



# **2012 OREGON PUBLIC FINANCE: BASIC FACTS**

**Research Report #1-12**

**LEGISLATIVE REVENUE  
OFFICE**

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

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# Overview of Oregon's Revenue System

## Comparative Analysis

The most comprehensive way to compare Oregon's current revenue system with other states is to examine the most recent U.S. Census Bureau statistics on state and local government finance. These data include all state and local revenue sources (and expenditures) collected on a consistent basis from all states. The most recent data are for the 2008-09 fiscal year, released in October of 2011.

Census divides state and local revenue sources into six categories. These categories are:

- Taxes
- Revenue from the Federal Government
- Charges—consisting of direct payments for services from governments. The largest components of this category are higher education (tuition & fees) and payments for health-hospital services.
- Miscellaneous Revenue—the largest component of this category is interest earnings on government balances. Also included in this category are asset sales, system development charges and net revenue from lottery.
- Government Enterprises—consisting of gross revenue from government operated enterprises such as liquor sales and public utilities.
- Insurance Trust Revenue—is made up of current revenue generated by public employee retirement funds (mostly earnings on retirement funds), state operated workers' compensation funds and unemployment trust funds.

The Census combines all these sources to get total revenue for the state and local revenue system. Insurance trust revenue and gross revenue from government enterprises are subtracted to get general revenue. General revenue is a better gauge of revenue available for provision of public services because most enterprise revenue goes back into the operation and trust revenue is for specific future beneficiaries such as unemployed workers and public retirees. Finally the Census Bureau defines own-source revenue as general revenue minus transfers from the federal government. This measure is the best overall reflection of the state and local government revenue burden born by the residents of a state.

Census data for Oregon's 2008-09 revenue categories can be found in Table 1. The information is presented in a dollar per person format with Oregon's rank among the 50 states. A rank of 50 means lowest per capita revenue.

**Table 1: ALL OREGON STATE AND LOCAL GOVERNMENT REVENUE**

REVENUE CATEGORIES	\$ PER PERSON	RANK AMONG THE STATES
<b>SUMMARY CATEGORIES</b>		
TOTAL REVENUE	\$4,979	49
GENERAL REVENUE	\$7,331	31
OWN SOURCE REVENUE	\$5,525	33
<b>REVENUE SOURCES</b>		
TAXES	\$3,275	39
FEDERAL REVENUE	\$1,806	19
CHARGES	\$1,382	16
MISCELLANEOUS	\$869	10
GOVERNMENT ENTERPRISES	\$447	19
INSURANCE TRUST REVENUE	-\$2,799	46

Revenue systems across the country were badly shaken by the impact of the Great Recession in the 2008-09 fiscal year. Declining economic activity reduced most state and local revenue sources during this period but the most dramatic decline occurred in the insurance trust revenue category. Public pension fund earnings, the largest component of this category, declined by \$563.8 billion nationally. All states reported net negative revenue in the insurance trust category for the 2008-09 fiscal year. In Oregon, public retirement fund earnings (which includes both realized and unrealized capital gains and losses) declined \$12.0 billion. Despite revenue gains in the unemployment trust fund and the workers' compensation trust fund, overall trust fund revenue fell \$2,799 per person in Oregon during the 2008-09 fiscal year. This huge drop pushed Oregon's total revenue down to \$4,979 per person, a number that exceeded only Wisconsin (which experienced a loss of over \$4,000 per person in insurance trust revenue). If future earnings do not fully offset these pension fund losses, many states could experience severe financial problems over the long term. However, insurance trust revenue is not an accurate reflection of revenue available to fund state and local government operations in the short term. General revenue (excluding the insurance trust and government enterprise categories), provides a better indication of revenue available to fund public services in the current year. In this category, Oregon state and local governments received \$7,331 per person during the 2008-09 fiscal year. Oregon ranked #31 among the states in this category. Own source revenue (general revenue minus transfers from the federal government) totaled \$5,525 per person for a ranking of #33.

Table 1 also breaks down Oregon's revenue sources by category. 45% of Oregon general state and local revenue comes from taxes. Oregon state and local governments collected \$3,275 per person in taxes in the 2008-09 fiscal year. This ranked the state 39<sup>th</sup> in overall per person tax burden. These figures are prior to the implementation of Measures 66 and 67 which will first appear in the data for the 2009-10 fiscal year. Oregon ranks 19<sup>th</sup> among the states with \$1,806 in federal revenue (this category does not include federal revenue going directly to individuals such as Social Security benefits). Oregon is relatively dependent on charges for services, ranking 16<sup>th</sup> with \$1,382 in per person revenue. Oregon also ranks relatively high in the miscellaneous (# 10) and government enterprise categories (# 19). The state's extensive use of lottery revenue accounts for the former while the existence of a state run liquor monopoly is a major factor in the latter.

Table 2 narrows the Oregon revenue system down to taxes only. Taxes play a particularly important role in state and local revenue systems because they are the primary source of revenue for general public goods such as education and public safety. Taxes also potentially have the largest impact on economic activity because they represent a direct extraction of resources from the private sector for use by the public sector.

**Table 2: OREGON'S TAX REVENUE**

<b>REVENUE CATEGORIES</b>	<b>\$ PER PERSON</b>	<b>RANK AMONG THE STATES</b>
<b>TOTAL TAXES</b>	\$3,275	39
PERSONAL INCOME TAX	\$1,356	5
CORPORATE INCOME TAX	\$75	38
PROPERTY TAX	\$1,166	28
GENERAL SALES TAX	0	47*
SELECTIVE SALES TAXES	\$319	44
OTHER TAXES	\$359	12

\* tied with 3 other states.

Oregon's overall state and local tax burden ranks 39<sup>th</sup> on a per person basis. However, the state personal income tax burden is among the highest in the nation at \$1,356 per person. The ranking for corporate income taxes is relatively low at #38, but this is prior to the imposition of higher corporate tax rates and a new corporate minimum called for in Measure 67. Property taxes are near the middle of the states, ranking # 28. The state tax burden on consumption (general sales plus selective sales) is the lowest in the country. In addition to being one of five states without a general sales tax, Oregon

ranks 44th in selective sales tax collections per person. Selective sales taxes include gasoline taxes, tobacco taxes, alcoholic beverage taxes, real estate transfer taxes and other excise taxes on specific purchases. It also includes health provider taxes which have risen in Oregon and other states in recent years. The other tax category includes severance taxes and estate taxes.

Another way to look at this same comparative revenue data is to divide the revenue numbers by total state resident income instead of population. This measure accounts for the size of the state economy rather than simply population size. In some cases the two measures can give very different rankings. For example, the state of Mississippi ranks near the bottom (46th) of the states in tax collections per capita but ranks near the middle (29th) as a percentage of resident income because the state's per capita income is relatively low. Table 3 shows the Oregon 2008-09 total revenue data as a percentage of state personal income for 2008.

**Table 3: ALL STATE AND LOCAL GOVERNMENT REVENUE AS % OF PERSONAL INCOME**

<b>REVENUE CATEGORIES</b>	<b>% of TOTAL PERSONAL INCOME</b>	<b>RANK AMONG THE STATES</b>
<b>SUMMARY CATEGORIES</b>		
TOTAL REVENUE	13.5%	47
GENERAL REVENUE	19.8%	24
OWN SOURCE REVENUE	14.9%	27
<b>REVENUE SOURCES</b>		
TAXES	8.8%	42
FEDERAL REVENUE	4.9%	24
CHARGES	3.7%	12
MISCELLANEOUS	2.3%	9
GOVERNMENT ENTERPRISES	1.2%	14
INSURANCE TRUST REVENUE	-7.6%	47

Oregon's rankings change slightly in different directions depending on the category. Oregon's ranking in general revenue and own source revenue increases to #24 and #27, respectively, versus the per capita comparison. This is not surprising, given that Oregon's per capita income is below the national average. However, Oregon's ranking in overall taxes as a percentage of personal income falls to #42 compared to #39 on a per capita basis. This is caused by characteristics of the group of states close to Oregon in the rankings. Oregon ranks slightly higher on a percentage of personal income basis for miscellaneous revenue, charges and government enterprise revenue.

Table 4 converts Table 2 from a per capita comparison to a percentage of personal income basis for state and local taxes. Both the personal income tax and the property tax burden appear higher on a percentage of personal income basis. Personal income taxes at 3.7% of personal income ranks 3rd highest. Personal income taxes are 5<sup>th</sup> highest among the states on a per capita income basis. In terms of property taxes, Oregon ranks #24 on a percentage of personal income basis, up 4 notches from its per capita ranking. The state moves from #44 to #43 when personal income is used to measure the selective sales tax burden but remains unchanged for corporate income taxes and other taxes.

**Table 4: OREGON'S TAX REVENUE AS A % OF PERSONAL INCOME**

REVENUE CATEGORIES	COLLECTIONS AS A PERCENTAGE OF PERSONAL INCOME	RANK AMONG THE STATES
<b>TOTAL TAXES</b>	8.8%	42
PERSONAL INCOME TAX	3.7%	3
CORPORATE INCOME TAX	0.2%	38
PROPERTY TAX	3.2%	24
GENERAL SALES TAX	0%	47*
SELECTIVE SALES TAXES	0.9%	43
OTHER TAXES	1.0%	12

\*tied with 3 other states.

The comparative analysis based on the most recent U.S. Census data leads to the following conclusions:

- Huge losses in the public employee retirement fund distorts Oregon's total revenue ranking in the 2008-09 fiscal year. General revenue serves as a better guide to Oregon's relative revenue ranking for provision for current government services. Based on this measure, Oregon ranks slightly below the median state at #31 on a per capita basis and almost at the median with a ranking of #24 on a percentage of personal income basis.
- Oregon's tax burden near the bottom of the states on both a personal income and a per capita basis in the 2008-09 fiscal year. Using the per capita tax burden to rank the states, Oregon is #39. Based on taxes as a percentage of personal income, Oregon has the 42<sup>nd</sup> highest tax burden among the states.
- Oregon relies more on non-tax sources for its revenue than most states. This results in a relatively high state ranking for both charges and miscellaneous revenue.
- Oregon's property tax burden ranks near the middle among the states.
- Oregon's personal income tax burden is among the highest in the country.
- Oregon's consumption tax burden (general sales plus selective sales taxes) is the lowest in the country.

### ***Oregon's Revenue System over Time***

This section compares U.S. Census data from the 1998-99 fiscal year with the latest 2008-09 data to show how Oregon's revenue system has changed over the intervening ten years.

**Table 5: OREGON'S STATE AND LOCAL PER PERSON REVENUE OVER TIME**

REVENUE CATEGORIES	1998-99		2008-09	
	\$ PER PERSON	RANK	\$ PER PERSON	RANK
TOTAL REVENUE	\$6,948	12	\$4,979	49
GENERAL REVENUE	\$5,582	14	\$7,731	31
OWN SOURCE REVENUE	\$4,314	17	\$5,525	33
TAXES	\$2,479	33	\$3,275	39
FEDERAL REVENUE	\$1,269	10	\$1,806	19
CHARGES	\$972	6	\$1,382	16
MISCELLANEOUS	\$767	4	\$869	10
GOVERNMENT ENTERPRISES	\$290	19	\$447	19
TRUST FUND REVENUE	\$1,076	14	-\$2,799	46

Oregon's ranking among the states fell in nearly all the major revenue categories. Total revenue dropped from 12<sup>th</sup> highest to 49<sup>th</sup> highest. As noted earlier, the 2008-09 total revenue figures are distorted by the huge investment losses in the public employee retirement fund in 2008-09. General revenue and own source revenue, which exclude trust fund revenue, both show a significant decline in Oregon's per capita revenue relative to other states. This decline is less dramatic for taxes only, falling from a ranking of #33 in 1998-99 to #39 in 2008-09. By 1998-99, Oregon's property tax limitation measures (Measure 5 and Measure 50) were fully in place. During this period of falling property tax revenue, Oregon's major non-tax revenue sources (federal funds, charges and miscellaneous revenue) all moved into the top ten among the states on a per capita basis. Over the 10 years since, Oregon's relative ranking in all three categories has declined, though the state continues to rank in the upper half in each of these categories.

Table 6 shows how Oregon's major revenue components have changed over time compared to the total personal income for residents of the state. The pattern for the major revenue categories is similar to the per capita rankings with the exception of taxes. Oregon's ranking in total taxes as a percentage of income increased from #45 to #42 over the ten year period. The higher tax burden compared to other states occurred in spite of the fact that Oregon's state and local tax burden fell during this period from 10% to 8.8% of personal income. Part of this decline can be attributed to the state of the economy at the two points in time. In 1998-99, the U.S economy was in the final stages of the longest expansion in its history. Income tax revenue from capital gains was particularly high. The U.S. and Oregon economies were in a dramatically different position in 2008-09, with the country and the state in the depths of the longest downturn since 1929-33. During economic contractions, personal income tax revenue tends to fall proportionately more than personal income thereby automatically reducing the state tax burden during down years.

**Table 6: OREGON'S STATE AND LOCAL REVENUE AS A % OF PERSONAL INCOME OVER TIME**

REVENUE CATEGORIES	1998-99		2008-09	
	REVENUE AS % OF PERSONAL INCOME	RANK	REVENUE AS % OF PERSONAL INCOME	RANK
TOTAL REVENUE	27.0%	13	13.5%	47
GENERAL REVENUE	21.7%	14	19.8%	24
OWN SOURCE REVENUE	16.8%	18	14.9%	27
TAXES	10.0%	45	8.8%	42
FEDERAL REVENUE	4.9%	12	4.9%	24
CHARGES	3.8%	11	3.7%	12
MISCELLANEOUS	3.0%	5	2.3%	9
GOVERNMENT ENTERPRISES	1.1%	22	1.2%	14
TRUST FUND REVENUE	4.2%	15	-7.6%	47

Changes in the components of the tax system can be seen in Table 7. Table 7 presents overall taxes and the major taxes on a per person basis and as a percent of personal income. Oregon's consistently high personal income tax burden and falling property tax burden is confirmed in Table 7. Table 7 shows how Oregon taxes have changed relative to other states over the past twenty-five years.

Oregon's tax burden consistently ranked between # 10 and # 20 from 1982-83 through 1993-94, slightly lower on a per capita basis. The phase in of lower property tax rates under Measure 5 (passed in 1990) and lower assessed values under Measure 50 (1997) eventually pushed the state's tax burden to



# 45 in 1998-99. These measures lowered Oregon's property tax burden rank from # 5 in 1989-90 (as a % of income) to # 28 in 1998-99.

Oregon's personal income tax burden has consistently been among the highest in the country while its corporate income tax burden has fluctuated around the middle. Oregon's personal income tax burden has consistently ranked in the top 5 among the states (#3 in 2008-09) on a percentage of income basis. The state's ranking for volatile corporate income taxes fell to a 25-year low in 2008-09 on both a percentage of income and a per capita basis. Oregon's property tax burden has hovered near the middle of the states since Measure 5 and Measure 50 were fully phased-in 1997-98.

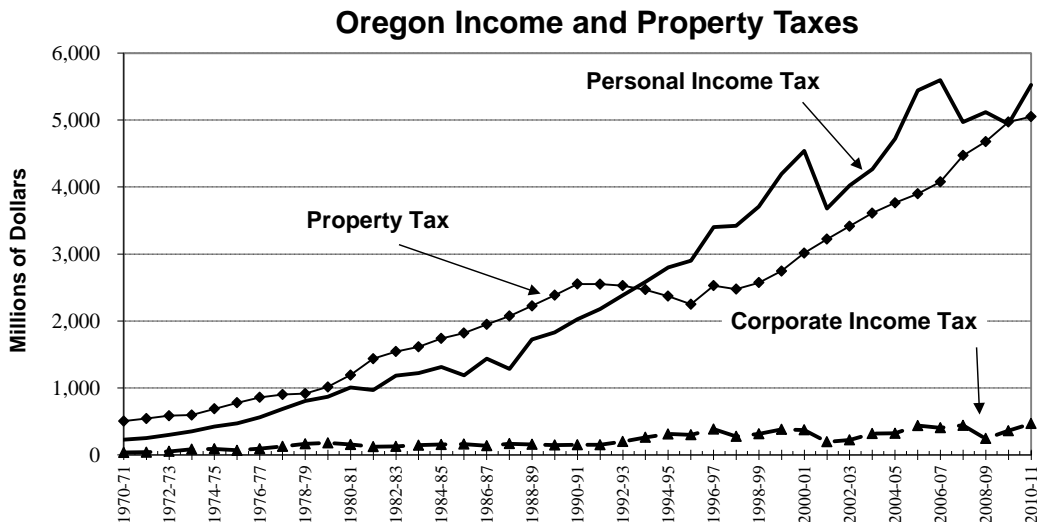
**Table 7: HISTORY RANKING OF OREGON TAXES**

	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
2008-09	42	39	3	5	38	38	24	28

The history of revenue collections from personal income taxes, corporate income taxes and property taxes over the past four decades can be seen in Table 8. A listing of all taxes can be found in Table 9.

**Table 8**  
**HISTORY OF TAX COLLECTIONS - BY MAJOR TAX SOURCE**  
(millions of dollars)

FISCAL YEAR	PERSONAL INCOME TAX		CORPORATE INCOME TAX		PROPERTY TAX	
	Receipts	% Change	Receipts	% Change	Receipts	% Change
1968-69	\$204.3		\$37.5			
1969-70	213.1	4.3%	39.9	6.2%		
1970-71	226.2	6.2%	36.5	-8.4%	\$503.2	
1971-72	251.2	11.0%	40.6	11.1%	541.3	7.6%
1972-73	300.6	19.6%	51.1	25.9%	583.9	7.9%
1973-74	352.4	17.2%	85.7	67.7%	595.3	2.0%
1974-75	424.0	20.3%	90.7	5.8%	687.1	15.4%
1975-76	472.1	11.4%	67.2	-25.9%	778.5	13.3%
1976-77	561.9	19.0%	91.2	35.6%	860.0	10.5%
1977-78	686.2	22.1%	125.6	37.7%	901.0	4.8%
1978-79	807.0	17.6%	166.0	32.2%	916.0	1.7%
1979-80	868.0	7.6%	177.4	6.9%	1,014.4	10.7%
1980-81	1,005.1	15.8%	155.5	-12.4%	1,191.3	17.4%
1981-82	968.3	-3.7%	124.2	-20.1%	1,435.6	20.5%
1982-83	1,181.7	22.0%	125.1	0.8%	1,543.6	7.5%
1983-84	1,220.8	3.3%	144.8	15.7%	1,612.3	4.5%
1984-85	1,310.7	7.4%	153.9	6.3%	1,740.0	7.9%
1985-86	1,188.0	-9.4%	161.8	5.1%	1,819.2	4.6%
1986-87	1,435.8	20.9%	135.7	-16.1%	1,946.5	7.0%
1987-88	1,283.7	-10.6%	167.0	23.1%	2,072.9	6.5%
1988-89	1,725.3	34.4%	157.0	-6.0%	2,223.7	7.3%
1989-90	1,827.6	5.9%	146.8	-6.5%	2,386.0	7.3%
1990-91	2,026.3	10.9%	149.1	1.6%	2,550.6	6.9%
1991-92	2,178.7	7.5%	150.9	1.2%	2,549.9	0.0%
1992-93	2,383.2	9.4%	198.0	31.2%	2,529.0	-0.8%
1993-94	2,583.5	8.4%	262.8	32.7%	2,466.4	-2.5%
1994-95	2,797.6	8.3%	311.8	18.6%	2,369.8	-3.9%
1995-96	2,901.7	3.7%	300.0	-3.8%	2,248.1	-5.1%
1996-97	3,401.7	17.2%	384.4	28.1%	2,527.9	12.4%
1997-98	3,419.9	0.5%	275.2	-28.4%	2,476.5	-2.0%
1998-99	3,705.9	8.4%	313.9	14.1%	2,617.9	5.7%
1999-00	4,197.3	13.3%	381.9	21.7%	2,801.5	7.0%
2000-01	4,539.7	8.2%	373.0	-2.4%	3,014.0	7.6%
2001-02	3,677.7	-19.0%	195.2	-47.7%	3,251.9	7.9%
2002-03	4,021.9	9.4%	224.9	15.2%	3,414.6	5.0%
2003-04	4,268.6	6.1%	317.5	41.2%	3,611.1	5.8%
2004-05	4,723.0	10.6%	323.3	1.8%	3,763.9	4.2%
2005-06	5,443.6	15.3%	438.2	35.6%	3,899.1	3.6%
2006-07	5,596.7	2.8%	405.9	-7.4%	4,077.4	4.6%
2007-08	4,972.0	-11.2%	440.7	8.6%	4,470.4	9.6%
2008-09	5,118.6	2.9%	243.8	-44.7%	4,676.4	4.6%
2009-10	4,943.2	-3.4%	359.0	47.3%	4,969.0	6.3%
2010-11	5,524.0	11.7%	468.6	30.5%	5,052.0	1.7%



**TABLE 9  
SUMMARY OF OREGON TAXES**

STATE					% CHANGE	
	1999-00 COLLECTIONS	2005-06 COLLECTIONS	2009-10 COLLECTIONS	2010-11 COLLECTIONS	2010 to 2011	2000 to 2011
PERSONAL INCOME TAX	\$4,126,282,123	\$5,443,646,000	\$4,945,537,939	\$5,493,120,002	11.1%	33.1%
UNEMPLOYMENT INSURANCE TAXES	515,573,900	725,549,000	711,175,485	912,158,000	28.3%	76.9%
GASOLINE AND USE FUEL TAXES	394,167,788	413,804,582	405,825,256	454,462,044	12.0%	15.3%
CORPORATE INCOME TAX	405,220,686	438,225,000	353,589,263	468,606,463	32.5%	15.6%
WEIGHT MILE TAX	224,954,955	238,866,837	209,752,519	245,852,518	17.2%	9.3%
CIGARETTE TAX	163,960,272	238,695,926	201,863,281	211,645,072	4.8%	29.1%
INSURANCE TAXES	59,602,111	60,945,000	43,235,265	43,235,265		-27.5%
OTHER LABOR TAXES	104,213,309	87,069,432	68,437,516	70,486,050	3.0%	-32.4%
TIMBER SEVERANCE TAXES	32,843,222	1,059,368	215,134	252,687	17.5%	-99.2%
INHERITANCE TAX	47,684,649	89,283,000	98,034,497	76,248,946	-22.2%	59.9%
WORKERS' COMP INSURANCE TAXES	42,293,900	53,707,630	31,057,070	34,295,510	10.4%	-18.9%
TELEPHONE EXCHANGE ACCESS TAX	26,320,757	35,988,179	39,644,987	39,539,082	-0.3%	50.2%
OTHER TOBACCO PRODUCTS TAX	20,374,525	31,226,297	37,390,367	51,154,246	36.8%	151.1%
REAL ESTATE RECORDING TAX	20,636,689	25,841,406	28,319,320	33,641,626	18.8%	63.0%
BEER & WINE TAXES	12,377,350	14,840,000	16,584,500	16,181,608	-2.4%	30.7%
FOREST PRODUCTS HARVEST TAXES	11,110,002	12,017,001	10,960,968	11,326,155	3.3%	1.9%
ELECTRIC COOP TAX	6,715,185	5,241,431	7,821,783	5,344,822	-31.7%	-20.4%
PHONE ACCESS SURCHARGE	3,143,941	4,430,786	5,513,727	6,395,453	16.0%	103.4%
AMUSEMENT DEVICE TAX	1,817,543	2,565,471	1,834,931	2,961,399	61.4%	62.9%
HAZARDOUS SUBSTANCE TAXES	2,406,331	2,623,504	2,619,770	2,577,741	-1.6%	7.1%
AVIATION GAS AND JET FUEL TAXES	1,978,104	2,362,240	1,876,912	1,828,086	-2.6%	-7.6%
PETROLEUM LOADING FEE	1,272,955	1,051,236	1,187,817	1,076,376	-9.4%	-15.4%
BOXING TAX	69,034	123,794	187,351	56,574	-69.8%	-18.0%
PRIVATE RAIL CAR TAX	100,589	267,911	319,702	266,907	-16.5%	165.3%
OIL & GAS SEVERANCE TAX	128,445	89,819	295,410	243,554	-17.6%	89.6%
DRY CLEANERS TAX	695,302	0	0	0	0.0%	-100.0%
STATE LODGING TAX	0	9,237,512	10,445,735	11,144,975	6.7%	NA
<b>LOCAL TAXES</b>	<b>1999-00 COLLECTIONS</b>	<b>2005-06 COLLECTIONS</b>	<b>2009-10 COLLECTIONS</b>	<b>2010-11*** COLLECTIONS</b>		<b>2000 to 2011 % CHANGE</b>
PROPERTY TAXES*	2,800,781,460	3,869,754,503	4,939,266,903	5,021,861,380	1.7%	79.3%
TRANSIT PAYROLL & SELF EMPLOYMENT TAXES	163,488,288	207,342,819	230,679,947	244,204,524	5.9%	49.4%
FRANCHISE TAXES	115,617,000	201,689,265	183,180,260	192,888,814	5.3%	66.8%
HOTEL-MOTEL	64,150,000	76,800,000	92,368,129	95,416,277	3.3%	48.7%
PORTLAND BUSINESS LICENSE TAX	50,794,774	44,418,253	56,531,784	63,121,484	11.7%	24.3%
MULTNOMAH COUNTY BUSINESS INCOME TAX	40,846,593	50,980,000	44,150,000	48,570,000	10.0%	18.9%
MOTOR FUEL TAXES	9,837,758	14,819,935	16,113,147	16,228,195	0.7%	65.0%
WASHINGTON COUNTY REAL ESTATE TRANSFER TAX	2,840,473	6,673,430	2,499,002	2,301,442	-7.9%	-19.0%
OTHER TAXES AND LICENSES	237,878,000	370,221,883	420,021,970	450,566,086	7.3%	89.4%

\*\*\* Estimates where actuals are not available

\*\* Not including (\$10 million collected so far in 09-11) new fee collected by Department of Housing and community development.

\* includes urban renewal revenue

## 2 % SURPLUS KICKER

Another unique feature of Oregon's revenue system is the 2% surplus kicker. The kicker was approved by the 1979 Legislature as part of an overall fiscal reform package. The package, which included property tax relief, was approved by voters in the spring of 1980. A complete listing of revenue related votes over the past 30 years can be found in section L1-L2. In 2000, voters acting on a legislative referral put a large portion of the 2% surplus kicker statute into the state constitution (Article IX, Section 14).

### ***How it Works***

The kicker law divides all General Fund money into two pots: (1) corporate taxes and (2) personal income taxes plus all other revenues. At the end of each biennium, if the actual collections in either of these two pots are more than 2% higher than was forecast at the close of the regular session, then a credit must be paid. If a kicker is triggered in a pot then all the money in that pot in excess of the close of session forecast, including the 2%, is returned to taxpayers.

Surpluses in the corporate pot fund a corporate tax credit. The credit is calculated as a proportional reduction in the taxes of each corporate taxpayer. The credit is based on corporate tax liability, before credits, in the year prior to the year in which the biennium ends.

Surpluses in the "all other" pot fund lead to a credit on personal income tax returns. The amount of the credit is an identical proportion of each taxpayer's personal income tax liability, prior to state credits, for the prior year. For example, if the kicker credit is 5% and the taxpayer had a liability before credits of \$1,000, he or she would receive a credit of \$50 on their income tax return.

The estimate upon which the kicker calculation is based can be increased, thereby reducing or eliminating the personal and/or corporate credit, on a one-time basis if an emergency is declared and approved by a 2/3 vote in each chamber of the Legislative Assembly prior to the end of the biennium upon which the kicker calculation is based.

### ***History***

Table 10 shows the history of the surplus kicker. A severe recession dropped revenues far short of the forecast in the first two biennia after enactment. The table actually understates the recession's effect. If the Legislature had not increased taxes in special session the shortfall would have been much larger than shown in the table.

Faced with budget problems associated with Measure 5 (1990), the Legislature suspended the kicker in 1991 and 1993. Kickers would have triggered in just one of the two pots in each of those biennia. The 1995 personal income tax refund was the first one paid by check. Prior to 1995, the personal kicker was paid through a tax credit. Personal kickers would continue to be returned through a refund when triggered until the 1995 law was changed by the 2011 Legislature.

Large corporate kicker credits were applied following the 1993-95 and 1995-97 biennia. Corporations were not eligible for a surplus credit for 3 biennia following the 1995-97 biennium. Corporate income tax collections exceeded the forecast by \$101 million in the 2003-05 biennium leading to a 35.9% credit on 2005 corporate income tax returns. The excess corporate revenue occurred despite the defeat of

Measure 30 in January 2004. The revenue from Measure 30 was included in the close of session forecast and therefore part of the base for the kicker calculation.

Personal income tax kicker refunds were distributed four biennia in a row starting with the 1993-95 biennium. These refunds averaged 7.8% with the largest (14.4%) following the 1995-97 biennium. The 2001 recession depressed non-corporate General Fund revenue well below forecast in 2001-03 and the failure of Measure 30 held non-corporate revenue \$401 million below the close of session projection for the 2003-05 biennium.

**Table 10: 2% KICKER (1979/81 – 2011/13)**

<b>SURPLUS KICKER HISTORY</b>					
<b>Biennium</b>	<b>Tax Year</b>	<b>Personal</b>		<b>Corporate</b>	
		<b>Surplus/ Shortfall</b> (\$ million)	<b>Credit/ Refund</b> (% of liability)	<b>Surplus/ Shortfall</b> (\$ million)	<b>Credit</b> (% of liability)
<b>1979-81</b>	1981	-141	None	-25	None
<b>1981-83</b>	1983	-115	None	-110	None
<b>1983-85</b>	1985	89	7.7%	13	10.6%
<b>1985-87</b>	1987	221	16.6%	7	6.2%
<b>1987-89</b>	1989	175	9.8%	36	19.7%
<b>1989-91</b>	1991	186	Suspended	-23	None
<b>1991-93</b>	1993	60	None	18	Suspended
<b>1993-95</b>	1994/5	163	6.27%	167	50.1%
<b>1995-97</b>	1996/7	432	14.4%	203	42.2%
<b>1997-99</b>	1998/9	167	4.6%	-69	None
<b>1999-01</b>	2000/1	254	6.0%	-44	None
<b>2001-03</b>	2002/03	-1,249	None	-439	None
<b>2003-05</b>	2004/05	-401	None	101	35.9%
<b>2005-07</b>	2006/07	1,071	18.6%	344	Suspended
<b>2007-09</b>	2008	-1,113	None	-236	None
<b>2009-11</b>	2010	-1,050	None	-4	None
<b>2011-13*</b>	2012	-204	None	-72.9	None

\* December 2011 Forecast

The 2007 Legislature made a number of statutory changes that affected the kicker. First, using the constitutional exception process that allows the estimate to be changed with a 2/3 vote, the Legislature redirected the corporate kicker credit to the newly established Rainy Day Fund. The Legislature also modified the personal income tax refund process by basing the calculation on before credits tax liability rather than after credit liability. This change affected the distribution of the refund but did not affect the amount. Finally, the Legislature changed the tax year the corporate credit is based on from the current year to the prior year. This brought the corporate calculation into line with the personal refund calculation.

The largest personal kicker refund was returned to taxpayers following the 2005-07 biennium. The refunds totaled \$1.071 billion or 18.6% of pre-credit tax liability in the 2006 tax year. The refunds were mailed out in the fall of 2007.

The Great Recession and its aftermath forced both personal and corporate income tax revenue short of projections for the 2007-09 and 2009-11 biennia. Through December of 2011, revenue projections continue to track well short of the close of session estimate leaving the current projection for the 2011-13 biennium far below the 2% trigger threshold for both the personal and the corporate kicker.

The 2011 Legislature changed the return mechanism for the personal income tax kicker from a refund back to a credit. The personal kicker operated as a credit from 1979 to 1995. This means that the next time a personal kicker is triggered; taxpayers will receive their kicker through a credit on their income tax return rather than through a mailed refund check.

For the 16 biennia in which the kicker has been in effect (1979-81 through 2009-11), the personal income tax trigger has been exceeded nine times. Kicker refunds/credits were distributed on eight occasions and suspended once. Seven times revenue has fallen short of the 2% personal income tax trigger. For the corporate calculation, actual collections have exceeded the trigger eight times and fallen below eight times. Of the eight times in which the corporate trigger was exceeded, the kicker was credited to corporate taxpayers six times and suspended twice.

## **STATE REVENUE AND EXPENDITURES**

Recent state budget history is shown in Table 11. The table shows state General Fund revenue and expenditures and state All Funds revenue and expenditures for the 1997-2013 period. All Funds revenue is not shown for the 2011-13 biennium because reliable estimates are not yet available. The table also shows values for total personal income of Oregon residents, total Oregon population and the consumer price index for comparison purposes.

**TABLE 11**  
**STATE BUDGET HISTORY: 1997-2013**

<b>GENERAL FUND BUDGET (IN MILLIONS)</b>								
<b>PROGRAM AREA</b>	<b>1997-99</b>	<b>1999-01</b>	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13*</b>
EDUCATION	\$5,096.0	\$5,852.6	\$5,210.9	\$5,921.0	\$6,417.5	\$6,751.7	\$6,455.0	\$6,751.9
HUMAN RESOURCES	\$1,924.0	\$2,282.1	\$2,387.4	\$2,327.4	\$2,781.0	\$3,195.7	\$3,284.6	\$3,803.8
PUBLIC SAFETY	\$1,000.5	\$1,185.4	\$1,231.2	\$1,228.7	\$1,528.1	\$1,828.4	\$1,784.3	\$1,906.1
ECON. & COMM. DEV. + CONS & BUS. SERV.	\$42.0	\$44.7	\$29.4	\$29.7	\$33.7	\$46.7	\$39.0	\$35.3
NAT. RES.	\$162.8	\$150.6	\$144.5	\$115.3	\$142.6	\$164.9	\$142.4	\$129.0
TRANS.	\$0.8	\$20.0	\$17.1	\$3.9	\$8.6	\$4.5	\$18.9	\$17.4
ADMIN.	\$119.8	\$141.4	\$149.3	\$142.0	\$168.7	\$187.8	\$185.2	\$184.1
LEGISLATURE	\$42.4	\$53.6	\$52.6	\$53.9	\$63.2	\$77.9	\$72.9	\$80.2
JUDICIAL	\$316.3	\$366.3	\$374.0	\$401.3	\$465.8	\$521.9	\$495.9	\$581.9
MISC.	\$80.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$72.9
<b>TOTAL</b>	<b>\$8,784.5</b>	<b>\$10,096.7</b>	<b>\$9,596.4</b>	<b>\$10,223.2</b>	<b>\$11,609.2</b>	<b>\$12,779.5</b>	<b>\$12,478.2</b>	<b>\$13,562.6</b>

<b>GENERAL FUND RESOURCES (IN MILLIONS)</b>								
	<b>1997-99</b>	<b>1999-01</b>	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13**</b>
<b>BEGINNING BALANCE</b>	\$ 800.1	\$ 338.1	\$ 363.0	\$ 113.5	\$ 308.5	\$ 1,436.7	\$ -	\$ -
PERSONAL INCOME TAXES	\$ 7,123.1	\$ 8,737.0	\$ 7,699.5	\$ 8,991.6	\$ 11,040.3	\$ 9,916.5	\$ 10,467.2	\$ 12,001.4
CORPORATE INCOME TAXES	\$ 589.1	\$ 754.9	\$ 420.1	\$ 640.8	\$ 844.1	\$ 602.8	\$ 827.6	\$ 821.4
OTHER TAXES	\$ 336.8	\$ 325.0	\$ 350.7	\$ 344.6	\$ 407.5	\$ 392.9	\$ 386.0	\$ 416.8
<b>OTHER REVENUE</b>	<b>\$ 275.6</b>	<b>\$ 305.0</b>	<b>\$ 895.7</b>	<b>\$ 461.3</b>	<b>\$ 450.1</b>	<b>\$ 800.7</b>	<b>\$ 840.9</b>	<b>\$ 515.5</b>
<b>TOTAL</b>	<b>\$ 9,124.7</b>	<b>\$ 10,460.0</b>	<b>\$ 9,729.0</b>	<b>\$ 10,551.8</b>	<b>\$ 13,050.5</b>	<b>\$ 13,149.6</b>	<b>\$ 12,521.7</b>	<b>\$ 13,755.1</b>

<b>ALL FUNDS BUDGET (IN MILLIONS)</b>								
<b>PROGRAM AREA</b>	<b>1997-99</b>	<b>1999-01</b>	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13*</b>
EDUCATION	\$8,481.6	\$9,498.0	\$10,277.0	\$10,216.8	\$11,539.7	\$13,953.2	\$14,049.9	\$13,422.8
HUMAN RESOURCES	\$6,323.8	\$7,702.2	\$9,068.4	\$9,261.7	\$9,536.9	\$11,906.8	\$16,072.7	\$20,067.0
PUBLIC SAFETY	\$1,579.5	\$1,959.0	\$2,128.1	\$1,973.4	\$2,282.5	\$2,930.8	\$3,172.7	\$2,915.4
ECON. & COMM. DEV. + CONS & BUS. SERV.	\$4,020.1	\$3,998.6	\$5,778.6	\$5,679.9	\$4,875.8	\$6,118.1	\$11,035.4	\$6,102.4
NAT. RES.	\$956.6	\$1,152.7	\$1,166.9	\$1,243.9	\$1,324.4	\$1,496.7	\$1,859.4	\$1,725.1
TRANS.	\$1,783.5	\$1,660.8	\$1,871.4	\$2,669.6	\$2,886.1	\$3,132.5	\$4,428.9	\$3,805.2
ADMIN.	\$3,715.5	\$4,058.8	\$4,765.7	\$6,011.8	\$6,805.0	\$8,215.1	\$10,912.9	\$9,013.0
LEGISLATURE	\$46.5	\$57.9	\$59.8	\$56.9	\$69.7	\$116.5	\$83.2	\$87.4
JUDICIAL	\$321.6	\$374.2	\$393.1	\$409.2	\$434.3	\$578.2	\$594.5	\$609.0
MISC.	\$80.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$72.9
<b>TOTAL</b>	<b>\$27,308.7</b>	<b>\$30,462.2</b>	<b>\$35,509.0</b>	<b>\$37,523.2</b>	<b>\$39,754.4</b>	<b>\$48,447.9</b>	<b>\$62,209.6</b>	<b>\$57,820.2</b>

<b>ALL FUNDS REVENUE (IN MILLIONS)</b>							
	<b>1997-99</b>	<b>1999-01</b>	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>
TAXES	\$11,363.3	\$13,168.9	\$11,912.3	\$14,265.6	\$16,870.2	\$15,437.7	\$16,789.2
FEDERAL FUNDS	\$6,488.6	\$7,352.3	\$9,604.1	\$10,287.8	\$10,060.3	\$11,896.3	\$18,079.2
INTEREST EARNINGS	\$9,238.6	\$4,247.9	\$801.9	\$11,970.1	\$21,545.2	\$272.7	\$6,934.0
DONATIONS&CONTRIB.	\$1,950.8	\$2,917.5	\$5,073.7	\$5,105.9	\$3,695.0	\$3,230.3	\$3,782.8
BOND SALES	\$1,316.5	\$1,768.1	\$2,486.4	\$2,756.9	\$2,902.8	\$2,700.5	\$3,740.1
LIQUOR & OTHER SALES	\$430.6	\$412.8	\$469.6	\$553.5	\$632.6	\$681.2	\$676.0
LOAN REPAYMENTS	\$945.3	\$673.4	\$790.2	\$727.8	\$570.5	\$568.7	\$625.6
CHARGES	\$1,243.0	\$1,283.9	\$1,491.7	\$1,992.5	\$2,432.6	\$2,825.3	\$3,841.8
LICENSES & FEES	\$664.2	\$665.6	\$1,021.6	\$1,143.1	\$1,331.7	\$1,336.8	\$1,510.3
LOTTERY	\$608.1	\$630.6	\$738.1	\$780.6	\$1,087.7	\$1,326.9	\$1,071.7
OTHER	\$550.1	\$1,136.9	\$2,463.7	\$1,526.4	\$1,537.2	\$2,822.8	\$3,291.5
<b>TOTAL</b>	<b>\$34,799.1</b>	<b>\$34,257.9</b>	<b>\$36,853.3</b>	<b>\$51,110.2</b>	<b>\$62,665.8</b>	<b>\$43,099.2</b>	<b>\$60,342.2</b>

<b>GROWTH MEASURES</b>								
	<b>1998</b>	<b>2000</b>	<b>2002</b>	<b>2004</b>	<b>2006</b>	<b>2008</b>	<b>2010</b>	<b>2012**</b>
OREGON PERSONAL INC.(MILL.)	\$87,218	\$98,530	\$104,690	\$112,974	\$127,403	\$140,949	\$139,842	\$152,300
OREGON POPULATION(MILL.)	3.352	3.431	3.503	3.579	3.685	3.784	3.837	3.887
U.S. CONSUMER PRICE INDEX	163	172.2	179.9	188.9	201.6	215.2	218.1	227.6

\*Legislatively Adopted Budget

\*\*Based on December 2011 revenue forecast.

## 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.

<b>TAX REDUCTIONS</b>	<b>Revenue Effect (in millions)</b>			
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
<b>Property Tax</b>				
<b>Personal Property Tax Threshold</b> (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
<b>Senior Homeowner Property Tax Freeze:</b> 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
<b>Personal Income Tax</b>				
<b>Earned Income Credit (EIC)</b>				
Increase EIC to 12% of federal EIC	-28.8	-30.0	-61.2	-61.5
Increase EIC to 18% of federal EIC	-57.7	-60.0	-91.8	-92.3
<b>Rate Reductions</b> (current rates: 5% – 7% – 9% – 9.9%)				
Reduce rates to 5 - 7 - 9%	-75.4	-88.0	-102.7	-114.0
Reduce rates to 4.5 - 6.5 - 8.5%	-430.8	-469.7	-509.6	-543.2
Reduce rates to 4 - 6 - 8%	-788.3	-853.2	-918.2	-974.1
<b>Tax Bracket Changes</b>				
Double width of 5% and 7% brackets	-392.2	-412.3	-428.7	-445.7
Widen 5% and 7% brackets by \$1,000 (\$2,000 on joint returns)	-179.5	-189.0	-197.3	-206.0
<b>Income Exemptions and Deductions</b>				
Double standard deduction (\$1,980 single; \$3,960 joint in 2011)	-159.3	-164.6	-167.7	-171.7
Increase Maximum Federal Tax Subtraction to \$10,000	-92.2	-103.5	-101.6	-101.4
No limit on maximum subtraction for federal income taxes	-753.2	-777.8	-818.3	-866.7
<b>Credits</b>				
Increase personal exemption credit \$10	-27.0	-27.9	-28.3	-28.8
<b>Capital Gains</b> (same as regular income tax rates)				
Reduce tax rate on capital gains to 5%	-170.7	-202.2	-269.5	-308.3
Reduce tax rate on capital gains to 4%	-212.0	-251.0	-334.4	-382.5
<b>Estate Taxes</b>				
Eliminate estate taxes in Oregon	-47	-100.0	-103.3	-107.1
<b>Corporate Income Tax</b>				
Reduce corporate tax rate 0.1 percentage point (to 6.5% & 7.5%)	-5.5	-6.6	-7.0	-7.2
Reduce corporate tax rate 1 percentage point (to 5.6% & 6.6%)	-54.7	-66.2	-70.3	-70.0
Reduce top tax rate to 6.6%	-51.6	-36.6	-38.9	-38.7
Reduce C-Corp. Min Tax to \$150 / \$500	-40.0	-39.5	-39.1	-38.7



TAX INCREASES/NEW TAXES	Revenue Effect (in millions)			
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
<b>Statewide Property Tax for School Districts</b>				
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
<b>Personal Income Tax</b>				
Increase All Rates 5% (5.25% to 10.4%)	297.9	320.7	343.0	362.5
Increase All Rates 10% (5.5% to 10.89%)	594.6	639.7	684.2	723.2
Increase All Rates 1 Percentage Point (6% to 10.9%)	704.4	755.8	805.4	849.6
Continue top rates of 10.8% and 11%	85.6	100.1	117.0	130.0
Decrease Maximum Federal Tax Subtraction Limit to \$3,000 (2011 Federal Tax Subtraction is \$5,950)	127.2	155.9	167.6	180.8
1% Surtax	53.7	57.9	62.1	65.7
Reduce Personal Exemption Credit by \$10	27.2	28.0	28.4	28.9
Limit Property tax Deduction to \$2,500 if Income > \$100,000 Joint	37.7	41.5	44.6	47.7
Limit Mortgage Interest Deduction to \$15,000	67.5	73.2	77.6	81.7
<b>Corporate Income Tax</b>				
1% Surtax	4.1	4.8	5.1	5.0
Maintain 7.6% rate starting at \$250,000	0.0	25.8	27.4	27.3
Increase Rate One Percentage Point (to 7.6% & 8.6%)	54.7	66.2	70.3	70.0
<b>Sales Taxes (begin 2013)</b>				
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
<b>Business Activity Taxes (begin 2013)</b>				
Gross Receipts Tax .25% (1/4 of 1%) Rate	518	540	567	595
Value Added Tax (no exemptions) – 1% rate	527	550	577	606
<b>Excise Taxes (begin 2013)</b>				
Washington Real Estate Transfer Tax – 1% Rate	90.1	180.9	207	219.6
Increase Cigarette Tax by 10¢ per Pack	6.5	13.0	12.7	12.3
Increase Other Tobacco Products by 10% of wholesale price --17.8 cents per oz. for moist snuff	3.3	6.4	6.9	7.3
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

## OREGON INCOME TAXES

Oregon's primary source of revenue is from income taxes – both personal and corporate. Together they account for roughly 93 percent of the General Fund. The personal income tax is imposed on all the income of residents (full-year filers) and the income earned in Oregon by non-residents (non-resident filers). The tax is also imposed on part-year residents for the portion of the year in which lived in Oregon. Corporations doing business in Oregon are subject to the excise tax while those that only have income from Oregon sources are subject to the income tax. Over 99 percent of corporations are excise tax filers.

