LEGISLATIVE REVENUE OFFICE

2026 OREGON PUBLIC FINANCE: BASIC FACTS

Report #1-26

February 3, 2026

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INDEX

Sources: The data for the tables in this document come from a variety of sources. The largest single source of data is the Oregon Department of Revenue. Other sources include: The Departments of Education, Forestry, Transportation, Employment, Consumer and Business Services, Administrative Services; the Oregon Lottery, the Oregon Liquor and Cannabis Commission and a number of local governments.

2026 Organizational Chart

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SECTION A - 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 fiscal years ending between July 1, 2022 and June 30, 2023; they do not include the impact of any policy changes effective after that time period.

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 borne by the residents of a state.

Census data for Oregon's Fiscal Year 2023 revenue categories can be found in Exhibit A-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.

On a total revenue basis, Oregon ranks 8th among the states. However, this measure includes insurance trust revenue and gross government enterprise revenue, both of which are not generally available for the provision of public goods and services. 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 $16,557 per person during FY23, resulting in a rank of 9th. Own source revenue (general revenue minus transfers from the federal government) totaled $12,015 per person, also a rank of 9th.

EXHIBIT A-1

State and Local Government Revenue, Per Capita (FY23)

	$ Per Person	State Ranking
SUMMARY CATEGORIES		
Total Revenue	$17,287	8
General Revenue	$16,557	9
Own-Source Revenue	$12,015	9
REVENUE SOURCES		
Taxes	$7,598	17
Federal	$4,542	11
Charges	$2,927	6
Miscellaneous	$1,490	7
Government Enterprises	$729	11
Insurance Trust Revenue	$2,364	3

Exhibit A-1 also breaks down Oregon's revenue sources by category. Taxes comprise 44% of Oregon general state and local revenue. Oregon state and local governments collected $7,598 per person in taxes in FY23, an increase of 9% from the prior year. Given this growth, Oregon's ranking moved from 19th to 17th in overall per person tax burden. Oregon ranks 11th among the states with $4,542 in federal revenue (this category does not include federal revenue going directly to individuals such as Social Security benefits); this ranking remained at 22nd. Oregon is relatively dependent on charges for services, ranking 6th with $2,927 in per person revenue. The charges category covers a large number of fees and charges for government services at the state and local level. The largest are charges for hospitals (33% of total charges) and higher education (17% of total charges). Oregon also ranks in the upper half of states in miscellaneous revenue at 7th. The state's extensive use of lottery revenue contributes to this ranking. Oregon ranks 3rd in insurance trust revenue. The state's relative ranking tends to move up and down with changing financial market conditions because Oregon's retirement funding system is highly dependent on financial market returns.

Exhibit A-2 focuses on Oregon taxes. 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.

EXHIBIT A-2

Oregon's Tax Revenue, Per Capita (FY23)

	$ Per Person	State Ranking
Total Taxes	$7,598	17
Personal Income Tax	$3,212	4
Corporate Income Tax	$455	17
General Sales Tax*	$315	48
Selective Sales Taxes	$858	13
Property Tax	$1,998	21
Other Taxes	$759	10

* The Corporate Activity Tax, per Census categorization.

The state personal income tax burden is among the highest in the nation at $3,212 per person, ranking 4th. The ranking for corporate income taxes is 17th at $455 per person. This measure includes only corporate taxes based on income and excludes other business-related taxes. The property tax burden in Oregon is in the middle among the states at $1,998 per person, ranking 21st. The state tax burden on consumption (general sales plus selective sales) is the fifth lowest in the country at $1,173 per person, above only Alaska, Montana, New Hampshire, and Delaware. While Oregon is one of only five states without a state general sales tax, the Census includes taxes such as the Corporate Activity Tax as a general sales tax. Oregon ranks 13th 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.

Another way to look at this same comparative revenue data is to divide the revenue amounts by total state resident income instead of population. This measure accounts for the size of the state economy rather than population. In some cases, the two measures can give very different rankings. For example, the state of Mississippi at the bottom (51st) of the states in tax collections per capita but near the median (ranked 25th) as a percentage of resident income because the state's per capita income is relatively low. Exhibit A-3 shows the Oregon FY23 total revenue data as a percentage of state personal income.

When using the percentage of personal income, Oregon's general ranking is about the same across categories, some a few places higher and others a few places lower. Oregon's ranking in general revenue was 8th, while own source revenue climbs to 6th. Oregon's ranking in overall taxes as a percentage of personal income increased to 9th.

EXHIBIT A-3

State and Local Government Revenue, Percent of Income (FY23)

	% of Personal Income	State Ranking
SUMMARY CATEGORIES		
Total Revenue	25.6%	7
General Revenue	24.5%	8
Own-Source Revenue	17.8%	6
REVENUE SOURCES		
Taxes	11.3%	9
Federal	6.7%	17
Charges	4.3%	8
Miscellaneous	2.2%	5
Government Enterprises	1.1%	9
Insurance Trust Revenue	3.5%	3

Exhibit A-4 is analogous to Exhibit A-2 but is based on the percentage of personal income 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 4.8% of personal income ranks the highest among the states. For property taxes, Oregon ranks 18th on a percentage of personal income basis, up three notches from its per capita ranking. The state ranks 19th in corporate income tax collections on a percentage of income basis.

EXHIBIT A-4

Oregon's Tax Revenue, Percent of Income (FY23)

	% of Personal Income	State Ranking
Total Taxes	11.3%	9
Personal Income Tax	4.8%	1
Corporate Income Tax	0.7%	19
General Sales Tax*	0.5%	48
Selective Sales Taxes	1.3%	13
Property Tax	3.0%	18
Other Taxes	1.1%	10

* The Corporate Activity Tax, per Census categorization.

The comparative analysis based on the FY23 U.S. Census data can be summarized as follows:

- On a per capita basis, Oregon's general revenue and own-source revenue rank 9th.
- As a percentage of total state personal income, Oregon's general revenue ranks 8th, while own source revenue ranks 6th.
- Oregon's taxes are higher than the national average. They are 17th highest on a per capita basis and 19th highest on a percentage of income basis.
- Oregon's total revenue is 8th highest when measured on either a per capita basis and 7th highest as a percentage of personal income. However, total revenue includes earnings from trust accounts such as the public employee retirement system. These revenue sources are not a good indicator of revenue available for public services because they are obligated to beneficiaries. Trust fund earnings are also highly dependent on short term financial market conditions and therefore very volatile.
- Oregon's personal income tax burden is among the highest in the country - 4th as measured on a per capita basis and 1st as a percentage of personal income.
- Oregon's consumption tax burden (general sales plus selective sales taxes) is among the lowest in the country (47th).
- Oregon's property tax burden is just above the middle among states while the corporate income tax burden is in the top 20.

Oregon's Revenue System over Time

Exhibit A-5 displays Oregon's relative ranking among the states over time for total taxes and the major taxes the state revenue system has traditionally relied upon to fund public services. Throughout the past three decades, Oregon has consistently ranked high among the states in personal income taxes. The state had consistently ranked near the middle in corporate income taxes, but that has increased in recent years. Oregon's property tax ranking among the states declined to the middle during the 1990s as voter approved initiatives (Measures 5 and 50) limited revenue growth. Since then, they have stayed near the middle on a per capita basis but have been slightly above the middle when measured as a percent of income. Oregon's overall tax burden dropped from the upper half among the states (prior to 1995) to the lower half until roughly 2013. Over the most recent years, the tax burden has been close to or just above the middle of the states, edging its way back into the top half. In FY22, total taxes moved down in the rankings by four and two spots, respectively, as a percentage of income and per capita bases. Not shown on the table is the state's overall consumption tax burden (general sales taxes plus selective sales taxes), which currently ranks near the bottom among the states.

EXHIBIT A-5

Historical Rankings of Oregon Taxes

Year	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
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
2009-10	35	35	2	5	22	25	20	26
2010-11	31	30	2	5	20	20	25	19
2011-12	27	29	2	5	24	26	18	26
2012-13	26	28	2	7	24	27	18	26
2013-14	21	27	3	7	21	20	18	25
2014-15	21	25	2	8	17	20	18	25
2015-16	20	25	2	8	16	16	18	24
2016-17	20	25	2	7	13	14	20	27
2017-18	20	25	2	7	11	13	19	24
2018-19	17	21	2	7	15	14	17	22
2019-20	22	23	4	7	13	14	19	22
2020-21	14	16	3	8	14	14	20	23
2021-22	15	19	5	6	16	16	16	21
2022-23	9	17	1	4	19	17	18	21

STATE REVENUE AND EXPENDITURES

Exhibits A-6, A-7, and A-8 provide some historical context to Oregon's revenue sources and budget expenditures. The history of Oregon's primary revenue collections from personal income taxes, corporate income taxes and property taxes are provided in Exhibit A-6. A listing of all taxes can be found in Exhibit A-7; it contains collections for the most recent two fiscal years as well as collections from ten years ago.

Recent state budget history is shown in Exhibit A-8. The table shows state General Fund revenue and expenditures and state All Funds revenue and expenditures for the 2013-15 to the 2025-27 biennia. The expenditure data are from various LFO Budget Highlights documents and the 2025-27 Governor's Budget.[1] General Fund revenue figures are from various Office of Economic Analysis forecasts. The All Funds revenues are taken from various Governor Budget reports.

[1] The Legislative Fiscal Office Budget Highlights are here. The 2025-27 Governor's Budget is here.

EXHIBIT A-6
HISTORY OF TAX COLLECTIONS - BY MAJOR TAX SOURCE
(millions of dollars)

FISCAL	PERSONAL INCOME TAX		CORPORATE INCOME TAX		PROPERTY TAX	
YEAR	Receipts	% Change	Receipts	% Change	Receipts	% Change
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	3,421.1	0.6%	275.2	-28.4%	2,483.0	-1.8%
1998-99	3,702.0	8.2%	313.9	14.1%	2,449.1	-1.4%
1999-00	4,197.3	13.4%	381.9	21.7%	2,572.2	5.0%
2000-01	4,539.7	8.2%	373.0	-2.4%	2,933.9	14.1%
2001-02	3,677.7	-19.0%	195.2	-47.7%	3,179.1	8.4%
2002-03	4,021.9	9.4%	224.9	15.2%	3,351.9	5.4%
2003-04	4,268.6	6.1%	317.5	41.2%	3,549.6	5.9%
2004-05	4,723.0	10.6%	323.3	1.8%	3,687.2	3.9%
2005-06	5,443.6	15.3%	438.2	35.6%	3,840.7	4.2%
2006-07	5,596.7	2.8%	405.9	-7.4%	3,996.0	4.0%
2007-08	4,972.0	-11.2%	440.7	8.6%	4,345.4	8.7%
2008-09	5,118.6	2.9%	243.8	-44.7%	4,525.1	4.1%
2009-10	4,943.2	-3.4%	359.0	47.3%	4,844.8	7.1%
2010-11	5,524.0	11.7%	468.6	30.5%	4,940.5	2.0%
2011-12	5,850.6	5.9%	431.0	-8.0%	4,999.7	1.2%
2012-13	6,255.6	6.9%	452.9	5.1%	5,094.9	1.9%
2013-14	6,628.0	6.0%	494.8	9.3%	5,373.2	5.5%
2014-15	7,330.3	10.6%	621.8	25.7%	5,644.3	5.0%
2015-16	7,598.6	3.7%	603.1	-3.0%	5,897.2	4.5%
2016-17	8,457.3	11.3%	607.7	0.8%	6,177.0	4.7%
2017-18	8,893.1	5.2%	755.0	24.2%	6,594.5	6.8%
2018-19	9,930.3	11.7%	997.8	32.2%	7,071.9	7.2%
2019-20	7,212.5	-27.4%	488.3	-51.1%	7,330.1	3.7%
2020-21	12,794.0	77.4%	1,478.6	202.8%	7,713.0	5.2%
2021-22	12,436.6	-2.8%	1,538.5	4.0%	8,086.9	4.8%
2022-23	13,246.9	6.5%	1,618.5	5.2%	8,496.4	5.1%
2023-24	9,128.4	-31.1%	1,623.1	0.3%	8,894.4	4.7%
2024-25	13,041.0	42.9%	1,527.7	-5.9%	9,276.4	4.3%

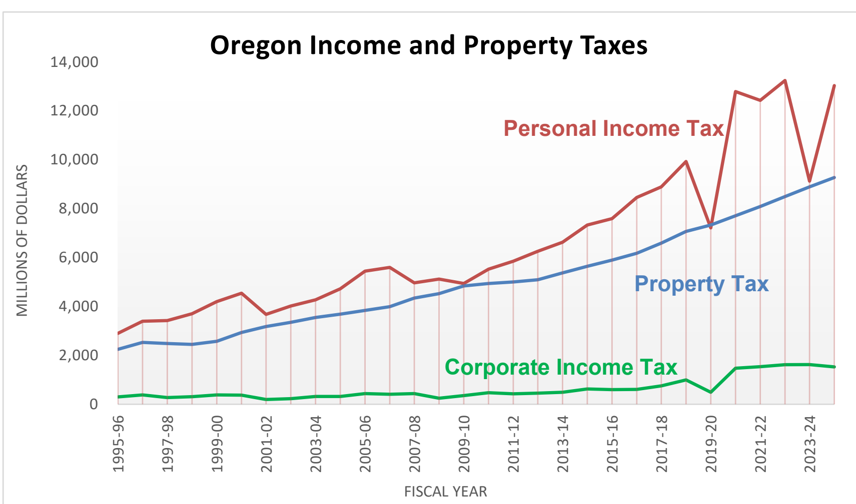


EXHIBIT A-7

SUMMARY OF OREGON TAX COLLECTIONS

STATE TAXES	FY 2015	FY 2024	FY 2025		y/y % change	% change since FY15
PERSONAL INCOME TAX	$7,312,033,110	$9,172,438,238	$13,072,991,966		42.5%	78.8%
CORPORATE INCOME TAX	$621,769,761	$1,642,327,542	$1,508,344,525		-8.2%	142.6%
CORPORATE ACTIVITY TAX	NA	$1,343,986,994	$1,416,523,279		5.4%	
MEDICAL PROVIDER TAXES	$565,687,423	$1,262,668,992	$1,350,971,817		7.0%	138.8%
UNEMPLOYMENT INSURANCE TAXES	$1,005,022,811	$1,188,545,438	$1,320,760,939		11.1%	31.4%
PAID LEAVE OREGON TAX	NA	$841,485,428	$906,147,479		7.7%	
GASOLINE AND USE FUEL TAXES	$492,657,207	$679,905,995	$695,169,849		2.2%	41.1%
WEIGHT MILE TAX	$285,777,758	$455,017,524	$478,134,944		5.1%	67.3%
ESTATE TAX	$110,994,388	$338,975,886	$422,808,455		24.7%	280.9%
CIGARETTE TAX	$210,236,600	$296,048,561	$259,015,048		-12.5%	23.2%
MARIJUANA TAX	NA	$150,898,047	$147,521,285		-2.2%	
STATEWIDE TRANSIT PAYROLL TAX	NA	$135,511,145	$139,182,665		2.7%	
OTHER INSURANCE TAXES	$59,891,564	$102,395,119	$137,845,606		34.6%	130.2%
WORKERS’ COMP INSURANCE TAXES	$54,352,142	$99,422,036	$100,675,740		1.3%	85.2%
EMERGENCY SERVICES (911) TAX	$39,379,939	$80,575,226	$79,869,447		-0.9%	102.8%
OTHER TOBACCO PRODUCTS TAX	$55,896,692	$82,953,367	$79,570,060		-4.1%	42.4%
RETALIATORY TAX	$55,939,538	$34,727,321	$70,715,626		103.6%	26.4%
WORKERS' BENFIT FUND ASSESSMENT	$90,498,133	$67,861,600	$62,271,886		-8.2%	-31.2%
COURT FEES, FINES & ASSESSMENTS	$59,040,673	$49,050,387	$48,465,151		-1.2%	-17.9%
STATE LODGING TAX	$16,040,934	$41,528,704	$42,893,493		3.3%	167.4%
VEHICLE DEALER PRIVILEGE TAX	NA	$34,000,638	$34,497,414		1.5%	
REAL ESTATE RECORDING TAX	$13,036,353	$25,701,864	$26,486,437		3.1%	103.2%
COORDINATED CRISIS (988) TAX	NA	$6,196,179	$24,868,203		301.3%	
FOREST PRODUCTS HARVEST TAXES	$13,716,754	$19,361,416	$18,069,135		-6.7%	31.7%
BEER & WINE TAXES	$17,770,915	$20,661,505	$16,318,862		-21.0%	-8.2%
VEHICLE USE TAX	NA	$11,336,445	$10,230,331		-9.8%	
PHONE ACCESS SURCHARGE (RSPF)	$5,188,417	$3,118,031	$8,432,825		170.5%	62.5%
AVIATION GAS AND JET FUEL TAXES	$1,863,842	$6,304,627	$6,468,147		2.6%	247.0%
HAZARDOUS SUBSTANCE TAXES	$2,921,465	$3,278,864	$3,337,555		1.8%	14.2%
PETROLEUM LOADING FEE	$1,857,529	$3,030,398	$3,127,555		3.2%	68.4%
AMUSEMENT DEVICE TAX	$2,754,342	$2,725,184	$2,692,562		-1.2%	-2.2%
BICYCLE EXCISE TAX	NA	$740,986	$755,026		1.9%	
TIMBER SEVERANCE TAXES	$658,890	$576,778	$558,775		-3.1%	-15.2%
PRIVATE RAIL CAR TAX	$266,792	$229,261	$256,708		12.0%	-3.8%
BOXING TAX	$73,296	$110,095	$161,407		46.6%	120.2%
OIL & GAS SEVERANCE TAX	$108,207	$4,348	$7,324		68.4%	-93.2%
OTHER DOR COLLECTIONS	$3,936,989	$6,322,755	$20,442,677		223.3%	419.2%
LOCAL TAXES	**FY 2015**	**FY 2024**	**FY 2025**		**y/y % change**	**% change since FY15**
PROPERTY TAXES[1]	$5,644,337,195	$8,894,428,058	$9,276,368,006		4.3%	64.3%
TRANSIT PAYROLL & SELF EMPLOYMENT TAXES	$318,279,856	$550,645,374	$583,095,120		5.9%	83.2%
FRANCHISE TAXES[2]	$234,879,664	$424,897,973	$447,591,545		5.3%	90.6%
METRO SUPPORTIVE HOUSING SERVICES INCOME TAX	NA	$332,188,261	$322,796,873		-2.8%	
HOTEL-MOTEL[2]	$165,422,543	$237,271,561	$245,069,194		3.3%	48.1%
MULTNOMAH COUNTY INCOME TAX (PFA)	NA	$180,105,646	$207,857,241		15.4%	
PORTLAND BUSINESS LICENSE TAX	$97,883,936	$185,875,825	$195,944,300		5.4%	100.2%
CLEAN ENERGY SURCHARGE	NA	$199,044,455	$167,217,977		-16.0%	
MULTNOMAH COUNTY BUSINESS INCOME TAX	$73,825,000	$149,496,531	$155,525,533		4.0%	110.7%
MOTOR VEHICLE RENTAL TAX	$30,450,000	$43,646,000	$46,473,000		6.5%	52.6%
MOTOR FUEL TAXES	$15,817,795	$32,041,916	$32,234,609		0.6%	103.8%
LOCAL MARIJUANA TAXES[3]	NA	$23,619,953	$22,911,715		-3.0%	
PORTLAND ARTS TAX	NA	$12,274,899	$11,667,431		-4.9%	
WASHINGTON COUNTY REAL ESTATE TRANSFER TAX	$5,416,573	$6,150,566	$6,801,591		10.6%	25.6%
OTHER TAXES AND LICENSES[2]	$29,602,111	$40,110,804	$40,298,544		0.5%	36.1%

[1] Includes urban renewal taxes
[2] Estimates where actuals are not available
[3] Local taxes collected by the Department of Revenue

TABLE A-8

STATE BUDGETS 2013-14 to 2025-27

GENERAL FUND BUDGET (IN MILLIONS)

PROGRAM AREA	2013-15	2015-17	2017-19	2019-21	2021-23	2023-25*	2025-27**
EDUCATION	$8,221.6	$9,275.0	$10,326.8	$10,693.3	$11,670.8	$13,019.1	$14,568.8
HUMAN RESOURCES	$4,266.0	$4,877.6	$5,304.9	$6,066.9	$7,652.8	$12,090.4	$13,786.7
PUBLIC SAFETY	$2,121.7	$2,360.9	$2,574.5	$2,786.7	$2,703.4	$4,360.9	$4,852.0
ECON. & COMM. DEV. + CONS & BUS. SERV.	$49.6	$75.4	$133.5	$521.4	$1,425.4	$1,228.6	$1,082.1
NAT. RES.	$233.4	$248.0	$299.0	$341.3	$892.2	$937.7	$591.6
TRANS.	$12.7	$22.1	$23.5	$63.5	$76.6	$83.4	$52.7
ADMIN.	$198.2	$233.9	$256.4	$524.0	$966.5	$617.7	$434.3
LEGISLATURE	$83.7	$89.2	$113.0	$138.8	$390.0	$235.9	$258.5
JUDICIAL	$650.5	$717.4	$761.4	$868.8	$622.7	$803.0	$895.5
MISC.	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$801.2
TOTAL	$15,837.4	$17,899.4	$19,792.9	$22,004.8	$26,400.3	$33,376.7	$37,323.1

Source: 2025-27 Budget Highlights, Legislative Fiscal Office (*Approved Budget, **Adopted Budget)

GENERAL FUND RESOURCES (IN MILLIONS)

	2013-15	2015-17	2017-19	2019-21	2021-23	2023-25	2025-27*
BEGINNING BALANCE	$ 475.7	$ 528.8	$ 1,000.4	$ 2,709.4	$ 4,082.5	$ 8,084.8	$ 2,018.7
PERSONAL INCOME TAXES	$ 13,920.2	$ 16,055.8	$ 18,823.3	$ 20,006.5	$ 25,683.5	$ 22,169.4	$ 30,009.7
CORPORATE INCOME TAXES	$ 1,116.5	$ 1,210.7	$ 1,752.7	$ 1,966.9	$ 3,157.0	$ 3,150.8	$ 3,330.7
OTHER TAXES	$ 452.9	$ 596.7	$ 672.6	$ 800.6	$ 912.7	$ 1,009.3	$ 1,211.3
OTHER REVENUE	$ 577.3	$ 692.6	$ 666.7	$ 880.5	$ 1,025.9	$ 1,293.6	$ 889.2
TOTAL	$ 16,542.5	$ 19,084.7	$ 22,915.7	$ 26,363.9	$ 34,861.6	$ 35,707.9	$ 37,459.7

*2025:Q4 Economic and Revenue Forecast

ALL FUNDS BUDGET (IN MILLIONS)

PROGRAM AREA	2013-15	2015-17	2017-19	2019-21	2021-23	2023-25*	2025-27**
EDUCATION	$10,655.5	$12,784.1	$13,770.0	$16,330.7	$19,183.4	$22,379.9	$22,874.7
HUMAN RESOURCES	$25,740.0	$29,291.0	$31,620.6	$37,596.2	$48,851.8	$58,573.2	$64,940.0
PUBLIC SAFETY	$2,985.0	$3,325.8	$3,753.5	$4,880.5	$5,972.7	$7,801.4	$7,960.8
ECON. & COMM. DEV. + CONS & BUS. SERV.	$3,895.5	$3,764.6	$4,312.8	$14,686.2	$8,322.1	$11,785.3	$11,973.3
NAT. RES.	$1,632.7	$1,684.9	$1,852.3	$2,068.4	$2,786.5	$4,308.6	$3,886.4
TRANS.	$4,645.8	$3,401.0	$3,590.3	$5,392.0	$4,992.0	$7,162.2	$6,129.4
ADMIN.	$10,691.6	$11,744.8	$12,868.8	$15,646.9	$19,451.7	$17,506.6	$18,976.3
LEGISLATURE	$139.1	$104.0	$144.5	$231.6	$421.8	$476.0	$274.5
JUDICIAL	$717.8	$853.3	$1,009.4	$994.5	$695.1	$1,213.3	$1,068.8
MISC.	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$801.2
TOTAL	$61,103.1	$66,953.5	$72,922.2	$97,827.0	$110,677.2	$131,206.5	$138,885.3

Source: 2025-27 Budget Highlights, Legislative Fiscal Office (*Approved Budget, **Adopted Budget)

ALL FUNDS REVENUE (IN MILLIONS)

	2013-15	2015-17	2017-19	2019-21	2021-23	2023-25	2025-27
TAXES	$21,044.3	$21,600.0	$26,115.6	$29,895.5	$38,832.2	$42,552.3	$54,160.9
FEDERAL FUNDS	$20,578.2	$22,561.3	$22,755.3	$35,352.5	$41,310.9	$41,282.3	$45,566.0
INTEREST EARNINGS	$12,378.9	$9,759.9	$11,363.3	$22,499.1	$11,925.2	$16,305.0	$11,341.5
DONATIONS & CONTRIB.	$3,336.3	$3,421.9	$4,731.5	$6,187.3	$8,268.2	$9,309.6	$8,042.9
BOND SALES	$2,778.1	$3,013.9	$2,280.2	$4,372.3	$3,512.4	$3,906.1	$3,929.8
LIQUOR & OTHER SALES	$811.2	$923.2	$1,038.9	$1,125.4	$1,144.2	$1,247.6	$1,136.9
LOAN REPAYMENTS	$630.2	$709.7	$595.5	$929.3	$643.1	$636.1	$447.6
CHARGES	$3,112.6	$3,775.2	$3,745.4	$4,207.1	$6,471.5	$6,553.4	$7,580.1
LICENSES & FEES	$1,564.9	$1,768.9	$1,831.6	$1,960.7	$2,474.7	$2,503.3	$2,720.4
LOTTERY	$1,061.1	$1,265.3	$1,456.2	$1,201.8	$1,815.1	$1,843.4	$1,885.3
OTHER	$3,195.0	$3,526.8	$4,140.1	$4,673.9	$3,768.8	$5,612.9	$5,759.8
TOTAL	$70,490.8	$72,326.0	$80,053.6	$112,404.8	$120,166.1	$131,752.0	$142,571.1

Source: Governors' Budgets and Oregon Revenue & Budget Information Tracking System

GROWTH MEASURES

	2014	2016	2018	2020	2022	2024	2026
OREGON PERSONAL INC.(MILL.)	$165,172	$186,105	$210,045	$240,174	$270,428	$302,582	$333,204
OREGON POPULATION(MILL.)	3.965	4.093	4.183	4.240	4.255	4.285	4.315
U.S. CONSUMER PRICE INDEX	236.7	240.0	251.1	258.9	292.6	313.7	331.8

*2025:Q4 Economic and Revenue Forecast

EFFECT OF TAX CHANGES

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

TAX REDUCTIONS	Revenue Effect (in $millions)			
	FY 2026-27	**FY 2027-28**	**FY 2028-29**	**FY 2029-30**
Property Tax				
Personal Property Tax Limit: Double limit. Currently, certain personal property is exempt if AV of such property is under inflation-indexed limit ($23,000 in 2025-26)	-10.9	-11.3	-11.7	-12.1
Senior Homeowner Property Tax Freeze: Freeze homestead AV if one or more owners are age 65 or over and household income is up to half deferral program limit ($35,000 in 2026-27)	-5.1	-15.6	-28.3	-37.9
Personal Income Tax				
Earned Income Credit (EIC) - Current EIC is 9% & 12% (dependents < 3) of federal EIC				
Increase EIC to 10% and 13% (dependents < 3) of federal EIC	-5.2	-5.3	-5.3	-5.3
Increase EIC to 15% and 20% (dependents < 3) of federal EIC	-34.0	-34.2	-34.4	-34.7
Rate Reductions (current rates: 4.75%, 6.75%, 8.75%, 9.9%)				
Eliminate 9.9% rate (rates set at 4.75, 6.75, 8.75%)	-404.6	-435.1	-465.1	-501.5
Reduce rates to 4.25, 6.25, 8.25%	-1,332.5	-1,417.8	-1,497.1	-1,558.0
Reduce rates to 3.75, 5.75, 7.75%	-2,261.4	-2,401.8	-2,530.4	-2,675.9
Tax Bracket Changes				
Double width of 4.75% and 6.75% brackets	-834.4	-874.3	-915.1	-953.6
Widen 4.75% and 6.75% brackets by $1,000 ($2,000 joint return)	-168.1	-171.5	-174.4	-177.8
Income Subtractions and Deductions				
Double standard deduction ($2,910 single; $5,820 joint in 2026)	-376.3	-396.0	-410.9	-426.1
Increase Maximum Federal Tax Subtraction to $10,000	-49.2	-51.9	-54.4	-57.5
No limit on maximum subtraction for federal income taxes	-1,894.2	-2,039.9	-2,162.9	-2,327.9
Credits				
Increase personal exemption credit $10	-29.9	-29.8	-29.6	-29.5
Capital Gains (Currently taxed at regular income tax rates)				
Reduce tax rate on capital gains to 4.75%	-547.6	-531.2	-539.7	-558.6
Reduce tax rate on capital gains to 3.75%	-679.6	-659.2	-669.8	-693.2
Estate Taxes				
Eliminate estate taxes in Oregon	488.3	543.0	601.8	677.7
Corporate Income Tax				
Reduce corporate tax rate 0.1 percentage point (to 6.5% & 7.5%)	-20.7	-23.0	-23.3	-24.1
Reduce corporate tax rate 1 percentage point (to 5.6% & 6.6%)	-194.9	-216.7	-218.9	-226.4
Reduce top tax rate to 6.6%	-180.6	-200.8	-202.8	-209.8
Reduce C-corp. min tax to $150 / $500	-61.6	-67.0	-66.8	-68.0
Corporate Activity Tax				
Increase tax filing and taxability threshold to $2 million	-21.8	-113.9	-127.9	-134.0
Reduce tax rate to 0.52%	-24.8	-129.3	-145.3	-152.1

TAX INCREASES/NEW TAXES	Revenue Effect (in $millions)			
	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Statewide Property Tax for School Districts				
Establish an additional tax rate of $1 per $1,000 of AV for K-12 school districts that is outside the Measure 5 limit	577.3	601.1	625.9	651.8
Personal Income Tax				
Increase all rates 5% (5, 7.1, 9.2, 10.4%)	804.1	852.4	895.8	943.9
Increase all rates 1 percentage point (5.75, 7.75, 9.75, 10.9%)	1,852.3	1,962.1	2,059.5	2,167.7
Increase 9.9% rate to 10.8, create new 11% rate on income above $250,000 (single) or $500,000 (joint)	355.8	382.2	407.8	438.8
Decrease maximum federal tax subtraction to $3,000 (2026 subtraction is $8,750)	341.8	361.9	372.1	399.9
1% Surtax	161.9	171.9	180.6	190.3
Reduce personal exemption credit by $10	30.0	29.8	29.7	29.6
Reduce itemized deductions 5%	68.8	71.3	74.1	77.1
Reduce itemized deductions 10% if income above $100,000 (single) or $200,000 (joint)	70.1	75.7	81.1	87.1
Limit itemized deductions to $50,000	152.5	159.7	168.1	177.7
Corporate Income Tax				
1% Surtax	15.7	17.4	17.6	18.2
Start 7.6% rate at $250,000	11.2	12.4	12.6	13.0
Increase Rate One Percentage Point (to 7.6% & 8.6%)	208.4	231.7	234.1	242.1
Sales Tax (begin 2027)				
Retail Sales Tax (Washington Base) 1% Rate	593	1,233	1,281	1,334
Retail Sales Tax (Washington Base) 3% Rate	1,778	3,700	3,843	4,003
Retail Sales Tax (Washington Base) 5% Rate	2,963	6,167	6,406	6,672
Excise Taxes (begin 2026)				
Washington Real Estate Transfer Tax – 1% Rate	100	160	185	190
Increase 911 tax by 25 cents	16.3	16.5	16.6	16.8
Increase Beer Tax by $1 per barrel (Currently $2.60)	2.5	2.7	2.8	2.8
Increase Wine Tax by $1 per gallon (Currently $0.67)	13.5	15	15.6	15.9
Increase Tax on cannabis by 1% (Currently 17% point of sale)	8.8	9.5	10.1	10.2
Increase OLCC Mark-up by 5%	11.1	13.3	13.8	13.9
Increase Cigarette Tax by 10¢ per Pack	6.9	6.5	6.1	5.7
Increase OTP to 70% of wholesale price (with proportional increase in caps)	4.9	4.7	4.6	4.4
Corporate Activity Tax				
Increase base tax from $250 to $500	1.2	6.4	7.2	7.6
Increase tax rate to 0.62%	24.8	129.3	145.3	152.1

SECTION B - 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 50 years can be found in section N1 - N3. 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). In 2012, voters modified the constitution (Measure 85), redirecting corporate kicker revenue to the General Fund for purposes of funding K-12 education.

How it Works

The kicker law divides all General Fund revenue into two pots: (1) corporate income taxes and (2) personal income taxes plus all other (non-corporate) revenue. At the end of each biennium, a calculation is made for each pot. The latter pot is referred to as either the "all other" pot or the "personal pot". If the collections in the "all other" pot are more than 2% higher than was forecast at the close of the regular session, then a credit must be paid to personal income taxpayers. In these cases, <u>all</u> the money in excess of the close of session forecast, including the 2%, is returned to taxpayers.

A similar calculation is carried out for corporate income taxes. If actual corporate income tax collections are 2% or more above the close of session estimate for corporate income tax revenue, then a kicker is triggered. Voters passed Measure 85 in 2012 amending the constitution to require the corporate kicker to be allocated to the General Fund for purposes of funding K-12 education, instead of being returned to corporations. This allocation started with the 2013-15 biennium.

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 for the prior year. For example, if the kicker credit is 5% and the taxpayer had a liability of $1,000, they 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 income tax 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

Exhibit B-1 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 check 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 three 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.

EXHIBIT B-1

Surplus Refund / 2% Kicker

		Personal		Corporate	
Biennium	Tax Year	Surplus/ Shortfall ($ million)	Credit/ Refund (% of liability)	Surplus/ Shortfall ($ million)	Credit (% of liability)
1979-81	1981	-$141	None	-$25	None
1981-83	1983	-$115	None	-$110	None
1983-85	1985	$89	7.70%	$13	10.60%
1985-87	1987	$221	16.60%	$7	6.20%
1987-89	1989	$175	9.80%	$36	19.70%
1989-91	1991	$186	Suspended	-$23	None
1991-93	1993	$60	None	$18	Suspended
1993-95	1994/5	$163	6.27%	$167	50.10%
1995-97	1996/7	$432	14.40%	$203	42.20%
1997-99	1998/9	$167	4.60%	-$69	None
1999-01	2000/1	$254	6.00%	-$44	None
2001-03	2002/03	-$1,249	None	-$439	None
2003-05	2004/05	-$401	None	$101	35.90%
2005-07	2006/07	$1,071	18.60%	$344	Suspended
2007-09	2008	-$1,113	None	-$236	None
2009-11	2010	-$1,050	None	-$4	None
2011-13	2012	$124	None	-$10	None
2013-15	2014	$402	5.600%	$79	To K-12
2015-17	2016	$464	5.600%	$111	To K-12
2017-19	2018	$1,688	17.171%	$675	To K-12
2019-21	2020	$1,898	17.341%	$851	To K-12
2021-23	2022	$5,619	44.280%	$1,810	To K-12
2023-25	2024	$1,410	9.863%	$922	To K-12

The 2007 Legislature made several 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 gross tax liability (before credits) rather than net tax liability (after tax credits)..[1] This change affected the distribution of the refund but did not affect the total 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. This change will no longer apply due to the elimination of the corporate kicker credit brought about by the passage of Measure 85, which directs the corporate kicker to the funding of K-12 public education.

[1] Technically the calculation is based on gross tax liability plus the allowance of one tax credit -- the credit for taxes paid to another state.

The personal kicker exceeded $1 billion for the first time 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 well short of the 2% kicker trigger for the 2007-09, 2009-11 and the 2011-13 biennia.

Both kickers have been triggered following the last six biennia, as shown in the table above. Personal income taxpayers received kicker credits of 5.6% of their pre-credit liability for tax years 2014 and 2016. For the subsequent two biennia, the kicker percentage was just above 17%. For the 2021-23 biennium, a new record was set for surplus revenue, reaching just over $5.6 billion; the tax credit was roughly 44.3 percent of pre-credit tax liability. Following 2023-25, the surplus fell to roughly $1.4 billion with a kicker percentage of just under 9.9 percent.

Corporate income tax revenue has exceeded forecasted levels ranging from $79 million for the 2013-15 biennium up to $1.8 billion for the 2021-23 biennium, also setting a new record. The corporate surplust following 2023-25 was half that size, at roughly $922 million. These revenues have dedicated to education spending.

For the 23 biennia in which the kicker has been in effect (1979-81 through 2023-25), the personal income tax trigger has been exceeded fifteen times. Kicker refunds/credits were distributed on fourteen occasions and suspended once. Eight times collections have fallen short of the 2% personal income tax trigger. For the corporate calculation, actual collections exceeded the trigger fourteen times and fell below nine times. Of the fourteen times in which the corporate trigger was exceeded, the kicker was credited to corporate taxpayers six times, suspended twice, and allocated to the State School Fund six time.

As of the December 2025 revenue forecast, the 2025-27 biennium is not projected to result in a personal kicker or a corporate kicker. If the current forecast holds, this would be the first biennium without a kicker since 2011-13..

RESERVE FUNDS

Oregon currently has two reserve funds - The Education Stability Fund (ESF) and the Oregon Rainy Day Fund (RDF). The Education Stability Fund was created in 2002 as a constitutional amendment with House Joint Resolution 80 during the third special session of 2002 and subsequent passage by voters. The Oregon Rainy Day Fund was created in 2007 with the passage of HB 2707.

Education Stability Fund

The Legislature referred HJR 80 to the voters at a special election held in September 2002. Voters approved the resolution, thereby converting the former Education Endowment Fund into the Education Stability Fund. Since July 1, 2003, the fund has received 18% of lottery net proceeds. The size of the fund is limited to 5% of General Fund revenue in the prior biennium. If the fund exceeds this limit, the lottery deposits stop until its size is drawn down to below the limit.

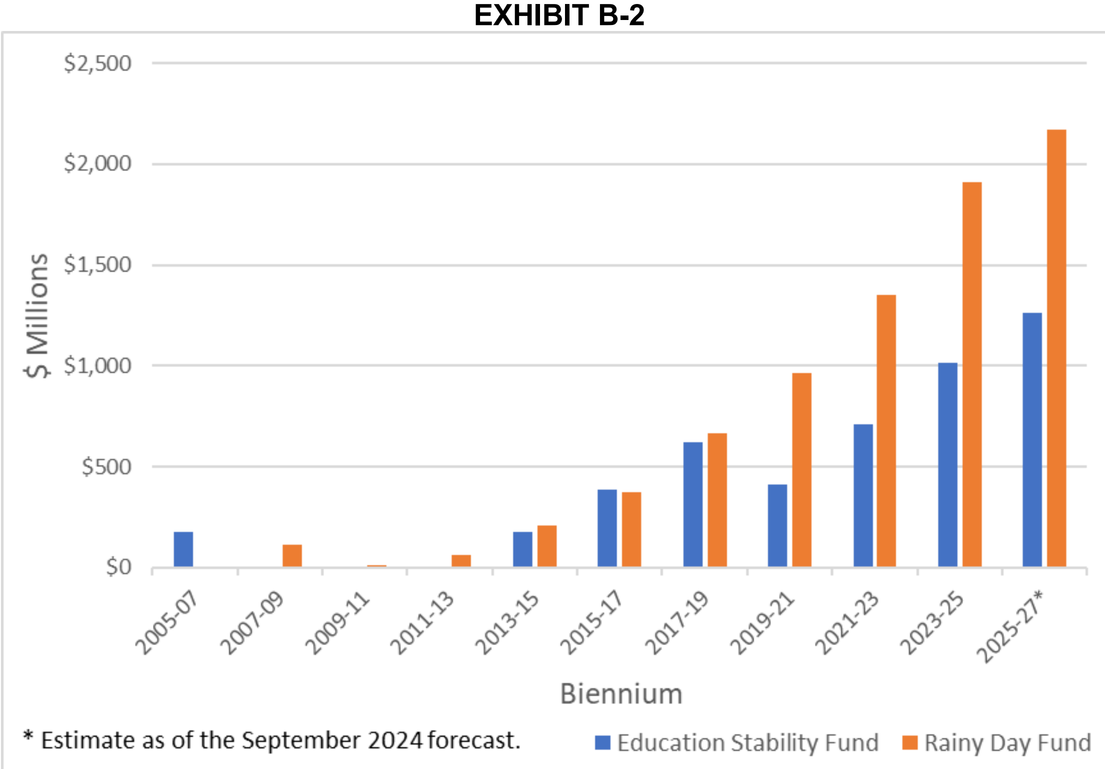
To access the fund, there are three different types of triggers: economic, budgetary, and political. The economic trigger is that there must be two or more consecutive quarters with a decline in seasonally adjusted non-farm payroll employment within the prior 12 months. The first budgetary trigger is that the final quarterly forecast of the biennium indicates that the General Fund revenue in the following biennium will be at least 3% less than the appropriations in the current biennium. The second is that the quarterly General Fund forecast for the current biennium projects revenue to be at least 2% below the forecast used for the legislatively adopted budget. The first political trigger is that a 3/5 vote in each house is required to access the funds; this is an additional requirement that must be met after at least one of the economic or budgetary triggers have been met. In the absence of those triggers, the funds can still be accessed if the Governor declares an emergency and 3/5 of each chamber approves. Use of the funds is restricted to expenditures on public education, which is broadly defined to include all levels from pre-Kindergarten through higher education as well as continuing education and workforce training.

Rainy Day Fund

The 2007 Legislature, by a 2/3 vote in each chamber, implemented a constitutional one-time exception to suspend the $344 million corporate kicker credit and used the funds to create the Oregon Rainy Day Fund. As for ongoing contributions, the legislation required the deposit of the General Fund ending balance up to 1% of General Fund appropriations, beginning with the 2007-2009 biennium. The 2009 Legislature added another continuing source of deposits into the fund. As part of the corporation income tax increase passed -- and subsequently approved by voters -- a portion of that increase has been dedicated to this fund. At the time, any corporation income tax collections due to a tax rate above 6.6% was deposited into the fund. That threshold has changed over the years and currently sits at 7.2%. The fund is capped at 12.5% of General Fund revenue in the prior biennium. If the cap is reached, the dedicated revenues revert to the General Fund until the fund falls back below the cap. To access the funds, the triggers are the same as those described above for the Education Stability Fund, except for an emergency declaration by the Governor. Withdrawals are not allowed to exceed 2/3 of the beginning balance for any biennium.

At the end of the 2023-25 biennium, the ESF had a balance of $1,012 million and the RDF had a balance of $1,911 million. The chart below shows the balances at the end of each biennium since 2005-07. The projection as of the December 2025 forecast is that the ESF will have $1,263 million and the RDF will have roughly $2,167 million at the end of the 2025-27 biennium.

EXHIBIT B-2



SECTION C - OREGON INCOME TAXES

Oregon’s primary source of revenue is from income taxes, both personal and corporate. Together, the personal and corporate taxes account for roughly 94 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 they 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. Nearly all corporations are excise tax filers.

Personal Income Tax

Oregon’s personal income tax is based on the federal personal income tax. Oregon statutorily connects to the federal definition of taxable income, though for administrative purposes, Oregon’s personal income tax return begins with a taxpayer’s federal adjusted gross income. Oregon’s connection to federal taxable income simplifies Oregon taxation in that Oregon effectively adopts the provisions of the federal tax code controlling the determination of taxable income. Oregon tax policy can differ from the federal definition of taxable income by what is known as a selective “disconnect” from provisions of the federal tax code. For example, Oregon standard deduction amounts differ from those used at the federal level.

Oregon’s connection to federal taxable income began in 1969 and has varied over the years. From 1981 to 1997, the Oregon Legislature regularly updated Oregon’s connection via legislation. Beginning in 1997, the Legislature instituted a “rolling connection” to federal taxable income which, absent Oregon legislation, automatically maintains Oregon’s connection. This rolling connection results in Oregon implicitly adopting federal statutory changes regarding the definition of taxable income and requires Oregon legislation in order to disconnect from federal provisions. While Oregon has temporarily suspended rolling connection in past years, Oregon has consistently had a rolling connection since 2011. As Oregon’s rolling connection is to federal taxable income, Oregon is not automatically connected to federal tax law provisions unrelated to taxable income (e.g., federal tax rates and tax credits). In addition to Oregon’s rolling connection, Oregon maintains a point-in-time connection to specific federal tax provisions (e.g., definitions, such as 501(c)(3) nonprofit) where Oregon connects to federal tax law as of a specific past date. This specific date is generally updated annually through Oregon legislation.

The formulas below illustrate how Oregon personal income tax liability is determined. Income and adjustments are based on federal tax law due to Oregon’s rolling connection. While Oregon’s standard deduction amounts differ from federal, itemized deductions are based on federal tax law.

$$Income - Adjustments = Adjusted\ Gross\ Income\ (AGI)$$

$$AGI + OR\ Additions - OR\ Subtractions - OR\ Deductions = OR\ Taxable\ Income$$

$$OR\ Taxable\ Income * OR\ Tax\ Rates - OR\ Credits = \boldsymbol{OR\ Tax\ Liability}$$

Oregon tax rates range from 4.75% to 9.9% of taxable income. Taxable income is adjusted gross income (AGI) plus Oregon additions less Oregon subtractions and deductions (standard or itemized). Because taxable income is generally less than AGI, the average effective tax rate is about 6.3% of AGI. All brackets, except the top income tax bracket, are indexed to inflation. The rate schedule for tax year 2026 is shown below:

2026 TAX YEAR RATE SCHEDULE

SINGLE RETURNS		JOINT RETURNS	
Taxable Income	**Tax Before Credits**	**Taxable Income**	**Tax Before Credits**
Not over $4,550	4.75% of taxable income	Not over $9,100	4.75% of taxable income
$4,550 to $11,400	$216 + 6.75% of income over $4,550	$9,100 to $22,800	$432 + 6.75% of income over $9,100
$11,400 to $125,000	$679 + 8.75% of income over $11,400	$22,800 to $250,000	$1,357 + 8.75% of income over $22,800
Over $125,000	$10,619 + 9.9% of income over $125,000	Over $250,000	$21,237 + 9.9% of income over $250,000

Non-Passive Income Tax Rates	
Taxable Income ($)	Tax Rate
≤ $500,000	7.0%
$500,001 to $1 Million	7.5%
$1 Million to $2.5 Million	8.0%
$2.5 Million to $5 Million	9.0%
Over $5 Million	9.9%

In the 2013 Special Session, the Legislature made significant changes to the personal income tax system. These changes included the creation of an alternate tax rate structure for individuals with non-passive income from partnerships or S-corporations that they actively participate in. This policy is optional and first took effect in 2015. Changes made in the 2018 Special Session allow certain sole proprietorships to use the alternative rate structure as well. Modifications to the reduced rate program made in 2021 reduced two of the rates, enhanced the business employee requirement, and excluded highly profitable partnerships and S corps from program participation. The reduced rate and bracket structure are shown in the table to the right.

In 2019, as part of legislation creating Oregon's Corporate Activity Tax and effective beginning tax year 2020, the Legislature reduced Oregon's first three income tax bracket rates from 5%, 7% and 9% to 4.75%, 6.75% and 8.75% respectively.

In 2023, all Oregon full-year personal income tax returns reported a total adjusted gross income of $171.8 billion. The average adjusted gross income for all full-year returns was $89,091, an increase of 2.3% from 2022. Oregon taxpayers had a tax liability of $10.9 billion, an increase of 2.7% from 2022.[1] The average Oregon tax liability for full-year filers was $5,633, roughly the same as the $5,628 average in 2022.[2]

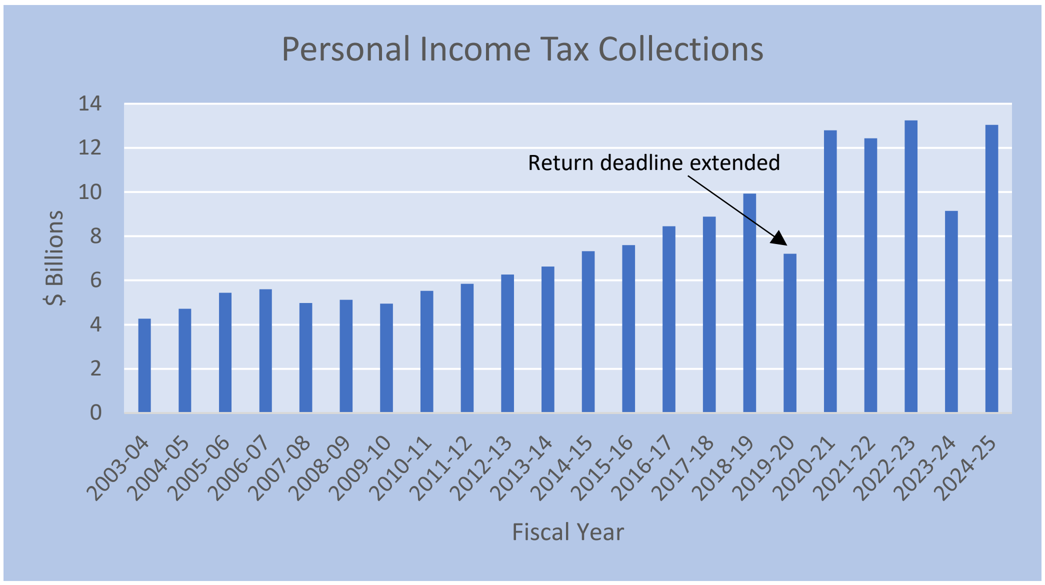
The Oregon standard deductions for tax year 2026 are $5,820 on joint returns, $2,910 on single and married-filing-separate returns and $4,685 for head-of-household returns. Blind or elderly (65+) taxpayers receive an extra $1,200 standard deduction on a single or head of household return and an extra $1,000 per eligible person on a joint return. In 2023, the average deduction amount per full-year tax return was $9,757, an increase of 5.3% from 2022. A personal exemption credit is allowed for most taxpayers and dependents. This credit is indexed for inflation and is $263 in 2026. The average amount of all credits taken per full-year tax return in 2023 was $443, an increase of 6.4% from the 2022 average of $416.[3]

Oregon also taxes some business income through the personal income tax system. For example, owners and shareholders of businesses, such as sole proprietors, partnerships, and S-corporations, pay personal income taxes on the profits from these businesses. Recent trends in Oregon's small businesses can be seen on pages D9 and D10.

