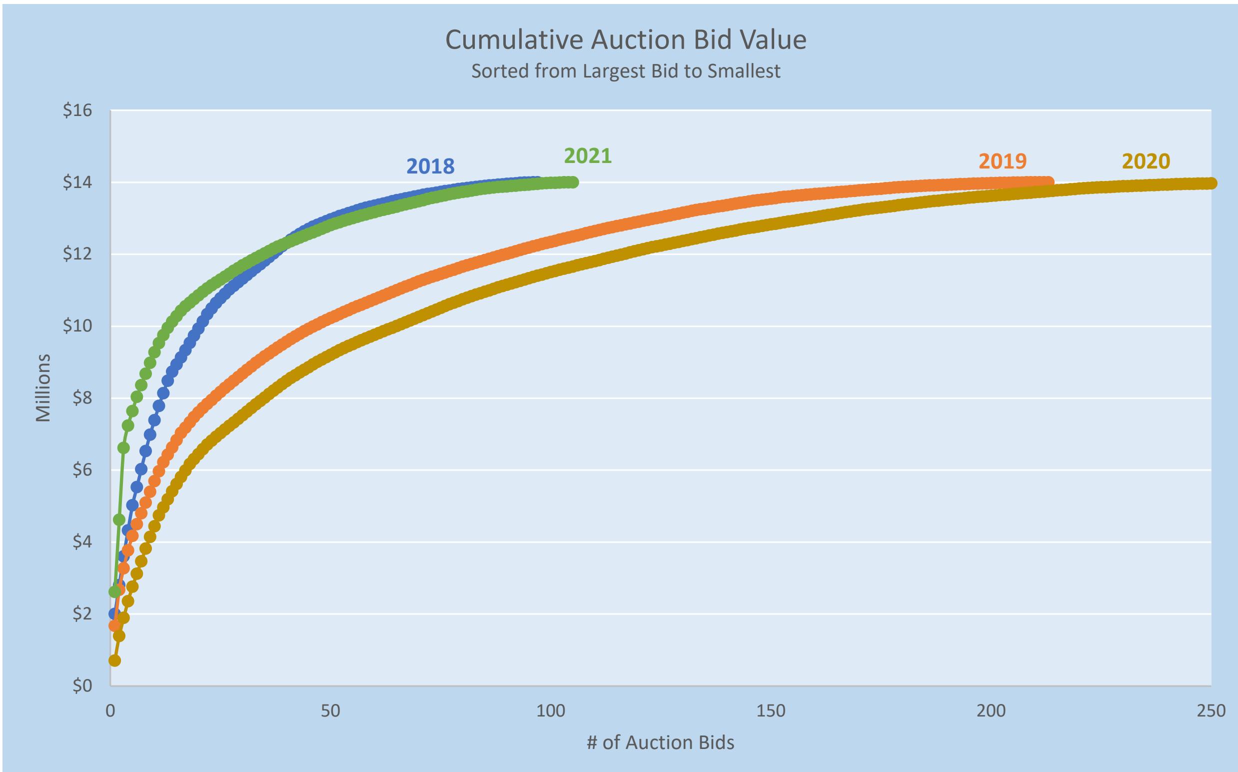
The table above and the chart to the right display the results of the Opportunity Grant tax credit auctions held to date.[13] Statute limits the ***total certified credits*** to $14 million per fiscal year. ***Net auction proceeds*** is the sum total paid for the auction tax credits minus administrative costs for both DOR and HECC. ***Proceeds per $ of credit certificate*** is the proceeds of the auction per $1 of credit. For example, in 2021-22, taxpayers paid on average $0.96 for every $1 in tax credits. Net auction proceeds are deposited in the Opportunity Grant Fund whereas tax credits are used by taxpayers to offset their income tax liability thereby decreasing General Fund revenue when the credits are claimed. In this way, the tax credit auction functions akin to a General Fund appropriation to the Opportunity Grant Fund.

As displayed, the 2018-19 proceeds from the auction were about $14.5 million for the $14 million in tax credits sold. This unique outcome of the 2018-19 auction was the result of the applicability of the IRS proposed rules that were released during the auction period (see page 12 for further discussion). The applicability of the temporary IRS rules increased the potential federal tax value of the auctioned Oregon tax credits. In subsequent auctions, the overall average price paid per $1 in credit is $0.93 with individual years ranging from $0.90 to $0.96. Summing the results for the three auctions held post IRS rule modifications yields total auction proceeds of about $39 million and total credits certified of $42 million.

The Department of Revenue auctions credits in $500 increments with a total of 28,000 increments available at auction each fiscal year. When submitting a bid, taxpayers indicate the bid price and number of increments they are bidding for. Taxpayers are able to submit multiple bids that can vary in price and quantity. The chart below displays, for each auction year, the cumulative total value of winning bids sorted

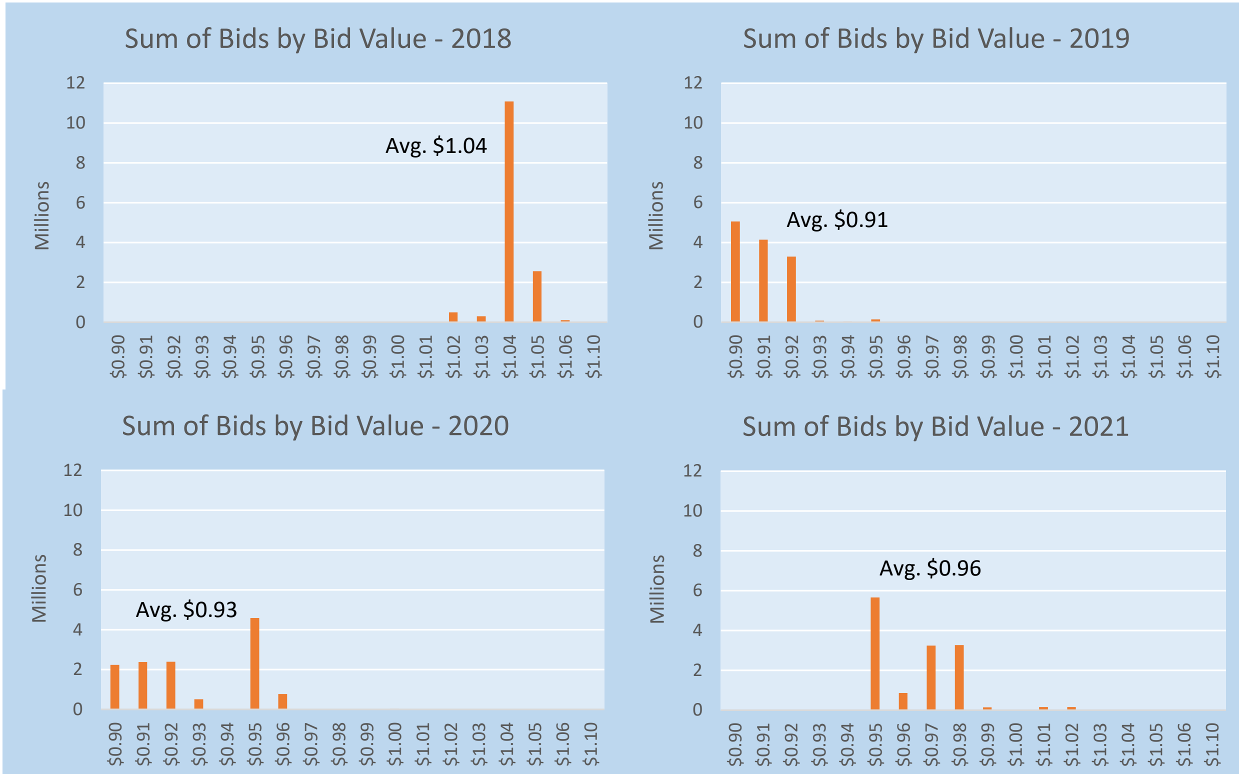
[13] At time of publication, the next tax credit auction was scheduled to be held in December of 2022.

by largest bid amount to smallest. The vertical axis reports the total credit value of the bid, and the horizontal axis is the cumulative number of the bids. Each dot on the chart represents an individual bid. A fair amount of concentration exists in the tax credit auction with fewer than 10% of the bids accounting for over 50% of the total amount of available credits sold at auction. Looking at the 2021 year, the chart displays that the first two largest bids alone account for nearly $5 million of the total $14 million in auctioned credits.



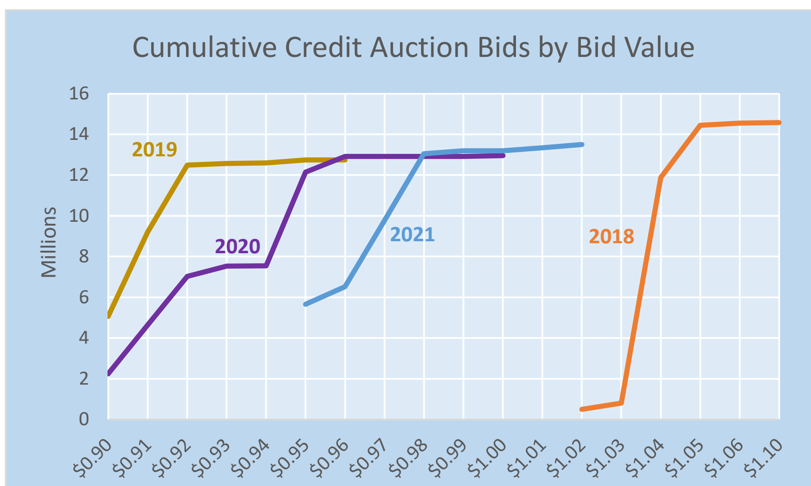
(Higher Education Coordinating Commission, 2022)

The value of auction bids has varied by auction year. As previously discussed, auction bids in 2018 were the highest of the four years due to timing of IRS rules regarding the deductibility of state tax credits. The average bid value and the bid distribution shifted upward from 2019 to 2021. The column charts that follow display the distribution of the auction bids for each year.