### **Personal Income Tax**

Oregon tax rates range from 5% to 9.9% of taxable income. Taxable income is adjusted gross income (AGI) plus Oregon additions less Oregon subtractions and deductions (standard or itemized). See page C6 for the tax calculation. Because taxable income is generally less than AGI, the average effective tax rate is roughly 5.6% of AGI. Since 1993, the income tax brackets have been indexed to changes in the U.S. Consumer Price Index.

In January 2010, voters passed Measure 66 which increased rates on income above \$125,000 for single filers and \$250,000 for joint filers. For tax years 2009 through 2011 there were two new tax brackets, with rates of 10.8% and 11%. Beginning with tax year 2012, the two top brackets are merged into one bracket with a tax rate of 9.9%. The tax brackets above \$125,000 (single) and \$250,000 (joint) are not indexed to inflation. The rate schedule for tax year 2012 is shown below:

**2012 TAX YEAR RATE SCHEDULE**

SINGLE RETURNS		JOINT RETURNS	
Taxable Income	Tax Before Credits	Taxable Income	Tax Before Credits
Not over \$3,150	5% of taxable income	Not over \$6,300	5% of taxable income
\$3,150 to \$7,950	\$158 + 7% of income over \$3,100	\$6,300 to \$15,900	\$315 + 7% of income over \$6,200
\$7,950 to \$125,000	\$494 + 9% of income over \$7,750	\$15,900 to \$250,000	\$987 + 9% of income over \$15,500
Over \$125,000	\$11,028 + 9.9% of income over \$125,000	Over \$250,000	\$22,056 + 9.9% of income over \$250,000

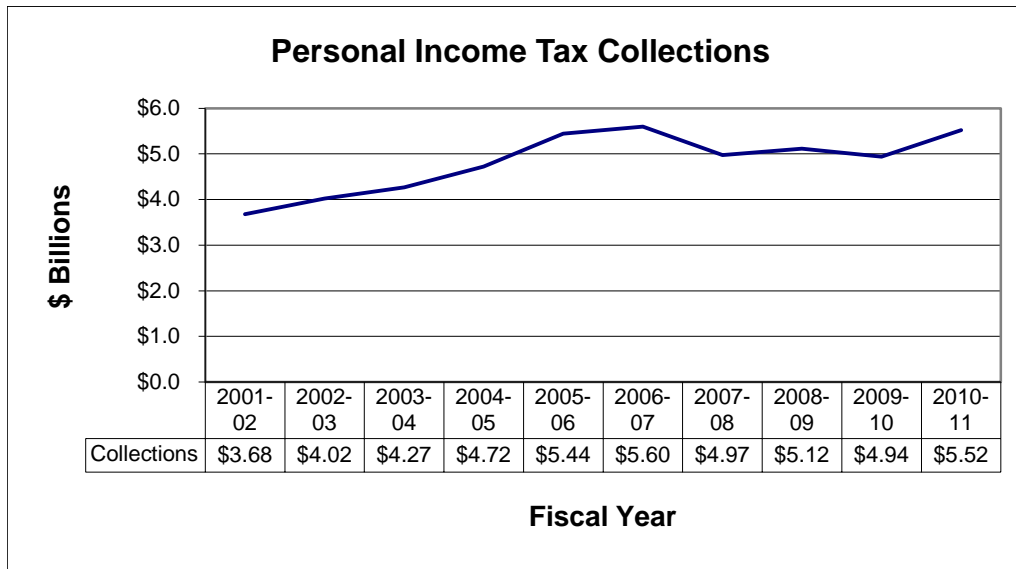
In 2009, all personal income tax returns reported a total adjusted gross income of \$83.7 billion. The average adjusted gross income for all returns was \$47,320, a decrease of 5.1% from 2008. Oregon taxpayers had a total tax liability of \$4.6 billion, a decrease of 7.3% from 2008. This decrease continues the decline of 10.5% in 2008 and is just under the 2005 level of \$4.8 billion. The average Oregon tax liability for full-year filers was \$2,745, down 5.7% from 2008.

The Oregon standard deductions for tax year 2012 are \$4,055 on joint returns, \$2,025 on single and married-filing-separate returns and \$3,265 for head-of-household returns. Blind or elderly (65+) taxpayers get an extra \$1,200 standard deduction on a single return and an extra \$1,000 per eligible person on a joint return. In 2009, the average total deduction per tax return was \$9,727, a decline of 1.5% from 2008. A personal exemption credit is allowed for most taxpayers and dependents. This credit is indexed for inflation and is \$183 in 2012. The average total credits aken per tax return in 2009 was \$408, an increase of 4.9% over 2008.

Oregon also taxes some business income through the personal income tax system. Owners and shareholders of small businesses, like sole proprietors and S-corporations, pay personal income taxes on the profits from these businesses. In 2009, the total number of returns reporting either income or a loss from a sole proprietorship was 242,602, a 1.6% decrease from the prior year, and the total number of S-corporations was 58,310. The total amount of income that sole proprietors reported on 2009 full-year returns was \$2.7 billion (3.3% of total income). Recent trends in Oregon's small businesses can be seen on pages C27 and C28. Between 2000 and 2007, the number of sole proprietor returns increased by 20.5%, or 42,786; from 2007 to 2009, the number of

these returns declined by 3.4%, or 8,665. The number S-corporations increased by 33% (14,541) between 2000 and 2008, before declining by 0.5% (277) in 2009.

Personal income tax collections are the largest source of state tax revenue. Personal income tax collections are projected to comprise 87% of the total General Fund revenues in the 2011-13 biennium. (They were 84% of the total general fund revenues in the 2009-11 biennium.) The following chart shows the personal income tax collections since fiscal year 2001-02.



### **History**

In 1917 the Oregon Constitution was amended to allow a progressive income tax. In 1923 an income tax was adopted by the legislature and approved by a state wide vote. The tax was collected for only one year. A successful initiative petition repealed it in 1924.

Subsequent to 1924 three initiative petitions and a legislative referral failed at the polls. The 1929 legislature adopted an income tax dedicated to reducing the state property tax. The tax was brought to a vote by referendum. It was approved by the voters in 1930. By 1938 the state property tax was completely offset by income tax collections, and except for 1940, no state property tax has been collected since.

Here are some major changes in the tax since 1929:

- 1933 First rate and exemption change, designed to offset depression revenue losses, increased bottom rate from 1% to 2% and top rate from 5% to 7%.
- 1939 Rates changed again, top rate still 7% but hit at \$4,000 rather than \$5,000.
- 1943 "Walker Plan" adopted, designed to cope with additional revenue from increased wartime economic activity, reduced tax liability 5% for each extra \$1 million in taxes collected. It was modified in 1945, suspended in 1947 and repealed in 1949.
- 1947 Withholding on wages begins; new rates; 8% bracket added for income over \$8,000.
- 1953 Income tax placed into general fund rather than property tax relief account. Personal exemption set equal to federal exemption.

- 1955 45% surcharge imposed, in effect for 1955 and 1956.
- 1957 Rate structure changed, ranges from 3% at bottom to 9.5% for income over \$8,000.
- 1959 Special capital gains treatment begins.
- 1969 Federal income tax base adopted. Rate schedule adjusted, 4% to 10% for income over \$5,000.
- 1971 Planned federal increases in the personal exemption and standard deduction threaten Oregon revenue. Oregon freezes to IRC as of December 31, 1971.
- 1975 Oregon reconnects to federal code but maintains separate standard deduction and personal exemption.
- 1979 9% income tax refund for 1978 taxes. 2% surplus kicker created. Personal exemption increased and indexed for inflation.
- 1981 Federal changes threaten state revenue, Oregon freezes to federal code as of December 31, 1980. Personal exemption indexing delayed.
- 1982 Rates increased, 4.2% to 10.8%.
- 1983 Federal conformity updated to December 31, 1982, except for ACRS. \$85 personal tax credit replaces personal exemption.
- 1985 Rates revert to 4% to 10% structure. Oregon law fixed to federal code as of December 31, 1984.
- 1987 Federal conformity updated to December 31, 1986, connects Oregon to the 1986 federal tax reforms (including full taxation of capital gains). Tax rates reduced (5% to 9% over \$5,000), standard deduction increased.
- 1989 Federal conformity updated to December 31, 1988. Double weighted sales in apportionment formula.
- 1991 Federal conformity updated to December 31, 1990. Tax brackets indexed beginning in 1993. Taxed all pension income, with new retirement credit. Allows nonresident credit for tax paid to other states.
- 1993 Federal conformity updated to December 31, 1992.
- 1995 Federal conformity updated to April 15, 1995.
- 1997 Federal conformity updated to December 31, 1996 and permanently reconnected to future changes. Earned income credit adopted. Lottery jackpots subject to tax.
- 1998 Federal pension income is excluded from taxable income. Credit for long-term care insurance adopted.
- 2000 Federal tax subtraction increased from 3,000 to 5,000 effective 1/1/2002. Indexed for inflation beginning 2003.
- 2001 Standard deductions changed to \$1,640 for single filers and \$3,280 for joint filers effective 1/1/2002. Indexed for inflation beginning 2003. Working Family Childcare credit made refundable effective 1/1/2003.
- 2002 Phase-in the implementation of the higher federal tax subtraction. In 2002 the federal tax subtraction is \$3,250 and in 2003 it is \$3,500; it then increases \$500 annually until \$5,500 in 2007. Beginning in 2008 it is indexed to inflation.
- 2003 Federal conformity updated to December 31, 2002, except for changes in

depreciation, 179 expensing, deferred compensation plans, pension, employee stock ownership, deferred compensation, individual retirement plans, medical savings accounts, qualified tuition savings accounts or other tax-exempt savings programs. Eliminates the “rolling reconnect” for changes in federal tax law for 3 years until December 31, 2005. Re-establishes the “rolling reconnect” for changes in federal law pertaining to taxable income for federal tax law changes after December 31, 2005.

2005 Oregon’s earned income credit is increased to 6% of the federal credit beginning January 1, 2008. It is also made refundable for tax years 2006 through 2010. The residential energy tax credit is also expanded. New credits are created for volunteer emergency medical technicians and taxpayers who contribute to an individual development account.

2007 New compliance measures were passed pertaining to the use of listed and reportable transactions. A variety of tax credits were either created or modified, including a credit for donations to university venture development funds or the Oregon Production Investment Fund; producer and consumer biofuels credits; the business and residential energy credits; mobile home closure credit; and diesel truck engine credits. The refundability of the earned income credit was extended through tax year 2013 and the credit for donations to the Child Care Division was extended through 2012. Tax provisions pertaining to the military, veterans, and college savings accounts were enacted. The personal exemption credit was reduced for higher income filers. Withholding was established for certain nonresidents who sell Oregon real property.

2008 Clarifying language was added to the ORS for the business energy tax credit, the withholding requirement for nonresidents who sell Oregon real property, and the TRICARE tax credit.

2009 Sunset dates were placed on nearly all income tax credits; they were organized into three groups according to broad policy objectives. Those without a sunset date are the personal exemption credit, the credit for a claim of right income, and the credit for taxes paid to another state.

Federal conformity was updated to May 1, 2009, except for provisions relating to bonus depreciation, the discharge of indebtedness, and Section 179 expensing. Re-establishes the rolling reconnect on January 1, 2011.

The Assembly passed HB 2649 which increased tax rates for taxable income above \$125,000 for single filers and \$250,000 for joint filers. For single filers in tax years 2009 to 2011, income between \$125,000 and \$250,000 is taxed at 10.8% and income above \$250,000 is taxed at 11%; for joint filers, the brackets are \$250,000 and \$500,000. Also, the federal tax subtraction was phased-out for single filers above \$125,000 of income and for joint filers above \$250,000. After the Governor signed the bill, citizens referred it to the ballot for a special election in January 2010. Voters approved Measure 66, gathering 54% of ‘yes’ votes.

2010 Federal conformity was updated to December 31, 2009.

A number of changes were made to the Business Energy Tax Credit, including a limit to the amount of certifications for the renewable and manufacturing portions of the program, a reduction in subsidies for wind projects, an extension to six years for the time period over which renewable projects of more than \$10 million may take the credit, and the addition of battery and electric vehicle manufacturers to the manufacturing credit. The sunset for renewable and conservation projects is

extended to July 1, 2012 and is based on final certification. The sunset for manufacturing projects is extended to January 1, 2014 and is based on preliminary certification.

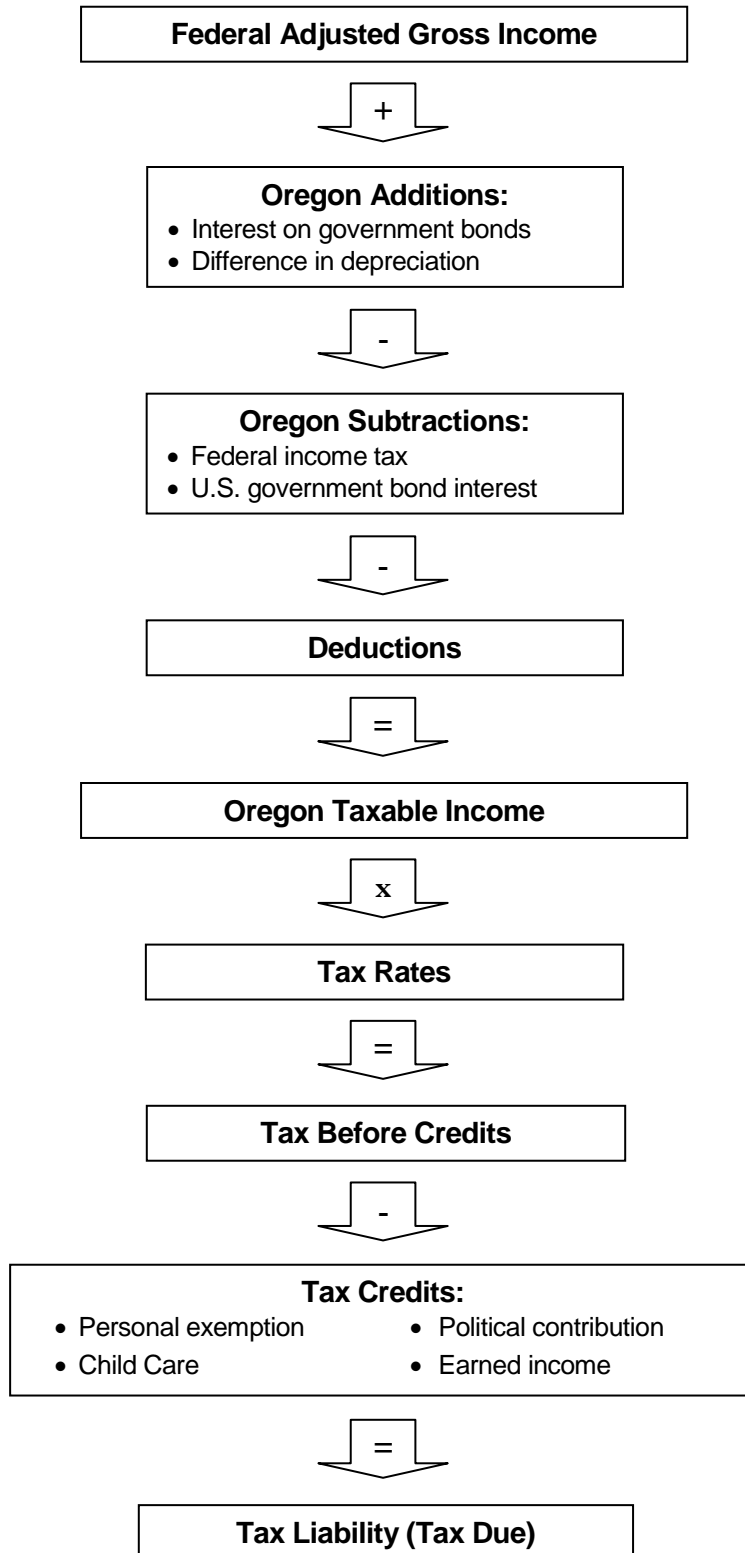
2011 Federal conformity was updated to December 31, 2010.

Several tax credits were extended, including credits for biomass, E-commerce zones, film & video, fish screening, and residential energy. The Business Energy Tax Credit was allowed to sunset and was replaced by separate credits for manufacturing, renewable energy, conservation, and transportation projects. The structure of the manufacturing credit was not changed, but the other three credits are continued at a much smaller magnitude.

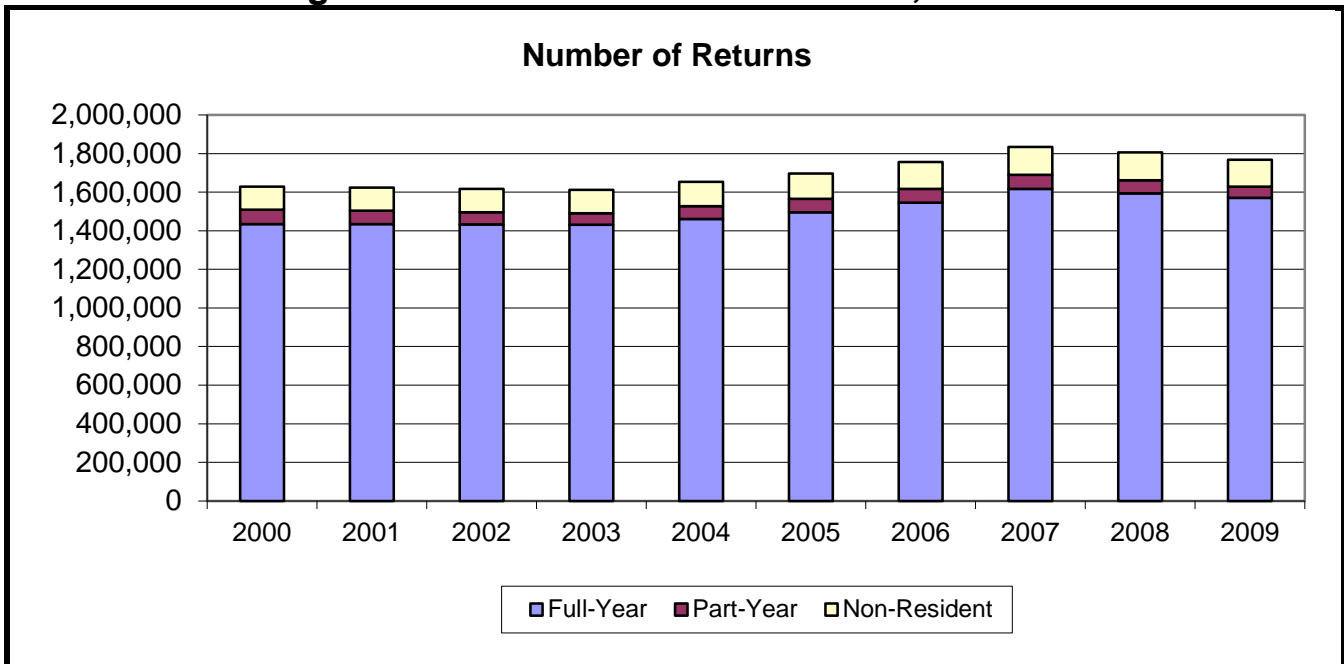
A new credit was created for qualified equity investments in low-income areas.

# Calculation of Oregon Personal Income Tax

(Full-Year Filers)



## Oregon Personal Income Tax Returns, 1990-2009

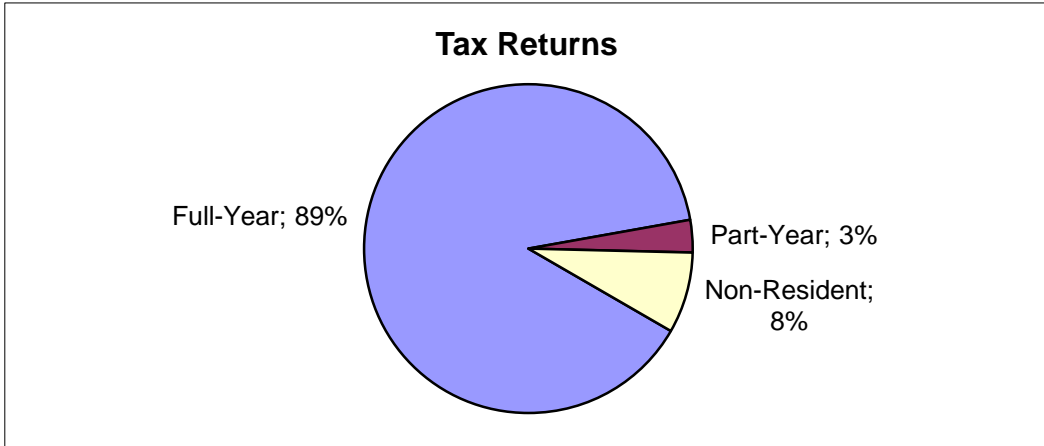


	Full-Year		Part-Year		Non-Resident		Total	
	Returns	Percent Change	Returns	Percent Change	Returns	Percent Change	Returns	Percent Change
1990	1,176,920		55,875		71,327		1,304,122	
1991	1,194,895	1.5%	53,748	-3.8%	75,044	5.2%	1,323,687	1.5%
1992	1,211,927	1.4%	54,073	0.6%	86,559	15.3%	1,352,559	2.2%
1993	1,235,970	2.0%	56,293	4.1%	89,569	3.5%	1,381,832	2.2%
1994	1,267,485	2.5%	60,338	7.2%	93,048	3.9%	1,420,871	2.8%
1995	1,302,656	2.8%	64,101	6.2%	100,257	7.7%	1,467,014	3.2%
1996	1,345,533	3.3%	68,560	7.0%	105,891	5.6%	1,519,984	3.6%
1997	1,381,479	2.7%	71,244	3.9%	110,416	4.3%	1,563,139	2.8%
1998	1,403,128	1.6%	70,983	-0.4%	113,288	2.6%	1,587,399	1.6%
1999	1,414,966	0.8%	70,617	-0.5%	117,267	3.5%	1,602,850	1.0%
2000	1,435,203	1.4%	73,812	4.5%	119,398	1.8%	1,628,413	1.6%
2001	1,434,864	0.0%	68,518	-7.2%	120,611	1.0%	1,623,993	-0.3%
2002	1,432,971	-0.1%	62,719	-8.5%	121,010	0.3%	1,616,700	-0.4%
2003	1,430,750	-0.2%	60,535	-3.5%	120,500	-0.4%	1,611,785	-0.3%
2004	1,461,735	2.2%	65,632	8.4%	125,836	4.4%	1,653,203	2.6%
2005	1,495,091	2.3%	71,005	8.2%	131,070	4.2%	1,697,166	2.7%
2006	1,546,097	3.4%	71,711	1.0%	137,760	5.1%	1,755,568	3.4%
2007	1,617,135	4.6%	73,443	2.4%	144,517	4.9%	1,835,095	4.5%
2008	1,593,363	-1.5%	67,919	-7.5%	144,561	0.0%	1,805,843	-1.6%
2009	1,571,302	-1.4%	56,544	-16.7%	140,551	-2.8%	1,768,397	-2.1%

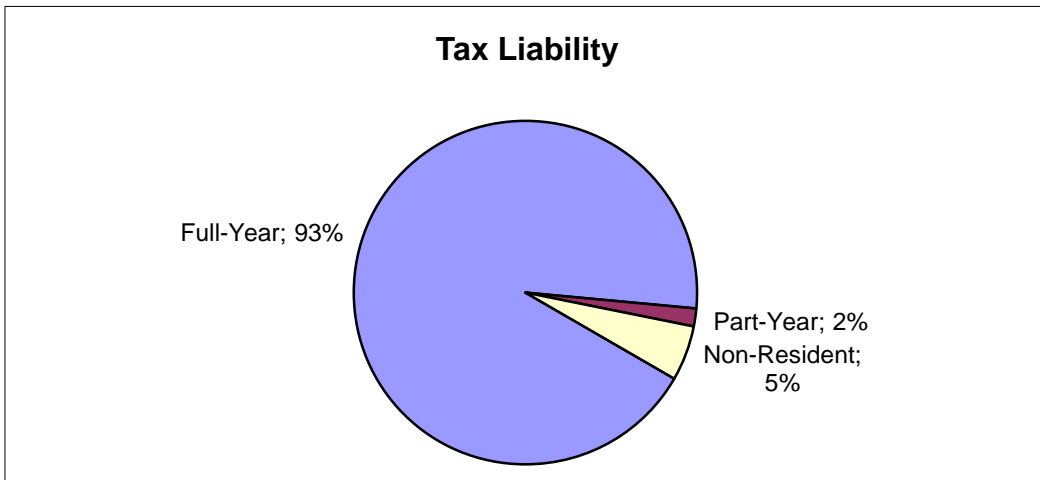


## Oregon Tax Returns and Tax Liability

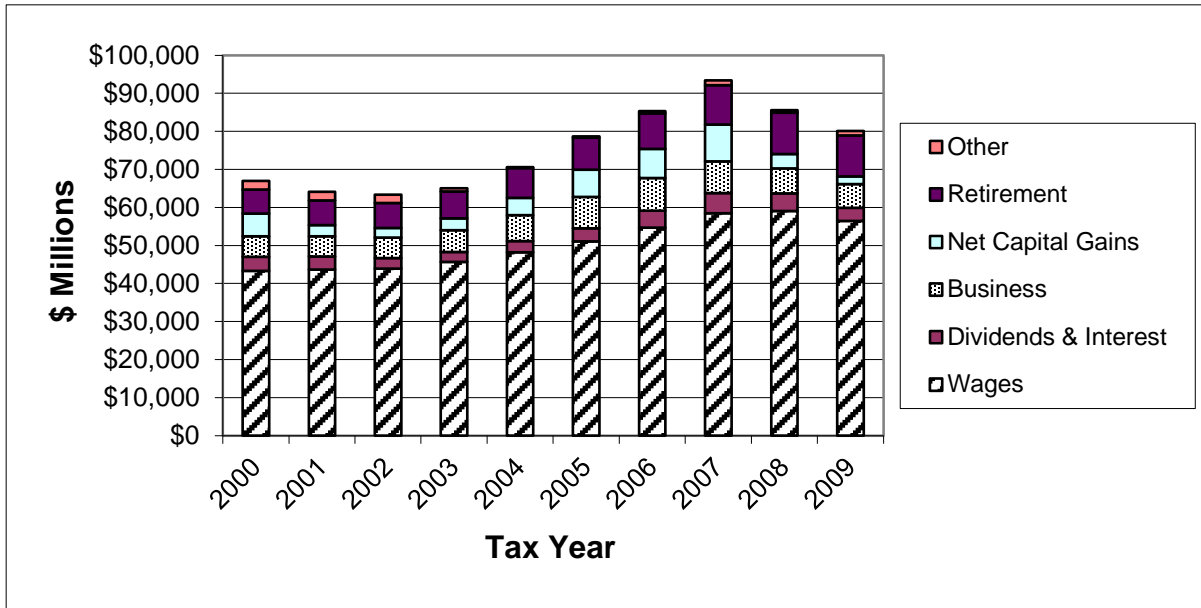
Tax Year 2009, by Type of Return



	Oregon Income		Tax Liability	
	Amount	Share	Amount	Share
Full-Year	1,571,302	88.9%	\$4,313.7	93.1%
Part-Year	56,544	3.2%	\$77.8	1.7%
Non-Resident	140,551	7.9%	\$239.5	5.2%
	1,768,397	100.0%	\$4,631.0	100.0%



## Components of Income, 1990-2009 (Full-Year Returns)



	<b>Wages</b>	<b>Dividends &amp; Interest</b>	<b>Business</b>	<b>Net Capital Gains</b>	<b>Retirement</b>	<b>Other<sup>1</sup></b>	<b>Gross Income</b>
<b>1990</b>	\$22,993	\$3,023	\$2,859	\$1,183	\$2,164	\$810	\$33,031
<b>1991</b>	\$24,195	\$2,891	\$2,959	\$1,172	\$2,444	\$836	\$34,497
<b>1992</b>	\$25,867	\$2,547	\$3,503	\$1,450	\$2,654	\$971	\$36,992
<b>1993</b>	\$27,317	\$2,450	\$4,044	\$2,109	\$2,863	\$898	\$39,681
<b>1994</b>	\$29,004	\$2,418	\$4,418	\$1,970	\$3,223	\$1,014	\$42,046
<b>1995</b>	\$31,036	\$2,923	\$4,578	\$2,178	\$3,585	\$1,353	\$45,653
<b>1996</b>	\$33,546	\$3,142	\$4,936	\$2,913	\$3,944	\$1,452	\$49,934
<b>1997</b>	\$35,958	\$3,299	\$5,303	\$4,127	\$4,666	\$2,077	\$55,430
<b>1998</b>	\$38,072	\$3,336	\$5,301	\$4,747	\$5,190	\$1,839	\$58,485
<b>1999</b>	\$40,094	\$3,461	\$5,560	\$5,408	\$5,716	\$2,272	\$62,510
<b>2000</b>	\$43,294	\$3,733	\$5,370	\$5,987	\$6,304	\$2,295	\$66,983
<b>2001</b>	\$43,677	\$3,441	\$5,323	\$2,914	\$6,458	\$2,279	\$64,092
<b>2002</b>	\$43,926	\$2,724	\$5,413	\$2,494	\$6,620	\$2,136	\$63,313
<b>2003</b>	\$45,671	\$2,624	\$5,687	\$3,109	\$7,136	\$825	\$65,052
<b>2004</b>	\$48,222	\$2,949	\$6,796	\$4,502	\$7,849	\$291	\$70,609
<b>2005</b>	\$51,051	\$3,431	\$8,235	\$7,158	\$8,497	\$285	\$78,657
<b>2006</b>	\$54,698	\$4,466	\$8,579	\$7,650	\$9,330	\$570	\$85,292
<b>2007</b>	\$58,487	\$5,301	\$8,338	\$9,636	\$10,368	\$1,232	\$93,362
<b>2008</b>	\$59,050	\$4,607	\$6,586	\$3,834	\$10,822	\$663	\$85,562
<b>2009</b>	\$56,450	\$3,428	\$6,250	\$2,018	\$10,767	\$1,212	\$80,126

<sup>1</sup> A technical change in 2003 resulted in the majority of "other" income being assigned to the listed categories.

**2009 TOTAL INCOME AND TAX (\$000)**

AGI Distribution	Full-Year Returns										Part-Year and Nonresident Returns		
	AGI Level (\$000)	Number of Returns	Number of Exemptions	Adjusted Gross Income	Additions	Subtractions	Deductions	Taxable Income	Gross Tax	Credits	Net Tax	Number of Returns	Taxable Income
Less than zero	28,047	45,542	-2,012,459	67,340	36,420	373,927	8,768	791	548	243	11,237	868	31
0-5	114,235	107,575	299,218	8,321	14,448	394,046	90,112	4,630	3,510	1,120	52,502	64,192	2,051
5-10	131,577	171,819	988,208	8,198	35,446	536,017	549,846	31,372	21,354	10,018	25,184	131,240	4,870
10-15	130,845	217,038	1,634,071	8,785	72,978	639,516	1,031,142	66,332	37,079	29,253	16,499	150,345	6,776
15-20	124,184	231,556	2,168,628	9,265	132,121	656,358	1,464,698	101,053	45,361	55,692	12,767	166,472	8,367
20-25	113,092	221,803	2,539,464	9,935	194,313	644,829	1,767,953	128,352	45,887	82,465	10,858	181,057	10,070
25-30	98,114	196,119	2,692,703	9,409	244,665	621,012	1,880,869	141,527	40,978	100,549	8,921	183,631	10,912
30-35	86,107	175,394	2,792,579	10,077	281,769	616,237	1,942,268	149,580	35,856	113,724	7,798	190,575	12,093
35-40	75,337	156,132	2,820,731	9,820	306,502	601,008	1,950,892	152,798	30,919	121,879	6,735	189,390	12,489
40-45	67,135	142,550	2,849,423	9,780	342,762	600,807	1,941,342	153,881	27,689	126,192	6,003	192,174	13,128
45-50	59,513	129,754	2,824,388	10,103	354,590	588,971	1,912,897	153,084	24,948	128,136	5,218	186,764	13,007
50-60	104,085	237,655	5,710,687	19,802	776,825	1,185,485	3,806,485	307,807	45,378	262,429	8,475	351,699	25,283
60-70	87,140	209,668	5,649,994	20,076	781,957	1,144,333	3,771,208	308,663	40,155	268,508	6,251	308,552	22,665
70-80	71,434	180,178	5,345,193	17,025	732,916	1,053,321	3,597,133	297,370	35,058	262,312	4,647	266,847	19,949
80-90	57,842	150,701	4,905,724	16,286	647,479	935,263	3,353,386	279,724	29,727	249,997	3,229	212,270	16,130
90-100	45,587	121,893	4,320,970	14,314	533,995	800,470	3,010,696	253,177	24,557	228,620	2,382	177,037	13,583
100-250	156,363	438,591	21,689,079	100,672	1,859,516	3,506,410	16,448,574	1,420,259	102,744	1,317,515	7,131	806,776	63,025
250-500	15,396	45,378	5,120,173	61,289	118,329	626,067	4,442,288	411,133	20,052	391,081	823	242,058	20,117
500 +	5,269	15,337	6,378,667	162,086	106,708	579,547	5,857,667	615,173	51,198	563,975	435	507,731	42,771
<b>Quintile Distribution</b>													
First 20%	314,272	387,668	-289,926	86,407	105,060	1,490,442	914,201	53,119	35,276	17,843	39,420	14,704	521
Second 20%	314,241	580,967	5,574,633	24,415	352,729	1,673,652	3,766,523	262,284	112,837	149,447	39,419	117,246	3,921
Middle 20%	314,273	641,646	10,349,305	36,020	1,065,620	2,280,156	7,172,500	553,306	130,419	422,887	39,417	388,947	17,648
Fourth 20%	314,261	726,712	18,050,740	62,464	2,425,860	3,700,753	12,095,557	982,095	139,415	842,680	39,421	918,476	57,571
Next 15%	235,691	631,239	23,304,273	81,587	2,716,255	4,214,217	16,502,213	1,393,393	129,389	1,264,004	29,563	1,404,511	103,197
Next 4%	62,851	180,132	11,550,043	72,024	729,587	1,714,031	9,190,761	805,626	49,668	755,958	7,885	783,295	60,865
Top 1%	15,713	46,319	10,178,370	209,665	178,625	1,030,374	9,186,467	926,881	65,994	860,887	1,970	882,501	73,595
<b>Total</b>	<b>1,571,302</b>	<b>3,194,683</b>	<b>78,717,439</b>	<b>572,582</b>	<b>7,573,737</b>	<b>16,103,623</b>	<b>58,828,223</b>	<b>4,976,704</b>	<b>662,998</b>	<b>4,313,706</b>	<b>197,095</b>	<b>4,509,679</b>	<b>317,318</b>

**2009 AVERAGE INCOME AND TAX**

AGI Distribution	Full-Year Returns										Part-Year and Nonresident Returns		
	AGI Level (\$000)	Number of Returns	Number of Exemptions	Adjusted Gross Income	Additions	Subtractions	Deductions	Taxable Income	Gross Tax	Credits	Net Tax	Number of Returns	Taxable Income
Less than zero	28,047	1.6	-71,753	2,401	1,299	13,332	313	28	20	9	11,237	77	3
0-5	114,235	0.9	2,619	73	126	3,449	789	41	31	10	52,502	1,223	39
5-10	131,577	1.3	7,510	62	269	4,074	4,179	238	162	76	25,184	5,211	193
10-15	130,845	1.7	12,489	67	558	4,888	7,881	507	283	224	16,499	9,112	411
15-20	124,184	1.9	17,463	75	1,064	5,285	11,795	814	365	448	12,767	13,039	655
20-25	113,092	2.0	22,455	88	1,718	5,702	15,633	1,135	406	729	10,858	16,675	927
25-30	98,114	2.0	27,445	96	2,494	6,329	19,170	1,442	418	1,025	8,921	20,584	1,223
30-35	86,107	2.0	32,431	117	3,272	7,157	22,556	1,737	416	1,321	7,798	24,439	1,551
35-40	75,337	2.1	37,442	130	4,068	7,978	25,896	2,028	410	1,618	6,735	28,120	1,854
40-45	67,135	2.1	42,443	146	5,106	8,949	28,917	2,292	412	1,880	6,003	32,013	2,187
45-50	59,513	2.2	47,458	170	5,958	9,897	32,143	2,572	419	2,153	5,218	35,792	2,493
50-60	104,085	2.3	54,866	190	7,463	11,390	36,571	2,957	436	2,521	8,475	41,498	2,983
60-70	87,140	2.4	64,838	230	8,974	13,132	43,278	3,542	461	3,081	6,251	49,360	3,626
70-80	71,434	2.5	74,827	238	10,260	14,745	50,356	4,163	491	3,672	4,647	57,423	4,293
80-90	57,842	2.6	84,812	282	11,194	16,169	57,975	4,836	514	4,322	3,229	65,739	4,995
90-100	45,587	2.7	94,785	314	11,714	17,559	66,043	5,554	539	5,015	2,382	74,323	5,702
100-250	156,363	2.8	138,710	644	11,892	22,425	105,195	9,083	657	8,426	7,131	113,136	8,838
250-500	15,396	2.9	332,565	3,981	7,686	40,664	288,535	26,704	1,302	25,401	823	294,117	24,443
500 +	5,269	2.9	1,210,603	30,762	20,252	109,992	1,111,723	116,753	9,717	107,036	435	1,167,198	98,324
<b>Quintile Distribution</b>													
First 20%	314,272	1.2	-923	275	334	4,743	2,909	169	112	57	39,420	373	13
Second 20%	314,241	1.8	17,740	78	1,122	5,326	11,986	835	359	476	39,419	2,974	99
Middle 20%	314,273	2.0	32,931	115	3,391	7,255	22,823	1,761	415	1,346	39,417	9,867	448
Fourth 20%	314,261	2.3	57,439	199	7,719	11,776	38,489	3,125	444	2,681	39,421	23,299	1,460
Next 15%	235,691	2.7	98,876	346	11,525	17,880	70,016	5,912	549	5,363	29,563	47,509	3,491
Next 4%	62,851	2.9	183,769	1,146	11,608	27,271	146,231	12,818	790	12,028	7,885	99,340	7,719
Top 1%	15,713	2.9	647,767	13,343	11,368	65,575	584,641	58,988	4,200	54,788	1,970	447,970	37,358
<b>Total</b>	<b>1,571,302</b>	<b>2.0</b>	<b>50,097</b>	<b>364</b>	<b>4,820</b>	<b>10,249</b>	<b>37,439</b>	<b>3,167</b>	<b>422</b>	<b>2,745</b>	<b>197,095</b>	<b>22,881</b>	<b>1,610</b>

## 2009 SOURCES OF INCOME (\$'000)

AGI Distribution	Full-Year Returns											
	AGI Level (\$'000)	Number of Returns	Wages, Salaries, Tips	Taxable Dividends and Interest	Schedule C Income/Loss	Capital Gains / Loss	Taxable Pensions	Schedule E Income/Loss <sup>1</sup>	Schedule F Income/Loss	All Other Income <sup>2</sup>	Gross Income	Adjustments
Less than zero	28,047	211,174	160,075	-161,885	74,346	77,055	-1,139,590	-106,519	-1,091,056	-1,976,401	36,057	-2,012,458
0-5	114,235	248,087	45,731	28,877	-18,370	38,928	-16,373	-5,605	2,511	323,785	24,568	299,218
5-10	131,577	674,264	79,828	88,512	-12,746	137,426	-6,096	-7,627	69,943	1,023,503	35,295	988,208
10-15	130,845	1,067,251	102,173	125,466	-8,959	261,343	217	-7,050	130,159	1,670,601	36,530	1,634,071
15-20	124,184	1,515,966	97,715	116,666	-5,906	315,168	2,563	-8,222	173,788	2,207,739	39,111	2,168,628
20-25	113,092	1,854,454	90,745	109,203	1,886	327,572	193	-8,383	206,166	2,581,837	42,373	2,539,464
25-30	98,114	2,021,539	86,247	98,522	-956	363,648	11,318	-7,319	162,951	2,735,950	43,247	2,692,703
30-35	86,107	2,130,241	83,186	96,245	3,153	383,836	12,429	-7,338	136,352	2,838,104	45,525	2,792,579
35-40	75,337	2,169,538	81,466	86,861	1,865	393,288	15,992	-8,187	124,256	2,865,079	44,349	2,820,731
40-45	67,135	2,178,616	78,221	85,277	3,484	424,469	19,354	-7,568	112,414	2,894,266	44,843	2,849,423
45-50	59,513	2,156,439	79,424	77,244	5,531	429,436	22,771	-6,882	104,128	2,868,090	43,702	2,824,388
50-60	104,085	4,268,384	164,549	152,081	13,670	961,717	57,167	-13,633	191,888	5,795,824	85,137	5,710,687
60-70	87,140	4,213,480	161,338	141,469	19,776	976,400	63,985	-12,887	163,541	5,727,104	77,110	5,649,994
70-80	71,434	3,972,402	150,680	125,181	24,620	937,678	78,215	-11,293	137,329	5,414,811	69,618	5,345,193
80-90	57,842	3,646,247	136,381	113,784	29,109	851,770	88,463	-10,246	112,782	4,968,292	62,568	4,905,724
90-100	45,587	3,228,338	120,434	103,495	27,676	720,027	93,399	-8,271	92,676	4,377,773	56,803	4,320,970
100-250	156,363	15,764,470	737,944	784,876	394,060	2,800,773	1,226,606	-22,982	380,977	22,066,725	377,646	21,689,079
250-500	15,396	3,053,511	284,583	304,123	291,448	264,906	968,591	-1,363	95,070	5,260,869	140,697	5,120,173
500 +	5,269	2,075,983	687,627	177,456	1,174,604	101,818	2,097,054	-11,074	178,723	6,482,190	103,523	6,378,667
<b>Quintile Distribution</b>												
First 20%	314,272	1,417,406	315,578	-10,007	40,086	321,359	-1,161,893	-122,118	-984,199	-183,788	106,137	-289,925
Second 20%	314,241	3,907,431	249,207	303,485	-9,127	793,424	2,153	-20,207	451,007	5,677,374	102,741	5,574,633
Middle 20%	314,273	7,874,604	310,660	346,629	5,239	1,437,826	52,548	-28,885	515,621	10,514,241	164,936	10,349,305
Fourth 20%	314,261	13,542,779	509,907	467,890	52,729	3,011,850	189,345	-41,416	576,935	18,310,018	259,278	18,050,740
Next 15%	235,691	17,424,536	667,788	596,419	187,748	3,718,918	591,221	-42,530	484,007	23,628,106	323,833	23,304,273
Next 4%	62,851	7,984,791	471,051	542,456	335,778	1,205,025	1,061,515	-3,941	195,270	11,791,944	241,901	11,550,043
Top 1%	15,713	4,298,836	904,155	406,581	1,405,839	278,856	2,861,370	-13,350	245,959	10,388,245	209,875	10,178,370
<b>Total</b>	<b>1,571,302</b>	<b>56,450,382</b>	<b>3,428,345</b>	<b>2,653,452</b>	<b>2,018,291</b>	<b>10,767,258</b>	<b>3,596,259</b>	<b>-272,448</b>	<b>1,484,599</b>	<b>80,126,139</b>	<b>1,408,701</b>	<b>78,717,438</b>

<sup>1</sup>Schedule E income includes: rental real estate, royalties, partnerships, S corporations, and trusts.

<sup>2</sup>All other income includes: taxable state income tax refunds, alimony received, unemployment compensation, and other income.

**Corporate Income and Excise Taxes**

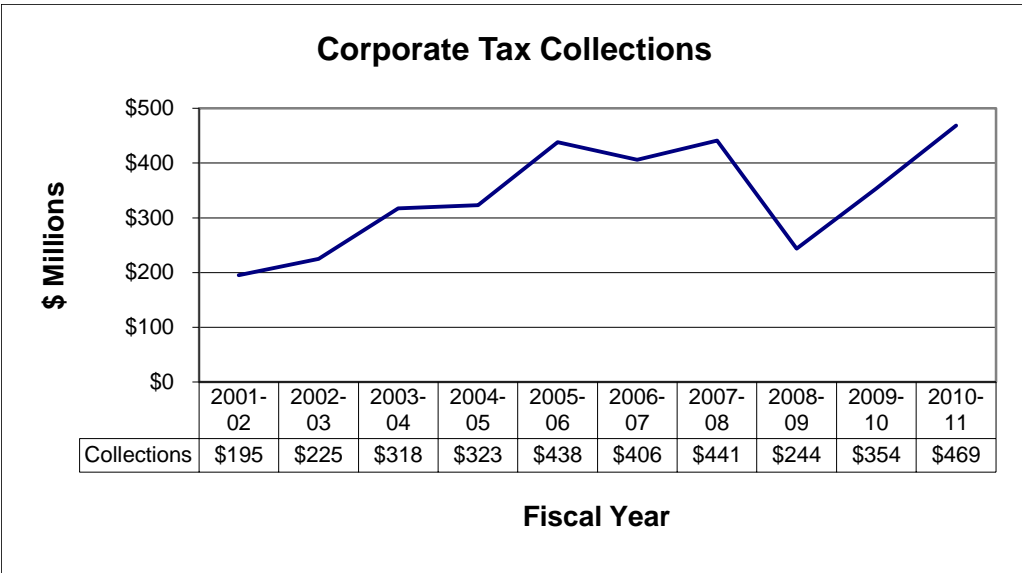
Historically, C-Corporation net income attributable to Oregon has been taxed under the corporate excise tax at the rate of 6.6%. In January 2010, voters passed Measure 67 which, in part, increased the minimum tax on C-corporations and added another tax bracket for income above \$250,000. For tax years 2009 and 2010, the top rate in 7.9%. For 2011 and 2012, the top rate falls to 7.6%. Then beginning in 2013, the top rate only applies to income above \$10 million. The tables below show the tax brackets for 2011 and the new minimum tax.

