



2004 OREGON PUBLIC FINANCE: BASIC FACTS

Research Report #1-04

**LEGISLATIVE REVENUE
OFFICE**

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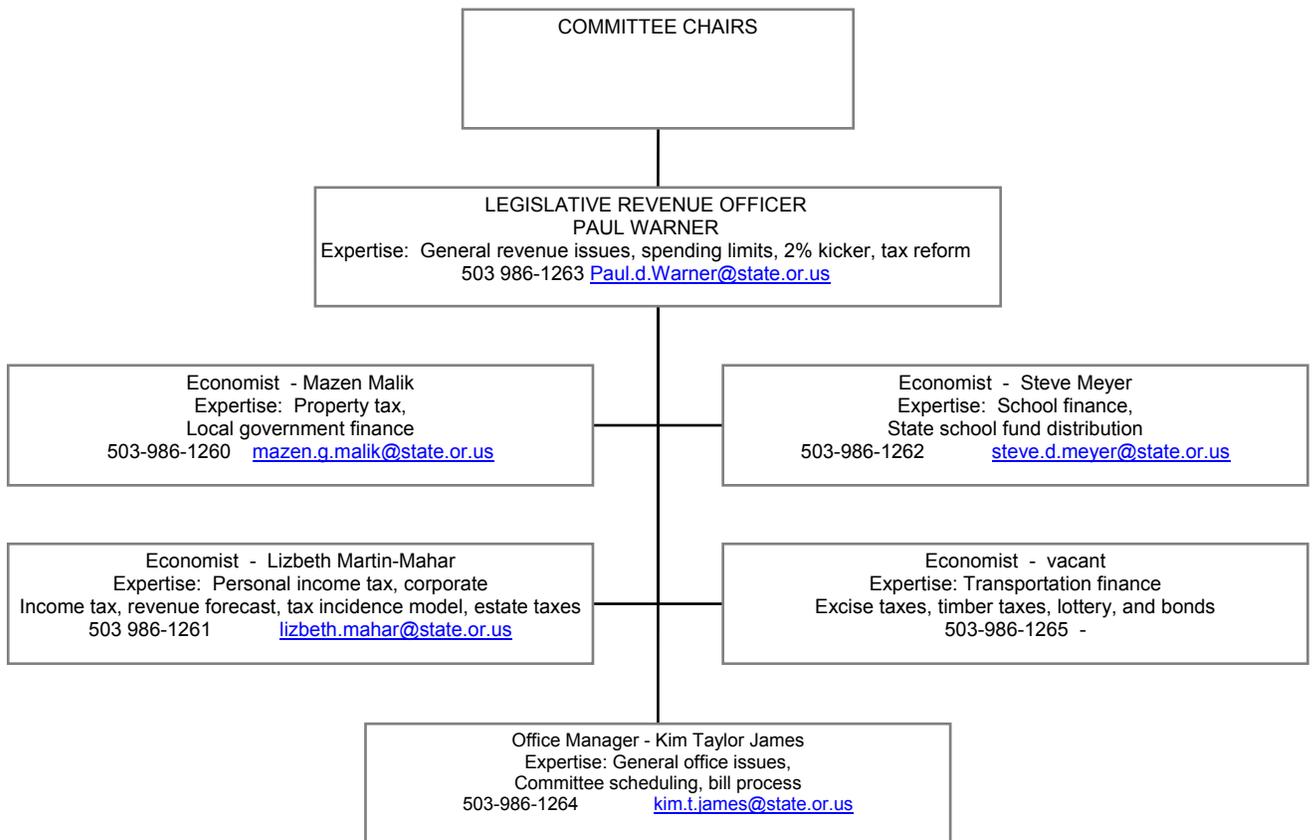
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2003-04 Interim Organizational Chart Legislative Revenue Office

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OVERVIEW OF OREGON'S REVENUE SYSTEM

Taxes are a major issue in every state. Taxes are one of the primary revenue sources used to fund public services. In most cases, taxes are used to fund services such as education and public safety that affect a broad number of citizens. This means that the overall level of taxation is important because it is connected to the level of services. However, taxes also represent a burden on a state's citizens. This means that both the level and the distribution of taxes should be considered in the context of the burden placed on the state's citizens. Finally, taxes are important because they can influence economic activity. This is particularly true for a state economy where labor and capital are free to move across state borders.

Composition of Oregon's Taxes

Table 1 shows the composition of Oregon's state and local taxes. The state's high dependence on the personal income tax is reflected in its number 2 rank among the states in personal income tax burden. Oregon ranks near the middle of the states in corporate income and property tax burden. The property tax burden fell significantly over the past decade due to Measures 5 and 50. In 1988-89, Oregon had the 5th highest property tax burden in the nation. Finally, Oregon has the lowest tax burden among the states for general and selective sales taxes. Selective sales

TABLE 1. HISTORY OF OREGON'S RANK AMONG U.S. STATES OF STATE AND LOCAL TAXES AS % OF PERSONAL INCOME AND PER CAPITA

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

taxes, including cigarette and gasoline, amounted to 1% of personal income in 1999-2000. The national average, reflecting the extensive use of retail sales taxes, is 4.0%. Oregon, Alaska, Montana, Delaware and New Hampshire are the only states without a general retail sales tax.

When considering state taxes only, excluding local taxes, the importance of personal income taxes in Oregon becomes even clearer. Table 2 below compares Oregon's state taxes as a percent of state revenue and personal income with other western states. In the 2001-2002 fiscal year, 71.5 % of Oregon's state tax revenue came from the personal income tax. The remaining components of state taxes are selective sales taxes (12.7%), corporate income taxes (3.8 %) and other taxes (12.0%). No other state is as dependent on a single tax source as Oregon is on the personal income tax. The second highest dependence on a single tax source is Washington's reliance on the sales tax (including the business and occupation tax) which made up 62.6 % of Washington's state tax revenue in 2001-2002. Oregon's overall state tax burden rank is 44 for fiscal year 2002, which is the lowest rank of any western state.

TABLE 2. STATE TAX SYSTEMS (2002 FISCAL YEAR)

TAXES	OR	CA	WA	ID	UT	AZ	NV
% STATE REVENUE	63.2	69.8	67.1	72.2	67.7	60.8	63.8
% OF INCOME	5.3	6.9	6.6	7.0	7.2	6.2	6.0
TAX BURDEN RANK	44	18	23	15	14	30	31
SHARE- PERSONAL INCOME TAX	71.5	42.5	---	37.1	40.9	24.7	---
SHARE- SALES	---	30.6	62.6	35.0	38.2	50.6	52.5
SHARE- CORP	3.8	6.9	---	3.4	2.8	4.1	---
SHARE- EXCISE	12.7	8.9	16.2	14.1	13.3	12.6	32.1
SHARE- PROPERTY	---	2.5	11.5	---	---	3.9	2.9
SHARE- OTHER	12.0	8.6	9.7	10.4	4.7	4.2	12.5

STATE REVENUE AND EXPENDITURES

Recent state budget history is shown in Table 3. The table shows state General Fund revenue and expenditures and state All Funds revenue and expenditures for the 1989-2005 period. All Funds revenue is not shown for the 2001-03 biennium because reliable estimates are not available. The table also shows values for total personal income of Oregon residents, total Oregon population and the consumer price index.

Summary of Oregon Taxes

Table 4 shows all Oregon state taxes and a summary of local taxes for the two most recent fiscal years. The impact of the 2001-03 recession can also be seen in the overall tax figures. Large declines characterize both personal and corporate income taxes, thereby explaining the decline in General Fund revenue. Labor and transportation taxes have been influenced by tax policy changes but they also reflect the state's weak economy over the past two years. Weakness in the state's labor markets shows up as flat to down unemployment taxes for

TABLE 3
STATE BUDGET HISTORY: 1989-2003

GENERAL FUND BUDGET (IN MILLIONS)								
PROGRAM AREA	1989-91	1991-93	1993-95	1995-97	1997-99	1999-01	2001-03	2003-05 *
EDUCATION	\$2,176.9	\$2,995.9	\$3,572.3	\$4,131.0	\$5,096.0	\$5,788.2	\$5,211.5	\$6,218.8
HUMAN RESOURCES	\$1,201.7	\$1,439.6	\$1,618.1	\$1,872.8	\$1,924.0	\$2,274.4	\$2,389.8	\$2,475.0
PUBLIC SAFETY	\$416.2	\$486.2	\$608.4	\$769.7	\$1,000.5	\$1,176.1	\$1,239.6	\$1,240.6
ECON. & COMM. DEV. + CONS & BUS. SERV.	\$117.6	\$59.2	\$29.0	\$31.1	\$42.0	\$41.6	\$29.5	\$29.0
NAT. RES.	\$115.4	\$111.6	\$104.1	\$101.3	\$162.8	\$146.8	\$145.7	\$117.9
TRANS.	\$1.0	\$1.2	\$0.1	\$0.3	\$0.8	\$4.5	\$17.1	\$3.9
ADMIN.	\$260.3	\$137.1	\$114.7	\$119.2	\$119.8	\$135.0	\$151.8	\$129.1
LEGISLATURE	\$36.5	\$35.9	\$36.5	\$38.6	\$42.4	\$54.1	\$55.4	\$56.6
JUDICIAL	\$206.9	\$238.0	\$261.8	\$283.1	\$316.3	\$359.1	\$378.3	\$419.2
MISC.	\$0.0	\$0.0	\$65.0	\$80.0	\$80.0	\$146.2	\$55.5	\$49.0
TOTAL	\$4,532.5	\$5,504.7	\$6,410.1	\$7,426.9	\$8,784.5	\$10,125.9	\$9,674.2	\$10,739.1

* Legislatively Adopted at the end of the 2003 regular legislative session

GENERAL FUND RESOURCES (IN MILLIONS)								
	1989-91	1991-93	1993-95	1995-97	1997-99	1999-01	2001-03	2003-05**
BEGINNING BALANCE	\$298.14	392.2	\$366.40	\$496.33	\$800.10	\$338.14	\$362.98	\$57.13
PERSONAL INCOME TAXES	3,853.90	4561.89	5381.1	6303.37	7123.1	8,737.00	7,699.54	9,430.90
CORPORATE INCOME TAXES	297.4	354.93	575.77	684.44	589.1	754.90	420.07	583.60
OTHER TAXES	283.6	321.3	398.65	428.24	336.77	325	350.68	327.16
OTHER REVENUE	193.20	239.28	180.58	315.55	275.63	305.00	895.71	476.14
TOTAL	\$4,926.24	\$5,869.60	\$6,902.50	\$8,227.93	\$9,124.70	\$10,460.04	\$9,728.98	\$10,874.93