[1] Liability amount excludes "kicker" credit.
[2] Ibid.
[3] Ibid.

Personal income tax collections are the largest source of state tax revenue and are projected to comprise 85% of total General Fund revenues in the 2025-27 biennium (up from 80% for the 2023-25 biennium). The following chart displays personal income tax collections since fiscal year 2003-04. Two prominent factors contributed to the precipitous decline in PIT collections in fiscal year 2019-20 followed by the significant increase in 2020-21 fiscal year. First, a nearly $1.7 billion kicker was certified for tax year 2019. Second, the COVID-19 pandemic began which not only affected Oregon's economic environment but also led to the extension of the 2019 tax return filing deadline from April 15th to July 15th (shifting the tax year 2019 return filing deadline into fiscal year 2020-21). The decline in 2023-24 was largely caused by a $5.6 billion kicker certified for tax year 2023.

EXHIBIT C-1



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 statewide 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.

The following is a summary of recent tax changes:

2015 Federal conformity was updated to December 31, 2014.

Working Family Child Care and Child and Dependent Care tax credits combined into a single Working Family Child and Dependent Care tax credit for tax years 2016 through 2021.

2016 Federal conformity was updated to December 31, 2015.

Increased the Earned Income Tax Credit (EITC) from 8% to 11% of the federal credit for taxpayers with a dependent under the age of three.

Increased the annual program cap on the Film and Video tax credit from $10 million to $12 million in 2016 and to $14 million in 2017.

Extended the Biomass Manure tax credit through January 1, 2022, but reduced the tax credit rate from $5 per wet ton to $3.50 per wet ton.

2017 Federal conformity was updated to December 31, 2016.

Extended or modified five tax credits (reservation enterprise zone, affordable housing lender's credit, rural medical providers, fish screening devices and working family dependent care credit).

Created two new tax credits: bovine manure and employer training for eligible counties.

Extended the Greenlight Oregon Labor Rebate program six years, including the related subtraction. Allows certain deductions from labor rebate amounts.

Modifications made to Oregon Industrial Site Readiness Program.

2018 Federal conformity was updated to December 31, 2017.

Modified four tax credits (affordable housing, film production development contributions, bovine manure production or collection & working family household and dependent care).

Created new credit (Opportunity Grant contributions) and new subtraction from taxable income (home buyer savings account).

Requires addition to taxable income for amount allowable as a deduction under section 199A(a) of the Internal Revenue Code (i.e., 20% deduction for certain pass-throughs and proprietorships enacted as part of federal Tax Cuts and Jobs Act in December of 2017).

Special Session:

Extended to sole proprietorship income, existing-law preferential tax rates for non-passive income from a partnership or S-corporation.

2019 Effective beginning tax year 2020, Oregon's first three income tax rates were reduced from 5%, 7% and 9% to 4.75%, 6.75% and 8.75% respectively.

Federal conformity updated to December 31, 2018

Thirteen tax credits/subtractions had sunsets extended and/or had policy parameters modified (cultural trust, manufactured dwelling park capital gain, manufactured dwelling park closure, certain retirement income, volunteer rural emergency medical services providers, employer provided scholarships, agriculture workforce housing construction, crop donation, rural medical provider, Oregon earned income tax credit, individual development account contributions, film production development and opportunity grant auctioned credits).

Three credits were created (short line railroads and contributions to 529 higher education or ABLE account) while the subtractions for 529 higher education or ABLE account contributions were sunset and replaced by the aforementioned credits.

2021 Thirteen tax credits/subtractions/rebates had sunsets extended and/or had policy parameters modified. A new subtraction was created for recipients of AmeriCorps national service educational awards.

Federal conformity updated to April 1, 2021.

Modified tax rates and income eligible for elective reduced personal income tax rates allowed for qualified pass-through income.

2022 Created a refundable tax credit available to eligible employers that provide overtime compensation to agricultural workers.

Federal conformity updated to December 31, 2021.

2023 Sixteen tax credits/subtractions had sunsets extended and/or had policy parameters modified. Three new credits were enacted relating to research and development, retention of publicly supported housing, and young children.

Federal conformity updated to December 31, 2022.

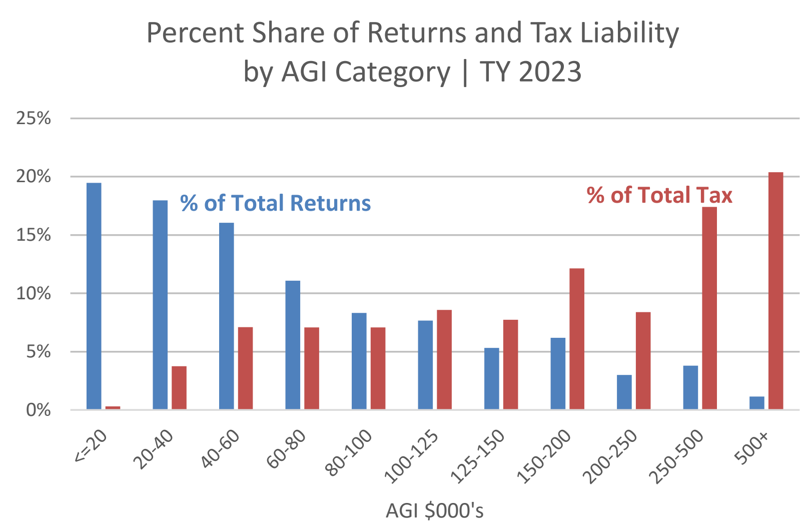
2024 Created a personal income tax subtraction for judgment/settlement amounts received arising from wildfire. Omnibus tax measure affecting Industrial Site Readiness Program, short-line railroad tax credit, and pass through entity elective tax.

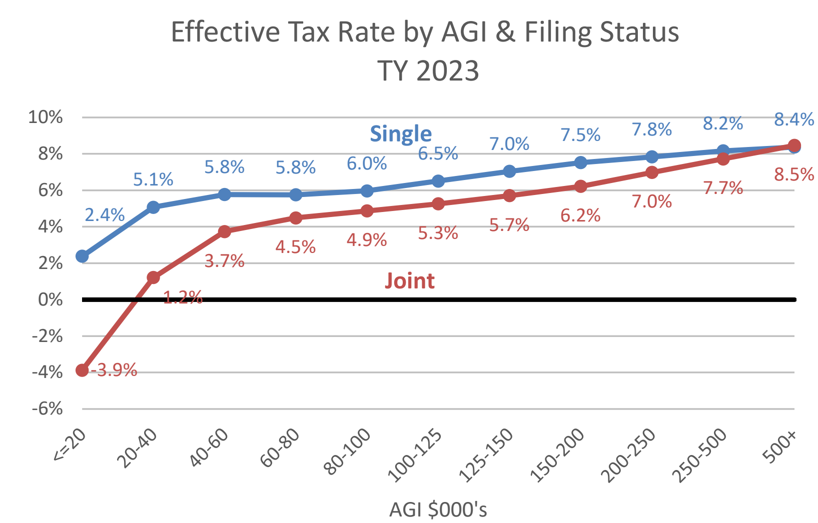
Federal conformity updated to December 31, 2023.

2025 Eight income tax credits and two income tax subtractions had sunsets extended and/or policy parameters modified.

2023 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	Net Tax
≤20	375,259	438,364	$2,423,731	$73,285	$212,884	$1,833,693	$2,135,423	$127,671	$93,161	$34,510	182,537	$789,914	$34,137
20-40	346,528	534,640	$10,458,774	$17,582	$985,557	$1,800,873	$7,816,481	$567,477	$160,323	$407,154	49,960	$1,212,071	$74,205
40-60	309,296	513,672	$15,281,669	$20,898	$1,893,661	$1,862,128	$11,633,380	$904,151	$131,544	$772,607	30,587	$1,270,929	$88,137
60-80	213,685	390,894	$14,832,652	$22,106	$2,320,065	$1,733,228	$10,856,946	$864,310	$95,228	$769,082	19,304	$1,133,259	$82,808
80-100	160,610	327,807	$14,382,699	$24,828	$2,295,708	$1,645,907	$10,502,984	$848,196	$79,813	$768,383	12,618	$963,429	$72,529
100-125	147,989	332,756	$16,543,413	$31,450	$2,495,907	$1,827,694	$12,277,981	$1,002,927	$69,937	$932,990	9,618	$930,556	$71,741
125-150	102,447	246,821	$14,005,291	$36,691	$1,744,693	$1,461,017	$10,850,331	$897,503	$55,951	$841,552	5,597	$676,331	$53,034
150-200	119,321	304,591	$20,520,934	$60,312	$2,025,135	$1,981,003	$16,601,514	$1,393,155	$73,761	$1,319,394	5,432	$839,141	$66,426
200-250	57,821	152,978	$12,842,726	$54,160	$956,303	$1,127,595	$10,818,210	$918,228	$6,515	$911,713	2,535	$521,277	$41,651
250-500	73,262	201,108	$24,325,966	$202,937	$846,182	$1,812,576	$21,879,440	$1,910,675	$18,662	$1,892,013	3,755	$1,187,693	$94,813
500 +	22,480	63,011	$26,211,761	$740,089	$636,115	$1,733,020	$24,592,947	$2,283,584	$68,683	$2,214,901	2,072	$3,236,771	$269,458
Total	**1,928,698**	**3,506,642**	**$171,829,615**	**$1,284,340**	**$16,412,213**	**$18,818,734**	**$139,965,637**	**$11,717,875**	**$853,579**	**$10,864,296**	**324,015**	**$12,761,374**	**$948,938**

Source: DOR's annual income tax statistics publication and associated tables.





2023 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[1]	Net Tax[1]	Number of Returns	Taxable Income	Net Tax[1]
<20	375,259	1.2	$6,459	$195	$567	$4,886	$5,691	$340	$248	$92	182,537	$4,327	$187
20-40	346,528	1.5	$30,182	$51	$2,844	$5,197	$22,557	$1,638	$463	$1,175	49,960	$24,261	$1,485
40-60	309,296	1.7	$49,408	$68	$6,122	$6,021	$37,612	$2,923	$425	$2,498	30,587	$41,551	$2,882
60-80	213,685	1.8	$69,414	$103	$10,857	$8,111	$50,808	$4,045	$446	$3,599	19,304	$58,706	$4,290
80-100	160,610	2.0	$89,550	$155	$14,294	$10,248	$65,394	$5,281	$497	$4,784	12,618	$76,354	$5,748
100-125	147,989	2.2	$111,788	$213	$16,865	$12,350	$82,965	$6,777	$473	$6,304	9,618	$96,752	$7,459
125-150	102,447	2.4	$136,708	$358	$17,030	$14,261	$105,912	$8,761	$546	$8,215	5,597	$120,838	$9,475
150-200	119,321	2.6	$171,981	$505	$16,972	$16,602	$139,133	$11,676	$618	$11,058	5,432	$154,481	$12,229
200-250	57,821	2.6	$222,112	$937	$16,539	$19,501	$187,098	$15,881	$113	$15,768	2,535	$205,632	$16,430
250-500	73,262	2.7	$332,041	$2,770	$11,550	$24,741	$298,647	$26,080	$255	$25,825	3,755	$316,296	$25,250
500 +	22,480	2.8	$1,166,004	$32,922	$28,297	$77,092	$1,093,992	$101,583	$3,055	$98,528	2,072	$1,562,148	$130,047
Total	**1,928,698**	**1.8**	**$89,091**	**$666**	**$8,509**	**$9,757**	**$72,570**	**$6,076**	**$443**	**$5,633**	**324,015**	**$39,385**	**$2,929**

Source: DOR's annual income tax statistics publication and associated tables.

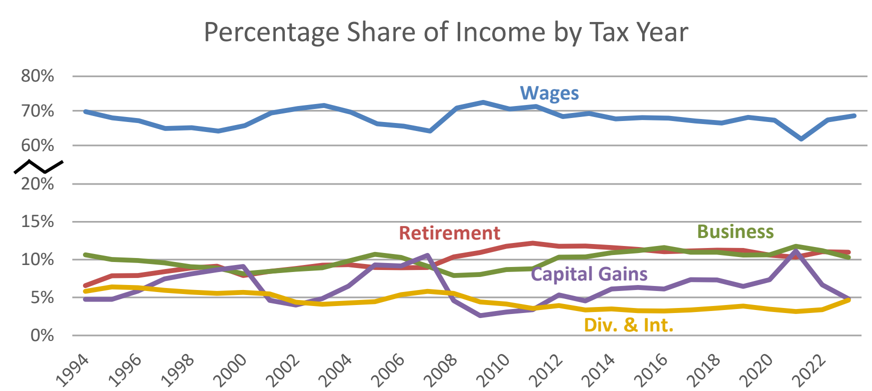
2023 SOURCES OF INCOME ($000)												
AGI Distribution	**Full-Year Returns**											
AGI Level ($000)	Number of Returns	Wages, Salaries, Tips	Taxable Dividends and Interest	Schedule C Income/Loss	Capital Gains / Loss	Retirement[3]	Schedule E Income/Loss[1]	Schedule F Income/Loss	All Other Income[2]	Gross Income	Adjustments	Adjusted Gross Income
<20	375,259	$2,675,627	$271,819	$130,471	$26,689	$656,697	-$640,150	-$120,817	-$481,894	$2,518,442	$94,710	$2,423,731
20-40	346,528	$8,099,944	$256,065	$508,854	$65,608	$1,442,549	$68,007	-$28,094	$157,901	$10,570,834	$112,059	$10,458,774
40-60	309,296	$12,177,771	$306,137	$461,261	$85,702	$2,112,282	$110,245	-$25,821	$186,242	$15,413,819	$132,148	$15,281,669
60-80	213,685	$10,980,790	$352,216	$421,359	$120,073	$2,768,066	$175,184	-$24,155	$176,014	$14,969,547	$136,894	$14,832,652
80-100	160,610	$10,240,023	$375,817	$384,573	$138,668	$3,015,779	$218,135	-$25,792	$159,882	$14,507,085	$124,388	$14,382,699
100-125	147,989	$11,451,123	$474,655	$432,153	$214,315	$3,648,619	$336,246	-$28,376	$162,206	$16,690,941	$147,527	$16,543,413
125-150	102,447	$9,768,798	$422,934	$362,443	$227,722	$2,888,261	$366,819	-$26,229	$120,680	$14,131,428	$126,137	$14,005,291
150-200	119,321	$14,410,861	$702,901	$530,107	$430,270	$3,746,231	$748,013	-$28,997	$172,178	$20,711,564	$190,631	$20,520,934
200-250	57,821	$8,902,306	$519,351	$382,519	$407,646	$1,956,012	$715,034	-$17,894	$114,906	$12,979,880	$137,153	$12,842,726
250-500	73,262	$15,749,391	$1,280,157	$771,065	$1,431,837	$2,639,985	$2,559,418	-$20,087	$240,608	$24,652,374	$326,408	$24,325,966
500 +	22,480	$9,522,173	$2,753,066	$521,334	$4,879,594	$817,677	$7,523,233	-$44,380	$488,003	$26,460,700	$248,941	$26,211,761
Total	**1,928,698**	**$113,978,805**	**$7,715,118**	**$4,906,136**	**$8,028,124**	**$25,692,158**	**$12,180,184**	**-$390,642**	**$1,496,729**	**$173,606,612**	**$1,776,997**	**$171,829,615**

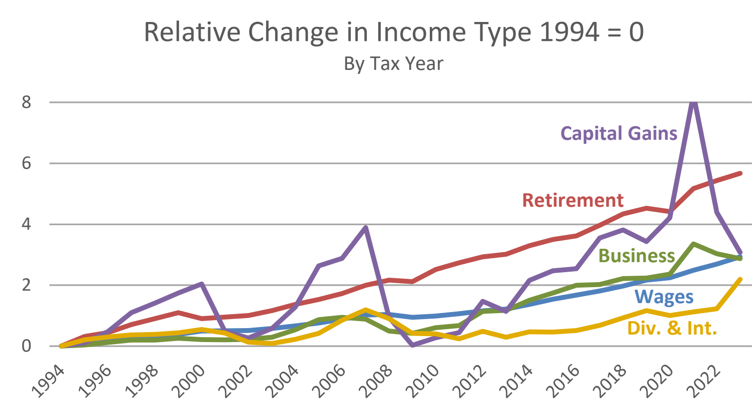
[1]Schedule E includes income from: rental real estate, royalties, partnerships, S corporations, and trusts.

[2]All other income includes income (or loss) from: taxable state income tax refunds, alimony received, unemployment compensation, other income, and net operating loss carryforwards.

[3]Retirement includes federally taxed Social Security, taxable pension income, and taxable IRA distributions.

Source: DOR's annual income tax statistics publication and associated tables.





Note: Line charts exclude Social Security from the retirement category as Social Security is exempt from Oregon state income tax (a portion of Social Security is potentially taxable at the federal level).

SECTION D – CORPORATE INCOME TAX

Oregon taxes Corporations using a two-bracket rate structure, depicted in the table below. This rate structure has been in place since 2009 and taxes corporations based on their taxable income, with the first $1 million taxed at a rate of 6.6% and the income over $1 million at a rate of 7.6%.

C corporation Tax Rate Schedule	
Taxable Income	Tax Before Credits
Not over $1M	6.6% of taxable income
Over $1M	$66,000 + 7.6% of taxable income > $1M

Oregon uses federal taxable income before loss carryforward, with some modifications, as its tax base. C Corporations are generally required to pay the larger of their tax due under the rate schedule, or the tax due under the minimum tax schedule[1]. The minimum tax schedule, shown below, has tiers assigning minimum tax amounts to corporations based on the amount of Oregon sales the corporation had during that tax year.

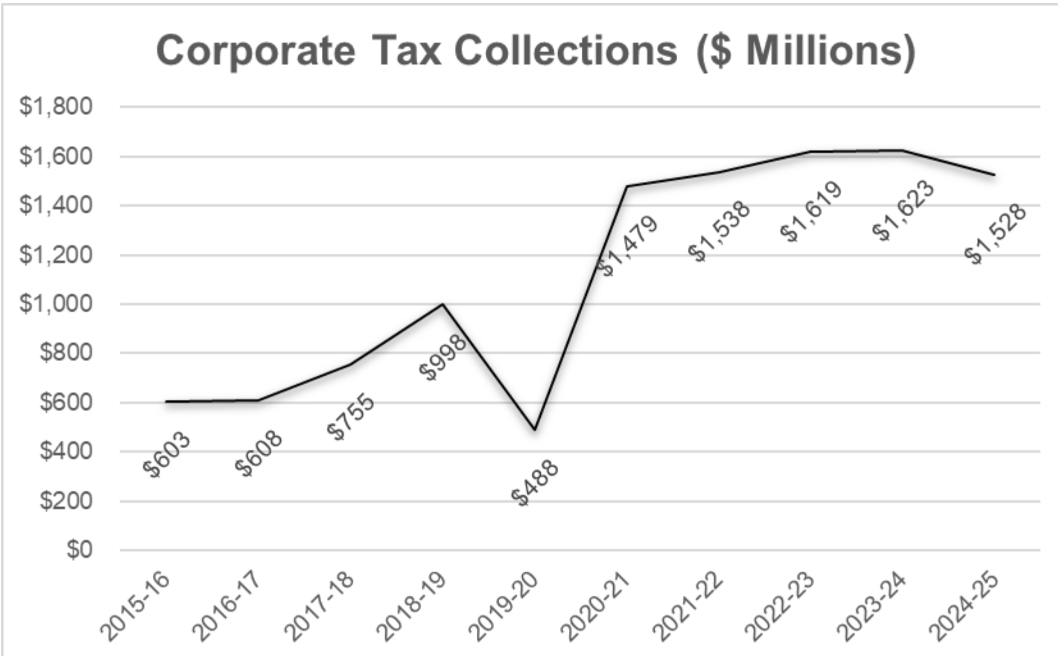
C corp. Minimum Tax Schedule	
Oregon Sales ($)	Min. Tax ($)
< $500,000	$150
$500,000 to $1 Million	$500
$1 Million to $2 Million	$1,000
$2 Million to $3 Million	$1,500
$3 Million to $5 Million	$2,000
$5 Million to $7 Million	$4,000
$7 Million to $10 Million	$7,500
$10 Million to $25 Million	$15,000
$25 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

Oregon's corporate income tax is the second largest tax source for the state General Fund. The corporate tax revenue is projected to provide $3.33 billion for the 2025-27 biennium, which would be 9.4% of projected gross General Fund revenue.

The following chart shows Oregon's corporate tax collections for the most recent ten years.

[1] Oregon law has two chapters describing tax on corporate income. They are refered to in law as the "Corporation Excise Tax" (ORS Chapter 317) or the "Corporation Income Tax" (ORS Chapter 318), but the systems work together, with the primary difference being that those taxed under ORS Chapter 318 are not subject to the minimum tax. The term "Corporate Income Tax" is used here to include both chapters.

EXHIBIT D-1



Corporations pay tax only on taxable income attributed to Oregon. For multi-state C corporations, a three-factor formula using property, payroll and sales was historically used to apportion income to Oregon. Each factor is the value for Oregon divided by the total for the corporation, for instance the sales factor is Oregon Sales divided by Total Sales for the corporation. Over the past 30 years the formula weights have changed from an equally weighted formula (used prior to 1991) to a one-hundred percent sales-weighted formula[2]. For tax years beginning July 1, 2005, or later, income attributed to Oregon for tax purposes has been calculated based on the sales factor alone. The following table contains the corporate apportionment formula weights for each factor and their effective dates.

Apportionment Formula Weights			
Tax Year Range	Sales Weight	Payroll Weight	Property Weight
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 that do business and have income only in Oregon and those with income from multiple states and/or abroad. For tax year 2022, the number of Oregon-only C-Corporation tax returns was 12,280 (about 33% of all 37,200 C corporation returns) and the total number of multi-state corporations was 24,920 (about 67%) The total tax of multi-state

[2] There is one exception, as utilities & telecommunication corporations may elect to use the double-weighted sales formula (ORS 314.280).

corporations was $1,450 million (95.6% of total C corporation tax) and the total tax of Oregon-only corporations was $66.4 million (4.4%). Exhibit D-5 illustrates the trend in the Oregon only and multi-state corporations.

S Corporations do not generally pay tax at the entity level in Oregon but are required to file a corporate tax return. More than 79 thousand S Corporations currently file tax returns in Oregon, with the vast majority (98%) paying the minimum tax. The remaining 2% of S Corporations have a tax liability greater than the minimum generally based on the corporation having history as a C-corporation and being subject to tax on built-in capital gains or net excess passive income.

Recent Significant Oregon Tax Law Changes

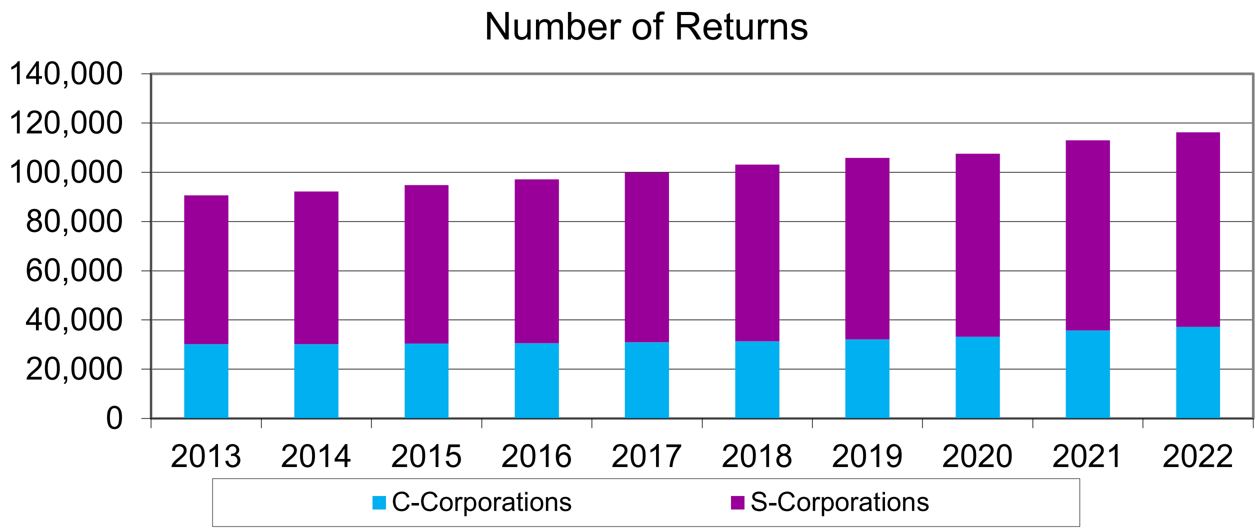
2017 Sales factor used for apportionment of intangible products changed to use "market-based" approach rather than "cost-of-performance" method.

2018 In response to federal legislation altering taxation of foreign profits and requiring repatriation of past foreign profits, Oregon required addback of repatriation dividends, and repealed listed jurisdiction provisions that had required foreign income from specified countries be included in apportioned income for Oregon tax purposes.

2019 Required amounts deducted from federal income as Global Intangible Low Taxed Income be added back for Oregon income tax purposes.

EXHIBIT D-2

Oregon Corporation Tax Returns by Tax Year



Oregon Corporation Tax Returns by Tax Year

	C-Corporations		S-Corporations		Total	
	Returns	% Change	Returns	% Change	Returns	% Change
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%	44,047	4.5%	82,457	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	35,076	-2.2%	54,047	5.2%	89,123	2.1%
2006	34,799	-0.8%	56,432	4.4%	91,231	2.4%
2007	34,841	0.1%	58,791	4.2%	93,632	2.6%
2008	34,052	-2.3%	59,942	2.0%	93,994	0.4%
2009	32,501	-4.6%	59,388	-0.9%	91,889	-2.2%
2010	31,681	-2.5%	59,031	-0.6%	90,712	-1.3%
2011	31,013	-2.1%	59,033	0.0%	90,046	-0.7%
2012	30,700	-1.0%	59,619	1.0%	90,319	0.3%
2013	30,198	-1.6%	60,467	1.4%	90,665	0.4%
2014	30,140	-0.2%	61,992	2.5%	92,132	1.6%
2015	30,497	1.2%	64,247	3.6%	94,744	2.8%
2016	30,585	0.3%	66,559	3.6%	97,144	2.5%
2017	30,893	1.0%	69,015	3.7%	99,908	2.8%
2018	31,412	1.7%	71,713	3.9%	103,125	3.2%
2019	32,160	2.4%	73,616	2.7%	105,776	2.6%
2020	33,141	3.1%	74,444	1.1%	107,585	1.7%
2021	35,740	7.8%	77,210	3.7%	112,950	5.0%
2022	37,200	4.1%	79,090	2.4%	116,290	3.0%

EXHIBIT D-3

Corporation Filers by Industry, Tax Year 2022

Industry	C-Corporations	S-Corporations
Agriculture, Forestry, Fishing, and Hunting	1,320	2,800
Mining	80	100
Utilities	110	70
Construction	1,930	11,490
Manufacturing	2,490	3,660
Wholesale Trade	3,640	3,350
Retail Trade	1,980	5,790
Transportation and Warehousing	730	2,220
Information	2,790	1,520
Finance and Insurance	5,160	2,920
Real Estate, Rental, and Leasing	2,000	5,840
Professional, Scientific, and Technical Services	5,930	13,150
Management of Companies and Enterprises	2,710	730
Administrative, Support, and Waste Management	1,220	3,900
Education Services	370	750
Health Care and Social Assistance	1,050	6,480
Arts, Entertainment, and Recreation	370	1,410
Accomodation and Food Services	660	4,840
Other Services (except Public Administration)	1,270	3,610
Unknown	1,410	4,480
Total	37,200	79,090

Note: Total counts may not equal sum of categories due to rounding in source data.

Corporation Filers by Industry, Tax Year 2022

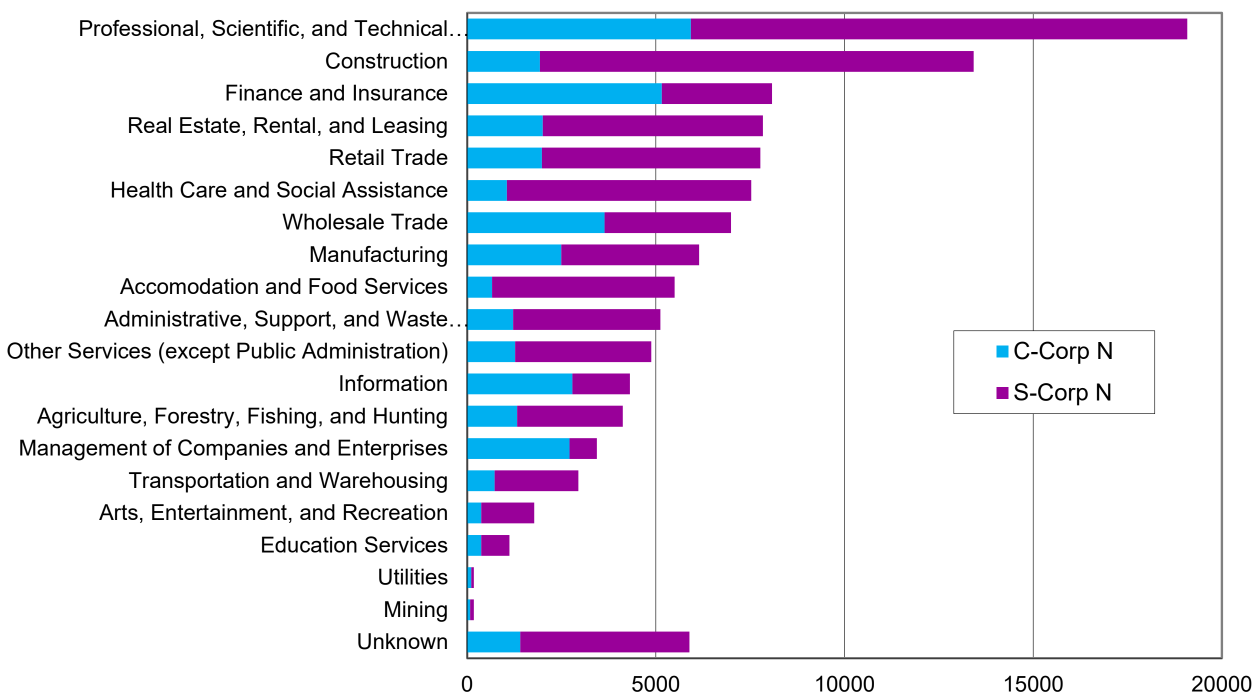


EXHIBIT D-4

Corporation Net Tax by Industry, Tax Year 2022
($millions)

Industry	C-Corporations	S-Corporations
Agriculture, Forestry, Fishing, and Hunting	$11.0	$0.4
Mining	$1.4	$0.0
Arts, Entertainment, and Recreation	$13.7	$0.0
Education Services	$39.3	$1.8
Agriculture, Forestry, Fishing, and Hunting	$189.4	$0.8
Utilities	$273.6	$0.6
Health Care and Social Assistance	$155.0	$1.1
Accomodation and Food Services	$48.8	$0.3
Real Estate, Rental, and Leasing	$115.6	$0.2
Administrative, Support, and Waste Management	$171.4	$0.4
Other Services (except Public Administration)	$25.3	$0.9
Construction	$99.1	$1.9
Transportation and Warehousing	$276.2	$0.1
Professional, Scientific, and Technical Services	$28.4	$0.6
Information	$4.4	$0.1
Retail Trade	$14.1	$1.0
Finance and Insurance	$2.3	$0.2
Manufacturing	$14.9	$0.7
Wholesale Trade	$30.0	$0.5
Management of Companies and Enterprises	$2.6	$0.6
Total	$1,516.5	$12.5

*The order and definitions for the sectors is from the North American Industry Classification System

Corporation Net Tax by Industry, Tax Year 2022
($millions)

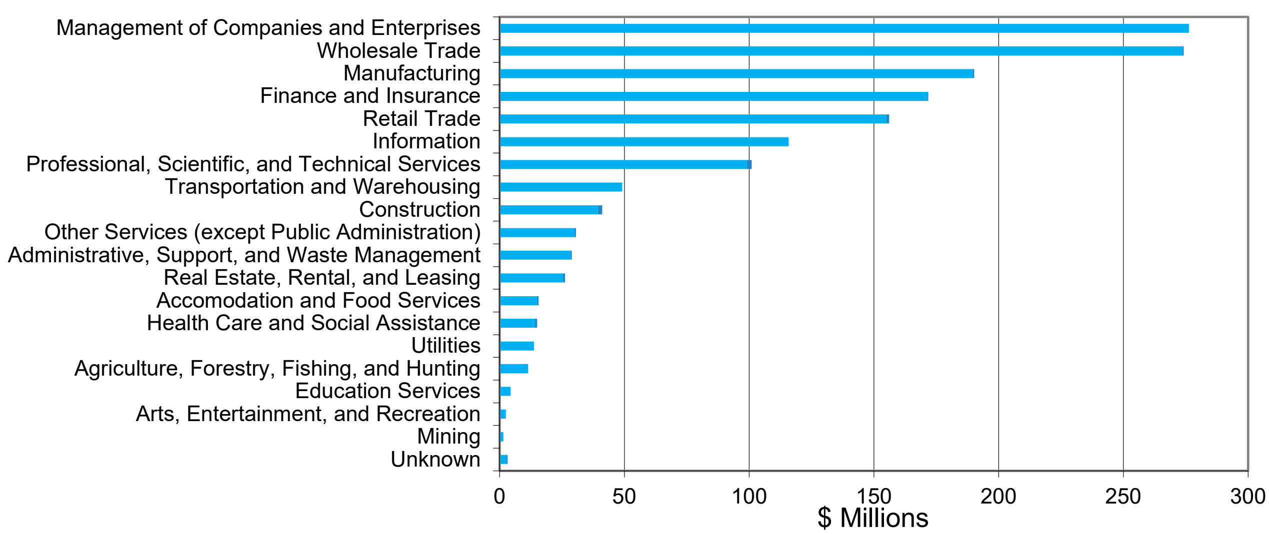
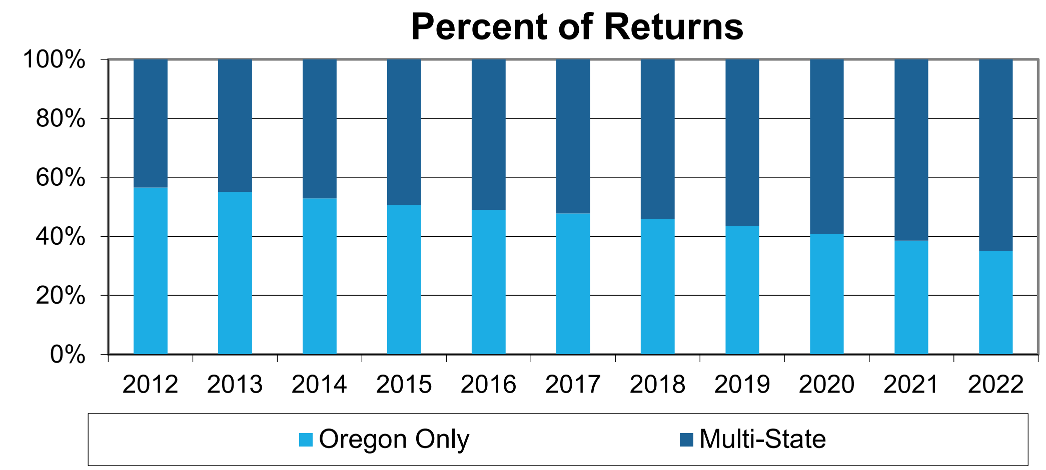


EXHIBIT D-5

Oregon Only and Multi-State C-Corporations by Tax Year



	Number of C-Corporation Returns			Net Tax ($ Million)		
	Oregon Only	Multi-State	Total	Oregon Only	Multi-State	Total
2008	21,065	12,987	34,052	$31.0	$268.6	$299.6
2009	19,312	13,189	32,501	$38.6	$354.6	$393.2
2010	18,384	13,297	31,681	$37.1	$401.2	$438.3
2011	17,548	13,465	31,013	$35.3	$345.0	$380.3
2012	16,904	13,796	30,700	$34.3	$404.3	$438.6
2013	15,962	14,236	30,198	$40.7	$437.4	$478.1
2014	15,257	14,883	30,140	$54.4	$480.4	$534.7
2015	14,955	15,580	30,535	$50.4	$483.9	$534.3
2016	14,642	16,025	30,667	$49.2	$498.0	$547.3
2017	14,244	16,800	31,044	$46.5	$583.1	$629.5
2018	13,799	17,962	31,761	$55.6	$752.9	$808.5
2019	13,129	19,031	32,160	$55.8	$779.3	$835.1
2020	12,771	20,370	33,141	$65.2	$966.3	$1,031.5
2021	12,550	23,190	35,740	$86.1	$1,155.1	$1,241.2
2022	12,280	24,920	37,200	$66.4	$1,450.2	$1,516.5

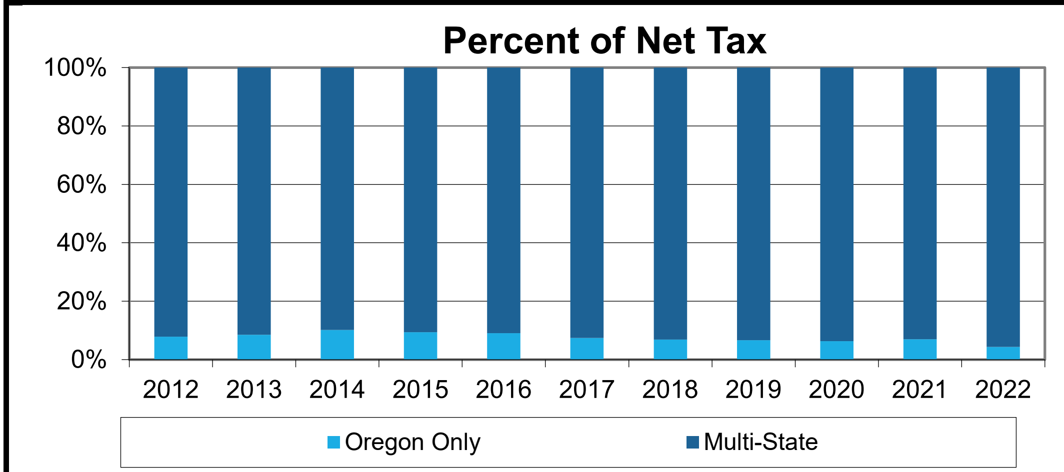


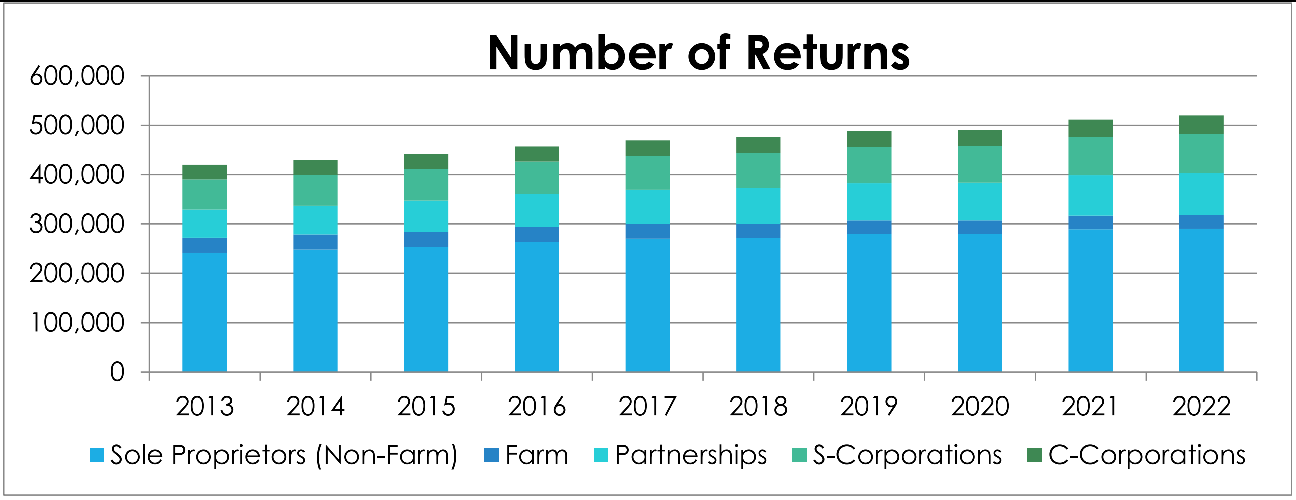
EXHIBIT D-6

C-Corporations Paying based on Minimum Tax or Tax Rates, Tax Year 2022							
Oregon Sales	**Affected by the Minimum Tax**			**Affected by the Tax Rates**		**All Returns**	
	Min. Tax	Returns	Net Tax ($M)	Returns	Net Tax ($M)	Returns	Net Tax ($M)
20-I and IC-DISC Returns	N/A	N/A	$0.0	2,160	$9.5	2,160	$9.5
< $500,000	$150	16,590	$2.5	3,880	$13.6	20,470	$16.0
$500,000 to $1 Million	$500	2,090	$1.0	1,260	$9.6	3,350	$10.6
$1 to $2 Million	$1,000	1,740	$1.7	1,210	$15.0	2,950	$16.7
$2 to $3 Million	$1,500	950	$1.4	660	$12.7	1,610	$14.1
$3 to $5 Million	$2,000	910	$1.8	810	$23.9	1,720	$25.7
$5 to $7 Million	$4,000	490	$2.0	440	$19.5	930	$21.4
$7 to $10 Million	$7,500	430	$3.2	400	$30.0	830	$33.2
$10 to $25 Million	$15,000	750	$11.3	830	$118.1	1,580	$129.4
$25 to $50 Million	$30,000	270	$8.0	440	$126.7	710	$134.8
$50 to $75 Million	$50,000	110	$5.6	170	$83.4	280	$89.0
$75 to $100 Million	$75,000	50	$3.8	110	$97.6	160	$101.4
> $100 Million	$100,000	140	$13.6	320	$901.0	460	$914.6
Total		24,520	$56.0	12,690	$1,460.5	37,200	$1,516.5

Note: Total counts may not equal sum of categories due to rounding in source data.

EXHIBIT D-7

Oregon Tax Returns with Business Income



Number of Business Tax Returns

	Sole Proprietors					
Tax Year	Non-Farm	Farm	Partnerships	S-Corporations	C-Corporations	TOTAL
2013	241,839	30,442	57,205	60,380	30,101	419,967
2014	248,112	30,236	58,751	61,926	30,024	429,049
2015	253,610	30,036	63,937	64,134	30,271	441,988
2016	263,486	29,802	67,092	66,227	30,110	456,717
2017	270,247	29,359	69,631	69,015	30,893	469,145
2018	271,694	28,506	72,353	71,713	31,412	475,678
2019	279,227	27,947	74,864	73,616	32,160	487,814
2020	279,113	27,862	76,369	74,444	33,141	490,929
2021	289,284	27,572	81,880	77,210	35,740	511,686
2022	290,587	27,390	85,312	79,090	37,200	519,579

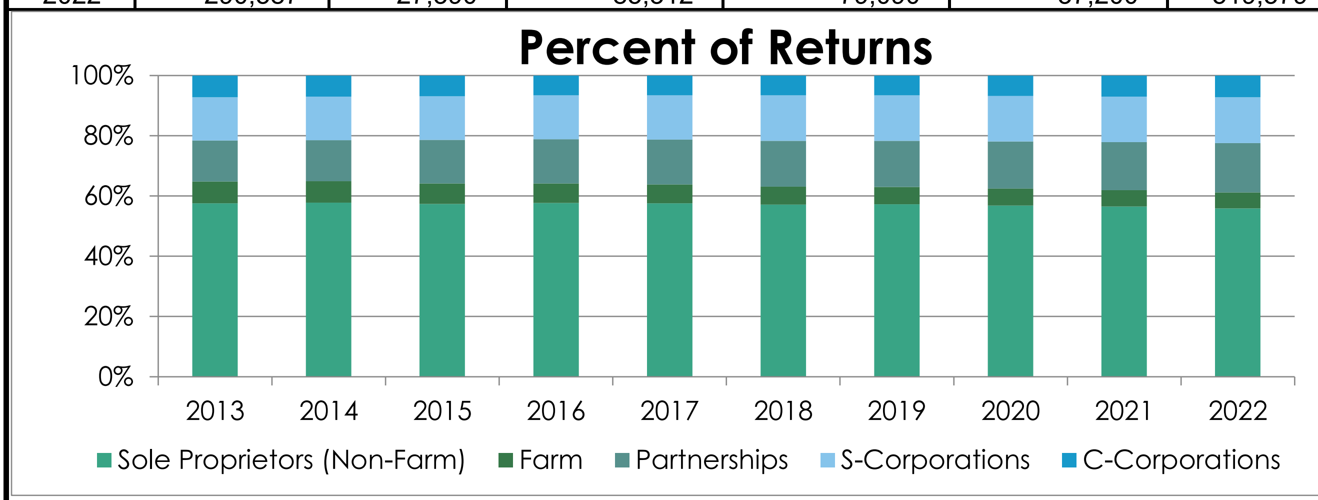
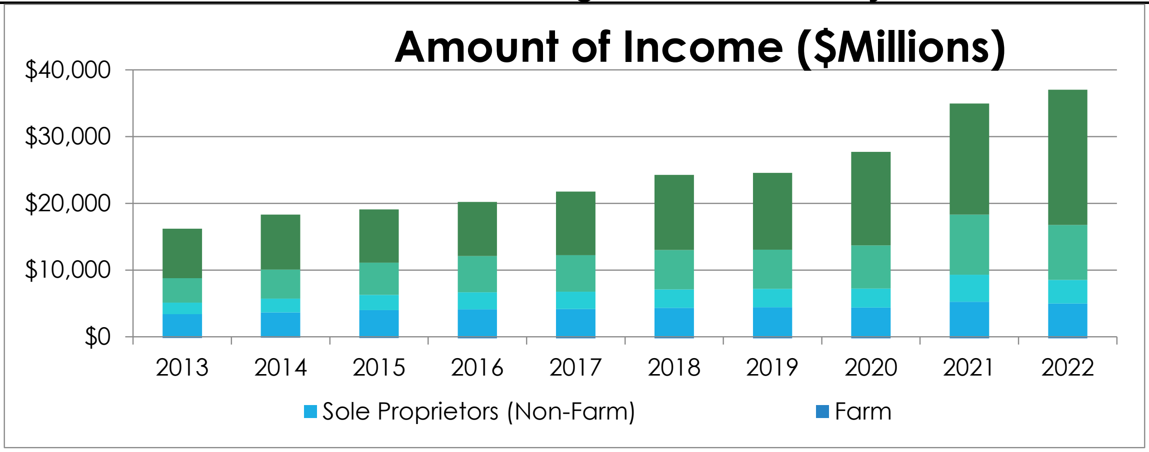


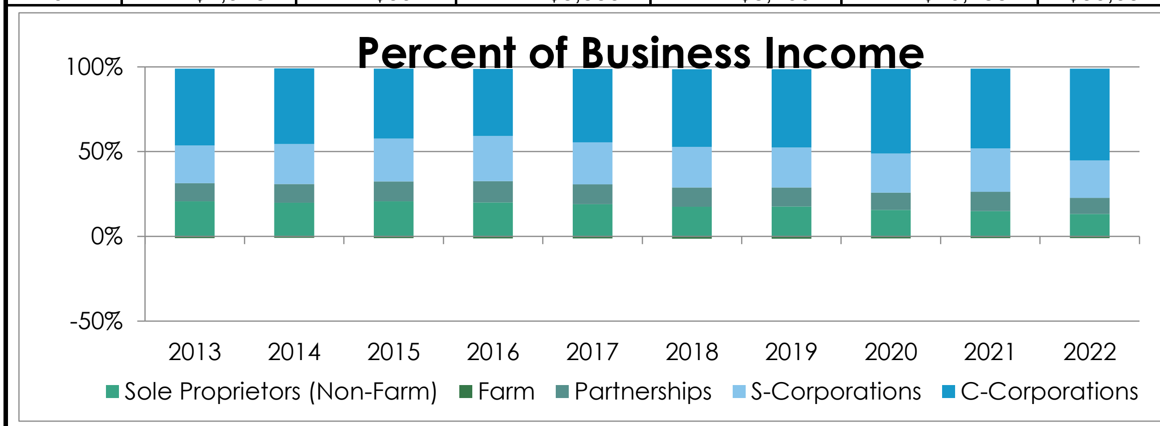
EXHIBIT D-8

Net Business Income on Oregon Tax Returns by Tax Year



Business Income on Tax Returns ($ Millions)

Tax Year	Sole Proprietors		Partnerships	S-Corporations	C-Corporations	TOTAL
	Non-Farm	Farm				
2013	$3,381	-$178	$1,746	$3,657	$7,397	$16,003
2014	$3,651	-$159	$2,061	$4,351	$8,240	$18,143
2015	$3,985	-$206	$2,284	$4,860	$7,972	$18,894
2016	$4,105	-$252	$2,564	$5,448	$8,109	$19,973
2017	$4,173	-$273	$2,575	$5,472	$9,530	$20,057
2018	$4,320	-$335	$2,781	$5,909	$11,271	$23,714
2019	$4,410	-$333	$2,771	$5,889	$11,506	$24,167
2020	$4,379	-$332	$2,860	$6,455	$14,023	$27,284
2021	$5,259	-$370	$4,038	$9,021	$16,620	$34,568
2022	$4,978	-$394	$3,553	$8,209	$20,285	$36,631



SECTION E - PROPERTY TAX

Property tax is a combination of local taxes. Property tax revenues fund most services and functions of local governments, including counties, cities, and public schools. Taxable property is most real property, business tangible personal property, and for certain companies assessed by the Oregon Department of Revenue (DOR), intangible personal property. However, some property is tax exempt.[1] Assessment and taxation are conducted at the county level, except for large industrial property and "centrally assessed" property that crosses county lines, where DOR plays a major role.