**2012 TAX YEAR RATE SCHEDULE**

C-Corporations	
Taxable Income	Tax Before Credits
Not over \$250,000	6.6% of taxable income
Over \$250,000	\$16,500 + 7.6% of income over \$250,000

C-Corporate Alternative Minimum Tax	
Oregon Sales (\$)	Minimum Tax
< \$500,000	\$150
\$500,000 to \$1 Million	\$500
\$1 Million to \$2 Million	\$1,000
\$2 Million to \$3 Million	\$1,500
\$3 Million to \$5 Million	\$2,000
\$5 Million to \$7 Million	\$4,000
\$7 Million to \$10 Million	\$7,500
\$10 Million to \$25 Million	\$15,000
\$25 Million to \$50 Million	\$30,000
\$50 Million to \$75 Million	\$50,000
\$75 Million to \$100 Million	\$75,000
\$100 Million or more	\$100,000

The corporate excise tax is the second largest tax source for the state General Fund. The corporate tax revenue is projected to provide 6.0% of General Fund revenue in the 2011-13 biennium. (They were 6.6% of the total general fund revenues in the 2009-11 biennium.) Oregon uses federal taxable income, with some modifications, as its tax base. The following chart shows the corporate tax collections since fiscal year 2001-02.



Corporations pay taxes only on income attributable to Oregon. For multi-state C-corporations, a three-factor formula using property, payroll and sales has been historically used to apportion income to Oregon. Over the past 20 years the formula weights have changed from an equally weighted formula (used prior to 1991) to a one-hundred percent weighted sales formula (for tax

years beginning on or after July 1, 2005) that is used by most corporations.<sup>1</sup> The following table contains the corporate apportionment formula weights for each factor and their effective dates.

### Apportionment Formula Weights

Tax Year Beginning	Sales	Payroll	Property
12/31/1990 and earlier	33%	33%	33%
1/1/1991 to 4/30/2003	50%	25%	25%
5/1/2003 to 6/30/2005	80%	10%	10%
7/1/2005 to current	100%	0%	0%

C-corporations can be divided into two groups: corporations which do business only in Oregon and those which do business in multiple states. In 2009, the total number of Oregon only corporate returns was 19,030 (60% of all 31,890 C-corporations) and the total number of multi-state corporations was 12,860 (40% of all 31,890 C-corporations). The total taxable income of multi-state corporations was \$4.5 billion (92% of total taxable income) and total taxable income of Oregon only corporations was \$0.4 billion (8% of total taxable income). Page C22 illustrates the trends in the Oregon only and multi-state corporations between 2000 and 2009. During this time period, the number of Oregon only corporations has declined by 27% while the number of multi-state corporations has increased by 3%.

S-corporations do not generally pay tax at the entity level, but are required to file a corporate tax return. Nearly 60,000 S-corporations currently file tax returns, with almost every one (99.7%) paying the minimum tax. The remaining 0.3% of S-corporations have a tax liability greater than the minimum due to built-in capital gains or net excess passive income.

### **History**

The corporate excise tax was enacted in 1929 with the Personal Income Tax. Initially the Corporate Excise Tax was intended to not only raise revenues to alleviate the State Property Tax but also to provide a means of imposing a state tax on national banks, which had been declared exempt from state property taxes in 1925.<sup>2</sup>

Here are some major changes, excluding changes to tax deductions and credits, in the income and excise corporate tax law since its enactment:

**1929**            The legislature passed a law titled the Corporate Excise of 1929 which enacted a corporate excise tax on corporations doing business within the state of Oregon. The tax rate was set at 5%, with a few corporations being exempt. The corporate minimum tax was set at \$25. The excise tax was measured by net income in order to circumvent the federal prohibition against taxation of income from federal securities. Because the tax was designed to furnish property tax relief and also be a state tax imposed upon national banks, corporations were allowed to offset 90% of their tax liability by the amount of personal property tax paid. The corporate apportionment formula was to be decided by tax commission regulations. Generally, the tax commission adopted a three factor formula based on the amount of property, payroll

<sup>1</sup> The one exception is that utilities and telecommunications corporations may elect to use the double-weighted sales formula.

<sup>2</sup> Handbook Of Oregon State Taxes, Oregon Tax Foundation, May 1983

and sales of the corporation in Oregon equally weighted.

- 1931 Tax rate increased to 8%. Corporate minimum tax was reduced to \$10.
- 1933 Personal property offset reduced from 90% to 75% of State Excise Tax liability.
- 1939 A law change added segregated accounting or apportionment as reporting methods as defined by rules and regulations adopted by the Oregon State Tax Commission. Personal property offset was reduced from 75% to 50% of State Excise Tax liability.
- 1943 "Walker Plan" enacted which permitted a reduction in the Personal Income and Corporate Excise Taxes when a state budget surplus occurred. Tax Liabilities discounted 75% in 1943 and 30% in 1944 as provided by the "Walker Plan" law.
- 1951 Revenues from the Corporate Excise Tax were directed into the General Fund rather than as an offset to the statewide property tax levy.
- 1955 A 8% corporate income tax was enacted to cover two classes of corporations not covered by the excise tax: those doing business only in interstate commerce and those with no property or offices in the state but which solicit orders from users of their products within the state. Public utilities were subject to taxation at a 4% rate. The corporate tax of 8% was assessed on the earnings of corporations deriving 95% or more of their income from rental of real property or whose assets consist of at least 95% or more of real property.
- 1957 Business corporate tax rate decreased to 6%. Financial corporation rate increased to 9%. Public utilities rate increased to 7%. Personal property tax offset was eliminated for all corporations except those corporations engaged primarily in manufacturing, processing or assembling materials into finished products and their offset was reduced from 50% to 33%.
- 1959 Federal Public Law 86-272 was enacted to allow some corporations to be exempt from state taxes when the corporation's only business activity is the solicitation of orders for the sale of tangible personal property. Public utilities and other centrally assessed corporations were brought under the regular corporate excise tax law. Certain exempt corporations (labor, and agriculture; religious, charitable, etc.; business and civic leagues) made taxable on "unrelated business income."
- 1963 Financial institution tax rate decreased to 8%. Exempted People's Public Utility Districts from the Corporate Excise Tax.
- 1965 U.S. court cases influenced the legality of using worldwide apportionment in states from the early 1960s. Oregon had an equally weighted three-factor corporate apportionment formula for multi-state corporations and the Uniform Division of Income For Tax Purposes Act was adopted into the Oregon statutes in 1965.
- 1967 The legislature adopted the Multi-state Tax Compact to have consistent tax provisions among states.
- 1971 Depreciation options were frozen at 1970 levels to compensate for revenue losses resulting from the use of Federal asset depreciation range schedules. Federal government passed the Domestic International Sales Corporation (DISC) law which provided a tax deferral for the export earnings of multi-national corporation.
- 1973 Semi-annual estimated tax payments required for corporations beginning Jan. 1, 1974. Imposed corp. excise tax on real estate investment trusts (REIT).
- 1975 Supreme Court ruling on Coca-Cola case upheld combined reporting for tax years



- 1962-1964. The ruling stated that the Oregon State Tax Commission had authority to permit or require corporations to use either segregated accounting or apportionment, even though there was no specific reference to a combined reporting in the law. The legislature adopted a combined reporting law which clearly stated the current practice by the Dept. of Revenue. Credit unions are taxed on their unrelated business income.
- 1976 All corporations taxed at the same rate, 6.5% for 1976.
- 1977 All corporations taxed at the same rate, 7% for 1977 and 7.5% for subsequent years.
- 1977 Use of Federal depreciation options allowed.
- 1980 Personal property tax offset expired.
- 1981 Depreciation schedules frozen at 1980 levels for two years, to compensate State budget for revenue losses resulting from changes in Federal law.
- 1982 Quarterly estimated tax payments required beginning Jan. 1, 1982.
- 1983 Corporate tax law in Oregon tied to federal tax law enacted as of Dec. 31, 1982. Enactment of the corporate dividend exclusion.
- 1984 The legislature adopted a "Waters Edge" unitary reporting requirement instead of a worldwide reporting requirement. Only business in the U.S. would be reported on a consolidated federal corporate tax return of both U.S. and foreign corporations. Corporations filing a consolidated federal return are required to file an Oregon consolidated return. Provides 85% corporate dividend exclusion.
- 1985 Oregon corporate and personal tax law tied to federal tax law as in effect Dec. 31, 1984, including Tax Reform Act of 1984 (TRA). The legislature chose not to connect to the federal law changes in the Foreign Sales Corporation (FSC) law change which repealed the Domestic International Sales Corporation (DISC) laws. Oregon added back the income earned by Foreign Sales Corporations to the multi-national corporations' taxable income. Provides 100% corporate dividend exclusion.
- 1987 Oregon tied to the Internal Revenue Code as amended on or before Dec. 31, 1986. Reduced the corporate tax rate from 7.5% to 6.6% beginning Jan. 1, 1987.
- 1989 Corporate excise tax law tied to the Internal Revenue Code as amended on or before Dec.31,1988. Add S-corporations to the corporations required to pay the corporate minimum tax. Oregon shifts to a doubled weighted sales corporate apportionment formula beginning tax years on or after Jan.1,1991. Dividend deduction is allowed for 70% on dividends received from a corporation owned less than 20%. 80% exclusion is allowed on dividends received from 20% or more owned corporations.
- 1991 Corporate tax law tied to the Internal Revenue Code as of Dec. 31, 1990.
- 1993 Corporate tax law tied to the Internal Revenue Code as of Dec. 31, 1992.
- 1995 Corporate tax law tied to the Internal Revenue Code as of April 15, 1995.
- 1997 Oregon establishes "rolling reconnect" for federal changes made after April 15, 1997.
- 2000 The federal government passed the Exterritorial Income Act (ETI) which replaced the foreign sales corporate laws which were found to be an unfair trade practice by the World Trade Organization. Due to Oregon's automatic connection to the federal definition of taxable income, Oregon excluded exterritorial income from the taxable income of multi-national corporations. Prior to 2000, Oregon included the income of foreign sales corporations in the definition of taxable income.

- 2001 Oregon moved to a “super sales” corporate apportionment formula where the sales factor was weighted (.8) and payroll and property factors are each weighted (.1). This applied for corporate tax years beginning May1, 2003.
- 2003 Oregon will increase the sales factor of the corporate apportionment formula to (.9) and payroll and property factors are each (.05). This will apply to corporate tax years beginning July 1, 2006. Oregon will adopt a single sales corporate apportionment formula (100% sales) beginning corporate tax years after July 1, 2008. Established a date specific connection to federal tax law, as in effect on Dec. 31, 2002, for federal law changes occurring in 2003-2005 except for federal law changes pertaining to the following: depreciation, 179 expensing, pension, employee stock ownership, deferred compensation, individual retirement plans, medical savings accounts, education IRAs, qualified tuition savings accounts or other tax-exempt savings programs. Re-establishes the “rolling reconnect” for changes in federal law pertaining to taxable income for federal law changes after December 31, 2005.
- 2005 The corporate single-sales apportionment formula became effective for tax years beginning on or after July 1, 2005. The maximum research and development tax credit increased to \$2 million, beginning January 1, 2006.
- 2007 New compliance measures were passed pertaining to the use of listed and reportable transactions. The apportionment formula for insurance companies was changed to a single sales factor. A variety of tax credits were either created or modified, including a credit for donations to university venture development funds or the Oregon Production Investment Fund; biofuels producer credit; the business energy credit; diesel truck engine credits; and affordable housing loans credit. A one time small corporation tax credit was created for tax year 2007. Withholding was established for certain C-corporations that sell Oregon real property.
- 2008 Clarifying language was added to the ORS for the business energy tax credit, and the withholding requirement for certain C-corporations that sell Oregon real property. The cap on the affordable housing credit was increased to \$17 million.
- 2009 Sunset dates were placed on nearly all income tax credits; they were organized into three groups according to broad policy objectives.
- Federal conformity was updated to May 1, 2009, except for provisions relating to bonus depreciation, the discharge of indebtedness, and Section 179 expensing. Re-establishes the rolling reconnect on January 1, 2011.
- The Assembly passed HB 3505 which added a second tax bracket for taxable income above \$250,000. For tax years 2009 and 2010, the top rate is 7.9%; for tax years 2011 and 2012, the top tax rate is 7.6%. Beginning with tax year 2013, the top rate of 7.6% applies only to income exceeding \$10 million. The C-corporation minimum tax was changed from a flat \$10 to an amount ranging between \$150 and \$100,000, depending on the level of Oregon sales. After the Governor signed the bill citizens referred it to the ballot for a special election in January 2010. Voters approved Measure 67, gathering 53% of ‘yes’ votes.
- 2010 Federal conformity was updated to December 31, 2009.
- A number of changes were made to the Business Energy Tax Credit, including a limit to the amount of certifications for the renewable and manufacturing portions of the program, a reduction in the subsidies for wind projects, an extension to six years for the time period over which renewable projects of more than \$10 million may take the

credit, and the addition of battery and electric vehicle manufacturers to the manufacturing credit. The sunset for renewable and conservation projects is extended to July 1, 2012 and is based on final certification. The sunset for manufacturing projects is extended to January 1, 2014 and is based on preliminary certification.

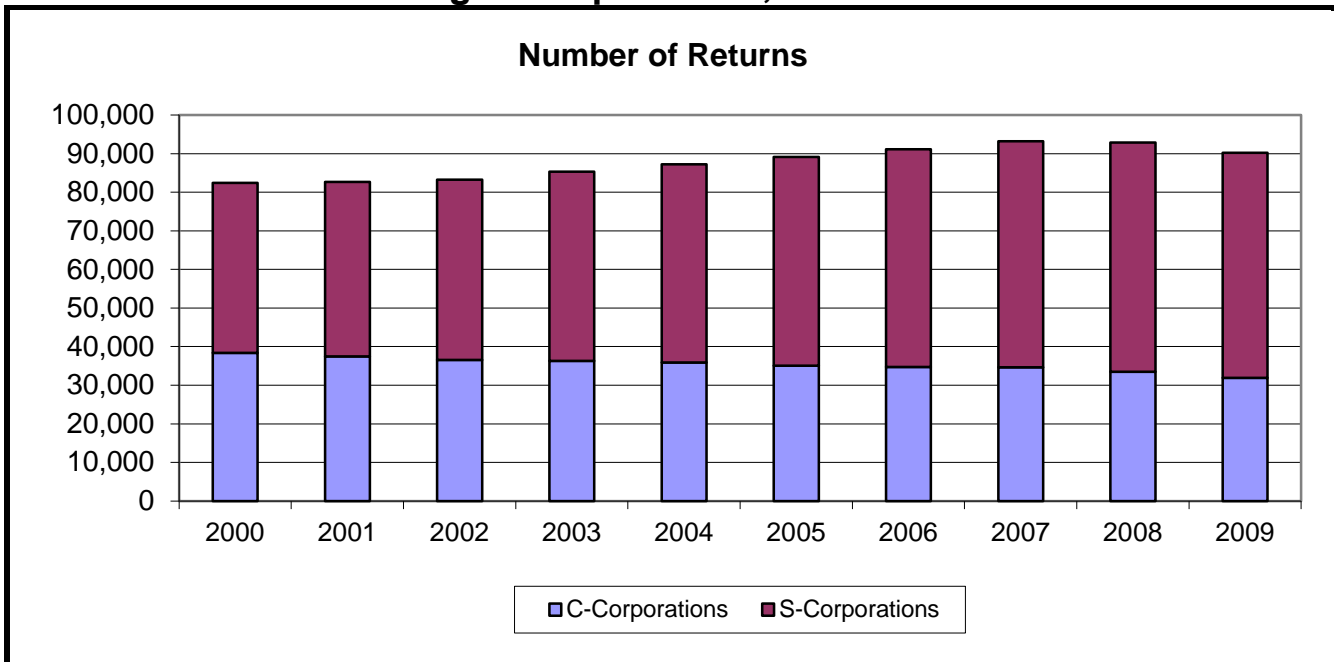
2011 Federal conformity was updated to December 31, 2010.

Several tax credits were extended, including credits for biomass, fire insurance, E-commerce zones, long-term rural enterprise zone, research activities, film & video, fish screening, and affordable housing. The Business Energy Tax Credit was allowed to sunset and was replaced by separate credits for manufacturing, renewable energy, conservation, and transportation projects. The structure of the manufacturing credit was not changed, but the other three credits are continued at a much smaller magnitude.

A new credit was created for qualified equity investments in low-income areas.

The definition of Oregon Sales was changed to reduce the impact of the corporate minimum tax on agricultural co-operatives.

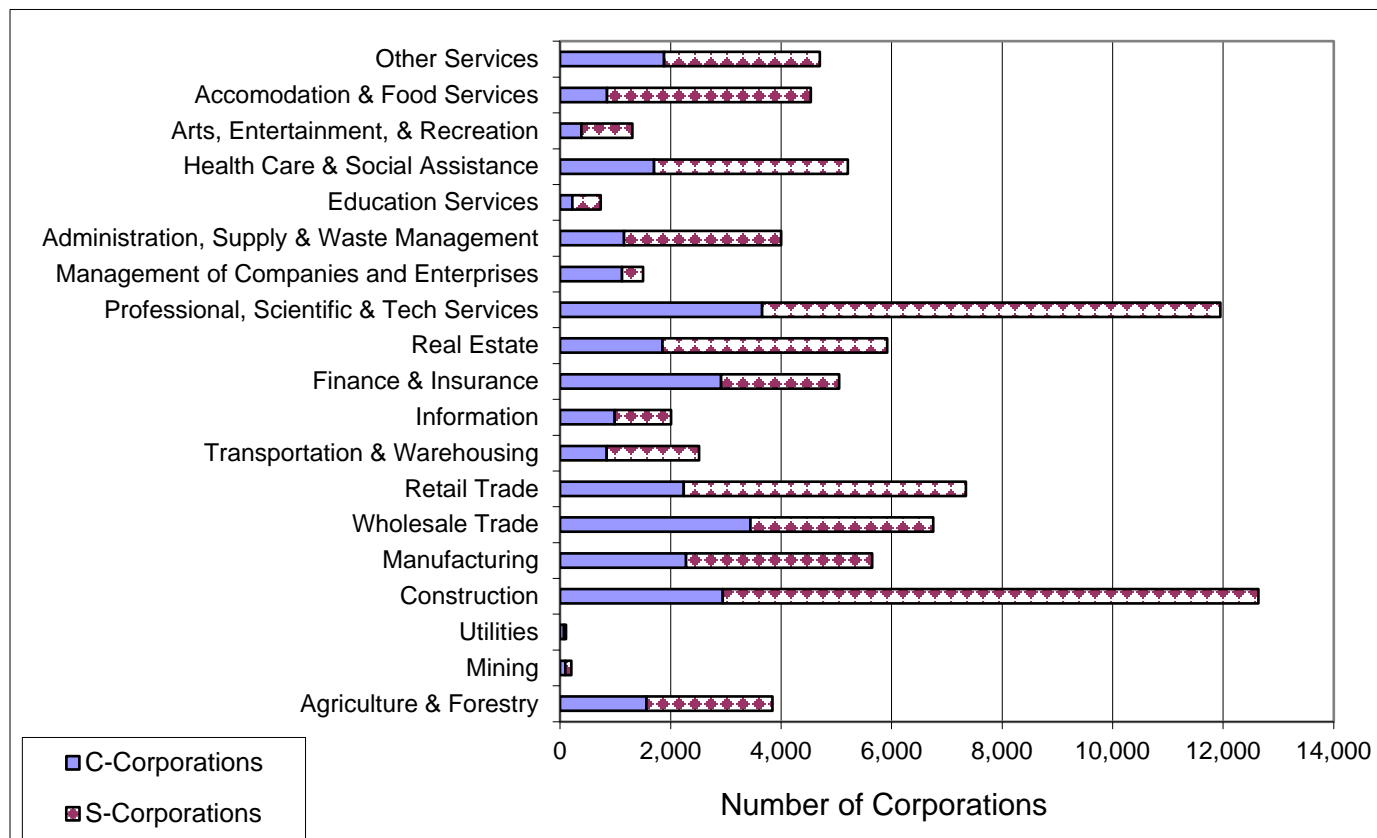
## Oregon Corporations, 1990-2009



	C-Corporations		S-Corporations		Total	
	Returns	% Change	Returns	% Change	Returns	% Change
1990	35,510		18,437		53,947	
1991	35,200	-0.9%	21,090	14.4%	56,290	4.3%
1992	35,660	1.3%	23,731	12.5%	59,391	5.5%
1993	36,879	3.4%	26,751	12.7%	63,630	7.1%
1994	38,344	4.0%	29,752	11.2%	68,096	7.0%
1995	39,496	3.0%	32,689	9.9%	72,185	6.0%
1996	38,867	-1.6%	35,337	8.1%	74,204	2.8%
1997	38,627	-0.6%	37,711	6.7%	76,338	2.9%
1998	39,740	2.9%	40,571	7.6%	80,311	5.2%
1999	38,930	-2.0%	42,153	3.9%	81,083	1.0%
2000	38,410	-1.3%	44,046	4.5%	82,456	1.7%
2001	37,458	-2.5%	45,179	2.6%	82,637	0.2%
2002	36,527	-2.5%	46,744	3.5%	83,271	0.8%
2003	36,294	-0.6%	48,993	4.8%	85,287	2.4%
2004	35,880	-1.1%	51,385	4.9%	87,265	2.3%
2005	35,070	-2.3%	54,041	5.2%	89,111	2.1%
2006	34,723	-1.0%	56,379	4.3%	91,102	2.2%
2007	34,609	-0.3%	58,611	4.0%	93,220	2.3%
2008	33,502	-3.2%	59,394	1.3%	92,896	-0.3%
2009	31,890	-4.8%	58,310	-1.8%	90,200	-2.9%

## Corporation Filers by Industry, Tax Year 2009

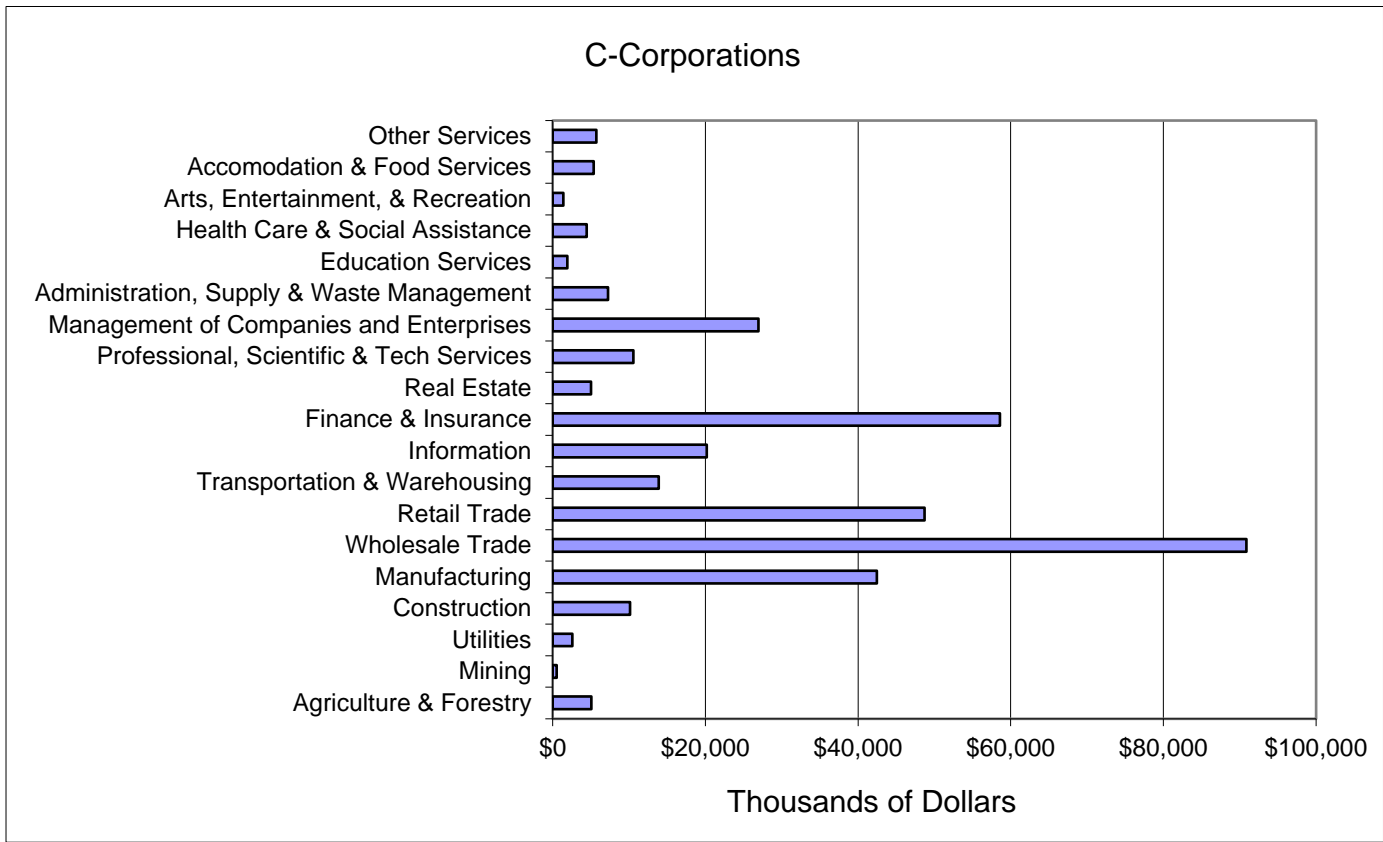
Industry	C-Corporations	S-Corporations
Agriculture & Forestry	1,562	2,284
Mining	96	107
Utilities	69	36
Construction	2,942	9,696
Manufacturing	2,281	3,369
Wholesale Trade	3,446	3,308
Retail Trade	2,236	5,109
Transportation & Warehousing	843	1,674
Information	991	1,016
Finance & Insurance	2,914	2,134
Real Estate	1,852	4,065
Professional, Scientific & Tech Services	3,659	8,293
Management of Companies and Enterprises	1,122	380
Administration, Supply & Waste Management	1,156	2,843
Education Services	220	515
Health Care & Social Assistance	1,700	3,505
Arts, Entertainment, & Recreation	385	924
Accomodation & Food Services	852	3,688
Other Services	1,882	2,816
Unknown	1,682	2,548
<b>Total</b>	<b>31,890</b>	<b>58,310</b>



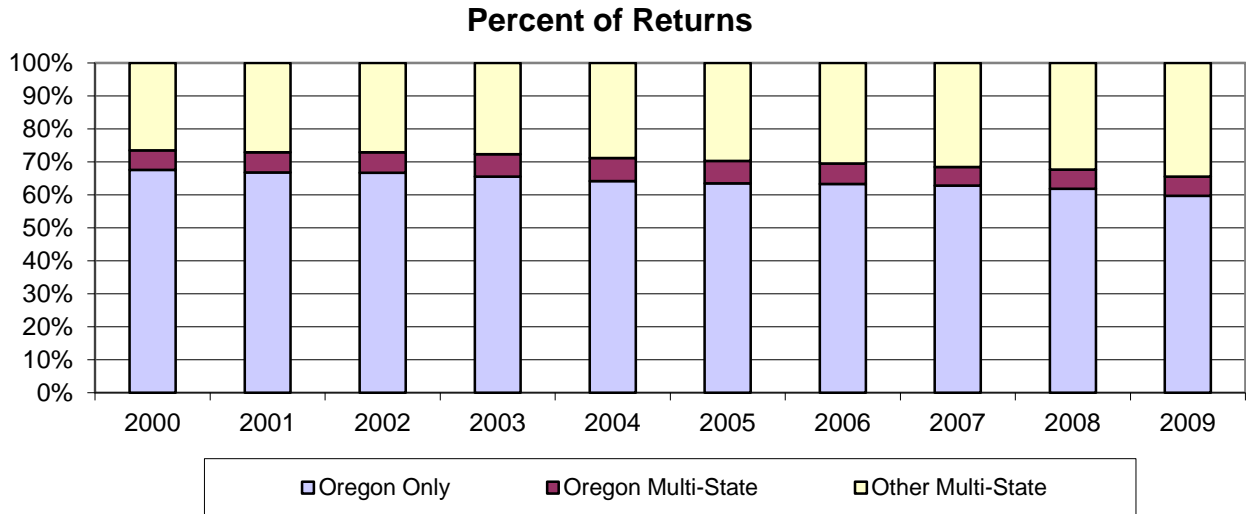
## Corporation Net Tax by Industry, Tax Year 2009

(Thousands of Dollars)

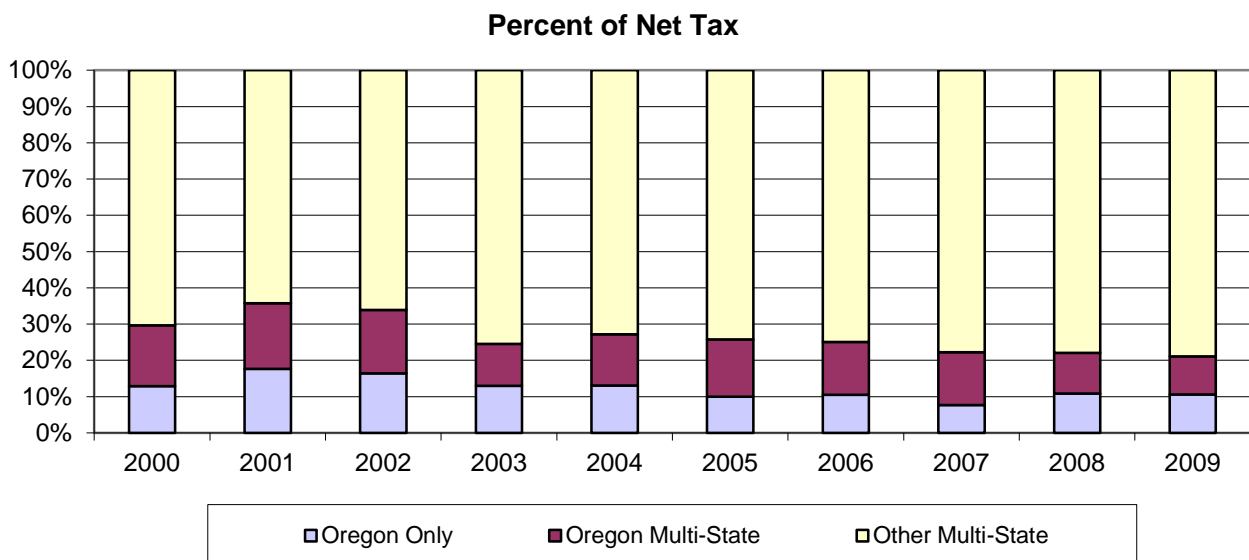
Industry	C-Corporations	S-Corporations
Agriculture & Forestry	\$5,059	\$351
Mining	\$515	\$16
Utilities	\$2,565	\$5
Construction	\$10,124	\$1,494
Manufacturing	\$42,478	\$513
Wholesale Trade	\$90,902	\$1,248
Retail Trade	\$48,718	\$903
Transportation & Warehousing	\$13,865	\$254
Information	\$20,162	\$157
Finance & Insurance	\$58,595	\$330
Real Estate	\$4,983	\$637
Professional, Scientific & Tech Services	\$10,560	\$1,296
Management of Companies and Enterprises	\$26,937	\$58
Administration, Supply & Waste Management	\$7,244	\$433
Education Services	\$1,920	\$78
Health Care & Social Assistance	\$4,432	\$542
Arts, Entertainment, & Recreation	\$1,375	\$135
Accomodation & Food Services	\$5,348	\$550
Other Services	\$5,706	\$438
Unknown	\$488	\$366
Total	\$361,976	\$9,804



## Oregon Only and Multi-State C-Corporations, 2000-2009

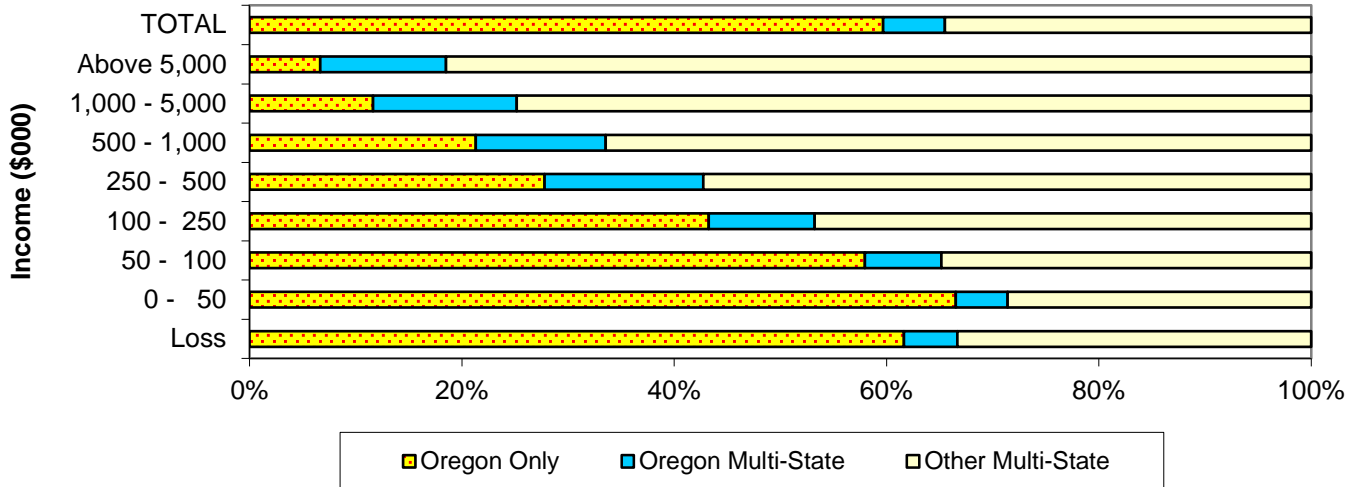


	Number of C-Corporation Returns				Net Tax (\$ Million)			
	OREGON ONLY	OREGON MULTI-STATE	OTHER MULTI-STATE	TOTAL	OREGON ONLY	OREGON MULTI-STATE	OTHER MULTI-STATE	TOTAL
2000	25,926	2,290	10,194	38,410	\$45.8	\$59.7	\$250.7	\$356.2
2001	25,022	2,262	10,174	37,458	\$42.6	\$43.7	\$155.2	\$241.6
2002	24,347	2,257	9,923	36,527	\$38.7	\$41.3	\$156.0	\$236.0
2003	23,763	2,463	10,068	36,294	\$39.5	\$34.9	\$229.4	\$303.8
2004	23,025	2,489	10,366	35,880	\$43.7	\$47.4	\$243.9	\$335.0
2005	22,269	2,355	10,446	35,070	\$29.9	\$47.4	\$222.7	\$300.0
2006	21,951	2,156	10,616	34,723	\$48.1	\$66.7	\$342.6	\$457.4
2007	21,731	1,944	10,934	34,609	\$31.0	\$58.6	\$314.3	\$403.9
2008	20,701	1,959	10,842	33,502	\$30.4	\$31.4	\$218.2	\$279.9
2009	19,030	1,852	11,008	31,890	\$38.4	\$38.0	\$285.6	\$362.0



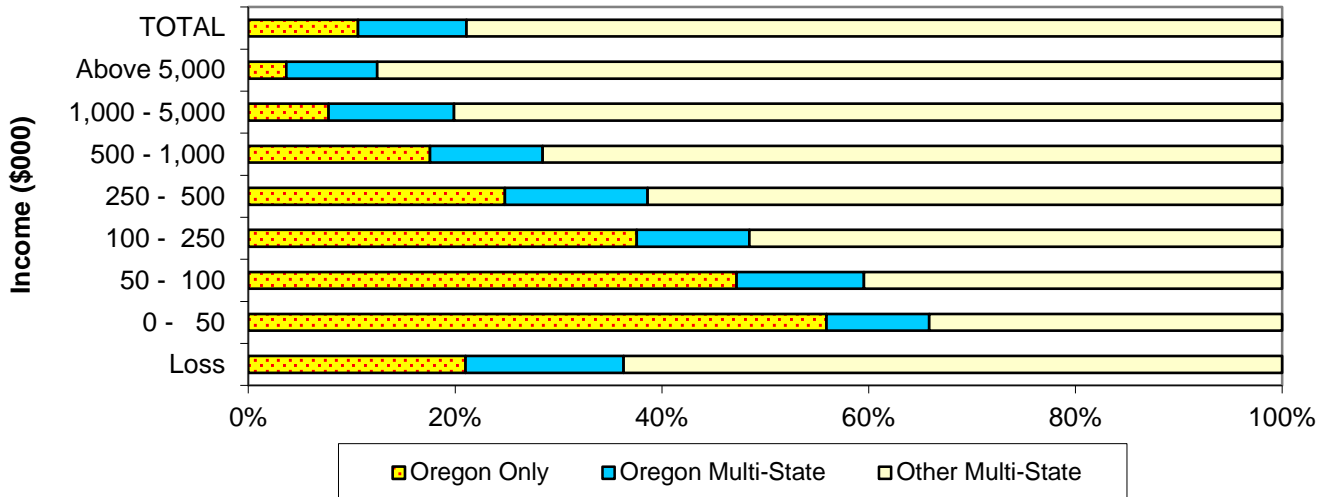
## 2009 Oregon Only and Multi-State C-Corporations

### Percent of Returns



Income Before Net Loss (\$000)	Number of Returns				Oregon Tax (\$M)			
	OREGON ONLY	OREGON MULTI-STATE	OTHER MULTI-STATE	TOTAL	OREGON ONLY	OREGON MULTI-STATE	OTHER MULTI-STATE	TOTAL
Loss	10,336	845	5,588	16,769	\$5.6	\$4.1	\$17.0	\$26.8
0 - 50	6,900	505	2,968	10,373	\$5.2	\$0.9	\$3.2	\$9.2
50 - 100	867	108	521	1,496	\$3.1	\$0.8	\$2.7	\$6.6
100 - 250	559	129	605	1,293	\$4.2	\$1.2	\$5.8	\$11.2
250 - 500	182	98	375	655	\$3.2	\$1.8	\$8.0	\$13.0
500 - 1,000	99	57	309	465	\$3.4	\$2.1	\$14.0	\$19.5
1,000 - 5,000	73	85	470	628	\$6.6	\$10.3	\$68.0	\$84.9
Above 5,000	14	25	172	211	\$7.0	\$16.8	\$167.0	\$190.8
<b>TOTAL</b>	<b>19,030</b>	<b>1,852</b>	<b>11,008</b>	<b>31,890</b>	<b>\$38.4</b>	<b>\$38.0</b>	<b>\$285.6</b>	<b>\$362.0</b>

### Percent of Tax





## C-Corporations Affected by the Minimum Tax or Tax Rates

Tax Year 2009

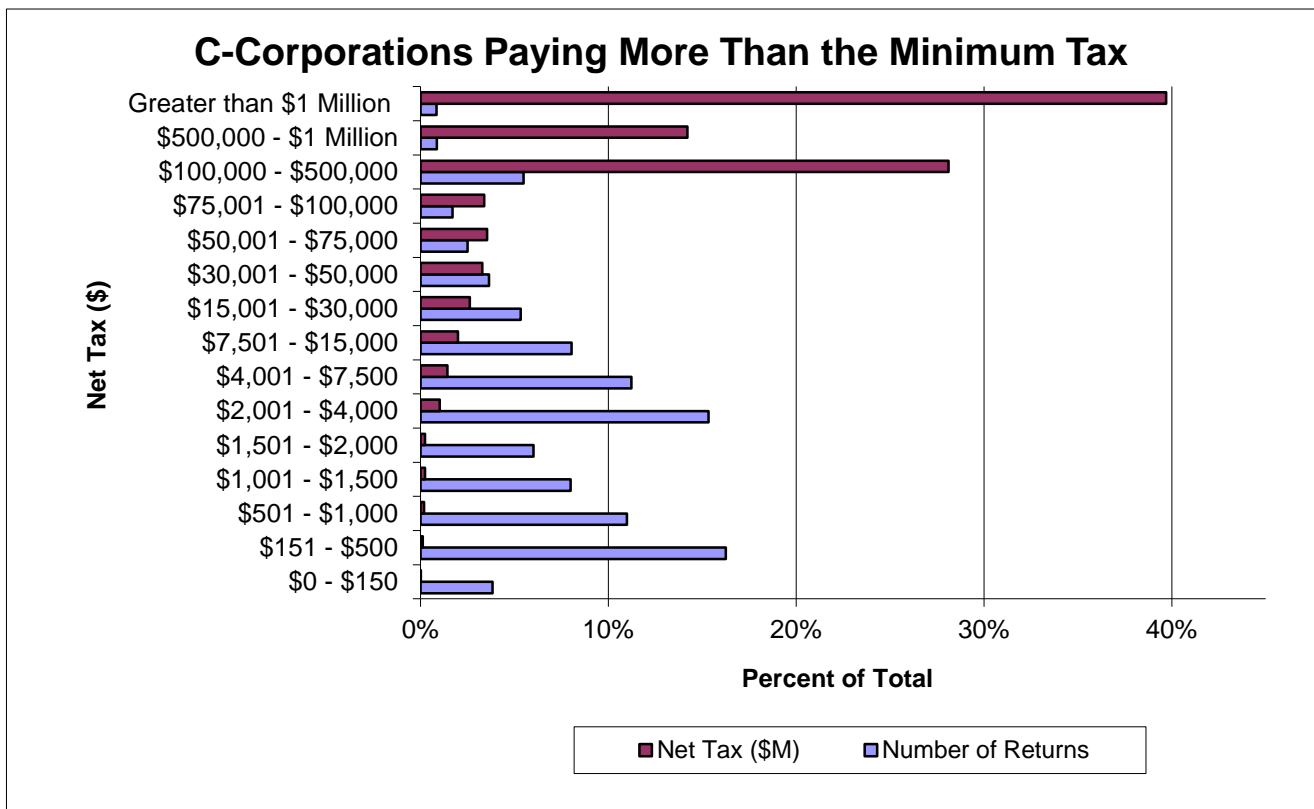
Oregon Sales	Affected by the Minimum Tax			Affected by the Tax Rates		All Returns	
	Minimum Tax	Returns	Net Tax	Returns	Net Tax	Returns	Net Tax
< \$500,000	\$150	16,858	\$2.5	3,349	\$6.7	20,207	\$9.3
\$500,000 to \$1 Million	\$500	2,361	\$1.2	946	\$4.1	3,307	\$5.3
\$1 to \$2 Million	\$1,000	1,781	\$1.8	781	\$6.1	2,562	\$7.8
\$2 to \$3 Million	\$1,500	847	\$1.3	442	\$5.7	1,289	\$7.0
\$3 to \$5 Million	\$2,000	860	\$1.7	460	\$9.0	1,320	\$10.7
\$5 to \$7 Million	\$4,000	474	\$1.9	272	\$8.7	746	\$10.6
\$7 to \$10 Million	\$7,500	383	\$2.9	195	\$12.0	578	\$14.9
\$10 to \$25 Million	\$15,000	611	\$9.2	367	\$41.5	978	\$50.7
\$25 to \$50 Million	\$30,000	240	\$7.2	181	\$36.7	421	\$43.9
\$50 to \$75 Million	\$50,000	103	\$5.2	71	\$24.0	174	\$29.1
\$75 to \$100 Million	\$75,000	39	\$2.9	29	\$15.9	68	\$18.8
> \$100 Million	\$100,000	126	\$12.6	114	\$141.3	240	\$153.9
Total		24,683	\$50.3	7,207	\$311.7	31,890	\$362.0

Industry Sector	Affected by the Minimum Tax		Affected by the Tax Rates		All Returns	
	Returns	Net Tax	Returns	Net Tax	Returns	Net Tax
Agriculture & Forestry	1,208	\$1.0	354	\$4.0	1,562	\$5.1
Mining	78	\$0.1	18	\$0.4	96	\$0.5
Utilities	54	\$0.5	15	\$2.1	69	\$2.6
Construction	2,409	\$2.4	533	\$7.8	2,942	\$10.1
Manufacturing	1,704	\$7.0	577	\$35.5	2,281	\$42.5
Wholesale Trade	2,426	\$9.2	1,020	\$81.8	3,446	\$90.9
Retail Trade	1,731	\$5.5	505	\$43.2	2,236	\$48.7
Transportation & Warehousing	659	\$1.9	184	\$12.0	843	\$13.9
Information	798	\$1.7	193	\$18.4	991	\$20.2
Finance & Insurance	2,019	\$7.4	895	\$51.2	2,914	\$58.6
Real Estate	1,466	\$1.4	386	\$3.6	1,852	\$5.0
Professional, Scientific & Tech Services	2,854	\$2.2	805	\$8.3	3,659	\$10.6
Management of Companies and Enterprises	838	\$4.6	284	\$22.3	1,122	\$26.9
Administration, Supply & Waste Management	884	\$0.8	272	\$6.4	1,156	\$7.2
Education Services	159	\$0.1	61	\$1.8	220	\$1.9
Health Care & Social Assistance	1,435	\$2.3	265	\$2.1	1,700	\$4.4
Arts, Entertainment, & Recreation	308	\$0.3	77	\$1.0	385	\$1.4
Accommodation & Food Services	649	\$0.7	203	\$4.7	852	\$5.3
Other Services	1,548	\$0.9	334	\$4.8	1,882	\$5.7
Unknown	1,456	\$0.3	226	\$0.2	1,682	\$0.5
Total	24,683	\$50.3	7,207	\$311.7	31,890	\$362.0

## Corporations Paying More than the Minimum Tax\*

By Tax Category, Tax Year 2009

Tax Category (\$)	Number of Returns	Percent of Total	Net Tax (\$M)	Percent of Total
\$0 - \$150	276	3.8%	\$0.0	0.0%
\$151 - \$500	1,171	16.2%	\$0.3	0.1%
\$501 - \$1,000	792	11.0%	\$0.6	0.2%
\$1,001 - \$1,500	575	8.0%	\$0.7	0.2%
\$1,501 - \$2,000	433	6.0%	\$0.8	0.2%
\$2,001 - \$4,000	1,105	15.3%	\$3.2	1.0%
\$4,001 - \$7,500	809	11.2%	\$4.4	1.4%
\$7,501 - \$15,000	579	8.0%	\$6.2	2.0%
\$15,001 - \$30,000	384	5.3%	\$8.1	2.6%
\$30,001 - \$50,000	263	3.6%	\$10.2	3.3%
\$50,001 - \$75,000	180	2.5%	\$11.0	3.5%
\$75,001 - \$100,000	122	1.7%	\$10.6	3.4%
\$100,000 - \$500,000	395	5.5%	\$87.6	28.1%
\$500,000 - \$1 Million	62	0.9%	\$44.3	14.2%
Greater than \$1 Million	61	0.8%	\$123.7	39.7%
<b>Total</b>	<b>7,207</b>	<b>100.0%</b>	<b>\$311.7</b>	<b>100.0%</b>

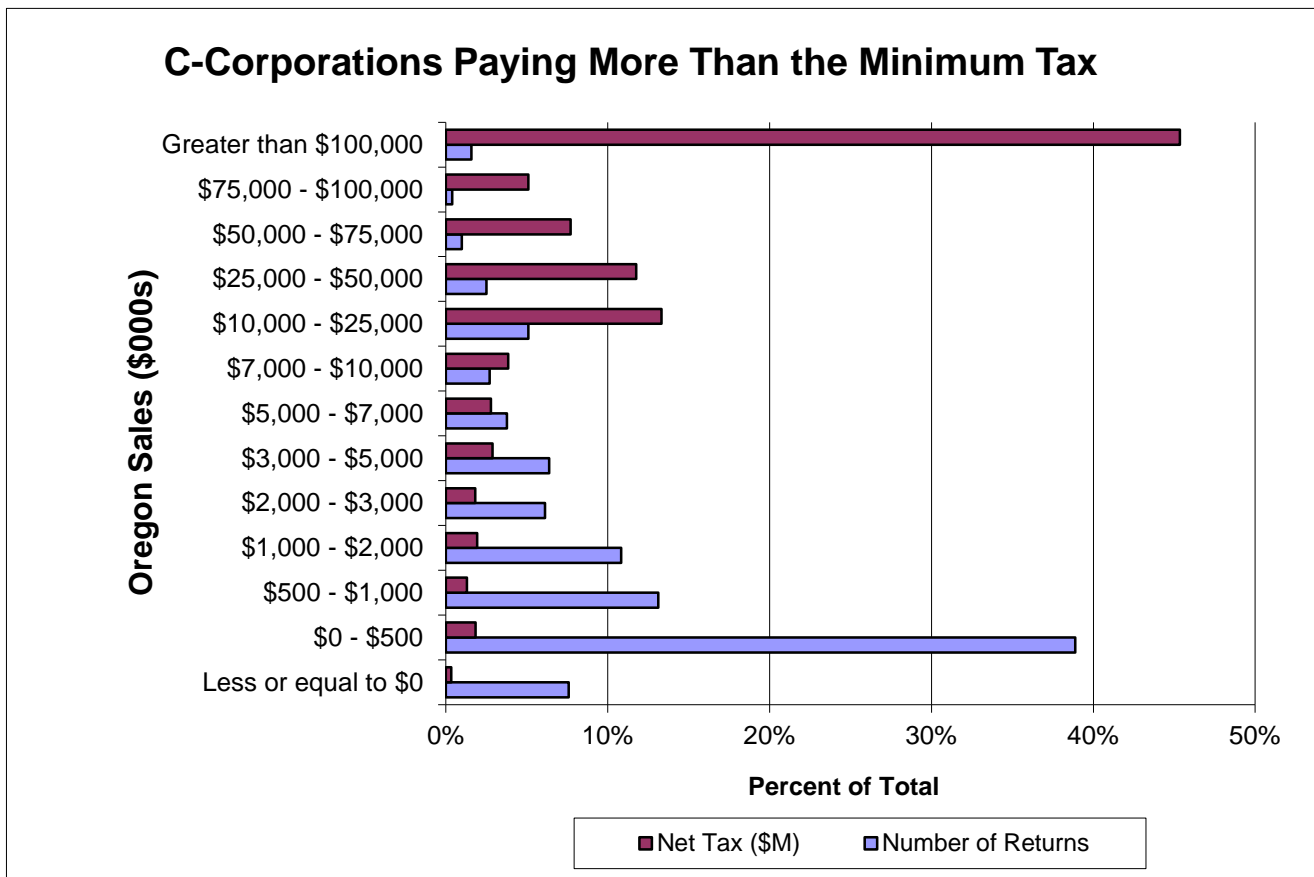


\* In tax year 2008 the minimum tax was \$10. Beginning in 2009, the minimum tax was increased to a value between \$150 and \$100,000 depending on the corporation's amount of Oregon sales. The minimum tax schedule is on Page C13.