** DECEMBER 2003 FORECAST

ALL FUNDS BUDGET (IN MILLIONS)								
PROGRAM AREA	1989-91	1991-93	1993-95	1995-97	1997-99	1999-01	2001-03	2003-05 *
EDUCATION	\$4,011.4	\$5,186.6	\$5,451.0	\$6,878.7	\$8,481.6	\$9,498.0	\$10,540.3	\$11,400.3
HUMAN RESOURCES	\$2,764.4	\$3,589.0	\$4,373.5	\$5,196.4	\$6,193.1	\$7,553.3	\$9,314.0	\$9,471.0
PUBLIC SAFETY	\$584.3	\$649.8	\$820.0	\$1,811.7	\$1,481.7	\$1,977.2	\$1,941.3	\$1,941.8
ECON. & COMM. DEV. + CONS & BUS. SERV.	\$3,596.4	\$4,271.1	\$4,166.6	\$4,178.0	\$4,020.0	\$3,998.2	\$4,958.8	\$5,552.4
NAT. RES.	\$635.1	\$803.6	\$708.7	\$707.0	\$956.6	\$1,152.7	\$1,465.0	\$1,328.6
TRANS.	\$1,129.2	\$1,253.8	\$1,361.8	\$1,559.8	\$1,735.6	\$1,660.8	\$1,865.6	\$2,132.1
ADMIN.	\$1,794.9	\$1,429.2	\$1,672.1	\$2,546.2	\$3,389.8	\$4,058.8	\$4,054.8	\$4,685.1
LEGISLATURE	\$41.1	\$39.6	\$42.6	\$43.7	\$46.6	\$57.9	\$63.5	\$61.6
JUDICIAL	\$208.2	\$239.7	\$264.7	\$286.7	\$321.6	\$368.4	\$401.7	\$458.9
MISC.	\$0.0	\$0.0	\$65.0	\$80.0	\$80.0	\$0.0	\$0.0	\$49.0
TOTAL	\$14,765.0	\$17,462.4	\$18,926.0	\$23,288.2	\$26,706.6	\$30,325.3	\$34,605.0	\$37,080.8

* Legislatively Adopted at the end of the 2003 regular legislative session

ALL FUNDS REVENUE (IN MILLIONS)						
	1989-91	1991-93	1993-95	1995-97	1997-99	1999-01
TAXES	\$6,636.8	\$7,643.3	\$8,951.3	\$10,228.4	\$11,363.3	\$13,168.9
FEDERAL FUNDS	\$3,157.7	\$4,243.8	\$4,688.5	\$5,197.4	\$6,488.6	\$7,352.3
INTEREST EARNINGS	\$3,304.8	\$4,385.4	\$4,206.6	\$5,127.4	\$9,238.6	\$4,247.9
DONATIONS	\$1,446.3	\$1,540.5	\$1,522.1	\$1,681.9	\$1,950.8	\$2,917.5
BOND SALES	\$629.0	\$609.6	\$573.3	\$1,277.8	\$1,316.5	\$1,768.1
LIQUOR & OTHER SALES	\$351.6	\$371.4	\$361.2	\$383.7	\$430.6	\$412.8
LOAN REPAYMENTS	\$1,116.5	\$1,318.1	\$1,243.5	\$934.2	\$945.3	\$673.4
CHARGES	\$1,118.2	\$1,312.8	\$964.4	\$1,037.4	\$1,243.0	\$1,283.9
LICENSES & FEES	\$434.9	\$497.0	\$510.6	\$547.6	\$664.2	\$665.6
LOTTERY	\$84.2	\$184.5	\$447.0	\$576.4	\$608.1	\$630.6
OTHER	\$412.0	\$403.9	\$450.0	\$537.4	\$550.1	\$1,136.9
TOTAL	\$18,692.0	\$22,510.3	\$23,918.5	\$27,529.6	\$34,799.1	\$34,257.9

GROWTH MEASURES								
	1990	1992	1994	1996	1998	2000	2002	2004 **
OREGON PERSONAL INC.(BILL.)	\$52,178	\$58,163	\$66,130	\$75,561	\$85,262	\$94,854	\$101,100	\$108,500
OREGON POPULATION(MILL.)	2.86	2.99	3.12	3.24	3.35	3.44	3.51	3.6
U.S. CONSUMER PRICE INDEX	130.7	140.3	148.2	156.9	163	172.2	180.1	191.4

2001-02 and other labor taxes. There is a rise in unemployment taxes in 2002-03 showing the beginning of a slow recovery in the labor market. Lower gasoline and weight mile taxes are indicative of slower economic activity in 2001-02 but there is a slight increase in 2002-03 reflecting the slow recovery in economic activity in Oregon.

TABLE 4. SUMMARY OF OREGON TAXES

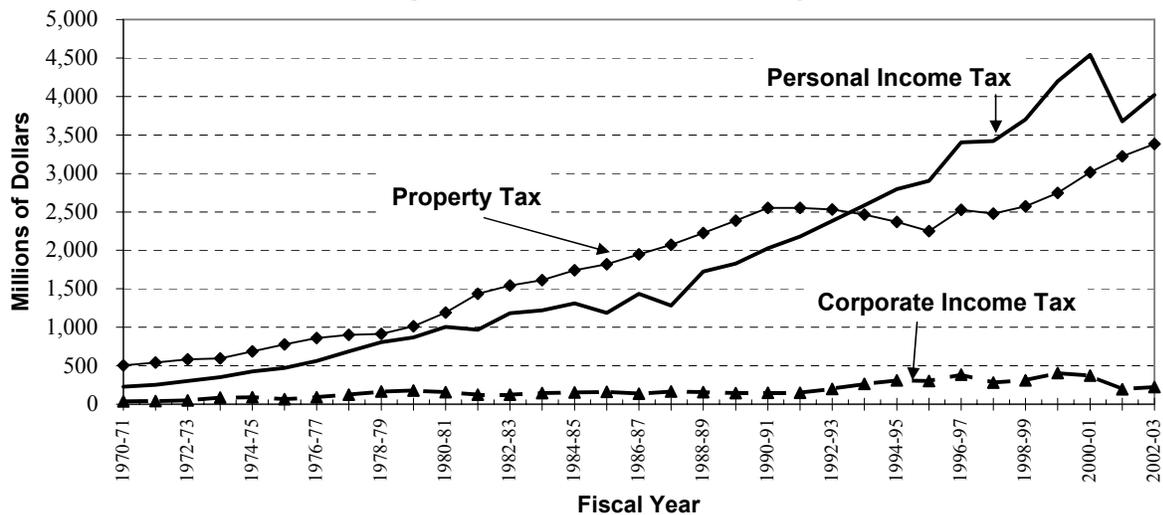
STATE	1999-00 COLLECTIONS	2001-02 COLLECTIONS	2002-03 COLLECTIONS
PERSONAL INCOME TAX	\$4,126,282,123	\$3,677,677,986	\$4,021,863,000
UNEMPLOYMENT INSURANCE TAXES	515,573,900	499,672,800	548,301,000
GASOLINE AND USE FUEL TAXES	394,167,788	387,907,000	393,692,000
CORPORATE INCOME TAX	405,220,686	195,180,047	224,892,000
WEIGHT MILE TAX	224,954,955	192,309,705	196,487,000
CIGARETTE TAX	163,960,272	154,981,173	221,962,042
INSURANCE TAXES	59,602,111	65,998,038	56,689,231
OTHER LABOR TAXES	104,213,309	90,226,066	89,684,296
TIMBER SEVERANCE TAXES	32,843,222	18,875,225	13,272,563
INHERITANCE TAX	47,684,649	65,201,985	51,431,289
WORKERS' COMP INSURANCE TAXES	42,293,900	48,738,305	56,530,332
TELEPHONE EXCHANGE ACCESS TAX	26,320,757	30,393,245	29,884,723
OTHER TOBACCO PRODUCTS TAX	20,374,525	20,053,176	20,933,588
REAL ESTATE RECORDING TAX	20,636,689	26,601,971	28,344,258
BEER & WINE TAXES	12,377,350	12,684,516	13,323,065
FOREST PRODUCTS HARVEST TAXES	11,110,002	9,671,710	11,416,237
ELECTRIC COOP TAX	6,715,185	4,562,691	5,663,245
PHONE ACCESS SURCHARGE	3,143,941	4,052,817	5,216,399
AMUSEMENT DEVICE TAX	1,817,543	1,911,253	1,988,399
HAZARDOUS SUBSTANCE TAXES	2,406,331	2,445,115	2,604,792
AVIATION GAS AND JET FUEL TAXES	1,978,104	1,957,000	2,098,000
PETROLEUM LOADING FEE	1,272,955	1,256,440	1,276,404
BOXING TAX	69,034	5,156	93,617
PRIVATE RAIL CAR TAX	100,589	263,251	215,508
OIL & GAS SEVERANCE TAX	128,445	127,446	138,365
DRY CLEANERS TAX	695,302	810,271	704,812
LOCAL TAXES	1999-00 COLLECTIONS	2001-02 COLLECTIONS	2002-03 COLLECTIONS
PROPERTY TAXES*	2,800,781,460	3,251,868,000	3,414,602,961
TRANSIT PAYROLL & SELF EMPLOYMENT TAXES	163,488,288	172,851,331	171,908,222
FRANCHISE TAXES	115,617,000	116,881,000	117,929,000
HOTEL-MOTEL	56,300,00	62500000	63,200,000
PORTLAND BUSINESS LICENSE TAX	50,794,774	45,941,414	44,060,467
MULTNOMAH COUNTY BUSINESS INCOME TAX	40,846,593	26,935,000	27,214,830
MOTOR FUEL TAXES	9,837,758	10,028,000	9,828,000
WASHINGTON COUNTY REAL ESTATE TRANSFER TAX	2,840,473	3,152,336	3,355,000
OTHER TAXES AND LICENSES	237,878,000	248,430,000	253,119,000

Table 5
HISTORY OF TAX COLLECTIONS - BY MAJOR TAX SOURCE
(millions of dollars)

