

Distributional Analysis of Tax Reform Options

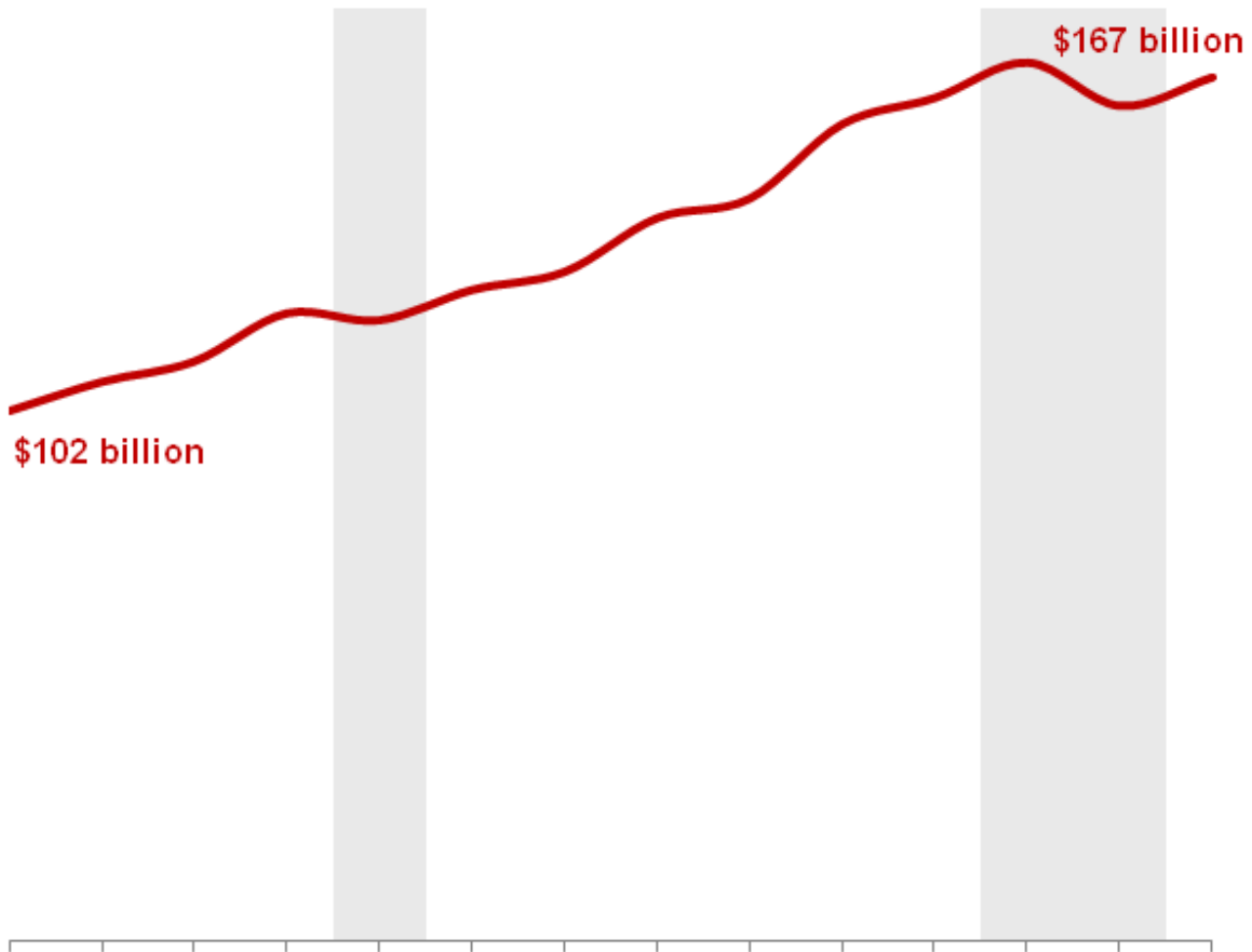
Chuck Sheketoff, Executive Director
Oregon Center for Public Policy

April 15, 2013

Context for Legislation:

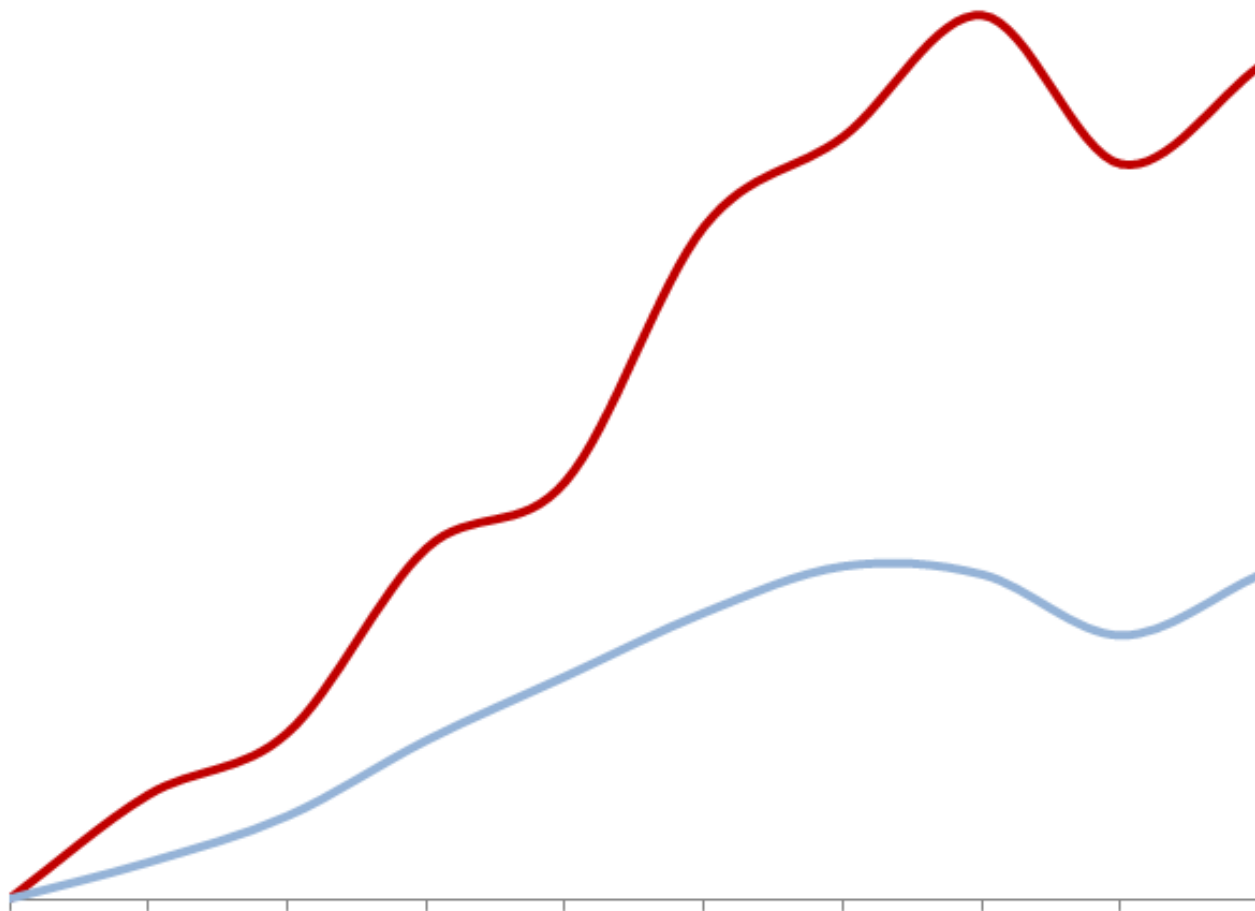
How well has Oregon's Economy
performed?

Oregon economy: a long, upward trend



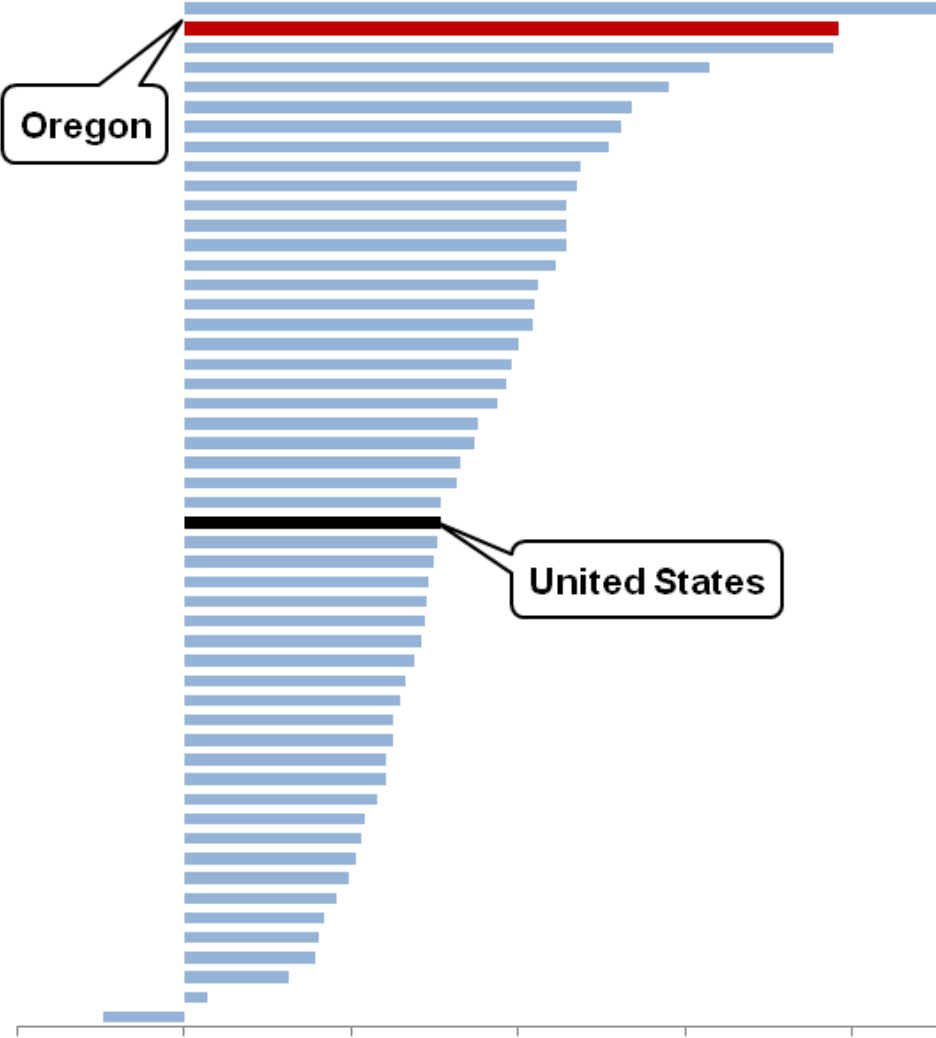
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Oregon economy has outpaced U.S. economy



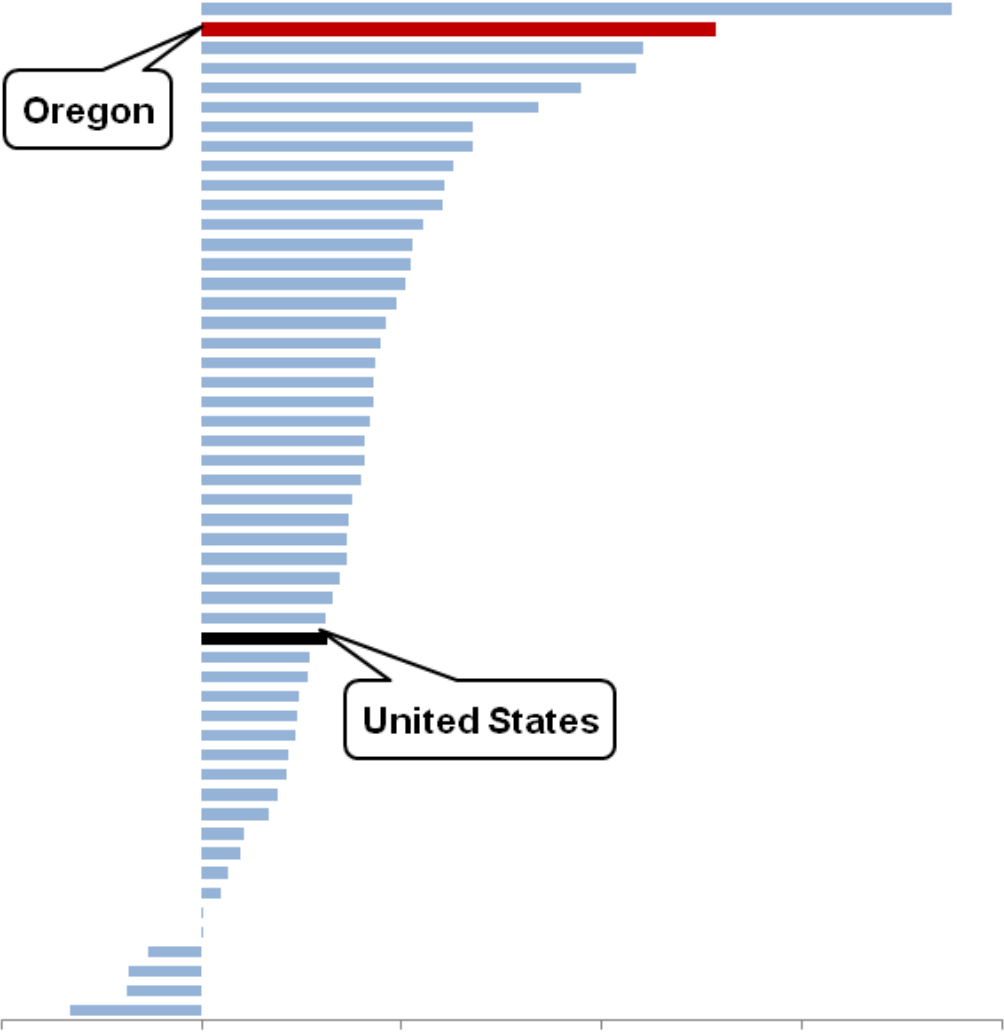
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Oregon economic growth tops nearly all states