Oregon Property Tax Basics

Prior to the 1990s, Oregon's property tax was a levy-based system. Local governments identified the amount of debt to be repaid, and tax rates were the result of dividing this amount by property real market value (RMV).[2] Property tax was then the product of tax rates and RMV. Currently, Oregon's property tax system is largely defined by two voter-approved ballot measures in the 1990s that made constitutional changes to limit property tax. Both measures are described below.

Measure 50

When voters passed Measure 50 (M50) in May 1997, the system changed to a permanent rate-based property tax, where tax is the product of fixed tax rates and property assessed value (AV).[3] As such, the Oregon Constitution now requires county assessors to determine property RMV, MAV, and AV. The AV now operates as the property tax base. M50 codified a permanent tax rate for each taxing district which can only be increased by a constitutional amendment. However, voters can approve local option taxes for up to five years for operation and up to 10 years for capital construction. Local option taxes and general obligation bonds must be approved by a majority vote at a general election. Prior to November 2008, a double majority (i.e., at least 50 percent of eligible voters) was needed to approve local option tax or general obligation bond proposals.

In addition to reducing taxable property values and converting Oregon's property tax to a permanent rate-based system, M50 also constrained future growth of taxable property value. In 1997-98, the first year of M50 implementation, MAV for each property was set at 90 percent of the 1995-96 RMV. Additionally, under most circumstances MAV growth is capped at three percent per year and AV cannot exceed RMV. In other words, there is a two-step process under this constitutional provision. First, the current year MAV is set to the greater of (a) 103 percent of AV in the prior year or (b) 100 percent of MAV in the prior year. Then, AV is set as the lower of (a) current MAV or (b) current RMV.

M50 also created the concept of a changed property ratio (CPR). If an exception event occurs, the AV is calculated as the product of RMV and CPR.[4] The CPR is the ratio of the average MAV to the

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[1] The DOR produces the Tax Expenditure Report each biennium, with a section devoted to property tax expenditures. That section describes full exemptions, partial exemptions, special assessments, and deferrals. The Legislative Revenue Office (LRO) produces the Property Tax Exemption Review each biennium. This builds on the Tax Expenditure Report by providing additional information on the property tax expenditures scheduled to expire in the upcoming biennium.

[2] RMV is the amount in cash that could reasonably be expected to be paid by an informed buyer to an informed seller, each acting without compulsion in an arm's-length transaction.

[3] AV is the lower of a property's maximum assessed value (MAV) or RMV. MAV is a property's maximum assessed value. In this section, AV numbers report the net assessed value (NAV). NAV is the value used to calculate district tax rates for dollar levies. It is AV, plus nonprofit housing value and state fish and wildlife value, minus urban renewal excess value used. AV and RMV are determined as of the January 1 assessment date for the upcoming tax year beginning July 1.

[4] An exception event occurs if the property is (A) new property or new improvements to property, (B) partitioned or subdivided, (C) rezoned, (D) first taken into account as omitted property, (E) becomes disqualified from exemption, partial exemption, or special assessment, or (F) subject to a lot line adjustment.

average RMV for a particular area and property class.[5] Typically the area is a county, but some cities have their own CPR. As a ratio, CPRs may not be more than one. The CPR is essentially the taxable share of RMV for a particular area and property class.

Measure 5

Property taxes are also capped by other tax limits in the Oregon Constitution, established when voters passed Measure 5 (M5) in November 1990. Under M5, determining tax for a given property requires another two-step process. Both steps proceed in two parts, one part for education taxing districts and one part for other government taxing districts. The first step determines property tax extended—a gross tax—as the product of tax rates and AV.

$$\textit{property tax extended} = \textit{education property tax extended} + \textit{other government property tax extended,}$$
$$\textit{or alternatively,}$$
$$\textit{property tax extended} = AV \times \textit{education property tax rate} + AV \times \textit{other government property tax rate}$$

In the second step, the property tax extended is checked against the M5 value (M5V) and rate limits.[6] M5 functions on a property-by-property basis and restricts property tax per $1,000 of RMV. Education districts are collectively limited to $5 and other government districts are collectively limited to $10, resulting in a total limit of $15 per $1,000 of RMV.[7]

$$\textit{education M5 limit} = M5V \times \$5/\$1{,}000$$
$$\textit{other government M5 limit} = M5V \times \$10/\$1{,}000$$

'Compression' occurs when tax rates for a property must be lowered so tax imposed on the assessed value does not exceed $5/$1,000 of RMV for education taxing districts or $10/$1,000 of RMV for other government taxing districts. If either the education or other government portion of property tax extended exceed the M5 tax limits, individual taxing district rates are reduced proportionally until the limits are met. First, local option tax rates are reduced proportionally, and if the M5 tax limits are still not met, permanent tax rates are then reduced proportionally. General obligation bonds are not subject to M5 tax limits. The result of the two-step process is the property tax imposed, the amount billed to taxpayers.

$$\textit{property tax imposed} = \textit{education property tax imposed} + \textit{other government property tax imposed}$$

Property tax rates differ across the state. The total tax rate for a property is the sum of tax rates for all taxing districts the property is located in.[8] For example, a property may have a total tax rate of $14.85 per $1,000 of RMV (often expressed as $0.01485) composed of the sum of individual district tax rates for education and other government. Since general obligation bonds are not subject to compression, a property may have an imposed tax rate that is higher than $15 per $1,000 of RMV, if general obligation bonds are present. Each year, county assessors verify the tax rates submitted by local taxing districts. Tax collection and distribution of the revenue to local districts are done by county tax collectors.

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[5] Property classes in Oregon include miscellaneous, residential, commercial, industrial, tract, farm, forest, multi-family, recreation, and exempt.

[6] For most property, except property that is exempt or specially assessed, the M5V is the RMV. In this section, RMV numbers report M5V.

[7] Tax limits were fully implemented in 1995-96, following stepwise implementation starting in 1991-92.

[8] Most property in Oregon is located in six to 12 taxing districts such as city, county, port, rural fire protection, K-12 school, and community college (DOR, Oregon Property Tax Statistics). Properties that are subject to taxes from the same set of taxing districts are said to be in the same "code area".

Statistical Summary of Oregon Property Tax

Exhibit E-1 shows the current average tax rate, RMV:AV ratio, and compression reduction by county.[9] Tax rates and the RMV:AV ratio are the two primary components that cause a property to be ‘in compression’. No compression will occur if permanent and local option tax rates for a property are below the $5 education limit and $10 other government limit. The RMV:AV ratio affects whether a property is in compression because the M5 tax limits are calculated against RMV, but tax extended is the product of tax rates and AV. As such, an expanding RMV:AV ratio will reduce the likelihood a property is in compression. For example, in 2024-25 Multnomah County and Sherman County had the most relative compression reduction (6.0 percent and 4.3 percent of tax extended within the limits, respectively). Multnomah had the highest average tax rate, and Sherman had the lowest RMV:AV ratio. Curry County and Deschutes County had some of the lowest relative compression reduction (0.0 percent and 0.3 percent of tax extended within the limits, respectively). Curry had the lowest average tax rate, and Deschutes had the second highest RMV:AV ratio.

EXHIBIT E-1

Average Tax Rate, RMV:AV Ratio, and Compression Reduction Type by County, 2024-25

			Compression Reduction					
			Other Government		Education		Total	
County	Average Tax Rate ($/$1,000 AV)	RMV:AV Ratio (%)	$ (thousands)	% of Tax Extd.	$ (thousands)	Share of Tax Extd.	$ (thousands)	% of Tax Extd.
Baker	13.69	171.3%	148	0.9%	683	5.5%	831	2.9%
Benton	17.76	190.3%	284	0.3%	1,923	2.7%	2,207	1.3%
Clackamas	17.80	187.0%	1,071	0.2%	10,321	2.4%	11,392	1.2%
Clatsop	13.91	203.9%	70	0.1%	601	1.3%	671	0.7%
Columbia	14.23	173.9%	243	0.5%	383	1.1%	626	0.8%
Coos	12.74	195.4%	137	0.3%	162	0.5%	299	0.4%
Crook	13.53	213.2%	0	0.0%	203	1.1%	203	0.5%
Curry	8.43	173.1%	0	0.0%	5	0.0%	5	0.0%
Deschutes	16.65	250.5%	451	0.2%	930	0.5%	1,381	0.3%
Douglas	11.01	160.9%	139	0.2%	772	1.2%	912	0.7%
Gilliam	11.47	121.9%	40	0.6%	185	3.0%	225	1.7%
Grant	13.01	164.0%	2	0.0%	29	0.7%	31	0.3%
Harney	14.22	182.8%	117	1.8%	103	2.5%	220	2.1%
Hood River	14.02	251.7%	0	0.0%	775	3.5%	775	1.9%
Jackson	14.17	168.2%	93	0.0%	1,220	0.8%	1,313	0.4%
Jefferson	17.20	245.6%	368	1.9%	228	1.9%	595	1.9%
Josephine	10.13	165.4%	0	0.0%	22	0.0%	22	0.0%
Klamath	12.19	195.1%	723	1.5%	2	0.0%	725	0.9%
Lake	13.91	166.2%	361	4.5%	41	0.9%	402	3.2%
Lane	16.66	203.8%	1,187	0.3%	4,596	1.7%	5,783	1.0%
Lincoln	15.19	199.4%	2	0.0%	118	0.2%	119	0.1%
Linn	17.21	189.4%	3,075	2.5%	875	1.2%	3,949	2.0%
Malheur	13.31	156.9%	70	0.3%	445	2.8%	515	1.4%
Marion	17.06	188.8%	1,383	0.5%	967	0.6%	2,350	0.5%
Morrow	14.42	228.7%	1,135	3.4%	808	3.9%	1,943	3.6%
Multnomah	23.65	206.1%	82,480	5.9%	46,010	6.3%	128,490	6.0%
Polk	15.54	197.9%	5	0.0%	211	0.5%	216	0.2%
Sherman	15.34	121.8%	450	3.2%	450	6.3%	900	4.3%
Tillamook	11.25	194.2%	2	0.0%	156	0.5%	158	0.2%
Umatilla	16.09	178.6%	555	0.9%	2,287	4.7%	2,841	2.5%
Union	13.85	172.9%	165	0.9%	156	1.2%	321	1.0%
Wallowa	11.55	227.5%	0	0.0%	44	0.8%	44	0.4%
Wasco	15.33	188.9%	980	3.1%	574	2.9%	1,554	3.0%
Washington	18.18	185.2%	2,691	0.4%	10,049	2.0%	12,740	1.0%
Wheeler	17.01	192.4%	24	1.2%	31	2.5%	55	1.7%
Yamhill	14.93	196.0%	0	0.0%	479	0.8%	479	0.3%
Total	17.50	195.2%	98,451	2.0%	86,842	2.7%	185,293	2.3%

Note: Compression reduction excludes urban renewal. Tax for joint districts are apportioned among counties. The "% of Tax Extd." is compression reduction as a percent of tax extended inside M5 limits.
Data sources: DOR, Oregon Property Tax Statistics, Summary of Assessment and Levies

[9] The amount of compression is often called “compression reduction”. It is the difference of the tax extended and tax imposed, within the M5 limits.

The financial significance of compression also depends on factors outside of property tax. For example, some counties had their M50 permanent rates established when they were less reliant on property tax revenue because they received significant revenue from logging severance taxes and federal forest timber payments. Severance taxes have largely been eliminated, and the federal forest payments have declined or evaporated since the permanent rates were established. Compression may limit the ability of such counties to use voter approved local option taxes to offset the decline in revenue from severance taxes and federal forest payments.

Exhibit E-2 reports recent RMV, AV, and assessment ratio by county. The assessment ratio—AV:RMV—is the taxable share of RMV, like the CPR. Assessment ratios and CPRs tend to rise when and where the real estate market has fallen, particularly when RMV growth has been below typical MAV growth of three percent per year. For example, the highest county assessment ratios in 2024 were in Sherman County and Gilliam County (both 82 percent). These counties have the second and third lowest county populations in Oregon, respectively. In contrast, assessment ratios and CPRs tend to fall when and where there the real estate market has grown, particularly when RMV growth has been above typical MAV growth of three percent per year. For example, relatively high RMV growth helps explain why the lowest county assessment ratios in 2024 were in Hood River and Deschutes (both 40 percent).

EXHIBIT E-2

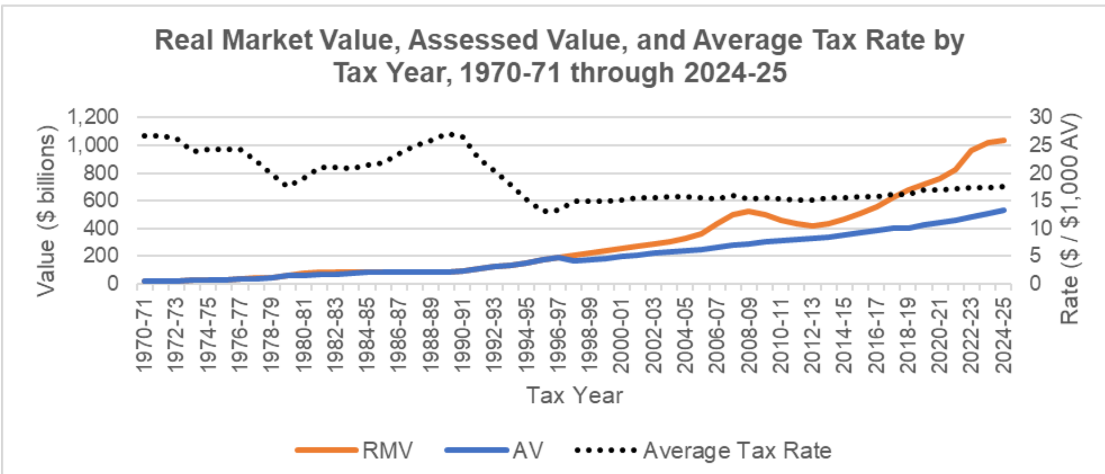
Real Market Value, Assessed Value, and Assessment Ratio by County, 2023 and 2024

	RMV ($ thousands)			AV ($ thousands)			Assessment Ratio (%)		
County	2023	2024	% CH.	2023	2024	% CH.	2023	2024	% CH.
Baker	3,266,939	3,537,137	8.3%	1,968,189	2,064,744	4.9%	60.2%	58.4%	-3.1%
Benton	20,206,138	21,001,293	3.9%	10,694,677	11,037,422	3.2%	52.9%	52.6%	-0.7%
Clackamas	117,353,947	119,012,546	1.4%	61,226,722	63,655,914	4.0%	52.2%	53.5%	2.5%
Clatsop	16,305,298	16,525,964	1.4%	7,859,834	8,106,041	3.1%	48.2%	49.1%	1.8%
Columbia	11,695,770	11,551,266	-1.2%	6,449,162	6,640,814	3.0%	55.1%	57.5%	4.3%
Coos	13,485,298	12,855,043	-4.7%	6,319,890	6,579,613	4.1%	46.9%	51.2%	9.2%
Crook	7,021,484	7,003,681	-0.3%	3,127,765	3,284,883	5.0%	44.5%	46.9%	5.3%
Curry	6,270,759	6,676,926	6.5%	3,724,587	3,858,100	3.6%	59.4%	57.8%	-2.7%
Deschutes	80,494,440	82,895,888	3.0%	31,626,230	33,092,393	4.6%	39.3%	39.9%	1.6%
Douglas	18,008,985	19,403,693	7.7%	11,595,814	12,061,207	4.0%	64.4%	62.2%	-3.5%
Gilliam	1,411,759	1,454,815	3.0%	1,142,920	1,193,727	4.4%	81.0%	82.1%	1.4%
Grant	1,098,766	1,177,333	7.2%	692,752	717,773	3.6%	63.0%	61.0%	-3.3%
Harney	1,221,252	1,348,285	10.4%	718,030	737,419	2.7%	58.8%	54.7%	-7.0%
Hood River	6,987,558	8,213,602	17.5%	3,147,460	3,263,143	3.7%	45.0%	39.7%	-11.8%
Jackson	44,590,909	44,673,970	0.2%	25,263,038	26,566,607	5.2%	56.7%	59.5%	5.0%
Jefferson	5,485,198	5,427,120	-1.1%	2,289,433	2,209,389	-3.5%	41.7%	40.7%	-2.5%
Josephine	15,815,864	16,078,010	1.7%	9,371,276	9,720,007	3.7%	59.3%	60.5%	2.0%
Klamath	14,184,709	13,975,589	-1.5%	6,943,704	7,163,194	3.2%	49.0%	51.3%	4.7%
Lake	1,445,496	1,562,489	8.1%	844,136	940,002	11.4%	58.4%	60.2%	3.0%
Lane	83,877,140	86,062,599	2.6%	40,627,019	42,224,252	3.9%	48.4%	49.1%	1.3%
Lincoln	18,006,680	18,921,835	5.1%	9,223,878	9,487,556	2.9%	51.2%	50.1%	-2.1%
Linn	23,978,550	24,466,778	2.0%	12,465,751	12,919,918	3.6%	52.0%	52.8%	1.6%
Malheur	4,493,108	4,552,189	1.3%	2,725,777	2,901,494	6.4%	60.7%	63.7%	5.1%
Marion	57,849,267	60,548,109	4.7%	30,600,790	32,070,352	4.8%	52.9%	53.0%	0.1%
Morrow	8,110,121	9,008,271	11.1%	3,951,991	3,939,427	-0.3%	48.7%	43.7%	-10.3%
Multnomah	210,405,126	206,503,128	-1.9%	96,474,841	100,172,072	3.8%	45.9%	48.5%	5.8%
Polk	14,867,072	15,233,981	2.5%	7,433,052	7,696,144	3.5%	50.0%	50.5%	1.0%
Sherman	1,609,881	1,599,958	-0.6%	1,309,467	1,313,598	0.3%	81.3%	82.1%	0.9%
Tillamook	12,245,459	12,547,696	2.5%	6,211,981	6,460,305	4.0%	50.7%	51.5%	1.5%
Umatilla	13,566,112	14,570,740	7.4%	7,650,239	8,159,009	6.7%	56.4%	56.0%	-0.7%
Union	4,116,328	4,308,959	4.7%	2,397,051	2,492,840	4.0%	58.2%	57.9%	-0.7%
Wallowa	2,242,768	2,475,462	10.4%	1,033,425	1,088,288	5.3%	46.1%	44.0%	-4.6%
Wasco	6,257,817	6,468,803	3.4%	3,254,310	3,425,132	5.2%	52.0%	52.9%	1.8%
Washington	152,132,176	154,031,375	1.2%	79,918,315	83,170,162	4.1%	52.5%	54.0%	2.8%
Wheeler	364,800	374,716	2.7%	195,718	194,727	-0.5%	53.7%	52.0%	-3.1%
Yamhill	22,758,758	23,356,306	2.6%	11,420,199	11,918,417	4.4%	50.2%	51.0%	1.7%
Statewide	1,023,231,730	1,039,405,556	1.6%	511,899,423	532,526,085	4.0%	50.0%	51.2%	2.4%

Data source: DOR, Oregon Property Tax Statistics

Exhibit E-3 shows the RMV, AV, and average tax rate in Oregon for 1970-71 through 2024-25.[10] In 2024-25, RMV of taxable property in Oregon was $1 trillion and rose 1.6 percent over the prior year. AV rose by 4.0 percent to $533 billion. The average tax rate was $17.50 per $1,000 of AV, rising 0.6 percent over the prior year. The fall in the average tax rate in the early 1990s reflects the stepwise implementation of M5 tax limits, starting in 1991-92 and fully implemented in 1995-96. The recent upward trend in the average tax rate is at least partially attributable to local option taxes that have been implemented since 2000-01. One reason why the AV was lower in 1997-98 than in 1996-97 is that M50 required the 1997-98 MAV of each property to be set at 90 percent of its 1995-96 RMV. Due to RMV growth in recent decades, the statewide assessment ratio fell from 79 percent in 1997-98 to 50 percent in 2023-24 but rose to 51 percent in 2024-25 as statewide AV growth was above RMV growth. The statewide assessment ratio last rose in 2009 through 2013.

EXHIBIT E-3



Data source: DOR, Summary of Assessment and Levies

Exhibit E-4 breaks down the recent tax imposed in Oregon by tax type and district type.[11] Tax imposed is the amount collectible.[12] Total tax imposed was $9.5 billion in 2024-25, a rise of 4.3 percent. Tax imposed can rise by more than the typical three percent annual MAV growth for a variety of reasons, such as new property, new construction, and new bonds and local option taxes. Other government accounted for 53 percent of tax imposed, education accounted for 45 percent, and urban renewal agencies accounted for two percent.[13] Tax imposed for K-12 districts was higher than other district types, totaling $3.7 billion or 39 percent of the total.

[10] To see data for Exhibit E-3 in a table, see Exhibit E-6 at the end of this subsection. Exhibit E-6 also shows the statewide assessment ratio for 1970-71 through 2024-25.

[11] For property tax imposed by district type and tax year, 1970-71 through 2024-25, see Exhibit E-7 at the end of this subsection.

[12] For a history of property tax collections by fiscal year, see Exhibit A-6.

[13] Urban renewal agencies use "tax increment financing" (TIF) to generate revenue for urban renewal purposes. TIF revenue is any increase in property tax due to taxable value growth of property in the plan area. Taxable value growth above the base is called the "increment" or "excess value", and revenue for urban renewal agencies is called "tax off the increment". The "division of tax" is how revenue is shared between taxing districts that get revenue from the base and urban renewal agencies that get revenue from the increment. Urban renewal agencies can also generate revenue from special levies.

EXHIBIT E-4

Tax Imposed by Tax Type and District Type, 2023-24 and 2024-25 ($ millions)												
	Permanent			Local Option			Bond			Total		
District Type	23-24	24-25	% CH.	23-24	24-25	% CH.	23-24	24-25	% CH.	23-24	24-25	% CH.
Other Government												
Counties	1,286	1,335	3.8%	193	200	3.7%	72	70	-2.9%	1,552	1,605	3.4%
Cities	1,617	1,706	5.5%	176	202	15.1%	112	124	11.0%	1,905	2,033	6.7%
Special Districts	1,032	1,083	4.9%	155	188	21.4%	146	153	4.7%	1,333	1,424	6.8%
Education												
K-12	2,381	2,474	3.9%	283	285	0.5%	934	957	2.5%	3,598	3,716	3.3%
ESDs	169	176	3.9%	0	0	N/A	0	0	N/A	169	176	3.9%
Community Colleges	232	241	4.1%	0	0	N/A	118	125	5.4%	350	366	4.5%
Non-UR Subtotal	6,718	7,015	4.4%	807	875	8.5%	1,382	1,429	3.4%	8,907	9,320	4.6%
Urban Renewal Agencies												
Division of Tax										234	215	-7.9%
Special Levies										4	5	14.0%
Total	6,718	7,015	4.4%	807	875	8.5%	1,382	1,429	3.4%	9,145	9,540	4.3%

Note: Permanent includes levies for the City of Portland Fire and Police Disability and Retirement Fund.
Data source: DOR, Summary of Assessment and Levies

Permanent rate tax imposed totaled $7.0 billion in 2024-25, rising by 4.4 percent from the prior year and accounted for 74 percent of the total. Other government districts accounted for 59 percent of permanent rate tax imposed, and education districts accounted for 41 percent. Permanent rate tax imposed for K-12 districts was higher than all other district types, totaling $2.5 billion or 35 percent of the permanent rate total.

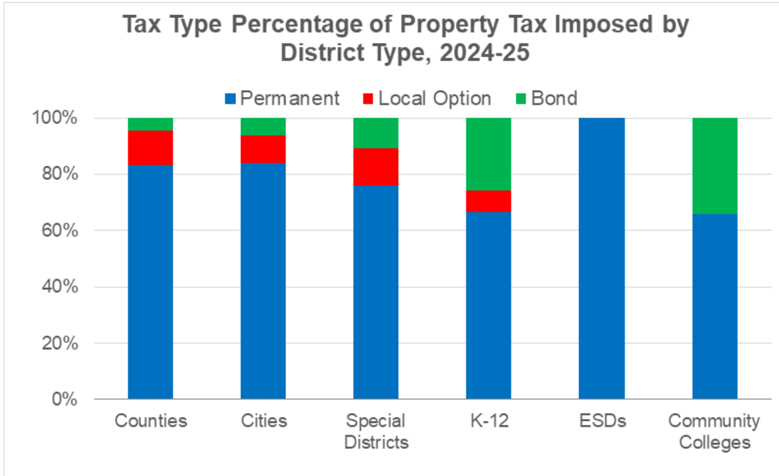
General obligation bonds were the second largest source of property tax imposed in 2024-25. Bond tax imposed rose by 3.4 percent over the prior year, reaching $1.4 billion and accounting for 15 percent of total tax imposed. Other government districts accounted for 24 percent of bond tax imposed, and education districts accounted for 76 percent. K-12 districts accounted for 67 percent of all bond tax imposed.

Local option tax imposed was lower than other tax types in 2024-25. Local option tax imposed rose by 8.5 percent over the prior year, reaching $875 million and accounting for 9 percent of total property tax imposed. Other government districts accounted for 67 percent of local option tax imposed, and education districts accounted for 33 percent. K-12 districts imposed more local option taxes than other district types and were the only education districts to impose local option taxes.

Total tax imposed for county, city, and special districts rose over the prior year by 3.4 percent, 6.7 percent, and 6.8 percent, respectively. Total tax imposed for K-12, education service, and community college districts rose over the prior year by 3.3 percent, 3.9 percent, and 4.5 percent, respectively. For urban renewal agencies, tax imposed from the division of tax fell by 7.9 percent and tax imposed from special levies rose by 14.0 percent over the prior year.

Exhibit E-5 shows the current tax type percentage of property tax imposed in Oregon by district type. Permanent rates were the largest source of tax imposed for all district types. On the high end, permanent rates accounted for 100 percent of tax imposed for education service districts (ESDs). On the low end, permanent rates accounted for 66 percent of tax imposed for community college districts and 67 percent for K-12 districts. General obligation bonds have been a more important tax type since M5 and M50. For example, in 1999-2000, general obligation bonds accounted for 22 percent and 17 percent of tax imposed for K-12 and community college districts, respectively, compared to 26 percent and 34 percent in 2024-25. Local option taxes, which were created in 1999 and first implemented in 2000-01, have also become a more important tax type for most district types, accounting for about 10 percent of tax imposed for K-12, counties, cities, and special districts.

EXHIBIT E-5



Data source: DOR, Summary of Assessment and Levies

EXHIBIT E-6

Real Market Value, Assessed Value, Assessment Ratio, and Average Tax Rate by Tax Year, 1970-71 through 2024-25								
Tax	Real Market Value		Assessed Value		Assessment Ratio (%)		Average Tax Rate	
Year	($ millions)	% CH.	($ millions)	% CH.	Home	Other	$ / $1,000 AV	% CH.
1970-71	18,797	9.0%	18,795	9.0%	100.0%		26.78	2.0%
1971-72	20,261	7.8%	20,258	7.8%	100.0%		26.72	-0.2%
1972-73	22,113	9.1%	22,108	9.1%	100.0%		26.41	-1.1%
1973-74	24,899	12.6%	24,870	12.5%	100.0%		23.93	-9.4%
1974-75	28,402	14.1%	28,274	13.7%	100.0%		24.29	1.5%
1975-76	32,175	13.3%	32,015	13.2%	100.0%		24.31	0.1%
1976-77	35,547	10.5%	35,536	11.0%	100.0%		24.20	-0.5%
1977-78	40,704	14.5%	40,508	14.0%	100.0%		22.24	-8.1%
1978-79	46,646	14.6%	46,155	13.9%	100.0%		19.85	-10.8%
1979-80	59,025	26.5%	57,898	25.4%	100.0%		17.52	-11.7%
1980-81	73,402	24.4%	62,544	8.0%	84.2%	87.6%	19.05	8.7%
1981-82	82,427	12.3%	68,458	9.5%	81.6%	84.4%	20.97	10.1%
1982-83	86,429	4.9%	73,029	6.7%	83.8%	85.1%	21.14	0.8%
1983-84	85,365	-1.2%	77,399	6.0%	90.3%	90.9%	20.83	-1.4%
1984-85	85,400	0.0%	81,428	5.2%	96.0%		21.37	2.6%
1985-86	83,035	-2.8%	83,026	2.0%	100.0%		21.91	2.5%
1986-87	82,944	-0.1%	82,944	-0.1%	100.0%		23.47	7.1%
1987-88	83,111	0.2%	83,129	0.2%	100.0%		24.97	6.4%
1988-89	84,258	1.4%	84,305	1.4%	100.0%		25.99	4.1%
1989-90	88,076	4.5%	88,085	4.5%	100.0%		27.09	4.2%
1990-91	95,850	8.8%	95,851	8.8%	100.0%		26.61	-1.8%
1991-92	112,134	17.0%	112,154	17.0%	100.0%		22.74	-14.5%
1992-93	123,755	10.4%	123,780	10.4%	100.0%		20.43	-10.2%
1993-94	136,787	10.5%	136,815	10.5%	100.0%		18.03	-11.7%
1994-95	153,370	12.1%	153,400	12.1%	100.0%		15.45	-14.3%
1995-96	171,190	11.6%	171,226	11.6%	100.0%		13.13	-15.0%
1996-97	190,161	11.1%	190,209	11.1%	100.0%		13.29	1.2%
1997-98	209,981	10.4%	166,447	-12.5%	79.3%		14.87	11.9%
1998-99	222,313	5.9%	176,089	5.8%	79.2%		14.87	0.0%
1999-00	240,312	8.1%	186,642	6.0%	77.7%		15.01	1.0%
2000-01	258,133	7.4%	198,911	6.6%	77.1%		15.15	1.0%
2001-02	274,042	6.2%	210,435	5.8%	76.8%		15.45	2.0%
2002-03	287,260	4.8%	219,878	4.5%	76.5%		15.53	0.5%
2003-04	305,351	6.3%	227,876	3.6%	74.6%		15.85	2.0%
2004-05	329,746	8.0%	238,984	4.9%	72.5%		15.75	-0.6%
2005-06	362,798	10.0%	251,077	5.1%	69.2%		15.53	-1.4%
2006-07	434,293	19.7%	265,219	5.6%	61.1%		15.37	-1.0%
2007-08	501,125	15.4%	280,454	5.7%	56.0%		15.94	3.7%
2008-09	525,329	4.8%	292,211	4.2%	55.6%		15.33	-3.8%
2009-10	498,657	-5.1%	307,444	5.2%	61.7%		15.47	0.9%
2010-11	458,497	-8.1%	315,449	2.6%	68.8%		15.35	-0.8%
2011-12	434,408	-5.3%	323,173	2.4%	74.4%		15.24	-0.7%
2012-13	421,567	-3.0%	329,275	1.9%	78.1%		15.17	-0.5%
2013-14	433,448	2.8%	339,674	3.2%	78.4%		15.52	2.3%
2014-15	469,453	8.3%	354,336	4.3%	75.5%		15.64	0.8%
2015-16	506,152	7.8%	370,564	4.6%	73.2%		15.70	0.4%
2016-17	559,107	10.5%	386,412	4.3%	69.1%		15.74	0.2%
2017-18	620,889	11.1%	403,984	4.5%	65.1%		16.07	2.1%
2018-19	676,852	9.0%	405,604	0.4%	59.9%		16.23	1.0%
2019-20	715,771	5.8%	423,669	4.5%	59.2%		16.96	4.5%
2020-21	756,721	5.7%	443,551	4.7%	58.6%		17.00	0.2%
2021-22	823,667	8.8%	462,526	4.3%	56.2%		17.24	1.4%
2022-23	964,669	17.1%	485,240	4.9%	50.3%		17.29	0.3%
2023-24	1,023,232	6.1%	511,899	5.5%	50.0%		17.40	0.6%
2024-25	1,039,355	1.6%	532,500	4.0%	51.2%		17.50	0.6%
Average Growth Rates								
1970-71 through 1990-91		8.5%		8.5%				0.0%
1997-98 through 2024-25		6.1%		4.4%				0.6%

Note: Beginning in 1998-99, excess value for urban renewal, both used and unused, is included in AV. Value growth in 1991-92 is for 18 months with change in assessment date to July. Value growth in 1998-99 is for six months with change in assessment date back to January. Average growth rates for 1970-71 through 1990-91 are before implementation of M5 and M50, and 1997-98 through 2024-25 average growth rates are after.
Data source: DOR, Summary of Assessment and Levies

EXHIBIT E-7

Tax Imposed by District Type and Tax Year, 1970-71 through 2024-25 ($ millions)												
Tax	Counties		Cities		Special Districts		K-12 & ESDs		Community Colleges		Total	
Year	Imposed	% CH.	Imposed	% CH.	Imposed	% CH.	Imposed	% CH.	Imposed	% CH.	Imposed	% CH.
1970-71	51.3	3.4%	69.4	10.5%	22.2	18.1%	341.4	11.1%	18.9	32.2%	503.2	11.1%
1971-72	56.5	10.1%	71.1	2.4%	28.2	27.0%	364.5	6.8%	21.0	11.1%	541.3	7.6%
1972-73	58.4	3.4%	75.2	5.8%	32.9	16.7%	394.6	8.3%	22.8	8.6%	583.9	7.9%
1973-74	61.1	4.6%	81.0	7.7%	34.6	5.2%	394.4	-0.1%	24.2	6.1%	595.3	2.0%
1974-75	65.8	7.7%	91.8	13.3%	42.4	22.5%	458.9	16.4%	28.2	16.5%	687.1	15.4%
1975-76	71.2	8.2%	103.1	12.3%	49.6	17.0%	521.3	13.6%	33.3	18.1%	778.5	13.3%
1976-77	79.4	11.5%	115.6	12.1%	61.1	23.2%	567.8	8.9%	36.1	8.4%	860.0	10.5%
1977-78	85.7	7.9%	124.4	7.6%	73.8	20.8%	577.2	1.7%	39.9	10.5%	901.0	4.8%
1978-79	88.1	2.8%	132.0	6.1%	79.2	7.3%	575.8	-0.2%	40.9	2.5%	916.0	1.7%
1979-80	94.3	7.0%	152.7	15.7%	83.4	5.3%	636.2	10.5%	47.8	16.9%	1,014.4	10.7%
1980-81	107.6	14.1%	183.9	20.4%	100.1	20.0%	743.5	16.9%	56.2	17.6%	1,191.3	17.4%
1981-82	150.1	39.5%	206.7	12.4%	124.5	24.4%	889.5	19.6%	64.8	15.3%	1,435.6	20.5%
1982-83	159.2	6.1%	220.4	6.6%	134.6	8.1%	958.8	7.8%	70.6	9.0%	1,543.6	7.5%
1983-84	149.0	-6.4%	233.4	5.9%	145.9	8.4%	1,010.1	5.4%	73.9	4.7%	1,612.3	4.5%
1984-85	163.7	9.9%	251.6	7.8%	163.4	12.0%	1,081.8	7.1%	79.5	7.6%	1,740.0	7.9%
1985-86	173.3	5.9%	267.6	6.4%	157.1	-3.9%	1,139.2	5.3%	82.0	3.1%	1,819.2	4.6%
1986-87	198.6	14.6%	289.0	8.0%	167.0	6.3%	1,199.0	5.2%	92.9	13.3%	1,946.5	7.0%
1987-88	223.9	12.7%	309.9	7.2%	172.9	3.5%	1,269.2	5.9%	97.0	4.4%	2,072.9	6.5%
1988-89	243.1	8.6%	318.5	2.8%	187.3	8.3%	1,368.8	7.8%	106.0	9.3%	2,223.7	7.3%
1989-90	248.3	2.1%	359.9	13.0%	193.4	3.3%	1,475.2	7.8%	109.2	3.0%	2,386.0	7.3%
1990-91	282.1	13.6%	390.4	8.5%	212.7	10.0%	1,550.4	5.1%	115.0	5.3%	2,550.6	6.9%
1991-92	292.1	3.5%	382.7	-2.0%	224.9	5.7%	1,537.7	-0.8%	112.5	-2.2%	2,549.9	0.0%
1992-93	314.7	7.7%	416.8	8.9%	224.0	-0.4%	1,461.3	-5.0%	112.2	-0.3%	2,529.0	-0.8%
1993-94	336.3	6.9%	447.2	7.3%	238.8	6.6%	1,340.4	-8.3%	103.6	-7.7%	2,466.4	-2.5%
1994-95	353.8	5.2%	494.1	10.5%	256.3	7.3%	1,175.6	-12.3%	90.1	-13.0%	2,369.8	-3.9%
1995-96	398.8	12.7%	533.5	8.0%	310.1	21.0%	927.2	-21.1%	78.6	-12.8%	2,248.2	-5.1%
1996-97	470.5	18.0%	568.8	6.6%	353.6	14.0%	1,045.9	12.8%	89.0	13.2%	2,527.9	12.4%
1997-98	469.6	-0.2%	549.1	-3.5%	363.7	2.9%	1,005.1	-3.9%	88.9	-0.1%	2,476.5	-2.0%
1998-99	514.7	9.6%	579.9	5.6%	381.0	4.8%	1,049.1	4.4%	93.1	4.7%	2,617.8	5.7%
1999-00	536.9	4.3%	625.9	7.9%	405.6	6.4%	1,135.4	8.2%	97.8	5.1%	2,801.5	7.0%
2000-01	574.2	7.0%	664.4	6.1%	441.3	8.8%	1,229.2	8.3%	105.1	7.4%	3,014.0	7.6%
2001-02	618.7	7.7%	699.0	5.2%	469.1	6.3%	1,337.8	8.8%	127.3	21.1%	3,251.9	7.9%
2002-03	638.5	3.2%	733.6	4.9%	489.0	4.2%	1,424.7	6.5%	128.8	1.2%	3,414.6	5.0%
2003-04	660.3	3.4%	804.0	9.6%	404.6	-17.3%	1,500.9	5.3%	134.0	4.0%	3,611.1	5.8%
2004-05	691.7	4.8%	833.7	3.7%	392.0	-3.1%	1,550.5	3.3%	146.5	9.4%	3,763.9	4.2%
2005-06	723.0	4.5%	873.6	4.8%	422.0	7.6%	1,569.9	1.3%	155.4	6.0%	3,899.1	3.6%
2006-07	746.5	3.3%	920.5	5.4%	444.2	5.3%	1,640.0	4.5%	161.3	3.8%	4,077.4	4.6%
2007-08	810.7	8.6%	969.6	5.3%	515.8	16.1%	1,817.3	10.8%	165.6	2.6%	4,470.4	9.6%
2008-09	852.3	5.1%	1,001.4	3.3%	550.5	6.7%	1,899.9	4.5%	175.0	5.7%	4,676.4	4.6%
2009-10	882.6	3.6%	1,065.2	6.4%	606.5	10.2%	2,005.6	5.6%	196.9	12.5%	4,969.0	6.3%
2010-11	900.2	2.0%	1,089.1	2.2%	616.8	1.7%	2,035.3	1.5%	200.8	2.0%	5,051.9	1.7%
2011-12	914.1	1.5%	1,100.7	1.1%	620.1	0.5%	2,085.8	2.5%	203.5	1.3%	5,133.5	1.6%
2012-13	924.4	1.1%	1,118.6	1.6%	638.7	3.0%	2,098.0	0.6%	214.1	5.2%	5,200.8	1.3%
2013-14	924.4	0.0%	1,148.8	2.7%	739.8	15.8%	2,232.8	6.4%	225.6	5.4%	5,483.6	5.4%
2014-15	965.3	4.4%	1,209.3	5.3%	783.0	5.9%	2,348.3	5.2%	234.8	4.1%	5,760.4	5.0%
2015-16	1,010.5	4.7%	1,267.5	4.8%	825.4	5.4%	2,480.8	5.6%	233.2	-0.7%	6,038.5	4.8%
2016-17	1,050.4	3.9%	1,318.3	4.0%	870.2	5.4%	2,586.3	4.3%	255.9	9.7%	6,081.1	0.7%
2017-18	1,105.1	5.2%	1,388.4	5.3%	922.4	6.0%	2,819.1	9.0%	258.0	0.8%	6,492.9	6.8%
2018-19	1,150.9	4.1%	1,453.8	4.7%	981.0	6.4%	2,969.6	5.3%	278.8	8.1%	6,834.1	5.3%
2019-20	1,205.4	4.7%	1,509.9	3.9%	1,066.1	8.7%	3,113.9	4.9%	290.3	4.1%	7,185.7	5.1%
2020-21	1,262.9	4.8%	1,597.3	5.8%	1,109.3	4.1%	3,263.0	4.8%	307.6	5.9%	7,540.2	4.9%
2021-22	1,375.8	8.9%	1,730.7	8.4%	1,169.1	5.4%	3,379.0	3.6%	317.8	3.3%	7,972.5	5.7%
2022-23	1,455.5	5.8%	1,797.3	3.8%	1,227.4	5.0%	3,571.1	5.7%	339.6	6.9%	8,390.9	5.2%
2023-24	1,552.0	6.6%	1,905.1	6.0%	1,333.0	8.6%	3,767.3	5.5%	349.9	3.0%	8,907.2	6.2%
2024-25	1,605.4	3.4%	2,032.6	6.7%	1,423.6	6.8%	3,892.2	3.3%	365.8	4.5%	9,319.5	4.6%
Average Growth Rates												
1970-71 to 1990-91		8.7%		9.0%		12.1%		8.0%		9.7%		8.5%
1997-98 to 2024-25		4.7%		5.0%		5.2%		5.1%		5.4%		5.0%

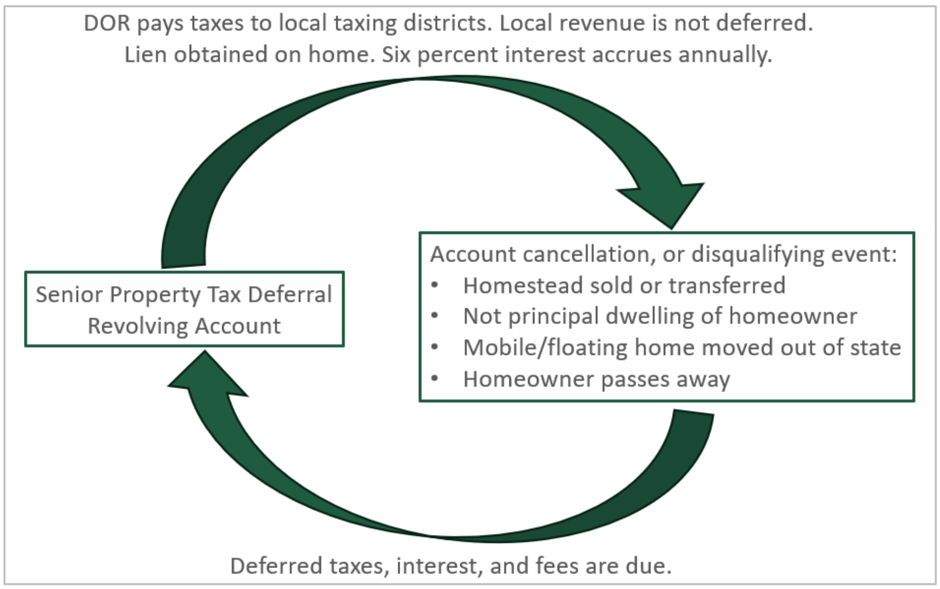
Note: Average growth rates for 1970-71 through 1990-91 are before implementation of M5 and M50, and 1997-98 through 2024-25 average growth rates are after.
Data source: DOR, Oregon Property Tax Statistics

Homestead Property Tax Deferral Program

Under the property tax deferral program, the state pays property tax on behalf of qualifying homeowners who are disabled or are age 62 or over. Deferred taxes are due upon disqualification—when the homeowner sells the home, moves, or passes away. By temporarily deferring property tax payments, the program increases current household cash flow of qualifying low-income homeowners, enabling them to pay expenses they may not afford otherwise. New deferrals may not be granted after the 2032-33 tax year.

Exhibit E-8 shows a simple model of inflows and outflows to the Senior Property Tax Deferral Revolving Account, administered by DOR. Funds are withdrawn from the revolving account to make property tax payments to local taxing districts. Since property tax payments are made on behalf of qualifying homeowners, a lien is obtained on the home for the tax, accrued interest, and fees, at a rate of six percent per year.[14] The lien is like a reverse mortgage where the homeowner gets current property taxes paid on their behalf in exchange for some of their future home equity. Deferred property taxes become due when an account is cancelled voluntarily, or a disqualifying event occurs. If the homeowner passes away, a surviving spouse or disabled heir may continue the deferral under certain conditions.[15] Deferred taxes can be repaid by the homeowner, spouse, next of kin, child, heir, or any person with an interest in the property. Repayments are first applied to interest, then taxes, and then fees.

EXHIBIT E-8



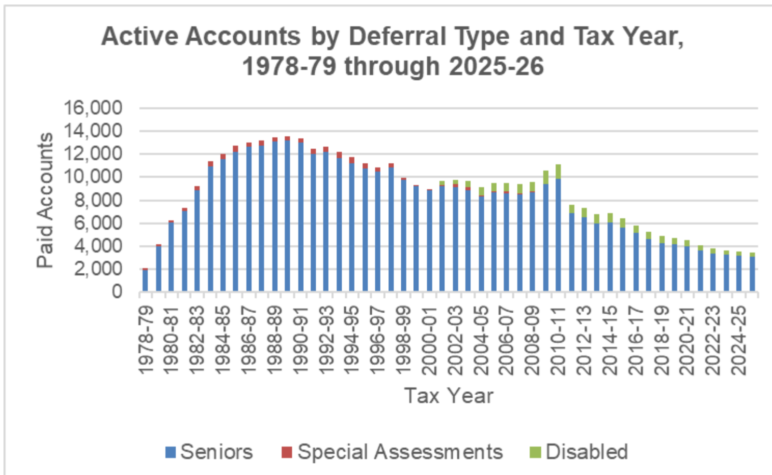
Deferral claims can be made by an individual homeowner or two or more homeowners filing jointly.[16] Timely claims are accepted January 1 through April 15, and late claims are accepted through December 1 if a late fee is paid. Homeowners can then recertify every two years. The household income limit is indexed to inflation and is $70,000 for 2026-27. The home RMV limit is also indexed to inflation and is capped at the greater of $301,000 for 2026-27 or a value determined by the county median RMV and the number of years the homeowner has owned and occupied the home. Household net worth must be less than $500,000, not including the value of the home considered for deferral. Homeowners are also required to have owned and occupied the home the last five years (i.e., residency requirement) and to insure the home against fire and other casualties.

Exhibit E-9 shows the number of active accounts by deferral type (seniors, special assessments, disabled) and tax year.[17] Active accounts have their home property taxes paid by the deferral program. The number of active accounts peaked in 1989-90 after growing rapidly in the late 1970s

[14] All deferred-tax homes have lien fees and manufactured structures also have filing fees.
[15] Homeowners can apply for a delay of foreclosure if there are delinquent taxes on the home prior to being granted deferral, but these taxes are subject to the standard delinquent interest rate. Delay of foreclosure ends when the home has been disqualified. Homes that are personal property do not qualify for delay of foreclosure.
[16] See the DOR program website for the most recent deferral program qualifications and application booklet.
[17] To see data for Exhibit E-9 and E-10 in a table, see Exhibit E-12 at the end of this subsection.

and 1980s.[18] Active accounts declined during the 1990s and was then followed by a steady period for most of the 2000s.[19] Then in 2009-10, around the time of the Great Financial Crisis (GFC), active accounts started trending up again. This temporary upward trend happened to occur after the 2005 Legislature established a transfer of estimated excess funds in the revolving account to Oregon Project Independence (OPI).[20] Under this policy, estimated excess funds existed if, after most tax payments had been made in November, the revolving account balance exceeded the greater of 35 percent of total tax payments in the previous year or $5 million. The first transfer was in 2006 in the amount of $250,000. No transfer was made in 2007. In January 2008 $14.29 million was transferred.

EXHIBIT E-9



Data source: DOR Research Section

Due to cash flow issues with the revolving account, the 2011 Legislature discontinued the transfer of estimated excess funds to OPI and made other changes to improve program solvency.[21] For example, the special assessment deferral was repealed and new applicants who have a reverse mortgage were not allowed in the program.[22] Active accounts then started trending down in 2011-12. Currently, if a homeowner entered into a reverse mortgage on or after July 1, 2011, and before January 1, 2017, they must have home equity of 40 percent or more when they file their application.