## Corporations Paying More than the Minimum Tax\*

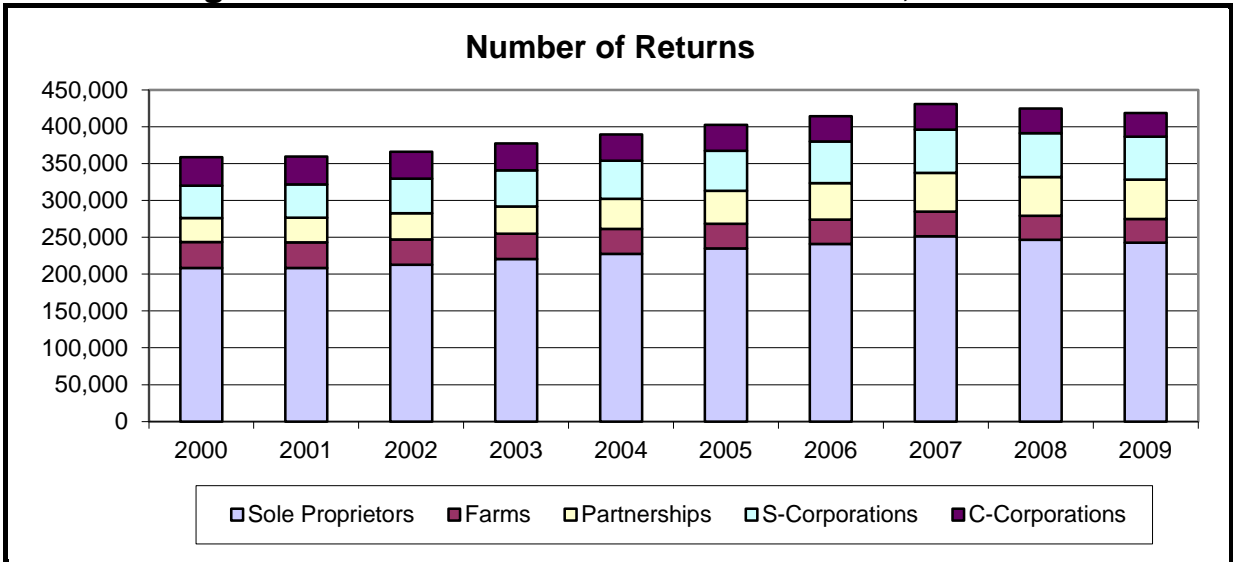
By Sales Category, Tax Year 2009

Sales Category (\$000)	Number of Returns	Percent of Total	Net Tax (\$M)	Percent of Total
Less or equal to \$0	547	7.6%	\$1.0	0.3%
\$0 - \$500	2,802	38.9%	\$5.7	1.8%
\$500 - \$1,000	946	13.1%	\$4.1	1.3%
\$1,000 - \$2,000	781	10.8%	\$6.1	1.9%
\$2,000 - \$3,000	442	6.1%	\$5.7	1.8%
\$3,000 - \$5,000	460	6.4%	\$9.0	2.9%
\$5,000 - \$7,000	272	3.8%	\$8.7	2.8%
\$7,000 - \$10,000	195	2.7%	\$12.0	3.9%
\$10,000 - \$25,000	367	5.1%	\$41.5	13.3%
\$25,000 - \$50,000	181	2.5%	\$36.7	11.8%
\$50,000 - \$75,000	71	1.0%	\$24.0	7.7%
\$75,000 - \$100,000	29	0.4%	\$15.9	5.1%
Greater than \$100,000	114	1.6%	\$141.3	45.3%
<b>Total</b>	<b>7,207</b>	<b>100.0%</b>	<b>\$311.7</b>	<b>100.0%</b>



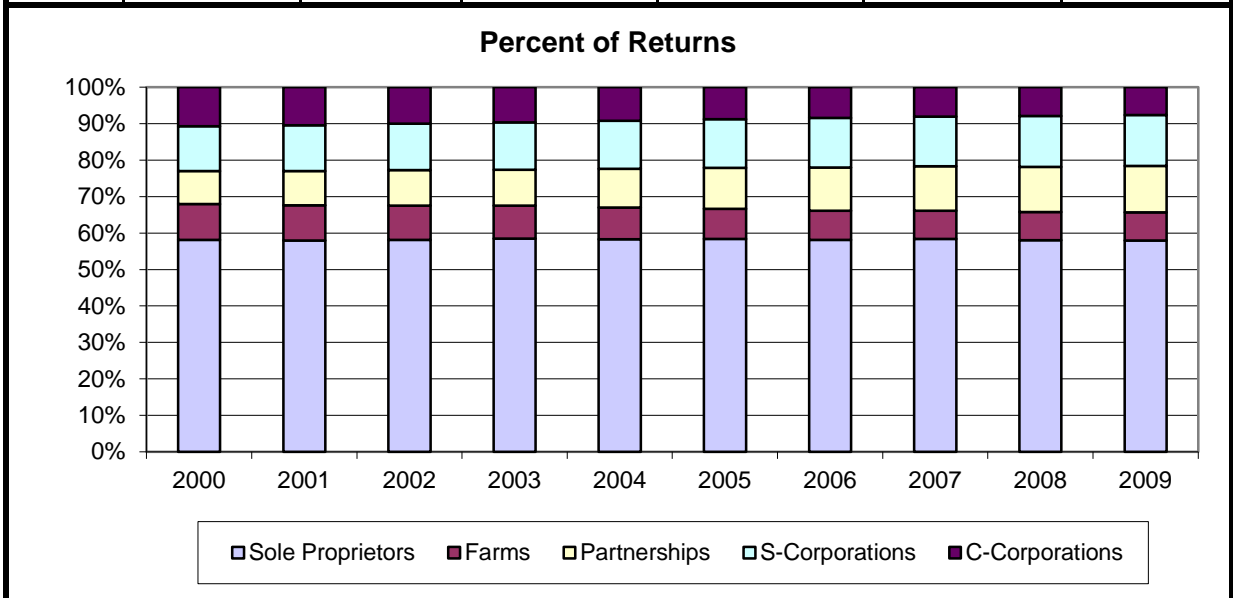
\* In tax year 2008 the minimum tax was \$10. Beginning in 2009, the minimum tax was increased to a value between \$150 and \$100,000 depending on the corporation's amount of Oregon sales. The minimum tax schedule is on Page C13.

## Oregon Tax Returns with Business Income, 2000-2009

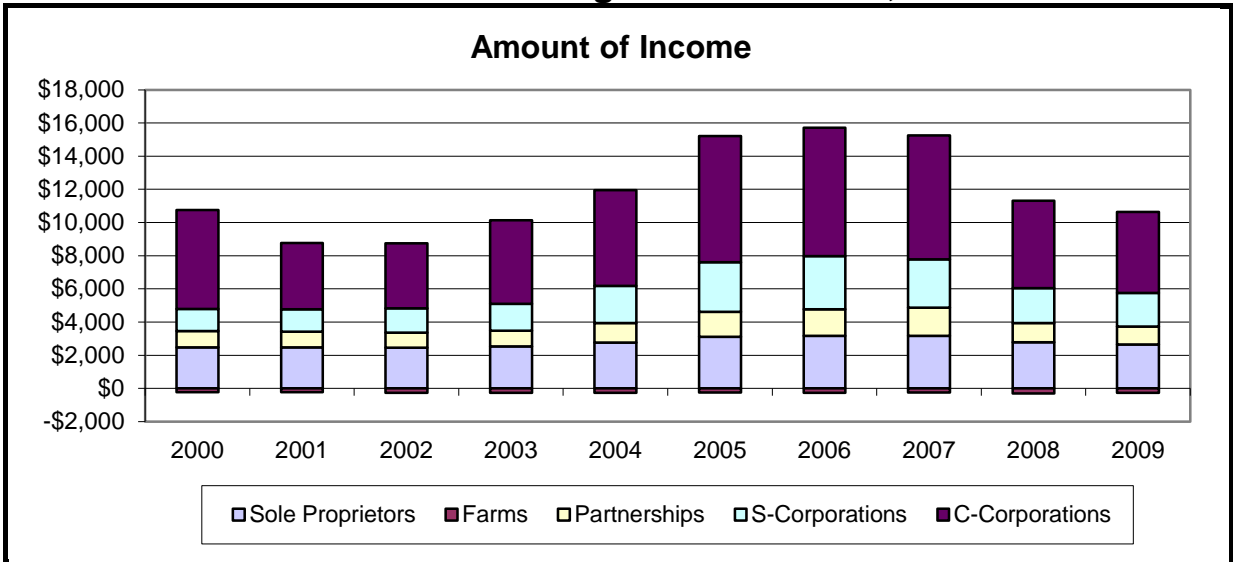


### Number of Business Tax Returns

Tax Year	Personal Income Tax		Partnerships	S-Corporations	C-Corporations	TOTAL
	Sole Proprietors	Farms				
2000	208,481	35,248	32,225	44,046	38,410	358,410
2001	208,347	34,701	33,637	45,179	37,458	359,322
2002	212,573	34,418	35,552	46,744	36,527	365,814
2003	220,511	34,215	37,042	48,993	36,294	377,055
2004	227,273	33,875	41,128	51,385	35,880	389,541
2005	234,774	33,311	45,078	54,041	35,070	402,274
2006	240,983	33,121	49,173	56,379	34,723	414,379
2007	251,267	33,567	52,500	58,611	34,609	430,554
2008	246,527	32,753	52,312	59,394	33,502	424,488
2009	242,602	32,154	53,412	58,310	31,890	418,368

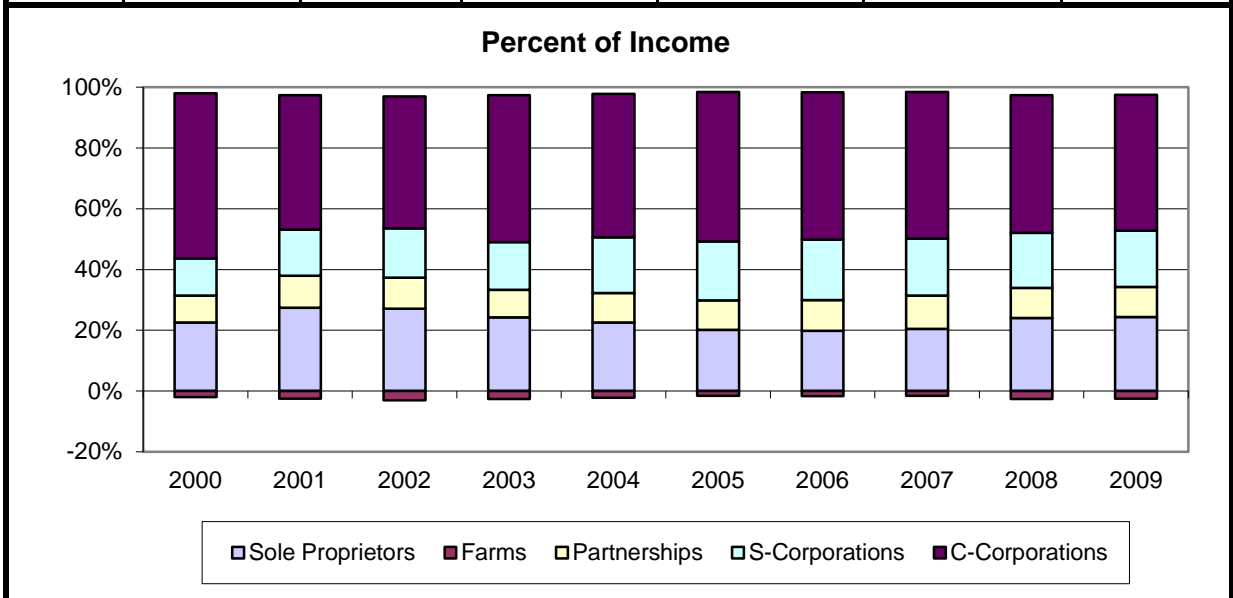


## Business Income on Oregon Tax Returns, 2000-2009



### Business Income on Tax Returns (\$ Millions)

Tax Year	Personal Income Tax		Partnerships	S-Corporations	C-Corporations	TOTAL
	Sole Proprietors	Farms				
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	\$5,767	\$11,689
2005	\$3,103	-\$241	\$1,513	\$2,986	\$7,604	\$14,966
2006	\$3,175	-\$271	\$1,604	\$3,188	\$7,745	\$15,441
2007	\$3,174	-\$241	\$1,691	\$2,908	\$7,474	\$15,006
2008	\$2,789	-\$300	\$1,145	\$2,115	\$5,258	\$11,006
2009	\$2,653	-\$272	\$1,080	\$2,029	\$4,877	\$10,367



## PROPERTY TAX

The property tax in Oregon is a local tax. It funds most of the local services and many functions of county and city governments. Large portions of school-districts and community college budgets also depend on property tax receipts. Taxable property includes real property, mobile homes and some tangible personal property used by business. Prior to the passage of property tax limitation Measure 50, property tax was generally based on its real market value. Since 1997-98 each property has a real market as well as an assessed value. Property value assessment and taxation is conducted at the county level, except for large industrial properties and "centrally" assessed utilities, where Oregon Department of Revenue plays a major role.

Property tax rates differ across the state. The rate on any particular property depends on the tax rates approved by local voters and the limits established in the Oregon Constitution. Most properties are taxed by multiple districts, such as a city, county, school, community college, port and fire. The total tax rate on a particular property is figured by adding all the local taxing districts' rates in the area. The tax on each property is computed by multiplying the total tax rate by the assessed value of the property. Annually, the county assessor verifies the tax rates and levies submitted by each local taxing district. Collection of taxes and distribution of the funds to local districts are done by the county tax collector.

In 2010-11, the total Real Market Value (RMV) of taxable property in Oregon was \$458.6 billion. RMV decreased 8% over 2009-10. Net Assessed Values of \$305.2 billion reflect a 2.7% increase over 2009-10. Excluding \$182.2 million in taxes imposed for Urban Renewal, the taxing districts imposed property taxes of \$4.923 billion in 2011-12. This reflects an overall 6.2% growth rate over the prior year.

### ***Exemptions***

Not all properties are taxable. Major exemptions include intangible property (stocks, bonds), tangible personal property of individuals (household furnishings, sporting equipment), licensed property (cars, trucks), business inventories, government property (unless leased), and property used for religious or charitable purposes. Electric cooperatives, rural telephone exchanges and some other property are exempt from property taxation because other taxes are paid *in lieu of* property tax.

Some properties are taxed at lower values. These "specially assessed" properties include some forest land, farm land, and open space land. These properties are taxed at their values in the restricted use and are subject to penalties if not continued in the use for which it is specially assessed.

### ***Limitations***

#### ***Measure 5***

Measure 5 is a tax limitation constitutional amendment approved by Oregon voters in 1990. It restricted taxes on any parcel of property per \$1,000 of real market value: the education category is limited to \$5 and general government to \$10. Tax compression occurs if the tax extended on a property exceeds either of Measure 5 limits. That is, if taxes for an individual property exceed the limits, then the taxes for that property are reduced to the limits. General obligation bonds are not restricted by Measure 5 limits.

### *Measure 50*

In May 1997 voters passed a second constitutional amendment to limit property tax. Measure 50 did not replace Measure 5, but rather established a second level of restrictions. Measure 50 gave each district a permanent tax rate which can not be increased without a constitutional amendment. However, voters can approve local option levies for up to five years for operations, and up to the lesser of ten years or the useful life of capital projects. Those local option levies as well as two other types of levies, GAP<sup>1</sup> and urban renewal, are subject to Measure 5 tax limits. Local option levies, as well as general obligation bonds, must be approved by a majority vote at a general election. Prior to November 2007, a double majority (i.e., a majority of at least 50% of eligible voters) was needed to approve either a local option tax or a general obligation bond proposal.

Measure 50 also defined the concept of Assessed Value (AV). The 1997-98 Maximum Assessed Value (MAV) for each property is 90% of its 1995-96 real market value (RMV). If no new construction occurs on the property, then the growth in assessed value is capped at 3% a year. However, assessed value can not exceed real market value. The ratio of MAV to RMV is known as the Changed Property Ratio (CPR). Across all taxing districts, the CPR declined statewide from 64.6% in 2006-07 to 55.8% in 2007-08. A decline in RMV related to the recession's impact on personal and business property values resulted in the CPR leveling off to 56.2% in 2008-09 and rising to 61.7% in 2009-10 and again to 68.8% in 2010-11<sup>2</sup>. Previously, the changes reflected the high appreciation rates in the real market values of housing that occurred in many areas of Oregon in the past several years, relative to 3% constitutionally capped growth rate in AV.

The table below breaks down 2010-11 property taxes by type of taxing district and tax source. Excluding revenues of urban renewal districts, the largest portion of any district's property tax revenue comes from its permanent rate. Taxes from this source totaling \$3.660 billion in 2009-10 accounted for 76.9% of all taxes imposed, exclusive of urban renewal taxes. The 2009-10 tax revenue attributable to the permanent rate registered an annual growth rate of 4.6%. Community college districts, K-12 districts and special taxing districts increased their revenues from all sources over the prior year by 12.5%, 5.6%, and 10.2%, respectively. County taxing districts and Education Service Districts (ESDs) grew total revenues over the prior year by 3.6% and 4.9%, respectively.

General obligation bond revenue in 2009-10 totaled \$697.9 million or 14.0% of all taxes listed in the table below, excluding the taxes that are reported for urban renewal. Across all taxing districts these revenues increased 14.7% in 2009-10 relative to 2008-09, with 62.7% of the total accounted for by K-12 taxing districts. Historically these funds have been an important source of revenue for the K-12 taxing districts. After falling for a while, bond revenue for the K-12 taxing districts started increasing again in 2006-07. In 2009-10, K-12 bond revenue increased 11.4%. Since the timing of bond maturities affects the level of bond revenues in any one year, one or more years of data is needed to determine a significant trend.

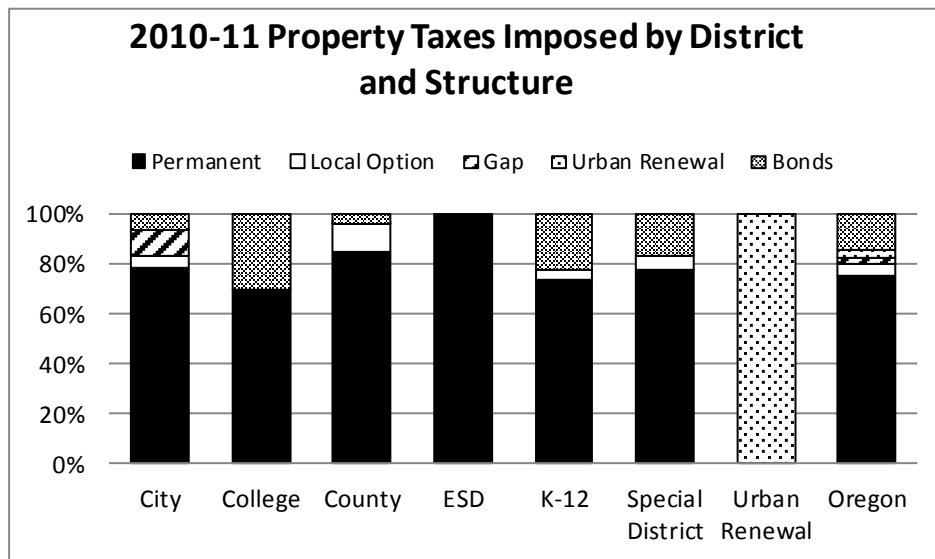
Bond revenues for community colleges increased by 37.5% over the prior year, resuming the increasing trend in the recent past after modest declines in 2007-08. Bond revenues for cities increased 21.8% from a year ago. Bond revenues declined consistently between 2003-04 and 2006-07 for county taxing districts and special districts. However, in 2007-08 bond revenues for

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<sup>1</sup> Principles and interest obligations of districts that are paid for with operating revenues rather than with the proceeds of a bond levy.

<sup>2</sup> Source: Research Section at Oregon Department of Revenue. Changed Property Ratio (CPR) is the ratio of average maximum assessed value to average real market value.

county taxing districts and special districts increased 2.3% and 20.7% respectively from a year earlier. In 2008-09, these bonds decreased from the previous year by 1.3% and 4.6%, respectively. In 2009-10, county taxing district's bonds increased 2.3% and special district's bond revenues increased 20.7% from 2008-09.



	City	College	County	ESD	K-12	Special District	Urban Renewal	OREGON
<b>Permanent</b>	850.2	138.3	756.5	100.8	1412.1	634.6	0.0	3,892.5
<b>Local Option</b>	53.1	0.0	101.2	0.0	85.2	41.0	0.0	280.5
<b>Gap</b>	114.2	0.0	0.1	0.0	0.0	0.0	0.0	114.3
<b>Urban Renewal</b>	0.0	0.0	0.0	0.0	0.0	0.0	179.5	179.5
<b>Bonds</b>	71.5	62.5	42.4	0.0	437.2	142.0	0.0	755.6
<b>OREGON (\$ million)</b>	1089.1	200.8	900.2	100.8	1934.6	817.6	179.5	5,222.6
<b>Growth Rate From 2009-10</b>	2.3%	2.0%	2.0%	2.9%	1.4%	34.8%	-1.6%	5.1%

Across all other taxing districts in 2010-11, local option tax revenues decreased 2.3% over the prior year, totaling \$280.5 million. Cities and county taxing districts accounted for 55.0% of local option tax revenue in 2010-11. The share of local option revenues generated from city and county taxing districts has been declining in recent years starting in 2007-08 when cities and county taxing districts accounted for 57.8% of local option tax revenues. The share of local option revenues generated for K-12 education was 30.4% in 2010-11. Special taxing districts accounted for the remaining 14.6% of local option taxes in 2010-11.



In 2010-11, all taxing districts were affected to some degree by 'compression' which is the difference between 'extended' taxes and a lesser amount that can actually be imposed on an individual property because of Oregon's Constitutional limitations.<sup>3</sup> Appreciation of property values during Oregon's recent housing market boom helped lower compression losses statewide and the subsequent recession increased them again. Compression losses were \$52.2 million in 2005-06, \$48.8 million in 2006-07, \$53.0 million in 2007-08, \$51.1 million in 2008-09, \$65.5 million in 2009-10, and finally \$89.5 million in 2010-11. Regional disparities persist with respect to the importance of compression, as measured by the dollar value of the compression loss relative to the amount of tax imposed. In 2010-11 compression loss statewide totaled 1.8% of the taxes imposed. 52.6% (totaling \$47.1 million) of total loss occurred in Multnomah County. In other counties, the dollar value of compression loss was lower; but in relative terms, loss in some counties was much more significant. For example, in Baker County, the compression loss totaled \$0.6 million but it accounted for 4.1% of this county's property tax revenue.

The fiscal significance of compression loss also varies across taxing districts. For example, for all taxing districts that provided services in Lane County, compression losses totaled \$8.2 million, or 2.1% of the \$393.0 million in property taxes that were imposed in 2010-11. The Lane County taxing district, however, receives about \$29-\$30 million annually due to its permanent rate<sup>4</sup> taxing authority of \$1.28/\$1,000 of assessed value. This maximum rate authority that is substantially lower than most other county taxing districts was enacted constitutionally at a time when Lane County received over half of its operating revenue from federal forest payments. These federal forest payments totaling \$56 million annually have been declining gradually to zero, which means that Lane County will have to find alternative sources of revenue or reduce funding for its current programs and services. Compression may be a significant issue for the Lane County taxing district and others that are recipients of federal forest payments because it may restrict these districts' ability to offset some portion of the lost federal revenue by raising their revenues from a voter approved local option property tax.

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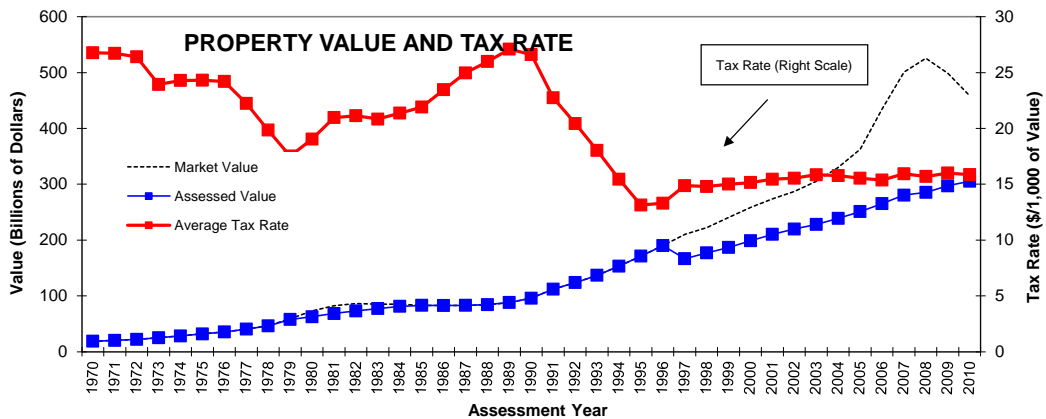
<sup>3</sup> Compression occurs when a property's tax rate must be lowered so that the tax imposed on the assessed value of a single property does not exceed \$10/\$1,000 of the property's real market value for non-school taxing districts and \$5/\$1,000 for school taxing districts. The assessed value of a property is allowed to increase 3% each year, but it may not exceed a property's real market value. Therefore, in cases where the real market value of a property grows by less than 3% annually or its real market value has declined, that property's tax rate may have to be reduced (i.e., compressed) in order to satisfy the \$5/\$1,000 or \$10/\$1,000 requirements.

<sup>4</sup> Permanent rate is the maximum rate a district can use without voter approval. Districts may use any rate below this rate.

**VALUE OF TAXABLE PROPERTY, ASSESSMENT RATIO AND AVERAGE TAX RATE**

ASSESSMENT DATE	MARKET VALUE		ASSESSED VALUE		ASSESSMENT RATIO		AVERAGE TAX RATE	
	MILLIONS	CHANGE	MILLIONS	CHANGE	HOME	OTHER	\$/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	23.4%	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%
1-1-10	458,596	-8.0%	305,237	2.7%	66.6%		15.86	-0.9%
<b>Ave. Growth Rate (1970-2010)</b>		<b>8.6%</b>		<b>7.4%</b>				<b>-1.0%</b>

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.



**TOTAL ASSESSED (AV) AND REAL MARKET (RMV) VALUES  
AND CHANGED PROPERTY RATIOS (CPR)**

COUNTY	TOTAL RMV (\$000s)			TOTAL AV (\$000s)			RATIO - AV/RMV (CPR)		
	2009-10	2010-11	CHANGE	2009-10	2010-11	CHANGE	2009-10	2010-11	CHANGE
BAKER	1,562,456	1,554,593	-0.5%	1,149,387	1,176,846	2.4%	73.56%	75.70%	2.9%
BENTON	9,888,538	9,397,695	-5.0%	6,378,558	6,635,948	4.0%	64.50%	70.61%	9.5%
CLACKAMAS	54,443,395	48,903,532	-10.2%	36,051,063	37,066,413	2.8%	66.22%	75.79%	14.5%
CLATSOP	8,863,355	8,135,360	-8.2%	4,922,417	5,010,818	1.8%	55.54%	61.59%	10.9%
COLUMBIA	5,714,825	5,478,626	-4.1%	3,990,578	4,082,276	2.3%	69.83%	74.51%	6.7%
COOS	7,142,541	6,420,316	-10.1%	4,357,898	4,467,849	2.5%	61.01%	69.59%	14.1%
CROOK	3,453,643	2,085,499	-39.6%	1,657,103	1,638,537	-1.1%	47.98%	78.57%	63.7%
CURRY	3,820,758	3,354,983	-12.2%	2,434,921	2,495,410	2.5%	63.73%	74.38%	16.7%
DESCHUTES	33,156,629	23,496,169	-29.1%	17,612,789	17,740,724	0.7%	53.12%	75.50%	42.1%
DOUGLAS	11,364,243	10,497,292	-7.6%	7,401,781	7,538,418	1.8%	65.13%	71.81%	10.3%
GILLIAM	1,083,963	1,146,228	5.7%	673,646	859,119	27.5%	62.15%	74.95%	20.6%
GRANT	649,408	646,984	-0.4%	437,976	450,551	2.9%	67.44%	69.64%	3.3%
HARNEY	676,197	683,456	1.1%	426,230	441,946	3.7%	63.03%	64.66%	2.6%
HOOD RIVER	3,160,671	3,302,842	4.5%	1,759,406	1,817,954	3.3%	55.67%	55.04%	-1.1%
JACKSON	26,559,973	23,184,044	-12.7%	15,896,214	16,236,519	2.1%	59.85%	70.03%	17.0%
JEFFERSON	2,493,310	2,113,220	-15.2%	1,413,906	1,438,746	1.8%	56.71%	68.08%	20.1%
JOSEPHINE	9,180,417	8,444,284	-8.0%	5,906,734	6,085,181	3.0%	64.34%	72.06%	12.0%
KLAMATH	7,898,127	7,647,374	-3.2%	4,873,109	4,931,356	1.2%	61.70%	64.48%	4.5%
LAKE	846,554	846,880	0.0%	497,849	520,698	4.6%	58.81%	61.48%	4.5%
LANE	42,087,354	38,485,868	-8.6%	25,619,349	26,014,130	1.5%	60.87%	67.59%	11.0%
LINCOLN	10,600,965	9,694,334	-8.6%	6,256,089	6,431,680	2.8%	59.01%	66.34%	
LINN	10,462,100	10,617,039	1.5%	7,760,736	7,869,306	1.4%	74.18%	74.12%	-0.1%
MALHEUR	2,105,602	2,081,903	-1.1%	1,547,874	1,610,270	4.0%	73.51%	77.35%	5.2%
MARION	28,389,478	26,814,987	-5.5%	19,113,284	19,625,532	2.7%	67.33%	73.19%	8.7%
MORROW	1,604,925	1,680,522	4.7%	1,325,911	1,332,893	0.5%	82.62%	79.31%	-4.0%
MULTNOMAH	105,028,015	101,607,598	-3.3%	59,264,566	60,994,476	2.9%	56.43%	60.03%	6.4%
POLK	6,506,337	6,204,554	-4.6%	4,492,963	4,625,539	3.0%	69.06%	74.55%	8.0%
SHERMAN	519,479	505,199	-2.7%	398,678	401,487	0.7%	76.75%	79.47%	3.6%
TILLAMOOK	6,484,683	5,990,809	-7.6%	3,767,925	3,897,063	3.4%	58.10%	65.05%	12.0%
UMATILLA	5,743,901	5,806,584	1.1%	4,297,142	4,446,818	3.5%	74.81%	76.58%	2.4%
UNION	2,121,234	2,088,875	-1.5%	1,431,853	1,474,291	3.0%	67.50%	70.58%	4.6%
WALLOWA	1,116,295	1,123,265	0.6%	608,234	632,144	3.9%	54.49%	56.28%	3.3%
WASCO	4,340,894	2,655,477	-38.8%	1,731,553	1,806,770	4.3%	39.89%	68.04%	70.6%
WASHINGTON	68,906,341	65,313,657	-5.2%	45,399,483	46,801,868	3.1%	65.89%	71.66%	8.8%
WHEELER	277,108	280,163	1.1%	100,122	105,285	5.2%	36.13%	37.58%	4.0%
YAMHILL	10,403,609	10,206,295	-1.9%	6,486,736	6,744,125	4.0%	62.35%	66.08%	6.0%
OREGON	498,657,322	458,496,506	-8.1%	307,444,060	315,448,986	2.6%	61.65%	68.80%	11.6%

## NET ASSESSED VALUE AND AVERAGE TAX RATE

COUNTY	--- NET ASSESSED VALUE (\$000s) ---			-- AVERAGE TAX RATE --		
	2009-10	2010-11	CHANGE	2009-10	2010-11	CHANGE
BAKER	1,149,592	1,177,057	2.39%	13.60	13.58	-0.15%
BENTON	6,355,075	6,610,232	4.02%	16.12	16.01	-0.68%
CLACKAMAS	34,424,534	35,407,974	2.86%	16.47	16.29	-1.09%
CLATSOP	4,783,903	4,854,475	1.48%	12.71	12.81	0.79%
COLUMBIA	3,973,073	4,022,786	1.25%	13.45	13.68	1.71%
COOS	4,172,728	4,276,479	2.49%	12.76	12.66	-0.78%
CROOK	1,657,103	1,638,537	-1.12%	14.05	13.90	-1.07%
CURRY	2,392,907	2,450,240	2.40%	8.91	8.90	-0.11%
DESCHUTES	17,299,058	17,467,969	0.98%	15.17	15.14	-0.20%
DOUGLAS	7,193,307	7,322,895	1.80%	11.41	11.40	-0.09%
GILLIAM	675,489	861,592	27.55%	11.94	11.83	-0.92%
GRANT	438,412	450,998	2.87%	14.90	15.05	1.01%
HARNEY	426,230	441,946	3.69%	14.44	14.33	-0.76%
HOOD RIVER	1,699,269	1,754,495	3.25%	13.69	13.91	1.61%
JACKSON	15,648,051	15,981,129	2.13%	14.34	14.28	-0.42%
JEFFERSON	1,393,171	1,416,498	1.67%	17.54	16.61	-5.30%
JOSEPHINE	5,908,491	6,086,991	3.02%	9.77	9.53	-2.46%
KLAMATH	4,836,527	4,880,372	0.91%	11.08	10.99	-0.81%
LAKE	498,929	521,821	4.59%	14.04	13.47	-4.06%
LANE	25,339,467	25,732,287	1.55%	15.55	15.28	-1.74%
LINCOLN	5,716,822	6,012,532	5.17%	13.52	13.62	0.74%
LINN	7,554,500	7,657,389	1.36%	16.20	16.04	-0.99%
MALHEUR	1,548,646	1,611,271	4.04%	13.37	13.84	3.52%
MARION	18,294,623	18,797,852	2.75%	16.27	15.99	-1.72%
MORROW	1,325,481	1,332,614	0.54%	15.57	16.10	3.40%
MULTNOMAH	54,549,303	55,987,408	2.64%	19.76	19.57	-0.96%
POLK	4,415,831	4,546,961	2.97%	15.19	15.01	-1.18%
SHERMAN	398,707	401,515	0.70%	16.18	16.19	0.06%
TILLAMOOK	3,747,687	3,872,493	3.33%	11.26	11.06	-1.78%
UMATILLA	4,247,018	4,388,392	3.33%	16.35	15.95	-2.45%
UNION	1,388,124	1,445,298	4.12%	13.23	13.07	-1.21%
WALLOWA	608,792	632,710	3.93%	12.40	12.34	-0.48%
WASCO	1,667,962	1,742,795	4.49%	17.55	17.51	-0.23%
WASHINGTON	44,775,992	46,603,239	4.08%	16.80	16.63	-1.01%
WHEELER	100,903	106,090	5.14%	17.51	17.41	-0.57%
YAMHILL	6,486,736	6,741,783	3.93%	15.20	15.15	-0.33%
TOTAL	297,092,444	305,237,113	2.74%	16.01	15.86	-0.94%
URBAN RENEWAL	10,437,408	10,297,423	-1.34%	17.48	17.44	-0.27%
OREGON	307,529,852	315,534,536	2.60%	16.06	15.91	-0.93%

Net Assessed Value is equal to Total Roll Value + Nonprofit Housing + Fish&Wildlife Value - UR Excess Value.

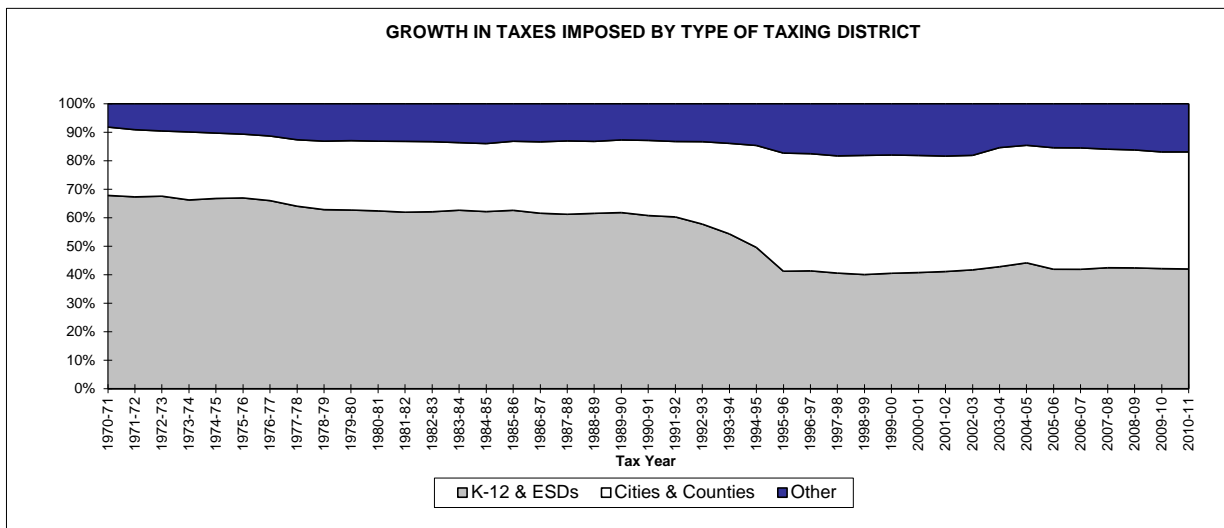
UR Assessed Value includes the used Excess Value only.