FISCAL YEAR	PERSONAL INCOME TAX		CORPORATE INCOME TAX		PROPERTY TAX	
	Receipts	% Change	Receipts	% Change	Receipts	% Change
1968-69	\$204.3		\$37.5			
1969-70	213.1	4.3%	39.9	6.2%		
1970-71	226.2	6.2%	36.5	-8.4%	\$503.2	
1971-72	251.2	11.0%	40.6	11.1%	541.3	7.6%
1972-73	300.6	19.6%	51.1	25.9%	583.9	7.9%
1973-74	352.4	17.2%	85.7	67.7%	595.3	2.0%
1974-75	424.0	20.3%	90.7	5.8%	687.1	15.4%
1975-76	472.1	11.4%	67.2	-25.9%	778.5	13.3%
1976-77	561.9	19.0%	91.2	35.6%	860.0	10.5%
1977-78	686.2	22.1%	125.6	37.7%	901.0	4.8%
1978-79	807.0	17.6%	166.0	32.2%	916.0	1.7%
1979-80	868.0	7.6%	177.4	6.9%	1,014.4	10.7%
1980-81	1,005.1	15.8%	155.5	-12.4%	1,191.3	17.4%
1981-82	968.3	-3.7%	124.2	-20.1%	1,435.6	20.5%
1982-83	1,181.7	22.0%	125.1	0.8%	1,543.6	7.5%
1983-84	1,220.8	3.3%	144.8	15.7%	1,612.3	4.5%
1984-85	1,310.7	7.4%	153.9	6.3%	1,740.0	7.9%
1985-86	1,188.0	-9.4%	161.8	5.1%	1,819.2	4.6%
1986-87	1,435.8	20.9%	135.7	-16.1%	1,946.5	7.0%
1987-88	1,283.7	-10.6%	167.0	23.1%	2,072.9	6.5%
1988-89	1,725.3	34.4%	157.0	-6.0%	2,223.7	7.3%
1989-90	1,827.6	5.9%	146.8	-6.5%	2,386.0	7.3%
1990-91	2,026.3	10.9%	149.1	1.6%	2,550.6	6.9%
1991-92	2,178.7	7.5%	150.9	1.2%	2,549.9	0.0%
1992-93	2,383.2	9.4%	198.0	31.2%	2,529.0	-0.8%
1993-94	2,583.5	8.4%	262.8	32.7%	2,466.4	-2.5%
1994-95	2,797.6	8.3%	311.8	18.6%	2,369.8	-3.9%
1995-96	2,901.7	3.7%	300.0	-3.8%	2,248.1	-5.1%
1996-97	3,401.7	17.2%	384.4	28.1%	2,527.9	12.4%
1997-98	3,420.7	0.6%	279.2	-27.4%	2,476.5	-2.0%
1998-99	3,702.4	8.2%	309.9	11.0%	2,572.2	3.9%
1999-00	4,197.3	13.4%	405.2	30.8%	2,745.1	6.7%
2000-01	4,539.7	8.2%	373.0	-7.9%	3,014.0	9.8%
2001-02	3,677.7	-19.0%	195.2	-47.7%	3,221.1	6.9%
2002-03	4,021.9	9.4%	224.9	15.2%	3,382.1	5.0%

Source - Department of Revenue

Oregon Income and Property Taxes



2 % SURPLUS KICKER

How it Works

The 2% surplus kicker is part of the Oregon constitution (Article IX, Section 14). It gives taxpayers an income tax refund or credit if actual revenues for the biennium are more than 2% higher than forecast at the time the budget was adopted.

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

Surpluses in the corporate pot fund a corporate tax credit. The credit is calculated as a proportional reduction in the taxes of each corporate taxpayer. The credit is claimed in the tax year in which the biennium ends.

Surpluses in the "all other" pot fund a personal income tax refund. Taxpayers receive a check by December 1st of the year the biennium ends. The amount refunded is an identical proportion of each taxpayer's personal income tax liability for the prior year. For example, if the kicker refund is 5% and the taxpayer had a liability of \$1,000, he or she would receive a refund of \$50.

The estimate upon which the kicker calculation is based can be increased, thereby reducing or eliminating the kicker refund/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.

History

The 1979 Legislature enacted a surplus kicker statute along with a spending limit and a major tax relief plan. Voters approved this package in the 1980 primary election. The 1999 Legislature referred a constitutional amendment placing much of the kicker statute in the Oregon constitution. Voters approved the amendment in November of 2000. The constitutional provision first applies to the kicker calculation following the 2001-03 biennium.

Table 6 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 Measure 5 budget problems, 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 like the corporate kicker.

Table 6. 2% KICKER (1979/81 – 2003/05)

SURPLUS KICKER HISTORY					
Biennium	Tax Year	Personal		Corporate	
		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	7.7%	13	10.6%
1985-87	1987	221	16.6%	7	6.2%
1987-89	1989	175	9.8%	36	19.7%
1989-91	1991	186	Suspended	-23	None
1991-93	1993	60	None	18	Suspended
1993-95	1994/5	163	6.27%	167	50.1%
1995-97	1996/7	432	14.4%	203	42.2%
1997-99	1998/9	167	4.6%	-69	None
1999-01	2000/1	254	6.0%	-44	None
2001-03	2002/03	-1,249.5	None	-439	None
2003-05	2004/05	35.5	None	34	5.9%
* December 2003 Forecast					

Large corporate kicker credits were applied following the 1993-95 and 1995-97 biennia. Corporations have not been eligible for a corporate kicker credit since the 1995-97 biennium. Personal income tax kicker refunds have been distributed after each of the past four biennia. These refunds have averaged 7.8% with the largest (14.4%) following the 1995-97 biennium.

There was not a personal or corporate income tax refund/credit following the 2001-03 biennium as the May 2001 close of session forecast had dropped significantly over the course of the biennium. The December 2003 forecast reported that the 2001-03 corporate revenue is \$439 million below the close of session forecast for the 2001-03 biennium. The projection for all other General Fund revenue is also well below the level required to trigger kicker refunds. Preliminary estimates for a 2003-05 biennium kicker indicate that a personal income tax kicker is unlikely but there is potential for a corporate kicker. According to December 2003 forecast, there would be a \$23 million corporate kicker and no personal income tax kicker. That assumes that the legislatively adopted revenue plan, now referred to voters as Measure 30, is upheld. If Measure 30 is defeated by votes, the corporate revenue forecast would be reduced and a corporate kicker for the 2003-05 biennium would be less likely.

For the twelve biennia in which the kicker has been in effect, including the current biennium, the personal income tax trigger has been exceeded eight times. Kicker refunds/credits were distributed on seven occasions and suspended once. Five times, including the current biennium, revenue has fallen short of the 2 % personal income tax trigger. A recession occurred in each of these five biennia. For the corporate calculation, actual collections have exceeded the trigger seven times, including the current biennium, and fallen below six times. Of the six times in the past when the corporate trigger was exceeded, the kicker was credited to corporate taxpayers five times and suspended once.

EFFECT OF TAX CHANGES

The table contains rough approximations of the static revenue impacts of selected tax changes. All figures are in millions of dollars. The figures assume that the proposed change is fully phased in. In many cases, because of time lags in the system, a proposed tax change would not have the effect shown here in the first year of the change.

TAX REDUCTIONS	Revenue Effect (in millions)		
	FY 2004-05	FY 2005-06	FY 2006-07
Property Tax			
Personal Property Tax Threshold (current law: accounts under \$12,500 in Assessed Value are exempt from Taxes) Increase the Tax Exempt Threshold to \$20,000 of Assessed Value	-\$3.3	-\$3.5	-\$3.6
Senior Homeowner Property Tax Exemption (current law: no property tax exemption for seniors) Establish a property tax exemption for seniors 70 years or older with annual household incomes less than \$20,000 and 100% of property taxes are paid on homes with less than \$150,000 in assessed value	-106.5	-109.9	-113.2
Personal Income Tax			
Earned Income Credit (EIC)			
Increase EIC to 10% of federal EIC (non-refundable)	-8.4	-5.7	-5.5
Increase EIC to 15% of federal EIC (non-refundable)	-14.9	-10.2	-9.7
Convert non-refundable 5% EIC to 5% refundable credit	-5.6	-4.1	-4.0
Rate Reductions (current rates 5% – 7% – 9%)			
Reduce rates 1 percentage point (to 4 - 6 - 8%)	-840.6	-639.7	-662.9
Reduce rates 1/2 percentage point (to 4.5 - 6.5 - 8.5%)	-420.7	-320.2	-331.7
Reduce rates 1/4 percentage point (to 4.75 - 6.75 - 8.75%)	-210.5	-160.2	-165.9
Reduce rates 0.1 percentage point (to 4.9 - 6.9 - 8.9%)	-84.2	-64.1	-66.4
Tax Bracket Changes			
Double width of 5% and 7% brackets	-687.7	-499.9	-511.6
Widen 5% and 7% brackets by \$2,000 (\$4,000 on joint returns)	-288.9	-216.3	-220.8
Income Exemptions and Deductions			
\$1,000 income exemption (\$2,000 on joint returns)	-260.4	-191.0	-192.6
Double standard deduction (currently \$1,800 single; \$3,000 joint)	-192.2	-170.4	-220.8
Maximum tax subtraction of \$5,000 and indexed to inflation (M-88)	-50.0	-19.1	-1.7
Increase maximum subtraction for federal income taxes to \$10,000	-219.7	-151.6	-136.1
No limit on maximum subtraction for federal income taxes	-679.1	-520.4	521.8
Credits			
Increase personal exemption credit \$10	-39.3	-28.9	-29.1
Capital Gains (currently taxed at 5-7-9% rates)			
Reduce tax rate on capital gains to 5%	-188.6	-163.6	-171.8
Reduce tax rate on capital gains to 4%	-235.7	-204.4	-214.7
Corporate Income Tax			
Reduce corporate tax rate 0.1 percentage point (to 6.5%)	-4.5	-4.3	-4.7
Reduce corporate tax rate 1 percentage point (to 5.6%)	-44.7	-43.1	-46.8