Exhibit E-10 reports the total tax paid and total repayments by tax year. Since DOR makes deferred property tax payments each year, mostly in November, there is a similar pattern for the number of active accounts (Exhibit E-9) and tax paid (Exhibit E-10).[23] Repayments can be made at any time during the deferral but become due when the homeowner has been disqualified.[24] As such, there is generally a delay between tax payments and repayments. In most years, about two-thirds of repayments were made more than 10 years after a homeowner had started using the deferral

[18] High interest rates were a defining characteristic of the late 1970s and 1980s. The U.S. federal government created its own reverse mortgage program in 1988, the Home Equity Conversion Mortgage (HECM), and made its first loans in Oregon in 1992.

[19] M5 and M50 were both implemented in the 1990s. Both measures reduced property tax liability for Oregonians.

[20] The 1975 Legislature created OPI to provide limited in-home services for people living in their own home.

[21] Solvency is the ability to pay long-term debts and financial obligations. The state has since funded OPI through other means and is expected to be funded by Medicaid in 2024 through 2029.

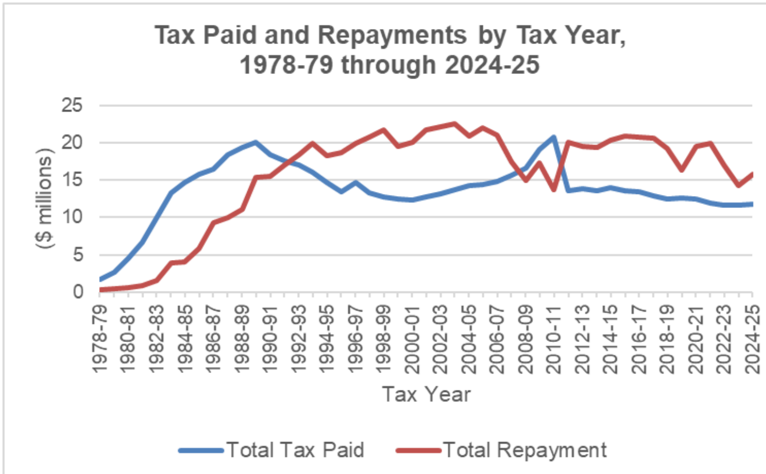
[22] The 1977 Legislature had allowed deferral of special assessments, such as fees or charges for construction of public goods or utility infrastructure.

[23] In recent years, total tax paid has not fallen as much as the number of active accounts. One reason for this is that under M5, MAV grows by three percent per year under most circumstances.

[24] Repayments are not due if an account has been inactivated due to a failure to recertify or meet eligibility requirements.

program. If repayments have not been made by August 15 of the year after disqualification, the home becomes subject to foreclosure. Deferred taxes, interest, and fees must be repaid by the end of a two-year redemption period, or the home is deeded to a county so it can be sold to finance delinquent property tax payments.

EXHIBIT E-10



Data source: DOR Research Section

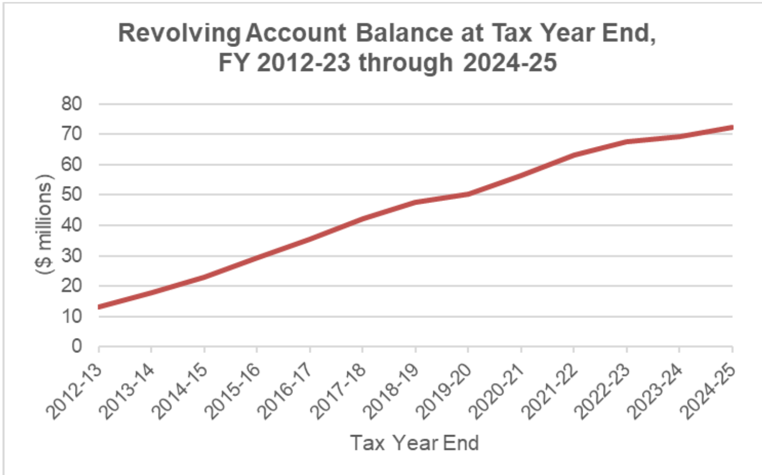
Given the delay between tax payments and repayments, tax paid accelerated before repayments in the late 1970s and 1980s. Then repayments stayed elevated during the 1990s as tax paid fell. Around the GFC, tax payments rose, and repayments fell. Repayments may have fallen, at least in part, due to a reduced disqualification rate.[25] During this period the program had negative cash flow because tax paid exceeded repayments. Then repayments rose and tax paid fell following the legislative changes in 2011 that limited access to the program and repealed the five-year extension for heirs to make repayments. The program has had positive cash flow every year since then because repayments have exceeded tax paid.

Exhibit E-11 displays the revolving account balance at tax year end (June 30). The balance rises if the program has positive cash flow that exceeds DOR administrative costs.[26] The revolving account balance falls if there is negative cash flow or DOR administrative costs exceed any positive cash flow. Since there were negative cash flows for an extended period in the late 1970s and 1980s, the revolving account received annual advances and appropriations through 1994-95. As positive cash flows developed in the 1990s and early 2000s, over $93 million was transferred out of the revolving account from 1995-96 through 2007-08, including $14.5 million transferred to OPI. Due to the solvency and cash flow issues around the GFC, DOR was required to pay only two-thirds of tax payments in November 2010 and the remaining one-third was paid in May 2011. DOR also obtained a State General Fund loan for $19 million in 2011-12, which was repaid in 2012-13. The revolving account balance has risen by an average of $5 million per year since 2013-14. The balance was $72 million at the end of 2024-25.

[25] For example, homeowners may want to avoid a realized loss from selling their home after real estate prices have fallen. Other situations that may have a 'lock-in effect'—where homeowners are reluctant to sell their home—include when current mortgage rates are more than mortgage rates on the primary residence of deferral accounts.

[26] DOR administrative costs for the deferral program are paid from the revolving account. Administrative costs have recently been about $1 million per year.

EXHIBIT E-11



Data source: DOR Research Section

Lastly, below is a summary of legislative changes to the deferral program since 2005.

2005 — SB 31, SB 870

SB 31

- Updated "federal adjusted gross income" definition to be consistent with Internal Revenue Code (IRC), as amended and in effect on December 31, 2004

SB 870

- Cancelled requirements for DOR to repay State General Fund from revolving account for advances before July 1, 1985, and appropriations after June 30, 1985
- Required transfers from revolving account to OPI when November 30 balance exceeded greater of 35 percent of previous year payments or $5 million

2007 — SB 83, HB 2233, HB 2235

SB 83

- Changed "disabled person" to "person with a disability"

HB 2233

- Allowed DOR to record at Department of Consumer and Business Services liens for deferred taxes on manufactured homes
- Clarified DOR lien is not only for deferred taxes, but also interest on deferred taxes
- Allows DOR to record at Secretary of State liens for deferred taxes on floating homes

HB 2235

- Updated "federal adjusted gross income" definition to be consistent with IRC, as amended and in effect on December 31, 2006

2008 — SB 1081

- Updated "federal adjusted gross income" definition to be consistent with IRC, as amended and in effect on December 31, 2007

2009 — HB 2078, HB 2157, HB 3199

HB 2078

- Updated “federal adjusted gross income” definition to be consistent with IRC, as amended and in effect on May 1, 2009

HB 2157

- Updated “federal adjusted gross income” definition to be consistent with IRC, as amended and in effect on December 31, 2008

HB 3199

- Removed continuing appropriation from State General Fund to revolving account during times of insufficient funds to make deferral payments
- Established authority for State Treasurer to lend moneys to DOR in amounts needed to make deferral payments. Required repayment of principal and interest within five years

2010 — SB 1016

- Updated “federal adjusted gross income” definition to be consistent with IRC, as amended and in effect on December 31, 2009

2011 — HB 2543

- Required homeowner net worth to be less than $500,000, excluding home value
- Changed base for continued qualification income criteria, from adjusted gross income, to household income
- Established five-year residency requirement
- Required home insurance for fire and other casualty
- Capped allowable home RMV, dependent on county median RMV for residential properties and number of years homeowner has owned and lived in home
- Increased interest rate, from six percent per year, to six percent compounded annually, for deferred amounts on or after November 2011
- Required recertification every two years
- Prohibited tax-deferred homes from being pledged as a security for a reverse mortgage
- Repealed five-year extension for heirs to repay deferred taxes
- Disallowed new special assessment deferrals
- Repealed transfer of excess funds to OPI

2012 — HB 4039

- Clarified “county median RMV” is based on improved property which has residential use as its highest and best value, classified as 1-0-1 by DOR rule
- Allows DOR flexibility in frequency of account recertification, from every two years, to not less than once every three years
- Allowed homeowners disqualified because home was pledged as a security for a reverse mortgage to qualify in 2011-12 and 2012-13

2013 — HB 2489, HB 2510

HB 2489

- Allowed homeowners disqualified because home was pledged as a security for a reverse mortgage to qualify indefinitely
- Clarified transferee liability for deferred amounts is limited to positive amount remaining after subtraction of non-DOR liens from home RMV

HB 2510

- Allowed homeowners disqualified due to five-year residency requirement or home was pledged as a security for a reverse mortgage to qualify indefinitely, beginning in 2014-15.

Capped number of homes reactivated in 2014-15 at 700. Increased cap each subsequent year by five percent

2014 — HB 4148
- Reduced interest rate, from six percent compounded annually, to six percent per year, applied retroactively back to 2011-12 tax year for homeowners who pay balances on or after July 1, 2016

2015 — SB 296, HB 2083
SB 296
- Moved definitions for "household income" and "income", from repealed Elderly Rental Assistance Program statutes, to deferral statutes
- Clarified repealed Elderly Rental Assistance Program no longer provides funds to reduce amount of deferred taxes and interest

HB 2083
- Created exception to five-year residency requirement if homeowner moved from a home that was granted deferral and had higher RMV than current home
- Allowed DOR to purchase insurance for fire and other casualty, on behalf of uninsured homes, and add the cost of insurance coverage to home liens
- Increased county median RMV qualification limits for homeowners who have continuously owned and lived in home 21 years or more
- Required DOR improve outreach to senior community if recertification is not received within 35 days following homeowner notification

2016 — HB 4025
- Updated "income" definition to be consistent with IRC, as amended and in effect on December 31, 2015

2017 — SB 148, SB 701
SB 148
- Clarified repealed Elderly Rental Assistance Program no longer provides amounts to include in "income" definition

SB 701
- Changed reference for income definition, from last date IRC "income" definition was amended and in effect, to Oregon Revised Statute 305.842

2019 — HB 2460, HB 2587
HB 2460
- Provided home transferee was liable for outstanding deferred property taxes if transferee had rights to home estate

HB 2587
- Clarified prohibition for homes pledged as security for reverse mortgage, was not prohibition on pledging tax-deferred home as security for reverse mortgage
- Allowed homes pledged as security for a reverse mortgage to qualify if reverse mortgage was executed from July 1, 2011, to January 1, 2017, for homeowners who had home equity interest of 40 percent or more

2021 — HB 2634

- Allowed surviving spouse or disabled heir to continue deferral and exempted them from five-year residency requirement
- Provided $250,000 minimum cap on allowable home RMV. Required minimum cap to be indexed annually based on Consumer Price Index (CPI)
- Required claim fee limits to be indexed annually based on CPI
- Allowed late claims, April 16 through December 1. Required late fee paid to assessor
- Limited amount of uncollected interest expense county treasurer must pay to DOR upon home foreclosure
- Sunset deferral program on December 2, 2032 (2032-33 claim filing deadline)

2022 — HB 4021

- Extended annual deadline for certain disqualifying events (home sold/transferred or manufactured structure or floating home moved out of state) to apply to the current tax year, from September 1 to October 31

2025 — HB 2089, HB 3506, HB 3589, HB 3712

HB 2089

- Requires notices of foreclosure proceeding and redemption period expiration to include certain information on existing foreclosure avoidance programs, property tax deferral programs, and other property tax relief programs available to the homeowner

HB 3506

- Transferred $3 million of estimated excess funds in revolving account to State General Fund for appropriation to Healthy Homes Repair Fund
- Transferred $0.15 million of estimated excess funds in revolving account to State General Fund for appropriation to DOR to set up deferral outreach program

HB 3589

- Transferred $24 million of estimated excess funds in revolving account to State General Fund for appropriation to a senior housing development initiative
- Required DOR to estimate excess funds in revolving account to transfer each year
- Sunset transfer of estimated excess funds on July 1, 2031

HB 3712

- Increased household income limit from $60,000 (2025-26 tax year) to $70,000 (2026-27 tax year)
- Increased home RMV limit to 150 percent of county median RMV for homeowners who have residency of less than 15 years
- Required LRO to submit a report to the Legislature about advantages and disadvantages of determining program eligibility based on home equity rather than household income

EXHIBIT E-12

Homestead Property Tax Deferral Active Accounts, Tax Paid, Repayments, and Balance Owed by Tax Year, 1978-79 through 2025-26, and Active Accounts and Average Tax Paid by Deferral Type and Tax Year										
	Seniors		Special Assessments		Disabled		Total			
Tax Year	Paid Accounts	Average Paid ($)	Paid Accounts	Average Paid ($)	Paid Accounts	Average Paid ($)	Paid Accounts	Tax Paid ($ thousands)	Repayments ($ thousands)	Balance Owed ($ thousands)
1978-79	1,976	845	111	56	0	0	2,087	1,676	273	N/A
1979-80	4,000	645	168	187	0	0	4,168	2,649	370	N/A
1980-81	6,046	723	184	352	0	0	6,230	4,438	559	N/A
1981-82	7,097	917	246	442	0	0	7,343	6,614	833	N/A
1982-83	8,827	1,103	389	656	0	0	9,216	9,992	1,529	22,859
1983-84	10,976	1,181	404	761	0	0	11,380	13,275	3,864	34,540
1984-85	11,603	1,236	430	853	0	0	12,033	14,710	4,018	45,806
1985-86	12,228	1,261	501	735	0	0	12,729	15,785	5,859	56,811
1986-87	12,632	1,282	419	677	0	0	13,051	16,480	9,320	65,732
1987-88	12,738	1,430	422	548	0	0	13,160	18,493	9,934	75,236
1988-89	13,092	1,463	396	613	0	0	13,488	19,410	11,117	84,834
1989-90	13,165	1,513	393	641	0	0	13,558	20,164	15,347	91,676
1990-91	12,976	1,398	379	579	0	0	13,355	18,387	15,603	96,856
1991-92	12,039	1,449	411	544	0	0	12,450	17,685	17,051	100,433
1992-93	12,181	1,387	476	337	0	0	12,657	17,085	18,484	102,763
1993-94	11,681	1,358	495	366	0	0	12,176	16,058	20,022	102,937
1994-95	11,216	1,299	504	334	0	0	11,720	14,740	18,352	103,967
1995-96	10,763	1,235	431	397	0	0	11,194	13,519	18,714	102,373
1996-97	10,520	1,380	365	391	0	0	10,885	14,703	19,921	101,801
1997-98	10,823	1,207	343	486	0	0	11,166	13,260	20,788	99,784
1998-99	9,769	1,272	209	469	0	0	9,978	12,832	21,719	136,268
1999-00	9,184	1,345	170	414	0	0	9,354	12,443	19,541	135,161
2000-01	8,822	1,396	155	468	0	0	8,977	12,392	20,172	133,271
2001-02	9,215	1,362	137	473	281	1,041	9,633	12,835	21,792	129,900
2002-03	9,107	1,404	254	206	387	1,080	9,748	13,196	22,210	126,224
2003-04	8,900	1,485	211	255	524	1,154	9,635	13,783	22,647	122,953
2004-05	8,300	1,633	158	328	633	1,182	9,091	14,302	20,901	120,031
2005-06	8,666	1,555	132	359	712	1,190	9,510	14,402	21,993	117,262
2006-07	8,627	1,595	105	314	786	1,251	9,518	14,814	21,135	116,079
2007-08	8,483	1,708	86	366	869	1,335	9,438	15,681	17,518	119,236
2008-09	8,652	1,765	78	522	890	1,480	9,620	16,662	15,042	126,375
2009-10	9,366	1,862	74	568	1,104	1,448	10,544	19,089	17,312	133,886
2010-11	9,883	1,880	N/A	N/A	1,207	1,509	11,090	20,743	13,764	137,961
2011-12	6,890	1,828	N/A	N/A	689	1,511	7,579	13,644	20,126	144,398
2012-13	6,530	1,927	N/A	N/A	805	1,595	7,335	13,867	19,604	145,111
2013-14	5,952	2,031	N/A	N/A	819	1,677	6,771	13,534	19,461	145,090
2014-15	6,053	2,077	N/A	N/A	858	1,681	6,911	14,048	20,365	142,384
2015-16	5,646	2,159	N/A	N/A	803	1,731	6,449	13,603	20,964	143,311
2016-17	5,166	2,354	N/A	N/A	665	1,922	5,831	13,440	20,754	142,119
2017-18	4,659	2,485	N/A	N/A	625	2,053	5,284	12,861	20,714	139,926
2018-19	4,311	2,611	N/A	N/A	580	2,158	4,891	12,509	19,278	139,184
2019-20	4,167	2,717	N/A	N/A	555	2,263	4,722	12,577	16,430	140,927
2020-21	3,993	2,817	N/A	N/A	531	2,308	4,524	12,475	19,526	139,687
2021-22	3,602	2,969	N/A	N/A	486	2,468	4,088	11,892	19,943	137,194
2022-23	3,359	3,118	N/A	N/A	452	2,598	3,811	11,648	17,064	137,405
2023-24	3,258	3,234	N/A	N/A	420	2,681	3,678	11,661	14,263	140,077
2024-25	3,160	3,370	N/A	N/A	405	2,844	3,565	11,801	15,865	141,207
2025-26	3,103	3,542	N/A	N/A	378	2,936	3,481	12,101	N/A	N/A

Note: Repayments exclude special assessments until 1983-84. In 1998-99, while converting from one mainframe system to another, DOR discovered that interest for prior years had not been posted to the account; the increase in the balance owed in 1998-99 reflects the impact of this interest.

Section F - ESTATE TAX

Overview of Oregon's Estate Tax

Estate, Inheritance, Gift, and Generation Skipping taxes are different forms of taxes on the transfer of wealth. An estate tax is imposed when the property transfer is caused by death and is levied on the value of property left by the deceased. Inheritance tax is also imposed after death but levied on the amounts that each relative receives depending on their income and relationships to the deceased. Gift taxes are imposed when the property owner is still living and transfers property to different relatives. Generation Skipping tax can be imposed either at time of death or at time of shift in property rights by gift. Gift and generation skipping taxes are often administered as compliments to estate or inheritance taxes.

The current form of Oregon's estate tax was created by House Bill 2541 (2011) using definitions from 2010 federal estate tax laws. Estates with gross values (total estate value both inside and outside of Oregon) greater than or equal to $1 million are required to file estate tax returns while estates valued less than $1 million are not subject to the tax and no return is required. Calculation of Oregon's estate tax is determined by applying the rates listed at the bottom of the page to the Oregon taxable estate value.

Oregon Taxable Estate Value = Federal Taxable Estate (as in effect on 12/31/2010)
+ Federal state deduction
± Marital property deduction (if applicable)
- Any other exclusions or deductions

If the Oregon taxable estate is at least the amount in column 1 below, but less than the amount in column 2, the tax is the amount in column 3, increased by the excess above the amount in column 1 multiplied by the percentage in column 4. For example, the tax imposed on an Oregon taxable estate worth $5,000,000 would be $425,000.[1]

Estate Tax Table

Column 1 Taxable estate equal to or greater than:	Column 2 Taxable estate less than:	Column 3 Tax on amount in column 1:	Column 4 Tax rate percentage applied to taxable estate value greater than amount in column 1:
$1,000,000	$1,500,000	$0	10.0%
1,500,000	2,500,000	50,000	10.25%
2,500,000	3,500,000	152,500	10.5%
3,500,000	4,500,000	257,500	11.0%
4,500,000	5,500,000	367,500	11.5%
5,500,000	6,500,000	482,500	12.0%
6,500,000	7,500,000	602,500	13.0%
7,500,000	8,500,000	732,500	14.0%
8,500,000	9,500,000	872,500	15.0%
9,500,000		1,022,500	16.0%

[1] Calculated as $367,500+($5,000,000-$4,500,000) x 11.5%

The Oregon Estate Tax calculation is based on the total value of property owned by the decedent anywhere and is scaled by the amount of property in Oregon. For estates with property inside and outside of Oregon, a ratio is applied to apportion the value of the property subject to Oregon's estate tax. The ratio is calculated in two ways depending on whether the decedent was an Oregon resident on the date of death.

Oregon Resident Ratio

$$\frac{OR\ Real\ Property + OR\ Tangible\ Personal\ Property + Intangible\ Personal\ Property^{2}}{Total\ Value\ of\ Decedent's\ Gross\ Estate}$$

Non-Resident Ratio

$$\frac{OR\ Real\ Property + OR\ Tangible\ Personal\ Property}{Total\ Value\ of\ Decedent's\ Gross\ Estate}$$

In calculating the taxable estate value, a number of deductions are available including: funeral expenses, debts, mortgages and liens, bequests and gifts to charities, and bequests to a surviving spouse. Bequests to a surviving spouse act effectively as a deferral of tax as the property for which a marital deduction is allowed must be included in the value of the gross estate when the spouse that received the benefit of the deduction dies.

A natural resource credit (NRC) is available for natural resource property (NRP) which includes farm use and forestland use in addition to property used in commercial fishing business operations. The credit can reduce taxes based on natural resource property valued up to $7.5 million for estates with at least 50% of their value from qualifying property and with a total estate value up to $15 million.

Senate Bill 498 (2023) created a new estate tax exemption for up to $15 million natural resource property without a limit on total value of the estate. Natural resource property is defined the same way for the exemption as for the credit, but the eligibility requirements are different. Both provisions specify family ownership and management of the property in the years before and after a decedent's death. Either the exemption or the credit can be used, but not both.

Recent Estate Tax Data

Estate tax laws are generally the same for deaths that occur within a calendar year, so calendar years are used to group estate tax data into "tax years" based on the year of a decedent's death. For instance, decedents that died in 2020 are grouped into "Tax Year 2020". Tax returns for estates are due 12 months after the decedent's death with a potential six-month extension of the due date. Data is provided by Oregon's Department of Revenue, Research Section.

Exhibit F-1 shows the estate tax returns for the most recent tax year with available data, grouped by tax brackets based on the taxable value of the estate. Because the return filing threshold is based on gross estate, many returns have deductions that reduces taxable estate below the threshold, so those estates have no tax payable. The exhibit also displays the percent of returns and tax by each bracket.

[2] Only includes intangible personal property not subject to tax in another state.

EXHIBIT F-1

Tax Year 2023 Estate Tax Returns

Taxable Estate Value	Number of Estates	Num of Returns as % of total	Payable Tax ($Millions)	Tax as a % of total
Less than $1 million	923	29%	$ -	0%
$1m - $1.5m	1,003	32%	$ 17.2	4%
$1.5m - $2.5m	634	20%	$ 54.0	14%
$2.5m -$3.5m	244	8%	$ 43.1	11%
$3.5m - $4.5m	107	3%	$ 29.3	8%
$4.5m - $5.5m	70	2%	$ 26.7	7%
$5.5m - $6.5m	40	1%	$ 16.3	4%
$6.5m - $7.5m	13	0%	$ 7.3	2%
$7.5m - $9.5m	33	1%	$ 22.7	6%
more than $9.5m	67	2%	$ 167.9	44%
Total	3,134	100%	$ 384.6	100%

Exhibit F-2 shows the total number of returns and tax for tax years beginning in 2013. Each year also has information on the Natural Resource Credit used to reduce tax for estates claiming the credit, and the Natural Resource Exemption available starting in 2023.

EXHIBIT F-2

Estate Tax Returns and Natural Resource Exclusion and Credit by Tax Year							
			Natural Resource Credit		Natural Resource Exemption		
Tax year	Returns	Tax	# of Claimants	Tax Reduction ($Millions)	# of Claimants	Total Value Claimed ($millions)	Tax Reduction ($Millions)
2013	1,599	106,597,000	32	3.7			
2014	1,563	113,024,000	31	3.3			
2015	1,776	157,579,000	51	5.7			
2016	1,857	175,417,421	44	6.1			
2017	2,063	206,658,331	50	5.7			
2018	2,067	188,136,988	45	5.2			
2019	2,372	315,769,302	52	6.2			
2020	2,486	243,283,189	59	7.9			
2021	3,041	338,614,000	75	13.3			
2022	3,219	330,310,072	60	9.7			
2023	3,134	384,629,631	48	9.5	35	73.0	6.7

Exhibit F-3 breaks down the tax paid by estates within three groups for the most recent 10 years of available data. The groups are based on taxable estate value. Note that the groups use the tax brackets that are not adjusted for inflation.

EXHIBIT F-3

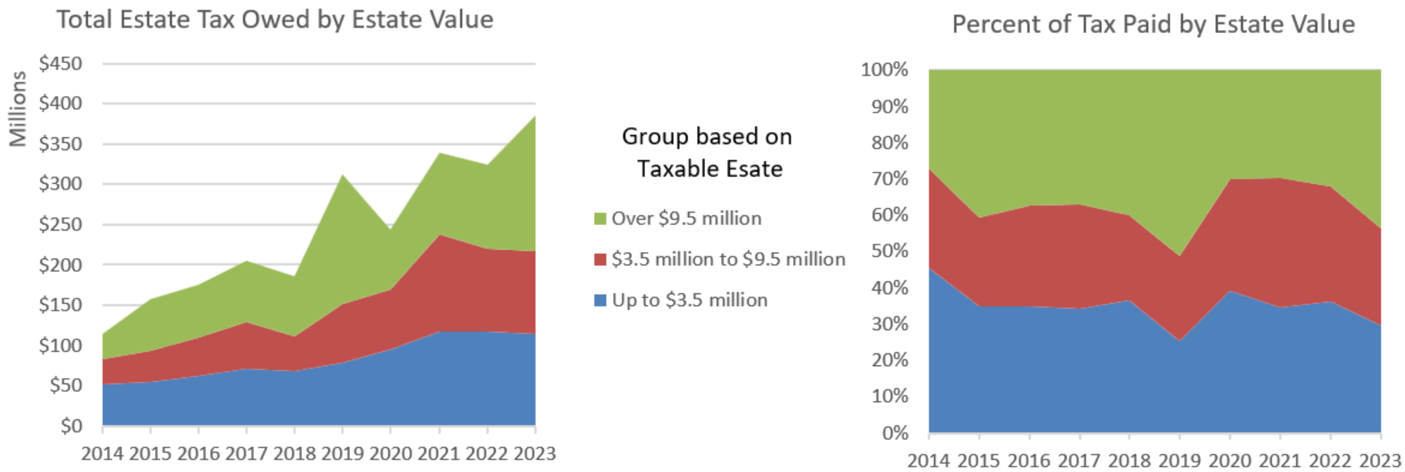


Exhibit F-4 shows the amouint of Estate Tax paid for recent Fiscal Years. Payments are due 12 months after the decedent's death. The grouping based on Oregon's fiscal year is because Oregon's state budget is based on cash receipts within a fiscal year. Fiscal years take the number of the year associated with the end month. For example, the period from July 1, 2020 to June 30, 2021 was Oregon's Fiscal Year 2021.

EXHIBIT F-4

Estate Tax Collections by Fiscal Year ($millions)

Fiscal Yr.	Receipts	% Change
2015-16	$126.0	13.5%
2016-17	$196.9	56.2%
2017-18	$176.5	-10.4%
2018-19	$204.7	16.0%
2019-20	$267.3	30.6%
2020-21	$256.7	-4.0%
2021-22	$325.5	26.8%
2022-23	$297.6	-8.6%
2023-24	$339.0	4.2%
2024-25	$422.8	42.1%

SECTION G - SCHOOL FINANCE

K-12 School Districts

Oregon has 197 school districts serving about 539,000 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 67% 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 SSF 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 eligible transportation costs, costs above $30,000 per high cost disability student (limited to $55 million per year statewide), $2 million toward healthy school facilities, and up to $6 million to the Office of School Facilities to assist school districts with capital construction projects.

Local Property Tax Option

School districts may ask voters to approve temporary local option levies. Local option revenue is limited to the least of (1) the district Measures 5 and 50 tax gap, (2) 25% of formula revenue or (3) $2,000 per weighted student. The $2,000 is indexed to increase 3% per year beginning in 2018-19.

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. In the school year 2023-24, 70 school districts used this option, raising a total of $22.7 million.

Education Service Districts

The school system also includes education service districts (ESDs). Nineteen 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 2011-12, 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.

Educator Advancement Fund (previously *Network of Quality Teaching and Learning*)

In the 2013 regular session, the Legislature created the Network of Quality Teaching and Learning (NQTL). NQTL is the predecessor to the Educator Advancement (EA) program created by the 2017 legislature. For the 2025-27 biennium, EA Fund is set to receive $30.8 million. It is stipulated that EA Fund fluctuates proportionately with the SSF.

Fund from Student Success Act

The 2019 Legislature created a corporate activity tax (CAT) based on commercial activity conducted by businesses and dedicated the tax revenues to the programs initiated in the Student Success Act (HB 3427). After adjusting for legislative changes in relation to the Act, the remainder of revenues from the CAT fund three accounts - Student Investment Account (at least 50%), Statewide Education Initiatives Account (up to 30%), and Early Learning Account (at least 20%). CAT revenues are expected to average $1 billion per year.

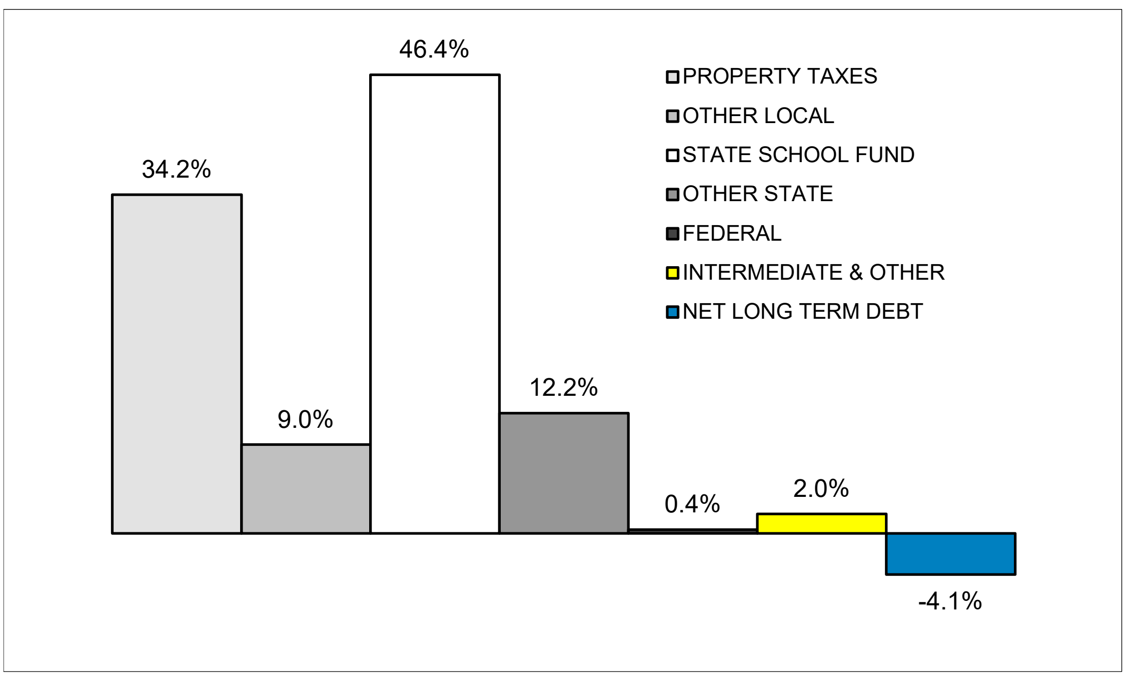
Education Stability Fund

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 majority 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 majority 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%).

EXHIBIT G-1: SCHOOL RESOURCES

FY 2021-22 Audited ($ thousands)

	K-12	ESD	TOTAL
PROPERTY TAXES	3,143,297	147,971	3,291,268
OTHER LOCAL REVENUES	700,354	162,233	862,587
STATE SCHOOL FUND	4,309,089	148,871	4,457,960
COMMON SCHOOL FUND	63,165	0	63,165
OTHER STATE REVENUE	894,795	212,173	1,106,968
FEDERAL FOREST FEES	9,362	4	9,366
OTHER FEDERAL REVENUE	26,214	2,781	28,995
INTERMEDIATE & OTHER	180,106	9,445	189,551
NET LONG TERM DEBT	-333,501	-64,136	-397,637
TOTAL REVENUE	8,992,881	619,342	9,612,223
PLUS BEGINNING BALANCE	5,215,463	140,500	5,355,963
TOTAL RESOURCES	14,208,344	759,842	14,968,186
LESS TOTAL EXPENDITURES	-12,492,621	-756,934	-13,249,555
ENDING BALANCE	1,715,723	2,908	1,718,631



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.

EXHIBIT G-2: STATE SCHOOL SUPPORT HISTORY

Fiscal Year	K-12 Audited Current Operating Expenditures $1,000	% Change	Basic School Support Appropriation $1,000	% Change	BSSF Share of Operating Expenditures
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%
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 Formula Revenue $1,000	% Change	State School Fund (State Resources) $1,000	% Change	SSF Share of Formula Revenue
	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	4,270,004	0.7%	2,940,096	1.0%	68.9%
	2010-11	4,153,359	-2.7%	2,615,057	-11.1%	63.0%
	2011-12	4,309,559	3.8%	2,867,830	9.7%	66.5%
	2012-13	4,429,145	2.8%	2,845,330	-0.8%	64.2%
	2013-14	4,844,380	9.4%	3,209,696	12.8%	66.3%
	2014-15	5,170,042	6.7%	3,440,704	7.2%	66.6%
	2015-16	5,437,147	5.2%	3,629,130	5.5%	66.7%
Revised	2016-17	5,603,652	3.1%	3,744,972	3.2%	66.8%
	2017-18	6,060,719	8.2%	4,100,000	9.5%	67.6%
	2018-19	6,198,543	2.3%	4,100,000	0.0%	66.1%
	2019-20	6,510,722	5.0%	4,408,040	7.5%	67.7%
	2020-21	6,789,115	4.3%	4,587,960	4.1%	67.6%
	2021-22	6,839,106	0.7%	4,555,040	-0.7%	66.6%
	2022-23	7,136,613	4.4%	4,740,960	4.1%	66.4%
Estimates	2023-24	7,455,087	4.5%	4,998,000	5.4%	67.0%
Estimates	2024-25	7,751,032	4.0%	5,202,000	4.1%	67.1%

Note:

1. In 1992-93 state aid shifted to State School Fund(SSF) with a new distribution formula.
2. Operating revenue does not include federal and other non-formula revenue.
3. 1993-94 to present, SSF includes funds for state youth correction schooling.
4. 1997-98 to 99-00 State School Fund excludes funds not used due to a state and local revenue cap.
5. 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.
6. 1993-94 to present, SSF includes funds for state youth correction schooling.
7. The 1999-01 interim Emergency Board added revenue to the State School Fund appropriation.
8. 2007-09 SSF includes categorical grants but does not include any School Improvement Fund dollars.
9. 2009-11 SSF includes categorial grants and former School Improvement Fund dollars.

K-12 SCHOOL EQUALIZATION FORMULA

STATE SCHOOL FUND DISTRIBUTION

District Formula Revenue (Equalization Funding) = **General Purpose Grant** + **Transportation Grant** + **High Cost Disabilities Grant**

School District Revenue

District Formula Revenue = **State School Fund Grant** + **Local 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
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

General Purpose Grant = **Weighted Students (ADMw)** X **$4,500 Adjusted by Teacher Experience and Balanced to Available Funds**

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)
Special Education and At Risk		
Individual Education Program	1.00	2.00
English Language Learner	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
Grade and School		
Kindergarten (Half-day)	-0.50	0.50
Elementary District	-0.10	0.90
Union High District	0.20	1.20
Remote Small School	Varies	

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	High
ADM less than (varies with grades)	252 (9gr)	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 estimated to be 2.5 using $4,500 per ADMw in 2025-26. The equivalent amount is $11,225 per ADMw.

Transportation Revenue

Transportation Grant	=	70% to 90% of Transportation Costs

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

The 2023 legislature expanded the definition of eligible transportation means to include certain alternative transportation methods.

High Cost Disabilities Revenue

High Cost Disabilities Grant	=	Up to Sum of Costs above $30,000 per Disability Student

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 $55 million per year. If total grants initially exceed this amount, the grants are reduced proportionally.

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 2025 Legislature allocated $20.4 million of the State School Fund for special programs and grants for the 2025-27 biennium. The largest were $5 million to small districts with small high schools and $4.9 million for purposes of funding the Oregon Youth Challenge Program.

The 2025 legislature appropriated $30.8 million from the SSF to the Educator Advancement Fund for the biennium. The fund is financed by a SSF carve-out and equal contributions from the formula revenue by the school districts and education service districts. The 2025 Legislature also decided to provide Local Option Equalization Grants $4.0 million from the SSF.

FORMULA GRANT PERCENTAGE by DISTRICT SIZE

2022-23

District Size by ADM	# of Districts	General Purpose	Transportation	Facility Grant	High Cost Disability Grant
0- 500	75	$ 231,282,642.76	$ 15,544,303.20	$ 29,171.00	$ 209,342.96
500- 1,000	31	$ 277,779,532.18	$ 13,550,182.00	$ 8,486.00	$ 881,892.23
1,000- 3,000	47	$ 999,667,917.60	$ 43,751,488.20	$ 49,352.00	$ 4,036,157.18
3,000- 5,000	17	$ 751,912,683.68	$ 32,476,098.90	$ 40,048.00	$ 6,997,198.22
5,000-10,000	19	$ 1,528,227,458.81	$ 66,625,715.10	$ 452,387.00	$ 13,753,394.10
10,000 and Greater	10	$ 2,660,283,660.92	$ 128,912,767.20	$ 1,145,712.00	$ 29,122,015.31

ESD EQUALIZATION

STATE SCHOOL FUND DISTRIBUTION

General Services Revenue	=	Higher of	(1) Base Revenue X Percent to Balance (2) $1.165 million (proportional change with SSF)

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

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

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 $1.165 million per school year beginning in 2015-16. This minimum allocation is adjusted proportionately as the SSF fluctuates after 2015-16.

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 $1.165 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 accommodate (1) ESD's share of $16.5 million per biennium to the Quality Teaching and Learning Network, and (2) up to $484,000 per year for 10th 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.

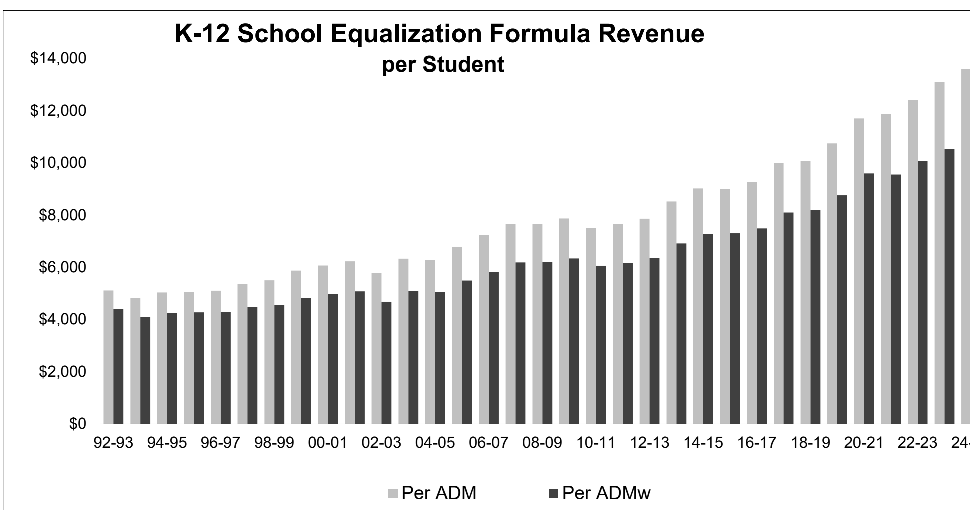
ESD Students
The student count for an ESD is considered to be the sum of the students in its component school districts. However, the formula does not directly use an ESD student count.

EXHIBIT G-3: K-12 SCHOOL EQUALIZATION FORMULA REVENUE

Per Student

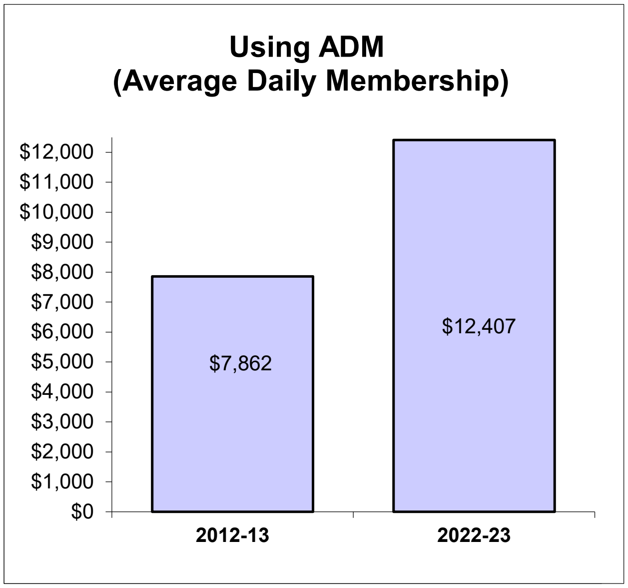
	Average Daily Membership				State School Fund and Formula Local Revenue			
	Unweighted (ADM)		Weighted (ADMw)		$ Per ADM		$ Per ADMw	
	#	Growth	#	Growth	$	Change	$	Change
1992-93	487,075		566,149		5,117		4,403	
1993-94	491,982	1.01%	578,602	2.20%	4,834	-5.5%	4,110	-6.6%
1994-95	495,315	0.68%	586,859	1.43%	5,041	4.3%	4,255	3.5%
1995-96	501,929	1.34%	595,070	1.40%	5,064	0.5%	4,272	0.4%
1996-97	508,819	1.37%	605,675	1.78%	5,107	0.8%	4,290	0.4%
1997-98	514,094	1.04%	616,035	1.71%	5,371	5.2%	4,482	4.5%
1998-99	517,348	0.63%	623,169	1.16%	5,502	2.4%	4,567	1.9%
1999-00	519,545	0.42%	632,895	1.56%	5,876	6.8%	4,823	5.6%
2000-01	522,752	0.62%	638,007	0.81%	6,072	3.3%	4,975	3.1%
2001-02	528,346	1.07%	647,959	1.56%	6,232	2.6%	5,082	2.1%
2002-03	530,694	0.44%	654,862	1.07%	5,779	-7.3%	4,683	-7.8%
2003-04	528,186	-0.47%	657,110	0.34%	6,330	9.5%	5,088	8.6%
2004-05	528,139	-0.01%	657,820	0.11%	6,291	-0.6%	5,051	-0.7%
2005-06	533,311	0.98%	658,860	0.16%	6,792	7.9%	5,497	8.8%
2006-07	533,216	-0.02%	662,736	0.59%	7,240	6.6%	5,825	6.0%
2007-08	533,405	0.04%	660,918	-0.27%	7,671	6.0%	6,191	6.3%
2008-09	535,089	0.32%	661,507	0.09%	7,656	-0.2%	6,193	0.0%
2009-10	534,217	-0.16%	662,867	0.21%	7,869	2.8%	6,342	2.4%
2010-11	533,160	-0.20%	660,182	-0.40%	7,504	-4.6%	6,060	-4.4%
2011-12	532,255	-0.17%	662,817	0.40%	7,671	2.2%	6,160	1.6%
2012-13	533,787	0.29%	659,846	-0.45%	7,862	2.5%	6,360	3.3%
2013-14	538,234	0.83%	663,123	0.50%	8,520	8.4%	6,916	8.7%
2014-15	541,419	0.59%	671,863	1.32%	9,018	5.8%	7,267	5.1%
2015-16	568,642	5.03%	701,304	4.38%	9,003	-0.2%	7,300	0.5%
2016-17	571,578	0.52%	707,233	0.85%	9,262	2.9%	7,486	2.5%
2017-18	572,677	0.19%	706,296	-0.13%	9,992	7.9%	8,102	8.2%
2018-19	573,825	0.20%	704,553	-0.25%	10,071	0.8%	8,202	1.2%
2019-20	574,147	0.06%	704,654	0.01%	10,749	6.7%	8,758	6.8%
2020-21	554,162	-3.48%	675,690	-4.11%	11,700	8.8%	9,596	9.6%
2021-22	544,865	-1.68%	676,997	0.19%	11,868	1.4%	9,551	-0.5%
2022-23	544,063	-0.15%	670,278	-0.99%	12,407	4.5%	10,070	5.4%
2023-24 Est	538,134	-1.09%	669,660	-0.09%	13,104	5.6%	10,530	4.6%
2024-25 Forecas	538,445	0.06%	667,570	-0.31%	13,597	3.8%	10,967	4.2%

Green = estimate from SSF formula
Yellow = forecast

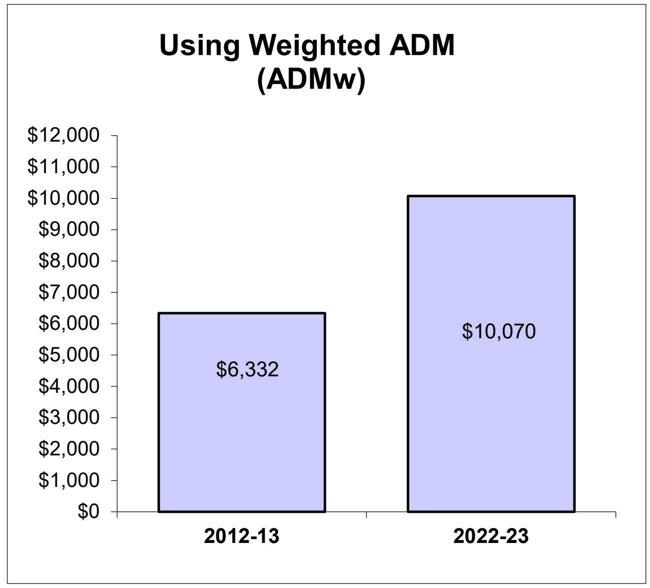


Notes:
Excludes revenue outside the school formula like school improvement funds, lottery revenue bonds and federal funds.
ADMw is extended ADMw (higher of current or prior year ADMw).
Includes students in the state youth corrections program beginning in 1997-98.
Includes students in the state youth detention program beginning in 2001-02.

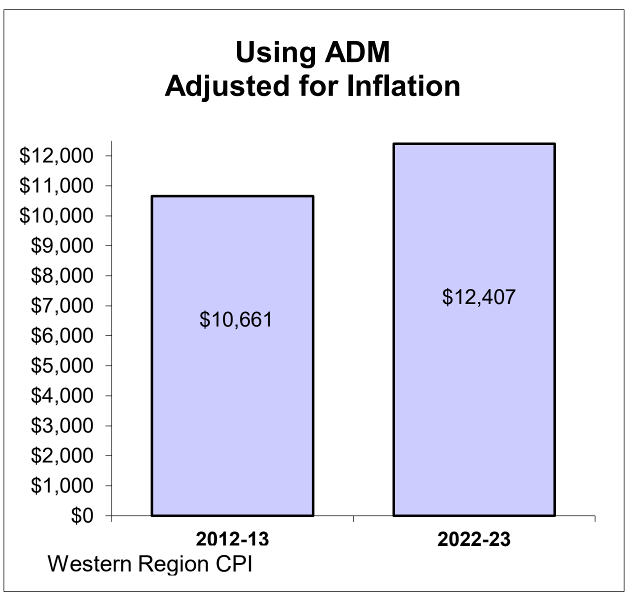
EXHIBIT G-4: K-12 SCHOOL FINANCIAL TRENDS
STATE AND LOCAL FORMULA REVENUE PER STUDENT
10 Year Comparison



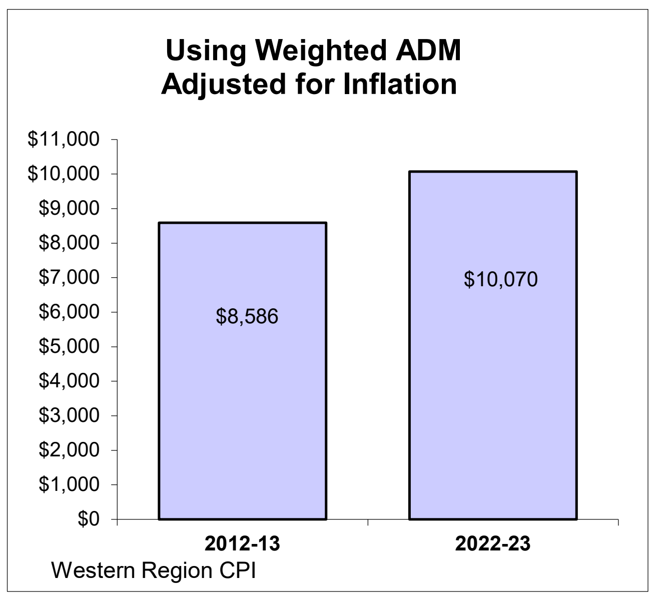
Revenue per student increases about 58%.



Revenue per weighted student increases about 59%.



Revenue per student adjusted for inflation increases about 16%.



Revenue per weighted student adjusted for inflation increases about 17%.