## GROWTH OF IMPOSED PROPERTY TAX LEVIES

YEAR	TOTAL LEVIES		COUNTIES		CITIES		SCHOOLS AND E.S.D.S		COMMUNITY COLLEGES		OTHER DISTRICTS	
	LEVIES	%	LEVIES	%	LEVIES	%	LEVIES	%	LEVIES	%	LEVIES	%
1970-71	503.2	11.1%	51.3	3.4%	69.4	10.5%	341.4	11.1%	18.9	32.2%	22.2	18.1%
1971-72	541.3	7.6%	56.5	10.1%	71.1	2.4%	364.5	6.8%	21.0	11.1%	28.2	27.0%
1972-73	583.9	7.9%	58.4	3.4%	75.2	5.8%	394.6	8.3%	22.8	8.6%	32.9	16.7%
1973-74	595.3	2.0%	61.1	4.6%	81.0	7.7%	394.4	-0.1%	24.2	6.1%	34.6	5.2%
1974-75	687.1	15.4%	65.8	7.7%	91.8	13.3%	458.9	16.4%	28.2	16.5%	42.4	22.5%
1975-76	778.5	13.3%	71.2	8.2%	103.1	12.3%	521.3	13.6%	33.3	18.1%	49.6	17.0%
1976-77	860.0	10.5%	79.4	11.5%	115.6	12.1%	567.8	8.9%	36.1	8.4%	61.1	23.2%
1977-78	901.0	4.8%	85.7	7.9%	124.4	7.6%	577.2	1.7%	39.9	10.5%	73.8	20.8%
1978-79	916.0	1.7%	88.1	2.8%	132.0	6.1%	575.8	-0.2%	40.9	2.5%	79.2	7.3%
1979-80	1,014.4	10.7%	94.3	7.0%	152.7	15.7%	636.2	10.5%	47.8	16.9%	83.4	5.3%
1980-81	1,191.3	17.4%	107.6	14.1%	183.9	20.4%	743.5	16.9%	56.2	17.6%	100.1	20.0%
1981-82	1,435.6	20.5%	150.1	39.5%	206.7	12.4%	889.5	19.6%	64.8	15.3%	124.5	24.4%
1982-83	1,543.6	7.5%	159.2	6.1%	220.4	6.6%	958.8	7.8%	70.6	9.0%	134.6	8.1%
1983-84	1,612.3	4.5%	149.0	-6.4%	233.4	5.9%	1,010.1	5.4%	73.9	4.7%	145.9	8.4%
1984-85	1,740.0	7.9%	163.7	9.9%	251.6	7.8%	1,081.8	7.1%	79.5	7.6%	163.4	12.0%
1985-86	1,819.2	4.6%	173.3	5.9%	267.6	6.4%	1,139.2	5.3%	82.0	3.1%	157.1	-3.9%
1986-87	1,946.5	7.0%	198.6	14.6%	289.0	8.0%	1,199.0	5.2%	92.9	13.3%	167.0	6.3%
1987-88	2,072.9	6.5%	223.9	12.7%	309.9	7.2%	1,269.2	5.9%	97.0	4.4%	172.9	3.5%
1988-89	2,223.7	7.3%	243.1	8.6%	318.5	2.8%	1,368.8	7.8%	106.0	9.3%	187.3	8.3%
1989-90	2,386.0	7.3%	248.3	2.1%	359.9	13.0%	1,475.2	7.8%	109.2	3.0%	193.4	3.3%
1990-91	2,550.6	6.9%	282.1	13.6%	390.4	8.5%	1,550.4	5.1%	115.0	5.3%	212.7	10.0%
1991-92	2,549.9	0.0%	292.1	3.5%	382.7	-2.0%	1,537.7	-0.8%	112.5	-2.2%	224.9	5.7%
1992-93	2,529.0	-0.8%	314.7	7.7%	416.8	8.9%	1,461.3	-5.0%	112.2	-0.3%	224.0	-0.4%
1993-94	2,466.4	-2.5%	336.3	6.9%	447.2	7.3%	1,340.4	-8.3%	103.6	-7.7%	238.8	6.6%
1994-95	2,369.8	-3.9%	353.8	5.2%	494.1	10.5%	1,175.6	-12.3%	90.1	-13.0%	256.3	7.3%
1995-96	2,248.2	-5.1%	398.8	12.7%	533.5	8.0%	927.2	-21.1%	78.6	-12.8%	310.1	21.0%
1996-97	2,527.9	12.4%	470.5	18.0%	568.8	6.6%	1,045.9	12.8%	89.0	13.2%	353.6	14.0%
1997-98	2,476.5	-2.0%	469.6	-0.2%	549.1	-3.5%	1,005.1	-3.9%	88.9	-0.1%	363.7	2.9%
1998-99	2,617.8	5.7%	514.7	9.6%	579.9	5.6%	1,049.1	4.4%	93.1	4.7%	381.0	4.8%
1999-00	2,801.5	7.0%	536.9	4.3%	625.9	7.9%	1,135.4	8.2%	97.8	5.1%	405.6	6.4%
2000-01	3,014.0	7.6%	574.2	7.0%	664.4	6.1%	1,229.2	8.3%	105.1	7.4%	441.3	8.8%
2001-02	3,251.9	7.9%	618.7	7.7%	699.0	5.2%	1,337.8	8.8%	127.3	21.1%	469.1	6.3%
2002-03	3,414.6	5.0%	638.5	3.2%	733.6	4.9%	1,424.7	6.5%	128.8	1.2%	489.0	4.2%
2003-04	3,611.1	5.8%	660.3	3.4%	804.0	9.6%	1,500.9	5.3%	134.0	4.0%	404.6	-17.3%
2004-05	3,763.9	4.2%	691.7	4.8%	833.7	3.7%	1,550.5	3.3%	146.5	9.4%	392.0	-3.1%
2005-06	3,899.1	3.6%	723.0	4.5%	873.6	4.8%	1,569.9	1.3%	155.4	6.0%	422.0	7.6%
2006-07	4,077.4	4.6%	746.5	3.3%	920.5	5.4%	1,640.0	4.5%	161.3	3.8%	444.2	5.3%
2007-08	4,470.4	9.6%	810.7	8.6%	969.6	5.3%	1,817.3	10.8%	165.6	2.6%	515.8	16.1%
2008-09	4,676.4	4.6%	852.3	5.1%	1,001.4	3.3%	1,899.9	4.5%	175.0	5.7%	550.5	6.7%
2009-10	4,969.0	6.3%	882.6	3.6%	1,065.2	6.4%	2,005.6	5.6%	196.9	12.5%	606.5	10.2%
2010-11	5,051.9	1.7%	900.2	2.0%	1,089.1	1.7%	2,035.3	1.5%	200.8	2.0%	616.8	1.7%

Ave. Growth Rate (1970-2011)	6.2%	7.5%	7.3%	5.0%	7.0%	9.2%
Ave. Growth Rate (1990-2011)	3.7%	6.4%	5.4%	1.9%	3.2%	5.9%

NOTES: Dollar figures in millions.  
 "Other Districts" **does not** include urban renewal districts.



**Property Taxes Imposed**

**2011-12**

COUNTY	--- TOTAL IMPOSED ---		--- COUNTIES---		--- CITIES ---		--- SCHOOLS & ESDs ----		COMMUNITY COLLEGE		--SPECIAL DISTRICTS--	
	AMOUNT	% CHG.	AMOUNT	% CHG.	AMOUNT	% CHG.	AMOUNT	% CHG.	AMOUNT	% CHG.	AMOUNT	% CHG.
BAKER	16,234,738	1.6%	4,537,961	2.4%	3,241,071	2.0%	5,963,044	0.6%	773,998	2.8%	1,718,665	1.8%
BENTON	110,416,143	4.3%	19,612,338	4.4%	31,217,310	9.7%	48,424,629	1.4%	4,608,520	4.2%	6,553,346	2.2%
CLACKAMAS	587,891,629	1.9%	105,882,817	2.6%	80,211,324	3.0%	270,598,588	3.1%	23,632,290	-1.4%	107,566,611	-1.5%
CLATSOP	62,982,471	1.3%	7,976,022	1.2%	12,783,819	7.2%	27,725,614	-0.2%	4,150,210	3.0%	10,346,806	-2.2%
COLUMBIA	53,394,734	-3.0%	6,852,628	1.5%	6,104,285	-2.9%	24,893,432	-1.9%	1,771,140	-6.8%	13,773,251	-6.4%
COOS	55,771,171	3.0%	6,772,642	3.2%	12,873,833	4.7%	22,165,926	2.4%	3,018,209	2.4%	10,940,561	2.6%
CROOK	21,263,726	-6.6%	6,180,701	-5.7%	1,637,414	-10.9%	8,669,094	-6.8%	1,098,407	-5.5%	3,678,111	-6.1%
CURRY	21,982,421	0.8%	1,509,975	2.8%	3,545,372	-1.4%	11,383,967	0.7%	1,765,239	2.8%	3,777,868	1.5%
DESCHUTES	260,235,879	-1.6%	26,847,341	-1.5%	32,225,978	-4.1%	113,020,667	-4.1%	12,709,719	0.7%	75,432,174	3.2%
DOUGLAS	85,228,888	2.1%	8,335,767	2.5%	19,086,521	2.6%	40,736,018	2.3%	3,468,471	2.3%	13,602,111	0.7%
GILLIAM	11,825,906	16.0%	3,868,143	16.9%	426,881	2.7%	5,526,009	16.1%			2,004,873	17.2%
GRANT	6,774,463	-0.2%	1,352,955	-14.4%	723,099	6.1%	2,513,503	3.8%			2,184,905	3.8%
HARNEY	6,364,909	0.5%	1,979,732	0.6%	800,068	-0.6%	2,644,137	0.7%			940,971	0.5%
HOOD RIVER	26,107,643	7.0%	2,934,580	3.2%	2,543,534	3.4%	14,871,549	4.3%	1,167,839	4.4%	4,590,141	23.1%
JACKSON	228,078,742	-0.1%	35,678,123	-4.1%	50,703,976	1.5%	105,352,653	0.3%	9,959,528	-1.2%	26,384,463	1.5%
JEFFERSON	23,185,916	-1.4%	7,253,324	-3.5%	1,492,630	-6.7%	9,685,638	0.0%	1,029,062	1.5%	3,725,262	0.5%
JOSEPHINE	58,513,174	0.9%	4,656,988	0.9%	16,092,732	1.2%	32,741,577	0.8%	3,132,586	0.9%	1,889,290	0.0%
KLAMATH	54,280,676	1.2%	9,020,788	-10.8%	6,886,032	0.0%	20,761,887	5.5%	2,206,040	5.1%	15,405,929	3.7%
LAKE	10,609,909	51.0%	3,089,483	59.2%	793,291	2.6%	4,121,098	57.1%	104,790	5.1%	2,501,248	57.4%
LANE	396,956,907	1.0%	36,788,712	2.7%	136,342,581	-0.3%	171,496,244	0.7%	22,911,802	4.6%	29,417,567	3.7%
LINCOLN	84,804,973	3.5%	18,228,021	3.3%	16,008,926	6.6%	36,787,050	3.0%	2,784,027	2.6%	10,996,949	1.8%
LINN	122,706,258	-0.1%	26,994,487	5.2%	30,410,423	-4.8%	49,597,149	0.0%	5,283,473	1.8%	10,420,727	-0.2%
MALHEUR	22,546,337	1.1%	4,818,278	1.9%	4,134,695	0.5%	8,558,725	0.8%	1,840,275	0.8%	3,194,363	1.9%
MARION	309,847,895	3.1%	57,549,946	1.8%	75,681,770	2.0%	127,767,503	3.5%	16,910,381	13.4%	31,938,295	1.2%
MORROW	22,980,169	7.1%	5,697,261	6.3%	2,507,597	3.7%	9,152,068	6.7%	1,325,978	4.2%	4,297,265	12.1%
MULTNOMAH	1,113,586,551	1.6%	285,997,192	0.7%	365,727,888	-0.3%	394,458,169	6.2%	32,298,863	-2.2%	35,104,439	-13.7%
POLK	70,608,961	3.5%	10,535,086	3.0%	18,714,020	2.6%	32,168,720	3.2%	4,032,585	13.5%	5,158,548	2.3%
SHERMAN	6,595,893	1.5%	3,481,337	1.9%	165,237	7.1%	2,188,452	0.1%			760,867	2.3%
TILLAMOOK	44,254,838	3.4%	10,553,412	2.7%	1,783,881	-2.5%	22,333,333	3.5%	1,734,549	6.6%	7,849,662	4.5%
UMATILLA	72,729,699	3.9%	13,806,172	1.7%	13,089,078	2.0%	33,906,475	3.8%	4,078,289	-0.4%	7,849,685	15.4%
UNION	19,235,344	1.8%	4,365,328	3.5%	4,711,083	-1.8%	8,496,920	3.0%			1,662,013	1.9%
WALLOWA	7,916,379	1.4%	1,645,365	2.5%	929,500	4.2%	3,829,872	2.1%			1,511,642	-3.0%
WASCO	31,681,779	3.8%	8,037,454	3.3%	2,970,985	7.6%	12,083,547	3.0%	1,906,835	2.9%	6,682,957	4.6%
WASHINGTON	791,736,473	2.2%	142,804,801	2.8%	122,222,481	4.2%	350,237,068	2.7%	28,575,321	-3.2%	147,896,802	-0.2%
WHEELER	1,894,448	2.6%	912,268	2.6%	184,287	1.5%	667,778	2.7%			130,115	3.1%
YAMHILL	101,379,251	-0.8%	17,588,486	1.2%	22,163,306	1.3%	50,307,756	-3.2%	5,235,400	6.6%	6,084,303	1.0%
TOTAL	4,922,605,292	1.7%	914,145,914	1.5%	1,101,136,910	1.1%	2,085,835,859	2.5%	203,513,826	1.3%	697,083,799	13.0%
URBAN RENEWAL	182,203,452	1.5%										
OREGON	5,104,808,744	1.7%										

## PROPERTY TAX COMPRESSION LOSSES

2011-12

COUNTY	INSIDE M5 LIMIT SCHOOL LEVIES			INSIDE M5 LIMIT NON-SCHOOL LEVIES			----- TOTAL LEVIES ----- (Excludes Urban Renewal)		
	Loss \$000s	% of Tax	% Change	Loss \$000s	% of Tax	% Change	Loss \$000s	% of Tax	% Change
BAKER	404.9	6.8%	-2.8%	263.9	2.6%	13.5%	668.8	4.1%	3.0%
BENTON	3,461.5	7.1%	27.4%	133.5	0.2%	78.2%	3,595.0	3.3%	28.7%
CLACKAMAS	11,734.0	4.3%	68.8%	892.1	0.3%	49.7%	12,626.0	2.1%	67.3%
CLATSOP	518.2	1.9%	19.4%	113.3	0.3%	-1.1%	631.5	1.0%	15.2%
COLUMBIA	846.8	3.4%	199.6%	225.7	0.8%	51.5%	1,072.4	2.0%	148.5%
COOS	152.1	0.7%	23.5%	46.1	0.1%	17.1%	198.2	0.4%	22.0%
CROOK	451.4	0.1	42.8%	58.2	0.5%	43.0%	509.7	2.4%	42.8%
CURRY	11.5	0.1%	31.6%	1.8	0.02%	31.5%	13.4	0.1%	31.6%
DESCHUTES	2,700.0	2.39%	45.4%	549.6	0.4%	38.3%	3,249.6	1.2%	44.1%
DOUGLAS	566.9	1.4%	32.5%	276.5	0.6%	32.8%	843.4	1.0%	32.6%
GILLIAM	25.9	0.5%	5.2%	17.8	0.3%	26.2%	43.6	0.4%	12.8%
GRANT	44.0	1.7%	28.8%	2.1	0.0%	2.6%	46.0	0.7%	27.3%
HARNEY	74.2	2.8%	29.1%	84.0	2.3%	56.9%	158.2	2.5%	42.5%
HOOD RIVER	655.9	4.4%	19.4%	7.3	0.1%	47.1%	663.2	2.5%	19.7%
JACKSON	1,612.4	1.5%	79.4%	117.1	0.1%	57.2%	1,729.5	0.8%	77.7%
JEFFERSON	251.2	2.6%	14.1%	332.8	2.5%	16.2%	584.0	2.5%	15.3%
JOSEPHINE	361.7	1.1%	147.3%	38.0	0.15%	147.1%	399.7	0.7%	147.3%
KLAMATH	1.9	0.0%	30.7%	626.9	1.9%	44.9%	628.8	1.2%	44.8%
LAKE	65.4	1.6%	436.6%	93.6	1.4%	20.5%	159.0	1.5%	76.9%
LANE	10,588.0	6.2%	33.5%	310.9	0.1%	38.4%	10,898.8	2.7%	33.7%
LINCOLN	215.2	0.6%	45.0%	7.6	0.0%	-53.8%	222.8	0.3%	35.2%
LINN	1,160.8	2.3%	39.3%	6,910.8	9.5%	109.4%	8,071.6	6.6%	95.3%
MALHEUR	257.2	3.0%	40.2%	105.9	0.8%	30.9%	363.1	1.6%	37.4%
MARION	1,059.1	0.8%	55.7%	1,926.7	1.1%	51.6%	2,985.8	1.0%	53.1%
MORROW	1,149.2	12.6%	12.7%	788.2	5.7%	20.5%	1,937.4	8.4%	15.8%
MULTNOMAH	28,213.7	7.2%	138.7%	52,255.8	7.3%	47.8%	80,469.5	7.2%	70.6%
POLK	376.7	1.2%	50.6%	45.1	0.1%	51.9%	421.8	0.6%	50.7%
SHERMAN	42.6	1.9%	3.2%	146.3	3.3%	12.4%	188.9	2.9%	10.2%
TILLAMOOK	171.8	0.8%	46.0%	9.7	0.0%	42.9%	181.5	0.4%	45.9%
UMATILLA	1,832.8	5.4%	15.4%	573.8	1.5%	40.0%	2,406.5	3.3%	20.4%
UNION	83.8	1.0%	-10.7%	122.3	1.1%	41.3%	206.1	1.1%	14.3%
WALLOWA	36.4	1.0%	18.3%	0.2	0.01%	-22.9%	36.7	0.5%	18.0%
WASCO	149.3	1.2%	0.6%	252.6	1.3%	-3.4%	401.9	1.3%	-2.0%
WASHINGTON	6,548.9	1.9%	51.2%	221.4	0.05%	26.0%	6,770.2	0.9%	50.2%
WHEELER	14.8	2.2%	26.0%	36.2	3.0%	32.5%	51.0	2.7%	30.6%
YAMHILL	443.7	0.9%	48.3%	47.1	0.1%	53.2%	490.8	0.5%	48.7%
<b>TOTAL</b>	<b>76,283.8</b>	<b>3.7%</b>	<b>69.5%</b>	<b>67,640.7</b>	<b>2.4%</b>	<b>50.9%</b>	<b>143,924.5</b>	<b>2.9%</b>	<b>60.8%</b>

NOTE: Thousands of Dollars. Levies for joint districts are apportioned among counties.

Compression loss equals the M5 compression losses for local taxing districts , excluding urban renewal agencies.

## PROPERTY TAX RELIEF

General property tax relief began with the Property Tax Relief Act of 1929. This act imposed a personal income tax and dedicated the revenues to offset the State's property tax levy. As a result, the State has not levied a property tax since 1940.

### ***Homeowners and Renters Refund Program (HARRP)***

HARRP was created in 1973 and discontinued by the 1991 Legislature. Refunds were phased down in 1991 and then ended. In 1991 HARRP gave property tax refunds to homeowners and renters with household income of less than \$10,000. Assets (excludes homestead, personal property and retirement plans) could not exceed \$25,000 unless age 65 or older. The program refunded property taxes up to a maximum for each income group.

### ***Property Tax Relief Program (PTR)***

PTR was enacted in 1979 and repealed by the 1985 Legislature. The program, when originally enacted, refunded 30% of qualifying operating levies up to a maximum of \$800 for each homeowner. Renters were refunded 4.7% of contract rent up to \$400 for each renter.

### ***Elderly Rental Assistance (ERA)***

ERA was enacted in 1975. ERA makes payments to renters age 58 and older with annual household income less than \$10,000. Assets (excludes homestead, personal property and retirement plans) must be less than \$25,000 if under age 65. Rent must exceed 20% of household income for calculating a payment. The payment is gross rent (including fuel and utilities) up to the \$2,100 limit less 20% of household income, such that the payment reaches the maximum of \$2,100 when income is zero and the minimum \$100 at \$10,000 income. Taxpayers must file Form 90R by July 1 of the year following the year rent was paid to apply for a payment. Payments are made by check in November of each year out of a single appropriation to fund this program and make payments to counties in lieu of property taxes for exempt nonprofit corporation housing for elderly persons. If the appropriation is insufficient to cover the payments, payments to both programs are prorated.

In 1992, the total cash outlay from the General Fund reached its highest level with an average refund of \$711 per renter. Between 1992 and 2006, the number of participants declined by 63%; and the average refund declined by 34%. One plausible explanation is that between 2002 and 2005, mortgage interest rates declined; and the availability of financial instruments such as the 'interest only' mortgages may have enabled a number of former renters to purchase homes.<sup>1</sup> The declining trend has continued through 2009, with 2,963 participants and an average refund of \$333. Low interest rates have accompanied the recession in recent years as well, driving the possible trend toward home purchase.

### ***Senior Citizens Property Tax Deferral Program***

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<sup>1</sup> There are other potential reasons for this decline that worked against eligibility. First, unless a husband and wife or registered domestic partners are living apart permanently on December 31, their income must be combined to determine their household income. Second, in 2005, cost of living allowance raised the minimum social security benefits for a couple to \$10,015.



The senior deferral was enacted in 1963. Homeowners age 62 and over can defer payment of property taxes until the owner dies or sells the property. The State pays the tax and obtains a lien on the property for the tax and accrued interest at the rate of 6% per year. At the time of enactment, the owner's household income was required to be under \$24,500 in the year prior to applying. Once in the program, a taxpayer could defer only in years when federal adjusted gross income was less than \$29,000. In 1977, the Legislature expanded the program to include special assessments. The 1999 Legislature opened the deferral program to the disabled community and increased the initial income threshold to \$27,500 in the year prior to applying, and raised household income once in the program to \$32,000. The 2001 Legislature raised the initial household income to match the "once in the program limit" of \$32,000. These income limits are indexed to the U.S. Urban CPI. The current household and federal adjusted gross income limit is \$39,500 for 2011.

Between 1980 and 1992-93, the number of deferred accounts increased from 1,976 to 12,181, an annualized increase of about 37% over the 14 year period. During every year of this period, except for 1992-93, property tax payments to counties on behalf of some senior citizens exceeded other seniors' repayments of their deferred taxes and accrued interest. Therefore, by the end of 1992-93, the 'balance owed' to the General Fund stood at \$102 million, reflecting an annualized growth rate of roughly 34% during this period.

Between 1992-93 and 2005-06, the number of deferred accounts declined from 12,181 to 8,866; but both the payments to counties and seniors' repayments of deferred taxes increased. In addition, during this period payments to counties on behalf of her senior citizens were less than seniors' repayments. These changes mitigated growth in the 'balance owed'; but this balance did not begin to decline consistently until after 1998-99. Between 1998-99 and 2006-07 the 'balance owed' declined from \$136 million to \$116 million. Recent years have seen a reduction in the number of deferred accounts and periods of repayment with interest rates at historic lows; however in 2010 and 2011, the program saw a reduction in repayments due to depressed activity in the housing market and the resulting shortfall in the program's account led to the passage of HB 2543 in 2011. HB 2543 changed the income requirement to a more comprehensive measure of income, imposed an asset limit of \$500,000, a limit on the Real Market Value (RMV) of homes in the program according to an adjustable schedule, a prohibition on homes with reverse mortgages, and a requirement that participants be in their homes for 5 or more years to apply or participate. The changes to the program reduced participation by roughly half and reduced payment obligations for the 2011-12 property tax year.

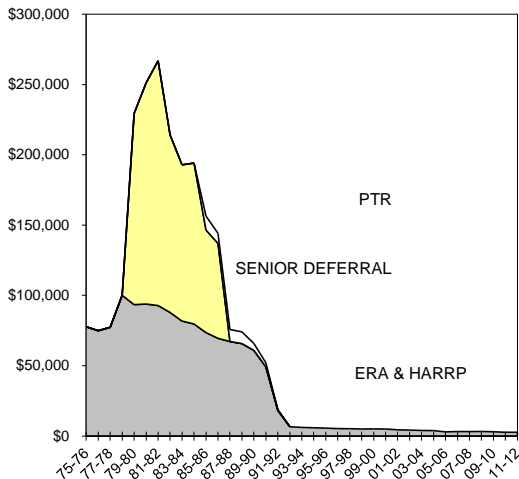
In 2005, the Legislature created Oregon Project Independence (OPI) and funded it from any 'excess' balances that accumulate in the Senior Deferral Account. Excess balances accumulate if the property tax plus interest that Seniors repay are greater than the amount that the State of Oregon pays counties on behalf of the qualified Seniors who are in the Senior Deferral Program. The first payment sent in 2006 from the Deferral Account was in the amount of \$250,000. No payment was made in 2007. The January 2008 payment was in the amount of \$14.29 million. Funding challenges related to the Senior Deferral Program in recent years have resulted in a loss of funding to OPI. The 2011 Legislature removed the program as a source of OPI funding in HB 2543.

## GENERAL FUND EXPENDITURES FOR PROPERTY TAX RELIEF

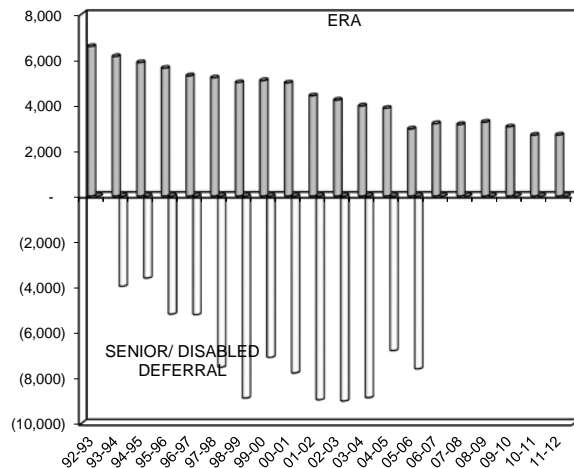
FISCAL YEAR	GENERAL FUND EXPENDITURES (\$ 000)				HARRP PROGRAM PARAMETERS			PTR MAXIMUM PAYMENT
	ERA*** & HARRP*	PTR	DEFERRAL** PROGRAMS	TOTAL	INCOME LIMIT	MAXIMUM REFUND	ASSET TEST	
1975-76	\$77,693	\$0	\$0	\$77,693	15,000	490		
1976-77	74,887	0	0	74,887	15,000	490		
1977-78	77,335	0	0	77,335	15,000	490		
1978-79	100,076	0	0	100,076	16,000	655		
1979-80	93,444	135,993	0	229,437	17,500	750		800
1980-81	93,879	157,261	0	251,140	17,500	750		800
1981-82	92,810	174,053	0	266,863	17,500	750		425
1982-83	87,883	126,264	0	214,147	17,500	750		192
1983-84	81,755	111,089	0	192,844	17,500	750		170
1984-85	79,688	114,451	0	194,139	17,500	750		170
1985-86	73,573	72,913	9,926	156,412	17,500	750		100
1986-87	69,489	67,519	7,160	144,168	17,500	750		100
1987-88	67,215	0	8,559	75,774	17,500	750		0
1988-89	65,773	0	8,293	74,066	17,500	750		0
1989-90	60,971	0	4,817	65,788	17,500	750		0
1990-91	49,257	0	2,783	52,040	17,500	750	25,000	0
1991-92	18,256	0	633	18,889	10,000	500	25,000	0
1992-93	6,586	0	(1,399)	5,187	0	0	0	0
1993-94	6,143	0	(3,964)	2,179	0	0	0	0
1994-95	5,875	0	(3,612)	2,263	0	0	0	0
1995-96	5,630	0	(5,195)	435	0	0	0	0
1996-97	5,291	0	(5,219)	72	0	0	0	0
1997-98	5,205	0	(7,528)	(2,323)	0	0	0	0
1998-99	5,000	0	(8,887)	(3,887)	0	0	0	0
1999-00	5,085	0	(7,097)	(2,012)	0	0	0	0
2000-01	4,984	0	(7,779)	(2,795)	0	0	0	0
2001-02	4,417	0	(8,958)	(4,541)	0	0	0	0
2002-03	4,225	0	(9,015)	(4,790)	0	0	0	0
2003-04	3,966	0	(8,864)	(4,898)	0	0	0	0
2004-05	3,868	0	(6,800)	(2,932)	0	0	0	0
2005-06	2,956	0	(7,596)	(4,640)	0	0	0	0
2006-07	3,190	0	0	3,190	0	0	0	0
2007-08	3,148	0	0	3,148	0	0	0	0
2008-09	3,260	0	0	3,260	0	0	0	0
2009-10	3,049	0	0	3,049	0	0	0	0
2010-11	2,686	0	0	2,686	0	0	0	0
2011-12	2,691	0	0	2,691	0	0	0	0

NOTE: \* HARRP refunds ended with the Oct. 1991 payment based on the 1990 return.  
 ERA, Elderly (age 58 or older) Rental Assistance for households with income less than \$10,000 continues.  
 \*\* General Fund cost as current year payments less repayments for prior years.  
 Prior to 1985-86 deferral payments were treated as General and Other Fund investments.  
 Amounts received in excess of amount spent by state are no longer returned to general fund but rather are used to fund OPI  
 \*\*\* ERA numbers include Nonprofit Housing starting 1991-92.

**GENERAL FUND EXPENDITURES FOR PROPERTY TAX RELIEF- 1976-2011**



**GENERAL FUND EXPENDITURES FOR PROPERTY TAX RELIEF -1992-2011**



## PROPERTY TAX RELIEF

### HOMEOWNER'S AND RENTER'S REFUND PROGRAM (HARRP)

RETURN YEAR	REFUNDS (\$000)				NUMBER OF RETURNS				AVERAGE REFUND (\$)			
	HOME OWNER	RENTER	MOBILE HOME	TOTAL	HOME OWNER	RENTER	MOBILE HOME	TOTAL	HOME OWNER	RENTER	MOBILE HOME	TOTAL
1975	48,277	25,789	3,017	77,083	268,010	240,922	18,445	527,377	180.13	107.04	163.57	146.16
1976	44,044	25,939	3,055	73,038	234,813	241,469	18,229	494,511	187.57	107.42	167.59	147.70
1977	57,781	31,984	4,223	93,988	222,570	214,217	19,020	455,807	259.61	149.31	222.03	206.20
1978	53,172	32,015	3,878	89,065	209,977	221,354	20,410	451,741	253.23	144.63	190.00	197.16
1979	51,211	31,990	4,278	87,479	200,311	238,150	21,254	459,715	255.66	134.33	201.28	190.29
1980	49,861	33,297	4,422	87,580	185,111	238,498	20,997	444,606	269.36	139.61	210.60	196.98
1981	47,477	32,856	4,416	84,749	171,208	221,018	20,083	412,309	277.31	148.66	219.89	205.55
1982	43,886	26,677	4,174	74,737	152,214	175,902	18,069	346,185	288.32	151.66	231.00	215.89
1983	40,938	28,207	4,092	73,237	143,524	182,165	17,363	343,052	285.23	154.84	235.67	213.49
1984	37,002	28,229	3,950	69,181	129,900	179,968	16,335	326,203	284.85	156.86	241.81	212.08
1985	34,518	25,136	3,852	63,506	120,882	176,986	15,742	313,610	285.55	142.02	244.70	202.50
1986	32,342	25,329	4,047	61,718	112,816	169,351	15,255	297,422	286.68	149.57	265.29	207.51
1987	32,253	24,129	4,104	60,486	110,549	164,051	14,925	289,525	291.75	147.08	274.97	208.91
1988	29,851	22,646	3,886	56,383	103,337	157,141	14,127	274,605	288.87	144.11	275.08	205.32
1989	22,602	19,774	3,484	45,859	79,190	138,598	12,713	230,501	285.41	142.67	274.05	198.95
1990	4,578	4,487	747	9,812	26,873	56,711	4,772	88,356	170.36	79.12	156.54	111.05

**HARRP NOTE:** HARRP program ended in 1991.

Refunds for 1971 and 1972 were under the Homeowners Property Tax Relief Program (HOPTR).  
Mobile homes are included in homeowners and renters for 1973 and 1974.

In 1973 the household income limit increased to \$16,000 and the maximum refund schedule increases

In 1977 the household income limit increased to \$17,500 and the maximum refund schedule increases

In 1982 the HARRP packet was separated from the income tax packet and mailed late in March of 19

In 1985 each qualified renter filed separately - previously only one return was allowed per household

In 1989 asset test added for those under age 65. Assets must be less than \$25,000 excluding the tangible personal property and retirement plans.

In 1990 the household income limit decreased to \$10,000 and the maximum refund schedule decreases

**ERA NOTES:**

In 1975 renters eligible if age 65 or older with income less than \$3,000 and rent exceeds 60% of income

In 1977 age reduced to 58 or older, income increased to \$5,000 and rent (up to \$2,100) exceeds 40

In 1989 asset limit of \$25,000 (with exclusions) added if under age 65.

In 1991 household income limit increased to \$10,000 and percent of income reduced to 20%.

Payment equals rent (up to \$2,100) less 20% of household income (\$10,000 limit).

ERA payments are made each fall for returns filed in the Spring. Returns may be filed up to 3 years later

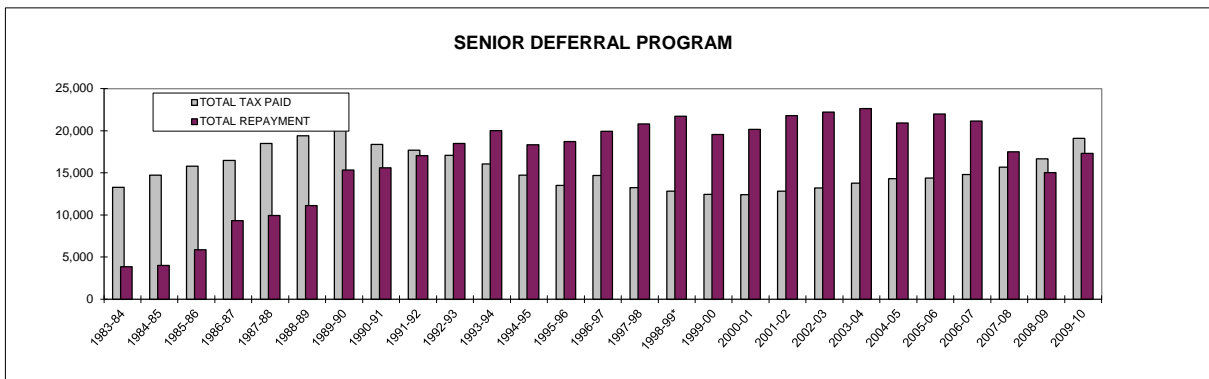
ELDERLY RENTAL ASSISTANCE (ERA)			
RETURN YEAR	REFUNDS (\$000)		AVERAGE
	REFUNDS	RETURNS	REFUND
1980	2,820	4,699	\$600
1981	2,184	3,525	620
1982	2,028	3,129	648
1983	1,757	2,738	642
1984	1,482	2,397	618
1985	1,358	2,228	610
1986	1,161	1,930	602
1987	1,063	1,810	587
1988	879	1,549	567
1989	549	1,045	526
1990	6,357	11,372	559
1991	5,564	10,430	533
1992	6,555	9,216	711
1993	5,522	9,542	579
1994	4,978	8,880	561
1995	4,652	8,230	565
1996	4,425	7,873	562
1997	4,214	7,571	557
1998	4,289	7,708	556
1999	4,238	7,579	559
2000	3,487	7,732	451
2001	3,202	6,215	515
2002	4,794	9,596	500
2003	2,745	5,076	541
2004	2,502	4,614	542
2005	2,095	3,996	524
2006	1,797	3,934	477
2007	1,660	3,286	443
2008	1,656	3,646	454
2009	1,422	3,284	433
2010	1,122	3,240	343
2011	994	2,784	357

NON PROFIT HOUSING			
FISCAL YEAR	REFUNDS (\$000)		AVERAGE
	REFUNDS	RETURNS	REFUND
FY 95	648	25	25,920
FY 96	664	28	23,714
FY 97	760	31	24,516
FY 98	747	32	23,344
FY 99	828	34	24,353
FY 00	901	36	25,028
FY 01	1,009	38	26,553
FY 02	840	39	21,538
FY 03	1,083	41	26,415
FY 04	1,221	43	28,395
FY 05	1,364	44	31,000
FY 06	1,263	44	28,705
FY 07	1,396	44	31,727
FY 08	1,488	44	33,818
FY 09	1,602	48	33,385
FY 10	1,627	48	33,894
FY 11	1,566	50	31,312
FY 12	1,697	49	34,633

## SENIOR CITIZENS PROPERTY TAX DEFERRAL

FISCAL YEAR	PROPERTY TAXES		SPECIAL ASSESSMENT		Disabled Deferral		(\$ 000)		
	PAID ACCTS.	AVG. PAID	PAID ACCTS.	AVE. PAID	PAID ACCTS.	AVG. PAID	TOTAL TAX PAID	TOTAL REPAYMENT	BALANCE OWED
1978-79	1,976	\$ 845	111	\$ 56	0	0	1,676	273	N/A
1979-80	4,000	\$ 645	168	\$ 187	0	0	2,649	370	N/A
1980-81	6,046	\$ 723	184	\$ 352	0	0	4,438	559	N/A
1981-82	7,097	\$ 917	246	\$ 442	0	0	6,614	833	N/A
1982-83	8,827	\$ 1,103	389	\$ 656	0	0	9,992	1,529	22,859
1983-84	10,976	\$ 1,181	404	\$ 761	0	0	13,275	3,864	34,540
1984-85	11,603	\$ 1,236	430	\$ 853	0	0	14,710	4,018	45,806
1985-86	12,228	\$ 1,261	501	\$ 735	0	0	15,785	5,859	56,811
1986-87	12,632	\$ 1,282	419	\$ 677	0	0	16,480	9,320	65,732
1987-88	12,738	\$ 1,430	422	\$ 548	0	0	18,493	9,934	75,236
1988-89	13,092	\$ 1,463	396	\$ 613	0	0	19,410	11,117	84,834
1989-90	13,165	\$ 1,513	393	\$ 641	0	0	20,164	15,347	91,676
1990-91	12,976	\$ 1,398	379	\$ 579	0	0	18,387	15,603	96,856
1991-92	12,039	\$ 1,449	411	\$ 544	0	0	17,685	17,051	100,433
1992-93	12,181	\$ 1,387	476	\$ 337	0	0	17,085	18,484	102,763
1993-94	11,681	\$ 1,358	495	\$ 366	0	0	16,058	20,022	102,937
1994-95	11,216	\$ 1,299	504	\$ 334	0	0	14,740	18,352	103,967
1995-96	10,763	\$ 1,235	431	\$ 397	0	0	13,519	18,714	102,373
1996-97	10,520	\$ 1,380	365	\$ 391	0	0	14,703	19,921	101,801
1997-98	10,823	\$ 1,207	343	\$ 486	0	0	13,260	20,788	99,784
1998-99*	9,769	\$ 1,272	209	\$ 469	0	0	12,832	21,719	136,268
1999-00	9,184	\$ 1,345	170	\$ 414	0	0	12,443	19,541	135,161
2000-01	8,822	\$ 1,396	155	\$ 468	0	0	12,392	20,172	133,271
2001-02	9,215	\$ 1,362	137	\$ 473	281	\$ 1,041	12,835	21,792	129,900
2002-03	9,107	\$ 1,404	254	\$ 206	387	\$ 1,080	13,196	22,210	126,224
2003-04	8,900	\$ 1,485	211	\$ 255	524	\$ 1,154	13,783	22,647	122,953
2004-05	8,300	\$ 1,633	158	\$ 328	633	\$ 1,182	14,302	20,901	120,031
2005-06	8,666	\$ 1,555	132	\$ 359	712	\$ 1,190	14,397	21,993	117,262
2006-07	8,627	\$ 1,595	105	\$ 314	786	\$ 1,251	14,814	21,135	116,079
2007-08	8,483	\$ 1,708	86	\$ 366	869	\$ 1,335	15,681	17,518	119,236
2008-09	8,652	\$ 1,765	78	\$ 522	890	\$ 1,480	16,662	15,042	126,375
2009-10	9,366	\$ 1,862	74	\$ 568	1,104	\$ 1,448	19,089	17,312	133,886
2010-11	9,883	\$ 1,880	N/A	N/A	1,207	\$ 1,509	20,743	14,262	137,961
2011-12	4,532	\$ 1,828	N/A	N/A	689	\$ 1,511	9,326	9,268	146,295

**NOTES:** Senior repayment excludes special assessments until 1983-84. Balance owed includes interest from 98-99 forward.  
 From 1991-92 General Fund appropriation not used. Deferral fund plus repayments exceed costs.  
 Interest rate of 6% is calculated as simple interest prior to changes for the 2011-12 Tax Year, where it is changed to compound.  
 In 1984 household Income limit of \$17,500 added for tax deferral and special assessment.  
 Property tax deferral income limit was \$18,500 in 1990, \$19,500 in 1991, and \$24,500 through tax year 2000-01.  
 The property tax deferral income increased to \$27,500 in 2001-02.  
 In 2001-02, The annual income to remain eligible for the the tax deferral program was increased to \$32,000 indexed to the CPI.  
 The qualification threshold to qualify for the program will increase to \$32,000 indexed to the CPI in 2002-03 .  
 The 1999 Legislature opened the deferral program to the disabled community beginning 2001-02.  
 \* In 1998-99 while converting from one mainframe system to another, the DOR discovered that interest for prior years had not been posted to the senior deferral account. The increase in the 'balance owed' in 1998-99 reflects the impact of this interest.



# OREGON ESTATE AND INHERITANCE TAXES

## ***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. For a long time, Oregon's estate tax was based on the federal estate law and the pick-up tax. The federal pick-up tax is a way in which states capture a portion of the federal estate tax liability but do not increase the overall tax liability of the estate. In 2003, Oregon passed legislation to confirm that it is connected to federal tax law known as "Taxpayer Relief Act of 1997", but not the 2001 federal law changes included in the Economic Growth and Tax Reconciliation Act. In 2011 Oregon confirmed the tax to be an estate tax, and constructed a standalone system that only uses definitions out of the federal code.

Oregon collected \$175 million in estate tax in the 2009-11 biennium, which comprised almost 2% of the total state general fund, and ranked as third largest single tax source behind corporate excise taxes. A small number of taxpayers pay the estate tax each year. Consequently, revenues from Oregon's estate tax are very volatile and one large estate tax return paying a sizeable amount of tax in a given year can result in a significant increase in estate tax revenue. In examining the percentage change each year from fiscal year 1970-71 to 2004-05, the annual percentage change had a range between a high of 103% increase in 1992-93 and a low of 60% decrease for 1987-88 from the prior year.

## ***Brief History of Oregon's Estate and Inheritance Tax – pre-1990s***

Oregon first enacted an inheritance tax in 1903. An inheritance tax is a tax on the beneficiary of the estate rather than on the estate itself. Prior to 1977, Oregon imposed an inheritance, gift and estate tax. The Oregon inheritance tax was calculated as a variable tax rate, a certain percentage of taxable estate value. The tax rates ranged from 12% to 20% depending on who was inheriting the estate, with the closest relationships receiving the lowest tax rates. The estate tax imposed was a graduated tax rate on the gross estate value less deductions. Deductions are allowed for debts owed at the time of death. In 1977, Oregon's inheritance tax was simplified and the tax was based on the value of the property received from a decedent's estate and the tax rate was a flat 12% of the taxable value. In addition, Oregon adopted the federal pick-up estate tax instead of its own estate tax. The federal pick-up tax became a floor on Oregon's own inheritance tax. Beginning in 1978, Oregon started phasing out its inheritance tax over 10 years. As the phase-out of Oregon's inheritance tax continued, the tax revenues dropped significantly to a low of \$8.87 million in fiscal year 1988-89, as the state was only collecting the federal pick-up tax. Since Oregon phased-out its inheritance tax and adopted the federal pick-up tax exclusively, Oregon's estate tax revenue has been tied to federal law as in place on a specific date. As Oregon rapidly became a destination of the elderly population, as well as the growth in property values after 1988-89, the estate tax revenues in Oregon started growing again.

## ***Federal Estate Tax Changes***

The federal pick-up tax was created in 1926. The maximum federal credit for state taxes paid is calculated as a graduated percentage of the taxable estate value. The tax rates, used to calculate the maximum state death tax credit, range from 0% for taxable estates under \$40,000 up to 16% for estates over \$10 million. Oregon connected exclusively to the federal pick-up tax as of 1987. After that, Oregon's estate tax revenue was dependent on a date specific federal tax code. Oregon was not automatically connecting to federal estate tax law changes. Additional legislation was needed in Oregon to adopt federal estate tax law changes. Oregon's estate tax law was connected to federal law, which established the federal gross estate value filing threshold at \$600,000 until the

2003 Legislative session. 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.

### **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. This change affected which estates would be subject to the estate tax. As a practice, in the past, Oregon had only assessed a tax on Oregon estates that were large enough to be subject to the federal estate tax.

<b>Tax Year</b>	<b>Gross Estate Value</b>	<b>Tax Year</b>	<b>Gross Estate Value</b>
1998	\$ 625,000	2004	\$ 850,000
1999	\$ 650,000	2005	\$ 950,000
2000 & 2001	\$ 675,000	2006	\$ 1,000,000
2002 & 2003	\$ 700,000	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. The phase-out of the total state death tax credit will eliminate the states' ability to capture a portion of each estate's federal tax liability by 2005. An increase in the gross estate value filing threshold will remove the tax assessment on certain smaller estates. The decrease in the federal highest estate tax rates also reduces the federal tax liability for estates. If Oregon connected to all the provisions in the 2001 estate tax law changes, it would have reduced Oregon's estate tax 25% per year starting in 2002, and would have eliminated the estate tax by 2005.