(Higher Education Coordinating Commission, 2022)

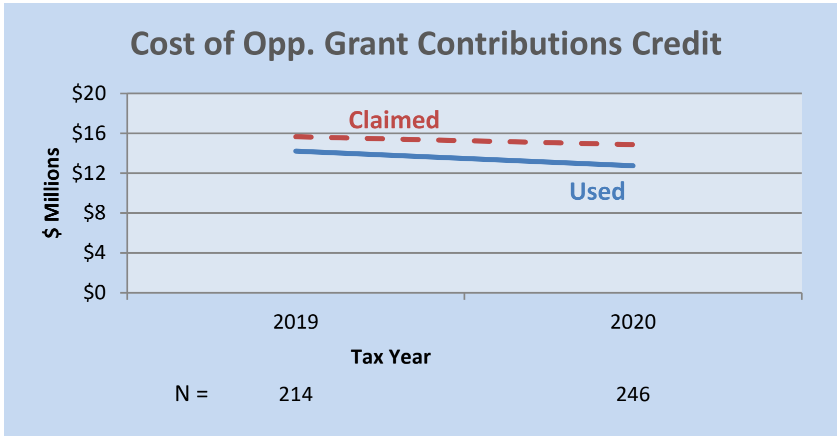
The chart to the right displays the same information as the column charts but displayed as cumulative credit auction bids by bid value for auctions 2018 - 2021. The vertical axis displays the cumulative bid amount, and the horizontal axis displays the bid value. The chart is intended to allow a visual comparison of bid values for each of the auction years. As displayed, bid values in 2018 were far higher than in the other three years.



Using 2021 as an example year on how to interpret the chart, the lowest value winning bid in 2021 was $0.95, and about $5.7 million in cumulative bids of $0.95 were received. Nearly $1 million cumulative bids at $0.96 were received in 2021, causing the total cumulative to that point of about $6.5 million. Adding bids valued at $0.97 brings the cumulative total to about $9.7 million and reaching a cumulative total of about $13 million when accounting for bids at $0.98.

Credit Usage

The following chart displays the total amount of opportunity grant credit claimed in tax years 2019 and 2020, the amount actually used to reduce tax liability, and the number of taxpayers claiming the credit. Due to confidentiality limitations, published data for 2018 is only a subset of the total amount of tax credit claimed and used in that year. For this reason, 2018 is not presented in the line chart below. As displayed, fewer than 250 taxpayers claimed the credit in any one year.

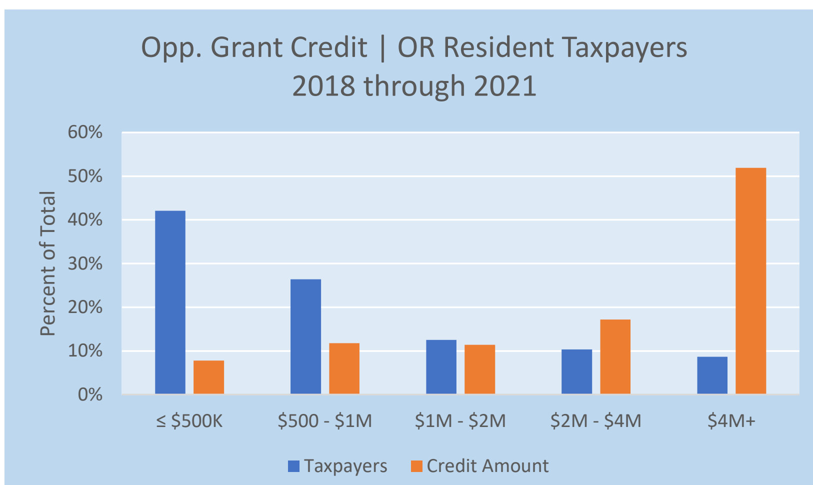


The credit is claimed almost entirely by high income taxpayers. The table to the right displays summed amounts for Oregon full-year resident taxpayers for all four tax years, 2018 through 2021.[14] Tax year 2021 data is preliminary unpublished data and is subject to change.[15] As displayed, when summing individual years, 656 taxpayers claimed the credit. As displayed, 42% of taxpayers that claimed the credit had an AGI less than $500K and claimed a credit equal to $14,458 on average.[16] By contrast, while taxpayers with an AGI exceeding $4 million represented 9% of all taxpayers claiming the credit, such taxpayers accounted for 52% of the amount of the tax credits claimed. The column chart provides a visual display of the same information contained in the table relating to the

Opp. Grant | OR Resident Personal Inc. Taxpayers | TYs 2018 - 2021

AGI	--- Taxpayers ---		----- Credit Amount -----		
	Number	Pct. of Total	$'s in Millions	Pct. of Total	Avg. Claimed
≤ $500K	276	42%	$4.0	8%	$14,458
$500 - $1M	173	26%	$6.0	12%	$34,856
$1M - $2M	82	13%	$5.9	11%	$71,350
$2M - $4M	68	10%	$8.8	17%	$129,568
$4M+	57	9%	$26.6	52%	$467,203
Total	**656**	**100%**	**$51.3**	**100%**	**$78,220**

Note: Includes preliminary tax year 2021 data



[14] The table reflects summed amounts for the individual four years, not summed amounts by taxpayers for all four years. For example, the number of taxpayers for the four years reported in the table is 656 whereas the unique number of taxpayers that claimed the credit in the four-year span was 427, reflecting that some taxpayers claimed the credit in multiple years.

[15] Any changes are expected to be minor.

[16] Very few taxpayers with AGI less than 100K claim the credit.

proportionate share of taxpayers and amount of credit claimed by taxpayers in each AGI category.

Similar Incentives Available in Oregon

The Opportunity Grant tax credit is based on Oregon's existing film production development contributions tax credit. Proceeds from film production tax credit auction(s) are directed to the Oregon Production Investment Fund (OPIF) where they are used to reimburse qualifying filmmakers or local media production services companies for a portion of their qualified Oregon expenses. With the exception of differences in annual credit certification limits and credit sunset dates, the two auction tax credits are nearly identical and statutory changes have occurred concurrently.

The Oregon Promise program provides grants to recent Oregon high school graduates or GED test graduates to cover the cost of tuition at Oregon community colleges. Beginning in the second year of the 2017-19 biennium, the Office of Student Access and Completion (OSAC) also began administering tuition assistance programs for Oregon National Guard members. Beginning in the second year of the 2021-23 biennium, OSAC began administering the Oregon Tribal Student Grant, which provides grants to eligible students who are members of Oregon's nine federally recognized Tribes to offset the cost of attendance at eligible Oregon colleges and universities.

OSAC also processes and administers grant and scholarship programs for a variety of foundations and other entities (e.g., Oregon Community Foundation). OSAC provides a number of services for the programs including "marketing" the programs, collecting applications, in some cases making preliminary decisions, and distributing the funds for these programs. The functions OSAC performs varies from program to program. In the table below, "Other Funds" is primarily made up of funding from tax credit auctions.

	2021-23 Legislatively Adopted Budget ($M)		
Direct Spending Program	***General Fund***	***Lottery Funds***	***Other Funds***
Opportunity Grant Fund	$148.9	$29.8	$21.3
Private Scholarships			$18.0
Oregon Promise	$42.2		
National Guard Tuition Assistance	$4.2		
Oregon Tribal Student Grant	$19.0		

Credits of Similar Structure

From a credit structure perspective, other Oregon tax credits exist that provide an incentive for taxpayers to make contributions to specified organizations. The Individual Development Account Contributions tax credit provides a tax credit equal to up to 90% of contributions made by taxpayers to the fiduciary organization. Oregon's University Development Account contributions tax credit provides taxpayers with a credit up to 60% of the amount of their contribution to a Public University Venture Development Fund. Oregon's Cultural Trust credit provides a credit to taxpayers equal to the lesser of, $500 or the amount of the contribution made to the Cultural Trust.[17] To qualify for the Cultural Trust credit, taxpayers must first make an equal or greater contribution to an Oregon cultural organization during the tax year. All three of these credits are designed to offset some of the taxpayer's contribution cost. By comparison, the

[17] Credit is up to $1,000 for married taxpayers filing jointly and up to $2,500 for corporations.