EXHIBIT G-5: K-12 and ESD Revenue History

($ millions)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Revenue Source											Estimates*		Forecasts*	
State (A)														
State School Fund	$3,209.7	$3,440.7	$3,627.5	$3,745.5	$4,101.9	$4,101.9	$4,500.0	$4,500.0	$4,772.2	$4,772.2	$5,100.0	$5,100.0	$5,566.1	$5,793.3
Local K-12 (B)*														
Property and Timber Taxes	1,466.5	1,541.6	1,616.5	1,685.8	1,753.3	1,819.0	1,904.5	1,975.9	2,082.1	2,186.0	2,304.7	2,395.3	2,483.7	2,380.4
Other Local	86.8	92.6	99.2	90.5	98.9	100.5	93.7	95.9	106.1	113.7	115.7	118.2	115.5	116.8
Excluded from Formula	-19.9	-20.5	-22.6	-23.6	-24.5	-25.4	-31.5	-32.5	-34.2	-36.2	-38.9	-39.8	-37.6	-39.0
	1,533.5	1,613.7	1,693.2	1,752.8	1,827.6	1,894.1	1,966.7	2,039.2	2,153.9	2,263.6	2,381.5	2,473.7	2,561.6	2,458.2
Local ESD (C)*														
Property Tax and other Local	103.3	108.6	113.8	118.6	121.3	125.9	135.7	140.7	145.3	149.7	162.2	169.0	162.2	169.0
Shared with K-12	0.0	0.0	0.0	0.0	-4.0	-4.0	-4.0	-4.0	-4.0	-4.0	-4.0	-4.0	-4.0	-4.0
	103.3	108.6	113.8	118.6	117.3	121.9	131.7	136.7	141.3	145.7	158.2	165.0	158.2	165.0
Total Sources (A+B+C)	**4,846.5**	**5,163.0**	**5,434.5**	**5,616.9**	**6,046.8**	**6,117.9**	**6,598.4**	**6,675.9**	**7,067.4**	**7,181.5**	**7,639.7**	**7,738.7**	**8,285.9**	**8,416.5**

Notes: Dollars in millions.
*Due to timing of data collection, local revenues here may be different from audited figures.
**Estimates (revised) and forecasts as of May, 2025

EXHIBIT G-6: States Rank: Revenue Per Student FY 2024 ($)

Rank	Public Elementary-Secondary School Revenue							
	Total		Federal Sources		State Sources		Local Sources	
	US..........	**20,322**	**US..........**	**2,583**	**US..........**	**9,077**	**US..........**	**8,662**
1	DC..........	37,868	AK..........	4,747	VT..........	25,395	DC..........	33,747
2	NY..........	36,976	DC..........	4,121	HI..........	22,427	NY..........	18,782
3	NJ..........	30,267	RI..........	3,612	CA..........	14,726	CT..........	16,439
4	VT..........	29,169	NY..........	3,601	NY..........	14,593	NH..........	15,351
5	CT..........	28,975	LA..........	3,523	WA..........	13,662	NJ..........	14,401
6	PA..........	26,242	ND..........	3,431	NJ..........	13,661	PA..........	13,760
7	CA..........	25,941	NM..........	3,407	DE..........	13,131	IL..........	12,243
8	RI..........	25,709	MS..........	3,380	NM..........	12,403	MA..........	12,144
9	HI..........	25,485	WV..........	3,166	AK..........	12,066	RI..........	11,766
10	MA..........	24,809	SD..........	3,138	MI..........	12,048	ME..........	10,611
11	IL..........	24,702	WY..........	3,137	MN..........	11,501	MD..........	10,585
12	NH..........	24,193	VT..........	3,049	**OR..........**	**11,178**	NE..........	10,162
13	DE..........	22,980	MI..........	3,019	KS..........	10,702	OH..........	10,150
14	MD..........	22,300	KY..........	3,006	MA..........	10,657	WY..........	9,631
15	WY..........	22,024	CA..........	2,999	RI..........	10,331	CO..........	9,361
16	MI..........	21,909	MT..........	2,971	CT..........	10,150	MO..........	8,721
17	AK..........	21,741	AR..........	2,815	NV..........	9,958	VA..........	8,652
18	WA..........	21,201	DE..........	2,809	IL..........	9,857	LA..........	8,583
19	**OR..........**	**20,947**	AZ..........	2,735	PA..........	9,791	TX..........	8,559
20	ME..........	20,939	HI..........	2,732	AR..........	9,738	CA..........	8,215
21	ND..........	19,728	PA..........	2,691	WI..........	9,438	GA..........	8,184
22	MN..........	19,542	AL..........	2,651	MD..........	9,367	SC..........	7,899
23	NM..........	19,502	TN..........	2,634	WY..........	9,256	**OR..........**	**7,716**
24	OH..........	19,111	TX..........	2,617	IN..........	9,156	FL..........	7,491
25	WI..........	18,563	IL..........	2,602	ND..........	9,152	SD..........	7,435
26	LA..........	18,294	OH..........	2,555	KY..........	8,592	ND..........	7,145
27	SC..........	18,222	SC..........	2,540	IA..........	8,494	DE..........	7,041
28	VA..........	18,132	NC..........	2,504	ME..........	8,450	MI..........	6,843
29	CO..........	18,130	FL..........	2,465	AL..........	8,119	WI..........	6,718
30	KY..........	17,439	WI..........	2,407	WV..........	7,863	MT..........	6,675
31	KS..........	17,417	CT..........	2,385	SC..........	7,783	IA..........	6,626
32	NE..........	17,196	MD..........	2,348	NC..........	7,641	MN..........	6,096
33	GA..........	17,051	KS..........	2,345	VA..........	7,389	TN..........	6,047
34	IA..........	16,958	NV..........	2,303	ID..........	7,340	KY..........	5,841
35	MO..........	16,895	MO..........	2,299	CO..........	7,139	WV..........	5,782
36	WV..........	16,811	GA..........	2,244	NH..........	6,777	UT..........	5,536
37	IN..........	16,363	NJ..........	2,205	AZ..........	6,671	OK..........	5,498
38	MT..........	16,101	OK..........	2,178	GA..........	6,622	WA..........	5,416
39	AL..........	15,722	WA..........	2,123	MS..........	6,505	AZ..........	5,142
40	TX..........	15,553	VA..........	2,091	MT..........	6,455	IN..........	5,123
41	SD..........	15,273	IN..........	2,085	OH..........	6,405	AL..........	4,952
42	AR..........	14,681	NH..........	2,065	LA..........	6,188	AK..........	4,928
43	AZ..........	14,548	**OR..........**	**2,053**	UT..........	6,012	MS..........	4,573
44	FL..........	14,462	MA..........	2,008	MO..........	5,876	KS..........	4,371
45	MS..........	14,458	NE..........	1,962	TN..........	5,719	NM..........	3,692
46	TN..........	14,400	MN..........	1,945	OK..........	5,565	NC..........	3,515
47	NV..........	14,366	ME..........	1,878	NE..........	5,073	ID..........	2,773
48	NC..........	13,661	IA..........	1,837	SD..........	4,701	AR..........	2,128
49	OK..........	13,241	ID..........	1,824	FL..........	4,506	NV..........	2,106
50	UT..........	12,774	CO..........	1,630	TX..........	4,377	VT..........	725
51	ID..........	11,937	UT..........	1,226	DC..........	(X)	HI..........	326

Source: 2023 Public Elementary-Secondary Education Finance Data (census.gov)

CORPORATE ACTIVITY TAX

Overview of Corporate Activity Tax

The 2019 Legislature passed the Student Success Act creating the Corporate Activity Tax (CAT) as a dedicated source of education funding.

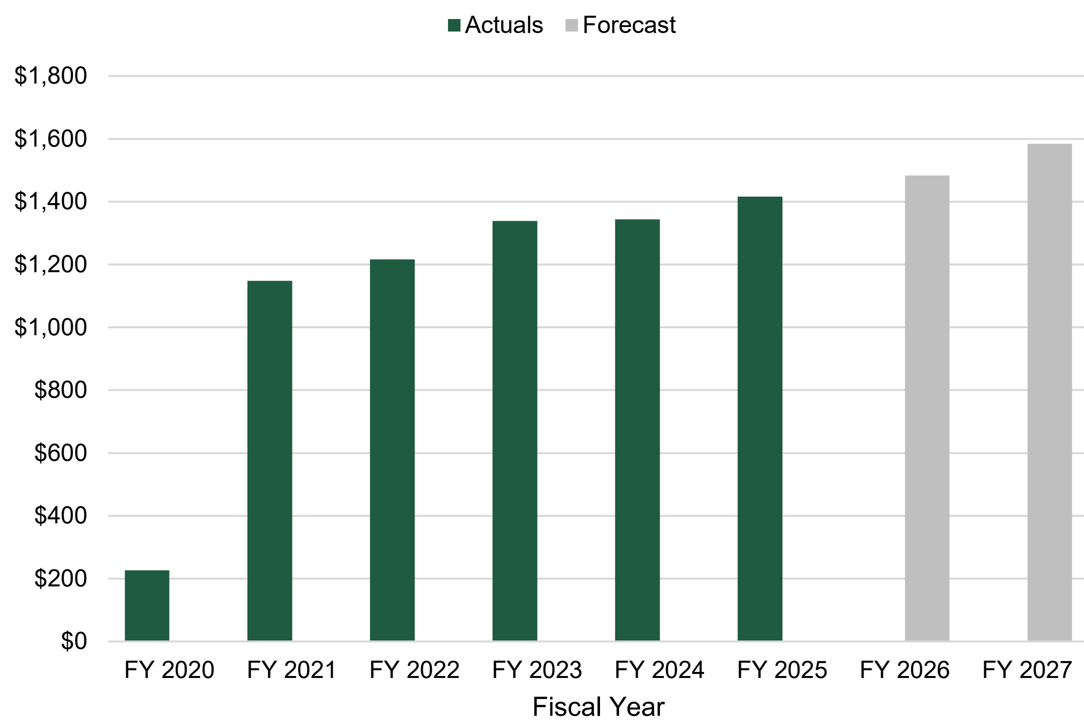
The CAT is based on commercial activity in Oregon. For purposes of the tax, commercial activity is "...the total amount realized by a person, arising from transactions and activity in the regular course of the person's trade or business..." Businesses with taxable commercial activity of $1 million or more are required to pay the tax of $250 plus 0.57% on taxable commercial activity above $1 million.

Tax Liability = $250 + (0.57% x Taxable Commercial Activity over $1 million)

When calculating taxable commercial activity, taxpayers are allowed a subtraction equal to 35% of the greater of input costs or labor costs. Some products, such as the wholesale and retail sale of groceries and motor fuel are exempt from the tax. General contractors building single-family residential homes are also allowed a 15% exclusion of qualified labor payments made to subcontractors. The general contractor subtraction applies to tax years beginning on or after January 1, 2020, and before January 1, 2026.

Taxable Commercial Activity = All Oregon Commercial Activity - Exclusions - Subtractions

EXHIBIT G-7: CAT Collections (millions)



Distribution of Corporate Activity Tax

The CAT was implemented to provide funds for education. CAT revenue, net of administration, collections and enforcement expenses, is transferred to the Fund for Student Success. Each biennium, at least $40 million is transferred from the Fund for Student Success to the State School Fund's High Cost Disabilities Account. Additionally, personal income tax rates were reduced when the CAT was implemented. An amount of CAT revenue, equal to the reduction in personal income tax collections, is transferred to the State School Fund.

Remaining revenues in the Fund for Student Success, excluding revenues retained for cashflow purposes, are directed into three spending accounts. The Student Investment Account (SIA) receives at least 50%; the Statewide Education Initiatives Account (SEIA) receives up to 30%; and the Early Learning Account (ELA) receives at least 20%. The following table shows the Oregon Office of Economic Analysis' forecast of the Fund for Student Success distributions.

EXHIBIT G-8: Distributions (millions)

Biennium	State School Fund	Student Investment Account	Statewide Education Initiative Account	Early Learning Account	Total
2023-25*	$792.7	$1,087.2	$548.5	$500.4	$2,928.8
2025-27	$826.2	$1,109.8	$559.4	$550.4	$3,045.8
2027-29	$913.0	$1,264.6	$758.8	$505.8	$3,442.2
2029-31	$995.0	$1,382.9	$829.7	$553.2	$3,760.8

*Actuals

The SIA account is for specific purposes including increased learning time, student health and safety, and reduced class sizes. The SEIA and ELA funds are allocated to specific programs including the High School Graduation & College and Career Readiness program and the Oregon Prekindergarten Program.

For reference, exhibits G-9 and G-10 seperate CAT returns and liability out by industry. The Construction industry had the most CAT returns in 2022 while the Retail Trade industry represented the greatest CAT liability.

EXHIBIT G-9

Number of CAT Returns by Industry, Tax Year 2022

Industry Sector	Number of Returns
Agriculture, Forestry, Fishing, and Hunting	1,079
Mining	56
Utilities	76
Construction	4,248
Manufacturing	2,717
Wholesale Trade	1,797
Retail Trade	2,993
Transportation and Warehousing	740
Information	476
Finance and Insurance	871
Real Estate, Rental, and Leasing	2,230
Professional, Scientific, and Technical Services	2,560
Management of Companies and Enterprises	726
Administrative, Support, and Waste Management	719
Education Services	85
Health Care and Social Assistance	1,913
Arts, Entertainment, and Recreation	263
Accommodation and Food Services	1,950
Other Services (except Public Administration)	918
Unknown	152
Total	26,569

Share of CAT Returns by Industry

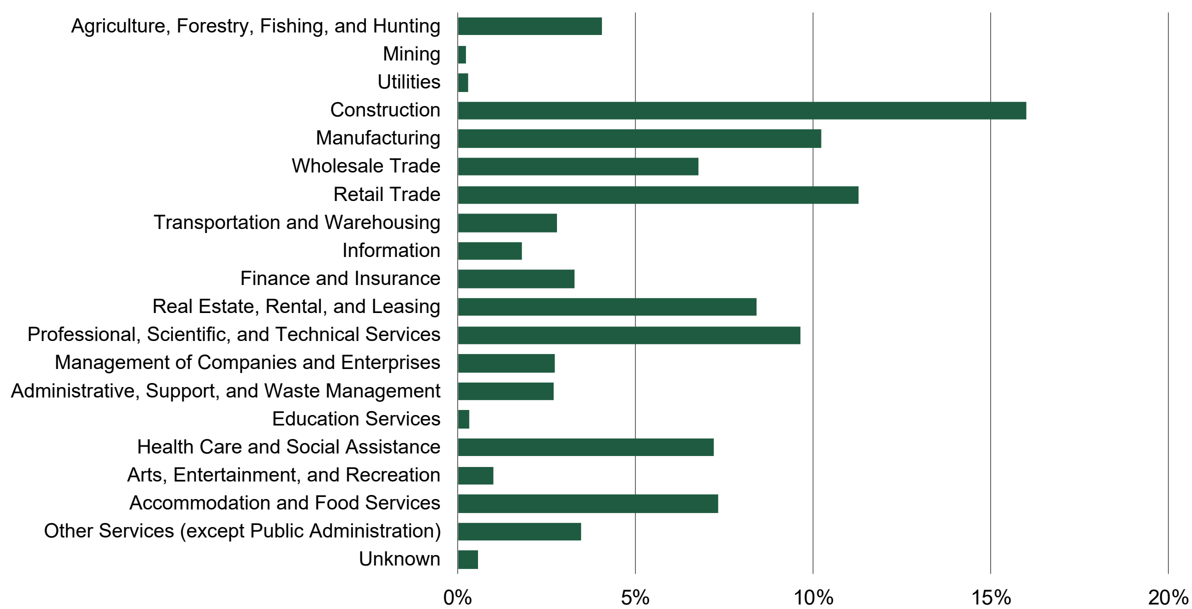
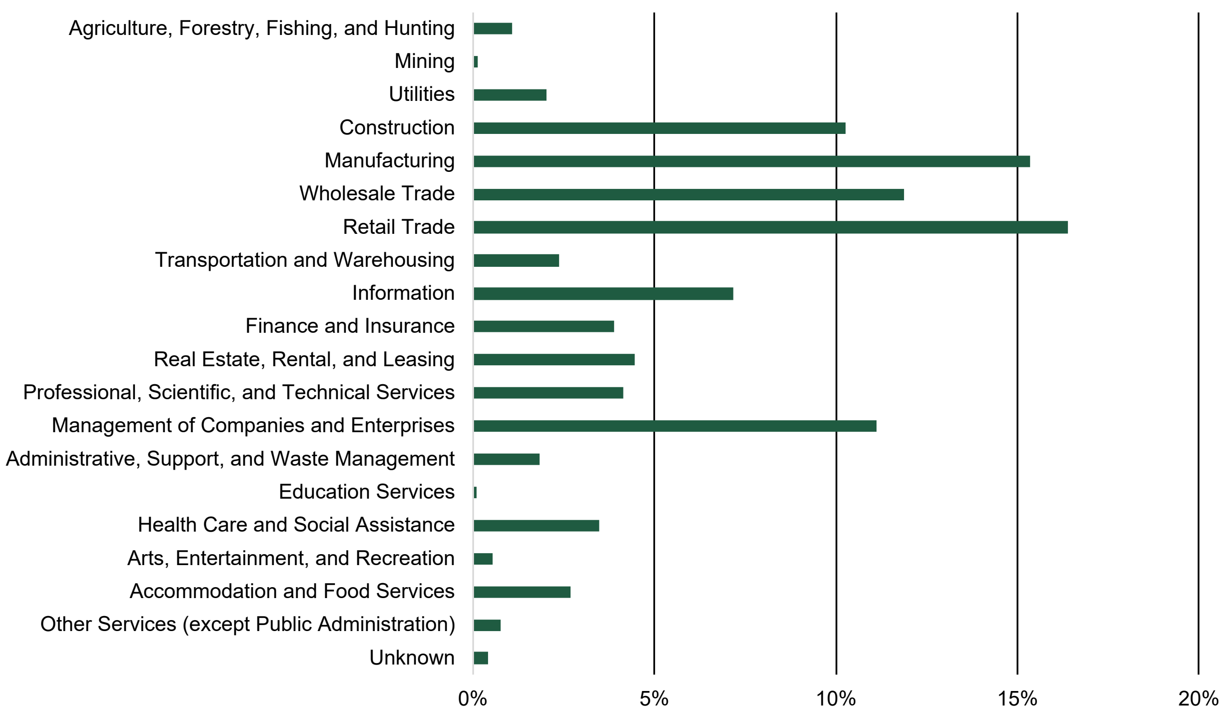


EXHIBIT G-10
CAT Liability by Industry, Tax Year 2022

Industry Sector	CAT Liability (millions)
Agriculture, Forestry, Fishing, and Hunting	$13.1
Mining	$1.5
Utilities	$24.8
Construction	$125.9
Manufacturing	$188.4
Wholesale Trade	$145.8
Retail Trade	$201.1
Transportation and Warehousing	$29.3
Information	$88.0
Finance and Insurance	$47.7
Real Estate, Rental, and Leasing	$54.6
Professional, Scientific, and Technical Services	$51.0
Management of Companies and Enterprises	$136.7
Administrative, Support, and Waste Management	$22.5
Education Services	$1.3
Health Care and Social Assistance	$42.6
Arts, Entertainment, and Recreation	$6.5
Accommodation and Food Services	$33.1
Other Services (except Public Administration)	$9.2
Unknown	$4.9
Total	$1,228.1

Share of CAT Liability by Industry, Tax Year 2022



SECTION H - 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 <u>40 cents per gallon</u>. Motor Fuel Tax is paid by the wholesaler and is included in the price at the pump. Non-highway or exempt users can apply for refunds of the taxes they paid. Use-Fuel tax (Diesel, CNG, etc.) is paid by the retailer or the user 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 7.26 cents per mile to 23.7 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). Overweight and over-dimensional vehicles pay additional fees known as (RUAF) Road Use Assessment Fees (10.3 per ESAL mile). Log, sand, gravel, wood chip and other dump 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 10,000 pounds pay $86 a biennium or $172 for a new vehicle 4-year registration (HB 2001, effective on Oct. 1, 2009). Truck registration fees are based on gross weight. Fees for vehicles with weights below 26,000 lb. range from $391 to $764. Registrations for trucks heavier than 26,000 lb. range from $375 to $1,295. Nonprofit organizations, tow trucks, and farm vehicles pay reduced fees based on separate registration schedules. HB 2017 changed most registration fees as shown on the next page.

Vehicle Titling Fees are imposed on cars and trucks. Vehicles under 26,000 pounds pay $77 and vehicles over 26,000 pounds pay $90. Salvage and duplicate titles pay $27. HB 2017 further changed the title fees as shown on the next page.
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Bonding started taking a bigger role in funding transportation with the introduction of the Oregon Transportation Improvement Act (OTIA) in 2001. OTIA I (HB 2142) dedicated $71.2 million a biennium for debt service on $400 million bonds for modernization projects. OTIA II (HB 4010 of 2002 first special session) took an advantage of lower interest rates and increased the limit on net proceeds to $500 million. OTIA III (HB 2041 of the 2003 session) increased most fees and 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. HB 2001 of the 2009 session (Jobs and Transportation Act) allowed new bonding for projects using $70 million from the new revenue for annual debt service. Additional bonding was authorized by HB 2017 for the Rose Quarter project.

The above revenue sources make up most state funds available for highways. There are, however, other fees on recreational vehicles, motor homes, personalized license plates, and driver's licenses. The different fees address multiple facets of the operation or regulation of the transportation system, and some of the fees are dedicated to non-highway uses, such as state parks. Connect Oregon (I, II, III and IV), which funds multimodal projects, was financed mostly by Lottery backed bonding. Expect for the fourth act which allocated $40 million in bonds, the first three acts were all at the $100 million level. Connect Oregon also received permanent funding through the auto dealers privilege tax approved in HB 2017.

HB 2017, Transportation Funding Package of the 2017 session:

The 2017 session adopted a historic funding package. The package adopted a multiyear tax increase and is expected to generate $5.3 Billion in the first 10 years as it progresses to full implementation. Once it is fully implemented, the package is expected to generate about $700 million a year for transportation programs. The increases in rates and revenue raised varied from the traditional transportation taxes and fees to other innovative variation of highway taxes. New means and sources for raising revenue for other transportation modes beyond highways were also implemented.

The traditional increases included a **total of 10 cents in Gas Tax** and Use Fuel increase,
4 cents in January 2018, moving from 30 to 34. In January 2020, another 2-cent (34 to 36) increase. Another 2-cent increase from 36 to 38 in January 2022. Finally, On January 1st, 2024, 2-cent increase (38 to 40). After the initial increase, all the 2-cent increases are contingent on the OTC reporting (sec 45) of ODOT's compliance with certain specified conditions.

Vehicle Registration Fees surcharge of $13 was added to the $43 base fee for passenger vehicles, from 1/1/2018 to 12/1/2019.
Many other fixed fees Such as fixed load, for hire, Antique, special-use, motorcycle, racing and government owned vehicles were also included in the change. (Sections 34-36 of HB 2017)

Then starting on <u>January 1st, 2020</u>, Vehicle registration surcharges are tiered into four categories based on fuel efficiency of each vehicle. The fee is based on the EPA combined rating of MPG.

For vehicles with 0-19 MPG, the surcharge is $18.
For vehicles with 20-39 MPG, the surcharge is $23.
For vehicles with over 40 MPG, the surcharge is $33.
For (EV) electric vehicles, $110 unless the owner choses to enroll in the OReGO program.

The change in the registration relative to fuel consumption is seen as a road use recovery fee that is aligned to use of the road (responsibility) (sec 32-37).

On <u>January 1st, 2022,</u> the variable MPG fee is increased again corresponding to the following fee schedule.
0-19 MPG, $20 20-39 MPG, $25 Over 40 MPG, $35
Electric vehicles pay $115 unless the owner choses to enroll in the OReGO program.

Title Fees Surcharge adds a surcharge of $16, to the base fee of $77. from 1/1/2018 to 12/1/2019

Then starting on <u>January 1st, 2020,</u> Title fees were changed to also reflect the alignment with (potential) use of the road. The surcharge is changed to tiered fee based on MPG rating.

0-19 MPG, $21 20-39 MPG, $26 Over 40 MPG, $36 Electric vehicles, $110

The <u>variable MPG Title surcharge</u> is changed again on <u>January 1st, 2022,</u> according to the following fee schedule.

0-19 MPG, $24 20-39 MPG, $29 Over 40 MPG, $39 Electric vehicles, $115

The Oregon Transportation commission (OTC) is tasked with studies and reports (section 75 of HB 2017) examining the different vehicles contributions to costs imposed on the system. The report is due by September 2023. This will likely be used to calibrate the right level of the MPG tiered fee.

The (HB 2017) package also increases the weight mile and flat (truck) fees by 53.3% in four increments during 2018, 2020, 2022, and 2024. Additionally, overall cost responsibility is maintained at 62.87% for light vehicles and 37.13% for heavy vehicles.

The bill included other changes to the distribution of revenue and other programmatic allocations.

Statewide importance projects (funded off the top of revenue and before local distributions).
30 million a year to the rose quarter for bonding ($400-$500 million for the project).
$10 million/year, increasing to $15 million by 2022 for Safe Routs to Schools program.

The balance of revenue generated by the new highway fees after the specified programmatic transfers are distributed 50% to the State, 30% to counties, and 20% to the cities.

Small cities program gets an additional $4 million a year. The current $1 million program will now receive $2.5 million contribution from ODOT, and $2.5 million contribution from the aggregate cities' highway fund portion.

Special County distribution will divide $5 million a year between counties with less than 200,00 vehicles proportionate to the quotient of lane miles over vehicles. Four small counties will receive $750,000 between them.

Other distributions from the state share of the revenue are as follows:

- The State revenue share pays the OTIC (Oregon Tourism Council) for servicing Rest Areas specified in sec (125-131).
- Special projects are funded through a $450 million bond with payments coming from the earlier revenue stream.
- $10 million a year dedicated to Safety and increasing to $15 by 2022.
- The remainder of the State revenue stream is to be spent according to the following percentages: 40% bridge, 30% seismic, 24% maintenance and culvert, 6% preservation & safety.

HB 2017 also instituted new taxes dedicated to other transportation modes than highway.

Dealer Privilege Tax: A tax on dealer's sales of new vehicles sold in Oregon at the rate of 0.5% of the vehicle's retail price. Not being a highway fund source, this revenue can be used to achieve other transportation policy endeavors. Dealers have the choice to show it on sales receipt. 1/1/18
The Department of Revenue collects the new tax and deposits proceeds, net of administrative and enforcement expenses, until December 31, 2023, as follows:
$12 million to the **Zero-Emission Incentive Fund to** provide rebates for the purchase of light-duty zero-emission or plug-in hybrid electric vehicles, and the balance to the **Connect Oregon Fund**.
The January 1, 2024, sunset of that provision specified in HB 2017 has been removed by the 2021 regular session (HB 2065), which made the split of revenue permanent. However, the 2022 session (SB 1558) reconfigured the split of the privilege tax revenue into 45% going to the Zero Emission Incentive Fund, and 55% going to the Connect Oregon Fund with all its sub-distributions.
Collections for the privilege tax started at the $28 million level in 2018 and 2019 and accelerated to $32.6 million in FY 2021. The tax is expected to generate around $70 million a biennium for the coming few budget cycles.

<u>Use Tax</u>: Is a tax on vehicles bought <u>outside</u> of Oregon that is equivalent to the Dealer Privilege Tax levied on Oregon sales. This tax revenue is considered a highway Fund source and is directed to the highway fund starting 1/1/18.
Annual collections of the use tax have grown to $10.5 million in FY 2024 with almost 70% coming from the consumer payments rather than payments furnished by out-of-state dealers.

<u>Payroll Tax</u>: An employee paid payroll tax of 0.1% on wages earned in Oregon after 07/1/18.
Revenue from the new payroll tax go to the Statewide Transportation Improvement Fund (STIF): The distributions of the revenue are prescribed by the following formula:
90% to mass transit and transportation districts in proportion to the amount of tax paid, with a minimum of $100,000.
5% to transportation districts,
4% for intercity public transportation service providers, and
1% for a public transportation technical resource center to assist rural areas.
The payroll tax generated about $99 million in FY 2019 for the transit programs, However, by the end of FY 2021 the collections reached about $110 million, $121 million for FY 2022, and $127 million in FY2023. The payroll tax collection is expected to be $136 million annually.

<u>Bicycle Excise tax:</u> a $15 flat fee imposed at the point of sale on new bicycles that are priced higher than $200. Net proceeds of the excise tax on bicycles <u>go to Connect Oregon Fund</u> for the purposes of grants for bicycle and pedestrian transportation projects.
The Bicycle tax collections were not strong in the beginning (2018) due to the relative unfamiliarity with the program by retailers but almost reached $900,000 by FY 2021 and continues at those levels for now.

HB 3991, Transportation Funding Package of the 2025 Special Session:

The legislature met in a special session and approved the Governor’s transportation funding proposal. The bill increases and changes various taxes and fees as well as the distributions of the new revenue. HB 3991 was assumed to take effect on January 1, 2026, however, since the governor signed the measure, enough signatures were gathered to refer the measure to voters in a general election. The outcome of this referral will determine wither the measure or only parts of it will take effect.

Major revenue components of the bill are:

Fuel Taxes: The measure increases the per-gallon state motor vehicle fuel tax and use-fuel tax by 6 cents to 46 cents. the measure imposes a new tax on Diesel (used by heavy vehicles), by modifying the definition of diesel fuel to be administered and taxed in a comparable fashion to the motor vehicle fuel tax paid by light vehicles. This approach is a major part of what is known as the “hybrid system” of taxation for heavy vehicles. In this hybrid system, the traditional taxing instrument of heavy vehicles, the Weight Mile taxes, are augmented by a Diesel tax which is equivalent in rate, point of taxation, and method of collection to the fuel (Gas) tax. Consequently, the new tax on diesel generates revenue from the consumption of fuel by heavy and some medium-heavy vehicles. Diesel tax payments by interstate heavy vehicles are administered in partnership with IFTA (International Fuel Tax Agreement). IFTA is a clearing house for states (with Canada and Mexico) to collect appropriate taxes commensurate with miles driven in each state. The tax on Diesel fuel becomes operative at the beginning of state Fiscal Year (FY) 2030 on July 1, 2029.

Vehicle Registration Fees: The measure increases annual fees on registration of passenger vehicles by $42. Vehicles typically renew registration for two years, while new vehicles can register for four years. Surcharge Fees established in HB 2017 (2017 session) are adjusted for two of vehicles classes (tiers). The EV (tier) surcharge is increased by $30 to $145 before it is repealed in FY 2032. At that time, EV taxation and contribution to road use expenses is expected to be mostly administered through the RUC (Road User Charge) program. The second tier that is increased by $30 is the class of vehicles with a combined MPG rating greater than 40 MPG. This class of vehicles encompasses many of the Hybrid and Plugin Hybrid vehicles. This surcharge continues with no sunset date.

Title fees: The measure increases title fees by $139 to the total of $216. The increase mostly spans the title certificates for light vehicles, with about 7% of the revenue coming from the medium duty vehicles weighing between 10,001 lb. to 26,000 lb.

Road User Charge (RUC): The measure begins the transition to the per-mile Road Usage Charge by gradually adding different vehicle classes to the mandatory RUC program as it takes effect starting 7/1/27. The mandatory RUC program starts with requiring existing EVs to enroll at the time of their registration renewal. New EV's (registering and titling) will start enrolling on 1/1/28. Finally, new and renewing Hybrid vehicles and Plug in Hybrid Vehicles (PHEV) will be enrolled starting 7/1/28. DMV will reduce registration fees for electric and fuel-efficient vehicles when they enroll with the RUC program, however, they can choose to pay an annual flat fee of $340 instead of the per mile charge. The RUC system charges for miles driven in Oregon for passenger vehicles is set at 5 percent of the rate of the per-gallon fuel tax (2.3 cents). Vehicles enrolled in RUC are not subject to the enhanced portion of registration fees.

Heavy vehicle Taxes: The heavy payment category is traditionally dominated by the Weight-Mile (W-M) tax, Flat Fee (FF) payments, and the Road Use Assessment Fees (RUAF). The bill delays any changes in these taxes and fees until July 2027 (FY 28). At that time, the measure introduces the new abbreviated Weight-Mile tables (**simplified W-M**). Then in FY 30 it introduces the Diesel tax and reduces the W-M Rates **(Hybrid system).** The Simplified Weight Mile system changes start the beginning of the 27-29 biennium, the weight mile rate tables are abbreviated to ten gradually increasing rates (Simplified W-M). The new first nine rate increments increase every 6,000 lb. starting from 26,000 lb. until weights reach 80,000 lb. These nine rates essentially replace the current (2,000 lb. increments) Table-A of the weight mile tax. The tenth increment of the simplified table spans all trucks weighing between 80,001 to 105,000lb. This broad single 25,000 lb. weight increment essentially replaces all of Table-B of the current W-M tax rates.

The Bill also attempts to remedy the Heavy/Light imbalance and adds further requirements for work to be performed by HCAS.

Highway Fund Distributions: The measure used an adjusted 50-30-20 formula for distributions of some of the new highway fund revenue. This adjusted formula directs a fixed amounts ($1 million) to the small city programs, and a percentage (1.37% of the total county share) to the small county distributions. Additionally, the measure increases the amounts allocated to rest areas (Travel Information Council) by $3 million per year. The RUC revenue however is distributed strictly on existing (current) law 50-30-20 apportionments.

Payroll Tax: The measure increases the employee payroll tax from 0.1 percent to 0.2 percent effective January 1, 2026. However, the additional tax is repealed on January 1, 2028, where the payroll tax goes back to being 0.1 percent. All the resulting net revenue from those increases still go to the STIF (Statewide Transportation Improvement Fund).

Other provisions for the Highway Fund

The Oregon Constitution requires all tax revenues levied upon ownership or operation of motor vehicles (except recreational vehicles) 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. The Highway Cost Allocation Study (HCAS) is performed every two years by the Office of Economic Analysis (OEA) as required by ORS 366.506. It is delivered to the legislative committees dealing with revenue and transportation by the end of January of each odd number year, just before the start of the long session. These studies insure the continuous examination of the cost responsibility of the different vehicle classes in the coming biennium. HB 3406 (2023) changed the requirements to include examination of most recent study period to determine accuracy of published HCAS results, and of prospective study period based on projected data. It also Directs Department of Administrative Services to submit report analyzing at least the three most recent iterations of HCAS to evaluate proportionate share paid by users of 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 are distributed among Oregon 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 each of those legislations.
Also specified in law is that the increases for various registration fees, license, and titles with their heavy vehicle equivalents and other fees need to be tracked before and after HB 2041. The different distribution formulas for the different revenue streams 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 revenues to be distributed to cities and counties with 60% to 40% split. HB 2001 of the 2009 session is meant to raise $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 ($273 million) goes 20% ($54.6 million) to city streets and 30% ($81.9 million) to county roads, the remainder 50 percent ($136.5 million) to state highways. HB 2017 is distributed at 50,30,20 percentages after the deduction for the off the top programs.

EXHIBIT H-1

HIGHWAY FUND DISTRIBUTION

Recipient	Base	OTIA	Bridge*	Misc.	HB 2001	HB 2017
State	60.05%	50%	57.53%	0%	50%	50%
Counties	24.38%	30%	25.48%	60%	30%	30%
Cities	15.57%	20%	16.99%	40%	20%	20%

* All revenues go through 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, safety and rail in addition to revenue for highways.

EXHIBIT H-2

Total Transportation Revenue (millions of dollars)						
	Actuals					Leg approved with HB 3992
Revenue	**2015-17**	**2017-19**	**19-21**	**21-23**	**23-25**	**25-27**
Beginning Balance	585	721	773	650	443	604
Revenues						
Fuel Taxes	1,078	1,218	1,222	1,334	1,368	1,511
Weight-Mile Taxes	591	718	802	892	981	982
Driver & Vehicle	723	840	867	1,030	1,081	1,556
General Fund	22	23	64	76	81	53
Federal Funds	1,075	1,191	1,037	1,475	2,701	1,675
Lottery	107	113	112	123	134	127
Bonds & COP	981	191	1,595	643	325	876
All Other	294	417	714	724	724	996
Total Revenue	**4,871**	**4,713**	**6,413**	**6,297**	**7,395**	**7,776**
Total Resources	**5,456**	**5,434**	**7,186**	**6,947**	**7,838**	**8,380**

Source: ODOT Program Budget.

The following two pages 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-10 shows fuel tax rates by state and page H-11 shows a comparison of motor carrier fees and taxes by state for an 80,000-pound vehicle, as well as rates for Diesel tax.

EXHIBIT H-3

FUEL TAX, WEIGHT MILE TAX, AND MOTOR VEHICLE REVENUES

Gross Tax Collections* (millions)

Fiscal Year	Fuel Tax Amount	Fuel Tax % of Total	Weight-Mile Tax Amount	Weight-Mile Tax % of Total	Registration & License Amount	Registration & License % of Total	Total Collections Amount	Total Collections Growth
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	394.0	49.3%	210.9	26.4%	193.7	24.3%	798.6	8.8%
2004-05	388.8	44.4%	237.6	27.1%	249.6	28.5%	876.0	9.7%
2005-06	401.4	44.7%	243.6	27.1%	252.7	28.2%	897.7	2.5%
2006-07	398.8	44.7%	242.8	27.2%	250.1	28.0%	891.7	-0.7%
2007-08	395.6	44.8%	243.1	27.5%	244.0	27.6%	882.7	-1.0%
2008-09	382.0	46.6%	215.5	26.3%	222.8	27.2%	820.3	-7.1%
2009-10	389.3	43.3%	209.9	23.3%	300.5	33.4%	899.7	9.7%
2010-11	432.2	42.7%	245.1	24.2%	334.3	33.0%	1,011.6	12.4%
2011-12	472.6	43.8%	264.3	24.5%	342.8	31.8%	1,079.7	6.7%
2012-13	469.9	43.0%	266.6	24.4%	355.9	32.6%	1,092.4	1.2%
2013-14	476.0	42.3%	282.4	25.1%	367.3	32.6%	1,125.7	3.1%
2014-15	491.7	42.2%	290.7	25.0%	382.7	32.8%	1,165.1	3.5%
2015-16	512.5	42.4%	300.2	24.9%	394.8	32.7%	1,207.5	3.6%
2016-17	524.8	42.6%	304.4	24.7%	402.3	32.7%	1,231.5	2.0%
2017-18	557.2	41.8%	334.5	25.1%	441.8	33.1%	1,333.5	8.3%
2018-19	600.2	41.2%	378.3	26.0%	478.1	32.8%	1,456.6	9.2%
2019-20	567.9	40.8%	397.1	28.6%	425.8	30.6%	1,390.8	-4.5%
2020-21	590.4	38.9%	433.3	28.6%	493.4	32.5%	1,517.2	9.1%
2021-22	620.9	38.3%	458.3	28.2%	543.7	33.5%	1,622.8	7.0%
2022-23	637.8	39.4%	459.4	28.4%	523.1	32.3%	1,620.3	-0.2%
2023-24	652.9	39.4%	$458.4	27.7%	546.6	33.0%	1,657.9	2.3%
2024-25	663.6	38.7%	$486.0	28.4%	564.6	32.9%	1,714.2	3.4%

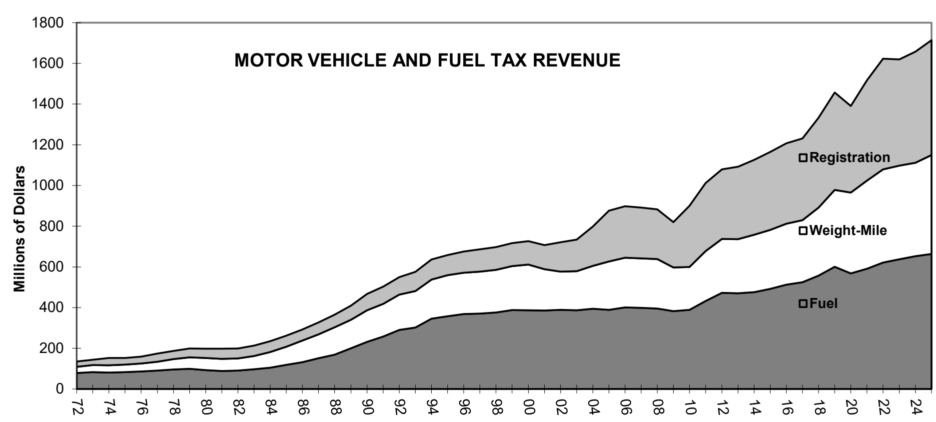
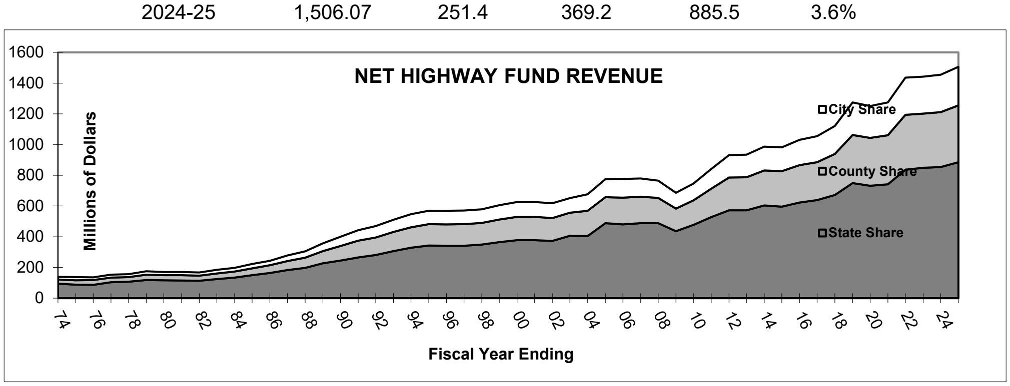


EXHIBIT H-4

NET HIGHWAY FUND REVENUE AND DISTRIBUTIONS
(millions)

Fiscal Year	Total Highway Fund	Less Transfers to Cities	Less Transfers to Counties	Net State Revenue	Highway Fund Growth
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%
2011-12	931.6	146.4	212.7	572.4	10.7%
2012-13	934.5	147.5	214.6	572.5	0.3%
2013-14	987.0	156.0	227.8	603.2	5.6%
2014-15	981.8	155.8	229.4	596.6	-0.5%
2015-16	1,030.8	164.2	243.9	622.7	5.0%
2016-17	1,054.0	168.1	247.8	638.1	2.3%
2017-18	1,120.4	181.3	266.6	672.5	6.3%
2018-19	1,273.9	211.7	313.6	748.6	13.7%
2019-20	1,251.3	208.5	310.3	732.5	-1.8%
2020-21	1,275.1	214.6	318.8	741.7	1.9%
2021-22	1,435.1	242.0	357.0	836.1	12.5%
2022-23	1,442.1	240.1	352.5	849.5	0.5%
2023-24	1,454.31	243.4	357.2	853.7	0.8%
2024-25	1,506.07	251.4	369.2	885.5	3.6%



Motor Fuel Tax Rates (cents per gallon)

January 1, 2025

	Gasoline Tax Rates				Diesel Fuel Tax Rates				Gasohol Tax Rates				Add Sales	
State	Excise	Add'l	Total	Rank	Excise	Add'l	Total	Rank	Excise	Add'l	Total	Rank	Tax	Other
Alabama /1/10	29.0	0.00	29.00	29	32.8	0.00	32.80	24	29.0	0.00	29.00	28.0		
Alaska	8.0	0.95	8.95	50	8.0	0.95	8.95	50	8.0	0.95	8.95	50.0		Refining Surcharge
Arizona	18.0	1.00	19.00	45	18.0	1.00	19.00	48	18.0	1.00	19.00	44		/8 LUST Tax
Arkansas	21.5	3.30	24.80	34	22.5	6.30	28.80	32	21.5	3.30	24.80	33		Environmental fee, W. Sales Tax
California	53.9	9.00	62.90	1	41.0	46.30	87.30	1	53.9	9.00	62.90	1	Y	Includes prepaid sales tax /7
Colorado	22.0	0.00	22.00	42	34.7	0.00	34.70	19	22.0	0.00	22.00	41		
Connecticut /10	5.2	0.00	5.24	51	48.9	0.00	48.90	8	5.2	0.00	5.24	51		Plus a 8.1% Petroleum tax (gas)
Delaware	23.0	0.00	23.00	40	22.0	0.00	22.00	44	23.0	0.00	23.00	39		Plus 0.9% GRT
Dist. of Columbia	34.2	0.00	34.20	15	34.2	0.00	34.20	20	34.2	0.00	34.20	15		
Florida /2	22.2	15.13	37.33	11	24.3	15.98	40.28	14	21.0	14.53	35.53	12	Y	Sales tax added to excise /2
Georgia /5/11	33.1	0.00	33.10	16	37.9	0.00	37.90	17	33.1	0.00	33.10	16	Y	/5 Local sales tax additional
Hawaii /1	16.0	0.00	16.00	49	16.0	2.50	18.50	49	16.0	0.00	16.00	48	Y	Sales tax additional
Idaho	32.0	1.00	33.00	17	32.0	1.00	33.00	21	32.0	1.00	33.00	17		Clean Water Fee
Illinois /1/5	45.9	1.10	47.00	4	72.4	1.50	73.90	3	45.9	1.10	47.00	4	Y	Sales tax add., env. & LUST fee /3
Indiana /5	35.0	0.00	35.00	14	62.0	0.00	62.00	5	35.0	0.00	35.00	14	Y	Sales tax additional
Iowa	30.0	0.00	30.00	25	32.5	0.00	32.50	25	30.0	0.00	30.00	25		0
Kansas	24.0	0.03	24.03	35	26.0	1.00	27.00	37	24.0	0.03	24.03	34		Environmental & Inspection fees
Kentucky	25.0	1.40	26.40	32	22.0	1.40	23.40	40	25.0	1.40	26.40	31		Environmental fee /4 /3
Louisiana	20.0	0.13	20.13	43	20.8	0.13	20.90	46	20.0	0.13	20.13	42		Inspection fee
Maine	30.0	0.00	30.00	25	31.9	0.00	31.90	28	30.0	0.00	30.00	25		/5
Maryland /5	47.0	0.00	47.00	4	46.9	0.00	46.90	10	47.0	0.00	47.00	4		/5
Massachusetts	24.0	0.00	24.00	36	27.5	0.00	27.50	36	24.0	0.00	24.00	35		
Michigan /5	31.0	0.00	31.00	22	49.9	0.00	49.90	7	31.0	0.00	31.00	22	Y	Sales tax additional
Minnesota	31.7	0.10	31.80	21	31.8	0.10	31.90	27	31.7	0.10	31.80	21		Inspect fee
Mississippi	18.0	0.40	18.40	48	21.0	0.40	21.40	45	18.0	0.40	18.40	47		Environmental fee
Missouri /9	29.0	0.47	29.47	28	29.5	0.47	30.00	30	29.0	0.47	29.47	27		Inspection & Load fees
Montana	33.0	0.00	33.00	17	30.5	0.00	30.50	29	33.0	0.00	33.00	17		
Nebraska	29.0	1.40	30.40	24	30.7	1.40	32.10	26	29.0	1.40	30.40	24		Petroleum fee /5
Nevada /1	23.0	0.81	23.81	39	27.0	0.75	27.75	35	23.0	0.81	23.81	38		Inspection & cleanup fee
New Hampshire	22.2	1.63	23.83	38	22.2	1.63	23.83	39	22.2	1.63	23.83	37		Oil discharge cleanup fee
New Jersey	10.5	30.90	41.40	6	17.1	34.90	52.00	6	10.5	30.90	41.40	6		Petroleum fee
New Mexico	17.0	1.88	18.88	47	21.0	1.88	22.88	43	17.0	1.88	18.88	46		Petroleum loading fee
New York	8.1	18.10	26.15	33	8.0	15.15	23.15	41	8.1	18.10	26.15	32	Y	Petroleum Tax, Sales tax aditional
North Carolina	40.5	0.25	40.75	7	40.5	0.10	40.60	13	40.5	0.25	40.75	7		/5 Inspection tax
North Dakota	23.0	0.00	23.00	40	23.0	0.00	23.00	42	23.0	0.00	23.00	39		
Ohio	38.5	0.00	38.50	9	47.0	0.00	47.00	9	38.5	0.00	38.50	9		
Oklahoma	19.0	0.00	19.00	45	0.2	0.00	0.16	51	19.0	0.00	19.00	44		Environmental fee
Oregon /1	**40.0**	**0.0**	**40.0**	**8**	**40.0**	**0.0**	**40.0**	**15**	**40.0**	**0.0**	**40.0**	**8**		
Pennsylvania	57.6	0.00	57.60	2	74.1	0.00	74.10	2	57.6	0.00	57.60	2		Oil franchise tax only /5
Rhode Island /5	36.0	1.00	37.00	12	40.0	1.11	41.11	12	36.0	1.00	37.00	11		LUST tax
South Carolina	28.0	0.75	28.75	30	28.0	0.75	28.75	33	28.0	0.75	28.75	29		Inspection fee & LUST tax
South Dakota /1	28.0	2.00	30.00	25	28.0	2.00	30.00	30	14.0	2.00	16.00	48		Inspection fee (gasohol E10)
Tennessee /1	26.0	1.40	27.40	31	27.0	1.40	28.40	34	26.0	1.40	27.40	30		Petroleum Tax & Envir. Fee
Texas	20.0	0.00	20.00	44	20.0	0.00	20.00	47	20.0	0.00	20.00	43		
Utah	38.4	0.00	38.40	10	39.2	0.00	39.20	16	38.4	0.00	38.40	10		
Vermont /5	12.1	20.90	33.00	17	29.0	4.00	33.00	21	12.1	20.09	32.19	20		Cleanup Fee & Trans. Fee
Virginia /1	30.8	0.00	30.80	23	42.7	0.00	42.70	11	30.8	0.00	30.80	23		/6
Washington /10	49.4	0.00	49.40	3	62.2	0.00	62.20	4	49.4	0.00	49.40	3		0.5% privilege tax
West Virginia	20.5	14.70	35.20	13	21.0	14.70	35.70	18	20.5	14.70	35.20	13	Y	Sales tax added to excise
Wisconsin	30.9	2.00	32.90	20	30.9	2.00	32.90	23	30.9	2.00	32.90	19		Petroleum Insp. Fee
Wyoming	23.0	1.00	24.00	36	23.0	1.00	24.00	38	23.0	1.00	24.00	35		License tax
Federal	18.3	0.10	18.40		24.3	0.10	24.40		18.3	0.10	18.40			LUST tax

SOURCE: Compiled by FTA from various sources. Fee/Taxes column is for comparison purposes and does not include all taxes/fees levied.