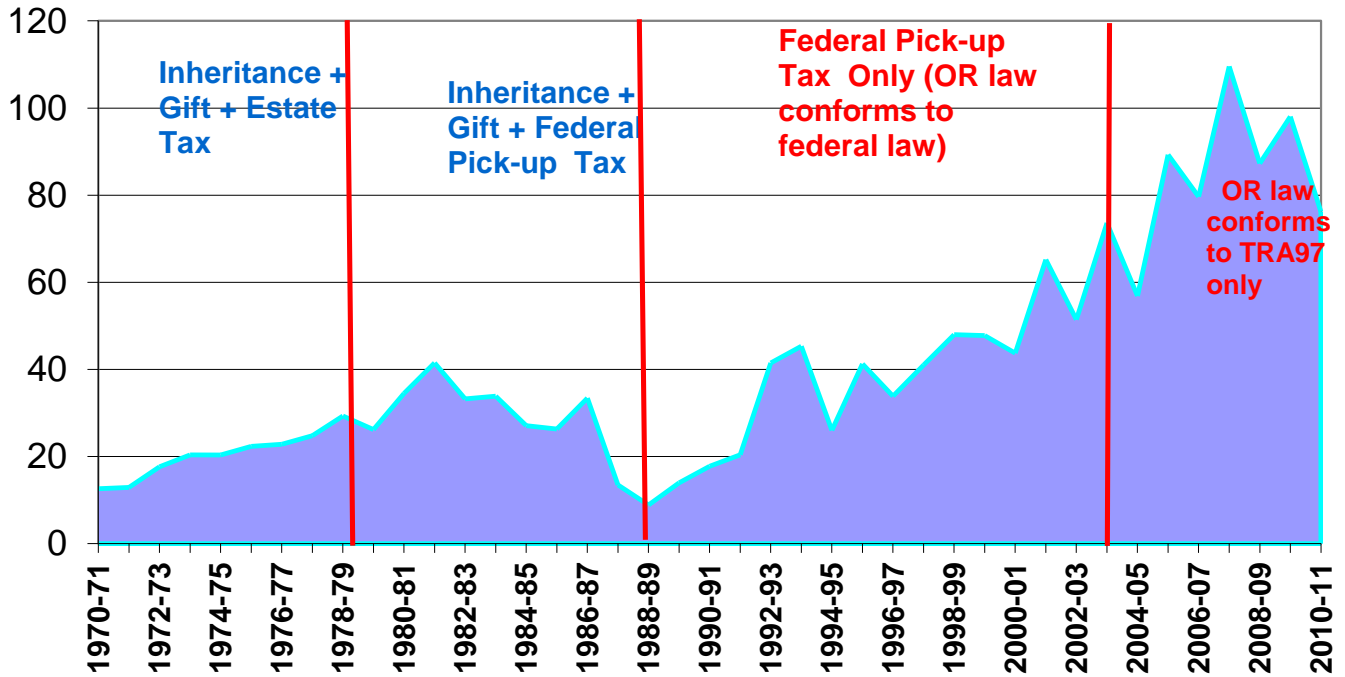
<b>Increase in gross estate value filing threshold</b>			
2002	\$ 1.0 million	2006	\$ 2.0 million
2004	\$ 1.5 million	2009	\$ 3.5 million
<b>Decrease in federal highest estate tax rates</b>			
2002	50%	2005	47%
2003	49%	2006	47%
2004	48%	2007 -2009	45%

### **Legislative Changes**

Prior to the 2003 Oregon legislation, legal opinions indicated that Oregon had not adopted either the Taxpayer Relief Act (TRA97) or the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) in 2001. The primary purpose of HB 3072 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. Another important objective of the 2003 legislation was to clarify that Oregon's estate tax connection is to the federal law under the Taxpayer Relief Act of 1997 for deaths occurring in 2003 and beyond. 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.

The 2011 legislative session approved (HB 2541) a major revamp of the estate tax. Oregon now uses the definitions from the recent federal tax code and adds some of its own while basing the tax on an independent schedule found in ORS 118. The new law (effective 2012) has a threshold of one million and still allows for a natural resource credit through a defined formula.

## Oregon Estate and Inheritance Tax Collections: FY 1971-2011



Fiscal Yr.	\$ Amount	% Change
1970-71	12,613,154	
1971-72	12,910,782	2.4%
1972-73	17,649,065	36.7%
1973-74	20,375,279	15.4%
1974-75	20,354,671	-0.1%
1975-76	22,334,631	9.7%
1976-77	22,814,203	2.1%
1977-78	24,782,221	8.6%
1978-79	29,307,501	18.3%
1979-80	26,190,894	-10.6%
1980-81	34,490,610	31.7%
1981-82	41,494,561	20.3%
1982-83	33,236,857	-19.9%
1983-84	33,855,381	1.9%
1984-85	27,084,953	-20.0%
1985-86	26,313,563	-2.8%
1986-87	33,413,595	27.0%
1987-88	13,476,313	-59.7%
1988-89	8,875,434	-34.1%
1989-90	13,962,361	57.3%

Fiscal Yr.	\$ Amount	% Change
1990-91	17,766,526	27.2%
1991-92	20,398,303	14.8%
1992-93	41,480,573	103.4%
1993-94	45,323,450	9.3%
1994-95	26,014,021	-42.6%
1995-96	41,264,996	58.6%
1996-97	33,856,234	-18.0%
1997-98	41,489,930	22.5%
1998-99	47,483,851	14.4%
1999-00	47,684,649	0.4%
2000-01	43,729,981	-8.3%
2001-02	65,201,986	49.1%
2002-03	51,431,290	-21.1%
2003-04	73,609,000	43.1%
2004-05	56,852,202	-22.7%
2005-06	89,282,588	57.0%
2006-07	79,649,893	-10.8%
2007-08	109,548,647	37.5%
2008-09	87,270,813	-20.3%
2009-10	98,034,497	12.3%
2010-11	76,248,946	-22.2%

**OREGON ESTATE TAXES - FOR DEATHS IN 2000 - 2010**  
**BREAKDOWN OF 2002, 2003, 2004, 2005, 2006, 2007 , 2008, 2009 and 2010**  
**ESTATE TAX RETURNS BY GROSS ESTATE VALUE**

Oregon Tax (\$_millions)	Tax Year	Total # of Returns	Payable Tax	Natural Resorce
				Credit
	2000	879	44.20	
	2001	878	70.85	
	2002	761	44.21	
	2003	1059	81.02	
	2004	1055	55.92	
	2005	1113	100.22	
	2006	1210	78.95	
	2007	1343	119.76	
	2008	1281	75.84	1.604
	2009	1123	82.90	1.197
	2010	1011	64.71	
<b>2002 Estate Tax Returns With Gross Estate Value</b>				
Size of Oregon Gross Estate	# of Returns	% of total returns	OR Payable Tax	% of total OR Payable Tax
Under \$1 million	83	11%	4,935,443	11.2%
\$1 million up to \$1.5 million	291	38%	6,213,058	14.1%
\$1.5 million up to \$2 million	142	19%	4,467,029	10.1%
\$2 million up to \$3.5 million	141	19%	7,488,570	16.9%
\$3.5 million up to \$5 million	51	7%	4,510,715	10.2%
\$5 million up to \$10 million	34	4%	4,825,541	10.9%
\$10 million up to \$20 million	9	1%	2,302,594	5.2%
more than \$20 million	10	1%	9,462,100	21.4%
TOTAL	761	100%	\$44,205,050	100%
<b>2003 Estate Tax Returns With Gross Estate Value</b>				
Under \$1 million	316	32%	5,809,013	7.2%
\$1 million up to \$1.5 million	331	31%	9,850,943	12.2%
\$1.5 million up to \$2 million	130	13%	5,411,579	6.7%
\$2 million up to \$3.5 million	159	13%	11,492,568	14.2%
\$3.5 million up to \$5 million	42	3%	5,625,740	6.9%
\$5 million up to \$10 million	54	5%	15,178,405	18.7%
\$10 million up to \$20 million	16	1%	7,845,815	9.7%
more than \$20 million	11	1%	19,805,473	24.4%
TOTAL	1059	100%	\$81,019,537	100%
<b>2004 Estate Tax Returns With Gross Estate Value</b>				
Under \$1 million	208	20%	2,360,071	4.2%
\$1 million up to \$1.5 million	364	35%	10,416,571	18.6%
\$1.5 million up to \$2 million	185	18%	7,336,983	13.1%
\$2 million up to \$3.5 million	177	17%	10,473,499	18.7%
\$3.5 million up to \$5 million	49	5%	5,085,992	9.1%
\$5 million up to \$10 million	47	4%	9,182,442	16.4%
\$10 million up to \$20 million	16	2%	9,583,749	17.1%
more than \$20 million	9	1%	1,484,893	2.7%
TOTAL	1055	100%	55,924,200	100%
<b>2005 Estate Tax Returns With Gross Estate Value</b>				
Under \$1 million	89	8%	206,806	0.2%
\$1 million up to \$1.5 million	418	38%	9,972,041	9.9%
\$1.5 million up to \$2 million	235	21%	8,995,817	9.0%
\$2 million up to \$3.5 million	217	19%	13,792,373	13.8%
\$3.5 million up to \$5 million	72	6%	7,513,990	7.5%
\$5 million up to \$10 million	61	5%	13,674,762	13.6%



\$10 million up to \$20 million	13	1%	8,813,423	8.8%
more than \$20 million	8	1%	37,255,012	37.2%
<b>TOTAL</b>	<b>1113</b>	<b>100%</b>	<b>100,224,223</b>	<b>100%</b>
<b>2006 Estate Tax Returns With Gross Estate Value</b>				
Under \$1 million	35	3%	166,845	0.2%
\$1 million up to \$1.5 million	455	38%	9,751,662	12.4%
\$1.5 million up to \$2 million	261	22%	11,384,211	14.4%
\$2 million up to \$3.5 million	272	22%	15,911,228	20.2%
\$3.5 million up to \$5 million	85	7%	10,922,107	13.8%
\$5 million up to \$10 million	55	5%	11,382,863	14.4%
\$10 million up to \$20 million	33	3%	13,565,266	17.2%
more than \$20 million	14	1%	5,862,469	7.4%
<b>TOTAL</b>	<b>1210</b>	<b>100%</b>	<b>78,946,652</b>	<b>100%</b>
<b>2007 Estate Tax Returns With Gross Estate Value</b>				
Under \$1 million	118	9%	1,060,442	0.9%
\$1 million up to \$1.5 million	500	37%	11,652,868	9.7%
\$1.5 million up to \$2 million	261	19%	11,411,852	9.5%
\$2 million up to \$3.5 million	294	22%	19,987,907	16.7%
\$3.5 million up to \$5 million	83	6%	10,544,802	8.8%
\$5 million up to \$10 million	58	4%	15,372,893	12.8%
\$10 million up to \$20 million	20	1%	17,493,465	14.6%
more than \$20 million	9	1%	32,239,784	26.9%
<b>TOTAL</b>	<b>1343</b>	<b>100%</b>	<b>119,764,012</b>	<b>100%</b>
<b>2008 Estate Tax Returns With Gross Estate Value</b>				
Under \$1 million	136	11%	1,033,326	1.4%
\$1 million up to \$1.5 million	494	39%	11,119,640	14.7%
\$1.5 million up to \$2 million	245	19%	10,359,886	13.7%
\$2 million up to \$3.5 million	268	21%	17,113,686	22.6%
\$3.5 million up to \$5 million	75	6%	9,485,179	12.5%
\$5 million up to \$10 million	40	3%	10,354,620	13.7%
\$10 million up to \$20 million	16	1%	9,344,958	12.3%
more than \$20 million	7	1%	7,030,134	9.3%
<b>TOTAL</b>	<b>1281</b>	<b>100%</b>	<b>75,841,430</b>	<b>100%</b>
<b>2009 Estate Tax Returns With Gross Estate Value</b>				
Under \$1 million	105	9%	1,289,975	1.6%
\$1 million up to \$1.5 million	419	37%	9,592,714	11.6%
\$1.5 million up to \$2 million	218	19%	9,064,918	10.9%
\$2 million up to \$3.5 million	231	21%	15,899,563	19.2%
\$3.5 million up to \$5 million	70	6%	11,204,792	13.5%
\$5 million up to \$10 million	58	5%	13,264,627	16.0%
\$10 million up to \$20 million	9	1%	5,725,706	6.9%
more than \$20 million	13	1%	16,856,915	20.3%
<b>TOTAL</b>	<b>1123</b>	<b>100%</b>	<b>82,899,211</b>	<b>100%</b>
<b>2010 Estate Tax Returns With Gross Estate Value</b>				
Under \$1 million	94	9%	1,385,655	2.1%
\$1 million up to \$1.5 million	432	43%	10,533,792	16.3%
\$1.5 million up to \$2 million	190	19%	8,818,186	13.6%
\$2 million up to \$3.5 million	181	18%	13,733,344	21.2%
\$3.5 million up to \$5 million	58	6%	8,139,928	12.6%
\$5 million up to \$10 million	46	5%	9,199,399	14.2%
\$10 million up to \$20 million	3	0%	3,858,196	6.0%
more than \$20 million	7	1%	9,044,071	14.0%
<b>TOTAL</b>	<b>1011</b>	<b>100%</b>	<b>64,712,570</b>	<b>100%</b>

# SCHOOL FINANCE

## ***K-12 School Districts***

Oregon has 197 school districts serving about 560,000 students in kindergarten through high school. These districts operate with relative autonomy within guidelines specified by both the Legislature and the State Department of Education. The federal government also requires certain mandated programs.

### **Local Revenue**

School districts receive general operating revenue from various sources. 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. Past Legislatures have also provided some funding outside the equalization formula. The 2007 Legislature provided funds for small high schools, special education and other programs from the State School Fund outside the formula. Currently state aid and local revenue for school districts equals 95.5% of the statewide K-12 school and education service district (ESD) formula revenue for general operating purposes. The remaining 4.5% goes to ESDs.

### **Equalization Formula**

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. For example, special education students count as 2.0 students to recognize their need for special programs. Additional student weights are for English as a second language programs, students from families in poverty, remote small schools and others. A general purpose grant per weighted student is adjusted for the experience level of teachers and set at a level that allocates available funding. The formula also funds 70-90% of transportation costs, costs above \$30,000 per high cost disability student (limited to \$18 million per year statewide) and up to 8% of classroom construction costs (limited to \$25 million per biennium).

### **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. The legislation exempts certain properties from this tax.

### **Education Service Districts**

The school system also includes education service districts (ESDs). Twenty ESDs provide regional educational support services. The ESD share of statewide K-12 school and ESD general operating revenue is 4.5%. 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 2011-02, ESD revenue is 4.712% of the sum of component district formula revenue. This makes the ESD share of total ESD and K-12 school formula revenue 4.5%. Also starting in 2011-12, some school districts can opt out of ESD's and get reimbursement of their share of prorated formula revenues.

### **Community Colleges**

Community college districts also impose property taxes and receive state aid. Unlike school districts and ESDs, another major revenue source is tuition. Also state support is not from the State School Fund. The Legislature appropriates community college aid in a lump sum. The community colleges then allocate the state funds by rule.

### **School Improvement Fund**

The 2007 Legislature appropriated \$260 million to the School Improvement Fund from the General Fund. School districts and ESDs may apply for funds and were paid \$126.6 million in 2007-08. Funds are targeted for a number of uses to improve student achievement. The Department of Education has to evaluate the progress of district programs and report findings to the Legislature. Each district's share of funds is its proportionate share of current year extended average daily membership weighted (ADMw).

### **Education Stability Fund**

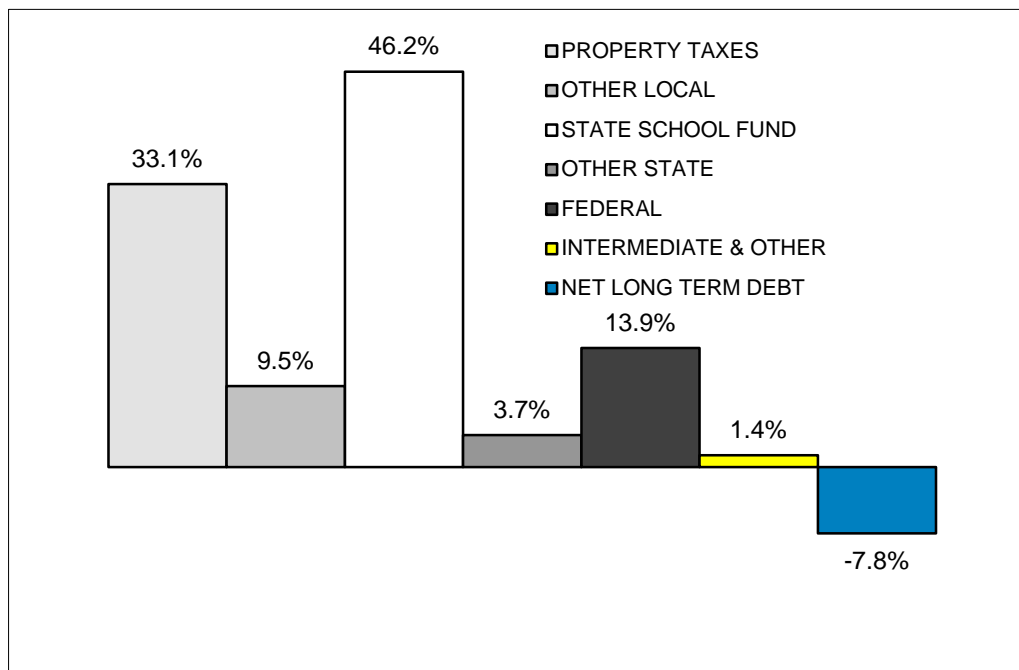
Voters approved a constitutional amendment converting the Education Endowment Fund to the Education Stability Fund in 2002 allowing the principal to be used to fund education.

The fund receives 18% of lottery net proceeds. The size is limited to 5% of General Fund revenue. Use of the principal requires meeting criteria reflective of an economic recession and approval by a 3/5 vote in each legislative chamber. The principal can also be used if the Governor declares an emergency and both chambers approve by a 3/5 vote. The principal can only be used to fund pre-kindergarten through higher education, continuing education and workforce training. Fund earnings currently are used to pay education lottery bond debt (75%) and provide scholarships (25%).

## SCHOOL RESOURCES

**2009-10 Audited (\$000)**

	K-12	ESD	TOTAL
PROPERTY TAXES	1,856,224	95,070	1,951,294
OTHER LOCAL REVENUES	468,925	89,702	558,627
STATE SCHOOL FUND	2,617,647	107,476	2,725,123
COMMON SCHOOL FUND	49,366	0	49,366
OTHER STATE REVENUE	82,745	88,753	171,497
FEDERAL FOREST FEES	27,853	0	27,853
OTHER FEDERAL REVENUE	718,825	74,277	793,102
INTERMEDIATE & OTHER	76,343	4,076	80,420
NET LONG TERM DEBT	<u>-448,117</u>	<u>-9,245</u>	<u>-457,362</u>
TOTAL REVENUE	5,449,810	450,110	5,899,920
PLUS BEGINING BALANCE	<u>1,955,184</u>	<u>83,002</u>	<u>2,038,186</u>
TOTAL RESOURCES	7,404,994	533,112	7,938,106
LESS TOTAL EXPENDITURES	<u>-6,307,252</u>	<u>-418,149</u>	<u>-6,725,402</u>
ENDING BALANCE	1,097,742	114,963	1,212,704



Notes: Capital Projects and Debt Service Funds have a large share of the ending balance.  
 Excludes Internal Services Funds and Trust and Agency Funds.  
 Numbers exclude interfund transfers to avoid double counting.

Source: Oregon Department of Education financial data base.

## STATE SCHOOL SUPPORT HISTORY

Fiscal Year	K-12 Audited Current Operating Expenditures		Basic School Support Appropriation		BSSF Share of Operating Expenditures
	\$1,000	% Change	\$1,000	% Change	
1947-48	43,513		15,946		36.6%
1948-49	51,800	19.0%	16,954	6.3%	32.7%
1949-50	58,799	13.5%	17,489	3.2%	29.7%
1950-51	63,213	7.5%	18,425	5.4%	29.1%
1951-52	72,330	14.4%	29,597	60.6%	40.9%
1952-53	78,720	8.8%	30,986	4.7%	39.4%
1953-54	87,691	11.4%	32,370	4.5%	36.9%
1954-55	94,844	8.2%	33,478	3.4%	35.3%
1955-56	102,336	7.9%	35,144	5.0%	34.3%
1956-57	114,016	11.4%	36,378	3.5%	31.9%
1957-58	122,597	7.5%	45,153	24.1%	36.8%
1958-59	134,054	9.3%	50,987	12.9%	38.0%
1959-60	152,022	13.4%	52,612	3.2%	34.6%
1960-61	161,451	6.2%	55,020	4.6%	34.1%
1961-62	177,526	10.0%	61,785	12.3%	34.8%
1962-63	190,419	7.3%	65,454	5.9%	34.4%
1963-64	208,685	9.6%	65,184	-0.4%	31.2%
1964-65	220,225	5.5%	61,167	-6.2%	27.8%
1965-66	239,193	8.6%	72,088	17.9%	30.1%
1966-67	262,428	9.7%	75,898	5.3%	28.9%
1967-68	286,729	9.3%	77,786	2.5%	27.1%
1968-69	325,536	13.5%	77,431	-0.5%	23.8%
1969-70	363,633	11.7%	88,928	14.8%	24.5%
1970-71	398,013	9.5%	88,928	0.0%	22.3%
1971-72	421,635	5.9%	99,428	11.8%	23.6%
1972-73	459,210	8.9%	104,063	4.7%	22.7%
1973-74	505,138	10.0%	143,520	37.9%	28.4%
1974-75	579,991	14.8%	170,789	19.0%	29.4%
1975-76	659,718	13.7%	200,733	17.5%	30.4%
1976-77	716,519	8.6%	217,446	8.3%	30.3%
1977-78	777,130	8.5%	269,000	23.7%	34.6%
1978-79	883,324	13.7%	341,373	26.9%	38.6%
1979-80	993,142	12.4%	384,379	12.6%	38.7%
1980-81	1,132,706	14.1%	406,376	5.7%	35.9%
1981-82	1,248,596	10.2%	413,960	1.9%	33.2%
1982-83	1,306,447	4.6%	426,203	3.0%	32.6%

Fiscal Year	K-12 Audited Current Operating Expenditures		Basic School Support Appropriation		BSSF Share of Operating Expenditures
	\$1,000	% Change	\$1,000	% Change	
1983-84	1,375,777	5.3%	431,200	1.2%	31.3%
1984-85	1,443,655	4.9%	448,800	4.1%	31.1%
1985-86	1,536,009	6.4%	463,000	3.2%	30.1%
1986-87	1,613,506	5.0%	482,000	4.1%	29.9%
1987-88	1,717,051	6.4%	496,832	3.1%	28.9%
1988-89	1,830,678	6.6%	526,703	6.0%	28.8%
1989-90	1,983,316	8.3%	570,429	8.3%	28.8%
1990-91	2,120,311	6.9%	605,716	6.2%	28.6%
1991-92	2,264,071	6.8%	805,000	32.9%	35.6%

Fiscal Year	K-12 and ESD Operating Revenue		State School Fund		SSF Share of Operating Revenue
	\$1,000	% Change	\$1,000	% Change	
1991-92	2,379,032		818,391		34.4%
1992-93	2,590,575	8.9%	1,100,300	34.4%	42.5%
1993-94	2,475,136	-4.5%	1,131,900	2.9%	45.7%
1994-95	2,605,406	5.3%	1,427,000	26.1%	54.8%
1995-96	2,651,525	1.8%	1,750,000	19.1%	66.0%
1996-97	2,715,451	2.4%	1,759,700	0.6%	64.8%
1997-98	2,918,589	7.5%	2,022,873	15.0%	69.3%
1998-99	2,989,171	2.4%	2,100,040	3.8%	70.3%
1999-00	3,210,469	7.4%	2,243,058	6.8%	69.9%
2000-01	3,333,835	3.8%	2,339,200	4.3%	70.2%
2001-02	3,469,061	4.1%	2,428,964	3.8%	70.0%
2002-03	3,258,562	-6.1%	2,146,933	-11.6%	65.9%
2003-04	3,723,250	14.3%	2,589,764	20.6%	69.6%
2004-05	3,527,898	-5.2%	2,326,261	-10.2%	65.9%
2005-06	3,851,661	9.2%	2,566,510	10.3%	66.6%
2006-07	4,092,806	6.3%	2,737,670	6.7%	66.9%
2007-08	4,333,485	5.9%	2,917,575	6.6%	67.3%
2008-09	4,241,085	-2.1%	2,911,104	-0.2%	68.6%
2009-10	4,268,327	0.6%	2,940,096	1.0%	68.9%
Governor/ Est. 2010-11	3,896,983	-8.7%	2,599,514	-11.6%	66.7%
Governor/ Est. 2011-12	4,241,086	8.8%	2,867,830	10.3%	67.6%

- In 1992-93 state aid shifted to State School Fund(SSF) with a new distribution formula.
- Operating revenue does not include federal and other non-formula revenue.
- 1993-94 to present, SSF includes funds for state youth correction schooling.

- 1997-98 to 99-00 State School Fund excludes funds not used due to a state and local revenue cap.
- Additional funding outside the State School Fund: 1997-98 \$50 million for classroom needs; 1998-99 \$150 million lottery bond for capital; 1999-00 \$56 million lottery bond for capital; 2000-01 \$71 million lottery bond for capital; 2001-02 \$108 million for school improvement.
- The 1999-01 interim Emergency Board added revenue to the State School Fund appropriation.
- 2001-02 to present, State School Fund includes funds for state juvenile detention schooling.
- 2007-09 SSF includes categorical grants but does not include any School Improvement Fund dollars.
- 2009-11 SSF includes categorical grants and former School Improvement Fund dollars.

# K-12 SCHOOL EQUALIZATION FORMULA

## STATE SCHOOL FUND DISTRIBUTION



### School District Revenue



The school equalization formula determines each school district's general operating revenue from the State School Fund (SSF) in combination with local revenue. It is the sum of a general purpose grant, a transportation grant, a high cost disability grant and a facility grant. The formula allocates state and local revenue based on relative need for the formula component grants given the funding level available.

#### State School Fund

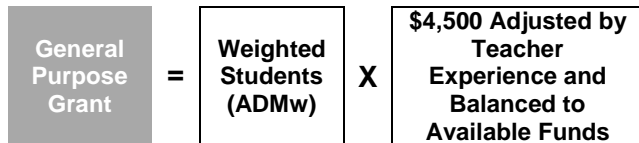
The Legislature allocates money to the State School Fund primarily from the state General Fund and lottery revenue for distribution to school districts.

#### Local Revenue

Statutorily, the school formula only includes district local revenue from the following sources:

- Operating property taxes collected (including prior years)
- Common School Fund
- County School Fund
- Federal forest related revenue
- State managed county trust forests (Chapter 530)
- ESD funds required to be shared with school districts
- Revenue *in lieu* of property taxes
- Supplantable federal funds

### General Purpose Revenue



#### Weighted Students (ADMw)

Weighted student count is measured by average daily membership with extra counts or weights for students in special categories. Average daily membership (ADM) is the average number of resident students during the school year. Weighted ADM or ADMw counts students in special enrollment categories as more than one student.

The higher of the current year or prior year ADMw is used. The higher count is called extended ADMw.

#### Student Weights

Student weight categories are as follows:

Category	Additional Weight	Count (ADMw)
<b>Special Education and At Risk</b>		
Individual Education Program	1.00	2.00
English as a Second Language	0.50	1.50
Pregnant and Parenting	1.00	2.00
Students in Poverty Adjusted	0.25	1.25
Neglected and Delinquent	0.25	1.25
Students in Foster Care	0.25	1.25
<b>Grade and School</b>		
Kindergarten	-0.50	0.50
Elementary District	-0.10	0.90
Union High District	0.20	1.20
Remote Small School	Varies	

A student cannot have an additional weight sum greater than 2, but not all additional weights are included.

#### Individual Education Program Weight

Students with various limitations such as hearing, speech, and visual impairments receive special individual education. The count cannot exceed 11% of ADM without approval by the Department of Education.

#### Remote Small School Weight

A school site qualifies for additional ADMw if

- Elementary ADM less than (varies with grades) 224 (8gr)
- High 350 (4gr)
- Distance to nearest same district school more than 8 miles

The additional ADMw varies with number of students and distance. Generally, the smaller the school the greater the additional weight per student. The high school distance adjustment for being less than 20 miles from the nearest high school was phased out and sunset at the end of 2004-05. The weighting scheme will change when full-day kindergarten ADM weight becomes the same as other grades.

#### Teacher Experience and Balance to Funding

The dollars per weighted student target is arbitrarily set at \$4,500 (adopted in 1991) before adjustment for teacher experience.

The teacher experience adjustment increases (or decreases) the target by \$25 for each year the district average teacher experience is more (or less) than the statewide average teacher experience.

A calculated multiplier balances funds available to funds allocated. The multiplier modifies the adjusted target amount to distribute the available state appropriation. The multiplier changes over time and is about 1.37 using \$4,500 per ADMw in 2011-12. The equivalent amount is \$6,165 per ADMw.

## Transportation Revenue

Transportation Grant	=	70% to 90% of Transportation Costs
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Districts are ranked by approved transportation costs per student from highest to lowest. The district grant depends on the following ranking:

District Rank	% of Costs
Top 10%	90%
Next 10%	80%
Bottom 80%	70%

The grant is the percent of costs corresponding to district rank times approved transportation costs.

Approved transportation costs are the following:

- Preschool handicapped students
- Elementary students more than 1 mile from school
- Secondary students more than 1.5 miles from school
- Students going between school facilities
- Students on field trips
- Health or safety needs
- Room and board *in lieu* of transportation

## High Cost Disability Revenue

High Cost Disability Grant	=	Up to Sum of Costs above \$30,000 per Disability Student
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For a student with approved disability costs above \$30,000, the grant is the cost minus \$30,000. The district grant is the sum of the grants for each student with disability costs above \$30,000. ESD costs for each student can be included in the student total. Total district grants cannot exceed \$18 million per year. If total grants initially exceed this amount, the grants are reduced proportionally.

## New Facility Revenue

Facility Grant	=	Up to 8% of Construction Costs
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Districts adding new classroom space receive up to 8% of construction (excluding land) and portable unit costs for furnishings and equipment. Total grants are limited to \$25 million per biennium. If grants at 8% exceed the limit, the percent is reduced.

## School Revenue Share

The school share of both school district and ESD formula revenue is 95.5%. Formula revenue is State School Fund dollars available for distribution to school districts and ESDs and designated local revenue (primarily property taxes) included for each in their respective formulas. The K-12 equalization formula uses 95.5% of this total to allocate to school districts.

## State Payment Schedule

The July payment is 16.67% of the estimated State School Fund grant with 8.33% in each of the following 10 months. There is no June payment. Adjustment for audited data occurs in the following year.

## Other State School Fund Allocations

The 2007 Legislature allocated up to \$9.6 million of the State School Fund for nine programs and grants. Districts with small high schools are allocated \$5 million and certain state special education programs are funded directly out of the State School Fund. This program ends at the end of 2011-12 school year. The 2011 Legislature allocated \$1.584 million from the State School Fund to the Department of Education for the purposes of the Oregon virtual school district.

<b>FORMULA GRANT PERCENTAGE BY DISTRICT SIZE</b>					
<b>2009-10</b>					
District Size by ADM	# of Districts	General Purpose	Transportation	High Cost Disability	Facility
0- 500	78	93.15%	6.79%	0.06%	0.00%
500- 1,000	32	94.45%	5.32%	0.22%	0.00%
1,000- 3,000	42	95.14%	4.35%	0.29%	0.23%
3,000- 5,000	18	94.86%	4.44%	0.24%	0.46%
5,000-10,000	14	95.53%	3.91%	0.40%	0.17%
10,000-30,000	10	94.54%	4.34%	0.52%	0.59%
30,000-50,000	3	95.37%	3.74%	0.73%	0.16%

# ESD EQUALIZATION

## STATE SCHOOL FUND DISTRIBUTION

General Services Revenue	=	Higher of	<ul style="list-style-type: none"> <li>(1) Base Revenue</li> <li>(2) \$1 million</li> </ul>	X	Percent to Balance
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### Equalization

The ESD equalization formula determines each ESD's operating revenue from the State School Fund and local revenue. The allocation formula basically assumes that ESD revenue should be proportional to the equalization formula revenue of component school districts.

### Revenue Share

Starting from 2011-12 school year, the ESD share of both school district and ESD formula revenue is 4.5%. Formula revenue is State School Fund dollars available for distribution to school districts and ESDs and designated local revenue (primarily property taxes) included for each in the respective formulas. Starting from 2011-12, some school districts can opt out of ESD's and get reimbursement of their share of prorated formula revenues.

### Component School Districts

The school districts within the boundary of an ESD are the ESD's component school districts.

### General Services Revenue

General services revenue equals the district base revenue. The source is State School Fund revenue and the local revenue of the ESD.

General Services Revenue	=	State School Fund Grant	+	Local Revenue
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### State School Fund Grant

The State School Fund Grant is the ESD's allocated general services amount less its local revenue.

### Local Revenue

Local revenue is the sum of these two sources:

- Operating property tax collections (including prior years)
- State managed county trust timber (Chapter 530).

### Excess Local Revenue

If an ESD's local revenue is greater than its general services revenue, then the State School Fund grant is zero. Any local revenue in excess of the general services revenue is distributed to component districts proportional to ADMw (extended) and is included as local revenue for them in the school formula the following year.

### Base Revenue and Minimum Base

The base revenue is 4.712% times the sum of the school formula revenue for the ESD's component districts. With the ESD total state and local share set at 4.5%, the ESD percent applied to the school district 95.5% must be more than 4.5% (4.712%\*95.5%=4.5%).

Base Revenue	=	4.712%	X	Sum of Component School District Revenue
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By using school district formula revenue as the basis for allocating general services revenue, ESD equalization depends on the same factors as school district equalization. ESDs in their role of assisting component school districts are assumed to have the same relative need for funds as their school districts.

The district minimum allocation is \$1 million beginning in 2007-08. If the base revenue allocation is initially less than \$1 million, the base is increased to the \$1 million minimum.

### Percent to Balance

Applying the 4.712% to the sum of the component district formula revenue uses up the 4.5% of total revenue available for schools and ESDs. So if extra funds are necessary to meet the \$1 million minimum, then the higher total must be reduced to stay within the 4.5% of available funds. Multiplying allocated revenue excluding minimums by a percent slightly less than 100% brings the total down to available funds. The percentage has to be further reduced to allow up to \$484,000 per year for 10<sup>th</sup> grade assessment testing.

### State Payment Schedule

The July payment is 16.67% of the estimated State School Fund grant with 8.33% in each of the following 10 months. There is no June payment. Adjustments for audited data are made the following year.

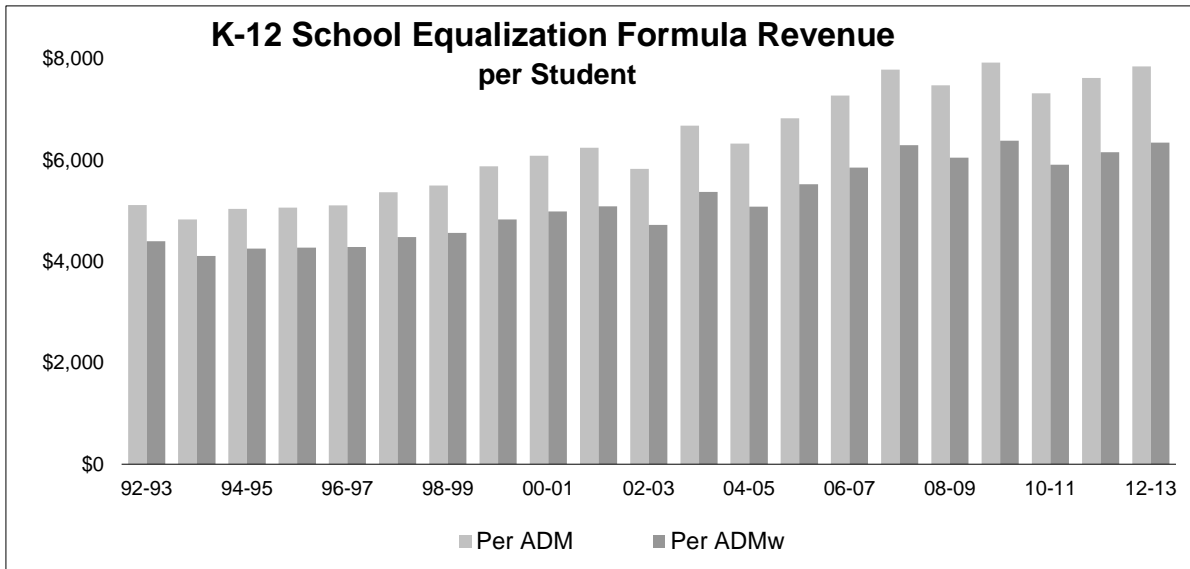
### ESD Students

The student count for an ESD is considered to be the sum of the students in its component school districts. However, the formula does not directly use an ESD student count.



## K-12 SCHOOL EQUALIZATION FORMULA REVENUE Per Student

	Average Daily Membership				State School Fund and Formula Local Revenue			
	Unweighted (ADM)		Weighted (ADMw)		\$ Per ADM		\$ Per ADMw	
	#	Growth	#	Growth	\$	Change	\$	Change
1992-93	487,075		566,149		5,117		4,403	
1993-94	491,982	1.0%	578,602	2.2%	4,834	-5.5%	4,110	-6.6%
1994-95	495,315	0.7%	586,859	1.4%	5,041	4.3%	4,255	3.5%
1995-96	501,929	1.3%	595,070	1.4%	5,064	0.5%	4,272	0.4%
1996-97	508,819	1.4%	605,675	1.8%	5,107	0.8%	4,290	0.4%
1997-98	514,094	1.0%	616,035	1.7%	5,371	5.2%	4,482	4.5%
1998-99	517,348	0.6%	623,169	1.2%	5,501	2.4%	4,567	1.9%
1999-00	519,545	0.4%	632,895	1.6%	5,883	6.9%	4,830	5.7%
2000-01	522,752	0.6%	638,007	0.8%	6,091	3.5%	4,991	3.3%
2001-02	528,346	1.1%	647,959	1.6%	6,245	2.5%	5,092	2.0%
2002-03	530,694	0.4%	654,862	1.1%	5,830	-6.6%	4,725	-7.2%
2003-04	528,186	-0.5%	657,110	0.3%	6,686	14.7%	5,374	13.7%
2004-05	528,139	0.0%	657,820	0.1%	6,328	-5.3%	5,081	-5.5%
2005-06	533,311	1.0%	658,860	0.2%	6,828	7.9%	5,527	8.8%
2006-07	533,216	0.0%	662,736	0.6%	7,278	6.6%	5,856	6.0%
2007-08	534,284	0.2%	660,913	-0.3%	7,789	7.0%	6,297	7.5%
2008-09	535,089	0.2%	661,507	0.1%	7,478	-4.0%	6,049	-3.9%
2009-10	534,217	-0.2%	662,867	0.2%	7,926	6.0%	6,388	5.6%
2010-11	533,160	-0.2%	660,182	-0.4%	7,319	-7.7%	5,911	-7.5%
2011-12 Est.	534,886	0.3%	662,000	0.3%	7,622	4.1%	6,158	4.2%
2012-13 Est.	535,956	0.2%	663,324	0.2%	7,854	3.0%	6,346	3.0%
2013-14 Est.	537,028	0.2%	664,651	0.2%	8,454	7.6%	6,831	7.6%
2014-15 Est.	538,102	0.2%	665,980	0.2%	9,051	7.1%	7,313	7.1%



**Notes:**

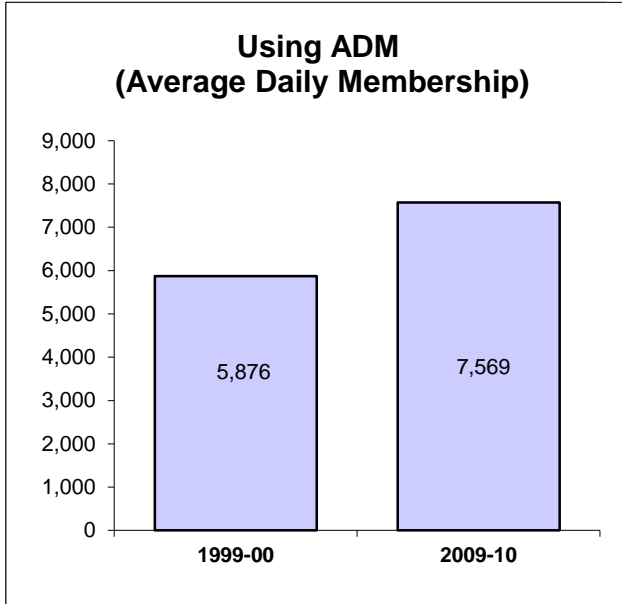
Excludes revenue outside the school formula like school improvement funds, lottery revenue bonds and federal funds.

ADMw is extended ADMw (higher of current or prior year ADMw).

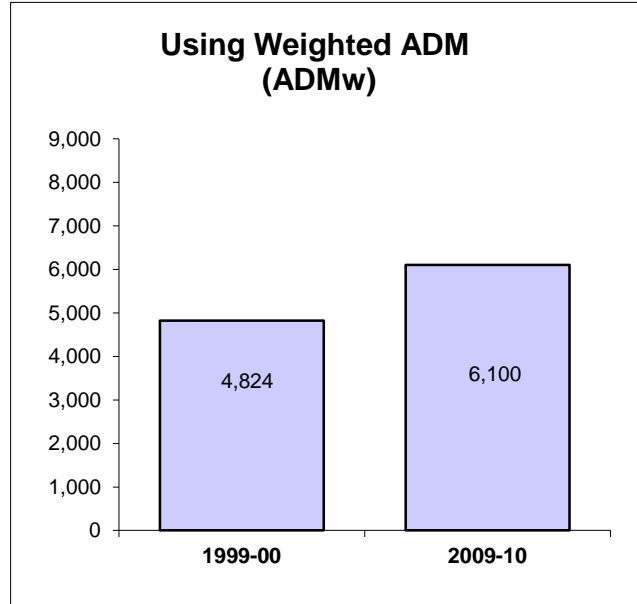
Includes students in the state youth corrections program beginning in 1997-98.

Includes students in the state youth detention program beginning in 2001-02.

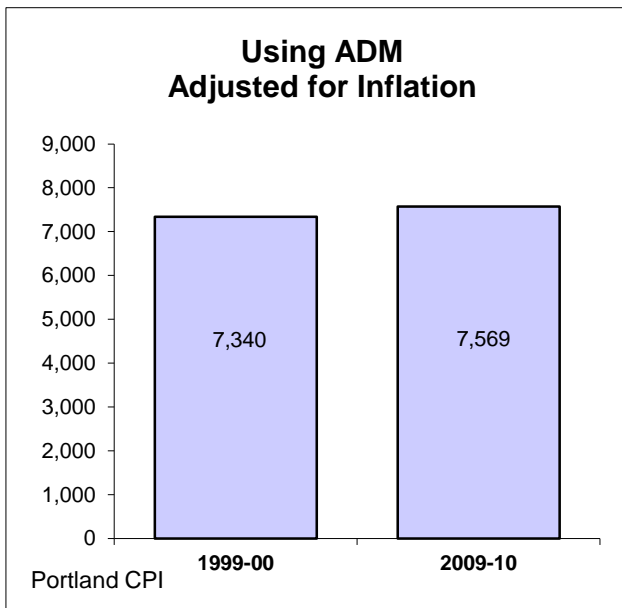
## K-12 SCHOOL FINANCIAL TRENDS STATE AND LOCAL FORMULA REVENUE PER STUDENT 10 Year Comparison



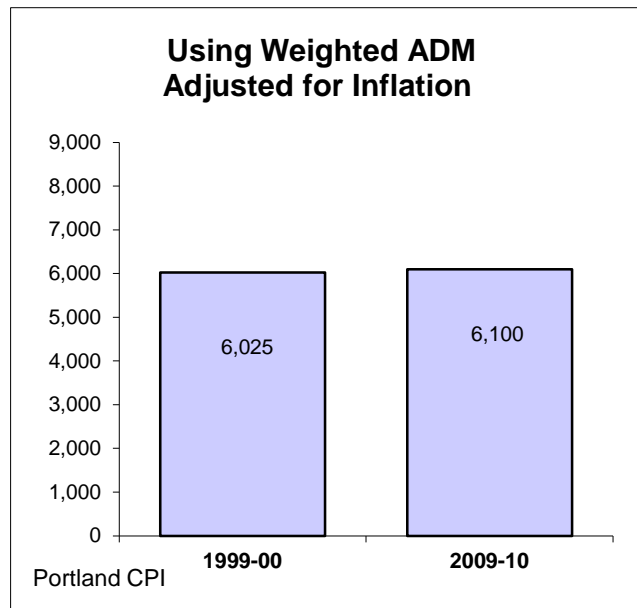
Revenue per student increases about 29%.



Revenue per weighted student increases about 26%.



Revenue per student adjusted for inflation increases about 3%.



Revenue per weighted student adjusted for inflation increases about 1%.

