



2011 OREGON PUBLIC FINANCE: BASIC FACTS

**(Review for Feb 2011
House and Senate Revenue)**

**LEGISLATIVE REVENUE
OFFICE**

<http://www.leg.state.or.us/comm/lro/home.htm>

Overview of Oregon's Revenue System – Paul Warner

ALL OREGON STATE AND LOCAL GOVERNMENT REVENUE

REVENUE CATEGORIES FY 2007-08	\$ PER PERSON	RANK AMONG THE STATES
<i>SUMMARY CATEGORIES</i>		
TOTAL REVENUE	\$7,663	33
GENERAL REVENUE	\$7,186	32
OWN SOURCE REVENUE	\$5,637	30
<i>REVENUE SOURCES</i>		
TAXES	\$3,313	42
FEDERAL REVENUE	\$1,549	26
CHARGES	\$1,319	17
MISCELLANEOUS	\$1,005	9
GOVERNMENT ENTERPRISES	\$453	15
INSURANCE TRUST REVENUE	\$23	35

OREGON'S TAX REVENUE

REVENUE CATEGORIES FY 2007-08	\$ PER PERSON	RANK AMONG THE STATES
<i>TOTAL TAXES</i>	\$3,313	42
PERSONAL INCOME TAX	\$1,315	7
CORPORATE INCOME TAX	\$143	23
PROPERTY TAX	\$1,125	30
GENERAL SALES TAX	0	47*
SELECTIVE SALES TAXES	\$290	49
OTHER TAXES	\$438	11

* tied with 3 other states.

OREGON'S TAX REVENUE AS A % OF PERSONAL INCOME

REVENUE CATEGORIES FY 2007-08	COLLECTIONS AS A PERCENTAGE OF PERSONAL INCOME	RANK AMONG THE STATES
<i>TOTAL TAXES</i>	9.0%	44
PERSONAL INCOME TAX	3.6%	5
CORPORATE INCOME TAX	0.4%	24
PROPERTY TAX	3.1%	25
GENERAL SALES TAX	0%	47*
SELECTIVE SALES TAXES	0.8%	46
OTHER TAXES	1.2%	12

*tied with 3 other states.

OREGON'S STATE AND LOCAL PER PERSON REVENUE OVER TIME

	1997-98		2007-08	
REVENUE CATEGORIES	\$ PER PERSON	RANK	\$ PER PERSON	RANK
TOTAL REVENUE	\$5,394	12	\$7,633	33
TAXES	\$2,479	33	\$3,313	42
FEDERAL REVENUE	\$1,233	7	\$1,549	26
CHARGES	\$934	7	\$1,319	17
MISCELLANEOUS	\$749	5	\$1,005	9
BUSINESS ENTERPRISES	\$281	18	\$453	15
TRUST FUND REVENUE	\$1,285	9	23	35

HISTORICAL RANKING OF OREGON TAXES

	OREGON RANK							
	TOTAL TAXES		PERSONAL INCOME TAXES		CORPORATE INCOME TAXES		PROPERTY TAXES	
	% of Income	Per Capita	% of Income	Per Capita	% of Income	Per Capita	% of Income	Per Capita
1982-83	13	18	3	6	23	21	9	13
1983-84	14	21	5	8	26	22	4	10
1984-85	14	20	3	7	28	25	5	10
1985-86	19	23	7	8	23	22	4	8
1986-87	11	21	4	7	34	30	5	8
1987-88	19	27	7	8	28	26	3	8
1988-89	10	21	3	6	35	35	4	7
1989-90	13	19	3	6	32	33	5	7
1990-91	12	20	3	6	34	35	6	11
1991-92	13	22	2	7	37	36	8	12
1992-93	15	24	1	6	26	24	13	16
1993-94	18	24	2	4	24	19	15	16
1994-95	26	27	2	5	24	21	19	20
1995-96	37	32	2	7	29	25	24	26
1996-97	33	27	1	5	21	17	24	17
1997-98	41	33	1	5	32	31	25	28
1998-99	45	33	2	4	27	23	28	30
1999-00	39	29	2	4	18	17	25	29
2001-02	46	41	3	6	35	34	25	27
2003-04	42	32	2	5	24	22	28	22
2004-05	44	36	2	5	27	29	25	28
2005-06	38	34	2	5	29	32	27	30
2007-08	44	42	5	7	23	22	25	30

EFFECT OF TAX CHANGES

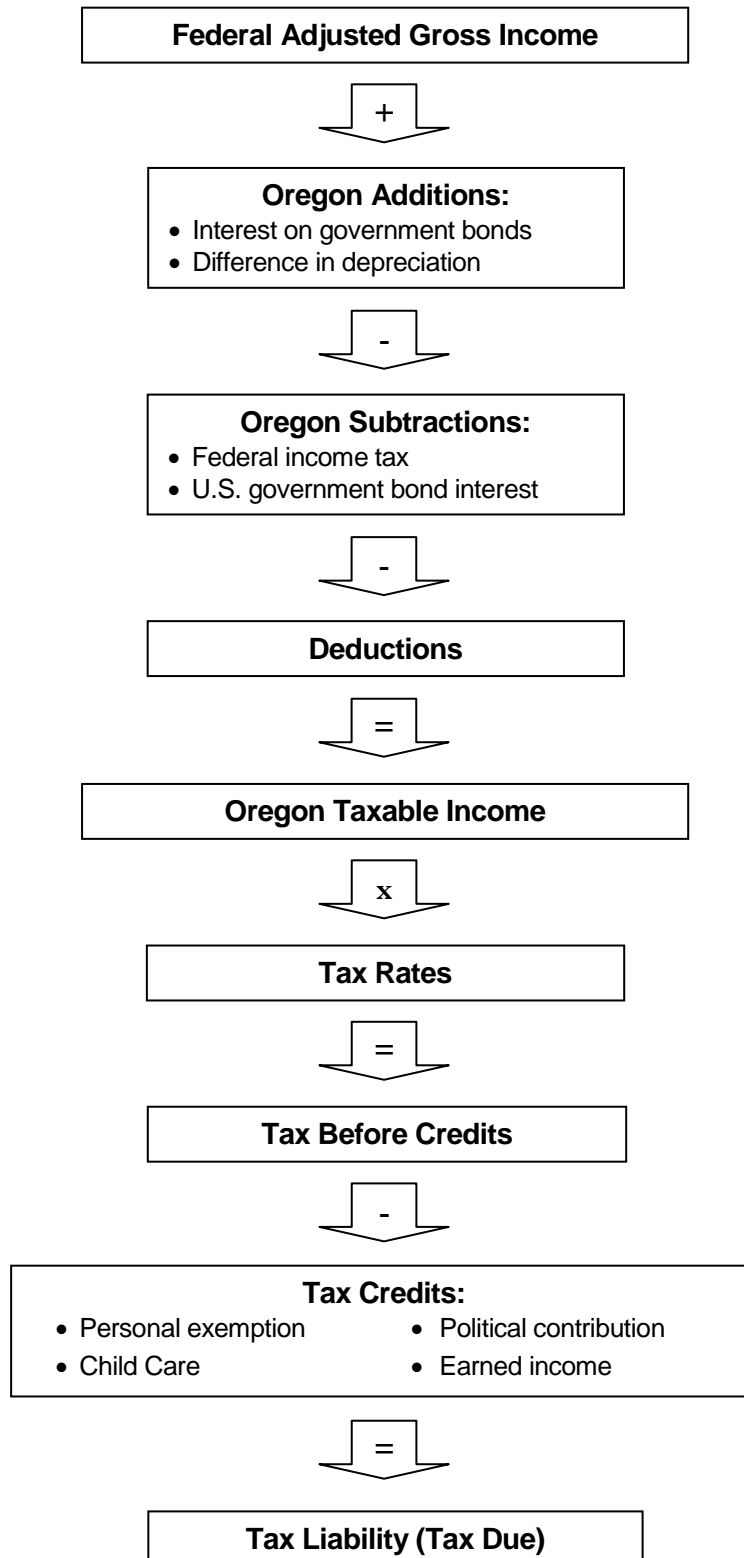
The table contains rough approximations of the static revenue impacts of selected tax changes. All figures are in millions of dollars. The estimates assume that the proposed change is fully phased in. Due to time lags in the tax system, a proposed change might not have the effect shown here in the first fiscal year.