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On per person basis, Oregon economy excels

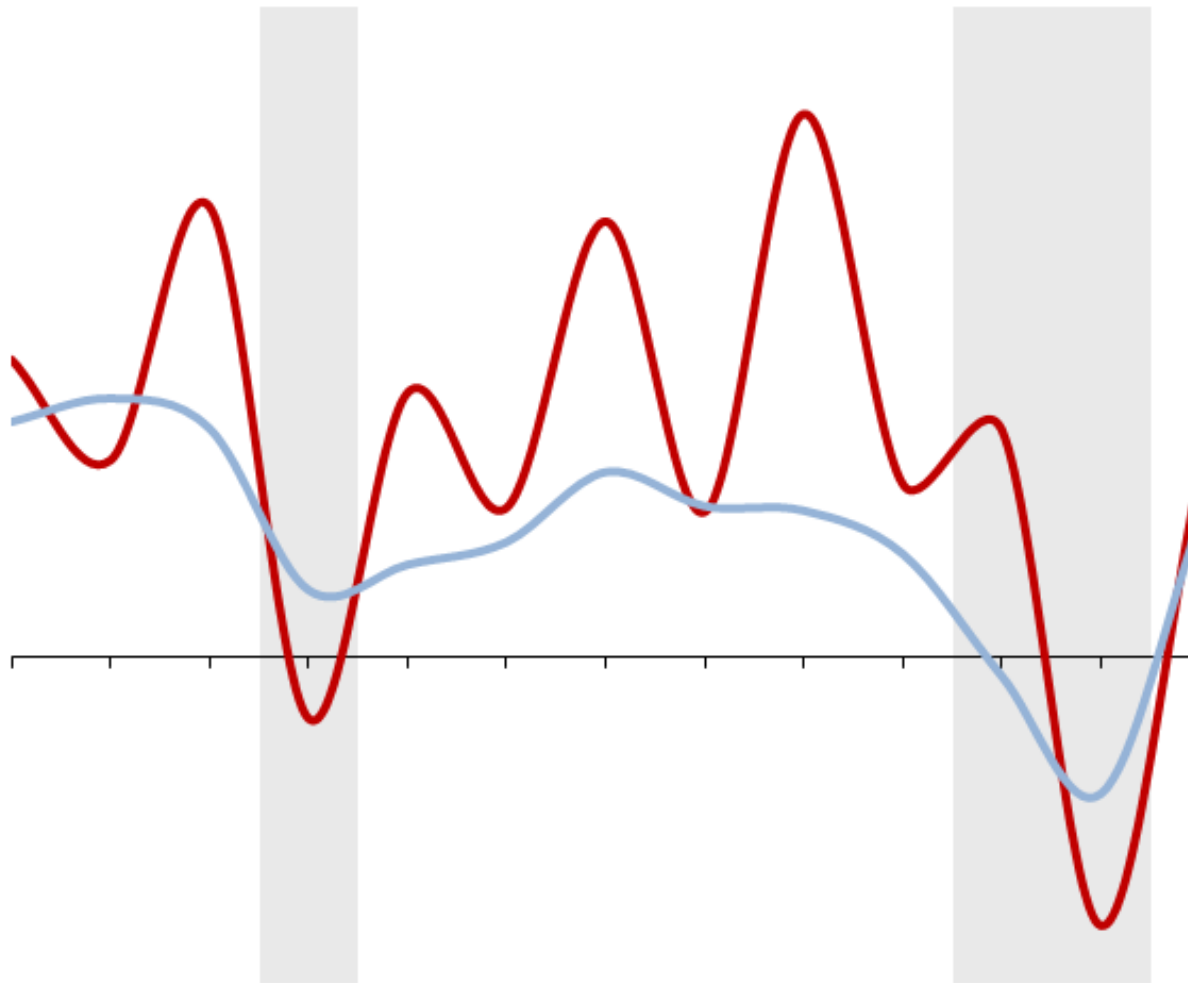


Oregon

United States

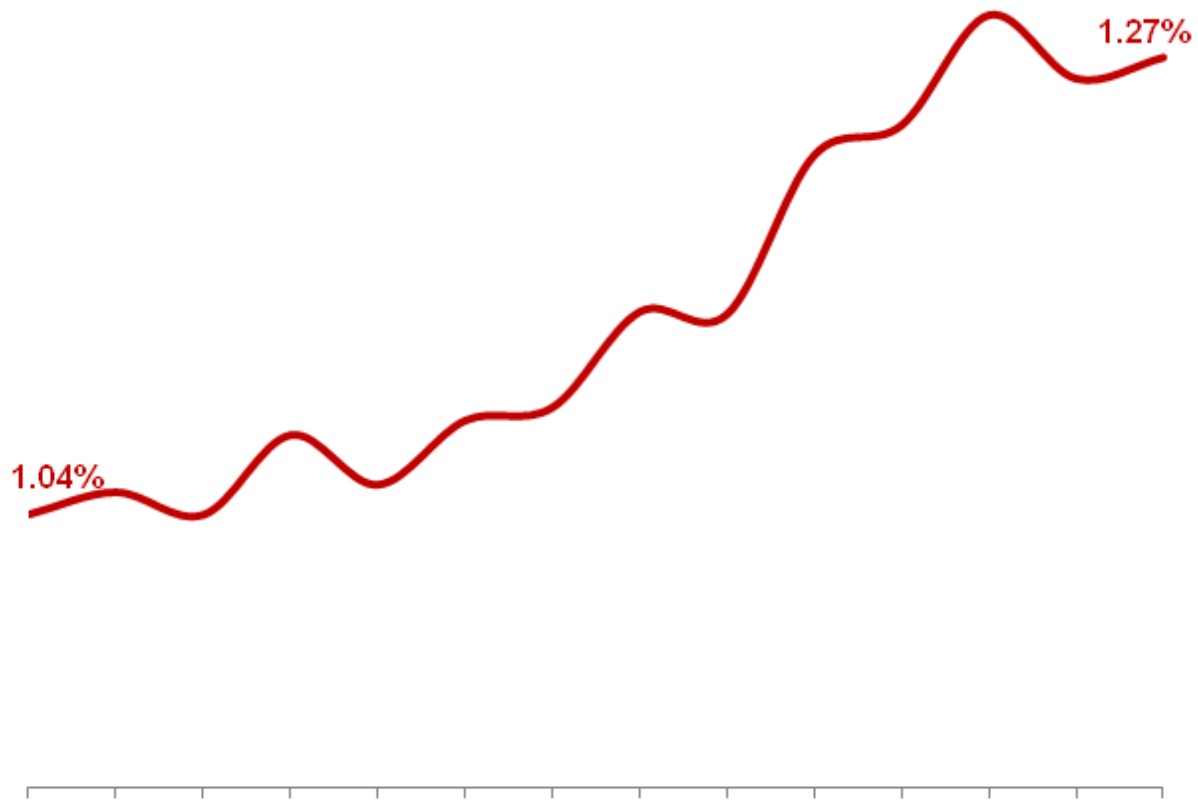
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Oregon economy shines during U.S. expansions



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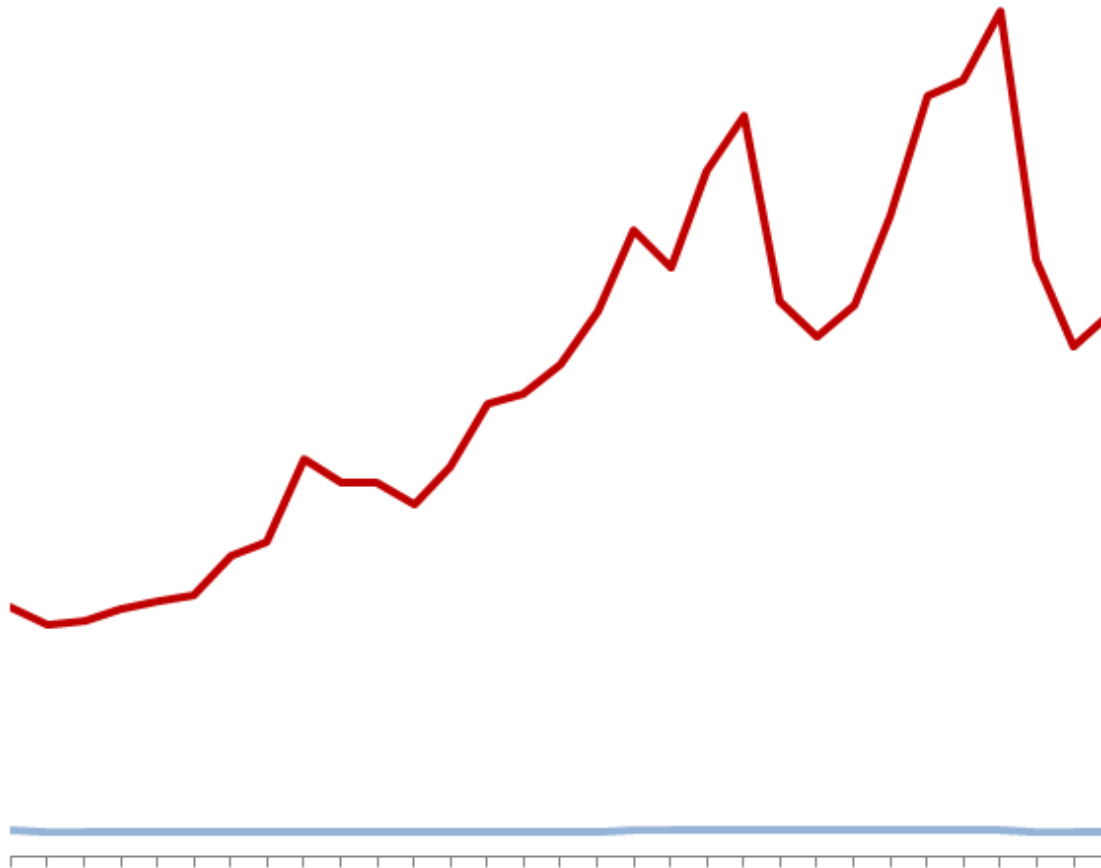
Oregon's share of national economy grows