Opportunity Grant credits are auctioned at a price no less than $0.90 per $1.00 face value of the tax credit, or up to 111% of the contribution amount.[18]

Administrative Costs

Administrative costs are born by both the DOR and the HECC. Additional marginal tax administrative costs for the DOR related to the tax credit are relatively minimal. Statute allows DOR to keep up to 0.25% of auction proceeds to cover administrative costs related to administering the auction. HECC is also reimbursed (up to 0.25% of auction proceeds) for costs associated with tax credit auction/administration.[19]

Other States

In 2012, Maryland held a one-time tax credit auction to raise money for "InvestMaryland". The program auctioned tax credits to be used against Maryland's Insurance Premium Tax, thus focusing the tax credit auction to insurance companies. Proceeds from the auction were used to fund venture development capital investments. Auctioned tax credits were intended to be used over five years, with 20% of the value of the credit used in each year. Unused credit amounts could be indefinitely carried forward for use in later tax years and credits were transferable. The credits were purchased over a three-year period in which one-third installment payments were made annually. The auction sold $100 million in tax credits to eleven insurers at a total purchase price of $84 million.

[18] The average winning auction bid for auctions held in 2019, 2020 & 2021 was $0.93 equating to 108% of the contribution amount.
[19] HECC's costs are primarily related to mailing tax credit certificates, staff costs are minimal.

Agriculture Workforce Housing Construction

ORS 315.163 - 315.164	Year Enacted:	1989	Transferable:	Yes
	Length:	10-years	Means Tested:	No
	Refundable:	No	Carryforward:	9-years
TER 1.413	Kind of cap:	Program	Inflation Adjusted:	No

Policy Purpose

A specific policy purpose statement regarding the agriculture workforce housing construction credit is not 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/or substantively modified. Legislative documentation from the implementing legislation in 1989 indicates that the tax credit was part of a package of policies (SBs 732,734, and 735) designed to address problems with the scarcity and condition of housing for agricultural workers. The Legislature declared, in part,

> *that it is the* ***policy of this state to insure adequate agricultural labor accommodations commensurate with the housing needs of Oregon's workers that meet decent health, safety and welfare standards****. (ORS 197.677)*[20]

Roughly a decade later, in 2000, the Farmworker Housing Interim Task Force evaluated the housing situation for Oregon farmworkers. They concluded that there was a "...serious and growing shortage of safe, decent, and affordable housing..." for this portion of Oregon's labor force. Among the Task Force's findings was that

> [f]armers, community-based groups, faith organizations, government agencies, and the private sector need to work together to provide an adequate mix of safe, decent, and affordable housing for farmworkers.

The Task Force also noted that multiple approaches are required that should include both on-farm housing and community-based housing. In short, this tax credit appears to be a tool in the development of affordable housing for Oregon's agricultural workforce.

Description

A taxpayer who owns or operates agriculture workforce housing is allowed a credit for the construction, rehabilitation, or acquisition of agriculture workforce housing in Oregon. The credit is 50 percent of the eligible costs actually paid or incurred by the taxpayer to complete an agriculture workforce housing project.

Credit *= 50% × eligible costs for construction, rehabilitation, or installation*

The credit can be taken over ten years, though only 20% of the total credit amount can be taken in any one year, thereby requiring the credit to be taken over at least five years. Unused credit amounts may be carried forward for nine succeeding tax years. The policy also allows for the credit to be transferred to a contributor. The Oregon Housing and Community Services Department (OHCS) may certify a credit

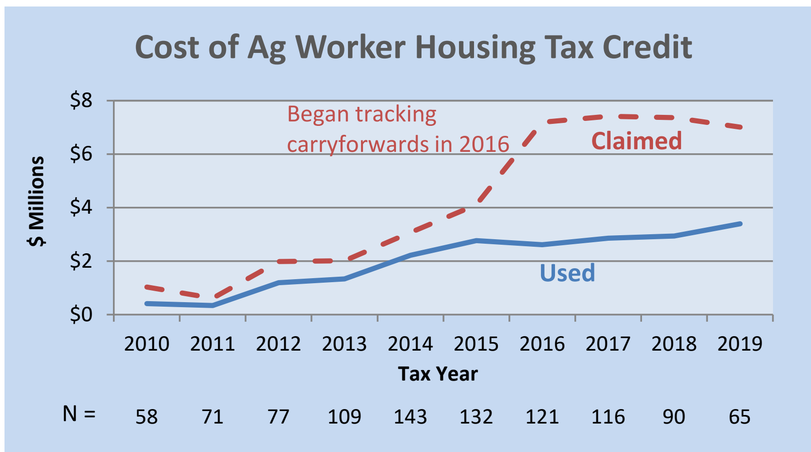
[20] In 2001, when the administrative responsibility for the tax credit was moved to Oregon Housing and Community Services Department (OHCS), this language was added to ORS 456.550(7) as part of the policy statement for OHCS.

application only if the potential credits of the project would not cause the total potential credits for all approved applications to exceed $16.75 million within the biennium. Certification is received through an application process submitted to and approved by OHCS. The following qualifications must be met for eligibility:

- The housing must be occupied by agriculture workers
- Comply with all occupational safety or health laws, rules, regulations, and standards
- Continue to be operated as agriculture workforce housing for at least 10 years (unless waiver has been granted by OHCS)
- Rehabilitation projects must restore housing to a condition that meets building code requirements
- Housing must be registered, if required, as an agriculture workforce camp with Oregon OSHA.

Policy Analysis

The chart to the right shows the use of this tax credit for years 2010 through 2019. During this time period, the annual amount of tax credits claimed has surged due in part to a change in tax credit reporting that first took place in 2016. Beginning in 2016, tax forms began instructing taxpayers to provide the amount of tax credit awarded in the current year along with the amount of unused tax credits previously awarded and being carried forward to the current tax year. This change is clearly visible in the chart beginning in 2016 with the level shift up in the credit amount claimed (red dashed line). Unused credits (making up much of the difference between claimed and used) may be carried forward for up to nine years. In the past ten years, the credit amount used to actually offset tax liability has ranged from $340,000 to $3.4 million. Use of the tax credit grew substantially from 2010 to 2015. While individual years can vary, use of this tax credit has generally been split about 60-40 between personal income taxpayers and C-corporation taxpayers.



Given the policy purpose for this tax credit, the key issue is whether the tax credit increases the supply of safe and affordable housing for agricultural workers. By design, the tax credit directly reduces the cost of providing such housing by 50 percent of eligible costs. The policy has been in effect for roughly 25 years, so an examination of historical data should help inform the analysis to determine if the tax credit has been effective and whether any changes are warranted.

In 1989, the Legislature found that Oregon had a large stock of agricultural worker housing that did not meet minimum health and safety standards (ORS 197.680(1)). Furthermore, they noted that it would not be feasible to rehabilitate much of that housing stock to meet appropriate standards. Statute outlined broad policies to improve the situation, including the creation of this tax credit. At the time, program responsibility was given to the Department of Consumer and Business Services. In 2001, responsibility was moved to OHCS in an effort to better align state policies with their corresponding administrative agencies.

Since the inception of the tax credit, the state and the nation have experienced significant shifts in the nature of the agricultural workforce and a commensurate impact on housing needs. There has been a general shift from migrant agricultural labor toward more year-round work. Nationally, about 85 percent of hired crop agricultural workers are not migrant workers but rather are considered settled, an increase from 41 percent in 1996-98 (USDA, 2022). Among the share of migrant workers, over half are considered "shuttlers" who work at a single farm location more than 75 miles from home and may cross an international border to reach their worksite (USDA, 2022). The share of agricultural workers that "follow the crop" has also decreased from about 14% of all agricultural workers in 1989-91 to about 4% in 2019-2020 (U.S. Department of Labor, 2019-2020).

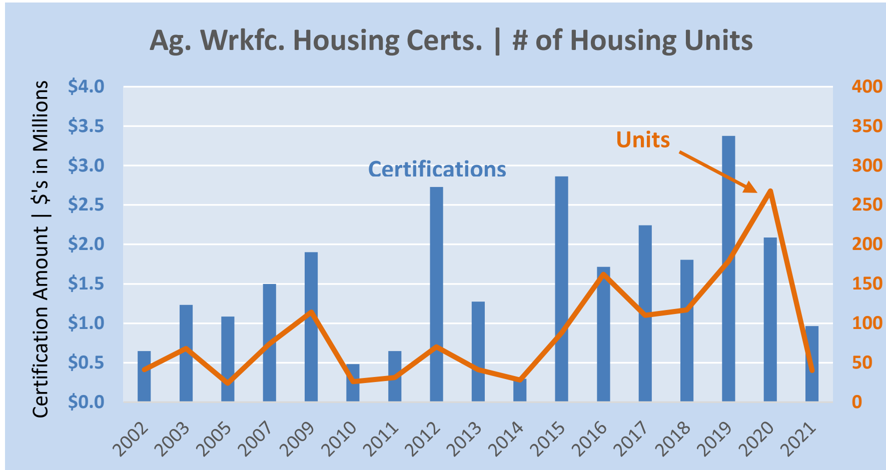
During this same time, there has been a shift in the location and type of housing in which agricultural workers reside. Fewer agricultural workers today reside in employer provided housing. According to the 1990 National Agricultural Workers Survey (NAWS) (U.S. Department of Labor, 1990), 28% of agricultural workers lived in employer provided housing as compared to 16% in 2019-2020 (U.S. Department of Labor, 2019-2020).[21] Nearly 70% of agricultural workers reside within counties defined as urban (USDA, 2022). In 2019-2020, 31% of agricultural workers lived in a home owned by the agricultural worker or owned by a family member whereas 53% rented from a non-employer/non-relative (U.S. Department of Labor, 2019-2020). About 56% of agricultural workers lived in a detached single-family house, 21% lived in a mobile home and 20% lived in an apartment (U.S. Department of Labor, 2019-2020). The share of the labor force working for a single employer increased from 65 percent in 1998 to 83 percent in 2019-2020 (U.S. Department of Labor, 2019-2020). This gradual change in mobility has had a direct impact on the agricultural worker housing market as need for off-farm housing has become more important and the need for affordable agricultural housing is in many ways less different from the overall need in Oregon for affordable housing.