TAX REDUCTIONS	Revenue Effect (in millions)			
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Property Tax				
Personal Property Tax Threshold (current law: accounts under \$12,500 in Assessed Value are exempt from Taxes) Increase the Tax Exempt Threshold to \$20,000 of Assessed Value	-2.9	-3.0	-3.1	-3.2
Senior Homeowner Property Tax Freeze: Freeze property taxes on residences who are over the age of 65 and have income < \$35,000	-7.3	-7.5	-7.9	-8.2
Personal Income Tax				
Earned Income Credit (EIC)				
Increase EIC to 12% of federal EIC	-30.0	-30.3	-31.3	-60.1
Increase EIC to 18% of federal EIC	-60.0	-60.6	-62.6	-90.1
Rate Reductions (current rates: 5% – 7% – 9% – 10.8% – 11% in 2011; 5% – 7% – 9% – 9.9% in 2012+)				
Reduce rates to 5 - 7 - 9%	-126.2	-93.0	-105.9	-117.2
Reduce rates to 4.5 - 6.5 - 8.5%	-478.1	-475.4	-517.3	-558.5
Reduce rates to 4 - 6 - 8%	-832.0	-859.8	-930.9	-1,002.0
Tax Bracket Changes				
Double width of 5% and 7% brackets	-385.2	-407.4	-428.6	-452.2
Widen 5% and 7% brackets by \$1,000 (\$2,000 on joint returns)	-176.2	-186.7	-197.9	-209.4
Income Exemptions and Deductions				
Double standard deduction (\$1,945 single; \$3,895 joint in 2009)	-161.2	-166.8	-171.3	-176.7
Increase Maximum Federal Tax Subtraction to \$10,000	-100.2	-102.8	-106.6	-109.4
No limit on maximum subtraction for federal income taxes	-666.1	-703.7	-770.2	-842.6
Credits				
Increase personal exemption credit \$10	-27.7	-28.4	-29.1	-29.8
Capital Gains (same as regular income tax rates)				
Reduce tax rate on capital gains to 5%	-164.9	-172.6	-191.7	-197.0
Reduce tax rate on capital gains to 4%	-203.9	-215.7	-239.6	-245.9
Estate Taxes				
Connect to 2001 Federal law changes and eliminate estate taxes in Oregon (currently connected to Federal Taxpayer Relief Act of 1997)	-55	-106.3	-109.3	-113.1
Corporate Income Tax				
Reduce corporate tax rate 0.1 percentage point (to 6.5% & 7.5%)	-6.4	-6.6	-7.4	-7.2
Reduce corporate tax rate 1 percentage point (to 5.6% & 6.6%)	-64.0	-65.9	-74.2	-72.5
Reduce top tax rate to 6.6%	-60.3	-62.1	-41.0	-40.1
Reduce C-Corp. Min Tax to \$150 / \$500	-40.1	-39.7	-39.3	-38.9

	Revenue Effect (in millions)			
TAX INCREASES/NEW TAXES	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Statewide Property Tax for School Districts				
Establish an additional tax rate of \$1 per \$1,000 of assessed value for all school districts statewide that is outside the Measure 5 limit	301.5	315.6	326.6	338.0
Personal Income Tax				
Increase All Rates 5% (5.25% to 11.55%; 5.25% to 10.4%)	297.8	322.6	348.0	374.0
Increase All Rates 10% (5.5% to 12.1%; 5.5% to 10.89%)	593.9	642.8	693.3	744.7
Increase All Rates 1 Percentage Point (6% to 12%; 6% to 10.9%)	697.5	758.0	815.1	873.9
Continue top rates of 10.8% and 11%	39.7	106.4	121.2	134.1
Decrease Maximum Federal Tax Subtraction Limit to \$3,000 (2009 Federal Tax Subtraction is \$5,850)	128.6	141.4	155.3	172.0
1% Surtax	53.6	58.2	62.9	67.8
Reduce Personal Exemption Credit by \$10	27.8	28.6	29.2	30.0
Limit Property tax Deduction to \$2,500 if Income > \$100,000 Joint	35.3	38.5	42.8	47.5
Limit Mortgage Interest Deduction to \$15,000	63.8	68.5	74.6	81.3
Corporate Income Tax				
1% Surtax	4.8	5.0	5.3	5.2
Increase Rate One Percentage Point (to 7.6% & 8.6%)	64.0	65.9	74.2	72.5
Sales Taxes (begin 2011)				
Broad Retail Sales Tax – 1% Rate (exempt shelter/in-home food)	823	863	907	960
Restricted Retail Sales Tax – 1% Rate (exempt shelter, in-home food, public transport, health care, education, personal insurance, utilities, gasoline, tobacco products)	665	697	733	775
Broad Retail Sales Tax – 3% Rate (exempt shelter/in-home food)	2,469	2,590	2,722	2,880
Restricted Retail Sales Tax – 3% Rate (exempt same items as described in 1% restricted retail sales tax)	1,994	2,092	2,199	2,326
Broad Retail Sales Tax – 5% Rate (exempt shelter/in-home food)	4,116	4,317	4,537	4,800
Restricted Retail Sales Tax – 5% Rate (exempt same items as described in 1% restricted retail sales tax)	3,324	3,487	3,665	3,877
Business Activity Taxes (begin 2011)				
Gross Receipts Tax .25% (1/4 of 1%) Rate	518	540	567	595
Value Added Tax (no exemptions) – 1% rate	527	550	577	606
Excise Taxes (begin 2012)				
Washington Real Estate Transfer Tax – 1% Rate	95.1	184.9	212	229.6
Increase Cigarette Tax by 10¢ per Pack	6.7	13.4	13.2	13.0
Increase Other Tobacco Products by 10% of wholesale price --17.8 cents per oz. for moist snuff	2.6	5.3	5.4	5.5
Increase Beer Tax by \$1 per barrel (38.5% increase)	1.6	3.0	3.0	3.1
Increase Wine Tax by 25¢ per gallon (37.3 % increase)	1.7	3.2	3.3	3.4
Increase OLCC Mark-up by 5% (current = 106%)	5.7	10.5	10.7	11.1
Transient Lodging Tax – 1% Rate (no exemption amount)	5.9	10.9	10.9	11.3

Calculation of Oregon Personal Income Tax – Chris Allanach

(Full-Year Filers)

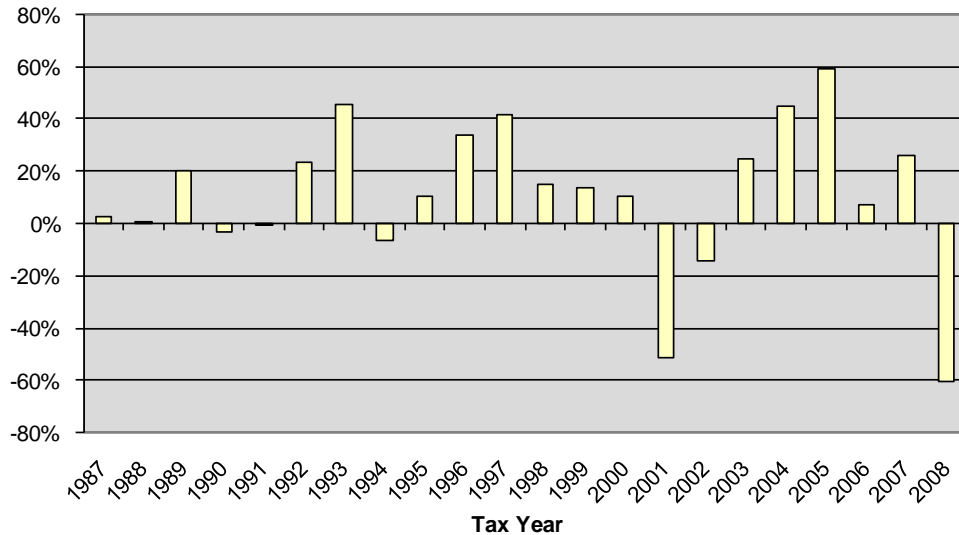


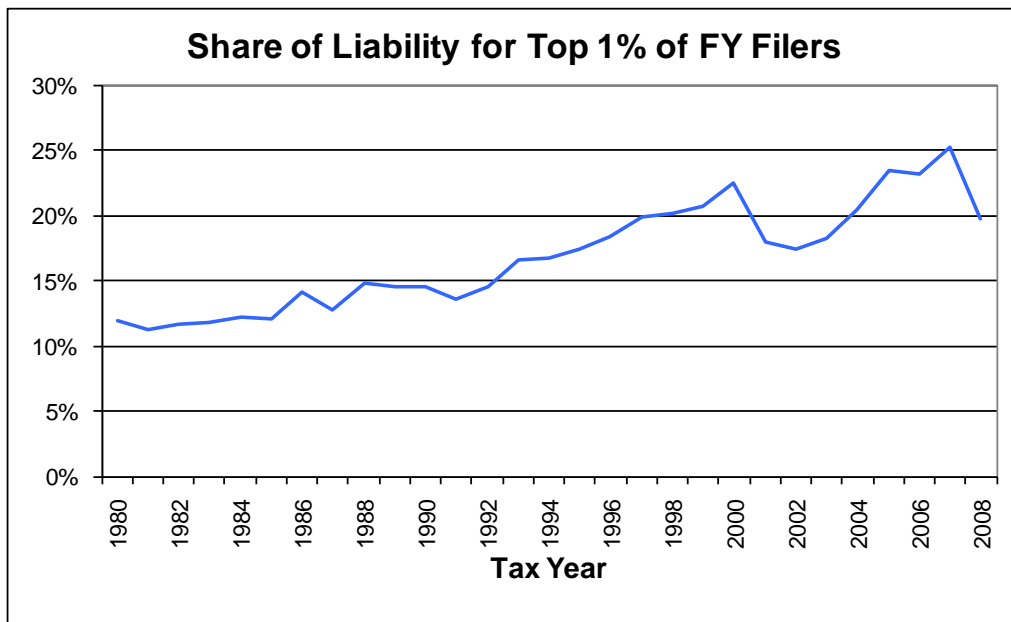
Components of Income, 1985-2008

(\$ Billions, Full-Year Returns)