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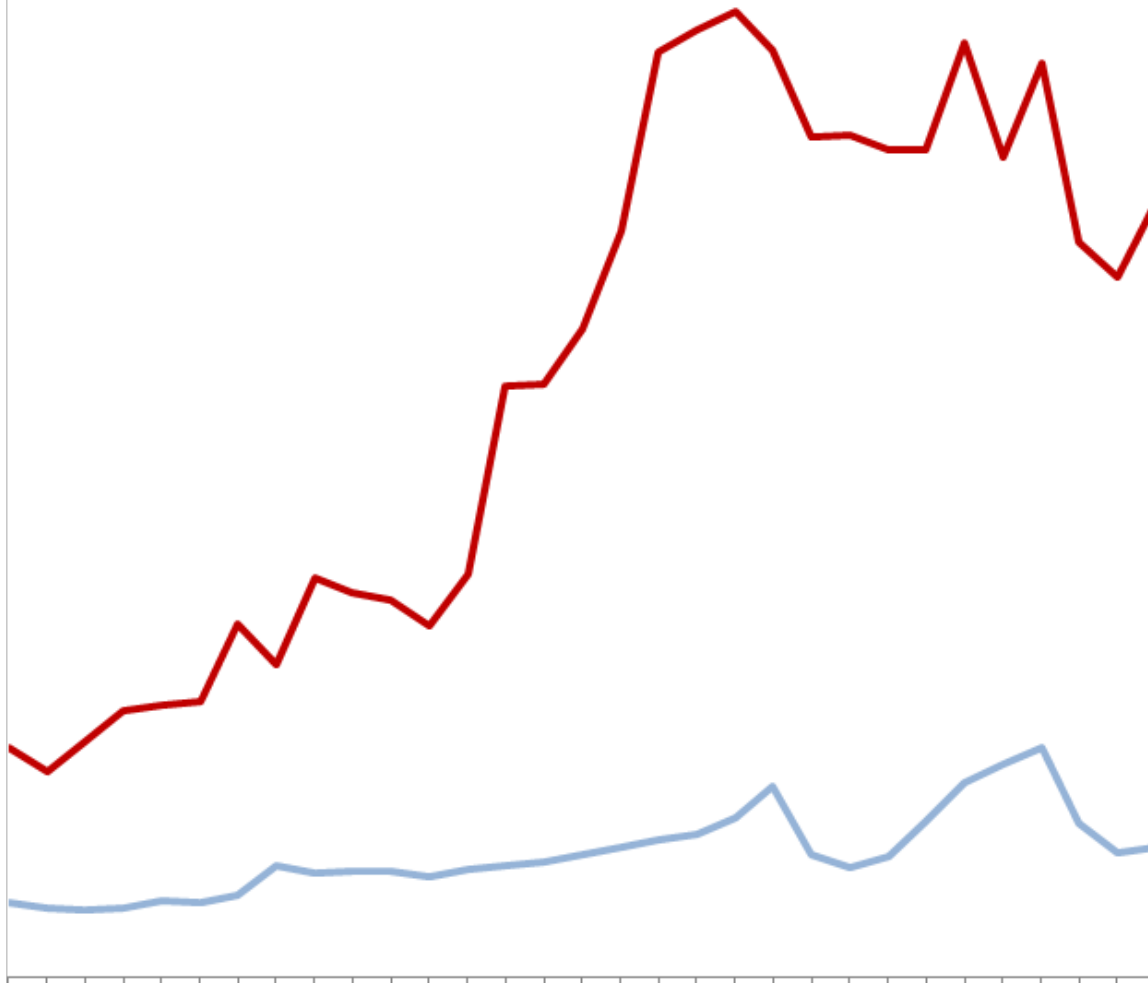
Do we all benefit from growth?

Top 1 percent's income soars; middle's erodes



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Top one-tenth of 1 percent's gains dwarf rest of top 1 percent's gains

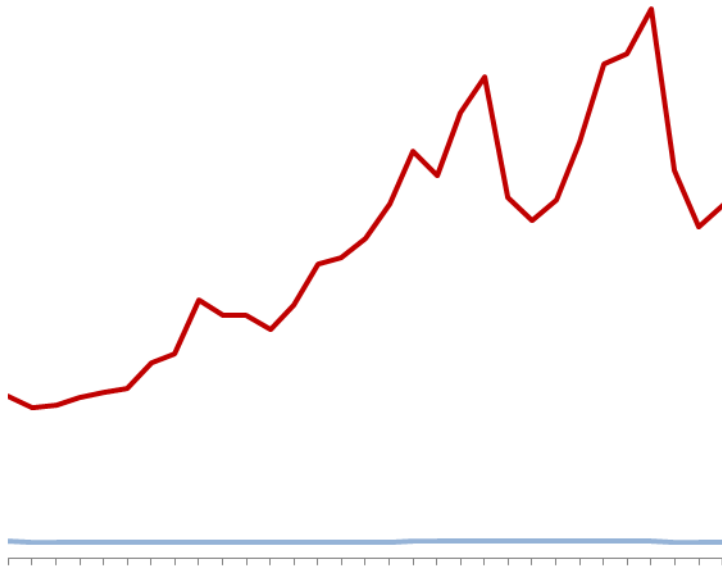


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Median vs Top 1%

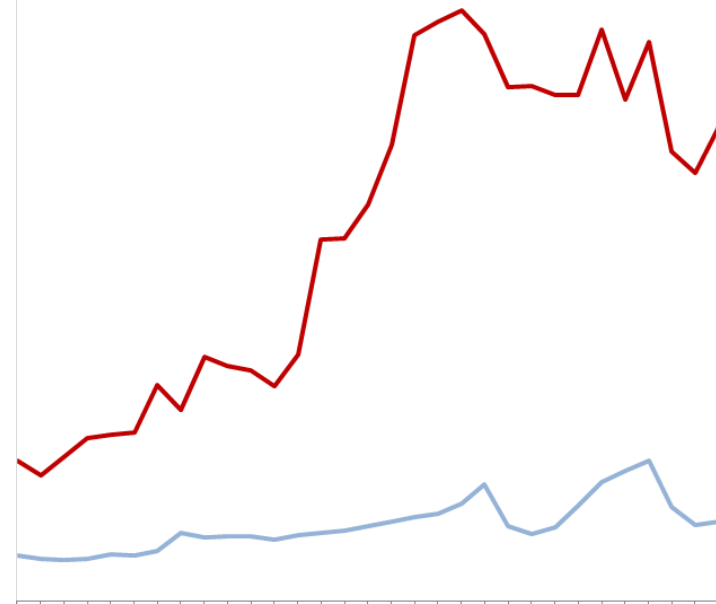
Top One-Tenth of 1% vs Rest of Top 1%

Top 1 percent's income soars; middle's erodes



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Top one-tenth of 1 percent's gains dwarf rest of top 1 percent's gains

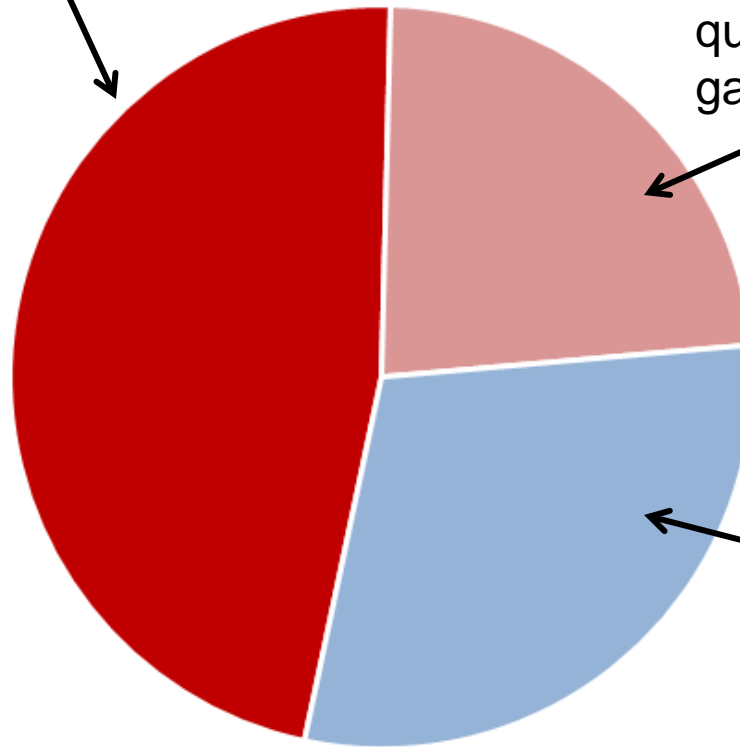


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Top one-tenth of 1 percent take about half of all capital gains income

Rest of 1 percent get about a quarter of capital gains

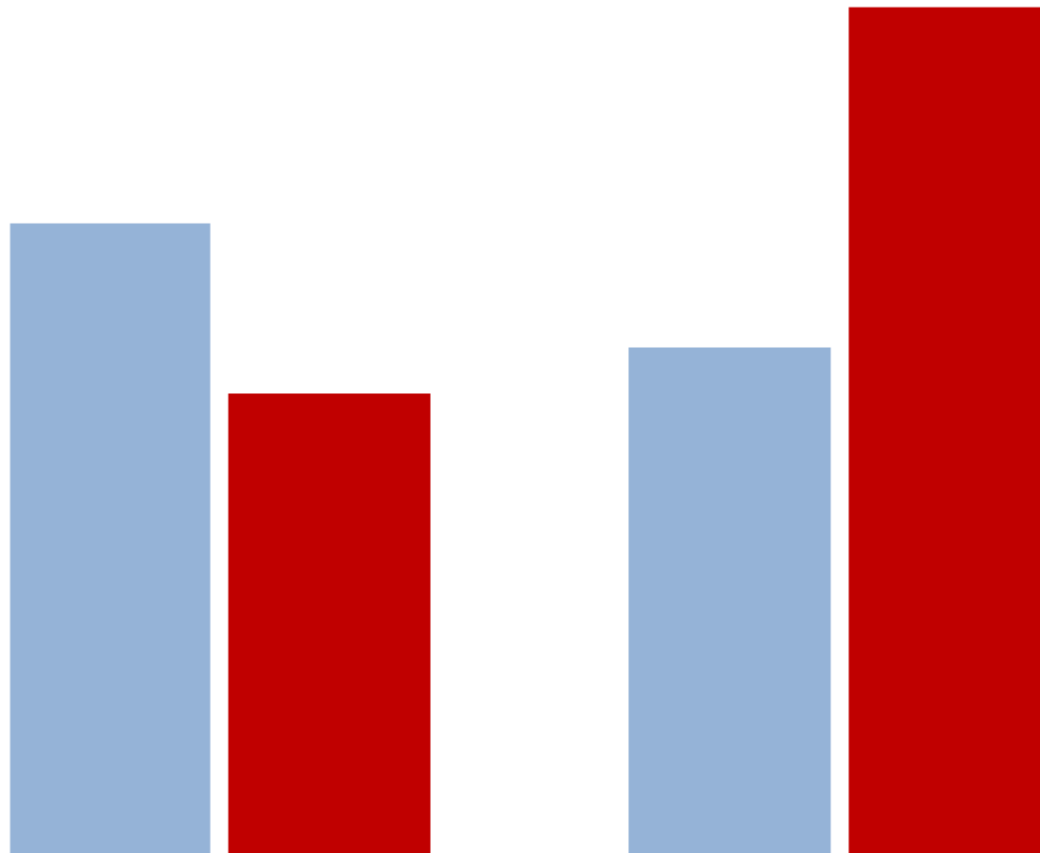
About 2/3rds of capital gains go to top 1 percent



Other 99 percent gets about a third of capital gains

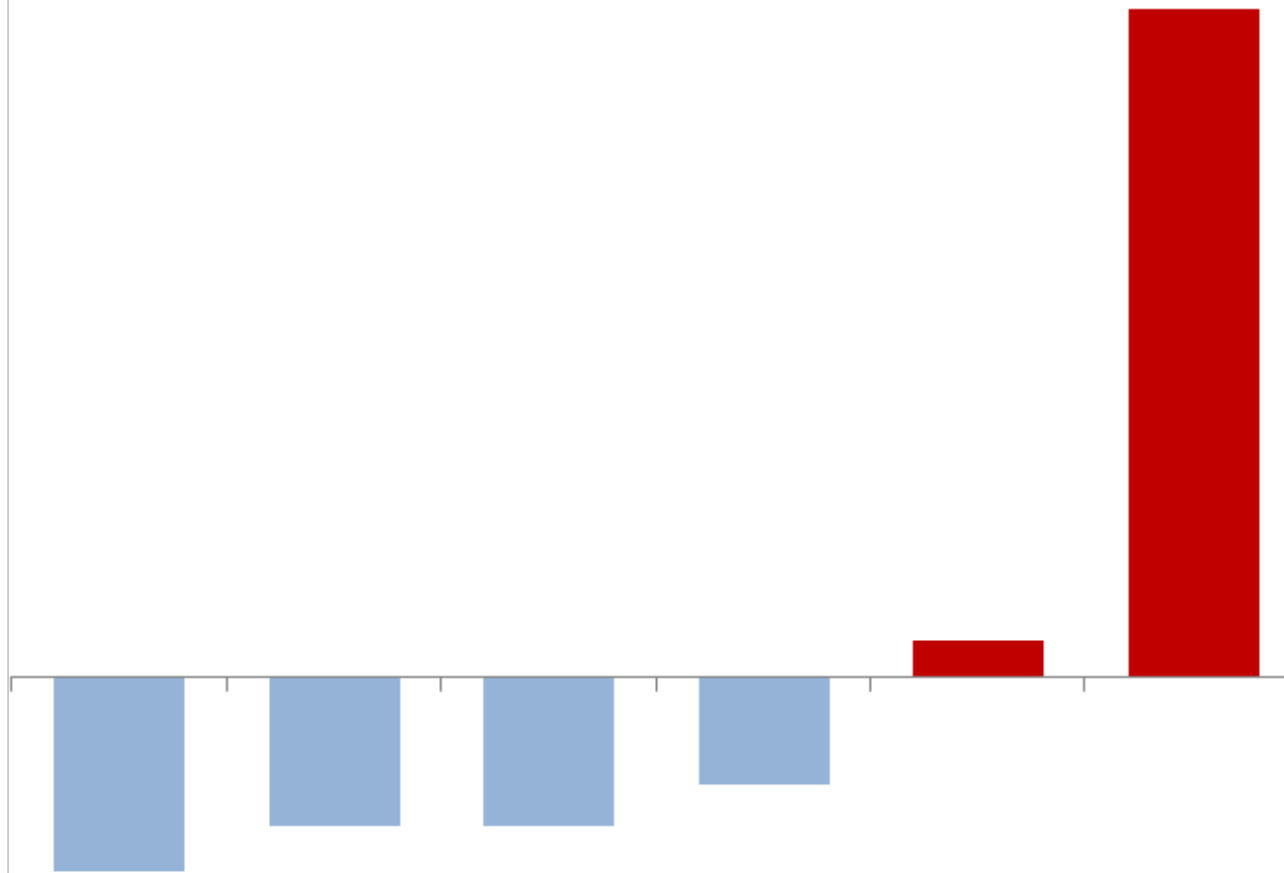
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Top 1 percent's income share overtakes lowest 40 percent's share