TAX INCREASES/NEW TAXES	Revenue Effect (in millions)		
	FY 2004-05	FY 2005-06	FY 2006-07
Statewide Property Tax for School Districts			
Establish an additional tax rate of \$1 per \$1,000 of assessed value for all school districts statewide that is outside the Measure 5 limit (might need a constitutional change)	231.5	241.3	251.6
Personal Income Tax			
Increase All Rates 5% (5.25, 7.25, 9.45%)	340.6	259.8	269.5
Increase All Rates 7% (5.35, 7.5, 9.63%)	494.1	376.5	390.5
Increase All Rates 10% (5.5, 7.7, 9.9%)	704.5	536.9	556.7
Increase All Rates 1 Percentage Point (6, 8, 10%)	843.7	642.0	665.2
Increase Top Tax Rate to 9.5%	324.8	248.8	258.5
Increase Rate to 10% for Income Above \$100,000 Joint (indexed)	153.9	122.5	128.2
Increase Rate to 10% for Income Above \$50,000 Joint (indexed)	303.7	237.4	248.0
Increase Rate to 10% for Income Above \$30,000 Joint (indexed)	455.2	352.0	366.5
Increase Rate to 10% for Income Above \$20,000 Joint (indexed)	563.0	432.6	450.4
Repeal Phase-in of Higher Federal Tax Subtraction (Set Maximum Federal Tax Subtraction at \$3,000)	79.7	87.6	112.8
1% Surtax	63.5	48.5	50.3
Reduce Personal Exemption Credit by \$10	39.5	29.0	29.2
Limit Interest Deduction on Mortgages to \$15,000	54.7	43.0	46.1
Corporate Income Tax			
1% Surtax	2.9	2.8	3.0
Increase Rate One Percentage Point (to 7.6%)	44.7	43.1	46.7
Sales Taxes (Estimates begin 2005)			
Broad Retail Sales Tax – 1% Rate (exempts shelter & in-home food)	395.1	840.6	890.0
Restricted Retail Sales Tax – 1% Rate (exempts shelter, in-home food, public transport, health care, education, personal insurance, utilities, gasoline, tobacco products)	278.9	593.4	628.3
Broad Retail Sales Tax – 3% Rate (exempts shelter & in-home food)	1,185.2	2,521.7	2,670.1
Restricted Retail Sales Tax – 3% Rate (exempts shelter, in-home food, public transport, health care, education, personal insurance, utilities, gasoline, tobacco products)	836.7	1,780.2	1,885.0
Broad Retail Sales Tax – 5% Rate (exempts shelter & in-home food)	1,975.3	4,202.8	4,450.2
Restricted Retail Sales Tax – 5% Rate (exempts shelter, in-home food, public transport, health care, education, personal insurance, utilities, gasoline, tobacco products)	1,394.5	2,966.9	3,141.6
Business Activity Taxes (Estimates begin 2005)			
Washington Gross Receipts Tax (B&O)– .1% Rate (no income tax credit)	128.5	264.6	280.3
Business Activities Tax (first \$25,000 of tax base is exempt) – 1% rate	208.9	424.3	438.1
Excise Taxes			
Washington Real Estate Transfer Tax – 1% Rate	223.4	229.6	238.6
Increase Cigarette Tax by 10¢ per Pack	17.5	17.8	17.9
Increase Other Tobacco Products by 10% of wholesale price	2.5	2.5	2.5
Increase Beer Tax by \$1 per barrel	2.5	2.5	2.5
Increase Wine Tax by 25¢ per gallon	2.3	2.3	2.3
Increase OLCC Mark-up by 10% (current = 101%)	9.0	10.3	10.8
Transient Lodging Tax – 1% Rate (no exemption amount)	9.2	9.6	10.1

OREGON INCOME TAXES

Personal Income Tax

Oregon residents and nonresidents earning income in Oregon pay the personal income tax. Oregon taxable income is the same as federal taxable income with some adjustments. Under a 1997 law, Oregon is continuously tied to the definition of federal taxable income. See page C5 for the tax calculation.

Tax rates range from 5% to 9% of taxable income. Taxable income is total income less exclusions and either the standard or itemized deductions. Due to deductions and credits, the average effective tax rate is just below 6% of adjusted gross income. Since 1993, the income tax brackets have been indexed to changes in the U.S. Consumer Price Index. The rate schedule for the most recent tax year is shown below:

2003 TAX YEAR RATE SCHEDULE

SINGLE RETURNS		JOINT RETURNS	
<u>Taxable Income</u>	<u>Tax Before Credits</u>	<u>Taxable Income</u>	<u>Tax Before Credits</u>
Not over \$2,550	5% of taxable income	Not over \$5,100	5% of taxable income
\$2,550 to \$6,350	\$128 + 7% of income over \$2,550	\$5,100 to \$12,700	\$255 + 7% of income over \$5,100
Over \$6,350	\$394 + 9% of income over \$6,350	Over \$12,700	\$787 + 9% of income over \$12,700

In 2001, all personal income tax returns in Oregon had a total of \$68 billion of adjusted gross income and Oregon taxpayers paid a total of \$3.84 billion in personal income tax. The total tax liability in 2000 was down 8.6% from 2000 and even below 1999 by 1%. In tax year 2001, the average adjusted gross income for all returns was \$41,757, which was a drop of 4.3% from 2000. The average Oregon tax after credits per tax return was \$2,362, representing a decline of 8.4% from the prior year.

The standard deduction in tax year 2003 is \$3,345 on a joint return, \$1,670 on a single and separate return and \$2,695 for a head of household. These deduction amounts are indexed to changes in the U.S. Consumer Price Index. Blind or elderly (65+) taxpayers get an extra \$1,200 standard deduction on a single return and an extra \$1,000 per eligible person on a joint return. In 2001, the average total deduction per tax return was \$7,412, an annual increase of 4%.

A personal exemption credit is allowed all taxpayers and dependents. This credit is indexed for inflation and equals \$147 for 2003. The average credit per tax return taken in 2001 was \$298, an increase of 3.8% over 2000.

Oregon taxes both individual and small business income through the personal income tax system. Owners and shareholders of small businesses, like sole proprietors and S-corporations, pay personal income taxes on the profits from these businesses. In 2001, the total number of sole proprietors was 208,347 and the total number of S-corporations was 43,924. The total amount of adjusted gross income that small businesses generated in 2001 was \$3.8 billion (6% of all taxable income). Trends in Oregon's small businesses from 1990 to 2000 can be seen on pages C12 and C13. Between 1990 and 2000, there has been an increase in both the number of sole proprietors by 10% and S-corporations by 132%.

Personal income tax collections are the largest source of state tax revenue. Personal income tax collections are projected to comprise 87% of the total General Fund revenues in the 2003-05 biennium. Total collections were approximately \$3.4 billion (.6%) in FY 1997-98, \$3.7 billion (8.2%) in FY 1998-99, \$4.2 billion (13.4%) in FY 1999-00, \$4.5 billion (8.2%) in FY 2000-01, \$3.7 billion (-19%) in FY 2001-02 and \$4 billion (9.4%) in 2002-03. More than 1.6 million returns were filed in 2002 (2001 tax year returns).

Corporate Excise Tax

C-Corporate net income attributable to Oregon is taxed under the corporate excise tax. The tax rate is 6.6%. Oregon uses federal taxable income with some modifications as its tax base. Under a 1997 law, Oregon is continuously tied to the definition of federal taxable income.

Corporations pay taxes only on income attributable to Oregon. For multi-state C-corporations, a three-factor formula utilizing property, payroll and sales is used to apportion income to Oregon. Prior to May 2003, Oregon had a double weighted corporate apportionment formula where the sales factor was .5 and the payroll and property factors were each .25. Recent changes to the corporate apportionment formula, made during the 2001 legislative session (HB 2281) and 2003 legislative sessions (HB 3183), have increased the sales factor and decreased the payroll and property factors in the apportionment formula. The following table gives the corporate apportionment formula weights for each factor and the effective date of the apportionment change.

Corporate Apportionment Formula Weights by Tax Year and Factor

Tax Year	Sales	Payroll / Property	Date of Change
2003 *	.8	.2	May 1
2004 *	.8	.2	
2005	.8	.2	
2006	.9	.1	July 1
2007	.9	.1	
2008 and subsequent years	1	0	July 1

Closely related corporations are treated as one (unitary principle) if they appear on the same consolidated federal return. This effectively restricts Oregon to the "water's edge" since the federal consolidated return does not contain foreign corporations.

C-corporations can be divided into two groups: corporations which do business only in Oregon and those which do business in multiple states. In 2001, the total number of Oregon only corporate returns was 23,710 (67% of total corporate returns) and the total number of multi-state corporations was 11,770 (33% of all 35,480 corporate returns). The total taxable income of multi-state corporations was \$3.3 billion (80% of total taxable income) and total taxable income of Oregon only corporations was \$.81 billion (20% of total taxable income). Page C10 illustrates the trends in the Oregon only and multi-state corporations between 1990 and 2000. Over the past ten years, the number of Oregon only corporations has declined by 10% but the number of multi-state corporations has increased by 45%.

The corporate excise and income tax is the second largest tax source for the state General Fund. The corporate tax revenue is projected to provide 5.2% of General Fund revenues in the 2003-05 biennium. Corporate excise tax collections were \$275 million in FY 1997-98, \$314 million in FY 1998-99, \$382 million in FY 1999-00, \$373 million in FY 2000-01, \$195.2 million in FY 2001-02 and \$225 million in FY 2002-03. The Department of Revenue processes approximately 36,000 C-corporation returns each year. More than 44,000 S-corporations pay the minimum tax annually but do not pay the corporate tax based on their net income.

PERSONAL INCOME TAX HISTORY

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

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

Here are some major changes in the tax since 1929:

- 1933 First rate and exemption change, designed to offset depression revenue losses, increased bottom rate from 1% to 2% and top rate from 5% to 7%.
- 1939 Rates changed again, top rate still 7% but hit at \$4,000 rather than \$5,000.
- 1943 "Walker Plan" adopted, designed to cope with additional revenue from increased wartime economic activity, reduced tax liability 5% for each extra \$1 million in taxes collected. The "Walker Plan" was modified in 1945, suspended in 1947 and repealed in 1949.
- 1947 Withholding on wages begins. Rates changed, additional bracket added at 8% for income over \$8,000.
- 1953 Income tax placed into general fund rather than property tax relief account. Personal exemption set equal to federal exemption.
- 1955 45% surcharge imposed, in effect for 1955 and 1956.
- 1957 Rate structure changed, ranges from 3% at bottom to 9.5% for income over \$8,000.
- 1959 Special capital gains treatment begins.
- 1969 Federal income tax base adopted. Rate schedule adjusted, 4% to 10% for income over \$5,000.
- 1971 Planned federal increases in the personal exemption and standard deduction threaten Oregon revenue. Oregon freezes to IRC as of December 31, 1971.
- 1975 Oregon reconnects to federal code but maintains separate standard deduction and personal exemption.
- 1979 9% income tax refund for 1978 taxes. 2% surplus kicker created. Personal exemption increased and indexed for inflation.
- 1981 Federal changes threaten state revenue, Oregon freezes to federal code as of December 31, 1980. Personal exemption indexing delayed.
- 1982 Rates increased, 4.2% to 10.8%.
- 1983 Federal conformity updated to December 31, 1982, except for ACRS. \$85 personal tax credit replaces personal exemption.

- 1985 Rates revert to 4% to 10% structure. Oregon law fixed to federal code as of December 31, 1984.
- 1987 Federal conformity updated to December 31, 1986, connects Oregon to the 1986 federal tax reforms (including full taxation of capital gains). Tax rates reduced (5% to 9% over \$5,000), standard deduction increased.
- 1989 Federal conformity updated to December 31, 1988. Double weighted sales in apportionment formula.
- 1991 Federal conformity updated to December 31, 1990. Tax brackets indexed beginning in 1993. Taxed all pension income, with new retirement credit. Allows nonresident credit for tax paid to other states.
- 1993 Federal conformity updated to December 31, 1992.
- 1995 Federal conformity updated to April 15, 1995.
- 1997 Federal conformity updated to December 31, 1996 and permanently reconnected to future changes. Earned income credit adopted. Lottery jackpots subject to tax.
- 1998 Federal pensions excluded from taxable income. Credit for long-term care insurance adopted.
- 2000 Federal tax subtraction increased from 3,000 to 5,000 effective 1/1/2002. Indexed for inflation beginning 2003.
- 2001 Standard deductions changed to \$1,640 for single filers and \$3,280 for joint filers effective 1/1/2002. Indexed for inflation beginning 2003. Working Family Childcare credit made refundable effective 1/1/2003. Corporate apportionment formula changed from 50%-weighted sales factor to 80%-weighted sales factor, effective 5/1/2003.
- 2002 Phase-in the implementation of the higher federal tax subtraction. In 2002, the federal tax subtraction is \$3,250, in 2003 it is \$3,500, in 2004 it is \$4,000, in 2005 it is \$4,500, in 2006 it is \$5,000 and in 2007 it is \$5,500.