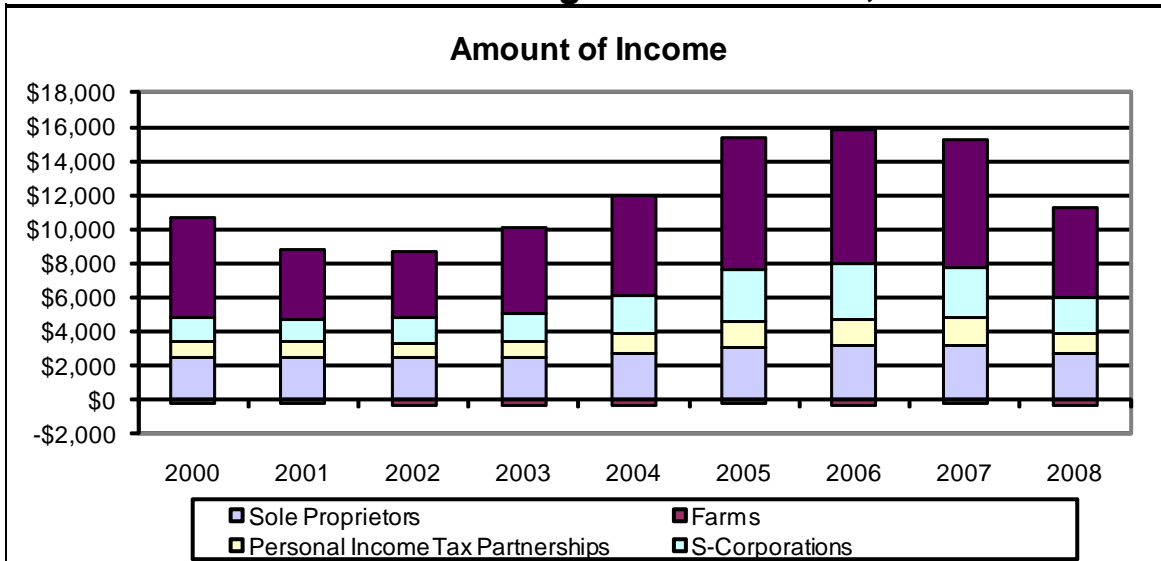
Tax Year	Wages	Dividends & Interest	Business	Net Capital		Other	Total
				Gains	Retirement		
1985	\$16.9	\$2.4	\$0.9	\$0.6	\$1.1	-\$0.1	\$21.9
1990	\$23.0	\$3.0	\$2.9	\$1.2	\$2.2	\$0.8	\$33.0
1995	\$31.0	\$2.9	\$4.6	\$2.2	\$3.6	\$1.4	\$45.7
2000	\$43.3	\$3.7	\$5.4	\$6.0	\$6.3	\$2.3	\$67.0
2005	\$51.1	\$3.4	\$8.2	\$7.2	\$8.5	\$0.3	\$78.7
2008	\$59.0	\$4.6	\$6.6	\$3.8	\$10.8	\$0.7	\$85.6
Share of Total							
1985	77%	11%	4%	3%	5%	0%	100%
1990	70%	9%	9%	4%	7%	2%	100%
1995	68%	6%	10%	5%	8%	3%	100%
2000	65%	6%	8%	9%	9%	3%	100%
2005	65%	4%	10%	9%	11%	0%	100%
2008	69%	5%	8%	4%	13%	1%	100%

Annual Change in Net Capital Gains

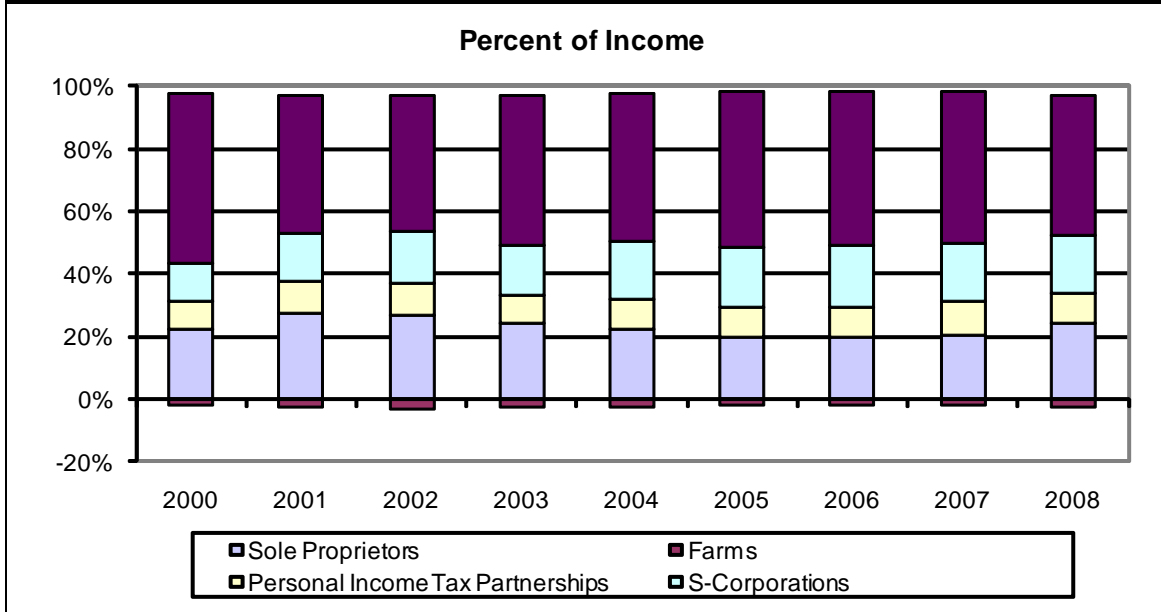




Business Income on Oregon Tax Returns, 2000-2008



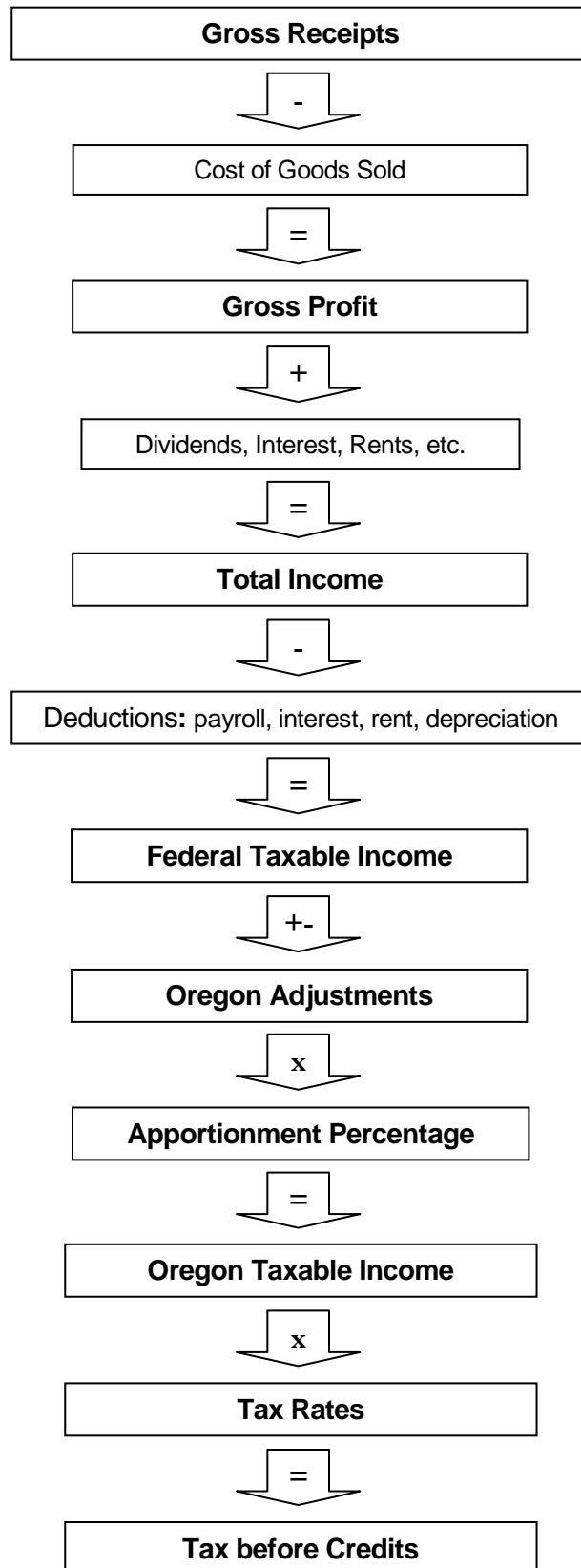
Business Income on Tax Returns (\$ Millions)						
Tax Year	Personal Income Tax				C-Corporations	TOTAL
	Sole Proprietors	Farms	Partnerships	S-Corporations		
2000	\$2,475	-\$222	\$976	\$1,336	\$5,961	\$10,526
2001	\$2,472	-\$231	\$946	\$1,361	\$3,994	\$8,542
2002	\$2,450	-\$273	\$915	\$1,464	\$3,922	\$8,478
2003	\$2,524	-\$269	\$943	\$1,636	\$5,041	\$9,875
2004	\$2,758	-\$263	\$1,188	\$2,239	\$5,761	\$11,683
2005	\$3,103	-\$241	\$1,512	\$2,987	\$7,726	\$15,088
2006	\$3,175	-\$271	\$1,604	\$3,189	\$7,834	\$15,530
2007	\$3,174	-\$241	\$1,691	\$2,908	\$7,489	\$15,021
2008	\$2,789	-\$300	\$1,133	\$2,093	\$5,209	\$10,925



Corporation Tax Terms

- Excise Tax vs. Income Tax
- Nexus
- Apportionment vs. Allocation
- Single Sales Factor
- Throwback Sales
- Cost-of-Performance
- Minimum Tax