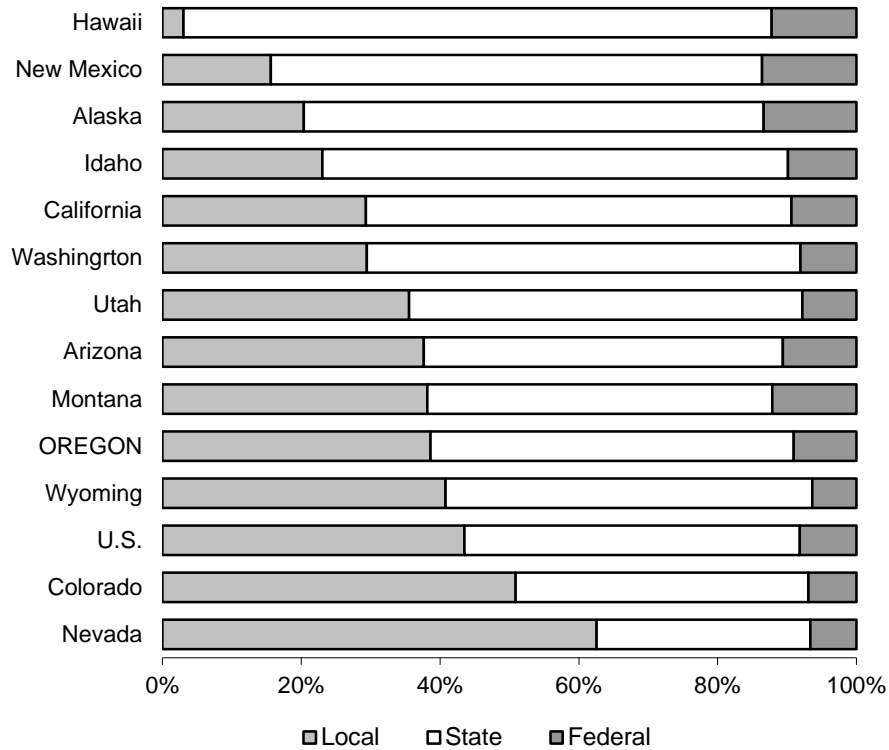
## K-12 and ESD REVENUE HISTORY

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Revenue Source</b>											Estimates		Estimates	
<b>State</b>														
State School Fund	\$2,246.2	\$2,339.2	\$2,429.0	\$2,146.9	\$2,589.8	\$2,326.3	\$2,566.6	\$2,737.7	\$2,917.6	\$2,911.2	\$2,940.1	\$2,797.7	\$2,879.3	\$2,854.3
<b>Local K-12</b>														
Property and Timber Taxes	845.6	873.4	922.7	970.2	1,003.4	1,049.4	1,093.6	1,167.2	1,223.7	1,278.0	1,331.3	1,368.4	1,398.1	1,431.9
Other Local	84.0	84.0	77.0	94.0	77.5	98.9	112.2	120.2	127.5	102.1	97.9	97.6	81.1	74.6
Excluded from Formula	<u>-23.1</u>	<u>-22.1</u>	<u>-22.6</u>	<u>-19.5</u>	<u>-19.5</u>	<u>-21.7</u>	<u>0.0</u>	<u>-15.5</u>	<u>-16.5</u>	<u>-17.3</u>	<u>-17.9</u>	<u>-18.1</u>	<u>-18.7</u>	<u>-19.4</u>
	906.4	935.3	977.2	1,044.8	1,061.3	1,126.6	1,205.8	1,271.9	1,334.7	1,362.9	1,411.3	1,447.9	1,460.5	1,487.1
<b>Local ESD</b>														
Property Tax	61.8	63.2	66.6	70.1	72.2	75.1	79.4	83.3	87.1	90.5	94.9	98.0	100.4	103.1
Shared with K-12	<u>-3.9</u>	<u>-3.8</u>	<u>-3.6</u>	<u>-3.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	57.8	59.3	62.9	66.9	72.2	75.1	79.4	83.3	87.1	90.5	94.9	98.0	100.4	103.1
<b>Total Sources</b>	3,210.5	3,333.8	3,469.1	3,258.6	3,723.3	3,527.9	3,851.7	4,092.8	4,339.3	4,364.6	4,446.3	4,343.6	4,440.3	4,444.5
<b>Revenue Allocation</b>														
<b>ESD</b>														
Districts	148.7	148.7	157.3	145.8	176.1	170.6	192.0	191.8	204.9	205.8	210.0	205.1	193.1	199.0
OPEN Technology/Testing	1.1	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.6	0.6	0.5	0.5
<b>K-12 School</b>														
Categorical Grants	0.4	0.4	0.4	0.4	0.0	0.0	1.0	1.0	1.4	8.2	1.2	1.2	1.2	1.2
Small High School Grants			4.6	4.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	0.0
State Special Education			7.2	7.4	7.3	7.1	7.2	9.8	10.1	9.8	9.4	9.4	9.7	9.7
Youth Corrections & Detention	10.6	10.9	13.0	12.1	11.0	10.3	11.0	11.9	12.0	12.5	10.3	10.4	7.5	7.5
District Equalization Formula	3,046.0	3,173.1	3,286.3	3,081.9	3,520.3	3,331.9	3,630.3	3,869.0	4,099.7	4,119.1	4,207.4	4,109.0	4,220.9	4,221.2
Misc. & Prior Year Corrections	0.5	-0.4	0.2	6.4	6.0	5.4	7.6	6.9	8.2	6.2	5.0	5.5	5.0	5.5
<b>State</b>														
Over Cap for Lottery Bonds	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Allocation</b>	3,210.5	3,333.8	3,469.1	3,258.6	3,723.3	3,527.9	3,851.7	4,092.8	4,339.3	4,364.6	4,446.3	4,343.6	4,440.3	4,444.5
<b>Other State Revenue</b>														
K-12 Lottery-Backed Bonds	56.0	71.0	0.0	0.0	0	0	0	0	0	0	0	0	0	0
K-12 Other/School Improvement	27.0	27.0	108.0	0.0	0.0	0.0	0.0	0.0	126.6	124.7	0.0	0.0	0.0	0.0

Notes: Dollars in millions.

## 2007-08 REVENUE PER STUDENT WESTERN STATES COMPARISON BY SOURCE

State	Rank	Total	Local	State	Federal
Hawaii	11	14,129	426	11,975	1,727
Wyoming	2	18,622	7,596	9,837	1,189
Alaska	4	17,471	3,555	11,580	2,336
U.S.		11,880	5,168	5,743	969
California	27	11,228	3,292	6,883	1,053
<b>OREGON</b>	<b>36</b>	<b>10,818</b>	<b>4,180</b>	<b>5,658</b>	<b>980</b>
New Mexico	31	11,110	1,735	7,864	1,510
Washington	37	10,781	3,175	6,737	869
Montana	34	10,958	4,183	5,445	1,330
Colorado	40	10,118	5,151	4,269	698
Nevada	39	10,165	6,359	3,130	675
Arizona	45	9,457	3,561	4,891	1,004
Idaho	50	7,965	1,837	5,344	785
Utah	51	7,629	2,713	4,323	594



Source: National Center for Education Statistics, Revenue, 2007-08

Notes: Numbers may not be completely comparable due to state definitional differences.  
Students is fall enrollment.  
Includes intermediate in local.

## HIGHWAY and TRANSPORTATION TAXES

Highway finance interacts with several aspects of Transportation policy and regulations. However, the following major revenue sources constitute the five pillars of Highway finance in Oregon:

**Fuel taxes** include Motor Fuel Tax (gasoline) and Use fuel tax (diesel, natural gas, etc.) currently at 30 cents per gallon. Motor Fuel Tax is paid by the wholesaler and is included in the price at the pump. Non-highway or exempt use can apply for refunds of the taxes they paid. Use Fuel tax is paid by the retailer when purchased for highway use. Heavy vehicles pay the weight-mile taxes and not fuel tax.

**Weight-Mile taxes** (WMT) on heavy vehicles (trucks) are paid monthly to the Motor Carrier Division of the Department of Transportation for each mile traveled on Oregon roads. The cost per mile is based on the declared gross weight of the truck. The rate schedule ranges, in 2,000-pound increments, from 26,000 to 105,500. The rates increase from 4.98 cents per mile to 16.38 cents per mile for trucks below 80,000 pounds. The rates for trucks over 80,000 lb. increase while allowing a discount for a higher number of axles on the truck (table B). Log, sand and gravel, and wood chip trucks may elect to pay monthly fees in lieu of weight-mile taxes (flat fees). These are based on gross vehicle weight and do not vary with miles traveled.

**Motor vehicle registration fees** are imposed on cars and trucks. Cars and other vehicles less than 8,000 pounds used to pay a \$27 annual fee. The increase in HB 2001 was effective Oct. 1 2009, and 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. These fees range from \$391 to \$764 for the vehicles with weights below 26,000 lb. in weight. Trucks heavier than 26,000 lb. pay registration rates ranging from \$375 to \$1,295. Nonprofit organizations, tow trucks, and farm vehicles pay reduced fees based on different registration tables from commercial vehicles.

**Vehicle Titling Fees** are imposed on cars and trucks. Vehicles under 26,000 pounds pay \$77 and vehicles over 26,000 pounds pay \$90. Savage and duplicate titles are \$27.

**Bonding**, which has been low in Oregon historically, was increased by HB 2142 (2001), HB 4010 (2002, First Special Session), and by HB 2041 (2003). As an outcome of the 2001 legislative session, HB 2142 (OTIA I) dedicated \$71.2 million a biennium for debt service on \$400 million bonds for modernization projects. HB 4010 (2002) took an advantage of lower interest rates and increased the limit on net proceeds to \$500 million. HB 2041 (2003) increased most fees and tax rates to provide debt service for \$1.6 billion in bond proceeds for bridge repair and replacement, and \$300 million in net proceeds for highway modernization. These three bonding programs are known respectively as Oregon Transportation Improvement Act (OTIA) I, II, and III. HB 2001 allowed new bonding for projects with \$70 million from the new revenue for annual debt service.

The above revenue sources makeup the majority of state funds available for highways. There are numerous other special fees such as recreational vehicles and motor homes registration fees, personalized license plates, and driver's licenses. The different fees address multiple interests of the operation or regulation of the transportation system, and some of the fees are dedicated to non-highway uses. Other bonding programs based on Lottery revenue have been utilized to fund the connect Oregon (I, II, and III) programs.

### **Highway Fund**

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. Net revenues from the dedicated taxes and fees are deposited in the Highway Fund. 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. As a result of the three OTIA legislations mentioned above, ODOT will have to track revenues separately before and after the different legislations for registration fees and titles with their heavy vehicle equivalents. Increases for various license and other fees need to be tracked before and after the HB 2041. 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. HB 2001 raises \$300 million a year, and distributes \$3 million per year to the Travel Information Council, \$24 million per year to ODOT special plan programs. 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

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					Jurisdictions.

#### **Total Transportation Revenue**

The table below shows total revenue to the Department of Transportation by selected categories. These include revenue for transit and rail in addition to revenue for highways.

Total Transportation Revenue (millions of dollars)								
Revenue Source	Actual Revenue						Legislative Adopted	
	1997-99	1999-01	2001-03	2003-05	2005-07	2007-09	2009-11	2009-11
Beginning Balance	114.2	53.6	160.6	453.3	198.6	775.7	766.0	576
<b>Revenues</b>								
Fuel Taxes	800.8	808.6	824.8	839.8	863.2	843.0	980.3	1,106
Weight-Mile Taxes	477.8	429.8	390.3	436.9	476.2	449.2	630.2	611
Driver & Vehicle	218.1	228.7	304	446.5	490.3	453.6	639.9	676
General Fund	0.7	19.9	17.1	3.9	8.6	4.5	10.0	17
Federal Funds	602.2	584.8	671.6	748.1	749.7	910.2	1,0152.7	998
Lottery	20.2	17.6	6	20.7	22.7	45.4	84.9	70
Bond & COP Proceeds	16.4	58.5	291.2	443	1,278.5	761.8	713.3	640
All Other	172.8	172.8	220.2	243.6	248.9	303.0	323.0	171
<b>Total Revenue</b>	2,309.0	2,320.7	2,725.2	3,182.5	3,489.0	3,818.7	4,188.97	4,865
<b>Total Resources</b>	2,423.2	2,374.3	2,885.8	3,635.8	3,656.8	3,907.3	4,330.7	4,986

Source: ODOT Program Budget.

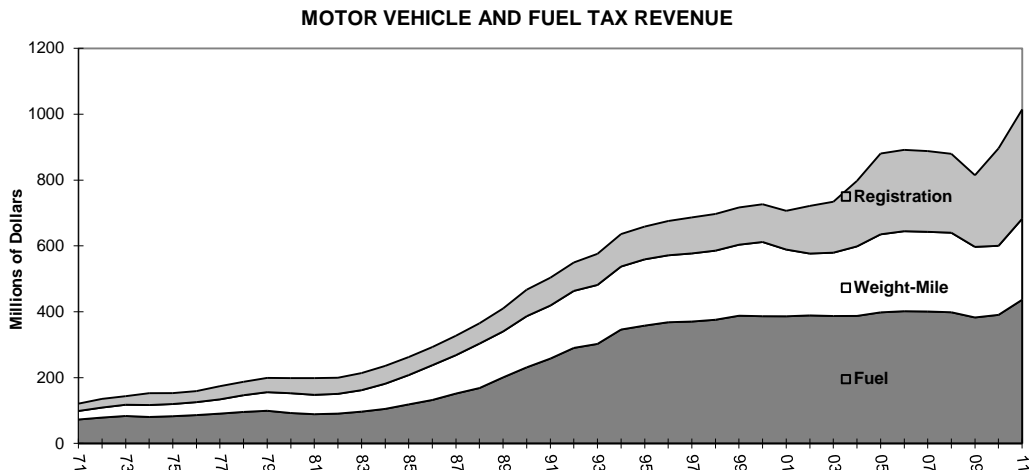
The following two tables show gross tax collections from state imposed highway user fees and the amounts distributed for expenditure on roads by the state, cities and counties. Page H-5 shows fuel tax rates by state and page H-6 shows motor carrier fees and taxes by state for an 80,000-pound vehicle, as well as two other sources for Diesel tax.

## MOTOR VEHICLE AND FUEL TAX REVENUES

Gross Tax Collections\* (millions)

Fiscal Year	Fuel Tax		Weight-Mile Tax		Registration & License		Total Collections	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	Growth
1970-71	72.7	60.2%	25.9	21.4%	22.2	18.4%	120.8	
1971-72	78.6	58.1%	30.4	22.5%	26.3	19.4%	135.3	12.0%
1972-73	83.4	58.1%	34.1	23.8%	26.0	18.1%	143.5	6.1%
1973-74	80.4	52.7%	36.2	23.7%	36.0	23.6%	152.6	6.3%
1974-75	82.7	54.1%	37.0	24.2%	33.1	21.7%	152.8	0.1%
1975-76	86.1	54.2%	39.3	24.7%	33.5	21.1%	158.9	4.0%
1976-77	90.6	52.1%	43.3	24.9%	40.0	23.0%	173.9	9.4%
1977-78	95.7	51.1%	50.8	27.1%	40.7	21.7%	187.2	7.6%
1978-79	99.2	49.8%	56.5	28.4%	43.3	21.8%	199.0	6.3%
1979-80	92.4	46.6%	60.1	30.3%	45.9	23.1%	198.4	-0.3%
1980-81	88.8	44.8%	58.8	29.6%	50.8	25.6%	198.4	0.0%
1981-82	90.6	45.4%	60.0	30.1%	48.9	24.5%	199.5	0.6%
1982-83	96.6	45.2%	65.2	30.5%	51.9	24.3%	213.7	7.1%
1983-84	104.9	44.6%	76.4	32.5%	54.1	23.0%	235.4	10.2%
1984-85	118.6	45.2%	89.1	34.0%	54.7	20.8%	262.4	11.5%
1985-86	132.0	45.1%	105.6	36.1%	55.1	18.8%	292.7	11.5%
1986-87	151.5	46.3%	116.6	35.6%	59.0	18.0%	327.1	11.8%
1987-88	168.3	46.1%	135.0	37.0%	61.6	16.9%	364.9	11.6%
1988-89	200.6	48.9%	139.5	34.0%	69.7	17.0%	409.9	12.3%
1989-90	231.1	49.5%	155.3	33.3%	80.5	17.2%	467.0	13.9%
1990-91	257.6	51.2%	161.1	32.0%	84.5	16.8%	503.2	7.8%
1991-92	290.2	52.8%	173.2	31.5%	86.2	15.7%	549.6	9.2%
1992-93	302.3	52.5%	179.1	31.1%	94.5	16.4%	575.9	4.8%
1993-94	345.9	54.4%	191.4	30.1%	98.6	15.5%	635.9	10.4%
1994-95	357.8	54.3%	201.3	30.6%	99.5	15.1%	658.6	3.6%
1995-96	368.1	54.5%	203.3	30.1%	104.1	15.4%	675.6	2.6%
1996-97	370.2	53.9%	206.9	30.1%	109.3	15.9%	686.4	1.6%
1997-98	375.6	53.9%	209.9	30.1%	111.3	16.0%	696.9	1.5%
1998-99	387.9	54.1%	215.7	30.1%	113.1	15.8%	716.7	2.8%
1999-00	386.4	53.2%	225.4	31.0%	114.6	15.8%	726.4	1.4%
2000-01	386.2	54.7%	202.7	28.7%	117.6	16.6%	706.5	-2.7%
2001-02	388.8	53.9%	187.9	26.0%	144.7	20.1%	721.4	2.1%
2002-03	387.0	52.7%	192.4	26.2%	154.7	21.1%	734.1	1.8%
2003-04	387.3	48.6%	211.2	26.5%	199.0	25.0%	797.5	8.6%
2004-05	398.1	45.2%	237.0	26.9%	245.4	27.9%	880.5	10.4%
2005-06	401.6	45.0%	243.0	27.3%	247.0	27.7%	891.6	1.3%
2006-07	400.7	45.1%	242.0	27.3%	245.2	27.6%	887.9	-0.4%
2007-08	398.4	45.3%	241.6	27.5%	239.6	27.2%	879.6	-0.9%
2008-09	382.6	47.0%	214.4	26.3%	217.5	26.7%	814.5	-7.4%
2009-10	390.5	43.6%	209.8	23.4%	295.9	33.0%	896.2	10.0%
2010-11	436.4	43.0%	245.9	24.2%	331.9	32.7%	1,014.2	13.2%

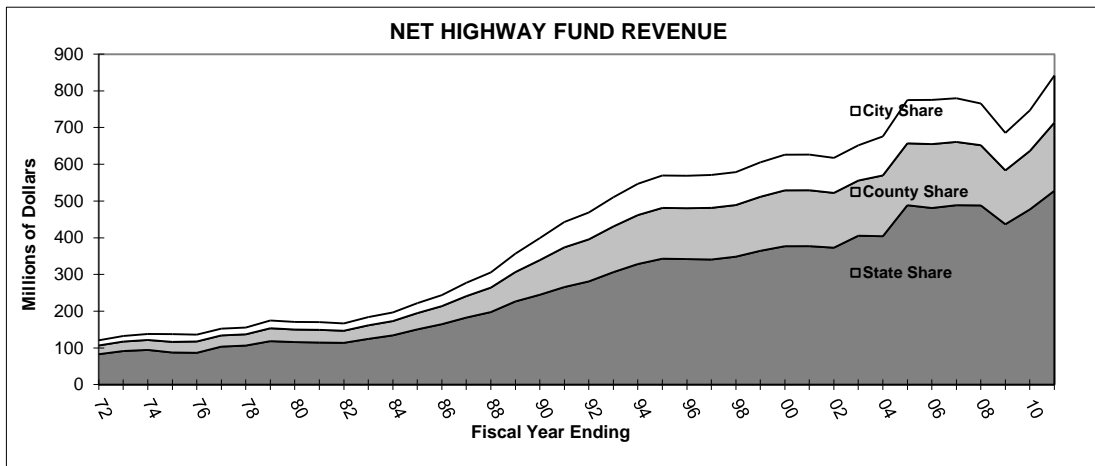
\* Exclusive of dedicated revenue such as recreational vehicle fees and custom license plates.



**NET HIGHWAY FUND REVENUE**  
(millions)

Fiscal Year	Total Highway Fund	Less Transfers to		Net State Revenue	Highway Fund Growth
		Cities	Counties		
1971-72	120.8	14.0	23.8	83.0	7.5%
1972-73	132.5	15.1	25.8	91.6	9.7%
1973-74	138.0	16.3	27.1	94.6	4.2%
1974-75	137.6	21.1	28.9	87.6	-0.3%
1975-76	136.2	18.6	30.8	86.8	-1.0%
1976-77	152.5	18.4	30.5	103.6	12.0%
1977-78	155.5	18.4	30.6	106.5	2.0%
1978-79	174.7	21.1	35.1	118.5	12.3%
1979-80	170.8	20.7	34.1	116.0	-2.2%
1980-81	170.3	21.0	34.6	114.7	-0.3%
1981-82	166.7	19.9	32.9	113.9	-2.1%
1982-83	184.0	22.4	36.9	124.7	10.4%
1983-84	196.6	23.4	38.9	134.3	6.8%
1984-85	221.9	27.0	44.3	150.6	12.9%
1985-86	243.8	29.9	49.2	164.7	9.9%
1986-87	277.4	36.3	58.4	182.7	13.8%
1987-88	305.6	41.3	66.6	197.7	10.2%
1988-89	356.6	50.0	80.0	226.6	16.7%
1989-90	399.1	59.8	94.4	244.9	11.9%
1990-91	442.9	69.0	108.1	265.8	11.0%
1991-92	468.8	73.1	114.5	281.2	5.8%
1992-93	510.2	79.4	124.4	306.4	8.8%
1993-94	546.9	85.1	133.3	328.5	7.2%
1994-95	569.5	88.2	138.3	343.0	4.1%
1995-96	568.8	88.3	138.5	342.0	-0.1%
1996-97	571.0	89.6	140.6	340.8	0.4%
1997-98	578.7	89.6	140.6	348.5	1.4%
1998-99	605.3	93.7	147.1	364.5	4.6%
1999-00	626.1	97.0	152.2	377.0	3.4%
2000-01	626.4	97.0	152.2	377.2	0.0%
2001-02	617.4	95.3	149.2	372.9	-1.4%
2002-03	651.7	95.9	150.2	405.6	5.5%
2003-04	675.9	106.2	165.5	404.2	3.7%
2004-05	774.9	117.8	168.5	488.6	14.6%
2005-06	775.4	120.4	174.0	481.0	0.1%
2006-07	779.8	118.8	172.3	488.7	0.6%
2007-08	765.5	113.5	163.9	488.1	-1.8%
2008-09	685.5	102.0	146.7	436.9	-10.5%
2009-10	746.9	110.4	159.2	477.2	9.0%
2010-11	841.6	128.1	185.5	528.0	12.7%

Source: Oregon Department of Transportation





## Motor Fuel Tax Rates (cents per gallon)

January 1, 2011

State	Gasoline Tax Rates				Diesel Fuel Tax Rates				Gasohol Tax Rates				Add Sales	
	Excise	Add'l	Total	Rank	Excise	Add'l	Total	Rank	Excise	Add'l	Total	Rank	Tax	Other
Alabama /1	16.0	2.0	18	40	19.0		19	37	16.0	2.0	18	39		Inspection fee
Alaska	8.0		8	51	8.0		8	51	8.0		8	51		
Arizona	18.0		19	36	26		27	16	18.0		19	35		/9 LUST Tax
Arkansas	21.5		21.8	28	22.5		22.8	28	21.5		21.8	26		Environmental fee
California	35.3		35.3	2	18.0		18	41	18.0		18	39	Y	Sales tax additional / 8
Colorado	22.0		22	26	20.5		20.5	32	22.0		22	24		
Connecticut	25.0		25	16	39.6		39.6	1	25.0		25	15		
Delaware	23.0		23	24	22.0		22	30	23.0		23	22		Plus 0.9% GRT
Dist. of Columbia	20.0		20	32	20.0		20	33	20.0		20	30		
Florida /2	4.0	12.2	16.2	48	16	14	30	9	4.0	12.2	16.2	48	Y	Sales tax added to excise /2
Georgia	7.5	10.1	17.6	42	7.5	11.3	18.8	38	7.5	10.1	17.6	42	Y	Sales tax added to excise
Hawaii /1	17.0		17	45	17.0	0.0	17	45	17.0	0	17	45	Y	Sales tax additional
Idaho	25.0	1.0	26	14	25.0	1	26	18	25	1.0	26	13		Clean water tax /7
Illinois /1	19.0	1.1	20.1	31	21.5	1.1	22.6	29	19	1.1	20.1	29	Y	Sales tax add., env. & LUST fee /3
Indiana	18.0		18	40	16.0		16	47	18.0	0	18	39	Y	Sales tax additional /3
Iowa	21	1.0	22	26	22.5	1.0	23.5	23	19.0	1	20	30		Environmental fee
Kansas	24.0	0.0	24	21	26.0		26	18	24.0	0	24	20		
Kentucky	24.5	1.4	25.9	15	21.5	1.4	22.9	26	24.5	1.4	25.9	14		Environmental fee /4 /3
Louisiana	20.0		20	32	20.0		20	33	20.0	0	20	30		
Maine	29.5		29.5	10	30.7		30.7	8	29.5	0	29.5	9		/5
Maryland	23.5		23.5	23	24.25		24.25	21	23.5	0	23.5	21		
Massachusetts	21.0		21	30	21.0		21	31	21.0	0	21	28		
Michigan	19.0		19	36	15.0		15	48	19.0	0	19	35	Y	Sales tax applicable
Minnesota	27.5	2.1	29.6	9	27.5	2.1	29.6	11	27.5	2.1	29.6	8		Environmental & Inspect Fee /5
Mississippi	18.0	0.4	18.4	39	18.0	0.4	18.4	39	18.0	0.4	18.4	38		Environmental fee
Missouri	17.0	0.3	17.3	44	17.0	0.3	17.3	44	17.0	0.3	17.3	44		Inspection fee
Montana	27.0		27	13	27.75		27.75	14	27.0	0	27	12		
Nebraska	26.4	0.9	27.3	12	26.4	0.3	26.7	17	26.4	0.9	27.3	11		Petroleum fee /5
Nevada /1	24.0	0.805	24.805	19	27.0	0.75	27.75	14	24	0.805	24.805	18		Inspection & Clean Up fee
New Hampshire	18.0	1.625	19.625	35	18.0	1.625	19.625	36	18.0	1.625	19.625	34		Oil discharge cleanup fee
New Jersey	10.5	4.0	14.5	49	13.5	4.0	17.5	42	10.5	4.0	14.5	49		Petroleum fee
New Mexico	17.0	1.875	18.875	38	21.0	1.875	22.875	27	17.0	1.875	18.875	37		Petroleum loading fee
New York	8.0	17.0	25	16	8.0	15.25	23.25	24	8.0	17	25	15	Y	Sales tax applicable, Petrol. Tax
North Carolina	32.5	0.25	32.75	5	32.5	0.25	32.75	6	32.5	0.25	32.75	4		/4 Inspection tax
North Dakota	23.0		23	24	23.0		23	25	23.0	0	23	22		
Ohio	28.0		28	11	28.0		28	13	28.0	0	28	10		Plus 3 cents commercial
Oklahoma	16.0	1.0	17	45	13.0	1.0	14	49	16.0	1.0	17	45		Environmental fee
<b>Oregon /1</b>	<b>30</b>		<b>30</b>	<b>8</b>	<b>30</b>		<b>30</b>	<b>9</b>	<b>30</b>	<b>0</b>	<b>30</b>	<b>7</b>		
Pennsylvania	12.0	19.2	31.2	7	12.0	26.1	38.1	2	12.0	19.2	31.2	6		Oil franchise tax
Rhode Island	32	1	33	3	32	1	33	4	32	1	33	2		LUST tax
South Carolina	16.0	0.8	16.75	47	16.0	0.8	16.75	46	16.0	0.75	16.75	47		Inspection fee & LUST tax
South Dakota /1	22.0	2.0	24	21	22.0	2.0	24	22	20.0	2	22	24		inspection fee
Tennessee /1	20.0	1.4	21.4	29	17.0	1.4	18.4	39	20.0	1.4	21.4	27		Petroleum Tax & Envir. Fee
Texas	20.0		20	32	20.0		20	33	20.0	0	20	30		
Utah	24.5		24.5	20	24.5		24.5	20	24.5	0	24.5	19		
Vermont	19.0	5.98	24.98	18	25.0	4	29	12	19.0	5.98	24.98	17		Cleanup fee & TransFee
Virginia /1	17.5		17.5	43	17.5		17.5	42	17.5	0	17.5	43		/6
Washington /8	37.5		37.5	1	37.5		37.5	3	37.5	0	37.5	1		0.5% privilege tax
West Virginia	20.5	11.7	32.2	6	20.5	11.7	32.2	7	20.5	11.7	32.2	5	Y	Sales tax added to excise
Wisconsin	30.9	2.0	32.9	4	30.9	2.0	32.9	5	30.9	2.0	32.9	3		Petroleum Inspection fee
Wyoming	13.0	1	14	50	13.0	1	14	49	13.0	1	14	50		License tax
Federal	18.3	0.1	18.4		24.3	0.1	24.4		13.0	0.1	13.1			/7 LUST tax

SOURCE: Compiled by FTA from various sources.

/1 Tax rates do not include local option taxes. In AL, 1 - 3 cents; HI, 8.8 to 18.0 cent; IL, 5 cents in Chicago and 6 cents in Cook county (gasoline only); NV, 4.0 to 9.0 cents; OR, 1 to 3 cents; SD and TN, one cent; and VA 2%.

/2 Local taxes for gasoline and gasohol vary from 12.6 cents to 18.6 cents. Plus a 2.2 cent per gallon pollution tax.

/3 Carriers pay an additional surcharge equal to AZ-8 cents, IL-12.3 cents (g) 13.5 cents (d), IN-11 cents, KY-2% (g) 4.7% (d).

/4 Tax rate is based on the average wholesale price and is adjusted quarterly. The actual rates are: KY, 9%; and NC, 17.5¢ + 7%.

/5 Portion of the rate is adjustable based on maintenance costs, sales volume, cost of fuel to state government, or inflation.

/6 Large trucks pay an additional 3.5 cents.

/7 Tax rate is reduced by the percentage of ethanol used in blending (reported rate assumes the max. 10% ethanol).

/8 California Gasoline subject to 2.2% sales tax. Diesel tax rate will decrease to 13.6 c and sales tax rate will increase to 9%

/9 Diesel rate specified is the fuel use tax rate on large trucks. Small vehicles are subject to 18 cent tax rate.

**2011  
State Motor Carrier Registration Fees  
80,000 Pound Vehicle (GVW)**

State	Dollars per Vehicle	State Ranking
Alabama	\$836	43
Alaska	\$220	49
Arizona	\$4,006	1
Arkansas	\$1,357	30
California	\$2,757	5
Colorado	\$2,761	4
Connecticut	\$1,586	22
Delaware	\$1,390	27
Florida	\$1,368	29
Georgia	\$730	46
Hawaii	\$345	48
Idaho	\$3,375	2
Illinois	\$3,193	3
Indiana	\$2,031	10
Iowa	\$1,705	19
Kansas	\$1,770	15
Kentucky	\$1,430	26
Louisiana	\$514	47
Maine	\$1,457	24
Maryland	\$1,820	13
Massachusetts	\$1,650	21
Michigan	\$1,690	20
Minnesota	\$1,760	16
Mississippi	\$2,007	11
Missouri	\$1,725	17
Montana	\$983	40
Nebraska	\$1,281	33
Nevada	\$1,795	14
New Hampshire	\$800	45
New Jersey	\$1,241	35
New Mexico	\$173	50
New York	\$1,231	36
North Carolina	\$1,254	34
North Dakota	\$1,079	37
Ohio	\$1,441	25
Oklahoma	\$957	41
<b>Oregon</b>	<b>\$1,007</b>	<b>39</b>
Pennsylvania	\$1,715	18
Rhode Island	\$1,056	38
South Carolina	\$809	44
South Dakota	\$1,457	23
Tennessee	\$1,371	28
Texas	\$855	42
Utah	\$2,099	8
Vermont	\$2,091	9
Virginia	\$1,333	31
Washington	\$1,852	12
West Virginia	\$2,216	7
Wisconsin	\$2,583	6
Wyoming	\$1,317	32

**2011  
Weight-Mile Tax Rates  
(per mile) 80,000 lbs.**

State	Tax Rate	State Ranking
Kentucky	\$0.0285	4
New Mexico	\$0.0438	3
New York	\$0.0546	2
<b>Oregon*</b>	<b>\$0.1638</b>	<b>1</b>

\* Oregon does not levy a diesel tax on heavy trucks subject to the weight-mile tax.

Source: Individual state internet sites  
(see Weight-Mile Tax Rates tab)

**2011  
State Diesel Tax Rates  
(per gallon)**

State	Tax Rate	State Ranking
Alabama	\$0.190	39
Alaska	\$0.080	49
Arizona	\$0.270	20
Arkansas	\$0.228	30
California	\$0.347	9
Colorado	\$0.205	35
Connecticut	\$0.462	1
Delaware	\$0.220	31
Florida	\$0.321	12
Georgia	\$0.183	42
Hawaii	\$0.161	46
Idaho	\$0.250	24
Illinois	\$0.389	3
Indiana	\$0.270	20
Iowa	\$0.235	28
Kansas	\$0.270	20
Kentucky	\$0.360	7
Louisiana	\$0.200	36
Maine	\$0.319	14
Maryland	\$0.243	26
Massachusetts	\$0.210	34
Michigan	\$0.370	6
Minnesota	\$0.280	17
Mississippi	\$0.184	40
Missouri	\$0.170	44
Montana	\$0.285	16
Nebraska	\$0.266	23
Nevada	\$0.278	19
New Hampshire	\$0.196	38
New Jersey	\$0.175	43
New Mexico	\$0.220	31
New York	\$0.396	2
North Carolina	\$0.350	8
North Dakota	\$0.230	29
Ohio	\$0.280	17
Oklahoma	\$0.130	48
<b>Oregon</b>	<b>\$0.000</b>	<b>50</b>
Pennsylvania	\$0.381	4
Rhode Island	\$0.320	13
South Carolina	\$0.168	45
South Dakota	\$0.240	27
Tennessee	\$0.184	40
Texas	\$0.200	36
Utah	\$0.245	25
Vermont	\$0.290	15
Virginia	\$0.216	33
Washington	\$0.375	5
West Virginia	\$0.322	11
Wisconsin	\$0.329	10
Wyoming	\$0.140	47

Primary source: International Registration Plan, Inc., Information Exchange internet site  
Note: Based on intrastate for-hire carrier registering 2005 model year 5-axle (3-S2) tractor-semitrailer combination with GVW of 80,000 lbs.

Primary source: American Trucking Associations, *The State Laws Newsletter* (see Diesel Fuel Tax Rates tab)

# TIMBER TAXATION

## A Brief History

Prior to 1929, all private forestland in Oregon (8 million acres) was taxed based on the value of standing timber and the land beneath it. At the time, it was common for landowners to log old growth, and to not invest further in replanting. Lands would often revert to farm or urban uses after being logged. Some lands even reverted to county ownership, as private landowners stopped paying property taxes on logged lands that were viewed as worthless. In response to these foreclosures, the 1929 legislature implemented an optional Forest Fee and Yield tax.

The tax applied to reforestation lands (860,000 acres) and allowed taxation on the value of timber upon the cutting of trees rather than a property tax each year as the trees grew. Forests that qualified as reforestation lands were subject to a 5 cents per acre "forest fee" annually as well as a 12.5% "Yield Tax" on the value of timber that was harvested. This system continued until it was repealed in 1977. In 1947, a Forest Products Harvest Tax was imposed per thousand board feet on all merchantable harvests from both public and private land (first 25,000 bf exempt). Under 1961 legislation, most Western Oregon land was subject to partial property tax exemption where all timber under 12" in diameter was exempt from property tax due to its designation as "reproduction timber." Larger trees were placed on the property tax roll at a percentage of their immediate harvest value. In the year of harvest, the local property tax rate was applied to 70% of the value of the harvested timber. For small tracts, the Western Oregon Small Tract Optional Tax (WOSTOT) allowed small forestland owners to pay property tax on the productivity value of qualified forestland (200,000 acres). Forest land's productivity value was categorized by site class ranked I (most productive) through V (least productive) and values were set accordingly. Eastern Oregon began a severance tax during this time, where owners paid 5% of the market value of all private timber harvested.

Beginning in 1962 (eastern Oregon) and in 1978 (western Oregon), severance taxes on timber harvest were imposed on the value of timber harvested in lieu of property tax on the value of standing timber (not applicable to forestland under WOSTOT). The 1977 Legislature repealed the Forest Fee and Yield Tax, returning the reforestation lands to the regular program phased in over the next 20 years. State collected severance taxes were distributed to local taxing districts as an offset to property taxes.

In 1991, in response to Measure 5 (1990), severance taxes were converted to privilege taxes with temporary rate reductions. The 1993 Legislature exempted standing timber from property tax, set new statutory forestland values, assessed forestland at 20% of the statutory value, reduced privilege tax rates, and completed the transition for reforestation lands. Privilege taxes were imposed in lieu of property tax on 80% of forestland value.

Under Measure 50 (1997), WOSTOT productivity values were converted to statutory forestland values and maximum assessed values were established for all forestland (see RR #6-00 for more detail). The 1999 Legislature phased in a new program for forestland in ownerships of 5,000 or more acres and the 2001 Legislature extended this program to all forestland as of 2003. Forestland was assessed at 100% of the lesser of its maximum specially assessed value or its specially assessed value as determined by the Department of Revenue (Department). Privilege taxes were repealed. The 2003 Legislature passed HB 2197, which extended the 1999 phase in for one year for ownerships of less than 5,000 acres and created an optional Small Tract Forestland (STF) program (see below). The 2005 Legislature simplified the time requirements for filers who apply for a continued classification of a parcel as STF; and clarified

that unless the Tax Assessor determines that the property does not constitute forestland, a disqualified STF parcel will automatically be qualified as either Western or Eastern Oregon forestland. A \$200 late filing fee was also enacted for applications for continued classification as STF parcels if the applications are filed after a 30 day notification period has ended.

*Current Law*

As of July 1, 2004 all forestland is subject to the Forest Products Harvest Tax and all private forestland is taxed under the Oregon Forestland program (sometimes referred to either as the 100% program or the industrial program) unless the owner elects to have qualified parcels taxed under the Small Tract Forestland (STF) program. Under the Oregon Forestland program, forestland is assessed for property tax at the lesser of either its maximum specially assessed value or its specially assessed value as determined by the Department. There are no privilege or severance taxes imposed at the time of harvest other than the Forest Products Harvest Tax. The Forest Products Harvest Tax Rate is established annually.

Under the STF program, forestland has an assessed value equal to 20% of the specially assessed forestland values determined by the Department. The 2010-11 values are shown in the table below. The amount of tax that is not imposed due to the 80% reduction is recovered when a severance tax is applied to harvested timber. The severance tax applies to the net volume of logs from harvested timber. The Forest Products Harvest Tax also applies to this volume. The severance tax rates for calendar year 2010 are \$4.61 (Western Oregon) and \$3.60 (Eastern Oregon) per 1,000 board feet harvested. These rates are indexed annually in proportion to the increase in value of forestland in the Program in each area.

For a parcel of forestland to qualify for the STF program, it must be held in common ownership of at least 10 acres but less than 5,000 acres of Oregon forestland and meet minimum stocking and species requirements. The owner must apply to the relevant county assessor(s) and the application must include all forestland owned in contiguous parcels. Assessors must disqualify forestland from the STF program if it fails to meet minimum stocking and species requirements or becomes part of an ownership of less than 10 acres or more than 5,000 acres. Disqualification from the program is subject to additional taxes equal to the tax on the 80% of value not assessed while in the program to a maximum of 10 years.

The values per acre shown in the table below are the maximum assessed values for forest land in the Oregon Forestland program (OFP) and the value limits for forest land in the Small Tract Forestland program (STF).

2010-11 Limit on Per Acre Forestland Value		
Site Class by Region	OFP	STF
Western Oregon		
FA	\$553.41	\$109.82
FB	\$439.04	\$87.14
FC	\$367.69	\$72.81
FD	\$312.35	\$62.06
FE	\$207.81	\$40.58
FF	\$150.00	\$29.82
FG	\$62.70	\$11.90
FX	\$7.35	\$1.18
Eastern Oregon		
	\$62.70	\$11.90

The historically complex distribution system for privilege taxes has been eliminated. Property taxes on forestland are treated like any other property taxes. The severance taxes under the

STF program are deposited to the appropriate Eastern or Western Oregon Timber Severance Tax Fund. After payment of administrative expenses, the balance in each Fund is distributed to the State School Fund (60.5%), the Community College Support Fund (4.5%) on May 1<sup>st</sup> of each year, and to the counties in either eastern or western Oregon (35%) on August 15<sup>th</sup> following the end of the fiscal year.

As noted above, the Forest Products Harvest Tax applies to harvests of merchantable timber from both publicly and privately owned forestland. The tax is levied per 1,000 board feet of timber harvested and the tax rates are set to fund various forestry related activities as listed in the table below. The activities include OSU forestry research, fire protection fund, and administration of the Forest Practices Act and forest monitoring funded by the Department of Forestry. The 'Other' rates include \$1.75 (11 months) for salmon reclamation and \$0.15 for assistance to nonindustrial landowners. Rates shown for the Oregon Forest Research Institute (OFRI) are subject to change by the governing board of the institute. The statutory rate for fire suppression is \$0.625 but the State Forester may suspend this rate if the balance in the Forest Land Protection Fund is estimated to exceed \$15 million for a calendar year or increase the rate if additional funding is required.

FOREST PRODUCTS HARVEST TAX RATES					
Year	OSU Research	Protection Fund	Forest Practices	OFRI	Other
1990-91	\$0.21	\$0.30	\$0.16	-	-
1991-92	0.3	0.5	0.53	\$0.31	-
1992-93	0.3	0.66	0.53	0.31	-
1993.2, 3	0.4	0.66	0.77	0.31	-
1994	0.4	0.66	0.77	0.31	-
1995	0.4	0.66	0.77	0.31	-
1996	0.5	0.5	0.6	0.51	-
1997	0.5	0.5	0.6	0.51	-
1998	0.55	0.5	0.7	0.51	\$1.75
1999	0.55	0.5	0.7	0.79	-
2000	0.67	0.5	1.08	0.79	0.15
2001	0.67	-	1.08	0.79	0.15
2002	0.67	0.5	0.91	0.79	
2003	0.67	0.5	0.91	0.79	
2004	0.67	0.5	0.79	0.99	
2005	0.67	0.5	0.79	0.89	
2006	0.67	0.5	0.55	0.89	
2007	0.67	0.5	0.55	0.89	
2008	0.92	0.625	1.1456	0.89	
2009	0.92	0.625	1.1456	0.89	
2010	0.92	0.625	1.14	0.89	
2011	0.8739	0.625	1.2952	0.89	

### *Local Revenues from Federally-Owned Forest Lands*

Notwithstanding the importance of the Forest Products Harvest Tax and Severance Tax revenues to the state and to local taxing districts, among certain counties primarily located in the SW, federally-owned forestlands are a critical revenue source. Under federal law, harvested timber from federally-owned lands must be shared with the state and counties in which the federally-owned forestlands are located. On October 30, 2000, Congress passed Public Law 106-393 (the Secure Rural School and Community Self-Determination Act of 2000, commonly known as "Payments to States") in order to offset the effect of decreased revenues available to counties from declining timber harvests on federal lands. In FY 2010-11, estimated federal forest payments totaled \$116 million. The act is set to expire in 2012, so additional funds will be needed if a replacement bill is not passed.

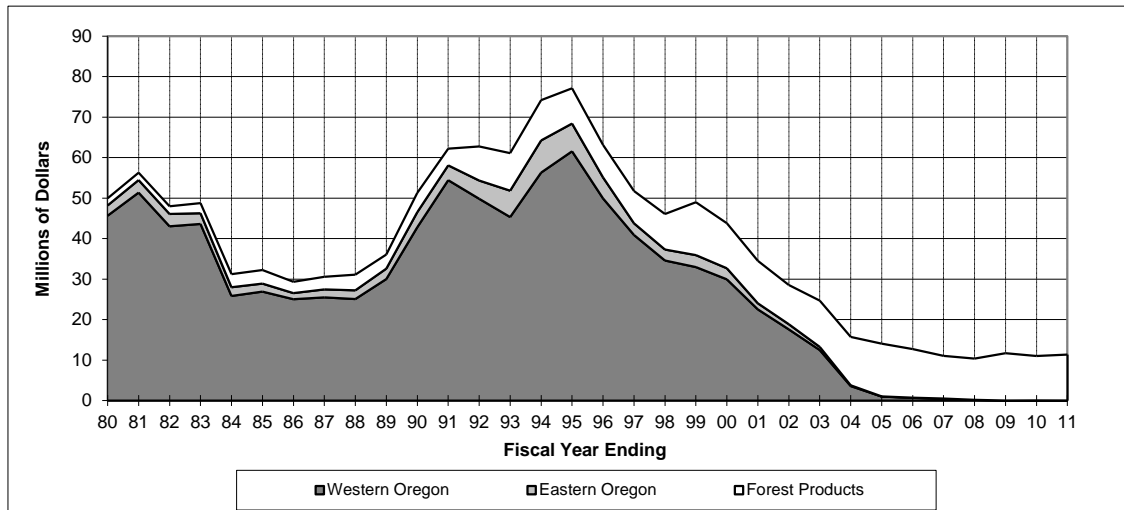
## TIMBER TAX COLLECTIONS

(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	-15.0%
2010-11	0.00	15.7%	0.04	-30.8%	11.33	3.3%	0.21	37.5%

Source: Oregon Department of Revenue, Monthly Receipts Statement.