CORPORATE INCOME AND EXCISE TAX HISTORY

The corporate excise tax was enacted in 1929 with the Personal Income Tax. Initially the Corporate Excise Tax was intended to not only raise revenues to alleviate the State Property Tax but also to provide a means of imposing a state tax on national banks, which had been declared exempt from state property taxes in 1925.¹

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

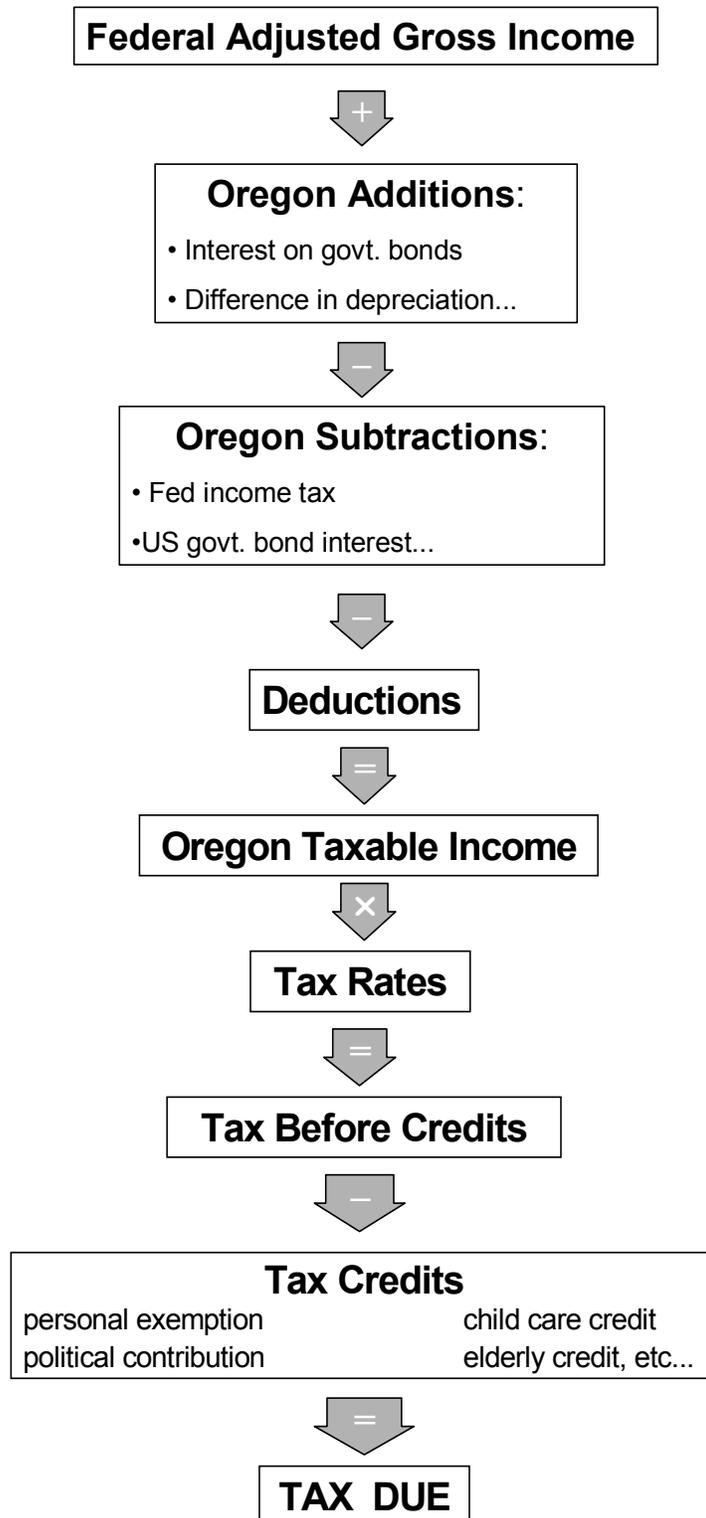
- 1929 The legislature passed a law titled the Corporate Excise of 1929 which enacted a corporate excise tax on corporations doing business within the state of Oregon. The tax rate was set at 5%, with a few corporations being exempt. The corporate minimum tax was set at \$25. The excise tax was measured by net income in order to circumvent the federal prohibition against taxation of income from federal securities. Because the tax was designed to furnish property tax relief and also be a state tax imposed upon national banks, corporations were allowed to offset 90% of their tax liability by the amount of personal property tax paid. The corporate apportionment formula was to be decided by tax commission regulations. Generally, the tax commission adopted a three factor formula based on the amount of property, payroll and sales of the corporation in Oregon equally weighted.
- 1931 Tax rate increased to 8%. Corporate minimum tax was reduced to \$10.
- 1933 Personal property offset reduced from 90% to 75% of State Excise Tax liability.
- 1939 A law change added segregated accounting or apportionment as reporting methods as defined by rules and regulations adopted by the Oregon State Tax Commission. Personal property offset was reduced from 75% to 50% of State Excise Tax liability.
- 1943 "Walker Plan" enacted which permitted a reduction in the Personal Income and Corporate Excise Taxes when a state budget surplus occurred. Tax Liabilities discounted 75% in 1943 and 30% in 1944 as provided by the "Walker Plan" law.
- 1951 Revenues from the Corporate Excise Tax were directed into the General Fund rather than as an offset to the statewide property tax levy.
- 1955 A 8% corporate income tax was enacted to cover two classes of corporations not covered by the excise tax: those doing business only in interstate commerce and those with no property or offices in the state but which solicit orders from users of their products within the state. Public utilities were subject to taxation at a 4% rate. The corporate tax of 8% was assessed on the earnings of corporations deriving 95% or more of their income from rental of real property or whose assets consist of at least 95% or more of real property.
- 1957 Business corporate tax rate decreased to 6%. Financial corporation rate increased to 9%. Public utilities rate increased to 7%. Personal property tax offset was eliminated for all corporations except those corporations engaged primarily in manufacturing, processing or assembling materials into finished products and their offset was reduced from 50% to 33%.

¹ Handbook Of Oregon State Taxes, Oregon Tax Foundation, May 1983

- 1959 Federal Public Law 86-272 was enacted to allow some corporations to be exempt from state taxes when the corporation's only business activity is the solicitation of orders for the sale of tangible personal property. Public utilities and other centrally assessed corporations were brought under the regular corporate excise tax law. Certain exempt corporations (labor, and agriculture; religious, charitable, etc.; business and civic leagues) made taxable on "unrelated business income."
- 1963 Financial institution tax rate decreased to 8%. Exempted People's Public Utility Districts from the Corporate Excise Tax.
- 1965 U.S. court cases influenced the legality of using worldwide apportionment in states from the early 1960s. Oregon had an equally weighted three-factor corporate apportionment formula for multi-state corporations and the Uniform Division of Income For Tax Purposes Act was adopted into the Oregon statutes in 1965.
- 1967 The legislature adopted the Multi-state Tax Compact to have consistent tax provisions among states.
- 1971 Depreciation options were frozen at 1970 levels to compensate for revenue losses resulting from the use of Federal asset depreciation range schedules. Federal government passed the Domestic International Sales Corporation (DISC) law which provided a tax deferral for the export earnings of multi-national corporation.
- 1973 Semi-annual estimated tax payments required for corporations beginning Jan. 1, 1974. Imposed corp. excise tax on real estate investment trusts (REIT).
- 1975 Supreme Court ruling on Coca-Cola case upheld that combined reporting for tax years 1962-1964. The ruling stated that the Oregon State Tax Commission had authority to permit or require corporations to use either segregated accounting or apportionment, even though there was no specific reference to a combined reporting in the law. The legislature adopted a combined reporting law which clearly stated the current practice by the Dept. of Revenue. Credit unions are taxed on their unrelated business income.
- 1976 All corporations taxed at the same rate, 6.5% for 1976.
- 1977 All corporations taxed at the same rate, 7% for 1977 and 7.5% for subsequent years.
- 1977 Use of Federal depreciation options allowed.
- 1980 Personal property tax offset expired.
- 1981 Depreciation schedules frozen at 1980 levels for two years, to compensate State budget for revenue losses resulting from changes in Federal law.
- 1982 Quarterly estimated tax payments required beginning Jan. 1, 1982.
- 1983 Corporate tax law in Oregon tied to federal tax law enacted as of Dec. 31, 1982. Enactment of the corporate dividend exclusion.
- 1984 The legislature adopted a "Waters Edge" unitary reporting requirement instead of a worldwide reporting requirement. Only business in the U.S. would be reported on a consolidated federal corporate tax return of both U.S. and foreign corporations. Corporations filing a consolidated federal return are required to file an Oregon consolidated return. Provides 85% corporate dividend exclusion.

- 1985 Oregon corporate and personal tax law tied to federal tax law as in effect Dec. 31, 1984, including Tax Reform Act of 1984 (TRA). The legislature chose not to connect to the federal law changes in the Foreign Sales Corporation (FSC) law change which repealed the Domestic International Sales Corporation (DISC) laws. Oregon added back the income earned by Foreign Sales Corporations to the multi-national corporations' taxable income. Provides 100% corporate dividend exclusion.
- 1987 Oregon is tied to the federal Internal Revenue Code as amended on or before Dec. 31, 1986. The legislature reduced the corporate tax rate from 7.5% to 6.6% beginning Jan. 1, 1987.
- 1989 Corporate excise tax law is tied to the Internal Revenue Code as amended on or before Dec. 31, 1988. Add S-corporations to the corporations required to pay the corporate minimum tax. Oregon shifts to a doubled weighted sales corporate apportionment formula beginning tax years on or after Jan. 1, 1991. Dividend deduction is allowed for 70% on dividends received from a corporation owned less than 20%. 80% exclusion is allowed on dividends received from 20% or more owned corporations.
- 1991 Corporate tax law tied to the Internal Revenue Code as of Dec. 31, 1990.
- 1993 Corporate tax law tied to the Internal Revenue Code as of Dec. 31, 1992.
- 1995 Corporate tax law tied to the Internal Revenue Code as of April 15, 1995.
- 1997 Oregon establishes "rolling reconnect" to federal tax law for federal changes made after April 15, 1997.
- 2000 The federal government passed the Exterritorial Income Act (ETI) which replaced the foreign sales corporate laws which were found to be an unfair trade practice by the World Trade Organization. Due to Oregon's automatic connection to the federal definition of taxable income, Oregon excluded extraterritorial income from the taxable income of multi-national corporations. Prior to 2000, Oregon included the income of foreign sales corporations in the definition of taxable income.
- 2001 Oregon moved to a "super sales" corporate apportionment formula where the sales factor was weighted (.8) and payroll and property factors are each weighted (.1). This applied for corporate tax years beginning May 1, 2003.
- 2003 Oregon will increase the sales factor of the corporate apportionment formula to (.9) and payroll and property factors are each (.05). This will apply to corporate tax years beginning July 1, 2006. Oregon will adopt a single sales corporate apportionment formula (100% sales) beginning corporate tax years after July 1, 2008. Established a date specific connection to federal tax law, as in effect on Dec. 31, 2002, for federal law changes occurring in 2003-2005 except for federal law changes pertaining to the following: depreciation, 179 expensing, pension, employee stock ownership, deferred compensation, individual retirement plans, medical savings accounts, education IRAs, qualified tuition savings accounts or other tax-exempt savings programs.