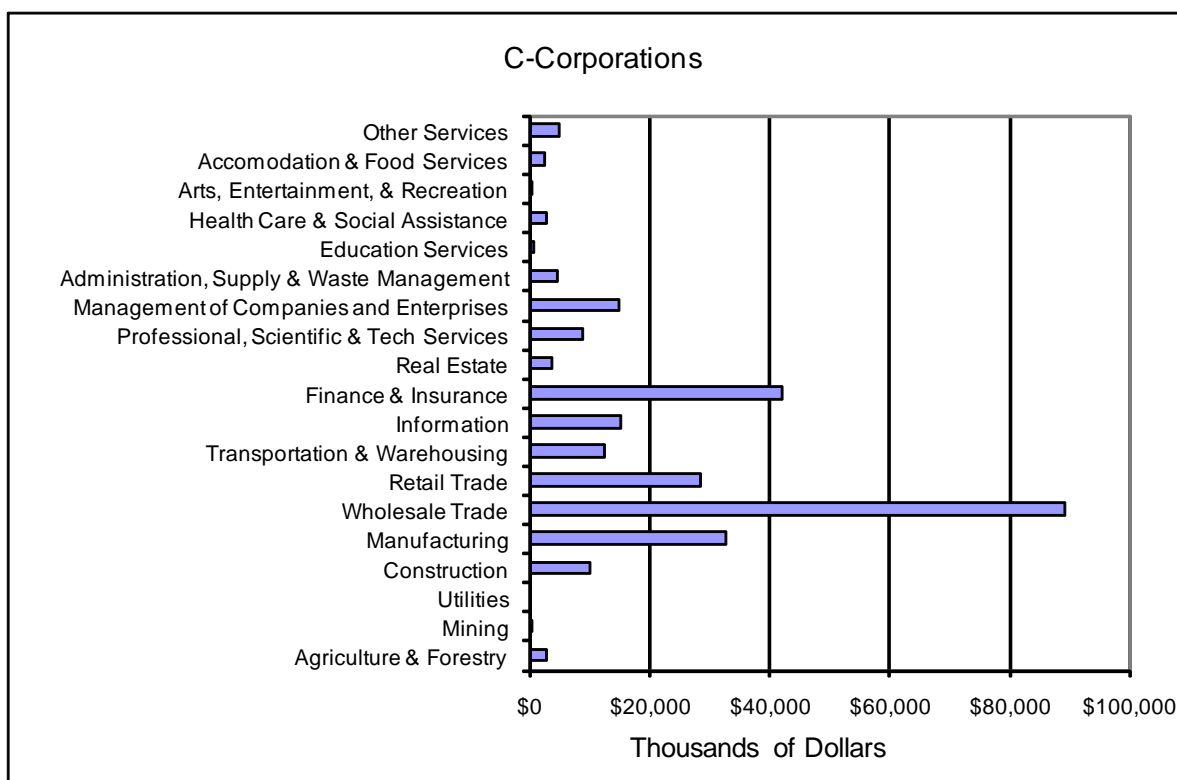
Oregon Corporate Excise Tax

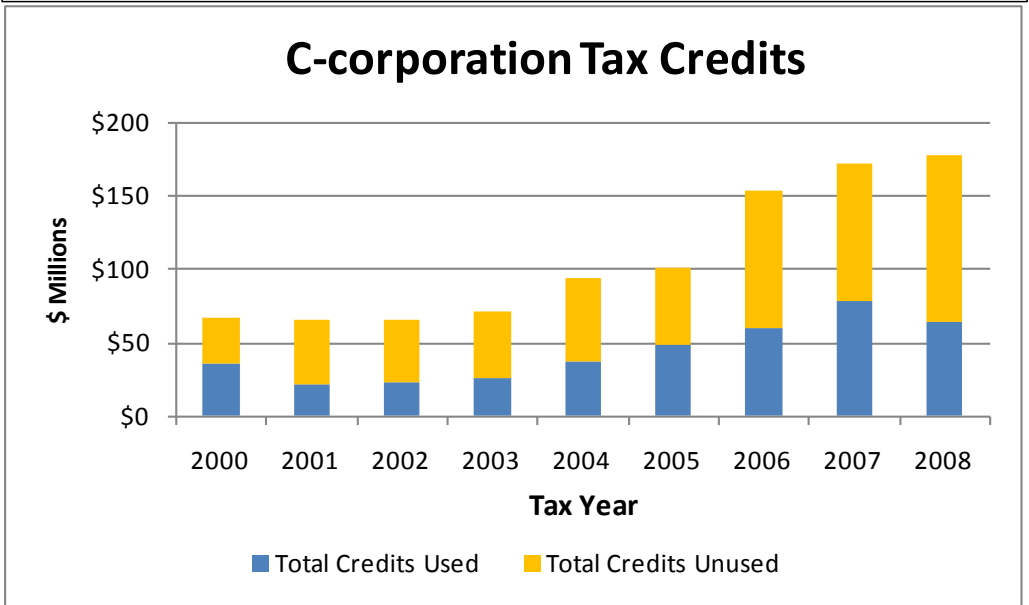
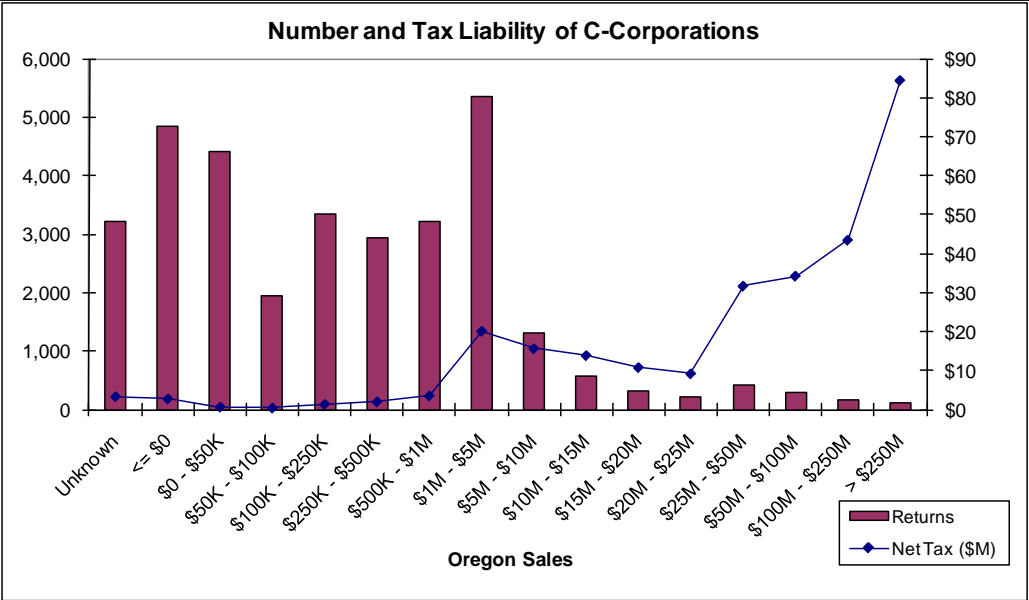
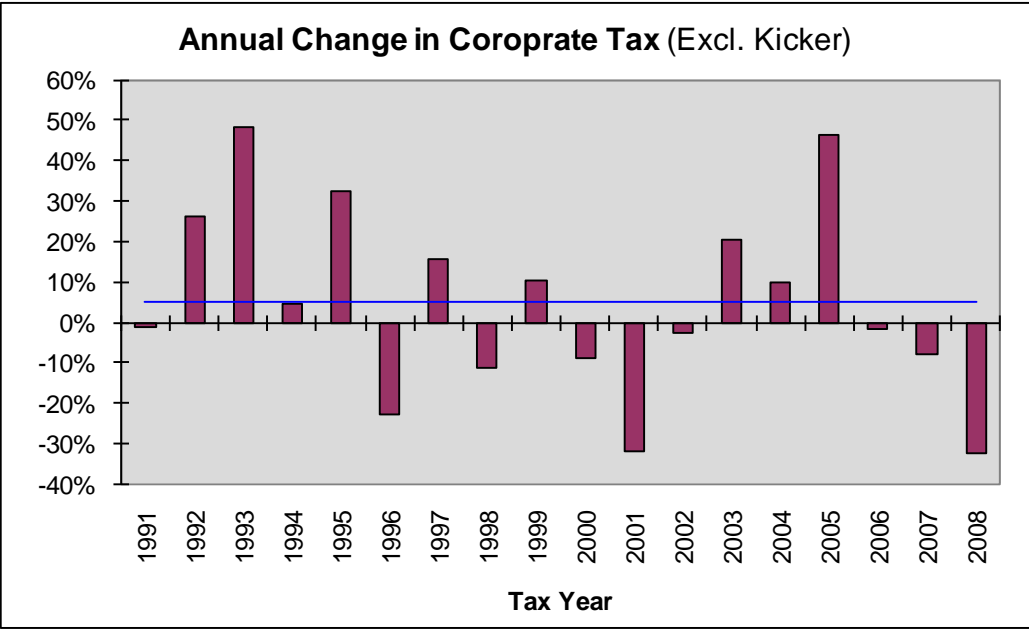


Corporation Net Tax by Industry, Tax Year 2008

(Thousands of Dollars)

Industry	C-Corporations	S-Corporations
Agriculture & Forestry	\$2,981	\$295
Mining	\$423	\$2
Utilities	\$154	\$0
Construction	\$10,011	\$146
Manufacturing	\$32,640	\$128
Wholesale Trade	\$89,156	\$333
Retail Trade	\$28,502	\$336
Transportation & Warehousing	\$12,596	\$26
Information	\$15,364	\$23
Finance & Insurance	\$42,182	\$82
Real Estate	\$3,723	\$151
Professional, Scientific & Tech Services	\$8,984	\$116
Management of Companies and Enterprises	\$14,926	\$39
Administration, Supply & Waste Management	\$4,682	\$98
Education Services	\$845	\$6
Health Care & Social Assistance	\$2,957	\$84
Arts, Entertainment, & Recreation	\$562	\$17
Accommodation & Food Services	\$2,521	\$41
Other Services	\$4,842	\$52
Unknown	\$488	\$54
Total	\$278,541	\$2,028





Property Tax Limitations from Measures 5 and 50 –

Christine Broniak

Pre-Measure 5 – Levy-based system where money required for government services was raised through the Assessed Value of properties in the district. Assessed Value was the same Real Market Value.