### TIMBER TAX COLLECTIONS

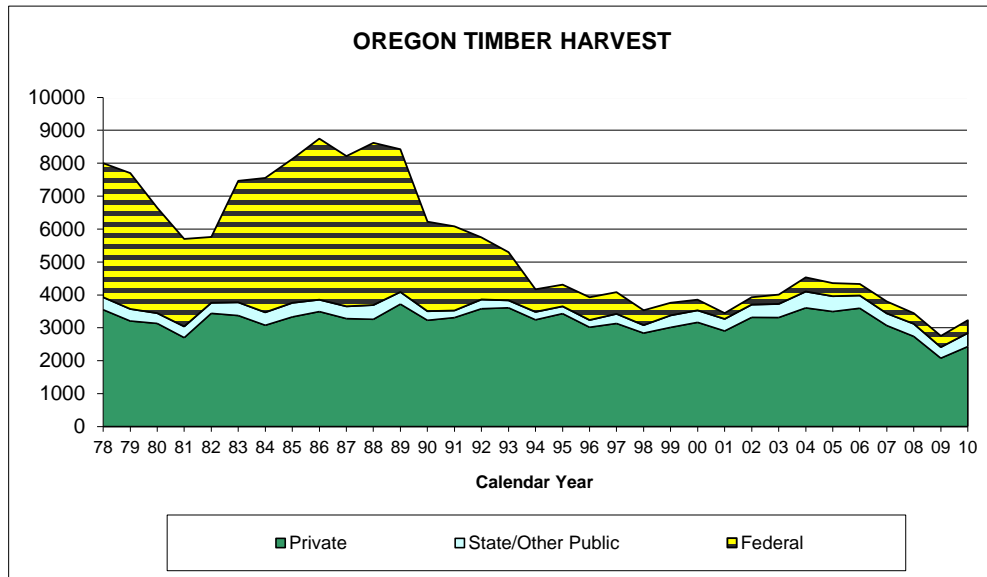


## OREGON TIMBER HARVEST

Million Board Feet - Scribner Scale

Calendar Year	Private		Federal		State / other public		Total	
	Volume	% Change	Volume	% Change	Volume	% Change	Volume	% Change
1978	3,550		4,069		378		7,997	
1979	3,208	-9.6%	4,123	1.3%	363	-4.0%	7,694	-3.8%
1980	3,134	-2.3%	3,196	-22.5%	310	-14.6%	6,640	-13.7%
1981	2,702	-13.8%	2,658	-16.8%	335	8.1%	5,695	-14.2%
1982	3,440	27.3%	2,000	-24.8%	318	-5.1%	5,758	1.1%
1983	3,373	-1.9%	3,691	84.6%	400	25.8%	7,464	29.6%
1984	3,078	-8.7%	4,084	10.6%	388	-3.0%	7,550	1.2%
1985	3,332	8.3%	4,371	7.0%	423	9.0%	8,126	7.6%
1986	3,494	4.9%	4,892	11.9%	357	-15.6%	8,743	7.6%
1987	3,281	-6.1%	4,566	-6.7%	368	3.1%	8,215	-6.0%
1988	3,259	-0.7%	4,926	7.9%	430	16.8%	8,615	4.9%
1989	3,721	14.2%	4,333	-12.0%	366	-14.9%	8,420	-2.3%
1990	3,229	-13.2%	2,718	-37.3%	272	-25.7%	6,219	-26.1%
1991	3,311	2.5%	2,554	-6.0%	214	-21.3%	6,079	-2.3%
1992	3,581	8.2%	1,886	-26.2%	275	28.5%	5,742	-5.5%
1993	3,609	0.8%	1,463	-22.4%	222	-19.3%	5,294	-7.8%
1994	3,244	-10.1%	688	-53.0%	235	5.9%	4,167	-21.3%
1995	3,432	5.8%	654	-4.9%	218	-7.2%	4,304	3.3%
1996	3,018	-12.1%	690	5.5%	214	-1.8%	3,922	-8.9%
1997	3,133	3.8%	659	-4.5%	290	35.5%	4,082	4.1%
1998	2,840	-9.4%	455	-31.0%	237	-18.3%	3,532	-13.5%
1999	3,014	6.1%	383	-15.8%	363	53.2%	3,760	6.5%
2000	3,167	5.1%	328	-14.4%	359	-1.1%	3,854	2.5%
2001	2,905	-8.3%	173	-47.3%	361	0.6%	3,439	-10.8%
2002	3,318	14.2%	222	28.3%	382	5.8%	3,922	14.0%
2003	3,313	-0.2%	281	26.6%	408	6.8%	4,002	2.0%
2004	3,606	8.8%	433	54.1%	412	1.0%	4,451	11.2%
2005	3,495	-3.1%	397	-8.3%	463	12.3%	4,355	-2.2%
2006	3,596	2.9%	346	-12.8%	386	-16.6%	4,327	-0.6%
2007	3,070	-14.6%	364	5.2%	366	-5.1%	3,800	-12.2%
2008	2,740	-10.7%	323	-11.3%	379	3.6%	3,441	-9.4%
2009	2,079	-24.1%	339	4.9%	331	-12.8%	2,748	-20.1%
2010	2,432	17.0%	387	14.3%	407	23.1%	3,227	17.4%

Source: [http://www.oregon.gov/ODF/STATE\\_FORESTS/FRP/annual\\_reports.shtml](http://www.oregon.gov/ODF/STATE_FORESTS/FRP/annual_reports.shtml)



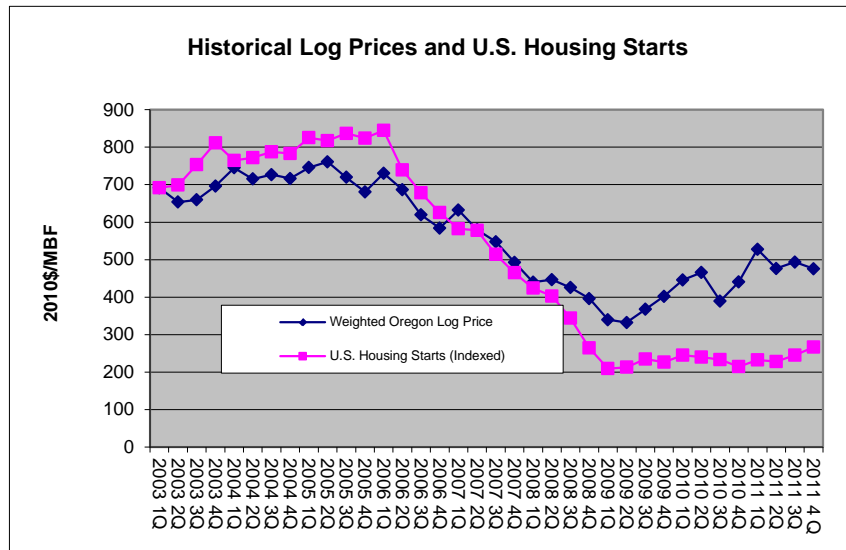


## Historical Log Prices and U.S. Housing Starts

Harvest Year and Quarter	Weighted Oregon Log Price	U.S. Housing Starts	
	2011\$, \$/MBF	Millions of Units	Indexed
2003 1Q	692	1.736	691.7
2003 2Q	654	1.754	698.8
2003 3Q	660	1.890	753.0
2003 4Q	696	2.036	811.1
2004 1Q	745	1.918	764.4
2004 2Q	715	1.937	772.0
2004 3Q	727	1.977	787.8
2004 4Q	716	1.965	783.1
2005 1Q	746	2.072	825.5
2005 2Q	761	2.051	817.4
2005 3Q	720	2.100	836.8
2005 4Q	680	2.069	824.3
2006 1Q	731	2.120	844.9
2006 2Q	686	1.855	739.2
2006 3Q	619	1.702	678.3
2006 4Q	584	1.570	625.6
2007 1Q	632	1.461	582.3
2007 2Q	580	1.451	578.2
2007 3Q	547	1.289	513.6
2007 4Q	492	1.166	464.6
2008 1Q	440	1.064	424.0
2008 2Q	446	1.011	402.7
2008 3Q	426	0.862	343.6
2008 4Q	396	0.663	264.2
2009 1Q	340	0.526	209.5
2009 2Q	332	0.534	212.9
2009 3Q	368	0.588	234.4
2009 4Q	402	0.568	226.2
2010 1Q	445	0.615	244.9
2010 2Q	466	0.602	239.9
2010 3Q	389	0.584	232.8
2010 4Q	441	0.539	214.6
2011 1Q	527	0.582	232.0
2011 2Q	476	0.572	228.1
2011 3Q	493	0.615	245.2
2011 4 Q	476	0.669	266.6

Source: Oregon Department of Forestry

Note: All Oregon log prices adjusted for species, grade, location and inflation.



## EXCISE TAXES

### ***Taxes on Cigarettes and Other Tobacco Products***

Excise taxes are imposed on distribution of all tobacco products in Oregon. Taxes are levied on each cigarette and as a percent of wholesale price of other tobacco products. With the passage of Measure 20 (in 2002), the permanent tax rate on cigarettes is \$1.18 and the Other Tobacco Products (OTP) tax rate is 65% of wholesale price. However, the OTP tax is capped at 50¢ per cigar. The 2009 session introduced a tax by weight on noncombustible tobacco, a \$1.78 tax per ounce of moist snuff (with a minimum of \$2.14 per container). Cigarette tax is distributed to a number of uses, 22 cents are allocated 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 ODOT (senior and disabled transit). Distributions within cities and counties are based on population. The Other Tobacco Products tax is distributed differently, with the General Fund getting 53.85%, the Health Plan 41.54%, and tobacco cessation programs 4.62%. The 2007 legislature sent the voters a tax increase (Measure 50), that failed to pass. The same session instituted an indoor smoking ban, which is expected to reduce revenue for m cigarettes. Additional tobacco revenue is received under the Master Settlement Agreement. Through June 30, 2010, Oregon has received \$900 million in payments from cigarette manufacturers and expects to receive (unless reduced) slightly above \$160 million for the 2011-13 biennium. The 2003 Session (SB 856) pledged much of this revenue for payments on \$450 million appropriation bonds (terminating in 2015). Other bonds pledged against the MSA revenues further restricting the unobligated amounts.

#### CIGARETTE AND OTHER TOBACCO PRODUCTS TAXES

Fiscal Year	Tax Rate (per pack)	Cigarettes		Other Tobacco		Total Millions	Tobacco Change
		Millions	Change	Millions	Change		
1996-97	50.1¢	141.7	29.8%	12.8	18.5%	154.5	28.8%
1997-98	68.0¢	199.5	40.8%	19.5	52.3%	219.0	41.7%
1998-99	68.0¢	172.0	-13.8%	19.8	1.5%	191.8	-12.4%
1999-00	68.0¢	161.8	-5.9%	20.2	2.0%	182.0	-5.1%
2000-01	68.0¢	156.7	-3.2%	20.8	3.0%	177.5	-2.5%
2001-02	68.0¢	155.0	-2.6%	20.1	-2.4%	175.1	-1.4%
2002-03	103.0¢	222.0	43.2%	20.9	4.4%	242.9	38.7%
2003-04	123.0¢	240.1	8.2%	25.3	20.8%	265.4	9.3%
2004-05	118.0¢	217.8	-9.3%	26.0	2.7%	243.8	-8.1%
2005-06	118.0¢	238.7	9.6%	31.2	20.0%	269.9	10.7%
2006-07	118.0¢	240.2	0.6%	30.9	-0.8%	271.1	0.4%
2007-08	118.0¢	222.2	-7.5%	32.8	5.9%	255.0	-6.0%
2008-09	118.0¢	215.3	-3.1%	32.9	0.4%	248.2	-2.6%
2009-10	118.0¢	201.9	-6.3%	37.4	13.7%	239.3	-3.6%
2010-11	118.0¢	211.7	4.8%	51.2	36.8%	262.8	9.8%

#### DISTRIBUTION OF TOBACCO TAXES

Fiscal Year	General Fund	Health Plan	TURA	Special Transit	Local Govt.
2000-01	63.0	93.0	7.8	4.6	9.1
2001-02	60.9	92.7	7.8	4.6	9.1
2002-03	57.1	164.0	7.9	4.7	9.3
2003-04	53.9	184.8	7.8	4.4	8.8
2004-05	52.5	168.5	7.3	4.3	8.6
2005-06	59.4	180.7	8.1	4.1	8.9
2006-07	60.6	185.3	8.3	4.6	9.2
2007-08	59.0	176.1	8.0	4.6	9.2
2008-09	57.1	168.5	7.7	4.1	8.3
2009-10	57.4	161.9	7.4	3.5	7.8
2010-11	66.3	173.2	7.9	4.0	8.1

### **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 (8.4¢ per gallon) of beer, Tax on wine is 67¢ per gallon, and 77¢ per gallon for dessert wine (14% to 21% alcohol content). 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 110% above cost (including shipping, and federal taxes). The net revenue from these operations goes into the OLCC account. Available revenue in the OLCC account is distributed 56% to state General Fund, 10% to counties by population, 20% to cities by population, and 14% to cities by formula. A surcharge of 50¢ is only temporary for the last and this budget period.

#### **OLCC REVENUE (millions)**

<b>Fiscal Year</b>	<b>Beer &amp; Wine Tax</b>	<b>Change</b>	<b>Net Liquor Sales</b>	<b>Net Liquor Revenue</b>	<b>Change</b>
1993-94	10.6	-3.6%	89.7	65.2	4.8%
1994-95	10.6	0.0%	90.1	65.9	1.1%
1995-96	11.2	5.7%	93.4	67.7	2.7%
1996-97	11.8	5.4%	97.1	70.9	4.7%
1997-98	12.0	1.7%	102.4	73.8	4.1%
1998-99	12.1	0.8%	107.8	76.5	3.7%
1999-00	12.4	2.5%	116.1	84.8	10.8%
2000-01	12.5	0.8%	121.7	85.8	1.2%
2001-02	12.7	1.6%	127.8	93.0	8.4%
2002-03	13.3	4.7%	134.4	97.1	4.4%
2003-04	13.7	2.7%	145.1	107.3	10.4%
2004-05	14.0	2.2%	155.0	111.1	3.5%
2005-06	14.8	6.3%	172.2	126.1	13.5%
2006-07	15.2	2.4%	187.1	130.8	3.8%
2007-08	16.1	5.9%	199.2	141.1	7.9%
2008-09	16.33	1.5%	207.9	151.9	7.6%
2009-10	16.75	2.6%	215.6	159.8	5.2%
2010-11	16.20	-3.3%	224.1	162.2	1.5%

Source: Oregon Liquor Control Commission

#### **OLCC REVENUE DISTRIBUTIONS (millions)**

<b>Fiscal Year</b>	<b>Wine Board</b>	<b>Mental Health</b>	<b>General Fund</b>	<b>Counties</b>	<b>Cities</b>
1993-94	0.1	5.2	40.6	7.1	24.1
1994-95	0.1	5.2	41.3	7.4	25.1
1995-96	0.2	5.5	37.3	6.7	22.7
1996-97	0.2	5.8	48.9	8.7	29.7
1997-98	0.2	6.0	45.3	8.1	27.5
1998-99	0.2	5.9	45.7	8.2	27.7
1999-00	0.2	6.0	51.4	9.2	31.2
2000-01	0.2	6.2	52.5	9.4	31.9
2001-02	0.2	6.3	54.8	9.8	33.2
2002-03	0.2	6.6	60.1	10.2	34.7
2003-04	0.2	6.7	62.8	11.2	38.2
2004-05	0.2	6.9	65.6	11.6	39.6
2005-06	0.2	7.3	74.0	13.2	44.9
2006-07	0.2	7.5	75.1	13.4	45.6
2007-08	0.3	7.9	82.7	14.8	50.2
2008-09	0.3	8.0	93.9	15.9	53.9
2009-10	0.3	8.3	97.3	15.0	51.1
2010-11	0.3	7.97	101.25	15.64	53.17

Source: Oregon Liquor Control Commission.

**CIGARETTE EXCISE TAX RATES AS OF JANUARY 1, 2011  
BEER AND WINE RATES AS OF 2011  
Ranked by Sum of Excise and Sales Tax Rates (Dollars)**

Rank	Malt Liquor (Beer) per Gallon			Table Wine (14% alcohol) per Gallon			Cigarettes per Pack		
	State	Excise	Sales	State	Excise	Sales	State	Excise	Sales
1	South Carolina	0.770	0.600	Florida	2.25	2.40	New York (1)	435.0	0.15
2	Hawaii	0.930	0.400	Iowa	1.75	2.40	Rhode Island	346.0	0.26
3	Mississippi	0.427	0.700	Tennessee	1.21	2.80	Washington	302.5	0.24
4	Florida	0.480	0.600	Illinois	1.39	2.50	Connecticut	300.0	0.24
5	Alaska	1.070	0.000	New Mexico	1.70	2.00	Hawaii (3)	300.0	0.15
6	California	0.200	0.825	New Jersey	0.88	2.80	New Jersey	270.0	0.26
7	North Carolina	0.530	0.475	Virginia	1.51	2.00	Wisconsin	252.0	0.19
8	Alabama	0.530	0.400	California	0.20	3.30	Massachusetts	251.0	0.23
9	Washington	0.261	0.650	Washington	0.87	2.60	Dist. of Columbia	250.0	0.23
10	New Mexico	0.410	0.500	Nevada	0.70	2.74	Vermont	224.0	0.23
11	Utah	0.410	0.470	Rhode Island	0.60	2.80	Arizona	200.0	0.25
12	Nebraska	0.310	0.550	West Virginia	1.00	2.40	Maryland	200.0	0.23
13	Illinois	0.235	0.625	Alabama	1.70	1.60	Michigan	200.0	0.23
14	Maine	0.350	0.500	South Carolina	0.90	2.40	Maine	200.0	0.19
15	Oklahoma	0.400	0.450	Indiana	0.47	2.80	Alaska	200.0	0.00
16	Nevada	0.160	0.685	Mississippi	0.35	2.80	New Hampshire	178.0	0.00
17	Tennessee	0.140	0.700	Nebraska	0.95	2.20	Utah	170.0	0.22
18	Minnesota	0.150	0.688	Arkansas	0.75	2.40	Montana	170.0	0.00
19	Arkansas	0.230	0.600	Georgia	1.51	1.60	New Mexico	166.0	0.19
20	Texas	0.200	0.625	Arizona	0.84	2.24	Pennsylvania	160.0	0.23
21	New Jersey	0.120	0.700	Minnesota	0.30	2.75	Delaware	160.0	0.00
22	Indiana	0.115	0.700	Connecticut	0.60	2.40	South Dakota	153.0	0.15
23	Michigan	0.200	0.600	Hawaii	1.38	1.60	Texas	141.0	0.23
24	Rhode Island	0.100	0.700	Vermont	0.55	2.40	Iowa	136.0	0.23
25	Connecticut	0.190	0.600	Michigan	0.51	2.40	Florida	133.9	0.23
26	Iowa	0.190	0.600	Idaho	0.45	2.40	Ohio	125.0	0.21
27	West Virginia	0.180	0.600	Maryland	0.40	2.40	Minnesota (4)	123.0	0.26
28	Virginia	0.260	0.500	Texas	0.20	2.50	<b>Oregon</b>	<b>118.00</b>	<b>0.00</b>
29	Idaho	0.150	0.600	Dist. of Columbia	0.30	2.40	Arkansas	115.0	0.23
30	Ohio	0.180	0.550	North Carolina	0.79	1.90	Oklahoma	103.0	0.17
31	Arizona	0.160	0.560	Maine	0.60	2.00	Indiana	99.5	0.26
32	Georgia	0.320	0.400	South Dakota	0.93	1.60	Illinois (1)	98.0	0.23
33	Louisiana	0.320	0.400	Oklahoma	0.72	1.80	California	87.0	0.27
34	Kansas	0.180	0.530	Alaska	2.50	0.00	Colorado	84.0	0.11
35	Dist. of Columbia	0.090	0.600	North Dakota	0.50	2.00	Nevada	80.0	0.26
36	Maryland	0.090	0.600	Ohio	0.30	2.20	Kansas	79.0	0.24
37	Pennsylvania	0.080	0.600	Pennsylvania	0.00	2.40	Mississippi	68.0	0.26
38	South Dakota	0.270	0.400	Wisconsin	0.25	2.00	Nebraska	64.0	0.21
39	North Dakota	0.160	0.500	Missouri	0.30	1.69	Tennessee (1) (2)	62.0	0.26
40	Wisconsin	0.060	0.500	New York	0.30	1.60	Kentucky (2)	60.0	0.23
41	New York	0.140	0.400	Utah		1.88	Wyoming	60.0	0.15
42	Missouri	0.060	0.423	Louisiana	0.11	1.60	Idaho	57.0	0.23
43	Wyoming	0.020	0.400	Wyoming	0.00	1.60	South Carolina	57.0	0.23
44	Colorado	0.080	0.290	Colorado	0.28	1.16	West Virginia	55.0	0.23
45	New Hampshire	0.300	0.000	Montana	1.06	0.00	North Carolina	45.0	0.18
46	Vermont	0.265	0.000	Delaware	0.97	0.00	North Dakota	44.0	0.19
47	Delaware	0.160	0.000	<b>Oregon</b>	<b>0.67</b>	<b>0.00</b>	Alabama (1)	42.5	0.15
48	Montana	0.140	0.000	Massachusetts	0.55	0.00	Georgia	37.0	0.15
49	Massachusetts	0.110	0.000	Kentucky	0.50	0.00	Louisiana	36.0	0.15
50	Kentucky	0.080	0.000	Kansas	0.30	0.00	Virginia (1)	30.0	0.19
51	<b>Oregon</b>	<b>0.080</b>	<b>0.000</b>	New Hampshire	0.00	0.00	Missouri (1)	17.0	0.16

Source: Excise tax rates from Federation of Tax Administrators (web).

Sales tax rates assume \$10 per gallon for beer, \$40 a gallon for wine, and \$3.75 per pack for cigarettes.

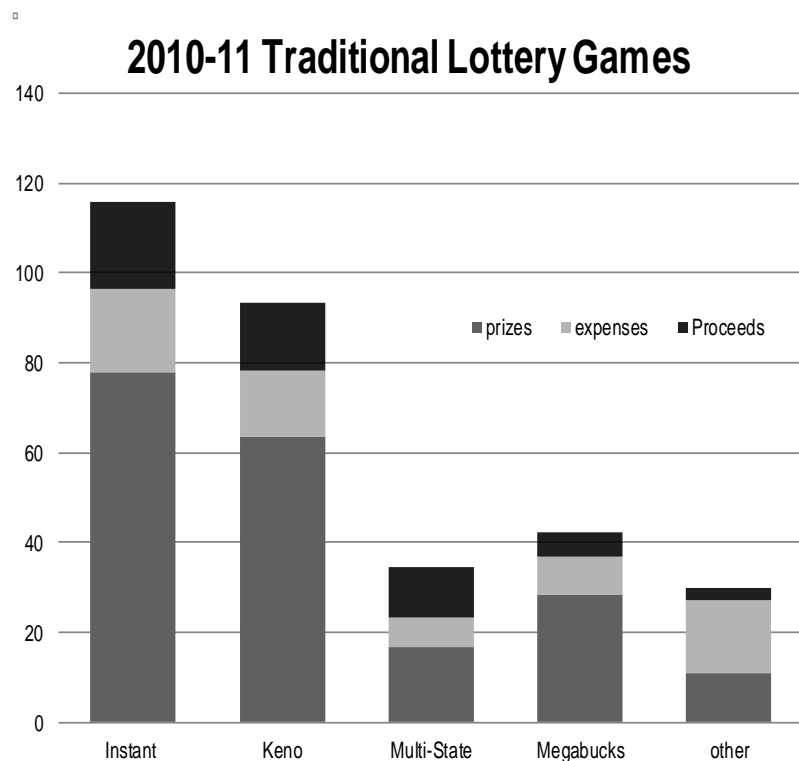
# LOTTERY

## History

The Oregon State Lottery and the five members State Lottery Commission were created by an initiative petition in 1984. Commission members are appointed by the governor and charged to produce the maximum amount of net revenue to benefit the public purpose. The lottery currently offers 8 traditional games through 2,600 retailers, which are allowed 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. This was expanded by Measure 21 (May 1995) to include financing public education, and by Measure 66 (Nov 1998) to include restoring and protecting Oregon's parks, beaches, watersheds, and critical fish and wildlife habitats. Measure 21 also 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 Stability 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.

## Traditional Games

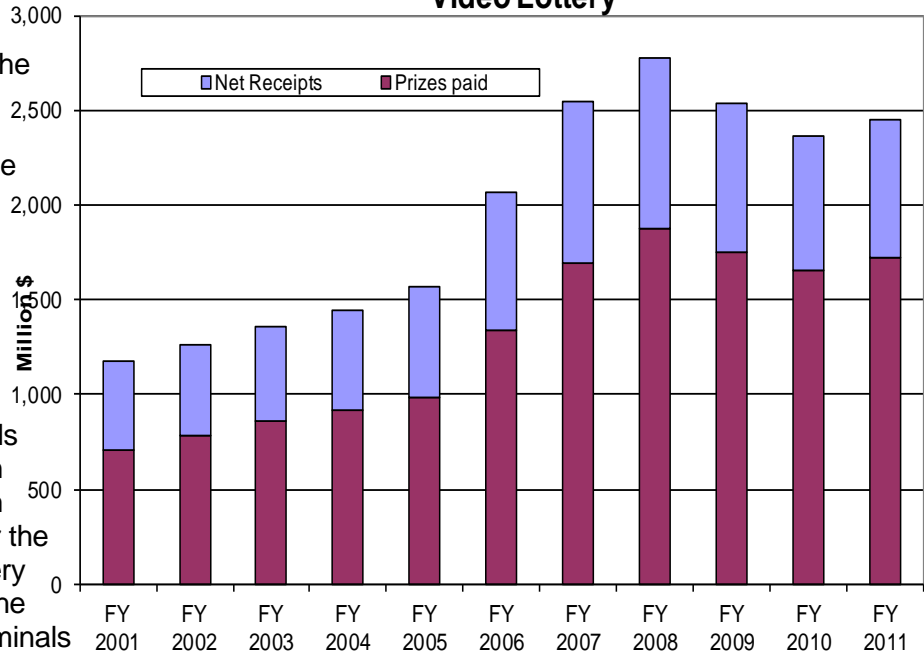
The chart at right shows prizes, expense and net proceeds for the 2010-11 traditional games. The "other" group includes Breakopen, Daily 4/Win for Life and Pick 4. The initial game in 1985 was Instant (Scratch-it), which was followed by a number of games, some of which have been discontinued or modified. The 1989 Legislature initiated Sports Action as a separate lottery game. Proceeds of this game were dedicated to Higher Education intercollegiate athletics. However, the 2005 legislature repealed sports games as of July 2007. The intercollegiate athletic funding was augmented with a 1% of lottery net proceeds. This amount has pushed funding of university athletic programs to about \$10 million a biennium.



**Video Lottery**

The 1989 Legislature authorized video lottery but the Governor suspended implementation. The 1991 Legislature reauthorized the commission to offer video lottery. 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) on supervised premises which are restricted to persons over the age of 21. 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, and 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. Even though, the current recession has reduced lottery revenue by double digits for the past two biennia, it is still generating close to one billion dollars a biennium to the state.

**Total Dollars Played  
Video Lottery**



**LOTTERY REVENUE**

Fiscal Year	Traditional Games				Video Games			
	Gross Revenue	Prizes	Expense	Net Revenue	Gross Revenue	Prizes	Expense	Net Revenue
1994-95	340.9	208.2	54.7	78.1	2,983.2	2,652.1	137.9	193.2
1995-96	344.2	213.7	53.9	76.6	3,285.1	2,929.5	149.8	205.9
1996-97	333.1	207.6	52.6	72.8	3,636.7	3,243.5	168.7	224.5
1997-98	310.4	195.1	50.6	64.8	4,245.2	3,837.8	179.0	228.5
1998-99	325.9	206.0	49.0	70.9	5,660.1	5,257.5	172.0	230.5
1999-00	323.7	210.5	56.6	56.6	6,566.3	6,129.8	183.4	253.2
2000-01	323.3	211.9	56.8	54.5	7,293.4	6,831.0	194.7	267.7
2001-02	336.8	223.5	57.4	55.9	7,725.0	7,244.8	199.8	280.4
2002-03	354.8	235.5	60.1	59.2	8,133.3	7,634.6	201.8	297.0
2003-04	362.3	234.9	59.5	67.9	8,587.6	8,056.6	209.4	321.6
2004-05	360.2	234.2	58.6	67.9	9,189.0	8,609.3	206.1	373.6
2005-06	363.1	239.5	58.1	66.4	10,928.8	10,195.9	236.0	504.4
2006-07	354.6	233.6	60.1	61.0	12,093.0	11,239.5	271.8	581.7
2007-08	338.7	220.0	56.9	61.8	12,118.4	11,223.3	289.8	605.3
2008-09	313.8	205.3	55.1	53.3	10,582.9	9,796.2	277.0	509.8
2009-10	320.7	206.0	52.9	61.8	9,402.8	8,695.9	249.7	457.3
2010-11	317.5	206.4	51.9	59.2	9,550.5	8,830.0	254.0	466.6

## Lottery Revenues

Lottery revenues include non-game revenues (not shown in the table) such as interest earnings, penalties, and allowances for bad debts in addition to game revenues. The table shows the history of traditional and video lottery game revenues for 17 years. The introduction of video lottery games in 1992-93 grew revenue rapidly. Traditional games also grew during the previous period reaching peak revenue of \$78.1 million in 1994-95. Traditional games net revenue stabilized at an average of \$61 million a year. Net revenue from traditional games comprises less than 10% of revenue, while video lottery is more than 90% of total. Lottery in general has declined with the economic weakness in the state economy. Despite the double digit (-11%) decrease in 2009 and 2010 net revenue, Video lottery has grown 9% per year on average since 1994. Line games were the force pushing the growth in total lottery revenue since 2006, but its rapid growth stabilized (and were affected by the slow economy) to a more sustainable long term average of 3%.

## Lottery Transfers

Fiscal year lottery revenues cannot be mapped into lottery transfers because there is a one-quarter lag in transfers from the previous quarter's revenues. There are also revenues such as unclaimed prizes and administrative savings, which are not considered in determining net lottery revenue. Transfers may also differ from revenues because of amounts moved into or out of various contingency reserves.

The table below shows the amounts transferred since 87-89. Debt service on lottery revenue bonds has first claim on lottery revenue transferred to the Economic Development Fund. Thereafter the exact pecking order is not clear, but the Constitutional dedications for the Education Stability Fund and the Parks and Natural Resources Fund probably follow. After that comes the statutory dedication to county economic development, to the Board of Education, to the Gambling Addiction Fund, and to the County Fair Account. Any balance available after these transfers will be used by the legislature in any of the areas allowed by the constitution. Amounts available for legislative allocation do not include beginning balances, reversions, or interest earned on the Economic Development Fund. The table shows the distribution of lottery transfers through 2007-09 and the amounts forecast for the 2009-11 Biennium. The allocation of \$3.3 million to County Fairs is not shown separately, but is reflected in the amount available for counties. Since the introduction of line games, Lottery proceeds are approaching a billion dollars a biennium. The clean door act of 2007 (Smoking ban) which took effect on 2009 combined with the economic slowdown in 2010 and caused the largest reduction of growth for lottery revenue ever witnessed. Net revenue declined by 20 % in those two recession years.

### Allocation of Lottery Transfers

Biennium	Revenue Bonds	Education Stability	Parks & Recreation	Counties	College Athletics	Gambling Addiction	Leg. Approp.
1989-91							92.5
1991-93	**			7.7	3.3		176.7
1993-95	20.0			19.0	4.6		403.3
1995-97	20.0			18.4	5.3		532.8
1997-99	21.7	91.2		20.1	3.9		471.1
1999-01	26.8	87.1	87.1	22.2	4.8	5.8	362.0
2001-03	71.3	110.7	110.7	24.3	5.2	6.2	409.7
2003-05	119.4	140.5	117.9	27.9	4.0	6.5	378.0
2005-07	133.7	195.8	163.2	45.5	3.6	8.3	486.4
2007-09	161.73	238.84	199.03	43.55	11.74	12.07	732.91
2009-11	225.18	194.76	162.30	32.99	9.67	8.66	443.10
2011-13*	242.2	197.86	164.88	40.72	8.83	10.97	428.43

\*Revenue Forecast, December 2011, Department of Administrative Services

## RECENT TAX VOTES

Year	Tax Change	Election	Proposed by	Outcome	Yes	No
1973	McCall Plan	Special	Leg. referral	Failed	253,682	358,210
1974	New school tax bases	Primary	Leg. referral	Failed	166,363	371,897
	Higher income taxes for schools	Primary	Leg. referral	Failed	136,851	410,733
	Use Highway Fund for mass transit	Primary	Leg. referral	Failed	190,899	369,038
	Include revenue sharing in tax base	General	Leg. referral	Failed	322,023	329,858
1976	Allow local vehicle tax for transit	Primary	Leg. referral	Failed	170,331	531,219
	1¢ gas tax & 26% truck tax increase	General	Pet. referral	Failed	465,143	505,124
1977	School "safety net"	Primary	Leg. referral	Failed	112,570	252,061
1978	2¢ gas tax increase	Primary	Leg. referral	Failed	190,301	365,170
	1.5% property tax limit	General	Initiative	Failed	424,029	453,741
	50% home property tax relief	General	Leg. referral	Failed	383,532	467,765
	Vehicle registration fee increase	General	Pet. referral	Failed	208,722	673,802
1980	<b>Continue 30% home property relief</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>636,565</b>	<b>64,979</b>
	<b>Limits use of Highway Fund</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>451,695</b>	<b>257,230</b>
	1% property tax limit	General	Initiative	Failed	412,781	722,089
	2¢ gas tax increase	General	Leg. referral	Failed	320,613	823,025
	<b>Dedicates oil taxes to schools</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>604,188</b>	<b>494,657</b>
1982	3¢ gas tax increase	Primary	Leg. referral	Failed	308,574	323,268
	1.5% property tax limit	General	Initiative	Failed	504,836	515,626
	Increase tax base for new const.	General	Leg. referral	Failed	219,034	768,150
1984	Vehicle registration fee increase	Primary	Leg. referral	Failed	234,060	487,457
	1.5% property tax limit	General	Initiative	Failed	599,424	616,252
	<b>Establish state lottery</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>794,441</b>	<b>412,341</b>
	<b>Lottery statute</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>786,933</b>	<b>399,231</b>
1985	5% sales tax	Special	Leg. referral	Failed	189,733	664,365
1986	<b>Prohibit tax on social security</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>534,476</b>	<b>118,766</b>
	<b>Adjust tax bases for merger</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>333,277</b>	<b>230,866</b>
	5% sales tax	General	Initiative	Failed	234,804	816,369
	1.5% property tax limit	General	Initiative	Failed	449,548	584,396
	Homestead exemption	General	Initiative	Failed	381,727	639,034
	Increase income taxes	General	Initiative	Failed	299,551	720,034
1987	<b>School "safety net"</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>223,417</b>	<b>178,839</b>
1988	1¢ cig. & beer tax for sports	General	Initiative	Failed	449,797	759,360
1989	New school tax bases	Primary	Leg. referral	Failed	183,818	263,283
1990	Change Oregon school finances	Primary	Leg. referral	Advisory	462,090	140,747
	Funded school taxes on homes	Primary	Leg. referral	Advisory	177,964	408,842
	4% sales tax for schools	Primary	Leg. referral	Advisory	128,642	449,725
	5% sales tax for schools	Primary	Leg. referral	Advisory	202,367	385,820
	<b>Combines tax bases: school mergers</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>680,463</b>	<b>354,288</b>
	Taxes public pensions	General	Leg. referral	Failed	406,372	617,586
	<b>1.5% property tax limit (M5)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>574,833</b>	<b>522,022</b>
	Tax credit for private education	General	Initiative	Failed	351,977	741,863
1992	Gas tax for highway police	Primary	Leg. referral	Failed	244,173	451,715
	Gas tax for parks	General	Leg. referral	Failed	399,259	1,039,322
	Split-roll property tax limit	General	Initiative	Failed	362,621	1,077,206
1993	5% Sales Tax for Education	General	Leg. referral	Failed	240,991	721,930



## RECENT TAX VOTES

Year	Tax Change	Election	Proposed by	Outcome	Yes	No	
1994	Gas tax to prevent contamination	Primary	Leg. referral	Failed	158,029	446,665	
	Vote on tax or fee increases	General	Initiative	Failed	543,302	671,025	
	Minimum funding for schools (Kids First)	General	Initiative	Failed	438,018	760,853	
	2% Equal Tax	General	Initiative	Failed	284,195	898,416	
1995	<b>Lottery revenue for education</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>671,027</b>	<b>99,728</b>	
1996	<b>3/5 vote to raise revenue</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>349,918</b>	<b>289,930</b>	
	<b>State pays for local mandates</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>731,127</b>	<b>566,168</b>	
	<b>Tobacco taxes for Health Plan</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>759,048</b>	<b>598,543</b>	
	Counts non-voters as "no" votes	General	Initiative	Failed	158,555	1,180,148	
	<b>Cut and Cap property tax limit (M47)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>704,554</b>	<b>642,613</b>	
1997	<b>Replace cut and cap (M50)</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>429,943</b>	<b>341,781</b>	
1998	<b>Authorize Lottery-backed school bonds (M54)</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>569,982</b>	<b>474,727</b>	
	<b>Dedicate 15% of Lottery to parks &amp; salmon (M66)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>742,038</b>	<b>362,247</b>	
1999	<b>Vehicle cost responsibility (M76)</b>	<b>Special</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>372,613</b>	<b>314,351</b>	
2000	Transportation funding (M82)	Primary	Leg. referral	Failed	109,741	767,329	
	Highway fund for State Police (M80)	Primary	Leg. referral	Failed	310,640	559,941	
	<b>Kicker Refunds in Constitution (M86)</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>898,793</b>	<b>550,304</b>	
	<b>Increases federal tax subtraction to \$5,000 (M88)</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>739,270</b>	<b>724,097</b>	
	Full deduction for federal taxes (M91)	General	Initiative	Failed	661,342	814,885	
	Voter approval for taxes and fees (M93)	General	Initiative	Failed	581,186	865,091	
	<b>Funding of school equity goals (M1)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>940,223</b>	<b>477,461</b>	
	<b>Property value reduced by regulation (M7)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>Court Ruled Unconstitutional</b>		
	State growth limit (M8)	General	Initiative	Failed	608,090	789,699	
	2002	Establishes Ed. Stability Fund and Transfers \$220 million (M13)	Primary	Leg. referral	Failed	376,605	411,923
<b>General Obligation Bond Financing for OHSU Research (M11)</b>		<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>589,869</b>	<b>190,226</b>	
<b>Establishes Ed. Stability Fund and Transfers \$150 million (M19)</b>		<b>Special</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>496,815</b>	<b>306,440</b>	
<b>Increases Cigarette Tax (M20)</b>		<b>Special</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>522,613</b>	<b>289,119</b>	
<b>General Obligation Bond Financing for Ed. Buildings (M15)</b>		<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>624,789</b>	<b>505,797</b>	
<b>General Obligation Bond Financing for Emergency Buildings (M16)</b>		<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>622,914</b>	<b>501,210</b>	
Allows Different Permanent Property Tax Rates Within Tax Zones (M18)		General	Leg. referral	Failed	420,135	662,084	
Tax Funded Universal Health Care (M23)		General	Initiative	Failed	254,280	936,753	
2003		Personal Income Tax Rate Increase (Top Tax Rate to 9.5%) (M 28)	Special	Leg. referral	Failed	545,846	676,312
		<b>Authorizes G O Debt for Savings on Pension Liabilities (M29)</b>	<b>Special</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>360,209</b>	<b>291,778</b>
2004	Temp Personal Income Tax increase & misc. tax changes (M30)	Special	Referendum	Failed	481,315	691,462	
	<b>Property value reduced by regulation (M37)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>1,054,589</b>	<b>685,079</b>	
2006	Allows Income Tax Deduction Equal to Federal Exemptions (M41)	General	Initiative	Failed	483,443	818,452	
	Amends Constitution: Limits Biennial Increase in State Spending (M48)	General	Initiative	Failed	379,971	923,629	
2007	<b>Right To Build Homes, Limits Large Developments (M49)</b>	<b>Special</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>718,023</b>	<b>437,351</b>	
	Dedicates Funds To Provide Health Care For Children, Fund Tobacco Prevention, Through Increased Tobacco Tax (M50)	Special	Leg. referral	Failed	472,063	686,470	
2008							

## RECENT TAX VOTES

Year	Tax Change	Election	Proposed by	Outcome	Yes	No
	<b>Eliminates double majority vote requirement for all May &amp; November property tax elections (M 56)</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>959,118</b>	<b>735,500</b>
	Creates An Unlimited Deduction For Federal Income Taxes On Individual Taxpayers' Oregon Income-Tax Returns(M59)	General	Initiative	Failed	615,894	1,084,422
	Exempts Specified Property Owners From Building Permit Requirements For Improvements Valued At/Under 35,000 Dollars (M63)	General	Initiative	Failed	784,376	928,721
2009	<b>Allows state to issue bonds to match school capital bonds(M 68)</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>498,073</b>	<b>267,052</b>
2010	<b>Raises personal income tax rate for high income taxpayers (M 66)</b>	<b>Special</b>	<b>Referendum</b>	<b>Passed</b>	<b>692,687</b>	<b>583,707</b>
2010	<b>Raises corp tax rates and establishes new corp minimum tax(M67)</b>	<b>Special</b>	<b>Referendum</b>	<b>Passed</b>	<b>682,720</b>	<b>591,188</b>
2010	Authorizes Multnomah County casino (M 75)	General	Initiative	Failed	448,162	959,342
2010	<b>Continues Lottery dedication to parks &amp; natural resources (M 76)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>972,825</b>	<b>432,552</b>

## OTHER REPORTS AVAILABLE

This section lists some other reports prepared by the Legislative Revenue Office that you may find useful. The research report number follows each title in parentheses, along with the year in which the report was written. The more recent reports may be found at <http://www.leg.state.or.us/comm/lro/home.htm>

### GENERAL

#### *SUMMARY OF LEGISLATIVE SESSIONS AND COMMITTEE REPORTS*

- "Revenue Measures Passed by the 76th Legislature 2011" (Report #1-11)
- "Revenue Measures Passed by the 75th Legislature- Feb 2010 Special Session" (Report #1-10)
- "Revenue Measures Passed by the 75th Legislature 2009" (Report #5-09)
- "Revenue Measures Passed by the 74th Legislature- Feb 2008 Special Session" (Report #1-08)
- "Revenue Measures Passed by the 74th Legislature 2007" (Report #3-07)
- "Revenue Measures Passed by the 2005 Legislative Session" (Report #2-05)
- "Oregon's Tax System" (Brief #2-04)
- "Ballot Measure 30 Referendum on Legislative Revenue Plan" (Report #6-03)
- "Revenue Measures Passed by the 2003 Legislative Session" (Report #4-03)
- "Review of Special Session 5 Revenue Actions: Ballot Measure 28" (Report #10-02)
- "2002 Special Session III Revenue Package" (Brief #8-02)
- "2002 Special Session II Revenue Package" (Brief #7-02)
- "February 8-10 Special Session Revenue Package" (Brief #4-02)
- "Interim Senate Revenue Options Committee Report" (Report #1-02)
- "Revenue Measures Passed by the 2001 Legislative Session" (Report #4-01)
- "Revenue Measures Passed by the 1999 Legislative Session" (Report #3-99)
- "Revenue Measures Passed by the 1997 Legislative Session" (Report #5-97)

#### *ALL TAXES*

- "Task Force on Comprehensive Revenue Restructuring: Final Report" (Report #2-09)
- "2009 Oregon Public Finance: Basic Facts" (Report #1-09)
- "Oregon's 2% Surplus Kicker" (Report #2-07)
- "2007 Oregon Public Finance: Basic Facts" (Report #1-07)
- "Measure 48: Proposed Constitutional Spending Limit" (Report #5-06)
- "2006 Oregon Public Finance: Basic Facts" (Report #1-06)
- "2005 Oregon Public Finance: Basic Facts" (Report #1-05)
- "2004 Oregon Public Finance: Basic Facts" (Report #1-04)
- "2003 Oregon Public Finance: Basic Facts" (Report #1-03)
- "Oregon Tax Incidence Model (OTIM)" (Report #2-01)
- "Oregon's 2% Surplus Kicker: 2001 Update" (Brief #5-01)
- "Oregon Public Finance: Basic Facts" (Report #1-01)
- "Measure 93: Taxpayer Protection Initiative" (Report #9-00)
- "Measure 8: State Spending Limit" (Report #8-00)
- "Basic Tax Packet 1999" (Report #1-99)
- "Oregon's Tax Shift" (Report #4-98)
- "Oregon's 2% Surplus Kicker" (Report #3-98)
- "Oregon Tax Reform: Some Basic Numbers" (Report #1-98)
- "Oregon's State Spending Limit and 2% Surplus Kicker" (Report #1-96)
- "Oregon Tax Expenditures" (Report #6-94)
- "How High are Oregon Taxes?" (Report #3-94)

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"Enterprise Zones Study" (Report #4-09)  
"Oregon's Property Tax System: Horizontal Inequities under Measure 50" (Report #4-10)  
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"Oregon's Senior Population Growth and Property Tax Relief Programs" (Report #7-01)  
"The Urban Renewal Program Under the Past and Current Property Tax Systems" (Report #1-00)  
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"The Effect of Measure 47 and Measure 50 on Taxpayers and Taxing Districts" (Report #3-97)  
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"Measure 41: Changing Oregon's Treatment of Personal Exemptions" (Report #6-06)  
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"Changes in Oregon's Additional Medical Deduction for Seniors Incorporated in the 2003 Revenue Package" (Report #5-03)  
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"Oregon Income Tax Reconnect and "The Job Creation and Worker Assistance Act of 2002" (Brief #3-02 updated)  
"Oregon Income Tax Reconnect" (Brief #3-02)  
"Revenue Impact of H.R. 1836: The Economic Growth and Tax Relief Reconciliation Act of 2001" (Brief #3-01)  
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"K-12 and ESD School Finance" (Report #2-10)  
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"Federal Forest Revenue for Schools" (Brief #11-00)  
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"Oregon Cost Responsibility: Studies Compared to Other States" (Report #4-96)  
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"Oregon's Workers' Compensation Insurance Market" (Report #10-00)  
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