Perhaps the most significant change is the role of community-based housing compared to on-farm housing. Over time there has been a gradual shift away from on-farm housing to community-based housing. For example, from 1995 to 2011, the share of agricultural worker housing units that were employer-owned fell from 30 percent to 13 percent. Also, employer-provided housing for workers had historically been free (an estimated 83 percent of the time).

Western Sustainable Agriculture Research & Education states that, generally speaking, the supply of adequate housing has been limited by a combination of lack of funds, high land costs, land use limitations, and lack of support services for residents (Western Sustainable Agriculture Research & Education, 2012). Stakeholders argue that community-based housing addresses many of these concerns. They argue that community-based housing provides the needed stability for families of agricultural workers, including access to services such as education, childcare, and workforce training.

[21] For the western region the 2019-2020 percentage was even lower at 10%.

To that end, many of the tax credit dollars are now allocated predominately towards community-based housing. Per the OHCS AWHTC[22] 2022 annual notice, 20% of credits are reserved for on-farm housing projects with the other 80% reserved for community-based projects.[23,24] An on-farm project is a housing project that is physically located on land that is zoned for farm use. According to data from OHCS, for years 2002 through 2021, certified tax credits totaled $26.9 million and a total of 1,481 units were constructed, rehabilitated, or installed.[25] The chart above displays the amount of the credit certified (blue columns, left axis) along with the number of units associated with credit-supported projects for each year (reddish line, right axis). A majority of the units are associated with off-farm housing though a greater number of projects are associated with on-farm housing. Off-farm projects are generally larger projects with more units and have a greater total cost. On-farm projects tend to be relatively smaller and can be a farm labor camp in which case the project is required to register with Oregon OSHA.



While the tax credit provides no requirement that the agricultural worker housing project be made available specifically to low-income households, due to household characteristics of such agricultural workers, the housing can generally be expected to support lower income households. In 2019-20, nationally, about 50% of agricultural worker households had family incomes below $30,000 with about 20% having income below the federal poverty level (U.S. Department of Labor, 2019-2020). Migrant agricultural workers are more likely to have income below the poverty level with about 44% of such workers having income less than federal poverty level in contrast to 16% of settled agricultural workers (U.S. Department of Labor, 2019-2020).

Similar to the federal low-income housing tax credit, one key feature of this tax credit is the ability to sell, or transfer, the tax credit. Many developers of this housing are non-profits, so they are unable to directly use the tax credit. However, the tax credit can be sold to project contributors, who then are able to use the tax credits. According to historical testimony provided by OHCS, credits have in the past been sold at a discount of between 15 and 30 percent. So, purchasers of the tax credits appear to have paid between 70 cents and 85 cents for every dollar in tax credit purchased.

A direct spending program could be implemented to replace the Agriculture Workforce Housing Construction tax credit program. A direct spending program would address the potential lack of benefit

[22] Agriculture Workforce Housing Tax Credit
[23] See https://www.oregon.gov/ohcs/development/Pages/Agriculture-workforce-housing-tax-credits-2022.aspx
[24] Credit awards for 2009 through 2017 followed the 80% off-farm and 20% on-farm split as well.
[25] Public file retrieved from https://www.oregon.gov/ohcs/development/Pages/applicants-developments.aspx

(prior to credit transfer) that that existing tax credit has on entities that lack sufficient tax liability to benefit from the tax credit. A potential drawback to a direct spending program is that the current structure of the credit spreads the "spending" to support housing construction over multiple years (minimum five years) which could be somewhat difficult to mimic as a direct spending program. A tax credit with a six-year sunset date also represents three biennial budget appropriation cycles, thereby providing potentially more funding stability than direct appropriations.

Similar Incentives Available in Oregon

The Housing and Community Services Department dedicates 20% of the tax credit to on-farm workforce housing, and 80% to "community based" agricultural workforce housing project development. For the on-farm portion of the credit, OHCS certifies eligibility and awards the credit. For the off-farm (i.e., community based) development, OHCS offers the credit as part of its competitive Notice of Funds Availability, where it's combined with other financing resources for affordable housing development for this population; in this situation, the credit is usually transferred to an investor with tax liability in exchange for cash with which to develop the project. OHCS reports that the $16.75 million available from this funding source is fully subscribed every biennium.

OHCS combines several funding sources to fill gaps in financing for affordable housing developers, in exchange for covenants that keep rents affordable for a specified time period (typically 30 years) for people earning a percentage of area median income. Funding streams include the following: state funding (General Fund, lottery bond proceeds); Federal Funds (formula and competitive grants); OHCS's own bond proceeds, and fees; and administration of federal low-income housing tax credits and private activity bonds.

For the 2021-23 biennium, related program amounts that were budgeted for programs related to low-income multi-family affordable housing development that broadly overlap with this tax credit are displayed in the table that follows.[26]

	2021-23 Legislatively Adopted Budget ($M)		
Direct Spending Program	***General Fund***	***Other Funds***	***Federal Funds***
Land and Property Acquisition	$40.0		
Smaller/Rural Affordable Housing Projects	$35.0		
Document Recording Fee[1]		$54.0	
Public Purpose Charge Funds		$19.7	
Program Fee Funds		$13.1	
Home Investment Partnership Program			$24.0
Affordable Rental Housing			$13.2
Affordable & Supportive Housing Units[2]		$410.0	
Federal Low Income Housing Tax Credits			$95.0

[1] Fee supports multi-family affordable housing construction, raises approximately $27M per year

[2] Article XI-Q general obligation bond proceeds for Local Innovation & Fast Track (LIFT) and Permanent Supportive Housing Programs

[26] Description and dollar amounts were provided by the Legislative Fiscal Office.

Other States

While no other state is known to provide a specifically comparable tax credit program as Oregon's credit, many other states do provide financial support for the constructions and or rehabilitation of agricultural worker housing. For example, Washington state provides a sales and use tax exemption for building farmworker housing. Farmworker housing providers may use the sales tax exemption for building, repairing, decorating, or improving housing. The exemption also applies to labor and services related to construction of the structure. To be eligible for the exemption, beneficiaries must construct housing that is occupied only by farmworkers and occupancy requirements must be met for the first five years after construction. Housing authorities may claim the exemption if at least 80% of the housing is occupied by farmworkers earning less than 50% of the county's median family income. (WA JLARC, 2020)

Administrative Costs

Administrative costs are largely incurred by the OHCS department. For example, the department tracks the awarded tax credits to ensure that the tax credit cap is not exceeded. The DOR incurs some incremental costs as this is one of several tax credits that affect tax liability. There could be costs incurred during audits if the relevant taxpayer has claimed the credit. Or there could be more explicit and direct costs if the DOR chooses to undertake an audit project that focuses on the tax credit.

Oregon Affordable Housing Lender

ORS 317.097	Year Enacted:	1989	Transferable:	No
	Length:	Loan, up to 30 yrs.	Means Tested:	No
	Refundable:	No	Carryforward:	5-years
TER 1.426	Kind of cap:	Program	Inflation Adjusted:	No

Policy Purpose

Statute does not specifically contain a purpose statement for this tax credit. Documentation from the implementing legislation in 1989 indicate that the policy was put forth, in part, as a response to a 70 percent reduction in federal funding for low-income housing development over the prior seven years despite the continued demand for such housing. The policy included the requirement that the housing would be available, affordable, and occupied by low-income households. Eligible households are those earning less than 80 percent of the area median income (AMI).

Legislative documentation from 2011 provided to the House Committee on General Government and Consumer Protection, states that the ***policy purpose of this tax credit is to support: (1) the development of housing affordable to households with incomes up to 80 percent of area median income; (2) the preservation of housing with federal rent subsidy contracts; and (3) the preservation of manufactured dwelling parks.***

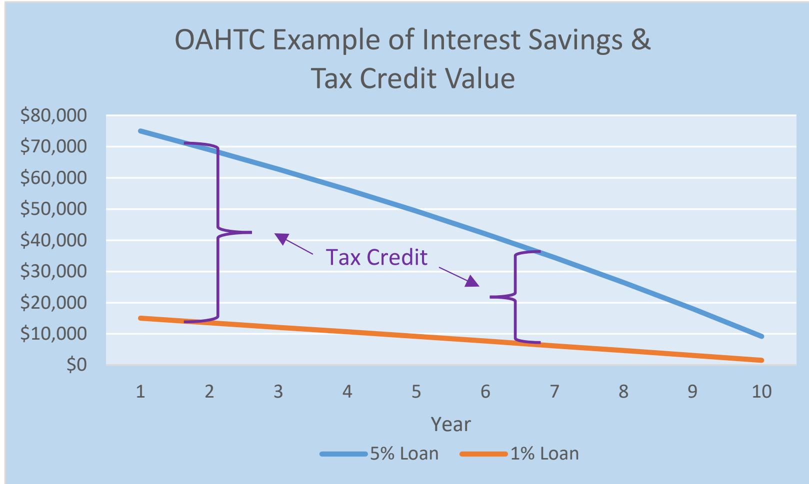
Description

Corporations that make qualified loans at below market interest rates for eligible housing projects are allowed a tax credit equal to the difference between the finance charge on the loan and the finance charge that would have been imposed if the loan were issued at market interest rates.[27] The eligible term of the loan for which tax credits can be claimed is determined by Oregon Housing and Community Services (OHCS) and is limited to no more than 20 years, or 30 years if the qualified loan has a contract for rent assistance or financing resources from the U.S. Dept. of Agriculture. The table and chart that follow provide a simplified example of the credit's mechanics. The example is for a ten-year loan period which is not typical but was chosen for brevity purposes.