Calculation of Oregon Personal Income Tax



PERSONAL INCOME TAX STATISTICAL TABLES (Pages C10-C12)

- ALL TABLES:**
- Personal income tax statistics.
 - 2001 x tax year.
 - Classified by income group, first column shows income class.
 - Totals are shown at bottom.

- TABLE A:**
- General summary of major tax items for all tax returns.
 - Income and tax items are in thousands of dollars.
 - See outline on previous page for general scheme of table.
- Example: Taxpayers in the \$40,000 to \$45,000 adjusted gross income class had total Oregon Adjusted Gross Income(AGI) of \$3,066,868,000, a total Oregon taxable balance of \$2,187,615,000 and total tax due after credits of \$151,716,000.

- TABLE B:**
- Same as Table A except numbers are averages.
- Example: Taxpayers in the \$40,000 to \$45,000 adjusted gross income class had average Oregon AGI of \$42,449, average taxable balance of \$30,279 and average tax due after credits of \$2,100.

- TABLE C:**
- Summary of sources of adjusted gross income for all full-year tax returns.
- Example: Taxpayers in the \$40,000 to \$45,000 adjusted gross income class had total wages and salaries of \$2,111,619,000 (75% of total AGI), taxable interest and dividends of \$109,529,000 (4% of total AGI) and taxable pensions of \$318,038,000 (11% of total AGI).

TABLE A: TOTAL INCOME AND TAX (THOUSANDS OF DOLLARS)											All 2001 returns	
AGI Category Distribution												
AGI Level (\$000)	Number of Returns	Number of Exemptions	Adjusted Gross Income	Oregon Adjustments			Deductions	Taxable Income	Oregon Tax	Credits	Tax After Credits	
				Additions	Federal Tax Subtraction	Other Subtractions						
Less than zero	22,034	38,483	-1,116,313	13,730	401	62,438	154,494	1,732	141	14	127	
0-5	178,849	181,618	441,424	7,251	4,929	18,224	348,019	196,927	10,637	4,338	6,299	
5-10	159,213	211,393	1,186,156	3,251	19,953	25,638	457,154	751,275	45,275	19,279	25,995	
10-15	146,783	245,353	1,832,032	3,877	57,926	60,851	549,325	1,226,155	82,492	31,468	51,024	
15-20	138,202	253,797	2,410,889	4,522	108,460	94,415	585,947	1,674,111	119,870	37,480	82,390	
20-25	120,865	233,715	2,712,379	4,397	154,259	107,740	557,850	1,931,300	144,935	36,891	108,044	
25-30	104,653	208,844	2,872,666	4,349	185,700	125,025	538,910	2,052,120	158,799	32,463	126,336	
30-35	92,981	191,873	3,016,151	4,448	195,255	140,609	548,006	2,155,869	170,187	29,120	141,067	
35-40	81,452	179,324	3,050,279	3,987	187,403	156,262	554,920	2,174,826	173,919	27,024	146,895	
40-45	72,249	167,345	3,066,868	4,297	177,657	166,706	551,861	2,187,615	176,780	25,065	151,716	
45-50	63,881	154,504	3,031,143	4,255	165,571	164,499	542,735	2,174,347	177,272	23,088	154,183	
50-60	107,038	273,618	5,865,822	8,224	293,410	339,173	1,042,200	4,218,979	347,432	40,986	306,446	
60-70	83,713	223,897	5,423,236	7,145	239,498	320,101	940,847	3,942,596	328,407	33,926	294,481	
70-80	62,946	173,502	4,704,657	6,578	183,501	254,356	792,987	3,487,620	293,506	26,698	266,808	
80-90	45,551	127,682	3,859,288	5,460	133,861	192,148	634,499	2,910,263	246,953	19,891	227,062	
90-100	32,045	90,843	3,035,057	4,513	94,407	140,387	485,406	2,323,321	198,488	14,484	184,004	
100-250	95,656	273,999	13,271,786	30,337	281,815	507,552	1,887,395	10,638,445	925,514	51,931	873,584	
250-500	11,329	33,144	3,786,337	14,464	33,015	105,666	394,922	3,274,327	290,928	11,163	279,764	
500 +	4,373	12,232	5,355,734	24,780	12,518	129,030	468,166	4,778,980	428,464	19,019	409,445	
Quintile Distribution												
First 20%	324,761	378,718	178,486	23,360	17,936	98,331	844,951	731,961	42,309	17,961	24,348	
Second 20%	324,756	560,603	4,664,798	9,411	178,214	166,510	1,271,463	3,181,387	220,742	75,958	144,784	
Middle 20%	324,765	648,632	8,889,974	13,657	554,563	388,422	1,693,681	6,345,789	490,740	100,623	390,117	
Fourth 20%	324,767	780,556	15,293,426	20,941	830,803	847,544	2,735,867	10,961,277	893,338	117,005	776,333	
Next 15%	243,574	672,923	19,576,593	28,668	709,614	1,009,403	3,241,917	14,676,432	1,241,800	104,998	1,136,801	
Next 4%	64,952	186,782	9,927,556	24,254	191,296	362,382	1,369,241	8,038,133	701,732	37,170	664,562	
Top 1%	16,238	46,952	9,274,758	39,577	47,111	238,229	878,522	8,165,829	729,338	30,614	698,723	
Total	1,623,813	3,275,166	67,805,591	159,868	2,529,538	3,110,822	12,035,644	52,100,807	4,319,998	484,328	3,835,670	

Oregon Department of Revenue
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TABLE B: AVERAGE INCOME AND TAX (DOLLARS) All 2001 returns

AGI Category Distribution													
AGI Level (\$000)	Number of Returns	Number of Exemptions	Adjusted Gross Income	Oregon Adjustments			Deductions	Taxable Balance	Gross Tax	Credits	Net Tax	Tax as Percent of AGI	Tax as Percent of Taxable
				Additions	Federal Tax Subtraction	Other Subtractions							
Less than zero	22,034	1.8	-50,663	623	18	2,834	7,012	79	6	1	6	0.0	7.6
0-5	178,849	1.0	2,468	41	28	102	1,946	1,101	59	24	35	1.4	3.2
5-10	159,213	1.3	7,450	20	125	161	2,871	4,719	284	121	163	2.2	3.5
10-15	146,783	1.7	12,481	26	395	415	3,742	8,354	562	214	348	2.8	4.2
15-20	138,202	1.8	17,445	33	785	683	4,240	12,114	867	271	596	3.4	4.9
20-25	120,865	1.9	22,441	36	1,276	891	4,615	15,979	1,199	305	894	4.0	5.6
25-30	104,653	2.0	27,449	42	1,774	1,195	5,149	19,609	1,517	310	1,207	4.4	6.2
30-35	92,981	2.1	32,438	48	2,100	1,512	5,894	23,186	1,830	313	1,517	4.7	6.5
35-40	81,452	2.2	37,449	49	2,301	1,918	6,813	26,701	2,135	332	1,803	4.8	6.8
40-45	72,249	2.3	42,449	59	2,459	2,307	7,638	30,279	2,447	347	2,100	4.9	6.9
45-50	63,881	2.4	47,450	67	2,592	2,575	8,496	34,037	2,775	361	2,414	5.1	7.1
50-60	107,038	2.6	54,801	77	2,741	3,169	9,737	39,416	3,246	383	2,863	5.2	7.3
60-70	83,713	2.7	64,784	85	2,861	3,824	11,239	47,097	3,923	405	3,518	5.4	7.5
70-80	62,946	2.8	74,741	105	2,915	4,041	12,598	55,407	4,663	424	4,239	5.7	7.7
80-90	45,551	2.8	84,725	120	2,939	4,218	13,929	63,890	5,421	437	4,985	5.9	7.8
90-100	32,045	2.8	94,712	141	2,946	4,381	15,148	72,502	6,194	452	5,742	6.1	7.9
100-250	95,656	2.9	138,745	317	2,946	5,306	19,731	111,216	9,675	543	9,133	6.6	8.2
250-500	11,329	2.9	334,216	1,277	2,914	9,327	34,859	289,022	25,680	985	24,695	7.4	8.5
500 +	4,373	2.8	1,224,728	5,667	2,863	29,506	107,058	1,092,838	97,979	4,349	93,630	7.6	8.6
Quintile Distribution													
First 20%	324,761	1.17	550	72	55	303	2,602	2,254	130	55	75	13.6	3.3
Second 20%	324,756	1.73	14,364	29	549	513	3,915	9,796	680	234	446	3.1	4.6
Middle 20%	324,765	2.00	27,374	42	1,708	1,196	5,215	19,540	1,511	310	1,201	4.4	6.1
Fourth 20%	324,767	2.40	47,090	64	2,558	2,610	8,424	33,751	2,751	360	2,390	5.1	7.1
Next 15%	243,574	2.76	80,372	118	2,913	4,144	13,310	60,255	5,098	431	4,667	5.8	7.7
Next 4%	64,952	2.88	152,844	373	2,945	5,579	21,081	123,755	10,804	572	10,232	6.7	8.3
Top 1%	16,238	2.89	571,176	2,437	2,901	14,671	54,103	502,884	44,915	1,885	43,030	7.5	8.6
Total	1,623,813	2.02	41,757	98	1,558	1,916	7,412	32,085	2,660	298	2,362	5.7	7.4

Oregon Department of Revenue
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TABLE C: SOURCES OF ADJUSTED GROSS INCOME (THOUSANDS OF DOLLARS) 2001 Full-year returns