Measure 5 – Set limits on the total amount of levies that can be charged.

\$5/\$1,000 RMV for Schools, Educational Service Districts, and Community Colleges

\$10/\$1,000 RMV for everything else

Measure 50 – Established a distinction between RMV and AV, set permanent rates instead of levies, and set initial AV at 90% of 1995-96 RMV for 1997-98 tax year and set a 3% growth limit on the AV.

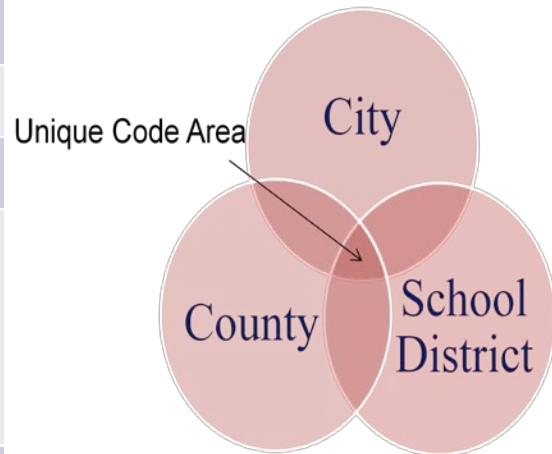
Useful Definitions

Real Market Value (RMV) - the amount in cash which could reasonably be expected by an informed seller acting without compulsion, from an informed buyer acting without compulsion, in an “arms-length” transaction during the period for which the property is taxed

Assessed Value (AV) – Value of property subject to taxation

Property Tax Calculation: A Simple Example

District	Permanent Tax Rate	Local Option Tax Rate
City	0.3%	None
County	0.23%	None
School	0.4%	0.2%
Total Tax Rate for Code Area (Permanent and Local Option)	1.13%	
Tax = Rate x Net Assessed Value		



The example property is located in the code area with an Assessed Value of \$200,000. The combined taxes will be $1.13\% \times \$200,000 = \$2,260$

Measure 50 requires that tax calculation comes from the Net Assessed Value, but the resulting taxes will be tested against Measure 5 limits using the Real Market Value.

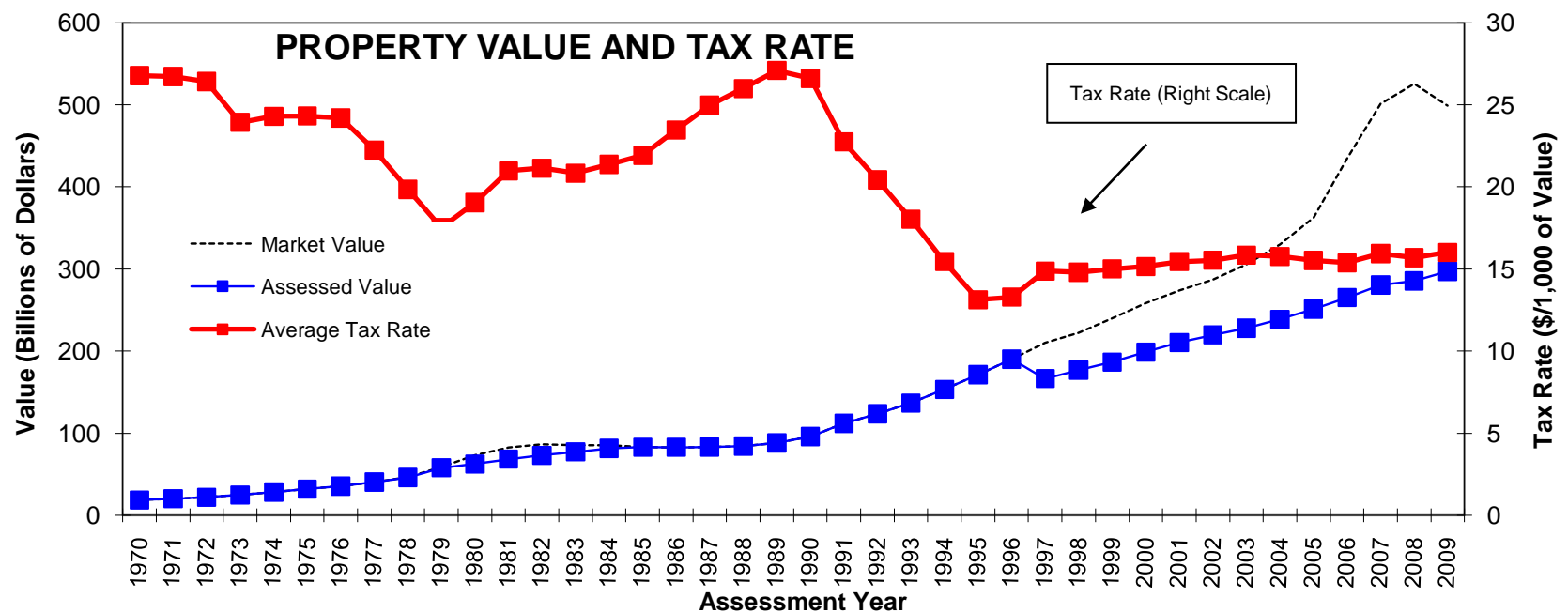
Assume Real Market Value is \$320,000

- **Check 1:** School Taxes total \$1,200, which is \$3.75/\$1,000 RMV, less than the \$5 limit.
- **Check 2:** City and county taxes total \$1,060, or \$3.30/\$1,000 RMV, less than the \$10 limit

This property does not go into compression. Based on its RMV, the taxes are within Measure 5 limits, and the districts involved receive the full amounts.

VALUE OF TAXABLE PROPERTY, ASSESSMENT RATIO AND AVERAGE TAX RATE

ASSESSMENT DATE	MARKET VALUE MILLIONS	CHANGE	ASSESSED VALUE MILLIONS	CHANGE	ASSESSMENT RATIO HOME	OTHER	AVERAGE TAX RATE \$/1,000	CHANGE
1-1-70	18,797	9.0%	18,795	9.0%	100.0%		26.78	2.0%
1-1-71	20,261	7.8%	20,258	7.8%	100.0%		26.72	-0.2%
1-1-72	22,113	9.1%	22,108	9.1%	100.0%		26.41	-1.1%
1-1-73	24,899	12.6%	24,870	12.5%	100.0%		23.93	-9.4%
1-1-74	28,402	14.1%	28,274	13.7%	100.0%		24.29	1.5%
1-1-75	32,175	13.3%	32,015	13.2%	100.0%		24.31	0.1%
1-1-76	35,547	10.5%	35,536	11.0%	100.0%		24.20	-0.5%
1-1-77	40,704	14.5%	40,508	14.0%	100.0%		22.24	-8.1%
1-1-78	46,646	14.6%	46,155	13.9%	100.0%		19.85	-10.8%
1-1-79	59,025	26.5%	57,898	25.4%	100.0%		17.52	-11.7%
1-1-80	73,402	24.4%	62,544	8.0%	84.2%	87.6%	19.05	8.7%
1-1-81	82,427	12.3%	68,458	9.5%	81.6%	84.4%	20.97	10.1%
1-1-82	86,429	4.9%	73,029	6.7%	83.8%	85.1%	21.14	0.8%
1-1-83	85,365	-1.2%	77,399	6.0%	90.3%	90.9%	20.83	-1.4%
1-1-84	85,400	0.0%	81,428	5.2%		96.0%	21.37	2.6%
1-1-85	83,035	-2.8%	83,026	2.0%	100.0%		21.91	2.5%
1-1-86	82,944	-0.1%	82,944	-0.1%	100.0%		23.47	7.1%
1-1-87	83,111	0.2%	83,129	0.2%	100.0%		24.97	6.4%
1-1-88	84,258	1.4%	84,305	1.4%	100.0%		25.99	4.1%
1-1-89	88,076	4.5%	88,085	4.5%	100.0%		27.09	4.2%
1-1-90	95,850	8.8%	95,851	8.8%	100.0%		26.61	-1.8%
7-1-91	112,134	17.0%	112,154	17.0%	100.0%		22.74	-14.5%
7-1-92	123,755	10.4%	123,780	10.4%	100.0%		20.43	-10.2%
7-1-93	136,787	10.5%	136,815	10.5%	100.0%		18.03	-11.7%
7-1-94	153,370	12.1%	153,400	12.1%	100.0%		15.45	-14.3%
7-1-95	171,190	11.6%	171,226	11.6%	100.0%		13.13	-15.0%
7-1-96	190,161	11.1%	190,209	11.1%	100.0%		13.29	1.2%
7-1-97	209,981	10.4%	166,507	-12.5%	79.3%		14.87	11.9%
1-1-98	222,313	5.9%	176,906	6.2%	79.6%		14.80	-0.5%
1-1-99	240,312	8.1%	186,676	5.5%	77.7%		15.01	1.4%
1-1-00	258,133	7.4%	198,911	6.6%	77.1%		15.15	1.0%
1-1-01	274,042	6.2%	210,435	5.8%	76.8%		15.45	2.0%
1-1-02	287,260	4.8%	219,781	4.4%	76.5%		15.54	0.5%
1-1-03	305,351	6.3%	227,876	3.7%	74.6%		15.85	2.0%
1-1-04	329,746	8.0%	238,759	4.8%	72.4%		15.76	-0.5%
1-1-05	362,798	10.0%	251,077	5.2%	69.2%		15.53	-1.5%
1-1-06	434,293	19.7%	265,219	5.6%	61.1%		15.37	-1.0%
1-1-07	501,125	15.4%	280,454	5.7%	56.0%		15.94	3.7%
1-1-08	525,329	4.8%	285,424	1.8%	54.3%		15.69	-1.6%
1-1-09	498,657	-5.1%	297,092	4.1%	59.6%		16.01	2.0%
Ave. Growth Rate (1970-2009)		9.0%		7.5%				-1.0%
NOTE: Market value is the taxable property value certified by the Department of Revenue (ORS 309.360). Assessed value is the total value on the roll at the time the levy is extended. Value may be reduced by appeals. Beginning in 1998, excess urban renewal value, both used and unused value, is included in the assessed value. 1991 value growth is for 18 months with change in assessment date to July. 1998 value growth is for 6 months with change in assessment date back to January.								