An OAHTC Example | $1.5 Million Loan | 10-Year Term							
	Loan with a 5% Interest Rate			Loan with a 1% Interest Rate			
Year	Principal	Interest	Payment	Principal	Interest	Payment	Tax Credits
1	$119,257	$75,000	$194,257	$143,373	$15,000	$158,373	$60,000
2	$125,220	$69,037	$194,257	$144,807	$13,566	$158,373	$55,471
3	$131,481	$62,776	$194,257	$146,255	$12,118	$158,373	$50,658
4	$138,055	$56,202	$194,257	$147,717	$10,656	$158,373	$45,546
5	$144,957	$49,299	$194,257	$149,195	$9,178	$158,373	$40,121
6	$152,205	$42,052	$194,257	$150,687	$7,687	$158,373	$34,365
7	$159,816	$34,441	$194,257	$152,193	$6,180	$158,373	$28,262
8	$167,806	$26,450	$194,257	$153,715	$4,658	$158,373	$21,793
9	$176,197	$18,060	$194,257	$155,253	$3,121	$158,373	$14,940
10	$185,007	$9,250	$194,257	$156,805	$1,568	$158,373	$7,682
Total	**$1,500,000**	**$442,569**	**$1,942,569**	**$1,500,000**	**$83,731**	**$1,583,731**	**$358,837**

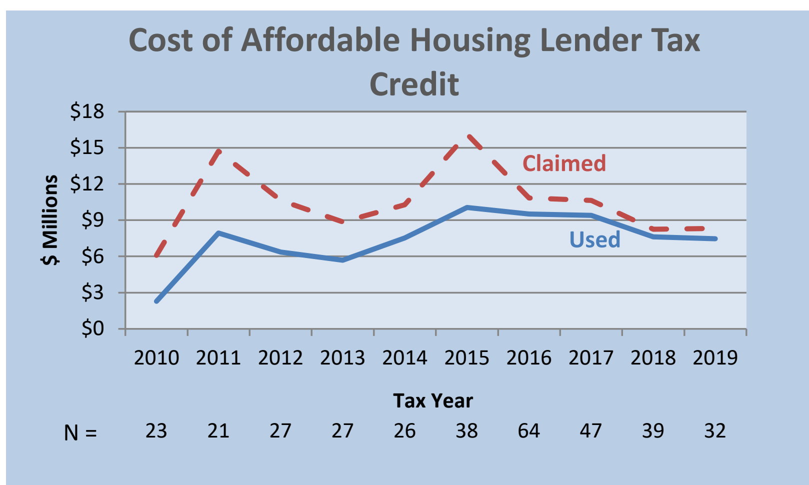
[27] Finance charges are interest, fees, and other charges related to the cost of obtaining the loan.

The example provides approximate calculations for a five percent loan compared to one percent loan that is eligible for the tax credit. In year one, a five percent rate would mean the lender would earn $75,000 from interest payments. A one percent interest rate reduces those earnings to $15,000. The difference of $60,000 is taken as an Oregon tax credit. Over the life of the loan, the lender is allowed to claim a total of $358,837 in tax credits, the difference in interest payments between the two loans. The exhibit to the right provides a visual display of the tax credit value listed in the table.



Tax credit eligible housing projects include the construction, development, acquisition, or rehabilitation of specified housing: a manufactured dwelling park, low-income housing, or a preservation project.[28] Qualified loans are those that are certified by OHCS. OHCS may certify qualified loans such that the total amount of outstanding tax credits in any fiscal year does not exceed $35 million. Unused credit amounts may be carried forward for five years. A key element of this policy is that the recipient of the loan is often required to pass on the savings from the reduced interest rate to tenants in the form of reduced housing payments, regardless of other subsidies provided to the housing project.[29]

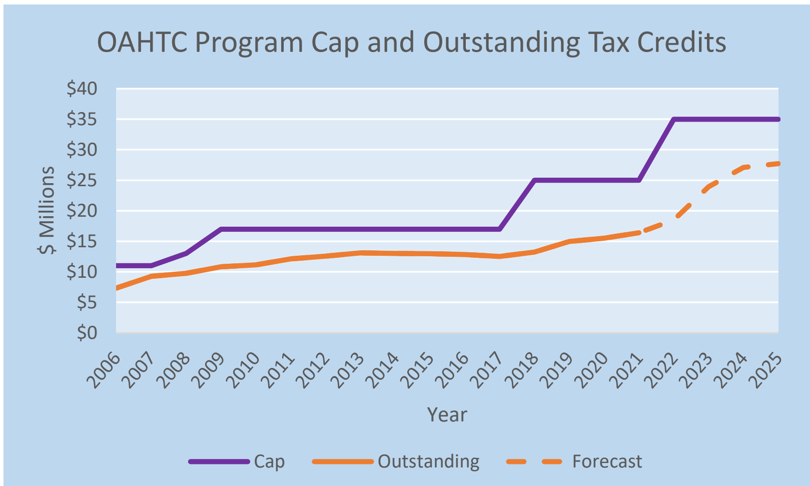
The graph below shows the history of the credits claimed and used, as reported on income tax returns from 2010 through 2019. Over these ten years, on average, $10.4 million in credits were claimed and $7.4 million were used to reduce tax liability. Credit usage has varied in recent years with a lower average usage rate in the years immediately following the great recession while increasing to above 90% in the most recent four years.



[28] Preservation funds provide grant funds to recapitalize and fund improvements to existing affordable housing at risk of loss. Categories of preservation housing include Federal Project Based Rent Assisted projects, Rent Assistance Demonstration (RAD)/Section 18 Federal, and Financial Restructuring for OHCS Portfolio Projects.

[29] In specific instances, the tax credit is not required to be passed through to tenants. See "Rent Reduction Pass-Through" subsection on page 29.

The chart below provides an approximate recent history of how the program has approached the cap over time.[30] The purple line shows the statutory cap for outstanding tax credits. In 2006, the program cap was $11 million in allowed outstanding tax credits. By 2009, the program cap had been increased to $17 million. The solid orange line shows the outstanding tax credits. Each year, newly certified tax credits use part of the cap while repaid loans create additional room under the cap. The dashed orange line shows a projection of outstanding credits for 2022 through 2025. The forecast assumes sufficient demand for the large pool of tax credits OHCS is offering in the near term.



Policy Analysis

Housing is a key factor in establishing and promoting healthy families and communities. Stable and affordable housing is often cited as a core factor in laying the foundation for economic health and opportunity. The larger the share of a family's income is spent on housing, the less there is to spend on other expenditures such as food, health care, education, and retirement savings. The long-term implications of these spending patterns on economic well-being can be significant.

Housing affordability is, by definition, a comparison of housing costs to income. Whether incomes are too low, or housing is too expensive, the net result is housing that is less affordable. Some researchers have argued that the source of the problem is that incomes are too low. For example, Feldman contends that if low incomes are the driver, then income-oriented policies such as expanding the Earned Income Tax Credit and providing housing vouchers may provide the most efficient solutions (Feldman, 2002). Others argue that the problem is simply one of housing supply (Congressional Research Service, 2020). Researchers at the Joint Center for Housing Studies suggest a multi-pronged approach that includes a reduction in regulatory barriers, increased development of low-cost rental units, and increased incentives to invest in affordable housing.

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[30] Data limitations prevent an exact accounting though the calculations do represent an approximation of how the program is administered.

Generally, the supply of affordable housing can be increased by a process known as "filtering" or by directly building more low-income housing. Filtering is the process whereby the housing market produces low-cost housing when new high-end housing is constructed and is purchased by high income households. Their former housing is then purchased by less wealthy families, and so forth until the lowest value housing becomes available for the lowest income families. This process can move slowly, especially when turnover in the housing market stagnates. A combination of slow income growth and strong population growth can put excessive stress on a housing market.

According to the most recent regional housing need report commissioned on behalf of OHCS, Oregon has a current housing shortage of nearly 140,000 homes and will need about 584,000 total new homes over the next 20 years to meet housing demand (OHCS & ECONorthwest, 2021). While new housing production is and will be needed throughout the household income spectrum, the housing market is often less responsive to low-income household housing needs, especially households with incomes below 50% of median family income (OHCS & ECONorthwest, 2021). The structure of Oregon's affordable housing tax credit (OAHTC) supports the availability of housing rented to households with lower incomes.