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As top gains income share others lose share



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**We have a
revenue problem
not a
spending problem**

How Went From

Good

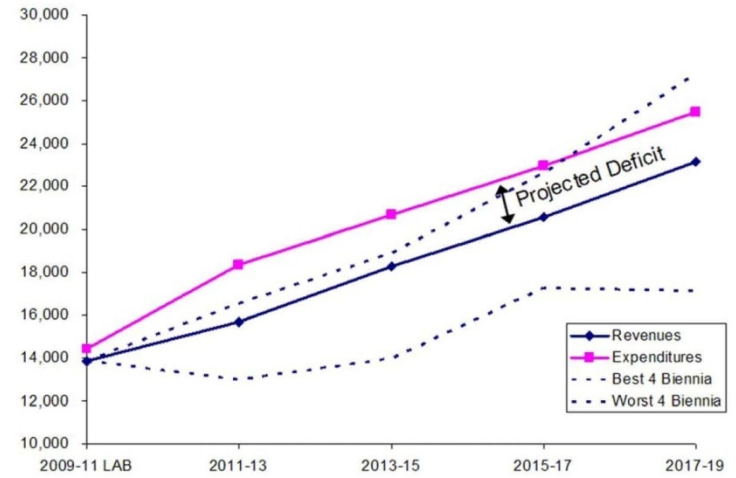
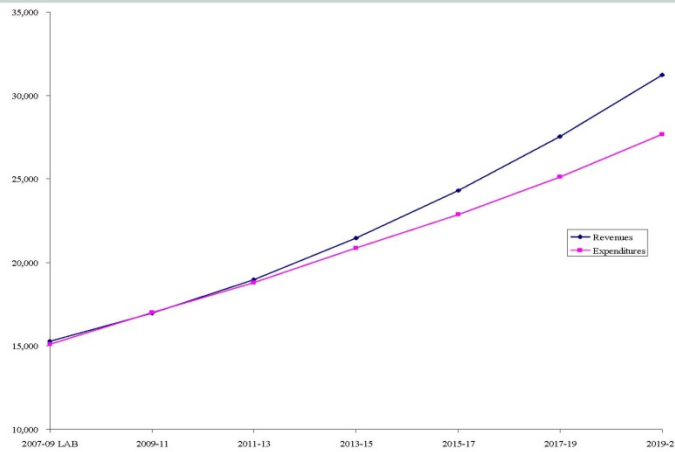
to

Bad?

Long Term Budget



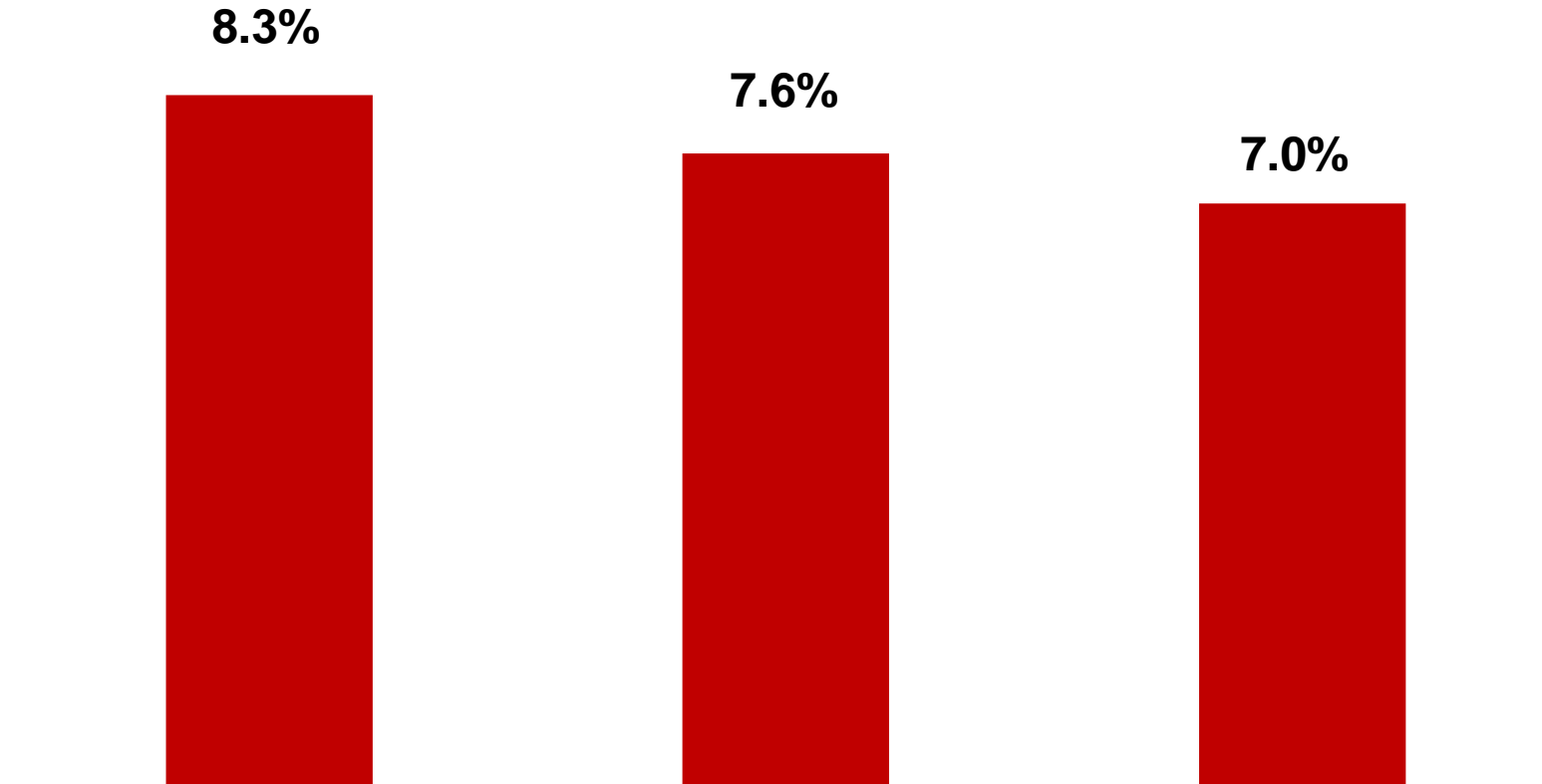
Long Term Budget



Governor's Reset Cabinet Final Report

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Not based on ability to pay

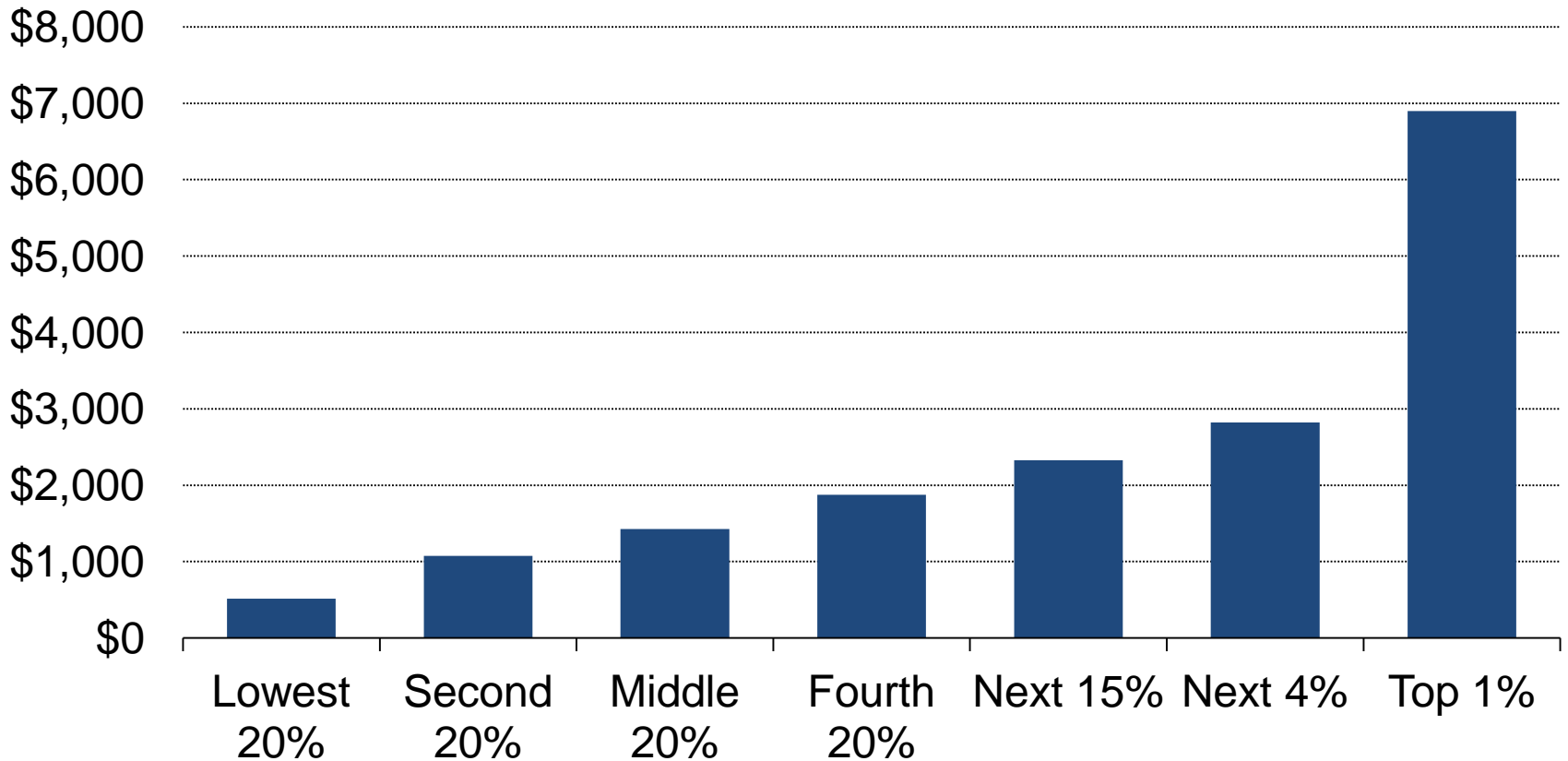


SB 824 as written

- Sales Tax Changes
- Property Tax Changes
- Personal Income Tax Changes
- Combined Impact
(excluding additional capital gains tax cut)