AGI Category Distribution

AGI Level (\$000)	Number of Returns	Adjusted Gross Income	Wages, Salaries, Tips	Taxable Dividends and Interest	Business Income	Capital Gains and Supplemental Income	Taxable Pensions	Miscellaneous Income	Farm Income	All Other Income ¹	Adjustments
Less than zero	15,982	-742,381	95,349	83,234	-76,198	86,343	26,880	-372,545	-68,235	-508,718	8,492
0-5	125,893	335,564	277,539	38,311	14,951	-1,467	19,763	-7,112	-6,395	6,893	6,918
5-10	132,543	991,875	689,777	89,131	61,437	4,650	107,277	-452	-7,074	61,424	14,296
10-15	128,937	1,611,257	1,065,963	134,401	88,448	9,484	228,346	9,669	-8,470	104,490	21,073
15-20	124,423	2,171,252	1,504,742	150,482	92,806	15,701	295,604	14,925	-8,989	130,805	24,824
20-25	109,829	2,464,831	1,807,681	128,811	93,809	19,047	287,913	14,962	-10,513	150,510	27,388
25-30	95,234	2,614,156	1,954,107	115,475	92,542	20,549	285,026	16,365	-9,293	168,993	29,609
30-35	84,766	2,749,644	2,067,018	114,423	90,987	18,119	300,369	21,683	-7,490	174,870	30,335
35-40	74,193	2,778,545	2,096,254	107,183	90,460	21,379	309,440	23,875	-7,800	168,744	30,990
40-45	66,094	2,805,729	2,111,619	109,529	91,850	25,445	318,038	25,024	-9,598	163,724	29,903
45-50	58,819	2,791,066	2,101,302	106,433	89,034	26,051	314,571	29,652	-8,364	161,207	28,821
50-60	99,771	5,468,440	4,064,305	201,653	167,600	57,084	651,308	70,691	-13,367	322,267	53,101
60-70	78,721	5,100,267	3,759,646	193,333	151,226	63,320	636,237	81,638	-11,936	273,445	46,643
70-80	59,579	4,453,393	3,308,086	166,591	130,843	69,010	530,573	82,495	-8,690	213,427	38,942
80-90	43,250	3,664,227	2,727,582	139,646	112,686	67,060	416,753	89,283	-6,750	151,164	33,198
90-100	30,514	2,890,040	2,137,226	112,337	94,720	64,932	319,613	80,028	-4,990	113,771	27,597
100-250	91,316	12,664,075	8,376,373	646,619	710,328	606,505	1,185,918	946,950	-19,981	409,637	198,275
250-500	10,769	3,597,711	1,916,749	264,996	242,839	392,138	156,221	606,435	-8,372	91,218	64,512
500 +	4,051	4,941,514	1,615,573	538,145	131,136	1,348,655	68,431	1,118,182	-4,678	152,210	26,140

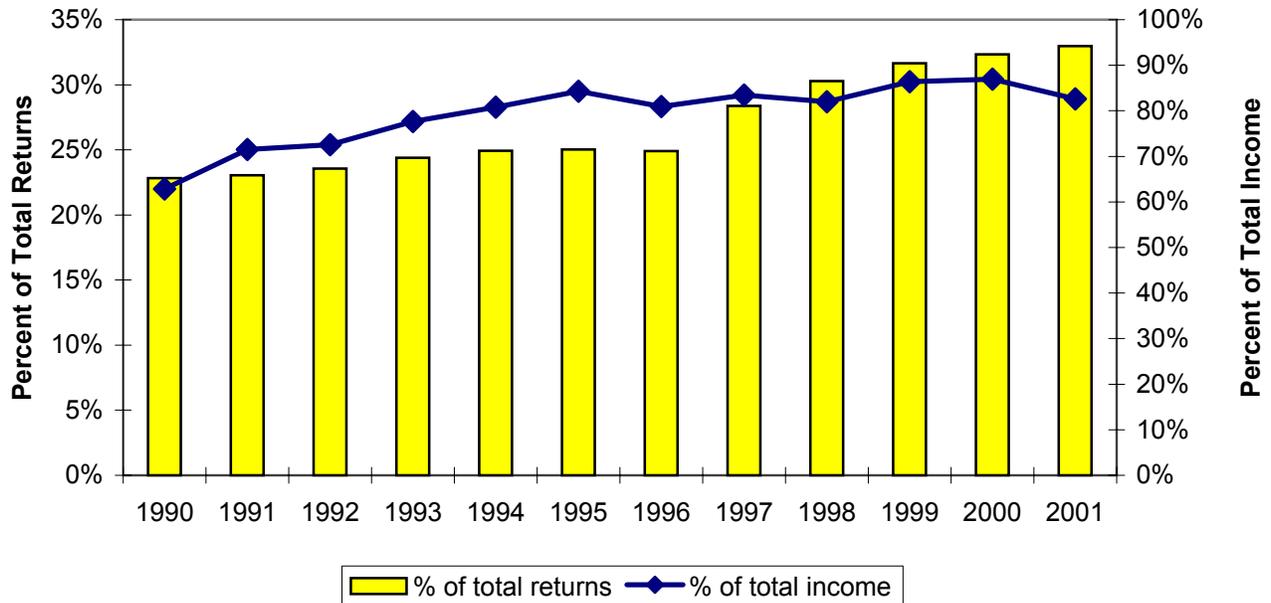
Quintile Distribution

First 20%	286,932	713,126	1,146,597	221,942	9,575	89,889	170,913	-379,571	-82,596	-432,023	31,601
Second 20%	286,941	4,622,202	3,189,296	327,388	209,671	31,979	624,074	30,110	-20,687	285,184	54,813
Middle 20%	286,936	8,433,474	6,315,132	365,486	290,083	62,551	930,014	59,682	-27,315	531,989	94,149
Fourth 20%	286,941	14,203,815	10,607,254	538,190	446,970	139,075	1,659,181	164,563	-39,122	830,973	143,269
Next 15%	215,200	17,889,443	13,174,283	696,996	577,517	347,648	2,072,519	451,185	-33,674	772,564	169,594
Next 4%	57,388	9,069,461	5,777,945	495,964	573,053	512,014	783,173	819,300	-14,849	282,370	159,510
Top 1%	14,346	8,419,686	3,466,386	794,767	364,635	1,730,852	218,406	1,706,480	-12,743	239,026	88,123

Total	1,434,684	63,351,205	43,676,892	3,440,733	2,471,504	2,914,007	6,458,280	2,851,750	-230,986	2,510,083	741,057
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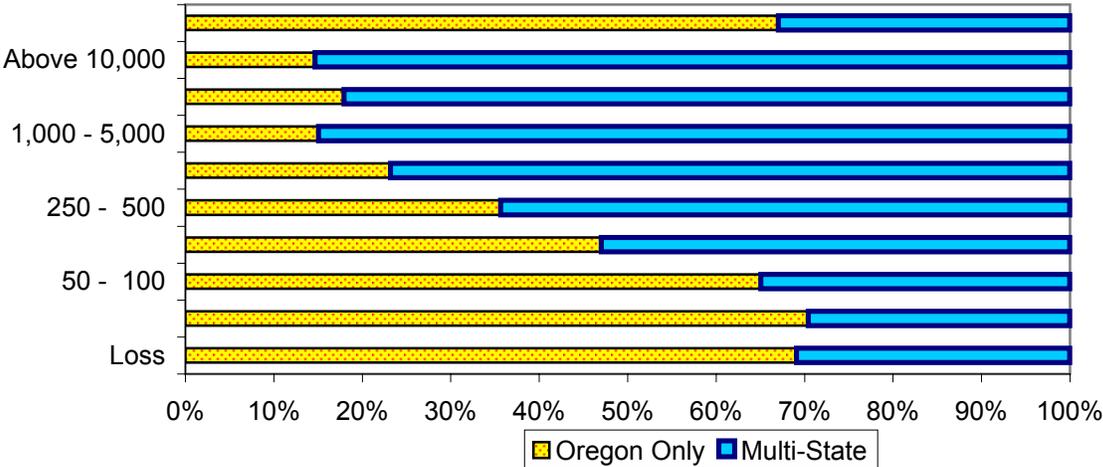
¹All other income includes: taxable state income tax refunds, alimony received, unemployment compensation, and other income.

Multi-State C-Corporations Percent of Total Returns and Taxable Income 1990-2001



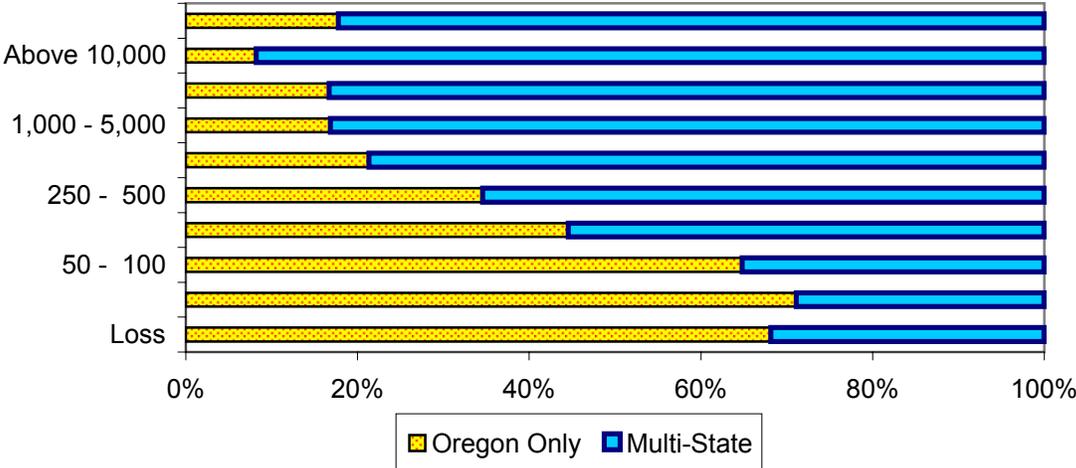
	Number of C-Corporation Returns			Taxable Income (000)		
	OREGON ONLY	MULTI-STATE	TOTAL	OREGON ONLY	MULTI-STATE	TOTAL
1990	27,405	8,105	35,510	766,187	1,296,475	2,062,662
1991	27,086	8,114	35,200	829,345	2,083,770	2,913,115
1992	27,262	8,398	35,660	950,930	2,513,922	3,464,852
1993	27,885	8,994	36,879	1,076,784	3,737,870	4,814,653
1994	28,785	9,559	38,344	1,109,122	4,656,363	5,765,485
1995	29,615	9,882	39,497	1,257,844	6,745,856	8,003,700
1996	29,173	9,678	38,851	1,184,077	5,027,948	6,212,025
1997	27,654	10,953	38,607	1,078,213	5,441,179	6,519,392
1998	27,203	11,821	39,024	1,128,284	5,127,083	6,255,368
1999	25,858	11,972	37,830	971,653	6,149,386	7,121,039
2000	24,610	11,756	36,366	967,623	6,448,846	7,416,469
2001	23,815	11,710	35,525	688,917	3,276,173	3,965,089