Affordable Housing Lender Tax Credit - Flow of Benefit

Lending Institution	Qualified Borrower	Affordable Housing Tenants
Absent credit, would lend at interest rate of 5% With credit, lends to ***qualified borrower*** at 1%	Benefits from being able to borrow at 1% instead of 5% **Pass Through Required**: Interest rate savings are passed through to ***tenants*** in the form of reduced housing payments **Pass Through not Required:** Interest rate savings accrue to qualified borrower	**Pass Through Required**: Tenants benefit directly from credit through additionally reduced housing payments **Pass Through not Required:** When no rent pass through required, tenants benefit from preservation of affordable housing (housing subject to other afforability restrictions)

Rent Reduction Pass-Through

The Oregon tax credit is taken over the 20-year lifespan of the related loans and is equal to the reduction in interest payments collected by the lender.[31] The reduced interest rate is a maximum of four percentage points below the market rate. In many instances the cost reduction must be passed on to renters in the form of lower rents. In this way, the tax credit complements other housing subsidy programs. Because the tax credit is equal to the foregone finance charges, the lending institution should be indifferent to taking the credit or collecting higher interest income associated with a higher interest rate loan. It is not uncommon in the financial sector for loans to get sold. The Oregon credit is structured so that if/when a qualified loan is sold, the remaining tax credit is transferred to the new loan holder. In essence, the tax credit “follows” the loan.

Notwithstanding specified exceptions for preservation projects and manufactured park purchase preservation, the OAHTC interest rate savings are required to be passed through to the tenants in the form of reduced housing payments. However, the rent reduction is not required to be distributed evenly among the housing units. As displayed in the diagram on page 27, the interest rate savings vary by year due to the amortization of the loan. As such, the rent reduction passed through to tenants is averaged over the lesser of the term of the loan or 20 years. The rent reduction pass through is not required to be distributed evenly among the units. When the OAHTC is paired with other funding sources that also require affordability restrictions, OAHTC must be used to lower rents after all other subsidies and requirements for rents have been applied. For example, if a property is required (due to other subsidy requirements) to rent housing at an amount affordable to households earning less than 80% of AMI, then such property must further reduce rents when benefitting from the OAHTC. In this way, the OAHTC produces lower rents for low-income households. According to OHCS, nearly all households that benefit from the OAHTC earn less than 50% of AMI and in many cases earn less than 30% (OHCS, 2022).

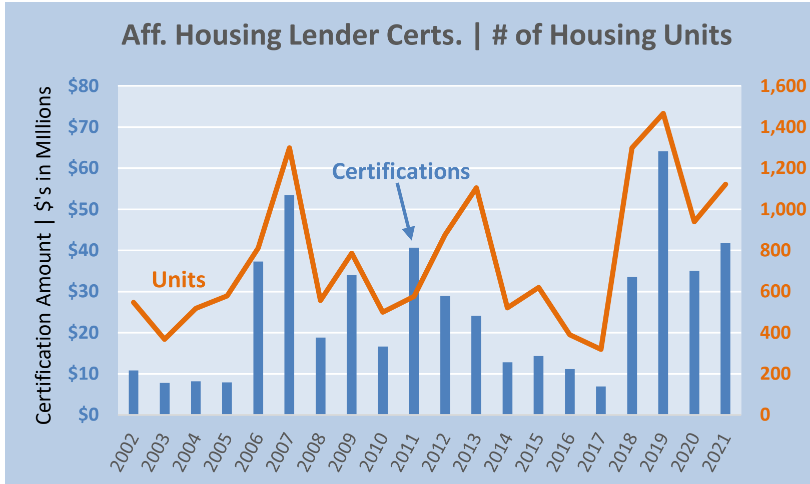
When OAHTC funds are used to preserve affordability in projects that have certain federal rent assistance, there is no requirement to pass through interest savings to tenants. The intent of these preservation projects is to provide grant funds to recapitalize and fund improvement to existing affordable housing at risk of loss. There is also no pass-through requirement for manufactured dwelling park preservation projects. The borrower for a manufactured dwelling park preservation project must be a nonprofit corporation, manufactured dwelling nonprofit cooperative, a state or local government agency, or a housing authority. The purpose of the support for manufactured park preservation is to assist nonprofits and/or park resident groups to gain control over rising rents or take control of parks that are considering closing (OHCS, 2022).

For the twenty years of 2002 - 2021, about 40% of the OAHTC loan amount certified was for projects where rent pass through requirements were applicable. About 7% was for manufactured park preservation and the other 55% was for other preservation projects (OHCS Affordable Rental Housing Developments by County, 2022). The 2021 OAHTC Resource Pool Announcement indicates a continued focus of tax credit funds being directed towards preservation projects (OHCS, 2021).

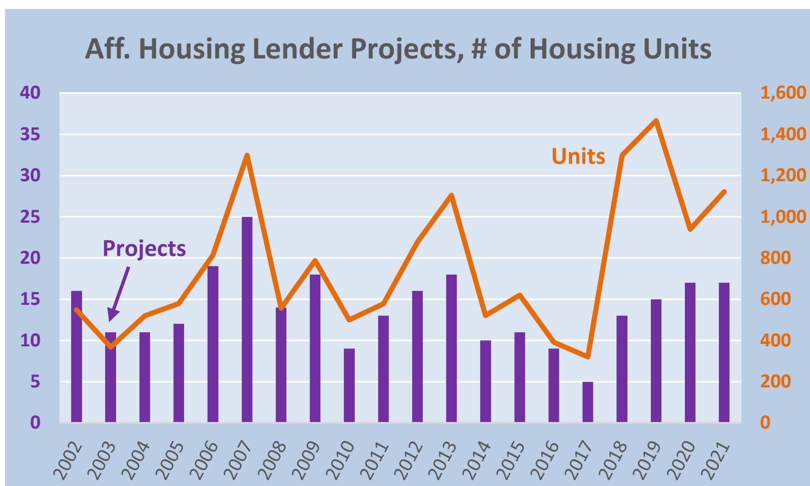
[31] Thirty years if the qualified loan has a contract for rent assistance or financing resources from the U.S. Dept. of Agriculture

Credit Use and Other OHCS Housing Subsidy Programs

The exhibit below displays the OAHTC loan amount certified by OHCS for years 2002 through 2021.[32] The blue column provides the annual loan certification amount and corresponds with the left vertical axis whereas the reddish line displays the annual aggregate number of units associated with the project receiving the credit (corresponds with right axis). For the period 2002-2021, 279 projects associated with about 15,000 units received credit certification. As displayed, loan amount certifications can vary by year. It's important to note that 'certifications' in this chart reflects the certified loan amount, which will influence the interest rate savings and the value of the credit, but the value of the credit itself varies due to the amortization of the loan and the interest rate savings (refer to example on page 26 of this report).



The exhibit below once again displays as a reddish line the number of units associated with credit certifications, but also displays the number of projects (represented as purple columns) associated with the credit certification of the year in which the project was first certified. Since 2002, an average of 14 projects per year have been initially certified for the credit.



By design, the OAHTC supports two general policy outcomes, increase housing affordability by decreasing rents, and incentivizing the preservation of affordable housing. The credit's incentivization of these outcomes works with other affordable housing incentives. For example, of the 279 projects that were certified for the OAHTC for years 2002 through 2021, all but 12 of the projects also benefitted from at least one other funding source (or subsidy program) administered by OHCS. The exhibit below displays the OAHTC certified projects for 2002 - 2021 and the number of other funding sources associated with the project. As represented by the blue columns and left axis, nearly 100 OAHTC projects (with an aggregate of nearly $200 million in loan certifications)

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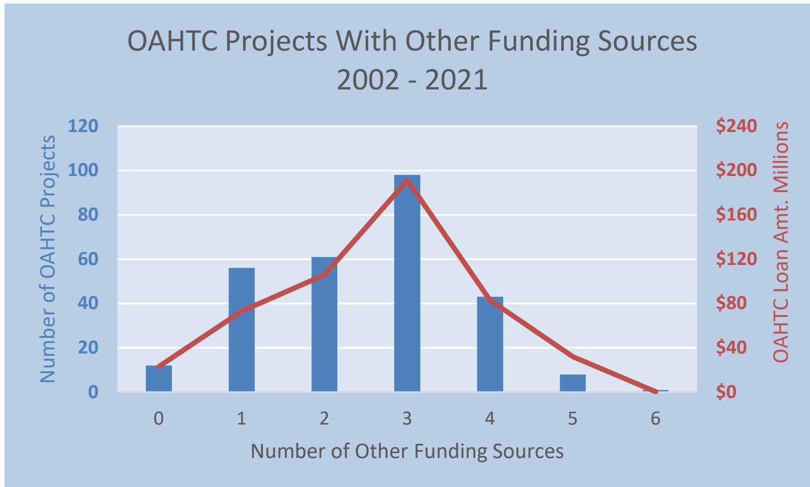
[32] Unless otherwise noted, information in this subsection of the report is derived from OHCS's Affordable Rental Housing Developments by County publicly available database (OHCS Affordable Rental Housing Developments by County, 2022).

had three other funding sources. While considerable variation exists by project, in total for the twenty-year period, other funding sources represented about double the OAHTC certified loan amount.



The above exhibit only reflects other funding sources tracked and contained in the OHCS database. Not included in the exhibit are other local funding sources such as Metro's supportive housing services income tax or tax subsidies such as locally administered property tax exemptions for nonprofit low-income housing.