/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 5 cents; SD and TN, one cent; and VA 2.1%.*

/2 Local taxes for gasoline and gasohol vary from 0 cents to 6.0 cents. Includes Inspection Fee, SCETS, & Statewide Local Tax.

/3 Carriers pay an additional surcharge equal to IL-14.9 cents, KY-2% (g) 4.7% (d).

/4 Tax rate is based on the average wholesale price and is adjusted annually The actual rates are: KY, 9%; and UT, 16.5%.

/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 (d) 3.5 cents (g) 12.6 cents. Actual rates (g) 5.1%, (d) 6%.

/7 Califonia Gasoline subject to 2.25% sales tax. Diesel subject to a 13% sales tax.

/8 Diesel rate specified is the fuel use tax rate on large trucks. Small vehicles are subject to 18 cent tax rate.

/9 On July 1, 2020, SC tax will increate to 24 cents. On October 1, 2020, AL tax will increase to 26 cents (g) and 27 cents (d).

/10 Connecticut suspended gas tax rate through 12/31/22, tax rate increase 5 cents each month until it reaches 25 cents per gallon in May.

/11 Georgia suspended fuel tax through January 10, 2023.

EXHIBIT H-6

2025 State Motor Carrier Registration Fees
80,000 Pound Vehicle (GVW) w/trailer

State	Dollars per Vehicle	State Ranking
Alabama	$835	46
Alaska	$513	48
Arizona	$4,069	1
Arkansas	$1,573	27
California	$3,069	6
Colorado	$3,046	7
Connecticut	$1,601	26
Delaware	$1,390	33
Florida	$1,369	34
Georgia	$1,005	42
Hawaii	$3,155	5
Idaho	$3,396	3
Illinois	$2,911	10
Indiana	$2,325	14
Iowa	$1,725	23
Kansas	$2,318	15
Kentucky	$1,460	29
Louisiana	$511	49
Maine	$1,397	31
Maryland	$1,868	20
Massachusetts	$1,660	24
Michigan	$2,022	19
Minnesota	$1,760	21
Mississippi	$3,318	4
Missouri	$1,755	22
Montana	$983	44
Nebraska	$1,346	35
Nevada	$2,077	18
New Hampshire	$800	47
New Jersey	$1,244	37
New Mexico	$205	50
New York	$1,223	38
North Carolina	$2,229	16
North Dakota	$1,079	39
Ohio	$1,469	28
Oklahoma	$1,059	41
Oregon	**$999**	**43**
Pennsylvania	$2,977	9
Rhode Island	$1,061	40
South Carolina	$4,015	2
South Dakota	$1,458	30
Tennessee	$1,391	32
Texas	$896	45
Utah	$1,324	36
Vermont	$2,859	11
Virginia	$2,458	13
Washington	$2,125	17
West Virginia	$2,990	8
Wisconsin	$2,583	12
Wyoming	$1,618	25

2025 Weight-Mile Tax Rates
(per mile) 80,000 lbs.

State	Tax Rate	State Ranking
Connecticut	$0.1750	2
Kentucky	$0.0285	5
New Mexico	$0.0438	4
New York	$0.0546	3
Oregon*	**$0.2512**	**1**

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

2025 State Diesel Tax Rates
(per gallon)

State	Tax Rate	State Ranking
Alabama	$0.328	23
Alaska	$0.090	50
Arizona	$0.190	48
Arkansas	$0.288	31
California	$0.873	1
Colorado	$0.347	19
Connecticut	$0.489	8
Delaware	$0.220	43
Florida	$0.403	14
Georgia	$0.379	17
Hawaii	$0.185	49
Idaho	$0.330	20
Illinois	$0.739	3
Indiana	$0.620	5
Iowa	$0.325	24
Kansas	$0.270	36
Kentucky	$0.234	39
Louisiana	$0.209	45
Maine	$0.319	27
Maryland	$0.469	10
Massachusetts	$0.275	35
Michigan	$0.499	7
Minnesota	$0.319	26
Mississippi	$0.214	44
Missouri	$0.300	30
Montana	$0.305	28
Nebraska	$0.321	25
Nevada	$0.278	34
New Hampshire	$0.238	38
New Jersey	$0.520	6
New Mexico	$0.229	42
New York	$0.231	40
North Carolina	$0.406	13
North Dakota	$0.230	41
Ohio	$0.470	9
Oklahoma	$0.200	46
Oregon	$0.400	**15**
Pennsylvania	$0.741	2
Rhode Island	$0.411	12
South Carolina	$0.288	32
South Dakota	$0.300	29
Tennessee	$0.284	33
Texas	$0.200	46
Utah	$0.392	16
Vermont	$0.330	20
Virginia	$0.427	11
Washington	$0.620	4
West Virginia	$0.357	18
Wisconsin	$0.329	22
Wyoming	$0.240	37

Source: International Registration Plan, Inc., Information Exchange internet site and Individual state internet sites

Note: Based on intrastate for-hire carrier registering 2011 model year 5-axle (3-S2) tractor-semitrailer combination with GVW of 80,000 lbs.

SECTION I - TIMBER TAXATION

Current Law

As of July 1, 2004, all timber harvest is subject to the Forest Products Harvest Tax (FPHT) and all private forestland is assessed property tax under the Oregon Forestland program specially assessed based by the Department of Revenue (DOR) based on soil type. Certain forestland landowners may also apply to participate in the Small Tract Forestland (STF) program.

The FPHT 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 consists of six separate taxes with distinct uses. Three of these tax rates are established each biennium by statute, during the odd-year legislative sessions. Exhibit I-1 shows the FPHT rates from 2006 through 2026.

EXHIBIT I-1: Forest Products Harvest Tax (per 1,000 board feet)

Year	OSU Research	Forest Land Protection Fund	Forest Practices	OFRI	OSU Education	Conservation & Recreation	Total
2006	$0.67	$0.50	$0.55	$0.89			$2.6100
2007	$0.67	$0.50	$0.55	$0.89			$2.6100
2008	$0.92	$0.625	$1.1456	$0.89			$3.5806
2009	$0.92	$0.625	$1.1456	$0.89			$3.5806
2010	$0.92	$0.625	$1.1400	$0.89			$3.5750
2011	$0.92	$0.625	$1.1400	$0.89			$3.5750
2012	$0.8739	$0.625	$1.2952	$0.89			$3.6841
2013	$0.8739	$0.625	$1.2952	$0.89			$3.6841
2014	$0.8439	$0.625	$0.9727	$0.99	$0.10		$3.5316
2015	$0.8439	$0.625	$0.9727	$0.99	$0.10		$3.5316
2016	$0.9000	$0.625	$1.1037	$1.00	$0.10		$3.7287
2017	$0.9000	$0.625	$1.1037	$1.02	$0.10		$3.7487
2018	$0.9000	$0.625	$1.5661	$1.04	$0.10		$4.2311
2019	$0.9000	$0.625	$1.5661	$1.09	$0.10		$4.2811
2020	$0.9000	$0.625	$1.3872	$1.12	$0.10		$4.1322
2021	$0.9000	$0.625	$1.3872	$1.12	$0.10		$4.1322
2022	$0.9000	$0.625	$2.0702	$1.12	$0.21		$4.9252
2023	$0.9000	$0.625	$2.0702	$1.12	$0.21	$1.0461	$5.9713
2024	$0.9000	$0.625	$2.5346	$1.12	$0.21	$0.5681	$5.9577
2025	$0.9000	$0.625	$2.5346	$1.17	$0.21	$0.8553	$6.2949
2026	$0.9000	$0.625	$2.5346	$1.17	$0.21		$5.4396

Each tax rate funds different forestry related activities. Exhibit I-2 shows the annual collections for fiscal years 2004-05 through 2024-25. Privilege taxes were phased out by 2003. Exhibit I-3 is a graph of the data provided in Exhibit I-2, for fiscal years 1995 through 2025. The eastern and western severance taxes are additional harvest taxes. These additional taxes are part of the STF program. This program was created by the 2003 Legislature and is discussed next.

EXHIBIT I-2: Timber Tax Collections

Fiscal Year	FPHT	EOPT	WOPT	STF Taxes
FY 04	$11,940,279	$184,205	$3,602,860	$0
FY 05	$13,019,169	$38,507	$1,006,947	$298,957
FY 06	$12,017,001	$33,162	$707,737	$318,468
FY 07	$10,526,389	$82,187	$440,642	$372,492
FY 08	$10,180,877	$6,572	$187,253	$312,788
FY 09	$9,397,715	$2,549	$61,116	$178,182
FY 10	$10,960,968	$4,783	$57,394	$152,957
FY 11	$11,326,155	$820	$41,525	$210,341
FY 12	$12,900,547	$1,339	$33,752	$345,026
FY 13	$14,148,783	$222	$137,829	$393,797
FY 14	$14,922,588	$17	$79,265	$423,460
FY 15	$13,481,715	$3	$22,794	$585,103
FY 16	$13,357,996	$189	$62,730	$496,037
FY 17	$13,282,418	$104	$86,654	$530,721
FY 18	$13,792,433	$254	$127,557	$666,403
FY 19	$16,371,271	$1,571	$42,683	$1,240,368
FY 20	$15,436,287	$22	$681	$522,896
FY 21	$14,536,165	$740	$14	$515,266
FY 22	$15,311,697	$507	$5	$511,037
FY 23	$18,779,663	$0	$0	$707,107
FY 24	$19,361,416	$0	$0	$576,778
FY 25	$18,069,135	$0	$0	$558,775

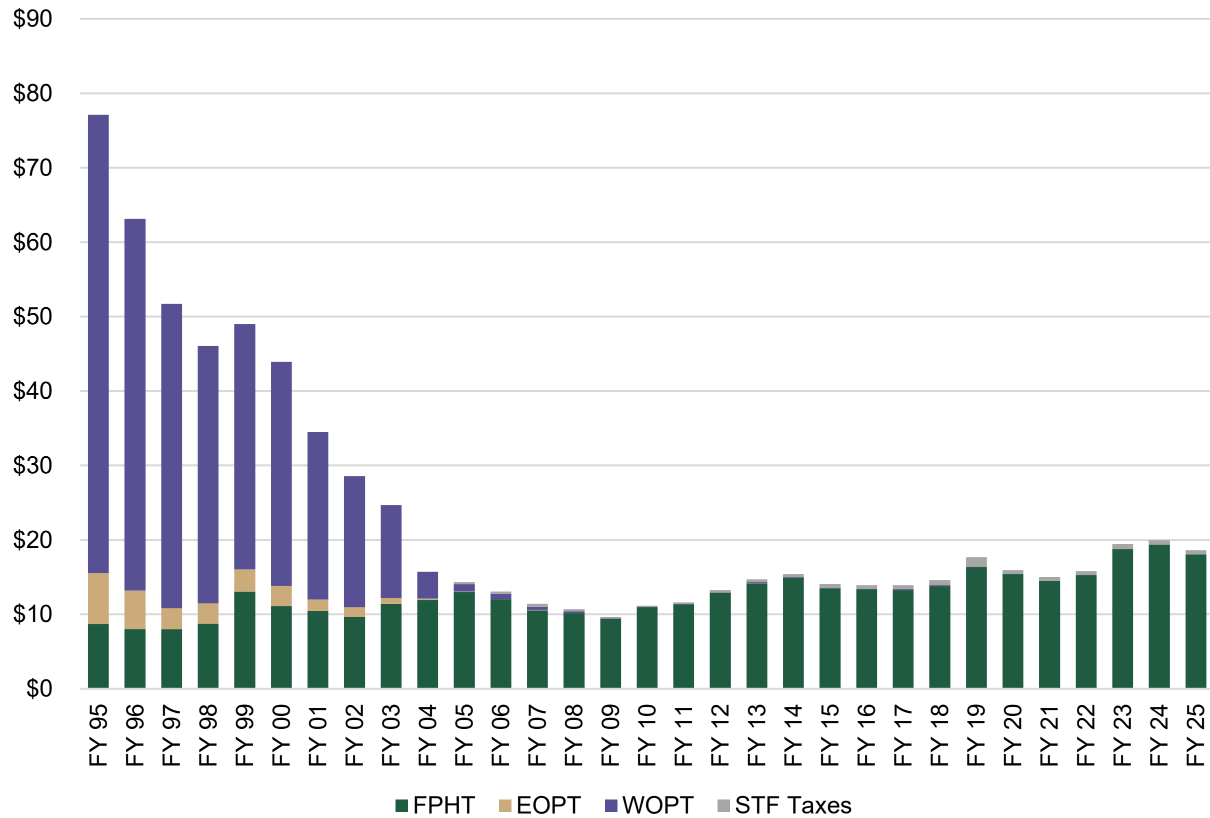
FPHT= FOREST PRODUCTS HARVEST TAX - ORS 321.005 to 321.185

EOPT= EASTERN OREGON PRIVILEGE TAX - sunset (current collections on prior assessments)

WOPT= WESTERN OREGON PRIVILEGE TAX - sunset (current collections on prior assessments)

STF Taxes = EASTERN and WESTERN OREGON SMALL TRACT FORESTLAND PROGRAM SEVERANCE TAX - ORS 321.700 to 321.754

EXHIBIT I-3: Timber Tax Collections (millions)



For participants in the STF program, forestland has an assessed value equal to 20% of the specially assessed forestland values determined by the DOR (as directed by law). Small tract owners pay a severance tax upon harvest. The severance tax applies to the net volume of logs from harvested timber. The severance tax rates for calendar year 2024 were $6.79 (Western Oregon) and $5.35 (Eastern Oregon) per 1,000 board feet harvested. Tax rates for 2025 are $7.10 (Western) and $5.50 (Eastern). 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 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).

EXHIBIT I-4: Oregon Forestland Values

JULY 1, 2025 — JUNE 30, 2026

	Forestland Program		Small Tract Forestland Program	
Classification	MSAV	SAV	20% SAV	20% SAV
Western Oregon				
FA	$862.13	$1,670.28	$171.00	$334.05
FB	$683.93	$1,322.70	$135.70	$264.54
FC	$572.78	$1,110.30	$113.34	$222.06
FD	$486.54	$946.17	$96.60	$189.23
FE	$323.67	$627.56	$63.13	$125.51
FF	$233.61	$453.77	$46.37	$90.75
FG	$97.60	$193.09	$18.44	$38.61
FX	$11.38	$19.30	$1.73	$3.86
Eastern Oregon	$97.60	$186.06	$18.44	$37.21

MSAV: Maximum Specially Assessed Value (Measure 50)
SAV: Specially Assessed Value (ORS 321.207)
20% MSAV: 20% Maximum Specially Assessed Value for qualified Small Tract Forestland Program properties (Measure 50)
20% SAV: 20% Specially Assessed Value for qualified Small Tract Forestland Program properties (ORS 321.722)

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 1st of each year, and to the counties in either eastern or western Oregon (35%) on August 15th following the end of the fiscal year.

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 southwest Oregon, 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 Schools 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 was reauthorized for FY 2013 for 1 year at a rate of 95% of the FY 2012 amount. Oregon received $96.8 million in FY 2014 from the SRS funds as well as BLM payments to counties for harvest on the Oregon and California Railroad lands and the Coos Bay Wagon Road Lands. In FY 2015, these payments were $89.4 million. O&C funds to the 18 counties were $24 million in 2016.

Exhibits I5 and I6 provide historical harvest data. The chart in Exhibit I5 clearly shows the decline in harvest on federal land during the first half of the 1990s. From 2013 through 2023 total harvest has averaged 3,782 million board feet (mmbf); ranging from a low of 3,006 mmbf in 2023 to a high of 4,199 mmbf in 2013.

EXHIBIT I-5: Oregon Timber Harvest (million board feet)

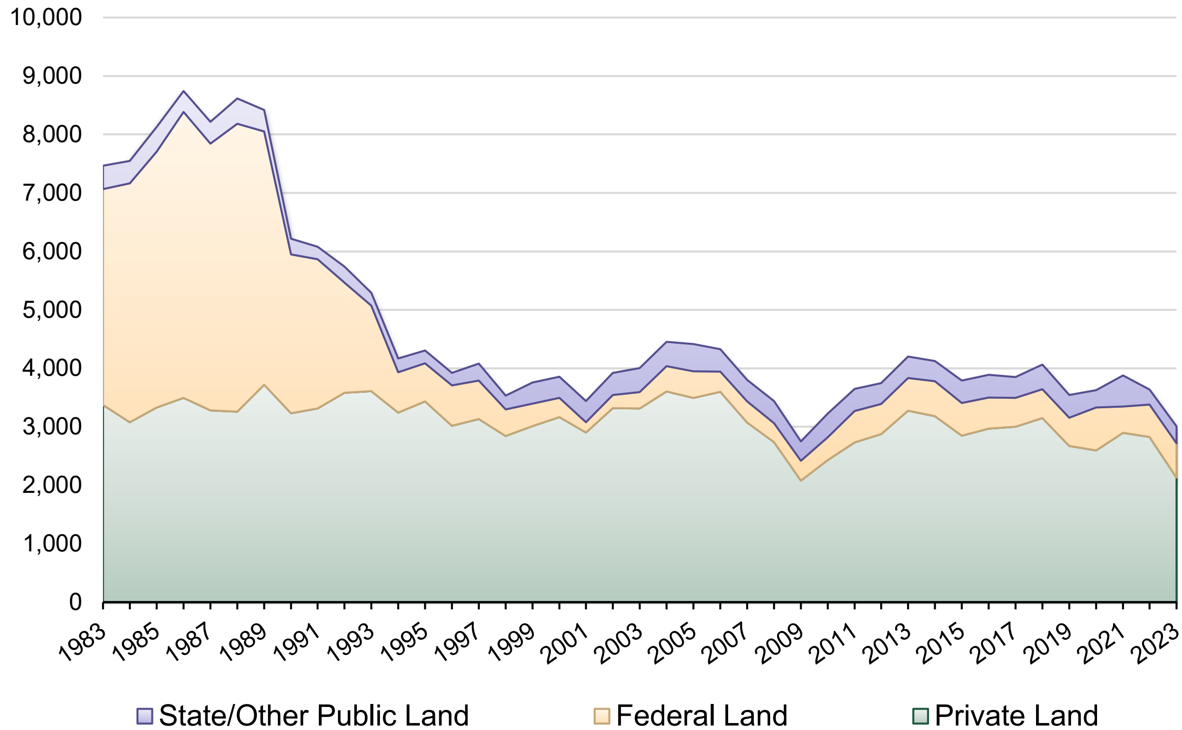


Exhibit I6 provides the numerical harvest data from 1979 through 2023, separated by private, federal, and state/other land.

EXHIBIT I-6: Oregon Timber Harvest (million board feet, Scribner scale)

	Private Land		Federal Land		State/Other Public Land		Total	
Year	Volume	% Change	Volume	% Change	Volume	% Change	Volume	% Change
1979	3,209		4,123		363		7,695	
1980	3,134	-2.3%	3,196	-22.5%	309	-14.9%	6,639	-13.7%
1981	2,702	-13.8%	2,658	-16.8%	335	8.4%	5,695	-14.2%
1982	3,440	27.3%	2,000	-24.8%	318	-5.1%	5,758	1.1%
1983	3,374	-1.9%	3,690	84.5%	400	25.8%	7,464	29.6%
1984	3,079	-8.7%	4,083	10.7%	388	-3.0%	7,550	1.2%
1985	3,332	8.2%	4,372	7.1%	424	9.3%	8,128	7.7%
1986	3,494	4.9%	4,892	11.9%	357	-15.8%	8,743	7.6%
1987	3,280	-6.1%	4,566	-6.7%	368	3.1%	8,214	-6.1%
1988	3,259	-0.6%	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	3,312	2.6%	2,554	-6.0%	214	-21.3%	6,080	-2.2%
1992	3,581	8.1%	1,886	-26.2%	275	28.5%	5,742	-5.6%
1993	3,608	0.8%	1,463	-22.4%	222	-19.3%	5,293	-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%	289	35.0%	4,081	4.1%
1998	2,840	-9.4%	455	-31.0%	237	-18.0%	3,532	-13.5%
1999	3,014	6.1%	383	-15.8%	362	52.7%	3,759	6.4%
2000	3,167	5.1%	328	-14.4%	359	-0.8%	3,854	2.5%
2001	2,905	-8.3%	173	-47.3%	362	0.8%	3,440	-10.7%
2002	3,319	14.3%	222	28.3%	382	5.5%	3,923	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%	454	4.8%	463	12.4%	4,412	-0.9%
2006	3,596	2.9%	346	-23.8%	386	-16.6%	4,328	-1.9%
2007	3,070	-14.6%	363	4.9%	366	-5.2%	3,799	-12.2%
2008	2,740	-10.7%	323	-11.0%	379	3.6%	3,442	-9.4%
2009	2,079	-24.1%	339	5.0%	331	-12.7%	2,749	-20.1%
2010	2,432	17.0%	387	14.2%	407	23.0%	3,226	17.4%
2011	2,733	12.4%	539	39.3%	377	-7.4%	3,649	13.1%
2012	2,873	5.1%	517	-4.1%	358	-5.0%	3,748	2.7%
2013	3,274	14.0%	557	7.7%	368	2.8%	4,199	12.0%
2014	3,183	-2.8%	595	6.8%	347	-5.7%	4,125	-1.8%
2015	2,846	-10.6%	561	-5.7%	381	9.8%	3,788	-8.2%
2016	2,967	4.3%	534	-4.8%	387	1.6%	3,888	2.6%
2017	3,001	1.1%	495	-7.3%	355	-8.3%	3,851	-1.0%
2018	3,148	4.9%	495	0.0%	421	18.6%	4,064	5.5%
2019	2,671	-15.2%	486	-1.8%	384	-8.8%	3,541	-12.9%
2020	2,596	-2.8%	733	50.8%	296	-22.8%	3,625	2.4%
2021	2,898	11.6%	449	-38.7%	533	79.8%	3,880	7.0%
2022	2,824	-2.6%	557	24.0%	257	-51.8%	3,638	-6.2%
2023	2,128	-24.7%	588	5.6%	290	12.8%	3,006	-17.4%

SECTION J - ALCOHOL TAXES

Alcohol Revenue

Since the passage of the Liquor Control Act of 1933, Oregon's has developed system which controls and regulates distilled liquor differently from the licensing system of wine, beer and cider.
In 1944 the people of Oregon pass the ballot initiative enacting the "Burke Bill", instituting the Control Model in the State of Oregon, which gave the OLCC exclusive authority to sell alcohol above 14% Alcohol by Volume ("ABV"). In 1952: Oregonians passed Ballot Measure 328-329, amending the Oregon Constitution by adding Article I, Section 39, requiring that the Legislature, and by extension the OLCC, regulate alcohol sold "by the glass", and "carry out the original intent and purpose of the Oregon Liquor Control Act, including the promotion of temperance in the use and consumption of alcoholic beverages, encourage the use and consumption of lighter beverages and aid in the establishment of Oregon industry."

Under Oregon's system, the OLCC controls the importation, distribution and sale of distilled spirits, prescribing how and where distilled spirits can be sold. On the other hand, wine beer, and cider are sold under different rules through a licensing system of private entities. Regulations by Oregon, as well as federal Law are centered on the ingredients and content or Alcohol by Volume (ABV) of beverages. ABV determines where alcoholic beverages can be sold, and who can sell them. Distilled liquor is tightly controlled by the OLCC, while Wine, beer, and cider pass through licensed businesses, but they are widely available in Oregon for both on-premises and off-premises consumption and in grocery stores.

Taxation also follows the two different regimes of regulation. Taxes are imposed on beer and wine manufactured or distributed in Oregon, while hard liquor is priced and marked up by the OLCC before it is sold to consumers.

For Beer and Wine, the current rates are $2.60 per barrel (8.4¢ per gallon) of beer. The 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 go to the Wine Board, 50% of the remaining wine and beer taxes go to Mental Health and Drug Abuse Prevention, and the balance goes into the Oregon Liquor and Cannabis Commission (OLCC) Account.

Alcoholic Beverages with 21% or more ABV are exclusively imported and distributed by the state of Oregon. Currently OLCC sets retail prices, on average, at 105% above cost (including shipping, and federal taxes). The net revenue from the liquor operations (after deduction of costs) goes into the OLCC account.

Revenue in the OLCC account is distributed 56% to the state General Fund, 10% to counties by population, 20% to cities by population, and 14% to cities by formula. Alcohol License fees generate about $20 million a biennium and they are primarily utilized in covering portions of the OLCC operations. A surcharge of 50¢ is a temporary add on for the last five budget periods and generates approximately $40 million a biennium to the General Fund.
Liquor sales experienced robust growth since 2020 (10% on average during the COVID years), however, net liquor revenue in 2022 decreased 3.8% because the liquor store agents and the distillery retail outlets received an increase (from 9.1% to 10.4%) in compensation rate. HB 3308 of 2023 allowing home deliveries is expected to add slightly more than $5 million annually to liquor revenues. Each of the last two years saw a decline of 7.5% in net liquor revenue.

EXHIBIT J-1

OLCC ALCOHOL REVENUE

(Millions)

Fiscal	Beer&Wine Tax		Liquor		Net Liquor	
Year	Revenue	Change	Sales	Change	Revenue	Change
1991-92	10.7		83.3		61.6	
1992-93	11.0	2.8%	85.2	2.3%	62.2	1.0%
1993-94	10.6	-3.6%	89.7	5.3%	65.2	4.8%
1994-95	10.6	0.0%	90.1	0.4%	65.9	1.1%
1995-96	11.2	5.7%	93.4	3.7%	67.7	2.7%
1996-97	11.8	5.4%	97.1	4.0%	70.9	4.7%
1997-98	12.0	1.7%	102.4	5.5%	73.8	4.1%
1998-99	12.1	0.8%	107.8	5.3%	76.5	3.7%
1999-00	12.4	2.5%	116.1	7.7%	84.8	10.8%
2000-01	12.5	0.8%	121.7	4.8%	85.8	1.2%
2001-02	12.7	1.6%	127.8	5.0%	93.0	8.4%
2002-03	13.3	4.7%	134.4	5.2%	97.1	4.4%
2003-04	13.7	2.7%	145.1	7.9%	107.3	10.4%
2004-05	14.0	2.2%	155.0	6.8%	111.1	3.5%
2005-06	14.8	6.3%	172.2	11.1%	126.1	13.5%
2006-07	15.2	2.4%	187.1	8.7%	130.8	3.8%
2007-08	16.1	5.9%	199.2	6.5%	141.1	7.9%
2008-09	16.3	1.5%	207.9	4.4%	151.9	7.6%
2009-10	16.8	2.6%	215.6	3.7%	159.8	5.2%
2010-11	16.2	-3.3%	224.1	4.0%	162.2	1.5%
2011-12	16.9	4.3%	238.5	6.4%	180.0	11.0%
2012-13	16.4	-3.0%	254.9	6.9%	189.1	5.1%
2013-14	17.6	7.3%	264.0	3.6%	196.3	3.8%
2014-15	17.7	0.6%	278.0	5.3%	207.1	5.5%
2015-16	18.3	3.4%	292.4	5.2%	215.6	4.1%
2016-17	18.8	2.9%	301.9	3.2%	218.2	1.2%
2017-18	18.4	-2.3%	319.1	5.7%	234.2	7.3%
2018-19	19.2	4.2%	336.9	5.6%	247.5	5.7%
2019-20	18.3	-4.7%	371.1	10.2%	271.4	9.7%
2020-21	17.7	-3.1%	403.0	8.6%	294.5	8.5%
2021-22	21.8	23.1%	413.3	2.6%	283.3	-3.8%
2022-23	17.0	-22.0%	426.4	3.2%	303.4	7.1%
2023-24	20.8	22.6%	414.2	-2.9%	280.4	-7.6%
2024-25	16.2	-22.1%	406.6	-1.8%	259.7	-7.4%

EXHIBIT J-2

OLCC REVENUE DISTRIBUTIONS

(Millions)

Wine Board	Mental Health	General Fund	Counties	Cities
0.10	5.20	36.30	6.50	22.00
0.20	5.40	38.00	6.80	23.10
0.1	5.2	40.6	7.1	24.1
0.1	5.2	41.3	7.4	25.1
0.2	5.5	37.3	6.7	22.7
0.2	5.8	48.9	8.7	29.7
0.2	6.0	45.3	8.1	27.5
0.2	5.9	45.7	8.2	27.7
0.2	6.0	51.4	9.2	31.2
0.2	6.2	52.5	9.4	31.9
0.2	6.3	54.8	9.8	33.2
0.2	6.6	60.1	10.2	34.7
0.2	6.7	62.9	11.2	38.2
0.2	6.9	65.6	11.6	39.6
0.2	7.3	74.0	13.2	44.9
0.2	7.5	75.1	13.4	45.6
0.3	7.9	82.7	14.8	50.2
0.3	8.0	93.9	15.9	53.9
0.3	8.3	97.3	15.0	51.1
0.3	8.0	101.3	15.6	53.2
0.3	8.3	110.2	17.1	58.2
0.3	8.1	115.4	17.9	61.0
0.3	8.6	121.4	19.0	64.5
0.3	8.7	126.0	19.7	67.0
0.3	9.0	127.4	19.9	67.6
0.3	9.3	137.0	21.5	73.0
0.3	9.0	143.9	22.6	76.8
0.3	9.4	151.9	23.9	81.2
0.3	9.0	163.2	25.8	87.6
0.3	8.7	179.7	28.6	97.4
0.4	10.7	176.7	28.1	95.5
0.3	8.4	179.3	28.6	97.1
0.3	9.7	177.2	28.5	96.9
0.3	8.0	151.6	23.8	80.9

EXCISE TAX RATES AS OF JANUARY 1, 2025

Ranked by Sum of Excise and State Sales Tax (Dollars)

	Malt Liquor (Beer) per Gallon			Table Wine (14% alcohol) per Gallon			State Tax Rates On Distilled Spirits		
Rank	State	Excise	Sales	State	Excise	Sales	State	Excise	Sales
1	Tennessee	1.287	0.875	Florida	2.25	2.70	Alabama	note (1)	Yes
2	Kentucky	0.890	0.750	Rhode Island	1.40	3.15	Alaska	12.80	n.a.
3	Dist. of Columbia	0.790	0.750	Iowa	1.75	2.70	Arizona	3.00	Yes
4	South Carolina	0.768	0.750	Tennessee	1.21	3.15	Arkansas	2.50	Yes
5	Hawaii	0.930	0.500	Illinois	1.39	2.81	California	3.30	Yes
6	Maryland	0.600	0.750	New Mexico	1.70	2.25	Colorado	2.28	Yes
7	Minnesota	0.480	0.859	Virginia	1.51	2.39	Connecticut	5.94	Yes
8	Mississippi	0.427	0.875	New Jersey	0.88	2.98	Delaware	4.50	n.a.
9	Florida	0.480	0.750	Washington	0.87	2.93	Florida	6.50	Yes
10	North Carolina	0.617	0.594	Nevada	0.70	3.08	Georgia	3.79	Yes
11	Arkansas	0.380	0.813	West Virginia	1.00	2.70	Hawaii	5.98	Yes
12	Utah	0.423	0.763	Arkansas	0.75	2.93	Idaho	note (1)	Yes
13	California	0.200	0.906	Connecticut	0.79	2.86	Illinois	8.55	Yes
14	Washington	0.261	0.813	Indiana	0.47	3.15	Indiana	2.68	Yes
15	Alaska	1.070	0.000	South Carolina	0.90	2.70	Iowa	note (1)	Yes
16	North Dakota	0.430	0.625	Mississippi	0.35	3.15	Kansas	2.50	--
17	Maine	0.350	0.688	Alabama	1.70	1.80	Kentucky	1.92	Yes
18	New Mexico	0.410	0.625	California	0.20	3.26	Louisiana	3.03	Yes
19	Connecticut	0.240	0.794	Nebraska	0.95	2.48	Maine	note (1)	Yes
20	Alabama	0.533	0.500	Minnesota	0.30	3.09	Maryland	1.50	Yes
21	Nevada	0.160	0.856	Massachusetts	0.55	2.81	Massachusetts	4.05	--
22	Vermont	0.265	0.750	Arizona	0.84	2.52	Michigan	note (1)	Yes
23	Illinois	0.231	0.781	Georgia	1.51	1.80	Minnesota	5.03	--
24	Nebraska	0.310	0.688	Vermont	0.55	2.70	Mississippi	note (1)	Yes
25	Rhode Island	0.120	0.875	Kansas	0.30	2.93	Missouri	2.00	Yes
26	Kansas	0.180	0.813	Michigan	0.51	2.70	Montana	note (1)	n.a.
27	Indiana	0.115	0.875	Kentucky	0.50	2.70	Nebraska	3.75	Yes
28	Georgia	0.480	0.500	Hawaii	1.38	1.80	Nevada	3.60	Yes
29	Texas	0.194	0.781	Idaho	0.45	2.70	New Hampshire	note (1)	n.a.
30	Oklahoma	0.403	0.563	North Carolina	1.00	2.14	New Jersey	5.50	Yes
31	Louisiana	0.403	0.556	Maryland	0.40	2.70	New Mexico	6.06	Yes
32	Michigan	0.203	0.750	Maine	0.60	2.48	New York	6.44	Yes
33	New Jersey	0.120	0.828	Texas	0.20	2.81	North Carolina	note (1)	Yes (2)
34	Iowa	0.190	0.750	Dist. of Columbia	0.30	2.70	North Dakota	4.68	--
35	West Virginia	0.177	0.750	South Dakota	0.93	2.03	Ohio	note (1)	Yes
36	Virginia	0.256	0.663	Ohio	0.32	2.59	Oklahoma	5.56	Yes
37	Idaho	0.150	0.750	Louisiana	0.76	2.00	Oregon	note (1)	n.a.
38	Ohio	0.180	0.719	North Dakota	0.50	2.25	Pennsylvania	note (1)	Yes
39	Massachusetts	0.106	0.781	Utah		2.75	Rhode Island	5.40	Yes
40	Arizona	0.160	0.700	Oklahoma	0.72	2.03	South Carolina	5.42	Yes
41	South Dakota	0.274	0.563	Pennsylvania	0.00	2.70	South Dakota	3.93	Yes
42	Pennsylvania	0.080	0.750	Wisconsin	0.25	2.25	Tennessee	4.40	Yes
43	Wisconsin	0.065	0.625	Alaska	2.50	0.00	Texas	2.40	Yes
44	New York	0.140	0.500	Missouri	0.42	1.90	Utah	note (1)	Yes
45	Missouri	0.060	0.528	New York	0.30	1.80	Vermont	note (1)	no
46	Wyoming	0.019	0.500	Alabama	0.00	1.80	Virginia	note (1)	Yes
47	Colorado	0.080	0.363	Delaware	1.63	0.00	Washington (3)	14.29	--
48	New Hampshire	0.300	0.000	Colorado	0.32	1.31	West Virginia	note (1)	Yes
49	Delaware	0.263	0.000	Montana	1.06	0.00	Wisconsin	3.25	Yes
50	Montana	0.139	0.000	**Oregon**	**0.67**	**0.00**	Wyoming	note (1)	Yes
51	**Oregon**	**0.084**	**0.000**	New Hampshire	0.00	0.00	Dist. of Columbia	1.50	--

Source: Excise tax rates from FTA and Tax Foundation(web).
State Sales Tax from FTA sales tax (no local rates)
Sales tax rates assume $12.5 per gallon for beer, $45 a gallon for wine

n.a. = not applicable. These 5 states do not have a general sales tax.
(1) In 17 states, the government directly controls the sales of distilled spirits. Revenue in these states is generated from various taxes, fees, price mark-ups, and net liquor profits.
(2) General sales tax applies to on-premise sales only.
(3) Washington privatized liquor sales effective June 1, 2012.

SECTION K - TOBACCO AND NICOTINE TAXES

Oregon's Cigarette Tax Act (1965) created Oregon's cigarette tax, which is currently $3.33 per pack.

The Tobacco Products Tax Act of 1985 imposed a tax on other tobacco products. The tax now applies to three categories of products. For 2025, moist snuff is taxed by weight at a rate of $1.86 per ounce, with a minimum rate of $2.24 per retail container. Cigars are taxed at 65% of wholesale price, with a maximum tax of $1.00 per cigar. Finally, all other tobacco products (including vaping products) are taxed at 65% of wholesale price.

Starting in 2026, Oregon House Bill 3940 (2025) imposes a tax on oral nicotine products. These are products that do not contain tobacco and are intended for oral consumption and not inhaled (inhaled products and products containing tobacco are taxed under existing cigarette and other tobacco products taxes). The tax rate is $0.65 per package of 20 units or fewer, and $0.0325 per unit for packages containing more than 20 unit.

Each of these taxes is described in more detail in the following sections, with a final section describing revenue from the Tobacco Master Settlement Agreement.

Cigarettes

A tax of 16.65 cents is imposed on each cigarette (statutorily defined as 166.5 mills per cigarette). Standard packs of cigarettes typically contain 20 cigarettes, so this equates to a tax of $3.33 per pack. This rate has been in effect since 2021. The distribution of tax revenue per pack of cigarettes is shown below. Note that the numbers may not sum to $3.33 due to rounding.

Statutory Cigarette Tax Distribution

Statutes and Tax		Distributions ($ per pack of 20 cigarettes)					
Statute (ORS)	Tax Per Pack ($)	General Fund	Oregon Health Plan	Mental Health	Health Authority	Tobacco Reduction	Cities, Counties: Public Transit
323.030(1)	0.58	0.220	0.270			0.030	0.060
323.030(4)	0.15			0.150			
323.031(1)	0.60		0.587			0.004	0.008
323.031(2)	2.00				1.800	0.200	
Total	3.33	0.220	0.857	0.150	1.800	0.234	0.068

EXHIBIT K-1

Cigarette Tax Distribution ($Millions)							
	Total	General Fund	Health Plan	Mental Health	Health Authority	Tobacco Reduction	Cities, Counties Public Transit
2020-21	**292.3**	24.6	107.1	18.7	118.9	14.4	8.5
2021-22	**363.6**	24.4	93.0	16.3	197.1	25.4	7.4
2022-23	**328.0**	21.4	84.5	14.8	177.5	23.1	6.7
2023-24	**294.1**	19.4	75.7	13.2	159.0	20.7	6.0
2024-25	**257.0**	17.0	66.2	11.6	138.9	18.1	5.3

Data Sources: Oregon Department of Revenue, DAS CFO, OEA Quarterly Economic & Revenue Forecast

U.S. States Cigarette Taxes and Rankings

STATE EXCISE TAX RATES ON CIGARETTES

(July 1, 2025)

	Tax Rate ($ per pack)	Rank
New York	5.35	1
Maryland	5.00	2
District of Columb	4.50	3
Rhode Island	4.50	3
Connecticut	4.35	5
Massachusetts	3.51	6
Oregon	**3.33**	**7**
Hawaii	3.20	8
Vermont	3.08	9
Minnesota	3.04	10
Washington	3.025	11
Indiana	2.995	12
Illinois	2.98	13
California	2.87	14
New Jersey	2.70	15
Pennsylvania	2.60	16
Wisconsin	2.52	17
Colorado	2.24	18
Delaware	2.10	19
Oklahoma	2.03	20
Alaska	2.00	21
Arizona	2.00	21
Maine	2.00	21
Michigan	2.00	21
New Mexico	2.00	21
Nevada	1.80	26

	Tax Rate ($ per pack)	Rank
New Hampshire	1.78	27
Montana	1.70	28
Utah	1.70	28
Ohio	1.60	30
South Dakota	1.53	31
Texas	1.41	32
Iowa	1.36	33
Florida	1.339	34
Kansas	1.29	35
West Virginia	1.20	36
Arkansas	1.15	37
Kentucky	1.10	38
Louisiana	1.08	39
Alabama	0.68	40
Mississippi	0.68	40
Nebraska	0.64	42
Tennessee	0.62	43
Virginia	0.60	44
Wyoming	0.60	44
Idaho	0.57	46
South Carolina	0.57	46
North Carolina	0.45	48
North Dakota	0.44	49
Georgia	0.37	50
Missouri	0.17	51

Data Sources: Kaiser Family Foundation and state websites

Other Tobacco Products

The Other Tobacco Products (OTP) tax is applied differently depending on the product. Moist snuff is taxed at $1.86 per ounce with a minimum tax of $2.24 per retail container.[1] Cigars are taxed at 65% of their wholesale sales price but the tax is capped at $1.00 per individual cigar. All tobacco products not classified as cigars or moist snuff are taxed at 65% of their wholesale price. Currently, over 75% of the OTP tax comes from moist snuff and roughly 15% from cigars.

Oregon passed Measure 108 (2020) created a tax on inhalant delivery systems starting in 2021. These are generally nicotine vaping devices and are included in the definition of Other Tobacco Products. These products are taxed at 65% of their wholesale price. Taxes from inhalant delivery systems are dedicated to state's medical assistance program including mental health services, and various programs addressing tobacco and nicotine use related health issues.

Statutory Inhalant Delivery System and Other Tobacco Products Tax Distribution

Inhalant Delivery Systems

	Distribution Percent	
Statute (ORS)	OHA	Tobacco Reduction
323.627	90%	10%

Other Tobacco Products

	Distribution Percent		
Statute (ORS)	General Fund	Oregon Health Plan	Tobacco Reduction
323.625	53.84%	41.54%	4.62%

EXHIBIT K-2

	Other Tobacco Tax Distribution ($ Millions)				Inhalent Delivery Systems Distribution ($ Millions)		
	Total	General Fund	Health Plan	TURA	Total	Health Authority	TURA
2020-21	**56.6**	30.4	23.6	2.6	**10.5**	9.5	9.5
2021-22	**56.5**	30.3	23.5	2.6	**35.9**	32.3	32.3
2022-23	**55.0**	29.4	23.0	2.6	**31.9**	28.7	28.7
2023-24	**49.6**	26.7	20.6	2.3	**29.7**	26.8	26.8
2024-25	**50.9**	27.4	21.2	2.4	**25.2**	22.7	22.7

Data Sources: OEA Quarterly Economic & Revenue Forecast

[1] Moist snuff tax rates are indexed for inflation. The rates shown were effective starting July 1, 2024, through June 30, 2026. Rates are indexed to inflation based on one quarter of the change in U.S. City Average Consumer Price Index.

Oral Nicotine Products

Oregon adopted a new tax on oral nicotine products— defined as any noncombustible item except those classified as moist snuff for tax purposes—that contains nicotine from any source (or a nicotine analogue) and is intended for human consumption through non-inhalation methods. The primary category of newly taxable products will be nicotine pouches. These pouches contain a powder that includes nicotine, flavoring and other ingredients intended to dissolve in the mouth with the nicotine being absorbed through the gums.

The took effect on January 1, 2026, under House Bill 3940 (2025). The tax rate is $0.65 per package of 20 units or fewer, and $0.0325 per unit for packages containing more than 20 unit.

Net revenue from the tax is dedicated to two funds to pay for wildfire costs. The Landscape Resiliency Fund which is used by the Department of Forestry for landscape resiliency and wildfire risk reduction projects. The Community Risk Reduction Fund which is used by the State Fire Marshal. The tax was estimated to raise $14.3 million in the 2025-27 biennium.

Statutory Oral Nicotine Products Tax Distribution

	Distribution Share	
Statute (ORS)	Landscape Resiliency Fund	Community Risk Reduction Fund
323.627	One Third	Two Thirds

Master Settlement Agreement

Additional tobacco revenue is received under the Master Settlement Agreement (MSA). Through calendar year 2024, Oregon has received over $2.0 billion in total payments. The MSA does not cover OTP such as cigars and moist snuff.

In Oregon, MSA payments are deposited into the Tobacco Settlement Funds Account, which is managed by the Department of Administrative Services.

In the 2025 legislative session, the Legislature allocated a total of $119.3 million from this account, distributed as follows:

- $98.1 million for the Oregon Health Plan
- $15.3 million for community mental health programs
- $3.1 million for physical education grants
- $2.8 million for Department of Justice enforcement activities

SECTION L - LOTTERY

History

The Oregon State Lottery and the five-member 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 purposes listed in the Constitution.

The Lottery currently offers ten games through about 3,700 retailers, and online sports betting through DraftKings. Adults (age 18 and over) can play traditional lottery games (i.e., Scratch-its, Powerball, etc.). Video Lottery (poker and line games) is played on nearly 10,500 terminals in a little over 2,000 premises that contract with the Lottery. People aged 21 or older can play Video Lottery and participate in sports betting.

The Constitution specifies that at least 84% of the total annual revenues from the sale of all lottery tickets or shares be returned to the public in the form of prizes and net revenues benefiting public purpose. The Constitution originally dedicated net lottery proceeds to creating jobs and furthering economic development. Dedication of net lottery proceeds has been expanded over the past 20 years by several ballot measures and legislation.

Measure 21 in May 1995 expanded the scope of using net proceeds to include financing public education. It also gave lottery bonds first claim on lottery proceeds and dedicated 15% of net proceeds to the Education Endowment Fund.

Measure 66 in November 1998 further expanded the use to include restoring and protecting Oregon's parks, beaches, watersheds, and critical fish and wildlife habitats. It required that 15% of net proceeds be deposited to the Parks and Natural Resources Fund, with 50% dedicated to parks and recreation areas and 50% to fish and wildlife habitats.

Measure 19 in September 2002 transferred $150 million of the Education Endowment Fund to the State School Fund, converted the fund to an education stability fund. It required 18% of net lottery proceeds be deposited to this fund. If the fund balance reaches 5% of the prior biennium's General Fund revenue, further deposits to the fund stops and 15% of the net proceeds accrue to a school capital matching fund.

The 2005 legislature (HB 3466) repealed lottery games on sporting events starting in July 2007. The same bill also dedicated 1% of lottery proceeds to fund sports programs at Oregon universities.

SB 1049 of the 2019 legislature has brought back sports betting games and dedicated the net proceeds of these games to the Public Employees Retirement System's (PERS) Employer Incentive Fund established by SB 1566 in the 2018 legislature. Sports betting revenue in the Employer Incentive Fund will be used to fund the state's 25% match to a participating employer contribution.

Measure 76 in November 2010 made the 15% dedication to parks and natural resources permanent and allocated a minimum of 12% of the parks and recreation areas portion to local and regional grants.

Measure 96 in November 2016 created the Veterans' Services Fund and dedicated 1.5% of net proceeds to the fund. Measure 99 in the same election required the lesser of 4% of lottery transfers or up to $22 million per year be allocated to the Outdoor School Education Fund.

Traditional Games

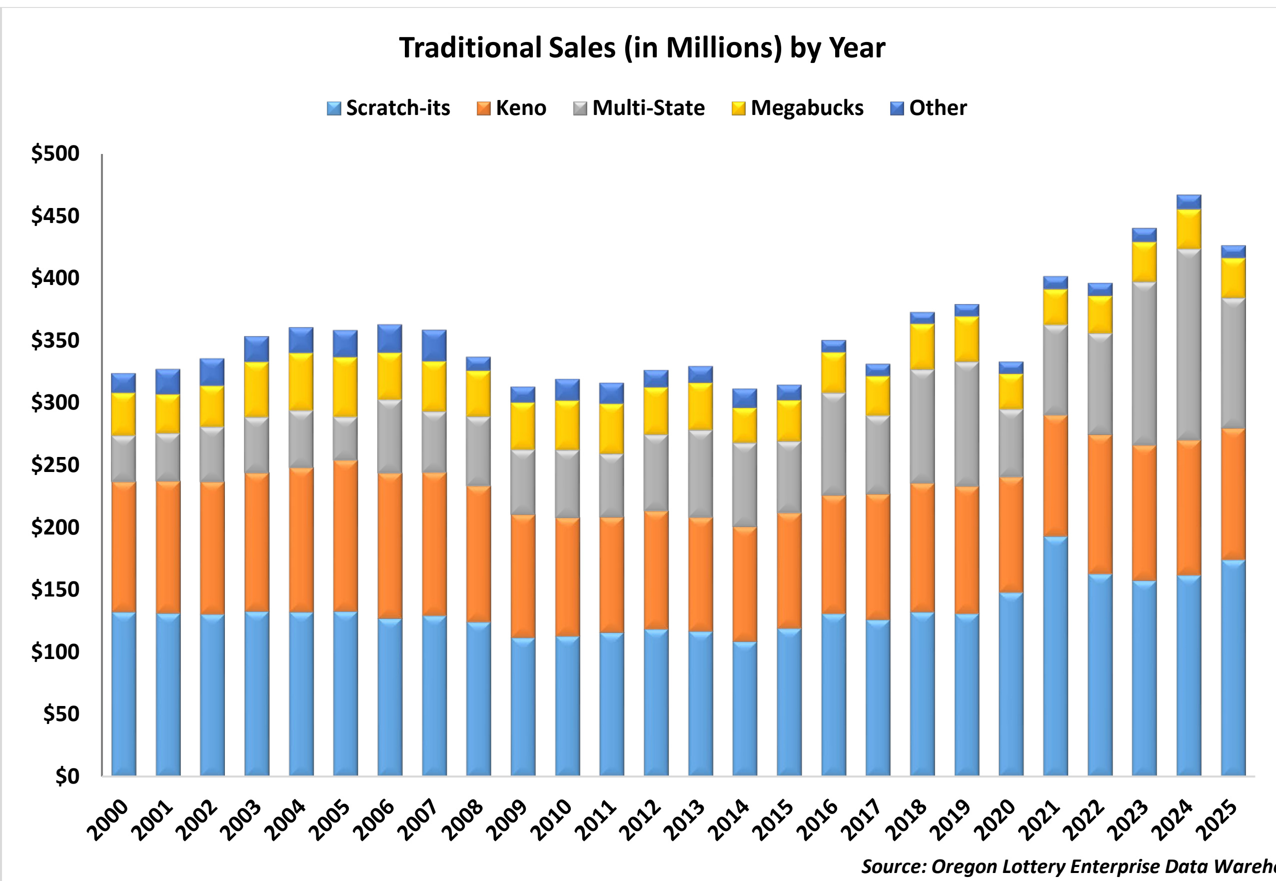
The first Traditional games were instant games (Scratch-its) in 1985. A number of other games followed, some of which have been discontinued or modified. Multi-State includes Powerball and Mega Millions.