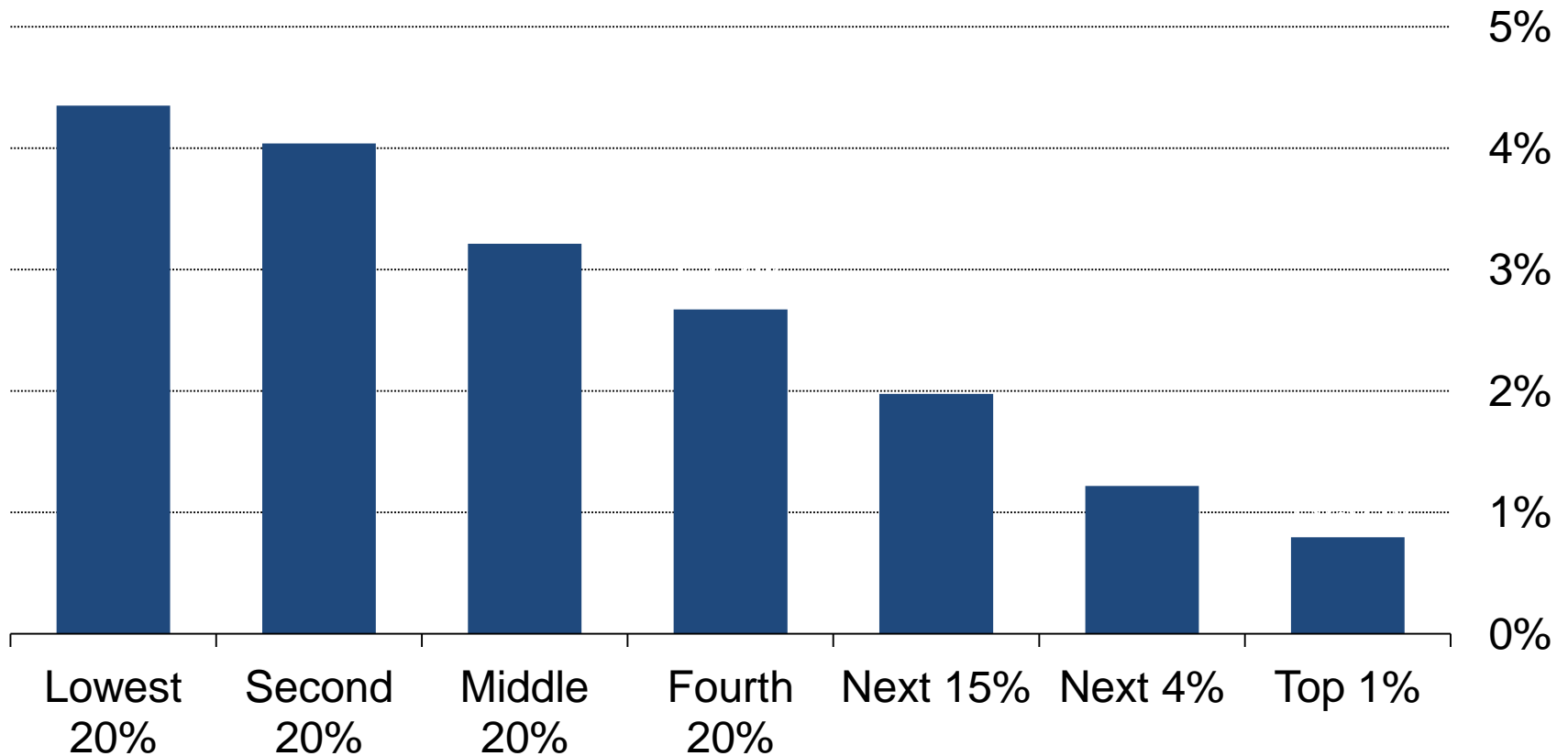
Sales Tax Changes

Average Tax Change



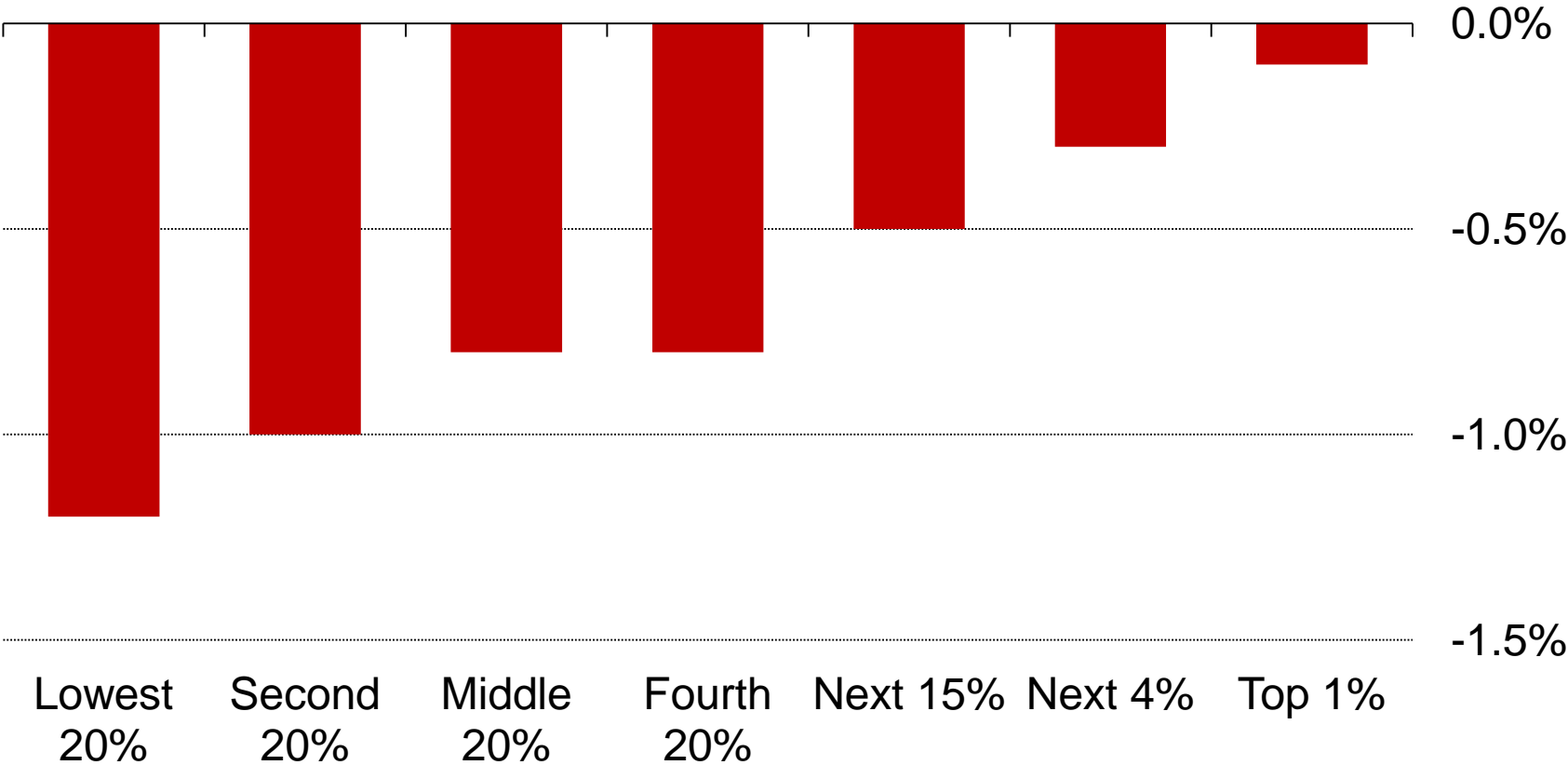
Sales Tax Changes

Tax Change as % of Income



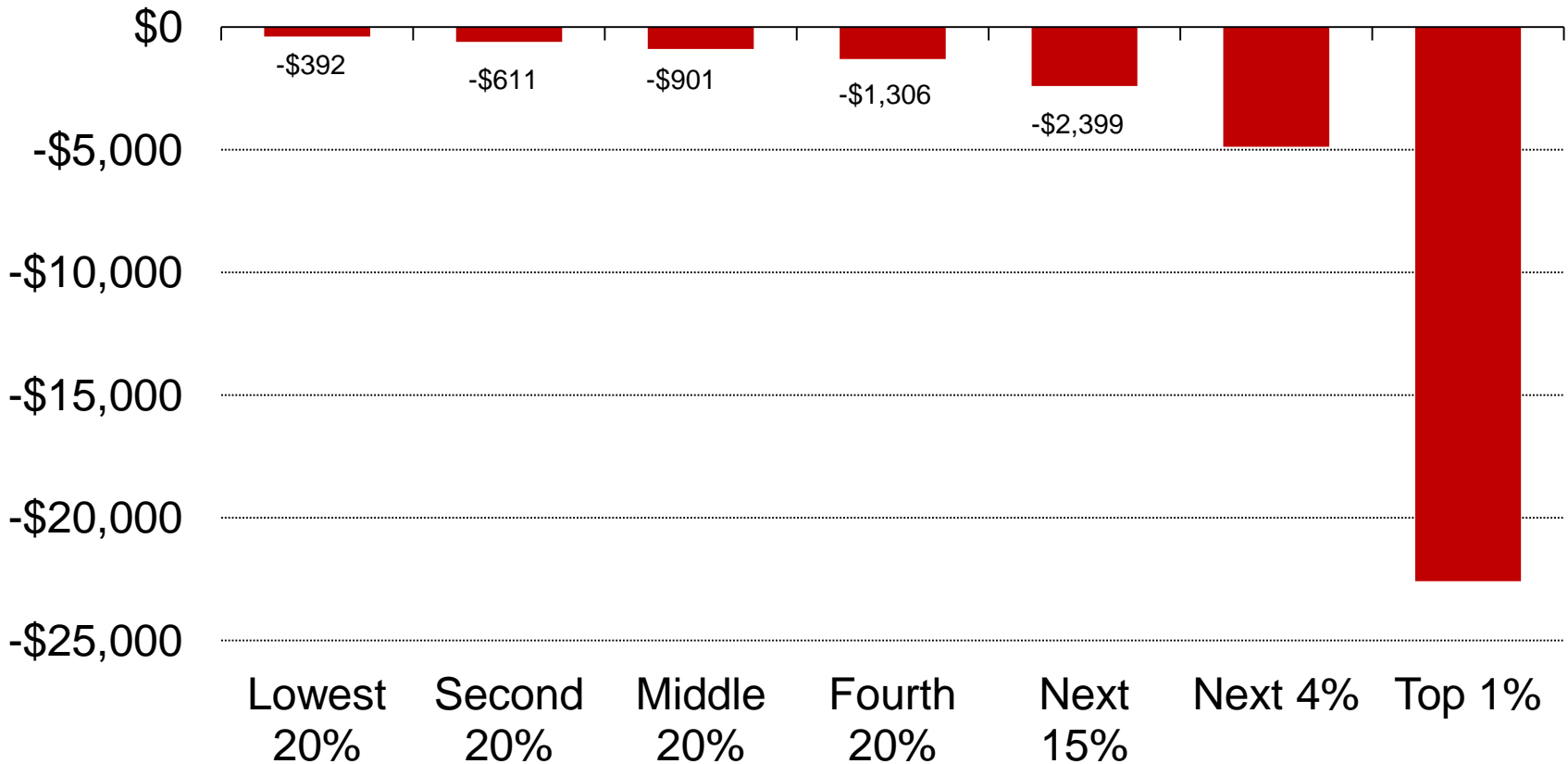
Property Tax Changes

Tax Change as % of Income



Combined Personal Income Tax Changes

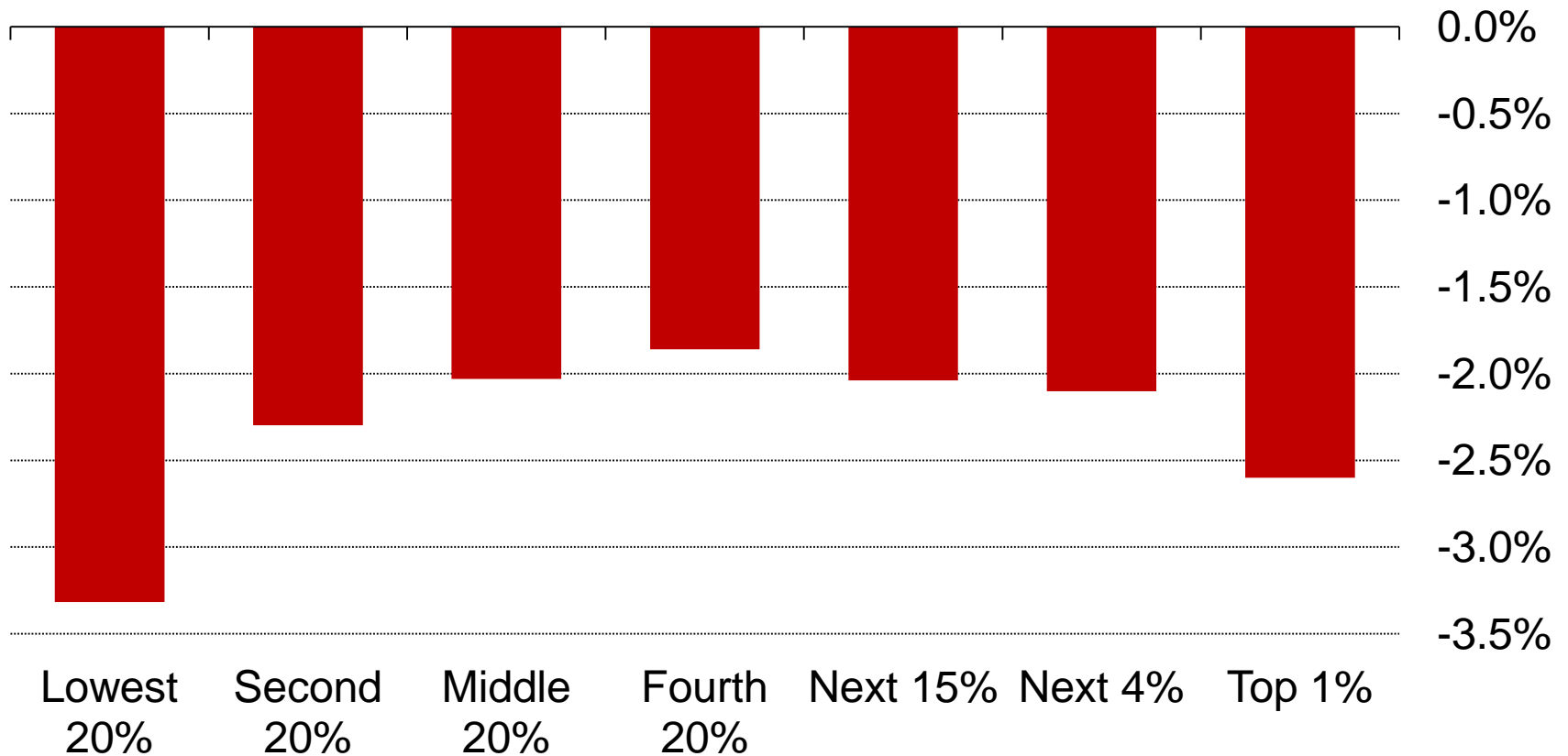
(excluding extra capital gains tax cut)