OHCS combines several funding sources to fill gaps in financing for affordable housing developers, in exchange for covenants that keep rents affordable for a specified time period (typically 30 years) for people earning a percentage of area median income. Funding streams include the following: state funding (General Fund, lottery bond proceeds); Federal Funds (formula and competitive grants); OHCS's own bond proceeds, and fees; and administration of federal low-income housing tax credits and private activity bonds.

For the 2021-23 biennium, related program amounts that were budgeted for programs related to low-income multi-family affordable housing developments that most closely align with this tax credit are displayed in the table to the right.[33]

	2021-23 Legislatively Adopted Budget ($M)		
Direct Spending Program	***General Fund***	***Other Funds***	***Federal Funds***
Land and Property Acquisition	$40.0		
Smaller/Rural Affordable Housing Projects	$35.0		
Document Recording Fee[1]		$54.0	
Public Purpose Charge Funds		$19.7	
Program Fee Funds		$13.1	
Home Investment Partnership Program			$24.0
Affordable Rental Housing			$13.2
Affordable & Supportive Housing Units[2]		$410.0	
Federal Low Income Housing Tax Credits			$95.0

[1] Fee supports multi-family affordable housing construction, raises approximately $27M per year

[2] Article XI-Q general obligation bond proceeds for Local Innovation & Fast Track (LIFT) and Permanent Supportive Housing Programs

[33] Description and dollar amounts were provided by the Legislative Fiscal Office.

As displayed in the table above, after the category Affordable & Supportive Housing Units, the federal low-income housing tax credit represents the second largest category of related other funding sources. While the federal low-income housing tax credits and the Oregon tax OAHTC are not computationally connected, they are directly linked from a policy perspective. The federal credit is designed to increase the physical supply of low-income housing while the Oregon credit is designed to directly reduce the rents for the eligible residents and to preserve affordable housing. The federal credit is a production subsidy that is intended to increase the amount of housing investment above the level that would occur without the subsidy. The federal credits are allocated to each state on an annual basis.[34] The states, through their housing agencies, award these tax credits to developers for qualified projects. Developers may use the tax credits themselves or sell them to raise capital for their projects.

Key stakeholders in the production of low-income housing are developers, investors, credit claimants, and tenants. After federal tax credits have been allocated to developers, they often sell the tax credits - often via intermediaries - to investors in exchange for equity financing. The return for investors is limited to their tax liability, which is generally tied to broad economic forces. The direct tax credit beneficiary is the investor, not the developer or renter.

Depending on the type of housing project, the federal low-income housing tax credit is designed to be either a 70 percent or 30 percent subsidy of the eligible costs.[35] The larger subsidy is for new rental construction while the smaller incentive is for rehabilitated housing and new construction that is financed with tax-exempt bonds. In tax credit percentage terms, the larger incentive has been roughly a nine percent tax credit and the smaller a four percent tax credit. The actual tax credit percentage has been calculated by the U.S. Treasury using a formula that depends on the credit period length, subsidy level, and current interest rate. Because the credit period and subsidy level (70% or 30%) are set in law, the actual tax credit award can vary depending on interest rates.

Other States

Oregon appears to be the only state with a tax credit related to affordable housing that specifically targets lenders. About 25 states and the District of Columbia offer their own version of a low-income housing tax credit. These other states tax credits tend to be either a direct production subsidy similar to the federal credit or simply a direct percentage of the federal low-income housing tax credit.

Administrative Costs

Administrative costs are largely incurred by the OHCS department. For example, the department administers project applications and certifies awarded tax credits to ensure project qualification and that the tax credit cap is not exceeded. Monitoring is largely done by investors and their agents because their economic return is contingent upon compliance. Lenders are required to annually submit to OHCS a fee equal to five percent of the annual tax credits claimed for the prior calendar year. The Department of Revenue (DOR) incurs some incremental administrative costs associated with the credit. DOR may incur other marginal administrative costs associated with audit and enforcement relating to the tax credit.

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[34] For 2021, the state allocation ceiling is equal to the greater of $2.8125 multiplied by state population or $3.25 million (IRS, 2020).

[35] Eligible costs are less than the total cost of development and exclude some significant costs, such as land.

Appendix A: Legislative History of Tax Credits being Reviewed

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 identifies changes that are more policy oriented.

Statute	Tax Expenditure (TE) Name and TE Number (Number aligns with Governor's Tax Expenditure Report)				
315.643	**1.403 Opportunity Grant Contributions**				
	Year	**Bill**	**Chapter**	**Section(s)**	**Policy**
	2018	**SB 1528**	**108**	**2-6**	**Enaction legislation | Credits purchased at auction with minimum bid price equal to 95% of credit value | 3 year carryforward of credit | Limits credits certified to $14 million per fiscal year | Sunsets 1/1/2024**
	2019	**SB 459**	**370**	**2**	**Modifies when credit auction may be held | Lowers minimum bid price to 90% of credit**
	2021	HB 2456	528	14	Modifies timing in which taxpayer may claim the credit
315.163-172	**1.413 Agriculture Workforce Housing Construction**				
	Year	**Bill**	**Chapter**	**Section(s)**	**Policy**
	1989	**SB 734**	**963**	**2,4**	**Enacting legislation | Credit (non-refundable) equal to 50% of costs actually paid or incurred by taxpayer to complete farm-worker housing project | Credit taken over 5 years, equal installments | 5 year carry forward of credit | Property requirements include: comply with all occupational safety or health laws, regulations, rules and standards, registered by BOLI, operated by indorsed farm-worker camp operator**
	1991	**SB 857**	**766**	**3,4,5**	**Placed sunset of 1/1/1996 | Defined eligible costs | For builders, repealed requirement that housing be in compliance with safety and health standards, be registered and be operated by a licensed operator; instead required housing, upon completion, to comply with safety and health standards.**
	1991	HB 2162	877	10,34	Clarified eligibility of S corporations for their prorated share of business tax credits
	1993	HB 2413	730	19,20,20a	Measure combined and moved business tax credits from ORS chapters 316, 317, & 318 into chapter 315
	1995	SB 705	500	10	Property registration requirement moved from BOLI to DCBS
	1995	**HB 2255**	**746**	**52,52a,58**	**Extended sunset to 12/31/2001 | Reduced credit to 30% of costs | Prohibited credit for housing occupied by owner or operator of the housing | Limited credit in an EFU zone to rehabilitation or existing farmworker housing or installation of manufactured housing | Credit certification authority given to DCBS | Credit approval required by DCBS and eligible costs limited to no more than estimated cost originally approved by DCBS | Limited total statewide certified costs to $3.3 million per year**
	2001	HB 3171	613	13a,14	Eliminated distinction of seasonal or year-round farmworker and defined farmworker and farmworker housing
	2001	HB 3172	625	2,3	Definitional modifications | DCBS oversight replaced by Housing and Community Services
	2001	**HB 3173**	**868**	**1,3,4,5**	**Made credit permanent by eliminating 12/31/2001 sunset | Increased credit to 50% of eligible costs | Increased annual cap on certified project costs to $7.5 million (from previous $3.3) | Set period for claiming the credit to 10 years with no more than 20% of credit being claimed in any one year | Allowed owner or operator to transfer up to 80% of credit amount**
	2003	**HB 2166**	**588**	**1,3,5,6a,7, 9,11,15**	**Added acquisition costs to eligible costs | Modified application deadlines | Allowed lending institution not subject to taxation to sell or transfer credit to taxpayer subject to taxation | Allowed entire credit to be sold (previously limited to 80%) | Decreased total annual certified project costs to $7.25 million**
	2009	HB 2067	913	28	Placed sunset of 1/1/2014
	2011	HB 2154	471	1,2,3,4	Modified definition of "farmworker" to include handling/processing of agricultural or aquacultural crops or products | Expanded definition of "contributor" to include a person who has purchased or received the credit | Makes exception to the provision barring credits for dwellings occupied by relatives of owner in case of manufactured dwelling park nonprofit cooperatives | Modified the definition of taxpayer to include tax-exempt entities | Allows housing occupants to include farmworkers who are retired or disabled | Allows occupant to be relative of housing owner/operator if housing is a manufactured dwelling
	2013	HB 3367	750	18,19,20, 21,22,23	Extended sunset to 1/1/2020 | Terminology modifications
	2019	HB 2141	483	7,8,25	Establishes uniformity of tax credit transfers. Modifies administration and responsibilities related to tax credit certification.
	2019	HB 2164	579	30	Placed sunset of 1/1/2026
	2021	**HB 2433**	**525**	**18,20**	**Increased cap to no more than $16.75 million in total potential credits claimed in a biennium**