Legislation in 1989 initiated Sports Action as an additional lottery game with the proceeds of the game dedicated to intercollegiate athletics in Higher Education. However, 2005 legislation repealed sports games as of July 2007 and the intercollegiate athletic funding was revised to be 1% of total lottery proceeds. This amount has pushed funding of university athletic programs to approximately $10 million per biennium.

The 2019 legislature has brought back sports betting games and dedicated the net proceeds of these games to the Public Employees Retirement System's (PERS) Employer Incentive Fund established by the 2018 legislature. Sports betting revenue in the Employer Incentive Fund will be used to fund the state's 25% match to a participating employer contribution.

The following exhibit (Exhibit L-1) shows the gross sales by fiscal year for Traditional games since 2001. The "Other" group includes Breakopens, Sports Action, Scoreboard, Raffles, Pick 4, Win for Life, and Lucky Lines.

EXHIBIT L-1



Video Lottery

In addition to Sports Action, legislation in 1989 authorized Video Lottery. However, the Governor suspended its implementation. Two years later, the Legislature reauthorized the commission to offer Video Lottery, beginning with video poker in 1992.

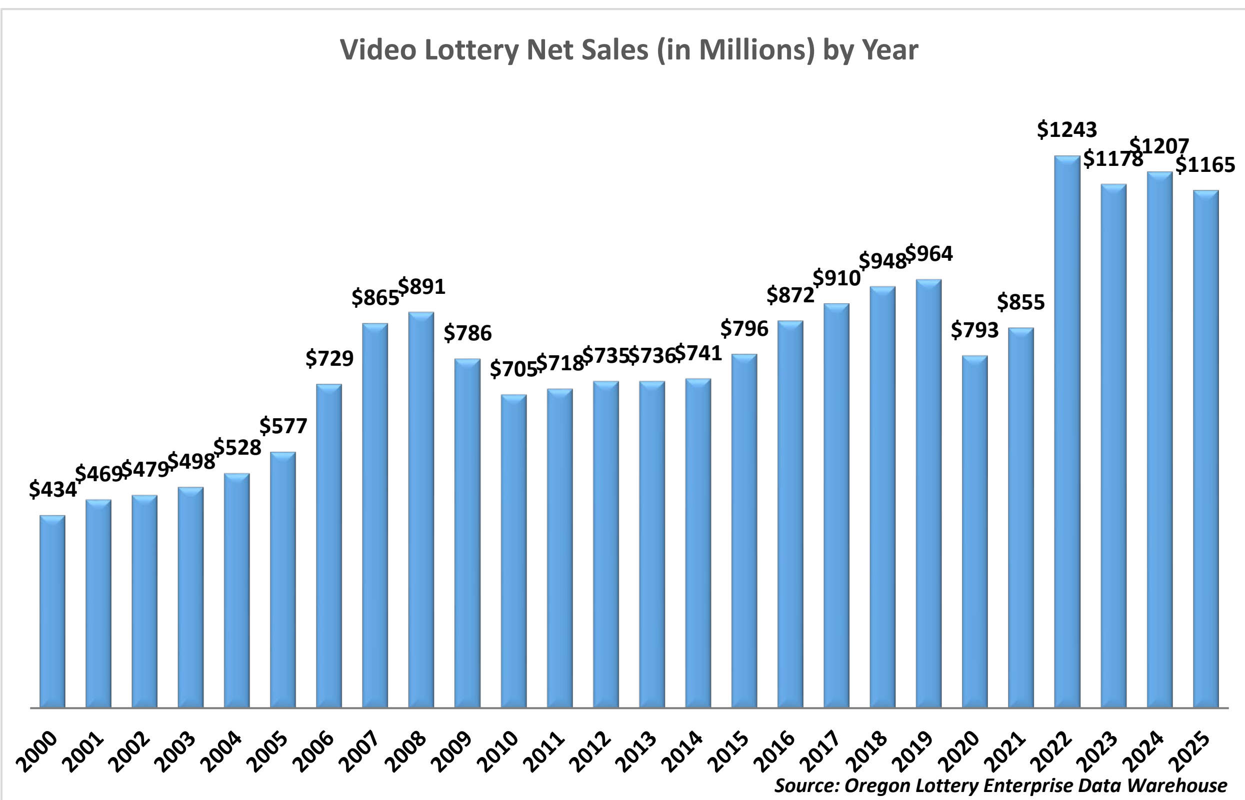
Only retailers that have Oregon Liquor and Cannabis Commission licenses may be given a contract to have up to six (five prior to 2004; ten at Portland Meadows) Video Lottery terminals (VLTs) on supervised premises. Video Lottery games are restricted to persons over the age of 21.

Video Lottery revenue (often called net sales or net receipts) is the sum of the dollars wagered less the sum of the dollars won (i.e., prizes). 2.5% of Video Lottery net receipts are dedicated to counties for economic development.

In May 2005, the Lottery started offering line games (in addition to video poker) and revenue grew substantially. However, the 2008 recession coupled with the smoking ban that started in 2009 reduced revenue by double digits with no sign of recovery until 2014. Video Lottery revenue has since grown steadily year-over-year and is currently reaching over $1.5 billion dollars each biennium.

The following Exhibit L-2 shows the Video Lottery Sales by fiscal year.

EXHIBIT L-2



Lottery Revenues

Lottery revenues include non-game revenues such as interest earnings, penalties, and allowances for bad debts, in addition to game revenues. The net non-game revenue was $2.7 million in the fiscal year 2015-16.

The table below (Exhibit L-3) shows the history of Traditional and Video Lottery game revenues for the past 25 years. The introduction of Video Lottery games in 1991-92 quickly enhanced the revenue stream, and during the same period Traditional games also grew to $78.1 million in 1994-95.

Traditional net revenue averages approximately $60 million a year and comprises approximately 10% of total revenue, while Video Lottery represents approximately 90% of total revenue.

The introduction of line games in 2005 generated significant growth in total revenue, but its rapid growth stabilized after a couple of years, and was further affected by the economic downturn and smoking ban in 2008-2009 causing net revenue to decline by a combined 20%. However, revenue recovered most of its declines and is forecasted to grow at a sustainable long term average of about 2%. Impact from the Covid-19 pandemic is uncertain. Today, Lottery proceeds surpass $1.5 billion dollars each biennium.

EXHIBIT L-3

LOTTERY REVENUE ($ millions)

Fiscal Year	Traditional Games*				Video Games			
	Gross Revenue	Prizes	Expense	Net Revenue	Gross Revenue	Prizes	Expense	Net Revenue
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
2011-12	323.2	221.9	50.9	50.4	9,704.3	8,977.2	251.9	475.2
2012-13	330.5	211.4	51.0	68.0	9,915.0	9,177.6	238.9	498.4
2013-14	310.1	202.0	50.6	57.5	9,975.3	9,232.6	245.2	497.6
2014-15	318.3	206.4	51.7	60.2	10,733.8	9,935.2	263.4	535.2
2015-16	353.0	225.6	58.7	68.7	11,503.4	10,626.9	303.3	573.1
2016-17	332.2	212.6	55.6	64.0	11,782.7	10,868.6	312.8	601.3
2017-18	368.4	227.4	61.4	79.5	11,991.5	11,057.5	323.2	610.8
2018-19	380.1	235.0	63.5	81.6	12,615.2	11,648.7	343.6	622.8
2019-20	452.7	326.7	77.5	48.6	10,451.4	9,653.9	295.1	502.4
2020-21	722.1	546.3	99.2	76.5	11,463.2	10,602.8	306.1	554.2
2021-22	796.9	621.4	81.3	94.2	16,619.1	15,373.0	363.4	882.7
2022-23	1,006.1	781.0	109.5	115.6	16,099.5	14,917.7	383.1	798.6
2023-24	1,231.4	978.3	126.3	126.7	16,119.8	14,929.3	401.5	789.1
2024-25	1,304.5	1,055.7	135.9	112.9	15,860.8	14,693.9	419.7	747.2

*Includes Sports wagering. Data source: Oregon Lottery

Lottery Transfers and Distributions

Fiscal year revenues don't align precisely with transfers for a variety of reasons. For example, there is a one-quarter lag in transfers, and there are also revenues transferred (such as unclaimed prizes and administrative savings) which are not considered in determining total Lottery revenue. Transfers may also differ from revenues because of the amounts moved in or out of various contingency reserves.

The table in the following page (Exhibit L-4) shows the amounts distributed to various accounts. The purpose of presenting this table is to show details of voter approved constitutional distributions, statutory distributions and other mandatory and discretionary distributions. Two voter-approved distributions have been added in November 2016.

Debt service on lottery revenue bonds has first claim on lottery revenue transferred to the Economic Development Fund. Thereafter, the constitutional dedications for the Education Stability Fund (18% of net proceeds), the Parks and Natural Resources Fund (15% of net proceeds), the Veterans' Services Fund (1.5% of net proceeds), and the Outdoor School Education Fund (lesser of 4% of lottery transfers or $22 million a year) follow.

After those distributions comes the statutory dedication to county economic development (2.5% of video lottery net receipts), the Higher Education Coordinating Commission (1% of lottery transfers), the Gambling Addiction Fund (1% of lottery transfers), and 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.

EXHIBIT L-4

($ millions)

Biennium	Revenue Bonds	Education Stability Fund	School Capital Matching Fund	Parks & Natural Resources Fund	Veteran Services Fund	Outdoor School Education Fund	County Economic Development Fund	Higher Education Coordinating Commission	Gambling Addiction	County Fair Account	Employer Incentive Fund	Legislative Appropriations
1987-89	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	106.6
1989-91	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	92.5
1991-93	0.0	0.0	0.0	0.0	0.0	0.0	7.7	3.3	0.0	0.0	0.0	176.7
1993-95	20.0	0.0	0.0	0.0	0.0	0.0	19.0	4.6	0.0	0.0	0.0	403.3
1995-97	20.0	0.0	0.0	0.0	0.0	0.0	18.4	5.3	0.0	0.0	0.0	532.8
1997-99	21.7	91.2	0.0	0.0	0.0	0.0	20.1	3.9	0.0	0.0	0.0	471.1
1999-01	26.8	87.1	0.0	87.1	0.0	0.0	22.2	4.8	5.8	0.0	0.0	362.0
2001-03	71.3	110.7	0.0	110.7	0.0	0.0	24.3	5.2	6.2	0.0	0.0	409.7
2003-05	119.4	140.5	0.0	117.9	0.0	0.0	27.9	4.0	6.5	0.0	0.0	378.0
2005-07	133.7	195.8	0.0	163.2	0.0	0.0	45.5	3.6	8.3	0.0	0.0	486.4
2007-09	161.7	238.8	0.0	199.0	0.0	0.0	43.6	11.7	12.1	0.0	0.0	732.9
2009-11	225.2	194.8	0.0	162.3	0.0	0.0	33.0	9.7	8.7	0.0	0.0	443.1
2011-13	248.2	194.3	0.0	162.0	0.0	0.0	36.3	8.4	10.4	0.0	0.0	420.9
2013-15	240.2	191.0	0.0	159.2	0.0	0.0	33.8	8.0	10.6	3.7	0.0	400.2
2015-17	225.5	222.4	0.0	185.3	0.0	0.0	39.1	8.2	11.4	3.9	0.0	520.6
2017-19	246.4	262.1	0.0	218.4	21.8	24.0	41.3	8.2	12.5	3.8	0.0	607.5
2019-21	259.9	212.4	0.0	177.0	17.7	43.0	50.2	14.1	14.7	3.8	3.3	403.3
2021-23	271.4	326.8	0.0	272.8	27.3	49.4	54.2	16.5	16.5	3.8	15.3	756.9
2023-25	336.7	334.8	0.0	279.0	27.9	36.4	60.0	18.3	18.5	3.8	28.2	757.8
2025-27*	390.0	254.4	70.8	282.8	28.3	48.1	59.8	18.9	18.9	5.7	0.0	714.9

*Estimates

Source: November 2025, Legislative Fiscal Office

SECTION M - MEDICAL PROVIDER TAXES

Medical Provider Taxes

Currently, Oregon has three different medical provider taxes[1]: (1) hospital assessments[2] (on Diagnostic Related Group hospitals, and Types A and B rural hospitals), (2) assessment/tax on health insurance plans, and (3) long-term care facility (nursing home) assessment.

Four types of provider taxes were first authorized in the 2003 legislature by HB 2747 to generate revenue to help fund Oregon's Medicaid programs: assessments on net patient revenues of certain hospitals (hospital assessment), assessments on Medicaid managed care plan premiums (managed care organization tax), assessments on long term care facilities or nursing homes (long term care facility assessment), and assessments on programs of all-inclusive care for the elderly (PACE assessment)[3]. These enacted provider taxes had sunset dates.

Over time, these provider taxes went through sunset extensions, modifications and terminations. For example, during a major overhaul of Oregon's state health care delivery system in 2009, the legislature decided to continue hospital assessments and long term care facility assessments but put an end to managed care organization tax in 2013. At the same time, the legislature created for a limited duration, assessments on premiums of certain health insurers (insurers tax). This funding bill, HB 2116, was the companion bill to HB 2009 that implemented the restructuring of Oregon's state health care system.

The 2017 legislature extended the existing hospital assessments through 2021. It also expanded hospital assessment to include rural hospitals. The legislature also decided to impose assessment on certain health insurance plan premiums (insurers tax) for two years, starting from 2018. These changes were stipulated in HB 2391. HB 2010 (2019) extended hospital assessments to 2025 and insurers tax to 2026. HB 2010 (2025) moved the sunsets of hospital assessments and insurers tax to December 31, 2032. The long term care facility assessment has been extended through 2032 by the 2024 legislature (HB 4033).

Medical Provider Taxes Collection History

The following table (Exhibit M-1) shows collection history of provider taxes since the inception. With an expansion of OHP and commensurate caseload increase, provider taxes have been going up quite substantially. Among all provider taxes, hospital assessment has seen the most increase over

[1] A medical provider pays a tax or fee to a state government, which then uses the money to bring in additional federal Medicaid fund. In medical provider tax discussions, assessments and taxes are used interchangeably. These assessments or taxes are most often referred to as medical provider taxes or simply provider taxes.

[2] Rural hospitals (Type A and Type B) are currently assessed the same rate as Diagnostic Related Group (DRG) hospitals but could be assessed lower than DRG hospitals.

[3] PACE is a Medicare and Medicaid program that helps certain older people meet their health care needs in the community instead of going to a nursing home or other care facility. PACE tax was supposed to bring in $1.5 million in the 2003-05 biennium, but it did not meet federal requirements and was not implemented. To receive matching federal Medicaid money for eligible participants of the program, the state has been using General Fund.

the years. The tax rates, jointly determined by the Oregon Department of Human Services (DHS) and medical providers, have often reflected funding needs.

EXHIBIT M-1

Health Care Provider Taxes ($ millions)

(as of December 2025)

	Hospital Assessment	Managed Care Organization (MCO) Tax	Insurers Tax	Long Term Care Facility Assessment	Combined Total
FY 2004		$8.1		$24.2	$32.3
FY 2005	$37.6	$61.3		$29.2	$128.1
FY 2006	$34.6	$59.9		$32.7	$127.2
FY 2007	$44.8	$56.9		$35.2	$136.9
FY 2008	$43.0	$61.3		$37.8	$142.1
FY 2009	$40.0	$72.2		$37.1	$149.3
FY 2010	$146.0	$29.5	$39.4	$36.6	$251.4
FY 2011	$165.4	$19.4	$53.5	$37.7	$276.0
FY 2012	$354.0	$19.4	$54.8	$40.1	$468.4
FY 2013	$350.6	$22.6	$55.8	$41.8	$470.8
FY 2014	$434.7	$6.0	$13.7	$50.7	$505.1
FY 2015	$514.2			$51.5	$565.7
FY 2016	$544.0			$59.6	$603.5
FY 2017	$517.4			$60.1	$577.5
FY 2018	$589.8		$61.2	$61.0	$712.0
FY 2019	$624.9		$176.2	$62.5	$863.6
FY 2020	$610.7		$223.4	$63.1	$897.1
FY 2021	$686.7		$279.3	$58.6	$1,024.7
FY 2022	$725.1		$312.6	$59.7	$1,097.4
FY 2023	$777.5		$333.0	$70.8	$1,181.2
FY 2024	$825.1		$358.6	$79.0	$1,262.7
FY 2025	$875.6		$379.1	$96.3	$1,351.0

Source: OHA.DHS, DCBS December 2025

Medical provider Taxes and the Oregon Health Plan

Medical provider taxes and matching funds from the federal government have played a key role in financing the Oregon Health Plan or OHP. The OHP is the state's Medicaid program. It provides health care coverage for Oregonians with limited income and resources, including working families, children, pregnant women, single adults, and seniors. In the 2023-25 biennium, a little over 1.4 million Oregonians are expected to be covered by the OHP.

Total OHP funding (Data through October 2025) in 2023-25 is approximately $26.1 billion. 30.4% ($7.9 billion) of the total funding comes from state sources and the remaining 69.6% ($18.2 billion) from the federal government. About 28.9% of the total state sources are derived from medical provider taxes. About 45.5% of the state sources are appropriated from General Fund.

Not all provider taxes are dedicated to OHP. While hospital and insurance plan assessments provide funding for OHP, the long term care facility tax offsets General Fund expenditures for nursing facility services, independently of OHP. In addition, some of provider taxes had been used for hospital quality improvement and health initiative purposes.

Medical provider Taxes and Funding of OHP

The following chart (Exhibit M-2) shows funding sources and their revenues (or estimated revenues) over several biennia. It also illustrates fluctuating weights of sources in funding OHP.

EXHIBIT M-2

Oregon Health Plan: Caseloads and Funding Sources

(Data through October 2025)

	Biennium								
	2007-09	**2009-11**	**2011-13**	**2013-15**	**2015-17**	**2017-19**	**2019-21**	**2021-23**	**2023-25***
OHP-Covered Oregonians	401,525	520,194	621,740	924,268	1,120,202	1,054,698	1,154,724	1,403,328	1,464,238

	Biennium								
Source of Funds (millions)	**2007-09**	**2009-11**	**2011-13**	**2013-15**	**2015-17**	**2017-19**	**2019-21**	**2021-23**	**2023-25***
State Funds	**$1,549**	**$1,688**	**$2,735**	**$2,844**	**$3,060**	**$3,674**	**$4,270**	**$5,478**	**$7,924**
Health Care Provider Taxes	$156	$458	$772	$826	$1,058	$1,541	$1,708	$1,891	$2,287
General Fund	$896	$708	$853	$994	$1,126	$1,035	$1,218	$1,736	$3,605
All Other State Funds	$497	$522	$1,110	$1,024	$876	$1,098	$1,344	$1,851	$2,032
Federal Funds	**$2,681**	**$3,780**	**$4,108**	**$8,573**	**$10,620**	**$11,137**	**$13,005**	**$16,718**	**$18,150**
Total Funds	**$4,230**	**$5,469**	**$6,843**	**$11,418**	**$13,680**	**$14,810**	**$17,275**	**$22,196**	**$26,074**
Contribution to the Total Funds (%)									
State Funds	**36.6%**	**30.9%**	**40.0%**	**24.9%**	**22.4%**	**24.8%**	**24.7%**	**24.7%**	**30.4%**
Health Care Provider Taxes	3.7%	8.4%	11.3%	7.2%	7.7%	10.4%	9.9%	8.5%	8.8%
General Fund	21.2%	12.9%	12.5%	8.7%	8.2%	7.0%	7.0%	7.8%	13.8%
All Other State Funds	11.7%	9.5%	16.2%	9.0%	6.4%	7.4%	7.8%	8.3%	7.8%
Federal Funds	**63.4%**	**69.1%**	**60.0%**	**75.1%**	**77.6%**	**75.2%**	**75.3%**	**75.3%**	**69.6%**
Total Funds	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: OHA/DHS, December 2025

SECTION N – LABOR TAXES

This section provides overviews of two taxes where the revenue raised is placed into a trust fund for future use by eligible employees. These taxes are the Unemployment Insurance Tax and the Paid Medical Leave Tax. The Unemployment Insurance tax is paid by employers while the Paid Leave Tax is paid by both the employee and the employer.

UNEMPLOYMENT INSURANCE TAX

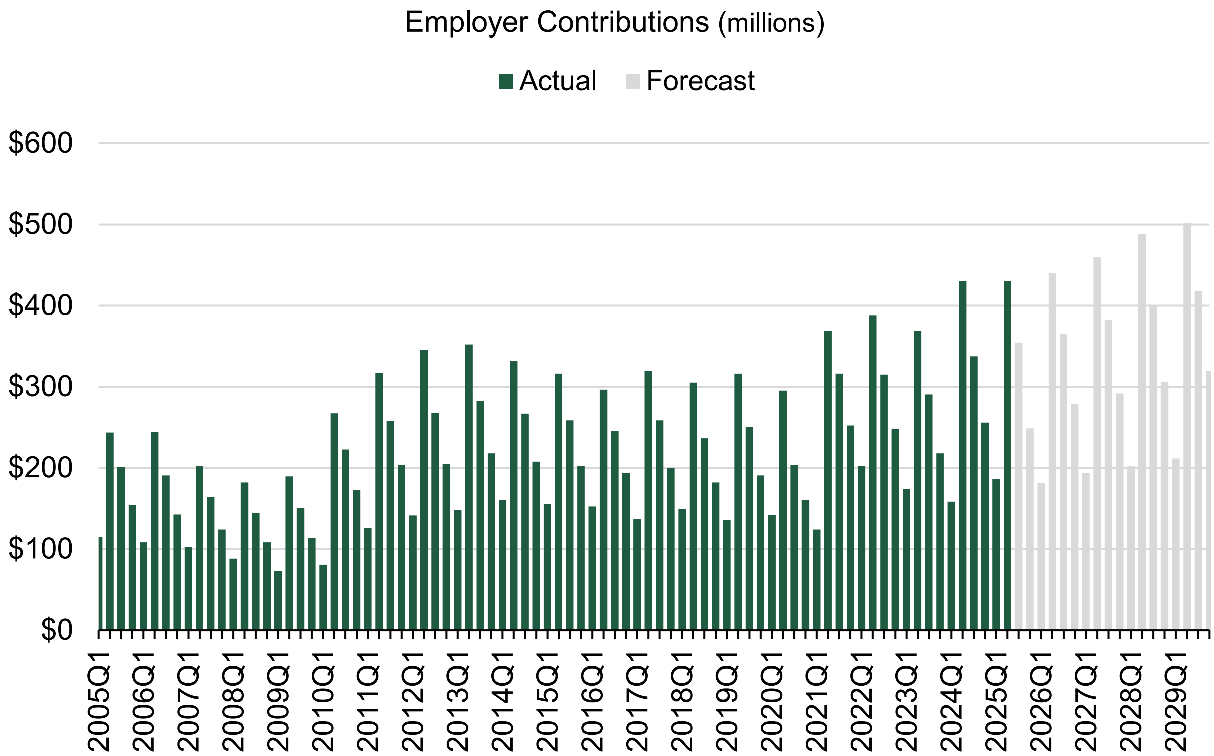
In 1935 the Social Security Act was passed. It contained provisions that created unemployment insurance (UI) programs throughout the United States. The purpose of these programs was to provide temporary partial income replacement for employees who, through no fault of their own, had become unemployed. While there are federal requirements and oversight for UI programs, each state has the primary responsibility of developing and administering their own UI program. To fund these programs, the Social Security Act established an employer payroll tax. Though there have been many changes to the federal requirements and Oregon's UI program over the years, the basic structure of federal oversight partnering with State control remains.

Payroll Tax

The Oregon State Unemployment Insurance payroll tax is established statutorily. Private sector employers who pay wages of $1,000 or more in any calendar quarter, or who have one or more employees in each of eighteen weeks in a calendar year, are subject to the UI payroll tax on taxable wages. For 2025, the taxable wages are the first $54,300 of wages paid to each employee. There are several exclusions (for instance certain smaller agricultural employers), but most Oregon employers are subject to the UI payroll tax. Taxes are paid into the Unemployment Compensation Trust Fund (UCTF).

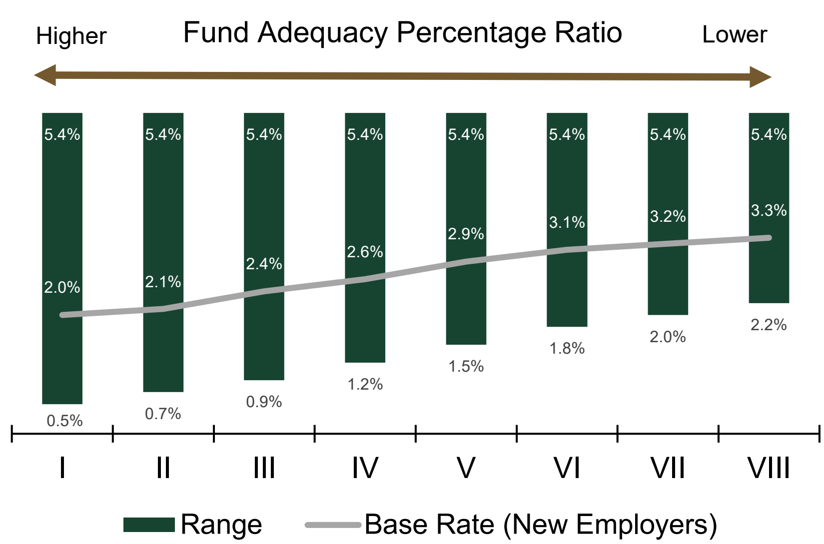
Federal and state employers are not subject to the tax and are considered reimbursing employers. Reimbursing employers are federal and state subject employers as well as local government and non-profit subject employers who opt to reimburse. Reimbursing employers repay benefits to the UCTF instead of paying a tax. Exhibit N-1 provides a graph of employer contributions to the UCTF. For calendar year 2024, the Oregon Employment Department (OED) estimated contributions were just under $1.2 billion. For 2025, contributions were forecast to be slightly over $1.2 billion.

EXHIBIT N- 1



To determine the tax rate for each employer subject to the UI payroll tax, the OED determines the tax schedule in effect for a tax year and the relative **experience rating** for each employer. Experience ratings measure the likelihood an employer's workers will file for unemployment benefits.

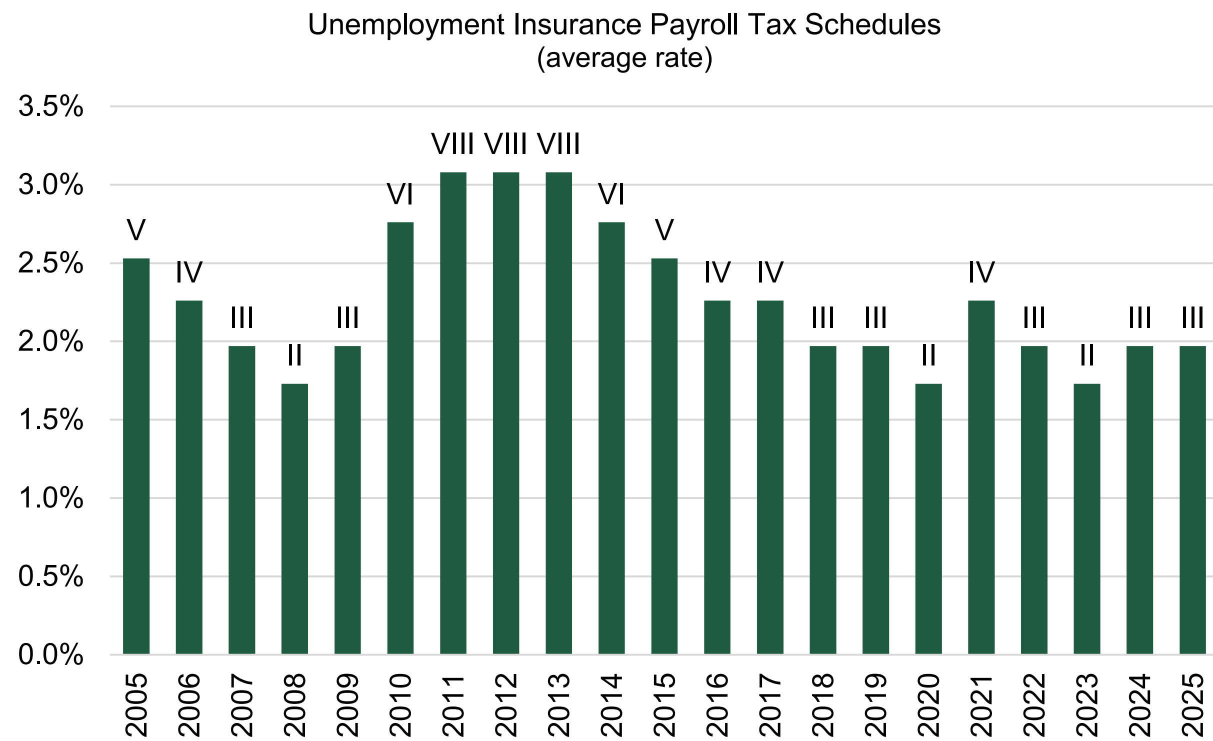
EXHIBIT N-2



Oregon has eight UI payroll tax schedules. Schedule I has the largest rate range, from 0.5% to 5.4% of payroll. Schedule VIII has the smallest range from 2.2% to 5.4%. The tax schedule used each year is dictated by the projected solvency of the UCTF with respect to projected benefits during a high-cost period. This ratio is known as the **fund adequacy percentage ratio**. The ratio is calculated by comparing the balance of the UCTF as of August 31st with the benefit payments expected during a high-cost payment period. A high-cost payment period is defined by the highest cost benefits period, during 12 consecutive months, in the previous 20 complete calendar years. Calendar years 2020 and 2021 are excluded as the impact of the 2020 recession is considered anomalous. Benefits paid during the high-cost period are adjusted for wage and employment growth.

Once the fund adequacy ratio is calculated, it is compared to the statutorily defined fund adequacy ratio range for each tax schedule to determine which tax schedule will be in effect for the coming year. This process is completed September of each year. For 2025, Tax Schedule III is in effect. Exhibit N-3 shows the tax schedules which have been in effect since 2005.

EXHIBIT N-3



Data Source: Oregon Employment Department

EXHIBIT N-4

By design, the process of selecting a tax schedule is self-balancing. If the UCTF balance increases enough, relative to expected benefit payments, the tax schedule and the average tax rate decrease. If the relative UCTF balance is drawn down enough, the tax schedule increases. Exhibit N-4 shows the frequency of each tax schedule that has been in effect since 1980.

Tax Schedule	Average Tax Rate	Frequency (since 1980)
I	1.47%	1
II	1.73%	5
III	1.97%	13
IV	2.26%	5
V	2.53%	5
VI	2.76%	6
VII	2.91%	1
VIII	3.08%	10

Data Source: Oregon Employment Department

The experience rating used to calculate the tax rate for specific employers is determined by their **benefit ratio**. This ratio is calculated by dividing total UI benefits attributed to an employer's record by the employer's payroll. The calculation looks at the preceding 12 consecutive attributable calendar quarters. If an employer has less than 12 attributable quarters, the preceding 4 to 11 consecutive calendar quarters are used. Employers are then ordered from lowest benefit ratio to highest and grouped by percentage of total taxable payroll. Each group is then assigned a tax rate, from lowest to highest. Using Tax Schedule III as an example, employers with the lowest benefit ratios comprising 0.0% to less than 10.0% of cumulative taxable payroll are assigned a tax rate of 0.5%. Employers in the next group would comprise those that would raise cumulative taxable payroll to 10.0% and less than 15.0% and be assigned a tax rate of 0.6%. This process continues until all employers are assigned a tax rate.

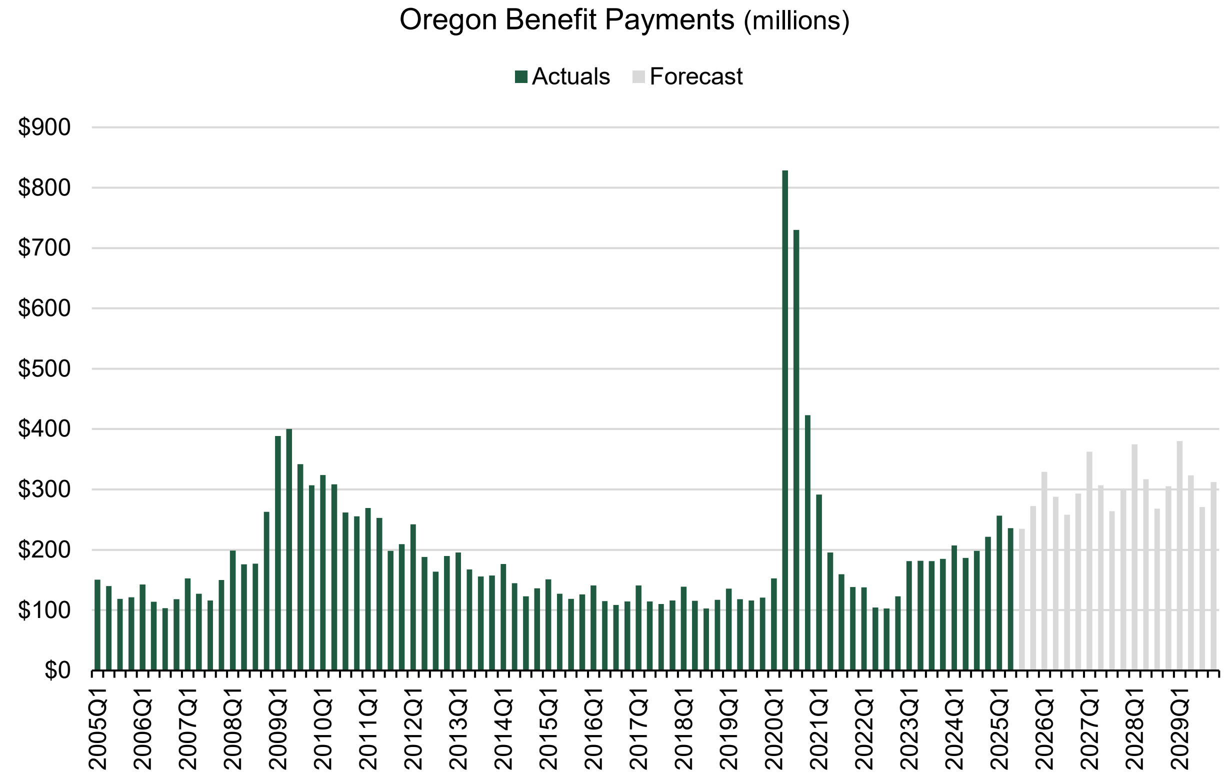
For employers with less than 4 consecutive attributable quarters, a base year rate is assigned, ranging from 2.0% to 3.3% depending on the tax schedule.

Along with state UI payroll taxes, employers must pay a federal unemployment tax. The federal tax is set at 6.0% on the first $7,000 paid to each employee annually. While Oregon is in compliance with the Federal Unemployment Tax Act (FUTA), employers receive a credit for state unemployment taxes paid of up to 5.4%. This results in an effective FUTA tax rate of 0.6%.

Benefits

To qualify for Oregon UI benefits, workers must have worked at least 500 hours or been paid at least $1,000 from an employer during their base year (the first 4 of the 5 previous complete quarters) or an alternative base year (4 previous complete quarters) and been laid off or had reduced hours through no fault of their own. They must also be able, available, and looking for work. Claimants are eligible to receive 1.25% of their total base year gross income per week for 26 weeks (state or federal programs may increase this duration). This amount is subject to a minimum and maximum amount calculated for the fiscal period (June 30th through July 1st of the following year). For the 2025-26 fiscal year, the minimum benefit is $204 per week. The maximum benefit is $872 per week. The minimum and maximum amounts are based on the state average weekly wage. The total benefits paid out of the UCTF in Oregon are shown in Exhibit N-5.

EXHIBIT N-*5*

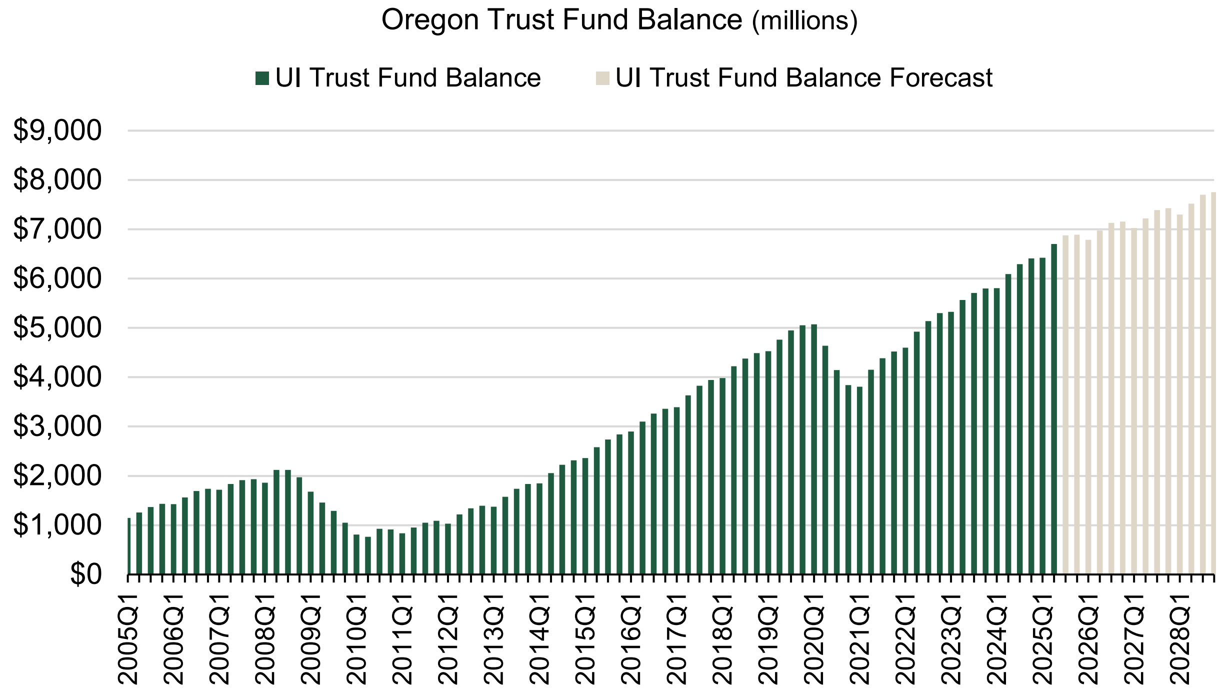


Data Source: Oregon Employment Department

Unemployment Insurance Trust Fund Balance

As noted above, the health of the UCTF plays a determinative roll in which tax schedule is in effect for a given tax year. The self-balancing design of the UI tax system allows the UCTF to recover from drawdowns while keeping the tax rate low during less costly periods. Exhibit N-6 shows the UI trust fund balance as well as the OED forecast by quarter for 2005 Q1 through 2029 Q4.

EXHIBIT N-6



Data Source: Oregon Employment Department

Recent History

In the past 10 years, several changes to the state unemployment insurance law have been made which affected revenue. Arguably, the most impactful of those changes was the passing of HB 3389 during the 2021 legislative session. HB 3389, in response to the 2020 recession, provided an OED estimated $45 million in contributions, interest, and penalty relief to employers. Additionally, OED estimates employer tax contributions through 2029 will be $2.2 billion lower as a result of HB 3389. Exhibit N-7 summarizes the legislative changes which effected UI tax law over the previous 10 years.

EXHIBIT N-7

Legislative Session	Bill Number	Description
2015	HB 2440	Allows an unemployed individual, who is eligible for unemployment insurance benefits, to be still eligible for the benefits when traveling outside their normal labor market for job interviews.
	SB 242	Makes changes to conform to federal requirements in the OED's participation in the U.S. Treasury Offset Program (TOP) and work share eligibility practice.
	SB 243	Provides that an individual who is paid UI benefits to which they are not entitled is liable, in certain circumstances, to have the amount deducted from future benefits payable under the law of another state.

2019	HB 2660	Removes prohibition on payment of UI benefits to nonprofessional employees of an educational institution providing facilities or janitorial services during summer breaks.
	HB 3120	Provides that an individual may not be disqualified from UI benefits for voluntarily leaving, failing to accept, or failing to apply for work for reasons relating to the crime of intimidation.
2021	HB 2359	Stipulates that the services performed by language translators/interpreters be considered employment for purposes of UI benefits, if such services are not performed by statutorily defined independent contractors.
	HB 3178	Temporarily removes a condition for being deemed "unemployed" that an individual's weekly remuneration for part-time work be less than the individual's weekly UI benefit amount.
	HB 3389	Makes various changes in relation to the Unemployment Insurance Trust Fund to give financial relief to employers.
	SB 172	Limits the recovery period of non-fraudulent claimant-caused UI benefit overpayments to five years following the final decision. Allows a waiver of all or part of non-fraudulent UI benefit overpayments under specified circumstances.
2024	HB 4035	Increases the Supplemental Employment Department Administration Fund allocation of UI tax revenues.
2025	HB 2271	Creates an unemployment insurance payroll tax credit for calendar year 2025 for eligible employers.
	HB 3024	Eliminates the maximum benefit amount reduction applied when an employee is disqualified for benefits for cause.
	SB 143	Increases the Supplemental Employment Department Administration Fund allocation of unemployment insurance payroll tax revenues.
	SB 916	Makes changes regarding the eligibility for unemployment insurance benefits

Additional Information

OED forecast and data can be found at: https://www.oregon.gov/employ/newsandmedia/pages/ui-reports.aspx.

Department of Labor Unemployment Insurance Trust Fund solvency reports are located at: https://oui.doleta.gov/unemploy/solvency.asp.

Oregon Revised Statue (ORS 657) relating to unemployment insurance can be found at: https://www.oregonlegislature.gov/.

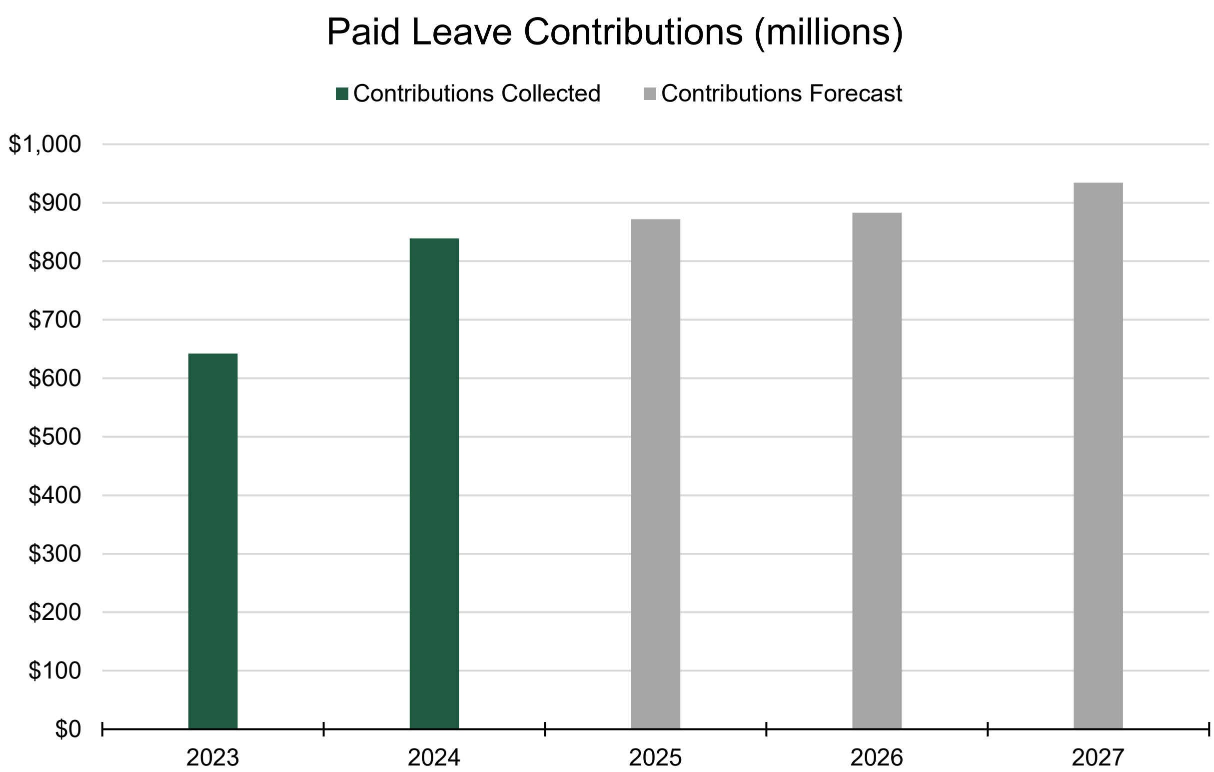
Paid Leave Oregon Tax

The 2019 Oregon Legislature created the Paid Leave Oregon (PLO) program for the purpose of providing workers with compensated time off to recover from serious health conditions, to care for family members with serious health conditions, and to bond with children new to their family. The legislation established a payroll tax to fund these benefits.

Contributions

PLO benefits are funded by a payroll tax. These taxes are deposited into the Paid Family and Medical Leave Insurance Fund. The tax rate is set by the Oregon Employment Department director each year at 1% or less of an employee's wages, limited to wages below a specific amount. The wage limit is adjusted no later than December 15th of each year to be equivalent to the Social Security contribution and benefit base limit. For 2025, the tax rate was set at 1% and the wage limit was set at $176,100. Employers with, on average, 25 or more employees (referenced as large employers), pay 40% of this tax. Employers with less than 25 employees (referenced as small employers) are not required to pay the tax unless they opt-in to the program. Employees pay 60% of this tax regardless of their employer's size. PLO taxes are collected on a quarterly basis. For calendar year 2023, PLO contributions were approximately $640 million. In 2024 contributions increased to $840 million. As of the third quarter in 2025, contributions were about $670 million and are expected to be $870 by the end of 2025. Exhibit N-8 graphs actual and forecast PLO contributions.

EXHIBIT N-8



Data Source: Oregon Employment Department

An alternative to the PLO tax for employers is to provide an equivalent plan. Equivalent plans must provide eligibility, coverage, and benefits at least equivalent to PLO. They may not deduct more from an employee than does PLO. An employer may apply to PLO for approval of an equivalent plan for an initial cost of $250. Plans must be approved every three years. Re-approval without substantive changes costs $150. Re-approval with substantive changes costs $250. About 15% (340,579) of Oregon employees are covered by equivalent plans.

EXHIBIT N-9

Employer by Size	Number
Large Employers	1,899
Small Employers	1,374
Total	3,273

Data Source: Oregon Employment Department

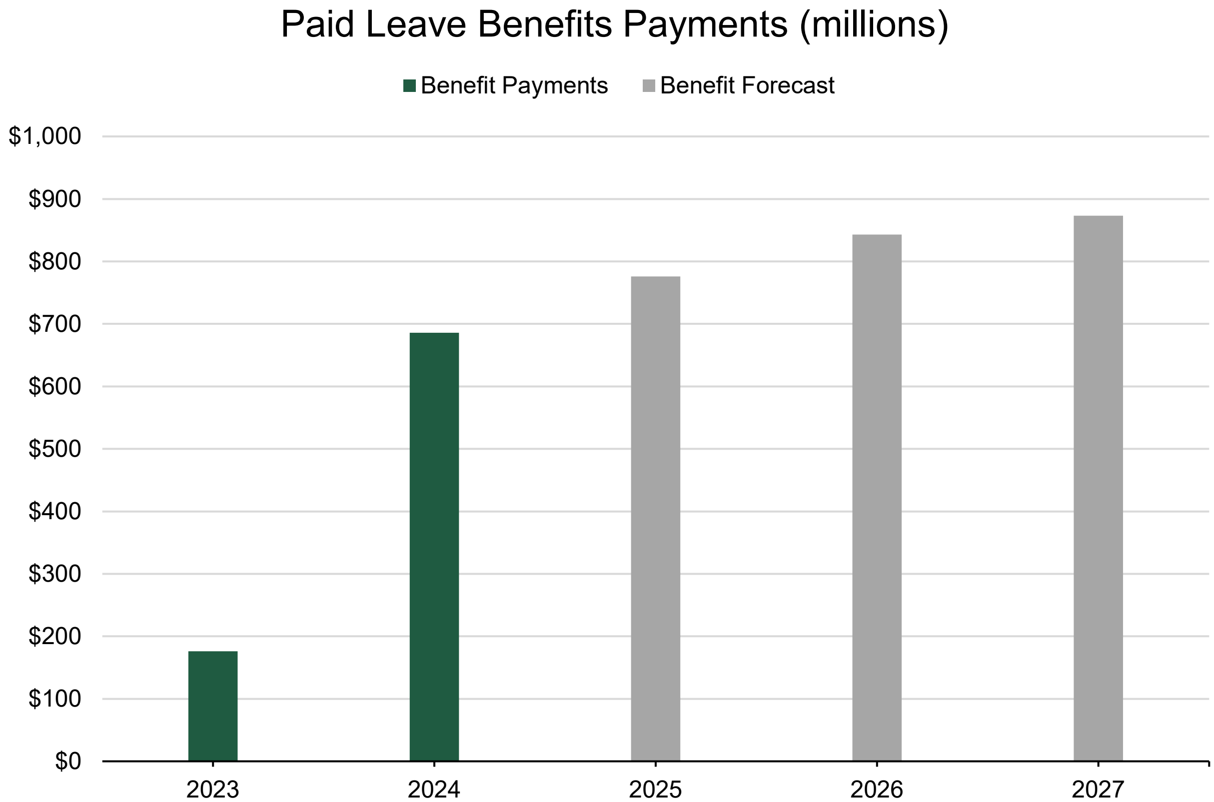
Equivalent plans are used by approximately 2% of Oregon businesses. Roughly 12% of large employers have an equivalent plan. Of small employers, around 1% provide equivalent plans for their employees.