Average Tax Change



Combined Personal Income Tax Changes

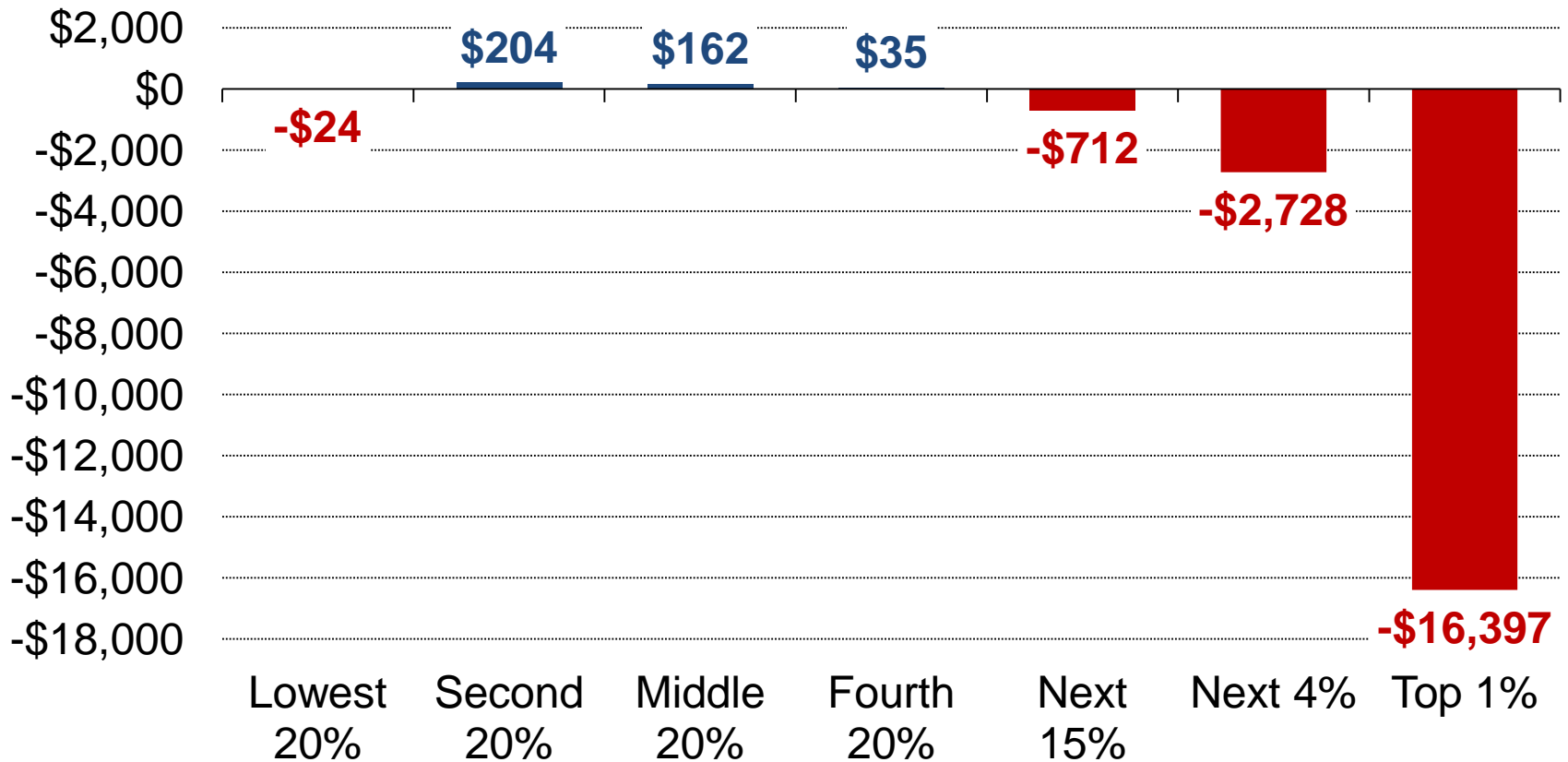
(excluding extra capital gains tax cut)

Tax Change as % of Income



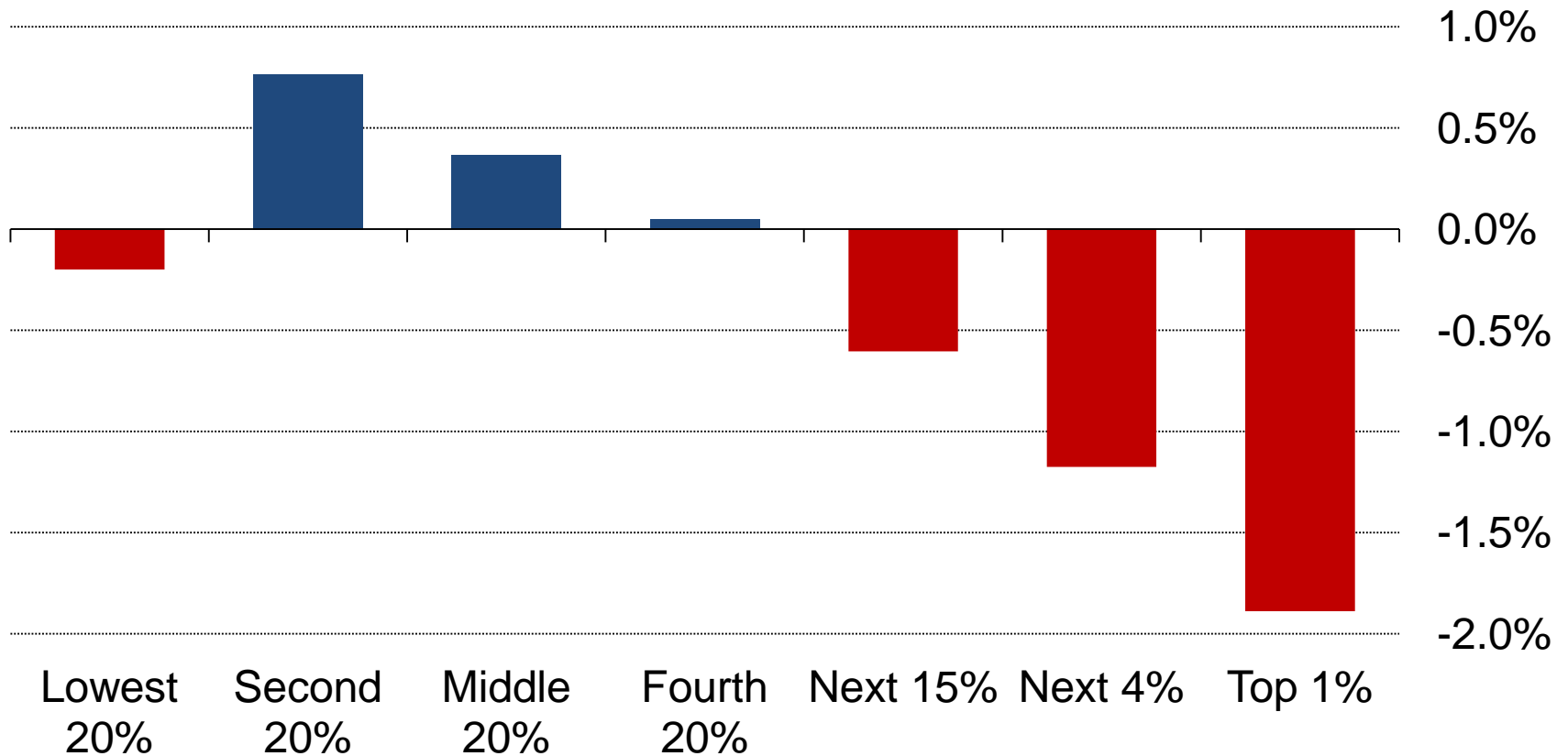
Combined Impact of SB 824 (excluding capital gains tax cut)

Average Tax Change



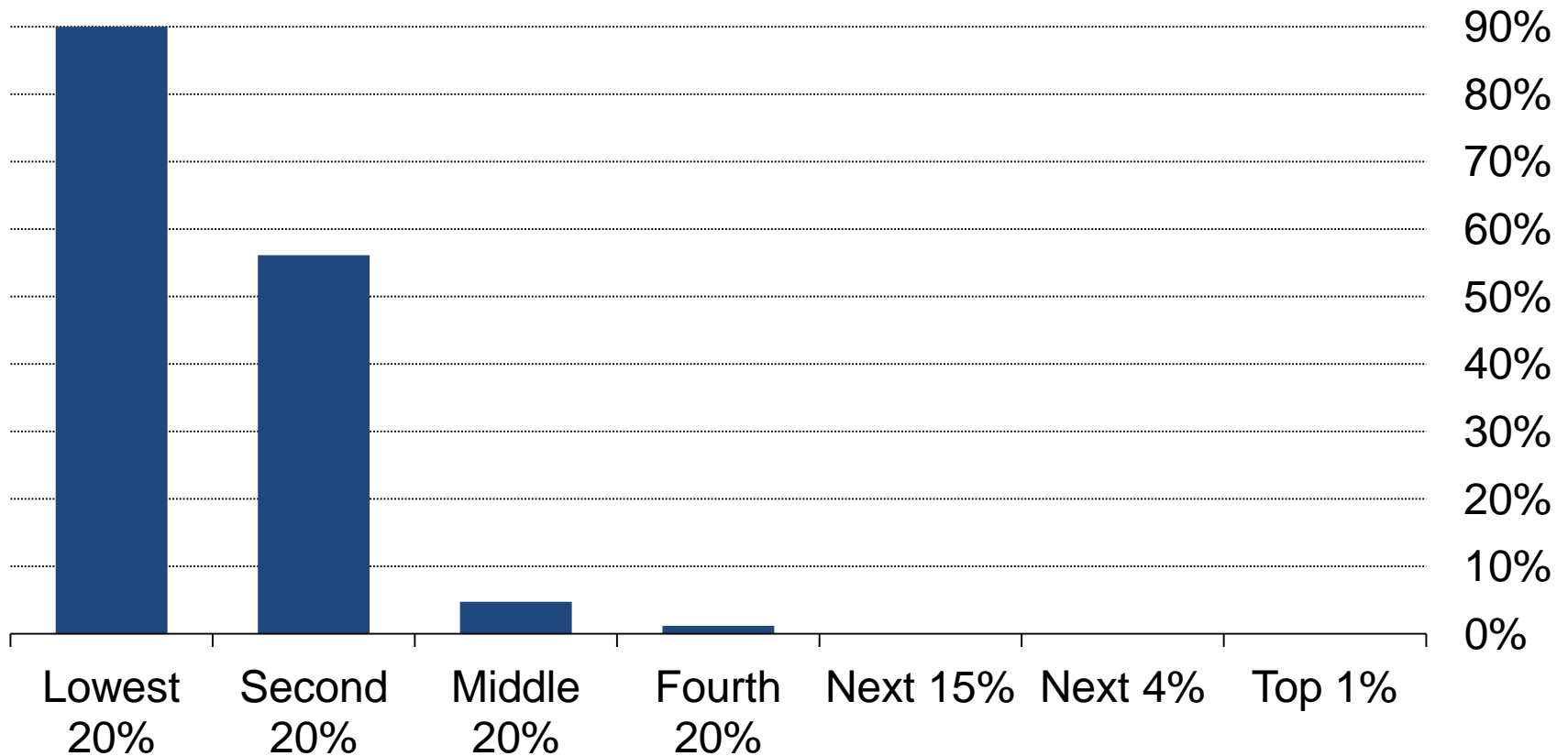
Combined Impact of SB 824 (excluding extra capital gains tax cut)