Statute	Tax Expenditure (TE) Name and TE Number (Number aligns with Governor's Tax Expenditure Report)				
317.097	**1.426 Oregon Affordable Housing Lender**				
	Year	**Bill**	**Chapter**	**Section(s)**	**Policy**
	1989	**HB 2826**	**1045**	**2**	**Created | Program cap of $37.5M in eligible loans | Credit equal to interest difference between loan rate and market rate | 15-year**
	1991	HB 3467	737	1	Eliminated loan duration cap of lesser of 10 years or loan duration | Defined terms, clarified requirements, added penalty for noncompliance
	1993	**HB 2443**	**813**	**8**	**Required full savings to be passed on to tenants regardless of other subsidies | Increase the program cap to $57M in loan amount | Program to focus on need but consider statewide**
	1995	**HB 2255**	**746**	**43**	**Carryforward limited to 5 year | Program cap changed from loan amount to tax credit amount | Program cap set to $3M in tax credits**
	1997	**HB 3543**	**425**	**1**	**Program cap increased to $4M in tax credits**
	1997	SB 125	631	458	Change definition of "lending institution"
	1997	SB 1144	839	31	IRC update to 12/31/1196
	1999	HB 2518	21	46	Technical changes
	1999	HB 2137	90	23	IRC update to 12/31/1998
	1999	**HB 2087**	**857**	**1,4**	**Extend credit through 2009 | Increase program cap to $5M in tax credits in TY 2000 and to $6M in TY 2002**
	2001	HB 2272	660	47,48	Remove IRC date
	2005	**SB 996**	**476**	**1,3**	**Extend credit through 2019 | Increase program cap to $11M | Modify definition of "finance charge" & "sponsoring entity"**
	2007	**HB 3201**	**843**	**61**	**Expand program to include "acquisition" and manufacturing dwelling park | Increase program cap to $13M in tax credits**
	2008	**HB 3619**	**29**	**6**	**Increase program cap to $17M in tax credits**
	2008	SB 1081	45	15	IRC update to 12/31/2007
	2009	HB 2157	5	25	IRC update to 12/31/2008
	2009	HB 2261	82	1a	Restructure/reorganize statute
	2009	HB 2255	609	8a	Requires borrower to be a nonprofit corporation, manufactured dwelling park nonprofit corporation, housing authority, or state/local government
	2009	HB 2078	909	28	IRC update to 5/1/2009
	2009	HB 2067	913	30,31	Extend sunset date to 1/1/2014
	2010	SB 1016	82	30	IRC update to 12/31/2009
	2011	SB 301	7	25	IRC update to 12/31/2010
	2011	HB 2527	475	1,2	Extend sunset date to 1/1/2020
	2012	SB 1531	31	24	IRC update to 12/31/2011
	2013	HB 2492	377	24	IRC update to 1/3/2013
	2014	HB 4003	52	26	IRC update to 12/31/2013
	2015	HB 2442	180	46	Change "State Housing Council" to "Oregon Housing Stability Council"
	2015	SB 63	442	18	IRC update to 12/31/2014
	2016	HB 4025	33	23	IRC update to 12/31/2015
	2017	HB 2315	284	1	Permits lenders to maintain eligibility when units are occupied by tenants receiving housing vouchers
	2017	SB 701	527	24	IRC update to 12/31/2016
	2017	**HB 2066**	**610**	**3,4**	**Extend sunset date to 1/1/2026 | Increase program cap to $25M in tax credits**
	2018	SB 1529	101	24	IRC update to 12/31/2017
	2018	HB 4028	111	3	Allows a nonprofit corporation or housing authority that has a controlling interest in the real property that is financed by a qualified loan to be considered a qualified borrower
	2019	SB 213	319	26	IRC update to 12/31/2018
	2019	HB 2141	483	9	Provide uniformity in administration of transferable tax credits and tax credits requiring agency certification
	2021	HB 2457	456	25	IRC update to 4/1/2021
	2021	**HB 2433**	**525**	**29**	**Increase program cap to $35M in tax credits in any fiscal year | Expands qualification for credit**

Statute	Tax Expenditure (TE) Name and TE Number (Number aligns with Governor's Tax Expenditure Report)				
315.138	**1.439 Fish Screening Devices**				
	Year	**Bill**	**Chapter**	**Section(s)**	**Policy**
	1989	**HB 3494**	**924**	**2,4**	**Enacting legislation**
	1991	HB 3457	858	10,11	Clarify credit is 50% of "net" costs and the $5K cap is per device installed | Requirements expanded
	1991	HB 2162	877	14,33	Delete language pertaining to S-corporation apportioning
	1993	HB 2413	730	11,12	Repeal ORS 316.139 & 317.145 and move to Chapter 315
	2001	HB 3002	923	5	ORS reference change to Oregon Plan | Delete ORS 498.350(1) & 509.605(1)
	2007	HB 2294	625	2	ORS reference change | Rework of "water diversion" language | Repeal 315.138
	2009	HB 2067	913	11	Sunset extended to 1/1/2012
	2011	HB 3672	730	18a	Sunset extended to 1/1/2018
	2017	HB 2066	610	34	Sunset extended to 1/1/2024
	2019	HB 2141	483	19	Establishes uniformity of tax credit transfers. Modifies administration and responsibilities related to tax credit certification.

Appendix B: Revenue Impact Estimate Comparison

The 2015 Legislature enacted HB 3542 which requires certain information to be included in this report. Specifically, tax credits that have a revenue impact that exceeds the estimate in the most recent revenue impact statement. The table below contains a list of the tax credits that were extended and/or enacted between 2013 and 2020, along with the estimated impact for tax year 2019 or 2020 and the actual impact as reported on tax returns.[36]

Estimates are broken down into two components - base and change. Some credits are claimed over multiple years or have carryforwards. For example, the Affordable Housing Lender's credit is claimed over up to 20 years. Even if the credit were to sunset, there would still be an impact on tax collections for up to two decades. The base estimate represents a baseline estimate of the revenue impact in 2019/2020 that would have occurred without any policy change. If the base amount is zero, then the credit is a single year credit and has no carryforward or the estimate was made far enough in the past that carryforwards were part of the original estimate.

The change estimate is the estimate directly attributable to the change in policy. The base and change estimates are added together to arrive at the total estimate. This total estimate is the full cost of the policy, baseline plus policy change. Difference is actual total amount minus the total estimated amount (base & change). Percent difference is difference amount divided by total estimated amount.

[36] For credits that can be taken by C-corporations, the most recent year of published data is tax year 2019. For personal income tax only tax credits, tax year 2020 is the most current published year of tax data.

Tax Credit Costs: Estimates vs Actuals

Tax Year 2020, $Millions

Tax Credit	Year of Estimate	Estimates Base	Estimates Change	Estimates Total	Actuals Total	Actuals Difference	
IDA Contributions	2015	$0.0	-$7.3	-$7.3	-$6.8	$0.5	-7%
Oregon Veterans' Home Physician	2015	$0.00	-$0.05	-$0.05	-$0.02	$0.03	-54%
Oregon Life & IGA	2015	$0.00	-$0.05	-$0.05	-$0.51	-$0.46	924%
Severe Disability	2015	$0.0	-$6.9	-$6.9	-$4.3	$2.6	-37%
Child with a Disability	2015	$0.0	-$6.3	-$6.3	-$4.7	$1.5	-25%
Film & Video	2016	$0.0	-$13.7	-$13.7	-$12.6	$1.1	-8%
University Venture Development	2016	$0.0	-$0.9	-$0.9	-$0.2	$0.7	-76%
Employee Training in Eligible County	2017	$0.00	$0.05	$0.05	$0.00	-$0.05	-100%
Fish Screening	2017	$0.00	$0.05	$0.05	$0.00	-$0.05	-100%
Oregon Affordable Housing Lender	2017	-$5.0	-$1.1	-$6.1	-$8.1	-$2.0	33%
Reservation Enterprise Zone	2017	$0.00	$0.00	$0.00	$0.01	$0.01	N/A
Opportunity Grant Contributions	2018	$0.0	-$14.0	-$14.0	-$12.7	$1.3	-9%
Working Family Household & Dependent Care	2018	-$31.5	$1.0	-$30.5	-$16.8	$13.7	-45%
Agriculture Workforce Housing Construction	2019	-$1.0	-$2.0	-$3.0	-$2.9	$0.1	-3%
Certain Retirement Income	2019	$0.0	-$0.7	-$0.7	-$0.9	-$0.2	34%
Contributions to 529 Account*	2019	$0.0	-$15.8	-$15.8	-$9.0	$6.8	-43%
Crop Donations	2019	-$0.1	-$0.2	-$0.3	-$0.1	$0.2	-60%
Employer Provided Scholarships	2019	$0.0	<50K	$0.0	<50K	N/A	N/A
Earned Income	2019	$0.0	-$56.7	-$56.7	-$50.8	$5.9	-10%
Manufactured Dwelling Park Closure	2019	$0.0	<50K	$0.0	<50K	N/A	N/A
Oregon Cultural Trust	2019	$0.0	-$4.2	-$4.2	-$4.1	$0.1	-2%
Political Contributions	2019	$0.0	-$5.7	-$5.7	-$5.2	$0.5	-9%
Rural Medical Providers	2019	-$7.2	-$0.2	-$7.4	-$6.7	$0.7	-9%
Short Line Railroad Rehabilitation	2019	$0.0	-$1.1	-$1.1	N/A	N/A	N/A
Volunteer Rural EMS Providers	2019	$0.0	-$0.1	-$0.1	-$0.1	$0.0	-26%
Total		***-$44.8***	***-$134.8***	***-$179.5***	***-$146.6***	***$32.9***	***-18%***

*Estimate reflects underlying estimate of 529 credit. Revenue impact statement for HB 2164 A (originating legislation) differs from this table as measure's impact reflects net estimate for impact of sunsetting 529 subtraction and creating 529 tax credit. Net estimate difference for credit and subtraction was -$1.4, or 10% difference from revenue impact statement estimate.

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