Property Taxes Imposed

2009-10

COUNTY	---- TOTAL IMPOSED ----		---- COUNTIES----		---- CITIES ----		--- SCHOOLS & ESDs ----		COMMUNITY COLLEGE		--SPECIAL DISTRICTS--	
	AMOUNT	% CHG.	AMOUNT	% CHG.	AMOUNT	% CHG.	AMOUNT	% CHG.	AMOUNT	% CHG.	AMOUNT	% CHG.
BAKER	15,629,834	4.2%	4,340,166	5.8%	3,133,353	4.9%	5,820,127	3.5%	739,132	3.4%	1,597,056	2.2%
BENTON	102,421,200	2.4%	17,756,661	-7.3%	27,280,293	2.2%	46,847,151	6.7%	4,310,976	3.8%	6,226,119	1.9%
CLACKAMAS	567,118,599	8.8%	100,440,745	4.4%	76,237,167	3.6%	259,244,418	7.2%	23,805,526	5.0%	107,390,745	23.2%
CLATSOP	60,804,345	3.4%	7,763,212	3.1%	11,731,463	4.1%	27,153,837	2.4%	3,953,116	11.1%	10,202,717	2.7%
COLUMBIA	53,453,324	7.9%	6,653,319	3.2%	6,350,467	8.2%	24,064,122	9.3%	1,866,015	30.4%	14,519,402	5.5%
COOS	53,251,419	1.4%	6,565,263	-10.2%	12,061,541	1.7%	21,218,995	4.0%	2,878,016	3.4%	10,527,603	3.8%
CROOK	23,289,850	0.7%	6,710,402	3.2%	1,916,637	0.3%	9,770,738	-0.8%	1,013,279	-10.1%	3,878,794	3.4%
CURRY	21,331,971	5.4%	1,434,796	3.2%	3,576,011	12.5%	11,007,112	4.4%	1,678,598	3.2%	3,635,454	3.9%
DESCHUTES	262,375,964	7.3%	27,021,555	4.8%	33,366,757	4.4%	118,743,409	11.7%	10,680,481	-9.0%	72,563,762	5.6%
DOUGLAS	82,047,109	2.8%	7,987,275	2.5%	18,011,298	3.3%	39,076,855	3.0%	3,335,864	2.6%	13,635,817	1.9%
GILLIAM	8,068,229	94.5%	2,593,504	113.5%	403,767	3.7%	3,741,764	93.1%	0	N/A	1,329,194	119.7%
GRANT	6,533,305	5.0%	1,527,191	4.7%	666,154	3.1%	2,333,988	3.8%	0	N/A	2,005,972	7.3%
HARNEY	6,155,008	5.7%	1,899,529	6.1%	804,984	4.6%	2,544,673	5.8%	0	N/A	905,822	5.9%
HOOD RIVER	23,258,191	11.4%	2,743,131	6.5%	1,994,957	15.5%	13,926,450	14.7%	1,197,503	10.6%	3,396,150	1.3%
JACKSON	224,417,445	6.9%	37,040,569	8.0%	48,629,479	4.1%	103,167,460	5.6%	9,820,252	6.3%	25,759,684	16.7%
JEFFERSON	24,438,860	5.0%	7,359,388	4.4%	1,643,266	3.8%	10,807,821	7.9%	843,990	-8.3%	3,784,395	2.4%
JOSEPHINE	57,709,784	5.9%	4,566,089	2.6%	15,458,432	7.2%	32,839,619	6.1%	3,018,569	4.4%	1,827,075	3.3%
KLAMATH	53,599,788	0.2%	10,667,649	2.5%	6,776,958	3.3%	19,437,747	-1.3%	2,039,525	-1.2%	14,677,909	-0.6%
LAKE	7,007,370	2.0%	1,856,142	3.1%	752,532	-4.3%	2,796,798	2.9%	79,670	-6.4%	1,522,229	2.7%
LANE	394,052,441	5.8%	35,403,902	4.0%	135,130,013	10.2%	173,988,541	3.8%	21,479,097	2.4%	28,050,887	2.9%
LINCOLN	77,284,122	3.7%	16,315,344	0.7%	13,626,646	3.0%	34,191,244	5.2%	2,640,552	1.1%	10,510,336	5.5%
LINN	122,409,764	4.2%	26,140,538	2.2%	31,251,061	4.3%	49,219,087	4.1%	5,216,528	6.0%	10,582,549	8.7%
MALHEUR	20,712,907	6.6%	4,537,407	3.8%	4,105,185	4.8%	7,286,704	3.3%	1,765,975	3.7%	3,017,635	26.5%
MARION	297,616,504	5.0%	55,117,411	3.8%	73,011,999	7.6%	122,187,394	1.6%	16,393,115	31.7%	30,906,586	4.1%
MORROW	20,639,005	19.9%	5,340,936	15.9%	2,334,037	18.4%	7,878,826	19.7%	1,256,003	16.7%	3,829,203	28.8%
MULTNOMAH	1,078,073,127	5.3%	281,589,598	2.9%	360,580,974	7.7%	363,028,420	3.0%	32,052,687	22.2%	40,821,448	10.8%
POLK	67,058,429	5.9%	9,977,423	3.5%	17,702,825	6.8%	30,456,332	4.2%	3,890,614	31.4%	5,031,234	2.4%
SHERMAN	6,450,721	39.9%	3,395,947	42.0%	147,765	2.4%	2,168,570	40.8%	0	N/A	738,438	37.9%
TILLAMOOK	42,206,607	8.1%	9,998,738	3.1%	1,814,330	3.0%	21,034,893	5.1%	1,641,130	11.0%	7,717,516	26.2%
UMATILLA	69,421,048	7.9%	13,178,634	2.0%	12,853,157	4.9%	32,758,844	13.5%	3,945,732	2.5%	6,684,680	3.4%
UNION	18,360,042	4.0%	4,051,404	3.6%	4,782,353	2.0%	7,922,808	4.9%	0	N/A	1,603,477	7.0%
WALLOWA	7,551,317	4.4%	1,694,824	3.0%	864,102	5.2%	3,603,439	4.9%	0	N/A	1,388,952	4.6%
WASCO	29,264,699	6.5%	7,476,049	5.0%	2,651,929	5.4%	11,104,918	9.1%	1,947,962	7.4%	6,083,841	4.0%
WASHINGTON	752,421,219	7.1%	133,850,862	3.4%	112,173,052	4.1%	333,827,388	6.7%	28,313,183	30.5%	144,256,735	10.1%
WHEELER	1,767,177	7.3%	845,209	4.9%	184,400	31.3%	617,349	5.3%	0	N/A	120,220	5.2%
YAMHILL	98,587,406	6.5%	16,719,552	4.5%	21,169,956	5.4%	49,808,160	5.5%	5,115,911	31.3%	5,773,827	7.2%
TOTAL	4,756,788,131	6.2%	882,560,364	3.6%	1,065,179,300	6.4%	2,005,626,001	5.6%	196,919,002	12.5%	606,503,463	10.2%
URBAN RENEWAL	182,478,903	7.0%										
OREGON	4,939,267,034	6.2%										