Tax Change as % of Income



Sales Tax Credit (as drafted)

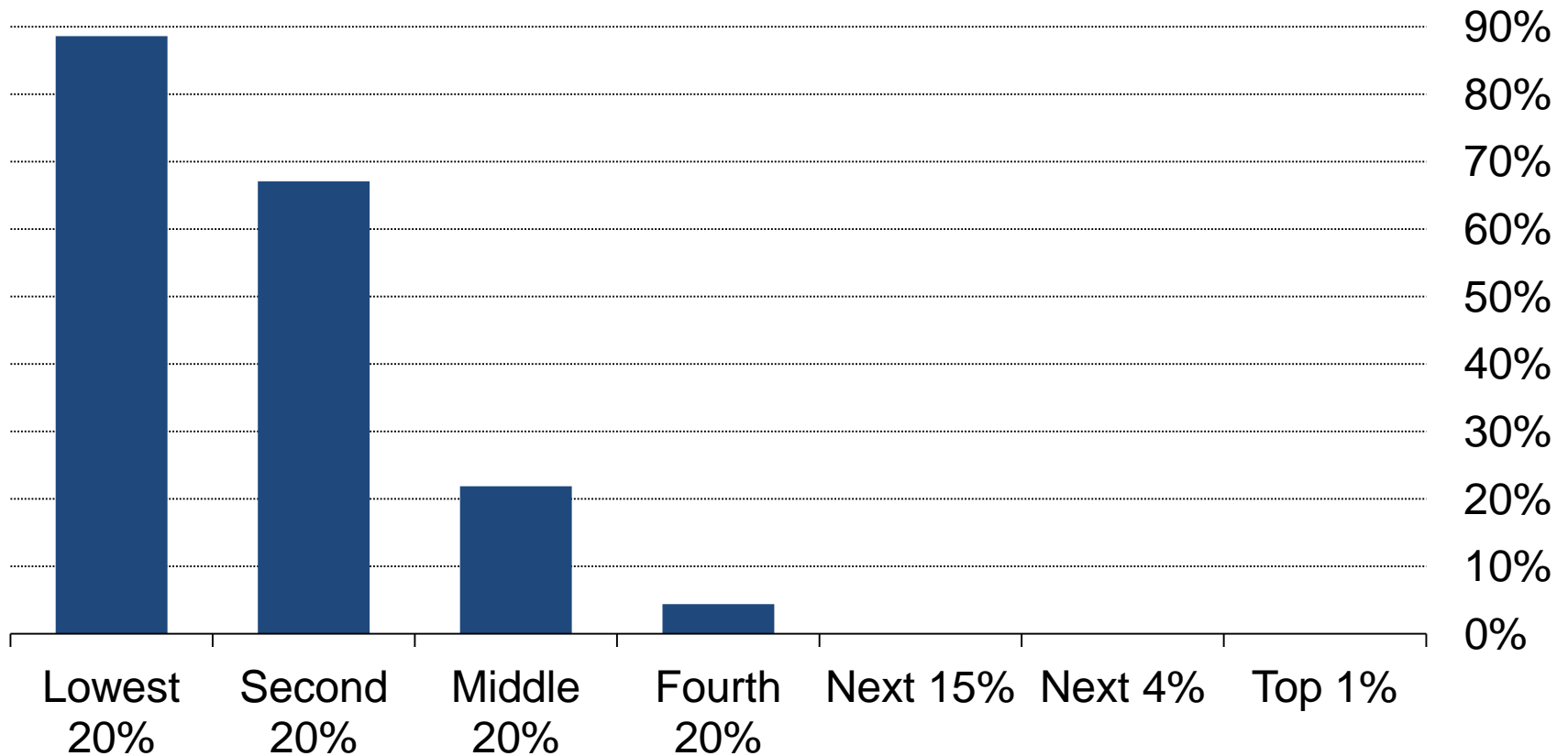
% with Income Tax Cut



Improved Sales Tax Credit

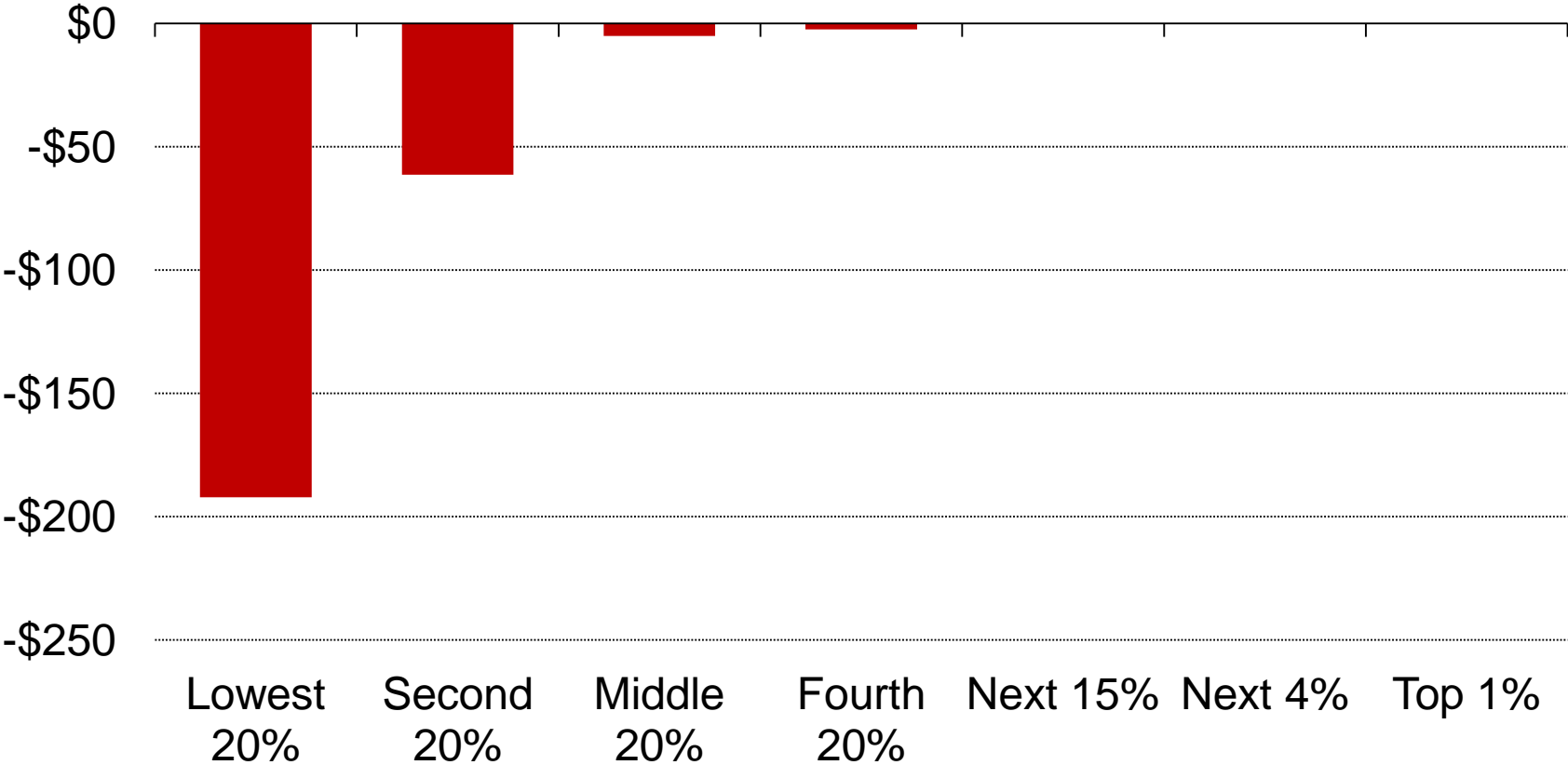
(based on poverty, phase up then down,
doubled for seniors)

% with Income Tax Cut



Sales Tax Credit (as drafted)

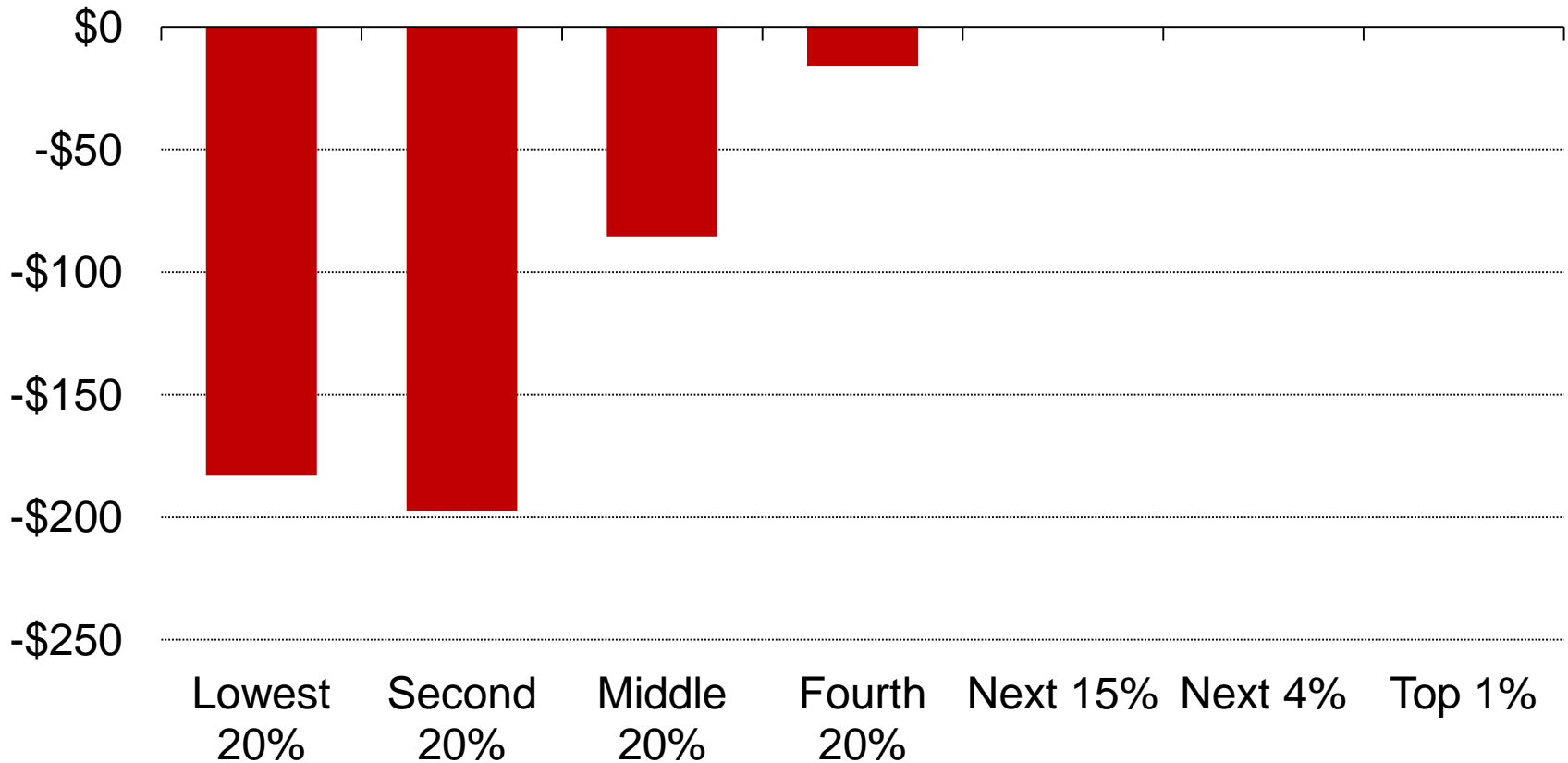
Average Tax Change



Improved Sales Tax Credit

(based on poverty, phase up then down,
doubled for seniors)