Benefit Payments

To be eligible for PLO benefits, a worker must have earned at least $1,000 in Oregon during either the first four of the last five complete quarters prior to applying for benefits or during the last four complete quarters prior to applying for benefits. Self-employed individuals, independent contractors, and tribal government employees are not automatically covered, but may choose to participate in PLO. Federal government employees, elected officials, judges, and holders of public office are not eligible for PLO benefits.

PLO pays a percent of an individual's wages for up to 12 weeks, in a 52-week period, for family, medical, or safe leave. In some situations, a pregnant employee may be able to claim an additional 2 weeks of benefits. The percent of wages paid is limited to a maximum of 120% and a minimum of 5% of the state average weekly wage (calculated once per year). Within these bounds, an individual's weekly benefit amount is calculated as 100% of an employee's average weekly wage that is 65% or less of the state average weekly wage plus 50% of an employee's weekly wage greater than 65% of the state average weekly wage. For example, if Oregon's average weekly wage is $1,000 per week and an individual makes $1,100 per week the individual would receive $875 per week (0.65 * $1,000 + 0.5 * $450). The weekly benefit amount for self-employed individuals and tribal government employees is based on the contributions of those employees or tribal governments. Exhibit 3 presents the yearly benefits paid by PLO.

EXHIBIT N-10



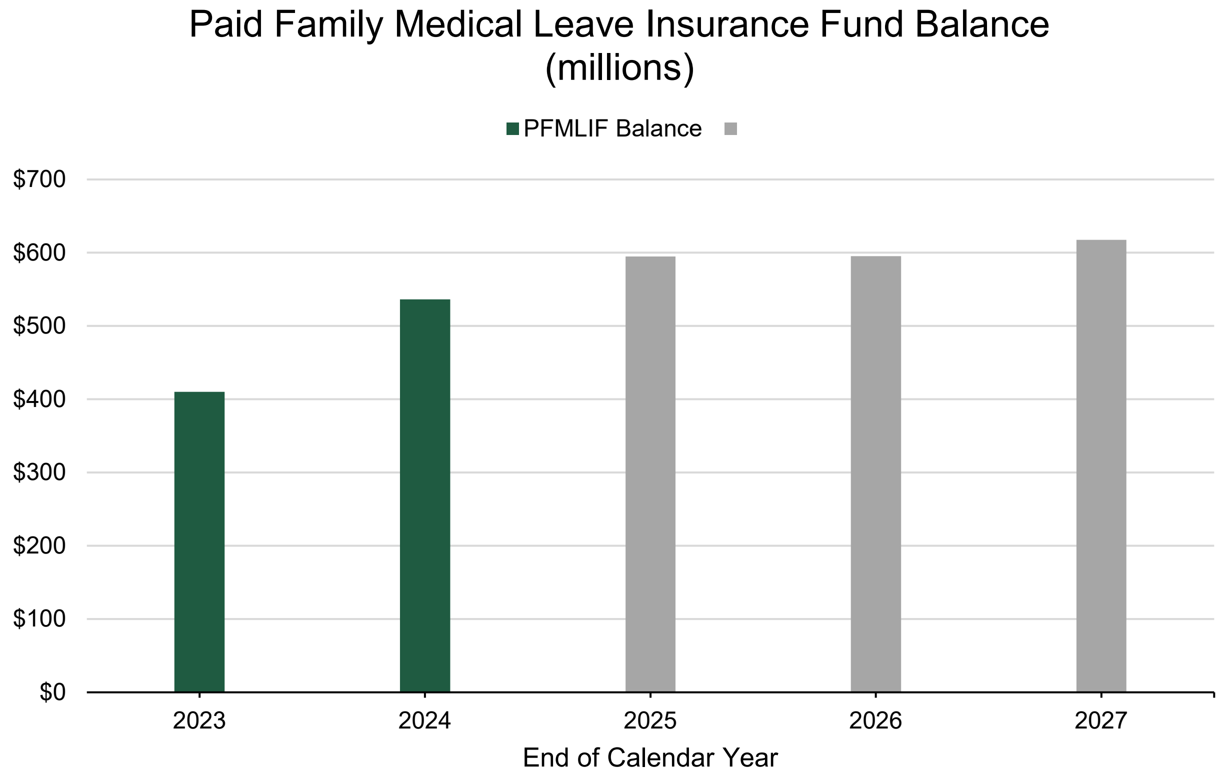
Data Source: Oregon Employment Department

PLO also provides assistance grants for employers with, on average, less than 25 employees. These grants are intended to cover costs related to employees taking leave. A grant to cover the hiring of a temporary replacement worker is available for up to $3,000. An additional grant of up to $1,000 is available for related wage costs. If a grant is approved, the employer agrees to pay into PLO for 8 quarters. An employer may apply for each grant up to 10 times per year.

Paid Family Medical Leave Insurance Fund Balance

By statute, the Oregon Employment Department director sets the PLO tax rate so that, at the end of the period the tax rate is in effect, the Paid Family and Medical Leave Insurance Fund has no less than 6 months of projected expenditures. In addition, the director is tasked with minimizing contribution rate volatility. The payroll tax rate for PLO was set at 1% when collections started in 2023. The rate remained unchanged through 2025. Exhibit N-11 looks at the PLO trust fund current and expected balance through 2027.

EXHIBIT N-11

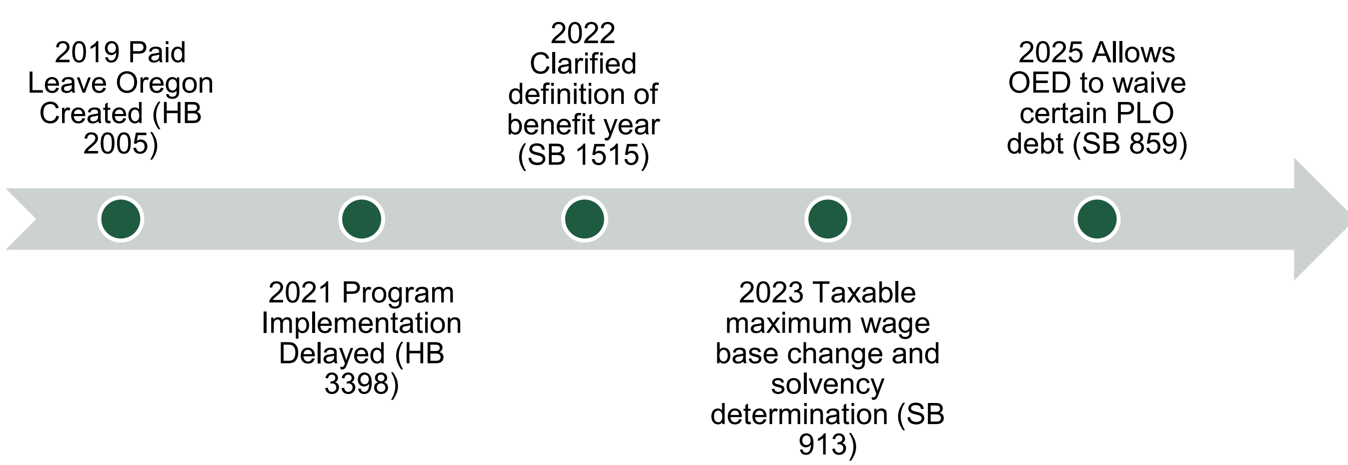


Data Source: Oregon Employment Department

Legislative Revenue History

During the 2019 legislative session, House Bill 2005 was passed creating PLO. Since then, there have been several clarifications and technical changes to the law. Exhibit N-12 is a timeline of legislative changes to PLO.

EXHIBIT N-12



During the 2021 legislative session, house bill 3398 delayed the implementation of PLO, allowing additional time to build the program (delaying contributions from January 1, 2022, to January 1, 2023, benefit payments from January 1, 2023, to September 3, 2023, and assistance grants from January 1, 2023, to June 30, 2023). In 2022 senate bill 1515 clarified the definition of a benefit year and removed the requirement for the Director of the Oregon Employment Department to determine the benefit year for employers. In 2023, the legislature set the taxable wage base limit for PLO tax to the U.S. Social Security wage base maximum, as well as requiring determination of the solvency of the Paid Family Medical Leave Insurance Fund. Finally, in 2025 senate bill 859 authorized the Director of OED to waive certain employer debt related to PLO. The change applied to debt due or paid on or after January 1, 2023.

Additional information

Additional information regarding PLO can be found on the Paid Leave Oregon webpage: https://paidleave.oregon.gov/.

Additional data can be found on the Paid Leave Oregon webpage:

https://www.oregon.gov/employ/NewsAndMedia/Pages/Dashboard.aspx.

The relevant Oregon law (ORS 657B) can be found at:

.https://www.oregonlegislature.gov/.

Section O - Other Taxes

This section of the report covers three taxes: Cannabis, 911/988, and Transient Lodging.

Cannabis Revenue

The OLCC is also tasked to implement the Marijuana legalization initiative (Measure 91) which was passed in 2014. That implementation was reconfigured and embellished by HB 3400 during the 2015 session. HB 2041 changed the method of taxation from a $35 per ounce (Production/Severance tax) collected by the OLCC to a 17% Point of Sale Tax (POST) collected by the Department of Revenue (DOR). The bill also allowed a 3% optional tax, starting in 2017, for local governments that allow cannabis sales.

Full implementation of commercial sales was to commence on the first day of 2017, however, SB 460 allowed for cannabis to be sold during the 2016 calendar year by medical dispensaries. This early start program was taxed at 25% POST rate. The early start program brought in about $65 million in tax proceeds.

Since the legalization of cannabis in Oregon by M-91, the distribution of state cannabis tax revenue, after deductions for collection and administration costs, has been divided to six statutorily defined areas. Drug abuse and prevention gets 5% of funds; cities and counties each get 10% distributed based on a statutorily specified formula; 15% goes the state police; 20% to a mental health account; and 40% goes to the State School Fund (this portion was originally directed to the Common School Fund).

Measure 110 was passed by voters in 2020. It capped the distributions to the above specified areas at $11.25 million a quarter ($90 million per biennium). All revenue above the $90 million biennial cap would be directed to the Drug Treatment and Recovery Services Fund. The 2022 legislative session passed HB 4056 which allowed the annual cap amount ($45 million) to be adjusted for inflation.

A portion ($25 million) of the cost incurred by the OLCC for regulation, enforcement, compliance, and licensing is funded by the license fees on cannabis businesses (there are more than 20 different types of licenses). The remainder of the OLCC costs, as well as DOR collection costs, are covered by cannabis tax revenues collected. The 2021 session allowed the Illegal Marijuana Market Enforcement Grant to be funded by cannabis tax revenues before distributions. The 2022 session (HB 4074) removed the sunset form this provision. Cannabis retailers may retain 2% of taxes they collect from the consumer to cover their cost of collecting and remitting the tax.

Legal cannabis sales exceeded a billion dollars in fiscal years 2021 and 2022, and gross cannabis tax revenue exceeded $170 million. However, sales growth witnessed during the COVID pandemic period waned as demand flattened and prices weakened, weighing on revenues. Since fiscal year 2021, cannabis revenues and taxes have declined. For fiscal year 2025 cannabis sales declined to less than $950 million and state tax revenues decreased to less than $150 million. On the local level tax revenues have also declined from the 2021 peak for the local governments where DOR administers tax revenue collections (DOR administers collections for 89 cities and 7 counties that impose a local marijuana tax).

EXHIBIT O-1: Cannabis Tax Revenue (millions)

Fiscal Year (July-June) State Totals:

Fiscal Year	State Totals	Local Tax Total
FY 2016	$20.7	$0.0
FY 2017	$70.3	$4.0
FY 2018	$82.2	$12.8
FY 2019	$102.1	$15.7
FY 2020	$133.2	$20.8
FY 2021	$178.3	$28.0
FY 2022	$170.6	$26.9
FY 2023	$142.1	$22.4
FY 2024	$150.9	$23.6
FY 2025	$147.5	$22.9

Source: Oregon Department of Revenue Research Section

Exhibit O-2 presents the distribution of cannabis tax revenues by fiscal year.

EXHIBIT O-2: Cannabis Revenue Distributions (millions)

Fiscal Year	Local Tax	State Tax							
	Cities/ Counties Where DOR Collects the Local	Drug Treatment and Recovery Services Fund	State School Fund (40%)	Mental Health, Alcoholism, and Drug Services (20%)	Oregon State Police (15%)	Oregon Health Authority, for Drug Treatment and Prevention (5%)	Cities and Counties (20%)		State Tax Total
							By Population	If Opt-In	
2018	$12.2	$0.0	$59.0	$29.5	$22.1	$7.4	$16.7	$12.8	$147.5
2019	$15.1	$0.0	$22.0	$11.0	$8.2	$2.7	$0.0	$18.6	$62.6
2020	$19.3	$0.0	$45.2	$22.6	$17.0	$5.7	$0.0	$23.9	$114.3
2021	$27.4	$64.6	$43.2	$21.6	$16.2	$5.4	$0.0	$21.4	$172.4
2022	$27.9	$121.9	$18.0	$9.0	$6.8	$2.3	$0.0	$9.0	$166.9
2023	$22.8	$88.0	$18.0	$9.0	$6.8	$2.3	$0.0	$9.0	$133.0
2024	$24.0	$96.5	$19.8	$9.9	$7.4	$2.5	$0.0	$9.9	$145.9
2025	$22.9	$86.4	$20.8	$10.4	$7.8	$2.6	$0.0	$10.4	$138.5

It should be noted the values in the local tax section of exhibit O-2 do not include local taxes that are not collected by the DOR.

E911 and 988 Tax

Current Tax Base

The Emergency Communications Tax (E911) and the Coordinated Crisis Services Tax (988) are imposed on each consumer or paying retail subscriber with access to the 911 emergency reporting system. The taxes generally apply to the same telecommunications subscribers, with one exception that the 988 tax does not apply to Oregon Lifeline transactions. Liability for the tax rests with the consumer or subscriber but providers and sellers of taxed communication service are responsible for collecting the tax. Returns and tax receipts are submitted quarterly by providers and sellers to the Department of Revenue. Any consumer subject to the tax and from whom the tax was not collected, is required to file and remit tax annually. Both components sunset December 31, 2029.

Highlights of Recent Legislative Change -

HB 2757 (2023)

- Created the 988 tax to start January 1, 2024, which applies to the same lines as the E911 tax but does exempt lines subsidized by the Oregon Lifeline program. The tax rate is $0.40 monthly per line. The tax is placed in the 988 Trust Fund and is used to support 988 services

Tax Collection

- Tax is reported on returns and payments are made quarterly
- Wireless (non-prepaid), Wireline & Voice over Internet Protocol (VoIP)
  $1.25 per month per subscriber line for E911 and $0.40 for 988

- Prepaid Wireless
  $1.25 per retail transaction line for E911 and $0.40 for 988

- The taxes applied to about 4.66 million lines in 2025
  - E911 Tax collections in fiscal year 2025 were $79.87 million
  - 988 Tax collections in fiscal year 2025 were $24.87 million

Tax Distribution

Prior to distribution, the Department of Revenue may receive up to 0.6% of 911 tax receipts for administrative costs; the Office of Emergency Management may receive up to 2.4%. After those deductions, 35% is transferred into the Enhanced 911 subaccount with the remaining funds distributed to cities and counties on a per capita basis. Funds in the Enhanced 911 subaccount are primarily used to make direct payments to vendors for Public Safety Answering Points (PSAPs) circuit charges and software upgrades. Local governments use the revenue to partially fund the expense of PSAPs across city and county governments.

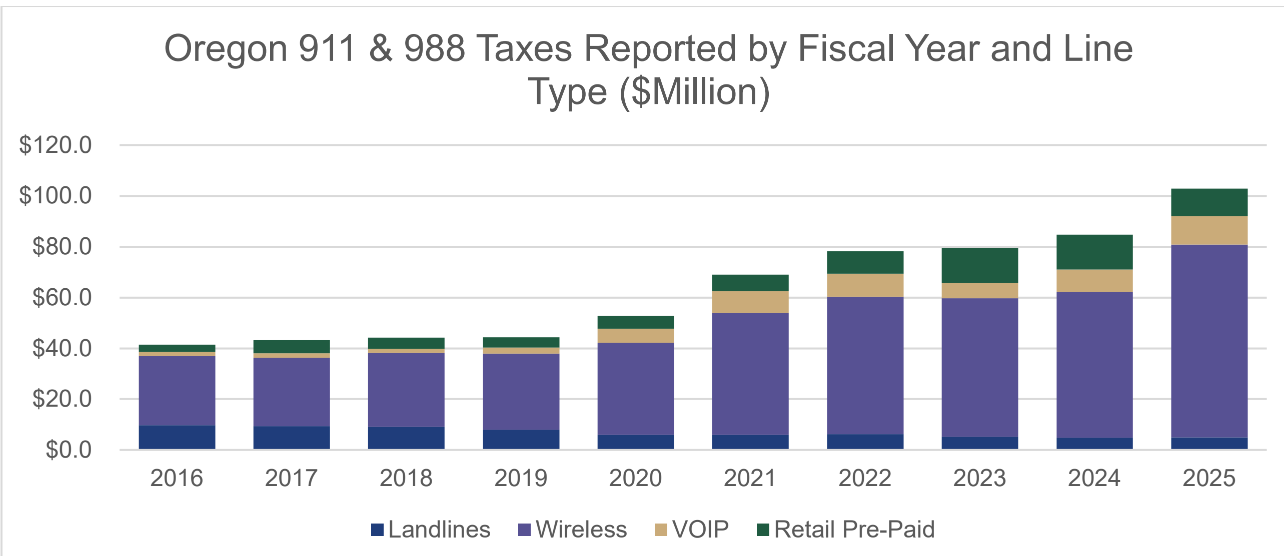
The 988 tax is dedicated to the 9-8-8 Trust Fund and appropriated to the Oregon Health Authority for support of the state coordinated crisis system.

Recent Historical Trend by Communication Line Type

The table below shows recent historical tax reported by communications line type and fiscal year. Notable changes in this period include:

- The E911 tax increased from $0.75 per line to $1.00 per line on January1, 2020
- The E911 tax increased to $1.25 per line on January 1, 2021.
- The E988 tax was added at 40 cents per line on January 1, 2024.

EXHIBIT O-3



TRANSIENT LODGING (HOTEL/MOTEL) TAX

The legislature created Oregon's state transient lodging tax program in 2003 to provide core funding to the statewide tourism marketing agency (Travel Oregon). The tax is collected by the Department of Revenue (DOR).

Background:

In the 1930s, Oregon's then new state tourism bureau was part of the State Highway Commission. Later, the tourism office joined the Oregon Economic Development Department. In 2003, the Legislative Assembly (HB 2267) decided to make the Oregon Tourism Commission an independent agency. The same legislative action established a statewide 1% transient lodging tax to help fund the tourism commission. Under the 2003 law, the Legislature defined transient lodging in ORS 320 as "hotel, motel and inn dwelling units that are designed for temporary overnight human occupancy, and [which] includes spaces designed for parking recreational vehicles during periods of human occupancy of those vehicles." The law requires the Oregon Tourism Commission to spend at least 80% of lodging tax net receipts on state tourism marketing programs and up to 15 percent of net receipts on regional tourism marketing programs. The 2003 law also constrained increases or new lodging taxes by local governments. Any new or increased local taxes after 2003 require that 70% of net revenue be spent to fund tourism promotion or tourism-related facilities.

The 2005 Legislative session expanded the definition of transient lodging (HB 2197) to include dwelling units used for temporary human occupancy, where "temporary" was defined as fewer than 30 days. The 2005 law explicitly exempted certain other temporary overnight dwelling units, such as hospitals and nonprofit summer camps. The 2013 Legislative Assembly clarified circumstances under which a transient lodging intermediary (HB 2656) rather than a lodging provider would be the entity responsible for collecting and remitting transient lodging taxes. Transient lodging intermediaries include Online Travel Companies (OTC), travel agents, and tour outfitter companies, among others. The law specified that the entity collecting the payment from the customer is the entity required to collect and remit the tax based on the total retail price paid by the customer. Intermediaries are becoming more dominant in the industry and currently reach 28% of total transactions and tax payments.

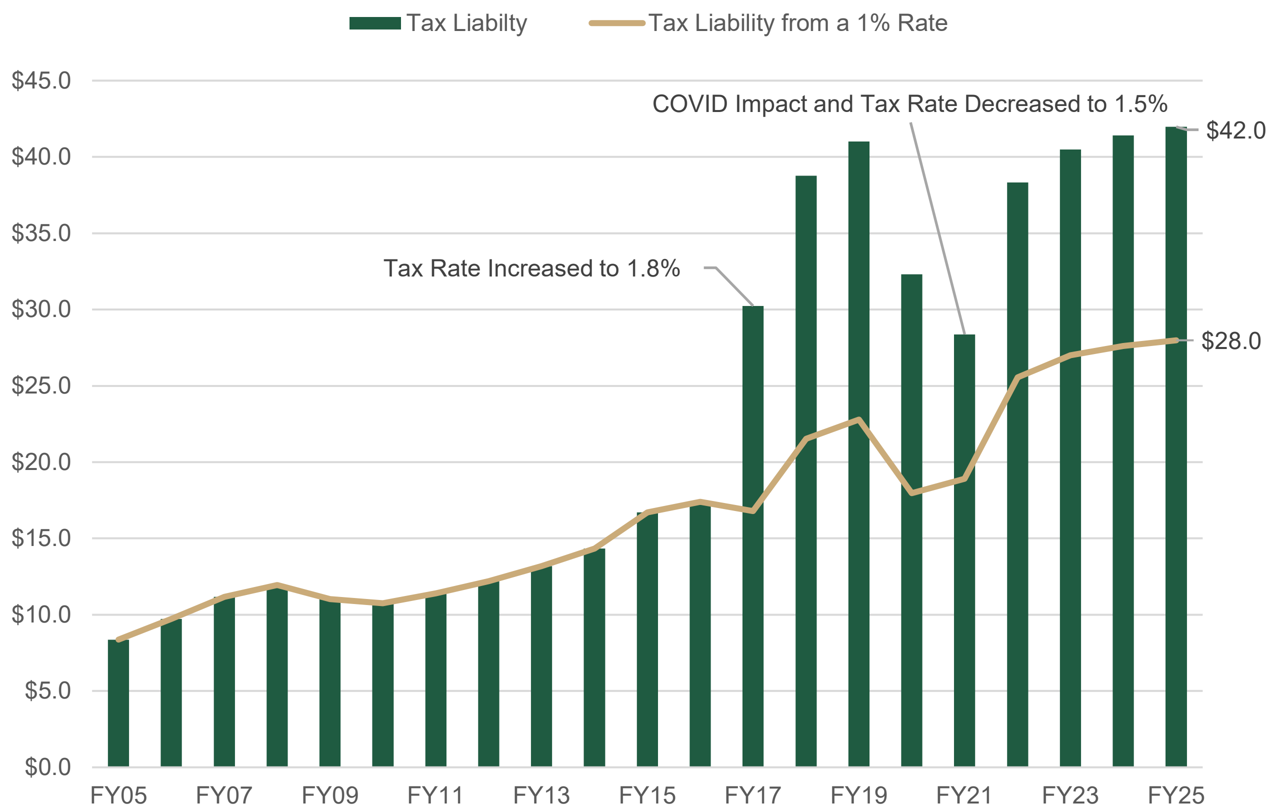
The 2016 session (HB 4146) increased the tax rate from 1% to 1.8% for the period July 1, 2016, to July 1, 2020. On July 1, 2020, the rate goes down to 1.5%. The higher rate generated an additional $12.7 million in the 2015-17 biennium and $27.4 million in the 2017-19 biennium after deducting collection costs. The bill also required that 20% of the revenue collected from the transient lodging tax be spent on implementing the regional cooperative tourism program and 10% be allocated to a competitive grant program to fund tourism-related facilities and events. The 2016 bill directed the Tourism Commission to base grant awards on demonstrated return on investment, geographic equity, and community support.

HB 2400 and HB 3180 of the 2017 session gave DOR and local governments additional enforcement authorities and allowed for better collaboration. HB 4120 of the 2018 session expanded the definition of "intermediary" to include third party entities for stricter compliance. The 2019 session provided additional clarity to the timing of collection and when the payments are due (HB 3137), allowed the OTC's to collect on temporary rentals of less than 30 days (HB 3138), and established (and funded) a mechanism for a pilot system to collect local data (HB 3136).

Tax Revenues

As can be seen in Exhibit O-4, state transient lodging tax liability grew from the beginning of the state tax program through fiscal year 2019, reaching $41 million.

EXHIBIT O-4: Transient Lodging Tax Liability

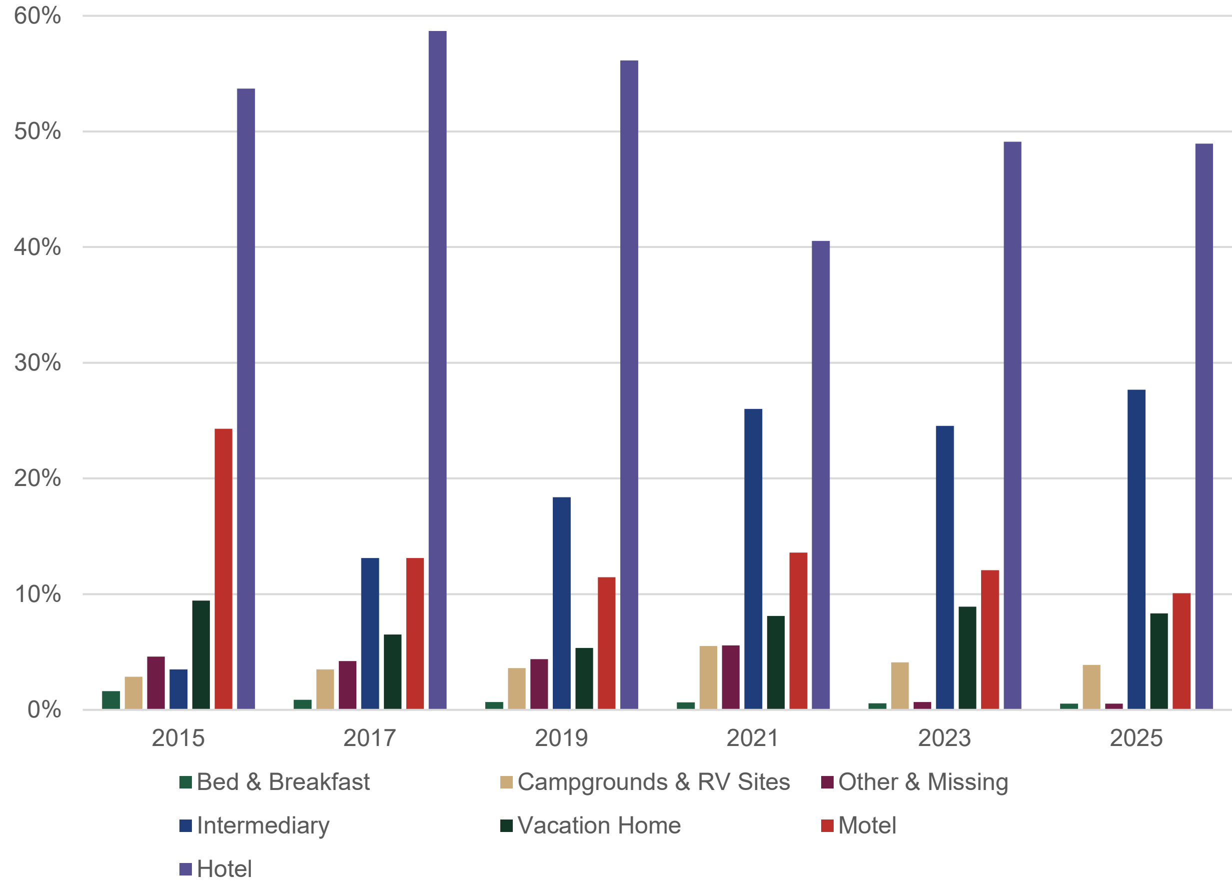


The COVID-19 related recession's impact on the accommodation industry ended that growth period. Data from fiscal years 2020 and 2021 show a sharp decline in tax liability. Overall liability decreased by about $9 million from FY 2019 to FY 2020. Adjusting for the decrease in the tax rate in July of 2020, liability in FY 2021 was down an additional $6 million from FY 2019. These reductions represent a tax liability impact of about 20% from 2019 levels.

As the industry recovered from the recession, tax liabilities rebounded and reached 2019 levels in fiscal year 2023 (despite the tax rate being lower than in 2019). Tax liabilities have continued to grow since 2023, albeit at a slower pace. In FY 2025, tax liability reached its highest level since the state tax went into effect, reaching $42 million.

Hotels have typically comprised the largest share of lodging revenues and tax liability. Exhibit O-5 graphs the share of tax liability over fiscal years. Of note is the trend in the share of the intermediary category.

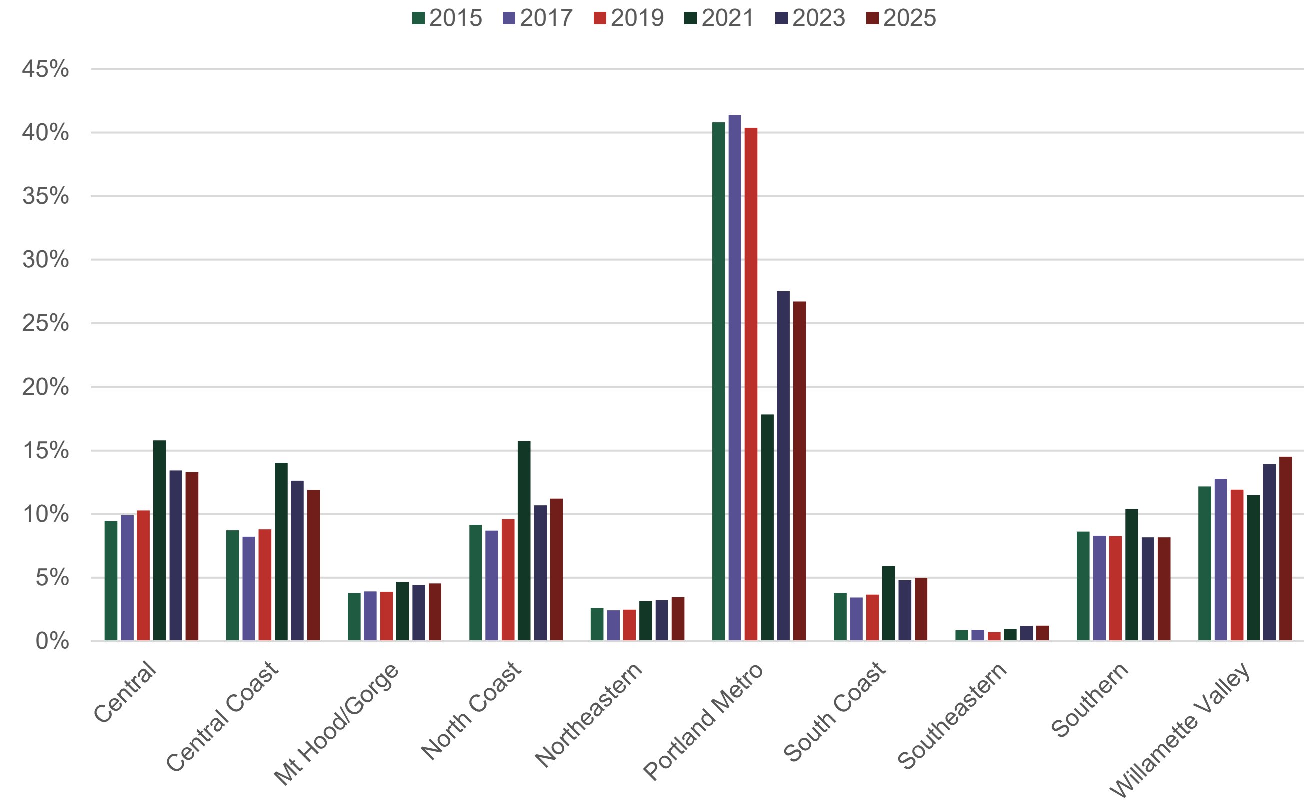
EXHIBIT O-5: Share of Transient Lodging Tax Liability (by Type)



This category encapsules tax collections from managing agencies other than owners. As the intermediary category has increased, the share of the other categories (excluding campgrounds and RV sites) has decreased.

Looking at tax liability by region, in previous years, the Portland metro area generated more than 40% of tax liability, while the Williamite valley brought in slightly more than 12%. Together those two regions were responsible for over 50% of the total transient lodging tax liability.

EXHIBIT O-6: Share of Transient Lodging Tax Liability (by Region)



As can be seen in Exhibit O-6, these two regions' contributions have decreased, reaching a low combined share of about 30% in FY 2021. As the economy recovers from COVID-19, both regions have begun to rebound and have a combined share of liability in FY 2025 of over 40%. Central Oregon and the Central Coast have increased their share of tax liability the most since FY 2019, each increasing about 3%.

SECTION P - HISTORICAL 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" (M1)	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 (M6)	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	**Continue 30% home property relief**	**Primary**	**Leg. referral**	**Passed**	**636,565**	**64,979**
	Limits use of Highway Fund	**Primary**	**Leg. referral**	**Passed**	**451,695**	**257,230**
	1% property tax limit	General	Initiative	Failed	412,781	722,089
	2¢ gas tax increase	General	Leg. referral	Failed	320,613	823,025
	Dedicates oil taxes to schools	**General**	**Leg. referral**	**Passed**	**604,188**	**494,657**
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
	Establish state lottery	**General**	**Initiative**	**Passed**	**794,441**	**412,341**
	Lottery statute	**General**	**Initiative**	**Passed**	**786,933**	**399,231**
1985	5% sales tax	Special	Leg. referral	Failed	189,733	664,365
1986	**Prohibit tax on social security**	**Primary**	**Leg. referral**	**Passed**	**534,476**	**118,766**
	Adjust tax bases for merger	**Primary**	**Leg. referral**	**Passed**	**333,277**	**230,866**
	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	**School "safety net"**	**Primary**	**Leg. referral**	**Passed**	**223,417**	**178,839**
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
	Increase Personal Income Tax Rates	Primary	Leg. referral	Advisory	177,964	408,842
	Funded school taxes on homes	Primary	Leg. referral	Advisory	128,642	449,725
	4% sales tax for schools	Primary	Leg. referral	Advisory	202,367	385,820
	5% sales tax for schools	Primary	Leg. referral	Advisory	222,611	374,466
	Combines tax bases: school mergers	**General**	**Leg. referral**	**Passed**	**680,463**	**354,288**
	Taxes public pensions	General	Leg. referral	Failed	406,372	617,586
	1.5% property tax limit (M5)	**General**	**Initiative**	**Passed**	**574,833**	**522,022**
	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
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	**Lottery revenue for education**	**Primary**	**Leg. referral**	**Passed**	**671,027**	**99,728**

SECTION P - HISTORICAL TAX VOTES

Year	Tax Change	Election	Proposed by	Outcome	Yes	No
1996	**3/5 vote to raise revenue**	**Primary**	**Leg. referral**	**Passed**	**349,918**	**289,930**
	State pays for local mandates	**General**	**Leg. referral**	**Passed**	**731,127**	**566,168**
	Tobacco taxes for Health Plan	**General**	**Initiative**	**Passed**	**759,048**	**598,543**
	Counts non-voters as "no" votes	General	Initiative	Failed	158,555	1,180,148
	Cut and Cap property tax limit (M47)	**General**	**Initiative**	**Passed**	**704,554**	**642,613**
1997	**Replace cut and cap (M50)**	**Primary**	**Leg. referral**	**Passed**	**429,943**	**341,781**
1998	**Authorize Lottery-backed school bonds (M54)**	**General**	**Leg. referral**	**Passed**	**569,982**	**474,727**
	Dedicate 15% of Lottery to parks & salmon (M66)	**General**	**Initiative**	**Passed**	**742,038**	**362,247**
1999	**Vehicle cost responsibility (M76)**	**Special**	**Leg. referral**	**Passed**	**372,613**	**314,351**
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
	Kicker Refunds in Constitution (M86)	**General**	**Leg. referral**	**Passed**	**898,793**	**550,304**
	Increases federal tax subtraction to $5,000 (M88)	**General**	**Leg. referral**	**Passed**	**739,270**	**724,097**
	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
	Funding of school equity goals (M1)	**General**	**Initiative**	**Passed**	**940,223**	**477,461**
	Property value reduced by regulation (M7)	**General**	**Initiative**	**Passed**	**Court Ruled Unconstitutional**	
	State growth limit (M8)	General	Initiative	Failed	608,090	789,699
2002	Establishes Ed. Stability Fund and Transfers $220 million	Primary	Leg. referral	Failed	376,605	411,923
	General Obligation Bond Financing for OHSU Research (M11)	**Primary**	**Leg. referral**	**Passed**	**589,869**	**190,226**
	Establishes Ed. Stability Fund and Transfers $150 million (M19)	**Special**	**Leg. referral**	**Passed**	**496,815**	**306,440**
	Increases Cigarette Tax (M20)	**Special**	**Leg. referral**	**Passed**	**522,613**	**289,119**
	General Obligation Bond Financing for Ed. Buildings (M15)	**General**	**Leg. referral**	**Passed**	**624,789**	**505,797**
	General Obligation Bond Financing for Emergency Buildings (M16)	**General**	**Leg. referral**	**Passed**	**622,914**	**501,210**
	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
	Authorizes G O Debt for Savings on Pension Liabilities (M29)	**Special**	**Leg. referral**	**Passed**	**360,209**	**291,778**
2004	Temp Personal Income Tax increase & misc. tax changes (M30)	Special	Referendum	Failed	481,315	691,462
	Property value reduced by regulation (M37)	**General**	**Initiative**	**Passed**	**1,054,589**	**685,079**
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	**Right To Build Homes; Limits Large Developments (M49)**	**Special**	**Leg. referral**	**Passed**	**718,023**	**437,351**
	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	**Eliminates double majority vote requirement for all May & November property tax elections (M56)**	**General**	**Leg. referral**	**Passed**	**959,118**	**735,500**
	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

SECTION P - HISTORICAL TAX VOTES

Year	Tax Change	Election	Proposed by	Outcome	Yes	No
2009	**Allows state to issue bonds to match school capital bonds (M68)**	**Primary**	**Leg. referral**	**Passed**	**498,073**	**267,052**
2010	**Raises personal income tax rate for high income taxpayers (M66)**	**Special**	**Referendum**	**Passed**	**692,687**	**583,707**
	Raises corp tax rates and establishes new corp minimum tax (M67)	**Special**	**Referendum**	**Passed**	**682,720**	**591,188**
	Authorizes Multnomah County casino (M75)	General	Initiative	Failed	448,162	959,342
	Continues Lottery dedication to parks & natural resources (M76)	**General**	**Initiative**	**Passed**	**972,825**	**432,552**
2012	**Prohibits real estate transfer taxes, fees, other assessments (M79)**	**General**	**Initiative**	**Passed**	**976,587**	**679,710**
	Authorizes establishment of privately owned casinos (M82)	General	Initiative	Failed	485,240	1,226,331
	Authorizes privately-owned Wood Village casino (M83)	General	Initiative	Failed	500,123	1,207,508
	Phases out existing inheritance taxes on large estates (M84)	General	Initiative	Failed	776,143	912,541
	Allocates corporate income/excise tax "kicker" refund to fund k-12 (M85)	**General**	**Initiative**	**Passed**	**1,007,122**	**672,586**
2014	**Allows possession, manufacture, sale of marijuana by/to adults, subject to state licensing, regulation, taxation (M91)**	**General**	**Initiative**	**Passed**	**847,865**	**663,346**
2016	**Amends Constitution: Dedicates 1.5% of state lottery net proceeds to funding support services for Oregon**	**General**	**Leg. referral**	**Passed**	**1,611,367**	**312,526**
	Increases corporate minimum tax when sales exceed $25 million; funds education, healthcare, senior services (M97)	General	Initiative	Failed	808,310	1,164,658
	Creates "Outdoor School Education Fund," continuously funded though Lottery, to provide outdoor school	**General**	**Initiative**	**Passed**	**1,287,095**	**630,735**
2018	**Approves Temporary Assessments to Fund Health Care for Low-Income Individuals and Families, and to Stabilize Health Insurance Premiums**	**Special**	**Initiative**	**Passed**	**657,117**	**408,387**
	Amends Constitution: Allows local bonds for financing affordable housing with nongovernmental entities (M102)	**General**	**Leg. referral**	**Passed**	**1,037,922**	**786,225**
	Amends Constitution: Prohibits taxes/fees based on transactions for "groceries" (defined) enacted or amended after September 2017 (M103)	General	Initiative	Failed	791,687	1,062,752
	Amends Constitution: Expands (beyond taxes) application of requirement that three-fifths legislative majority approve bills raising revenue (M104)	General	Initiative	Failed	631,211	1,182,023
2020	**Increases cigarette tax by $2 per pack. Increases cap on cigar taxes to $1 per cigar. Establishes tax on nicotine inhalant delivery systems, such as e-cigarettes and vaping products. Funds health programs (M108)**	**General**	**Leg. referral**	**Passed**	**1,535,866**	**779,311**
	Creates a 15 percent retail sales tax on psilocybin products (M109)	**General**	**Initiative**	**Passed**	**1,270,057**	**1,008,199**
	Limits the distributions to the current uses of Marijuana revenue to $45 million a year. Diverts the rest of the revenue to Addiction Recovery services. (M110)	**General**	**Initiative**	**Passed**	**1,333,268**	**947,313**
2022	No state tax votes					
2024	Increase Corporation minimum taxes and create an Oregon resident rebate payment program (M118)	General	Initiative	Failed	476,095	1,637,138

SECTION Q - 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 https://www.oregonlegislature.gov/lro

SUMMARY OF LEGISLATIVE SESSIONS AND COMMITTEE REPORTS

"Revenue Measures Passed by the 83rd Legislature - 2025 Session and 2025 1st Special Session" (#4-25)
"Revenue Measures Passed by the 82nd Legislature - 2024 Session" (#3-24)
"Revenue Measures Passed by the 82nd Legislature - 2023 Session" (#4-23)
"Revenue Measures Passed by the 81st Legislature - 2022 Session" (#2-22)
"Revenue Measures Passed by the 81st Legislature - 2021 Session with 2020 Regular & Special Sessions" (#4-21)
"Revenue Measures Passed by the 80th Legislature - 2019 Session" (#3-19)
"Revenue Measures Passed by the 79th Legislature - 2018 Session and 2018 1st Special Session" (#2-18)
"Revenue Measures Passed by the 79th Legislature - 2017 Session" (#5-17)
"Revenue Measures Passed by the 78th Legislature - 2016 Session" (#2-16)
"Revenue Measures Passed by the 77th Legislature - 2015 Session" (#3-15)
"Revenue Measures Passed by the 77th Legislature - 2014 Session" (#2-14)
"2013 Special Session Summary Tax Policy Changes" (#4-13)
"Revenue Measures Passed by the 77th Legislature - 2013 Session" (#3-13)
"Revenue Measures Passed by the 76th Legislature - 2012 Session" (#3-12)
"Revenue Measures Passed by the 76th Legislature 2011" (#2-11)
"Revenue Measures Passed by the 75th Legislature- Feb 2010 Special Session" (#1-10)
"Revenue Measures Passed by the 75th Legislature 2009" (#5-09)
"Revenue Measures Passed by the 74th Legislature- Feb 2008 Special Session" (#1-08)
"Revenue Measures Passed by the 74th Legislature 2007" (#3-07)

ALL TAXES

"2025 Oregon Public Finance Basic Facts" (#1-25)
"2024 Oregon Public Finance Basic Facts" (#1-24)
"2023 Oregon Public Finance Basic Facts" (#1-23)
"2022 Oregon Public Finance Basic Facts" (#1-22)
"2021 Oregon Public Finance Basic Facts" (#1-21)
"2020 Oregon Public Finance Basic Facts" (#1-20)
"Analysis of Options for Restructuring Oregon's State and Local Revenue System (HB 2171)" (#4-15)
Task Force on Comprehensive Revenue Restructuring: Final Report" (#2-09)

BALLOT MEASURES

"Ballot Measure 118: A Description and Analysis" (#7-24)
"Initiative Petition 17: A Description and Preliminary Analysis" (#4-24)
"Measure 108 - Tobacco Tax Increase" (#6-20)
"Measure 97 Description and Analysis" (#3-16)

“Measure 84” (#5-12)
“Measure 85” (#4-12)
“Measures 66 & 67” (#6-09)
“Measures 66 & 67 FAQ” (#7-09)
“Measure 59 Full Deductibility of Federal Income Taxes” (#2-08)
“Measure 50 Research Brief” (#5-07)
“Measure 41: Changing Oregon’s Treatment of Personal Exemptions” (#6-06)
“Measure 48: Proposed Constitutional Spending Limit” (#5-06)

INCOME TAXES

“The Impact of Title VII (of H.R. 1) on General Fund Revenue” (#3-25
“Tax Treatment of Military Pension Income and Examination of Policy Proposals” (#2-24)
“Oregon Corporate Excise and Income Tax: 2023 Update” (#5-23)
“Oregon Income Tax Connection to Federal Law” (#5-20)
“Coronavirus Aid, Relief and Economic Security (CARES) Act (H.R. 748)” (#3-20)
“Interstate Broadcasters and Tax Policy in Oregon” (#4-19)
“An Assessment of Oregon's Listed Jurisdiction Policy and its Cost Effectiveness” (#4-17)
“The American Recovery and Reinvestment Act of 2009” (#3-09)

PROPERTY TAX

“Review of Oregon’s Property Tax Exemption for Literary, Charitable and Scientific Institutions (#3-17)
“Oregon’s Property Tax System: Horizontal Inequities under Measure 50” (#4-10)
“Enterprise Zones Study” (#4-09)
“Oregon’s Property Tax System: Horizontal Inequities under Measure 50” (#4-10)
“2006 Oregon’s Enterprise Zone Programs” (#3-06)

TAX EXPENDITURES

“Tax Credit Review: 2025 Oregon Legislative Session” (#9-24)
“Property Tax Exemption Review: 2025 Oregon Legislative Session” (#8-24)
“Emergency Volunteer Tax Benefits” (#6-24)
“Tax Credit Review: 2023 Oregon Legislative Session” (#3-23)
“Tax Credit Review: 2021 Session” (#2-21)
“Tax Credit Review: 2019 Session” (#2-19)
“Tax Credit Review: 2017 Session” (#2-17)
“Tax Credit Review: 2015 Session” (#2-15)

SCHOOL FINANCE

“K-12 School Funding Equalization” (#5-24)
“K-12 and ESD School Finance: State School Fund Distribution” (#4-20)
“School Property Tax Rates” (#3-10)
“K-12 and ESD School Finance” (#2-10)
“2009 School Finance Legislation: Funding and Distribution” (#8-09)
“Small School District Funding” (#4-08)
“Student Weights for small Schools” (#3-08)
“2007 School Finance Legislation: Funding and Distribution” (#4-07)
“Student Weights: Individualized Education Program” (#7-06)

"K-12 and ESD School Finance: State School Fund Distribution" (#4-06)
"Student Weights: English as a Second Language" (#2-06)
"2005 School Finance Legislation, Funding and Distribution" (#3-05)

MISCELLANEOUS

"Forest Products Harvest Tax" (#3-23)
"Oregon Tax Expenditures: Definition and Automatic Sunset" (#3-21)
"Corporate Activity Tax: Frequently Asked Questions" (#2-20)
"Corporate Activity Tax: Frequently Asked Questions" (#2-20)
"Updated Marijuana Tax Revenue Estimates" (#4-16)
"HB 4146 Transient Lodging Tax Work Group report" (#5-16)
"Economic and Emissions Impacts of a Clean Air Tax or Fee in Oregon (SB 306)" (#4-14)
"The Revenue Impact of Marijuana Legalization under Measure 91" (#3-14)
"Revenues from Timber in Oregon" (#2-13)
"Taxation and Oregon's Interstate Competitiveness" (#6-12)
"Estimating Potential Sales Tax Revenue in Curry County" (#2-12)
"The American Recovery and Reinvestment Act of 2009: The Impact on Oregon" (#3-09)
"Oregon's 2% Surplus Kicker" (#2-07)