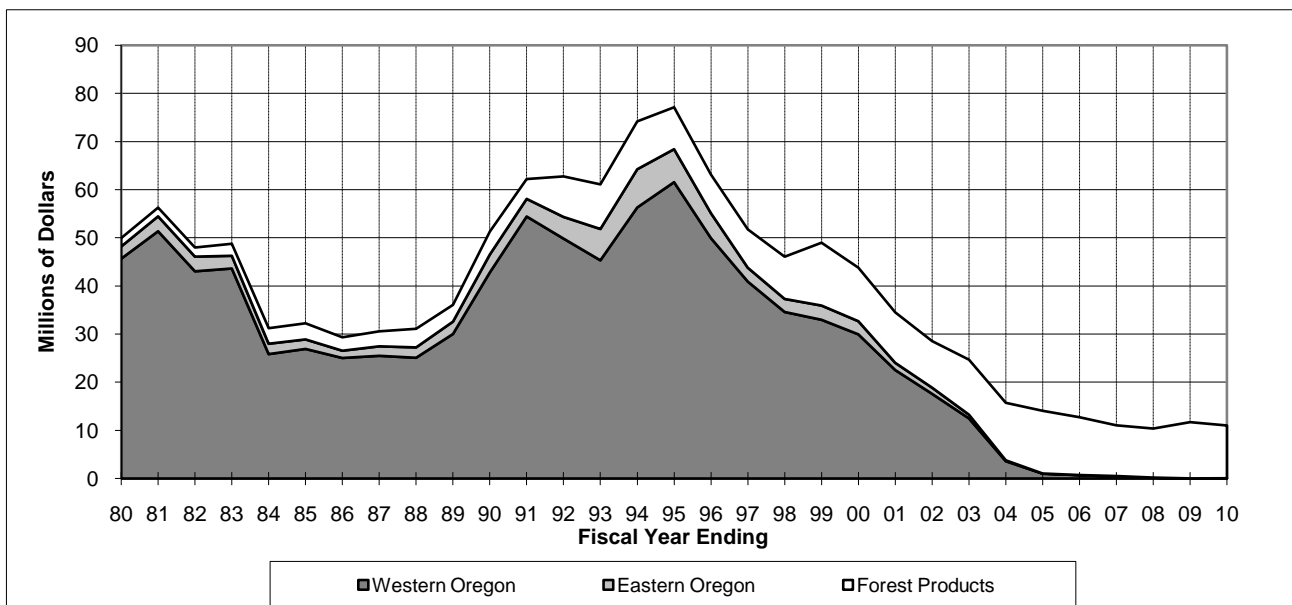
TIMBER TAX COLLECTIONS

(millions of dollars)

Fiscal Year	Privilege Taxes				Forest Products		Small Tract Forestland	
	Eastern Oregon		Western Oregon		Harvest Tax		Tax	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
1979-80	2.53	6.1%	45.67	8.3%	1.75	0.2%		
1980-81	3.10	22.4%	51.36	12.5%	1.81	3.3%		
1981-82	3.05	-1.7%	43.04	-16.2%	1.89	4.4%		
1982-83	2.64	-13.3%	43.62	1.4%	2.50	31.9%		
1983-84	2.15	-18.5%	25.85	-40.8%	3.23	29.2%		
1984-85	1.98	-8.2%	26.92	4.1%	3.35	3.8%		
1985-86	1.51	-23.8%	25.04	-7.0%	2.79	-16.7%		
1986-87	1.97	30.8%	25.49	1.8%	3.11	11.7%		
1987-88	2.15	9.2%	25.08	-1.6%	3.87	24.3%		
1988-89	2.57	19.4%	30.02	19.7%	3.48	-10.0%		
1989-90	3.72	44.9%	42.80	42.6%	4.76	36.8%		
1990-91	3.66	-1.7%	54.43	27.2%	4.12	-13.5%		
1991-92	4.50	23.0%	49.84	-8.4%	8.41	104.3%		
1992-93	6.51	44.6%	45.33	-9.0%	9.26	10.1%		
1993-94	7.94	22.0%	56.30	24.2%	9.94	7.3%		
1994-95	6.85	-13.7%	61.56	9.3%	8.70	-12.4%		
1995-96	5.18	-24.3%	49.93	-18.9%	8.01	-7.9%		
1996-97	2.88	-44.4%	40.90	-18.1%	7.96	-0.7%		
1997-98	2.71	-6.0%	34.59	-15.4%	8.77	10.1%		
1998-99	2.95	9.1%	32.97	-4.7%	13.05	48.8%		
1999-00	2.73	-7.6%	29.95	-9.2%	11.11	-14.9%		
2000-01	1.50	-45.1%	22.53	-24.8%	10.48	-5.7%		
2001-02	1.28	-14.9%	17.60	-21.9%	9.67	-7.7%		
2002-03	0.78	-39.1%	12.49	-29.0%	11.42	18.0%		
2003-04	0.18	-76.3%	3.60	-71.2%	11.94	4.6%		
2004-05	0.04	-78.3%	1.00	-72.2%	13.02	9.0%	0.33	
2005-06	0.03	-25.0%	0.70	-30.0%	12.00	-7.8%	0.32	-3.1%
2006-07	0.08	166.7%	0.44	-37.1%	10.53	-12.3%	0.37	17.0%
2007-08	0.01	-92.0%	0.19	-57.5%	10.18	-3.3%	0.31	-16.0%
2008-09	(0.05)	-600.0%	0.08	-57.2%	11.68	14.7%	0.18	-42.5%
2009-10	0.00	109.6%	0.06	-25.0%	10.96	-6.2%	0.15	-16.7%

Source: Oregon Department of Revenue, Monthly Receipts Statement.

TIMBER TAX COLLECTIONS



OREGON ESTATE AND INHERITANCE TAXES – Mazen Malik

Overview of Estate and Inheritance Tax Revenues

The estate tax is a tax on the right to transfer property at death and generally is measured by the value of the estate passing at the time of the decedent's death.

1997 Taxpayer Relief Act (TRA97)

The 1997 Taxpayer Relief Act (TRA97) gradually increased the gross estate value filing threshold from \$600,000 up to \$1 million by tax year 2006.

Tax Year	Gross Estate Value Filing Threshold TRA97	Tax Year	Gross Estate Value Filing Threshold TRA97
1998	\$ 625,000	2004	\$ 850,000
1999	\$ 650,000	2005	\$ 950,000
2000 and 2001	\$ 675,000	2006	\$ 1,000,000
2002 and 2003	\$ 700,000	2007 and after	\$ 1,000,000

2001 Economic Growth and Tax Relief Reconciliation Act (EGTRRA)

The 2001 federal Economic Growth and Tax Relief Reconciliation Act legislation – P.L. 107-16, made significant changes in a number of tax areas, including federal estate taxes. The 2001 federal estate tax law changes included a phase-out of the state death tax credit, an increase in the gross estate value filing threshold, a decrease in the federal highest estate tax rates and a complete elimination of the federal estate tax effective 2010 for one year. Congress acted at the end of 2010 to extend the federal estate tax for 2 more years at the \$5 million threshold with 35% rate.

Increase in gross estate value filing threshold from EGTRRA			
2002	\$ 1.0 million	2006	\$2.0 million
2004	\$ 1.5 million	2009	\$ 3.5 million
Decrease in federal highest estate tax rates			
2002	50%	2005	47%
2003	49%	2006	47%
2004	48%	2007 -2009	45%

Legislative Changes

The primary purpose of HB 3072 (2003) was to codify in law the connection to the Taxpayer Relief Act of 1997 (TRA97) for prior tax years 1998-2001. For deaths occurring in 2002, the gross estate value filing threshold was \$1 million, the same as the federal filing threshold under EGTRRA. Oregon is not connected to 2001 federal estate tax law changes contained in the Economic Growth and Tax Relief Reconciliation Act. The 2007 session attempted to preserve family owned farms, fishing business and small forest owners, by increasing the threshold for these estates to \$7.5 million. However, HB 3201 faced difficulties in the implementation phase. The February 2008 session, introduced a credit schedule for the small family owned natural resource properties. The credit increases proportionally in HB 3618 to reach the maximum at tax amount due for the \$7.5 million properties, then declines gradually to \$0 at the \$15 million mark.

HIGHWAY and TRANSPORTATION TAXES

The Oregon Constitution requires all tax revenues collected upon ownership or operation of motor vehicles (except recreational vehicle) be used for road related expenditures. In 1999, the cost responsibility clause was added to require that light and heavy vehicles pay fees in proportion to the costs exacted on the system by each vehicle class.

Fuel taxes include Motor Fuel Tax (gasoline) and Use fuel tax (diesel, natural gas, etc.) currently at 30 cents per gallon. HB 2001 in the 2009 session increased the fuel tax by 6 cents a gallon; this increase became effective on Jan-1-2011. Motor Fuel Tax is paid by the wholesaler and is included in the price at the pump

Weight-Mile taxes (WMT) on heavy vehicles (trucks) are paid monthly to the Motor Carrier Transportation Division of the Department of Transportation for each mile traveled on Oregon roads. The rate schedule ranges from 26,000 to 105,500. The cost-responsible increase in HB 2001 on motor carriers is effective Jan-1-2010.

Motor vehicle registration fees HB 2001 was effective Oct, 1, 2009. It increased the fees to \$86 a biennium or \$172 for a new vehicle 4 year registration. Trucks pay a fee based on gross weight.

Vehicle Titling Fees are imposed on cars and trucks. Vehicles under 26,000 pounds pay \$77 and vehicles over 26,000 pounds pay \$90.

Bonding, HB 2142 dedicated \$71.2 million a biennium for debt service on \$400 million bonds for modernization projects. HB 4010 (2002) increased the limit on net proceeds to \$500 million. HB 2041 (2003) provide debt service for \$1.6 billion in bond proceeds for bridge repair and replacement, and \$300 million for highway modernization. These three bonding programs are known as Oregon Transportation Improvement Act (OTIA) I, II, and III respectively. HB 2001 allowed new bonding for projects with \$70 million from the new revenue for annual debt service.

HB 2001 raises \$300 million a year, and distributes \$3 million per year to the Travel Information Council, \$24 million per year to ODOT. The balance, about \$273 million per year goes 20% (about \$54.6 million per year) to city streets and 30% (about \$81.9 million per year) to county roads, with the rest, 50 percent (about \$136.5 million per year) to the state.