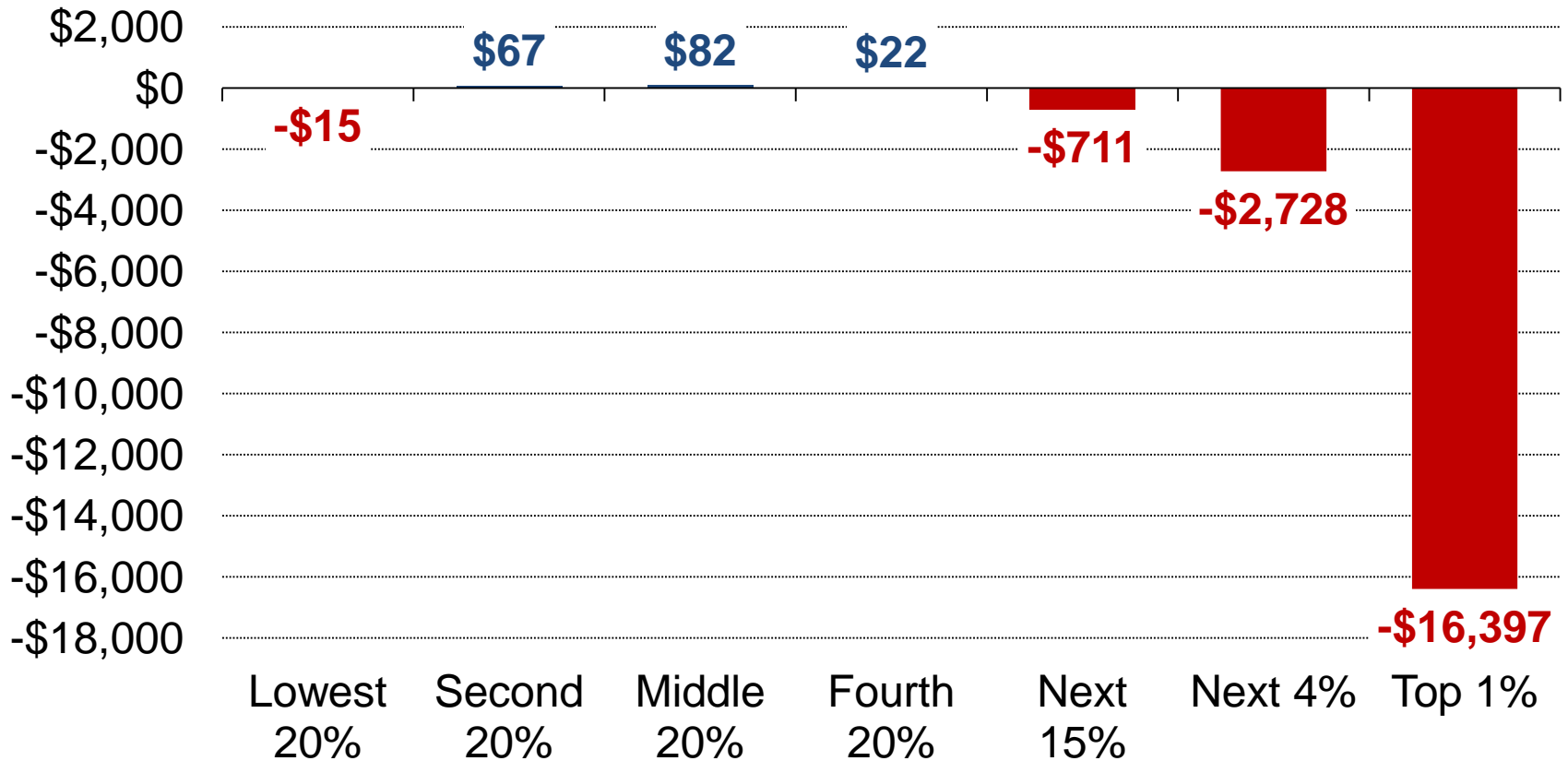
Average Tax Change



Combined Impact with Improved Sales Tax Credit

(excluding extra capital gains tax cut)

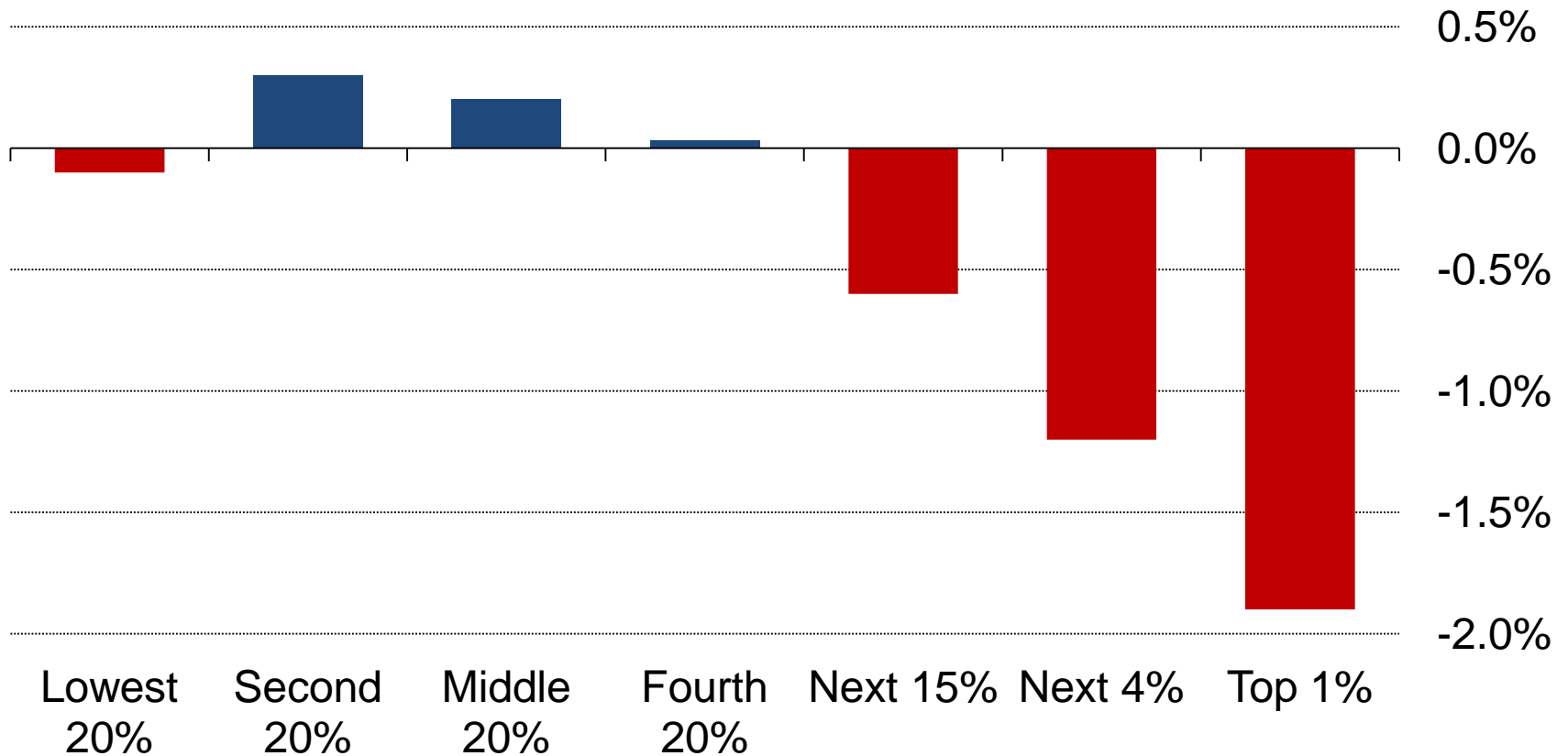
Average Tax Change



Combined Impact with Improved Sales Tax Credit

(excluding extra capital gains tax cut)

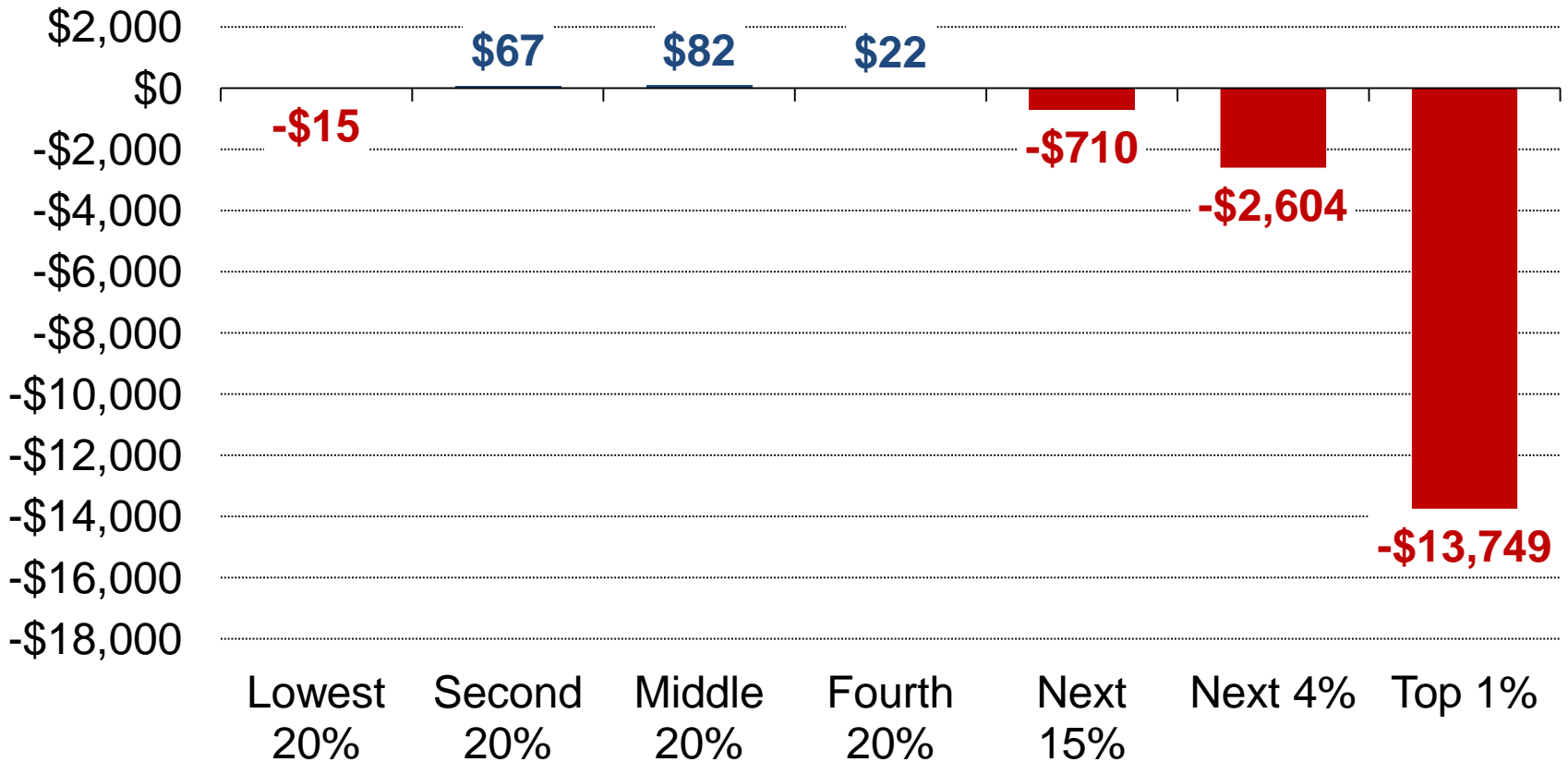
Tax Change as % of Income



Combined Impact

Improved Sales Tax Credit, Phase Out Personal Exemption
Credit, Cap Itemized Deductions
(excluding extra capital gains tax cut)

Average Tax Change



Combined Impact

Improved Sales Tax Credit, Phase Out Personal Exemption
Credit, Cap Itemized Deductions
(excluding extra capital gains tax cut)

Tax Change as % of Income