HIGHWAY FUND DISTRIBUTION

The Highway Fund is distributed among the state, cities and counties for road construction and maintenance. Moneys distributed among counties in proportion to vehicle registrations, while city distributions are in proportion to population. The different distribution formulas for these revenues are shown in the table below. The Base includes all revenues from taxes and fees before the increases in HB 2142 and HB 2041. The distribution for OTIA is any excess of the \$71.2 million that is not required for debt service. In the case of the Bridge distribution (OTIA III), any revenue not used for debt service goes to the indicated jurisdiction. The 2003 session also allocated a small number of vehicle and driver transaction to be distributed to cities and counties with 60% to 40% split.

Recipient	Base	OTIA	Bridge *	Misc.	HB 2001
State	60.05%	50%	57.53%	0%	50%
Counties	24.38%	30%	25.48%	60%	30%
Cities	15.57%	20%	16.99%	40%	20%
* All revenues go to ODOT for debt service on bonded projects in the indicated					Jurisdicti ons.

Total Transportation Revenue

The table on page H2

Taxes on Cigarettes and Other Tobacco Products

- The permanent tax rate on cigarettes is \$1.18
- Other Tobacco Products (OTP) tax rate is 65% of wholesale price. However, the OTP tax is limited to 50¢ per cigar.
- The 2009 session introduced a \$1.78 tax per ounce of moist snuff (with a minimum of \$2.14 per container).
- Cigarette tax, 22 cents is distributed to the General Fund (18.64%), the Health Plan gets 85.7 cents (72.66%), 3.4 cents (2.9%) go to the tobacco cessation programs, and 2.3 cents (1.93%) each to cities, counties, and to ODOT (senior and disabled transit). Distributions within cities and counties are based on population.
- The Other Tobacco Products tax is distributed to the General Fund (53.85%), the Health Plan (41.54%), and tobacco cessation programs (4.62%).

Additional tobacco revenue is received under the Master Settlement Agreement.

Oregon Liquor Control Commission (OLCC) Revenue: (Alcohol)

Taxes are imposed on beer and wine manufactured or distributed in Oregon. The current rates are

- \$2.60 per 31 gallon barrel of beer (8.4¢ per gallon),

- 67¢ per gallon of wine with 14% or less alcohol, and 77¢ per gallon of wine with 14% to 21% alcohol.
- Two cents of the wine tax goes to the Wine Board, 50% of the remaining beer and wine taxes go to Mental Health and Drug Abuse Prevention, and the balance goes into the OLCC Account.
- Beverages with 21% or more alcohol are exclusively imported and distributed by the state of Oregon. Currently OLCC sets retail prices, on average, at 109% above cost, shipping, and federal taxes. The net revenue from these operations goes into the OLCC account.
- Available revenue is distributed 56% to state General Fund, 10% to counties by population, 20% to cities by population, and 14% to cities by formula.

States Ranks in table J3

LOTTERY

Created in 1984. The lottery currently offers 8 traditional games through 2,600 retailers, which are open to persons age 18 or older. Video lottery (poker and line games) is played on almost 10,000 machines in more than 2,000 licensed premises, which are available to persons age 21 or older. The Constitution limits administrative expense to 16% of lottery revenue and requires that at least 50% of revenue be returned in the form of prizes. The Constitution, originally, dedicated the net lottery proceeds to the purpose of creating jobs and furthering economic development. Measure 21 gave lottery bonds first claim on lottery proceeds and dedicated 15% of net proceeds to the Education Endowment Fund. Measure 66 dedicated 15% of net proceeds to the Parks and Natural Resources Fund with 50% dedicated to parks and recreational areas and 50% dedicated to fish and wildlife habitats. Measure 19 (Sept. 2002) converted the Education Endowment Fund to an Education Stability Fund, transferred \$150 million of the principal to the State School Fund, and increased the lottery dedication to 18%. If the balance in the Stabilization Fund reaches 5% of General Fund revenue, the lottery dedication is reduced to 15% and deposited in a new school capital matching Subaccount. The 2005 legislature (HB 3466) repealed lottery games on sporting events starting in July 2007. The same bill also dedicated 1.0% of lottery proceeds to fund sports programs at Oregon universities. Measure 76 (Nov. 2010) made the 15% dedication to parks and natural resources permanent and allocated 12% to regional parks and grants.

Video Lottery

The 1991 Legislature reauthorized the commission to offer video lottery but otherwise prohibited such games.

- Video poker began in 1992. The Commission may contract with persons, which have Oregon Liquor Control Commission licenses to install up to 6 (5 before 2004) video terminals (10 at race meets)
- Video lottery revenue is the sum of the dollars put into lottery terminals and the value of games won.
- Prizes are the sum of the value games won plus amounts returned to the players.
- Statutes dedicate 2.5% of video net receipts (revenue less prizes) to counties for economic development.
- HB 2148 amended the dedication to counties “not to exceed” 2.5% of net receipts.
- Beginning July 1, 2001, 1% of net proceeds go to the Problem Gambling Addiction Fund,
- 1% (up to \$1.55 million annually) to the County Fair Account.
- Beginning July 2005, the lottery started offering Line games (slots) in addition to video poker. Since then, Lottery revenue has grown significantly. Although, the current recession has reduced the revenues by double digits for the past two fiscal years, is generating more than one billion dollars a biennium to the state.

SCHOOL FINANCE (G1-G11) – Dae Baek

K-12 School Districts and Education Service Districts

K-12 School Districts Oregon has 197 school districts serving about 562,000 students in kindergarten through high school.

Local Revenue

Property taxes are the primary source. Other sources include federal forest payments, county school funds, the state Common School Fund and state timber sales. These local revenues are included in the school distribution formula and are about 32% of state and local formula operating revenue.

State Support

The Legislature through the State School Fund (SSF) provides about 66% of school formula operating revenue. This revenue is mostly from state income taxes and lottery revenue. The state's share increased from about 30% before Measure 5 (1990) to about 70% after Measure 50 (1997). State revenue replaced reduced local revenue because of these property tax limitations. Along with increased state aid, the school finance distribution method for state support changed dramatically.

Funding Equity

The 1991 Legislature adopted the school equalization formula and phased in its implementation. Equity as measured by the equalization formula applied to all school districts beginning in 1992-93. Currently state aid and local revenue for school districts equals 95.25% of the statewide K-12 school and education service district (ESD) formula revenue for general operating purposes. The remaining 4.75% goes to ESDs.

Equalization Formula (G5-G6)

The SSF equalization formula allocates an amount to each school district based primarily on number of students. The state grant is this formula amount reduced by local revenues. The formula equalizes revenues per student by removing past differentials caused by widely varying local tax rates and property wealth per student. To recognize that some students need more school services and that their schools may face higher costs, the formula assigns weights to certain students.

$$\boxed{\text{District Formula Revenue}} = \boxed{\text{State School Fund Grant}} + \boxed{\text{Local Revenue}}$$

$$\boxed{\begin{array}{c} \text{District} \\ \text{Formula Revenue} \\ \text{(Equalization Funding)} \end{array}} = \boxed{\begin{array}{c} \text{General} \\ \text{Purpose} \\ \text{Grant} \end{array}} + \boxed{\begin{array}{c} \text{Transportation} \\ \text{Grant} \end{array}} + \boxed{\begin{array}{c} \text{High Cost} \\ \text{Disability} \\ \text{Grant} \end{array}} + \boxed{\begin{array}{c} \text{Facility} \\ \text{Grant} \end{array}}$$

Local Property Tax Option

School districts may ask voters to approve temporary local option levies. Local option revenue is limited to the lesser of (1) the district Measures 5 and 50 tax gap, (2) 20% of formula revenue or (3) \$1,000 per weighted student (2007-08). The \$1,000 is indexed to increase 3% per year beginning in 2008-09. The levies may be approved for up to 5 years for operations and up to 10 years for capital projects. Local option revenue is in addition to equalization formula revenue.

Construction Tax Option

The 2007 Legislature granted school districts new taxing authority. School districts may impose a tax on new construction in the district. The tax rate cannot exceed \$1 per square foot for residential use and \$0.50 for nonresidential use. The maximum rates are indexed beginning in 2009. The tax on nonresidential use is also restricted to \$25,000 per structure or building permit, whichever is less.

Education Service Districts (ESD) Twenty ESD's provide regional educational support services.

The ESD share of statewide K-12 school and ESD general operating revenue is 4.75%. This includes both state aid from the State School Fund and ESD property tax revenue. Before Measure 5 (1990), they received no state aid. Subsequently state support helped replace reduced property taxes. The 2001 Legislature adopted a 5 year phase-in plan to equalize ESD revenue. Those below the state ESD average revenue per student gradually received more and those above the average gradually received less. Final equalization began in 2005-06. Beginning in 2006-07, ESD revenue is 4.99% of the sum of component district formula revenue. This makes the ESD share of total ESD and K-12 school formula revenue 4.75%. The allocation formula basically assumes that ESD revenue should be proportional to the equalization formula revenue of component school districts*. *Component School Districts - the school districts within the boundary of an ESD are the ESD's component school districts.

ESD Equalization Formula (G7)

General Services Revenue	=	State School Fund Grant	+	Local Revenue
General Services Revenue	=	Higher of (1) Base Revenue X Percent to Balance (2) \$1 million		

For detailed discussion of State School Fund distribution, please visit LRO website <http://www.leg.state.or.us/comm/lro/> and click on publication. Relevant materials are found in the following reports:

"School Property Tax Rates" (Report #3-10)

"K-12 and ESD School Finance" (Report #2-10)

"2009 School Finance Legislation: Funding and Distribution" (Report #8-09)

Data:

G3-School Resources (2008-09 Audited); G4-State School Support History; G6-Formula Grant percentage by district size; G8 through G11-various data including comparison of western states for 2007-08 revenue per student