Oregon Only and Multi-State C Corporations in 2001 - Percent of Total Returns

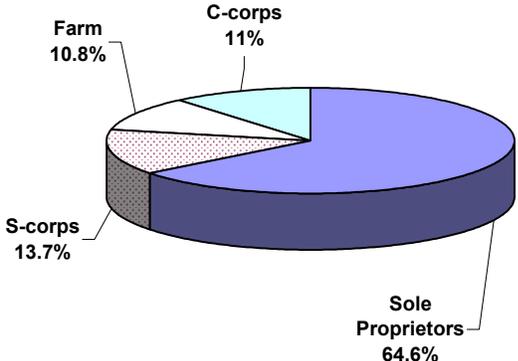


Income Group (000)	Number of 2001 C-Corporation Returns			Oregon Tax (thousands)		
	OREGON ONLY	MULTI-STATE	TOTAL	OREGON ONLY	MULTI-STATE	TOTAL
Loss	15,605	6,981	22,586	154	72	226
1 - 50	6,591	2,772	9,363	4,874	1,982	6,856
50 - 100	822	442	1,264	3,638	1,976	5,614
100 - 250	478	539	1,017	4,671	5,815	10,486
250 - 500	164	296	460	3,487	6,603	10,090
500 - 1,000	79	262	341	3,175	11,721	14,896
1,000 - 5,000	53	299	352	8,061	39,792	47,853
5,000 - 10,000	12	55	67	4,673	23,331	28,004
Above 10,000	11	64	75	9,159	102,469	111,628
TOTAL	23,815	11,710	35,525	41,892	193,761	235,653

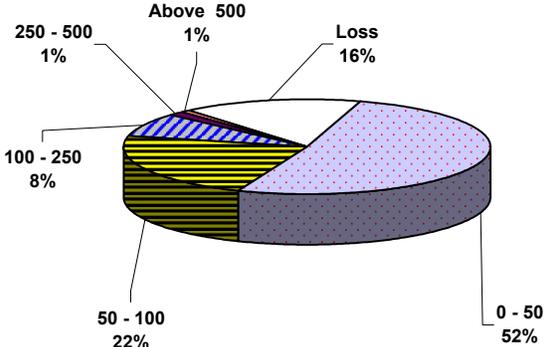
Oregon Only and Multi-State C Corporations in 2001 - Percent of Total Tax



Business Income Tax Returns By Business Type - Tax Year 2001

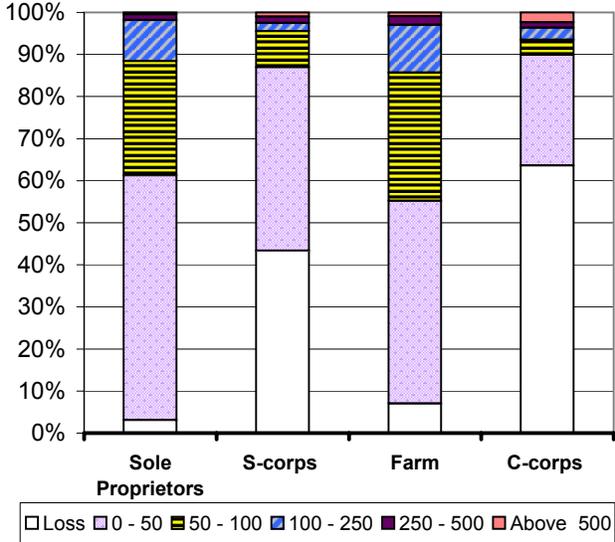


Business Income Tax Returns By Income Category - Tax Year 2001

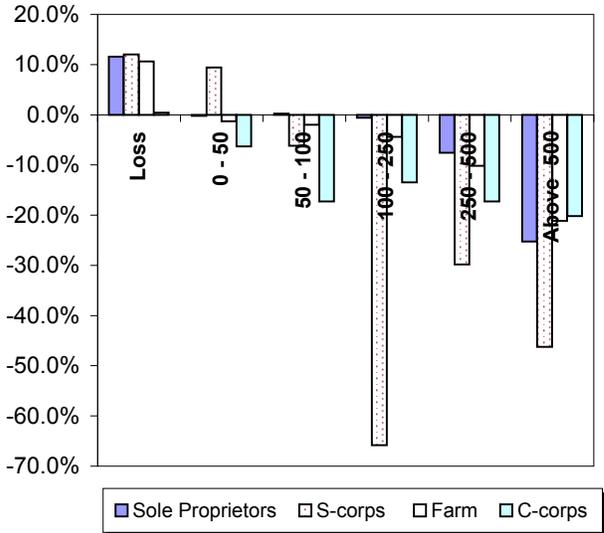


AGI Level (\$000)	Number of Returns									
	2000					2001				
	Personal Income			Corporate		Personal Income			Corporate	
	Sole Proprietors	S-corps	Farm	C-corps	TOTAL	Sole Proprietors	S-corps	Farm	C-corps	TOTAL
Loss	5,825	17,082	2,197	22,497	47,601	6,498	19,137	2,431	22,587	50,653
0 - 50	121,444	17,597	16,964	9,993	165,998	121,213	19,249	16,739	9,363	166,564
50 - 100	56,405	4,020	10,791	1,528	72,744	56,518	3,771	10,578	1,264	72,131
100 - 250	20,452	2,545	4,122	1,175	28,294	20,326	870	3,941	1,017	26,154
250 - 500	3,034	954	786	556	5,330	2,805	669	706	460	4,640
Above 500	1,321	783	388	1,045	3,537	987	421	306	834	2,548
TOTAL	208,481	42,980	35,248	36,794	323,503	208,347	44,117	34,701	35,525	322,690

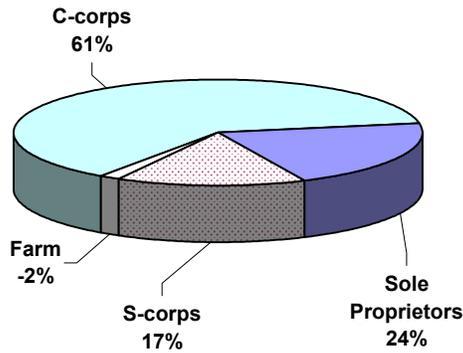
Number of Returns By Income Group (thousands) and Business Type - 2001



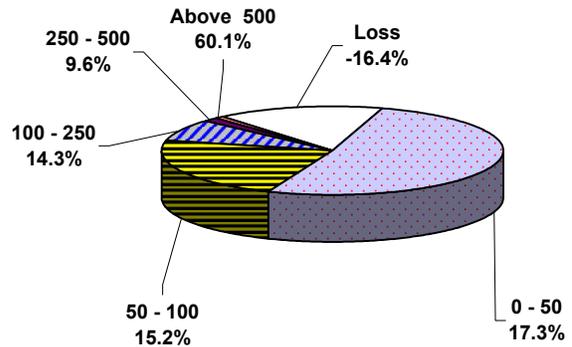
Percentage Change in Number of Returns By Income Group (thousands) - Between 2000 and 2001



Business Income By Type of Business - Tax Year 2001

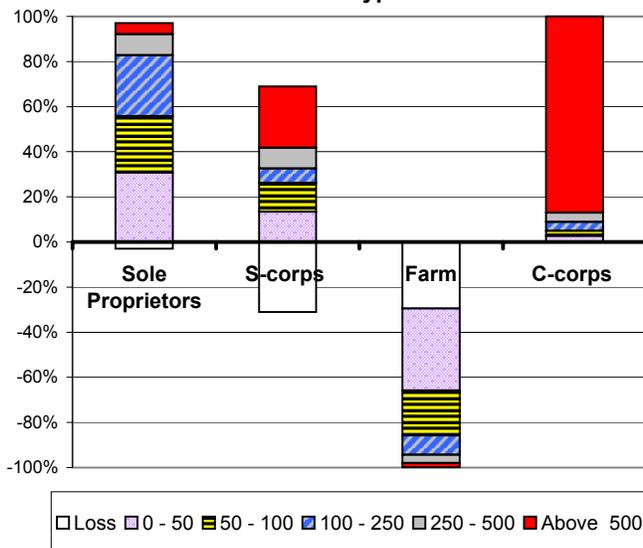


Business Income By Income Category - Tax Year 2001

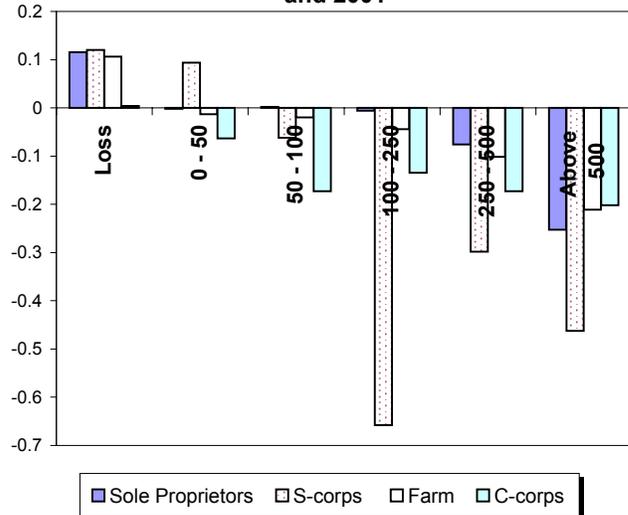


AGI Level (\$000)	Total Income Reported (\$000)									
	2000					2001				
	Personal Income			Corporate		Personal Income			Corporate	
	Sole Proprietors	S-corps	Farm	C-corps	TOTAL	Sole Proprietors	S-corps	Farm	C-corps	TOTAL
Loss	-68,289	-1,061,611	-72,690	0	-1,202,590	-76,198	-1,090,891	-68,235	0	-1,235,324
0 - 50	800,387	305,549	-82,834	120,494	1,143,596	806,324	473,322	-83,986	106,612	1,302,272
50 - 100	657,530	282,692	-39,439	107,739	1,008,522	657,075	444,044	-45,733	88,403	1,143,789
100 - 250	706,592	390,279	-16,247	187,094	1,267,718	710,328	229,308	-19,981	159,394	1,079,049
250 - 500	228,897	313,284	-8,426	195,105	728,860	242,839	325,216	-8,372	161,144	720,827
Above 500	150,136	1,562,244	-2,426	5,651,880	7,361,834	131,136	958,210	-4,678	3,449,536	4,534,204
TOTAL	2,475,253	1,792,437	-222,062	6,262,312	10,307,940	2,471,504	1,339,209	-230,985	3,965,089	7,544,817

Total Income (thousands) By Income Group and Business Type - 2001



Percentage Change in Total Income By Income Group (thousands) - Between 2000 and 2001



Number of C Corporate Tax Returns By Oregon Sales and Amount of Tax - Tax Year 2001

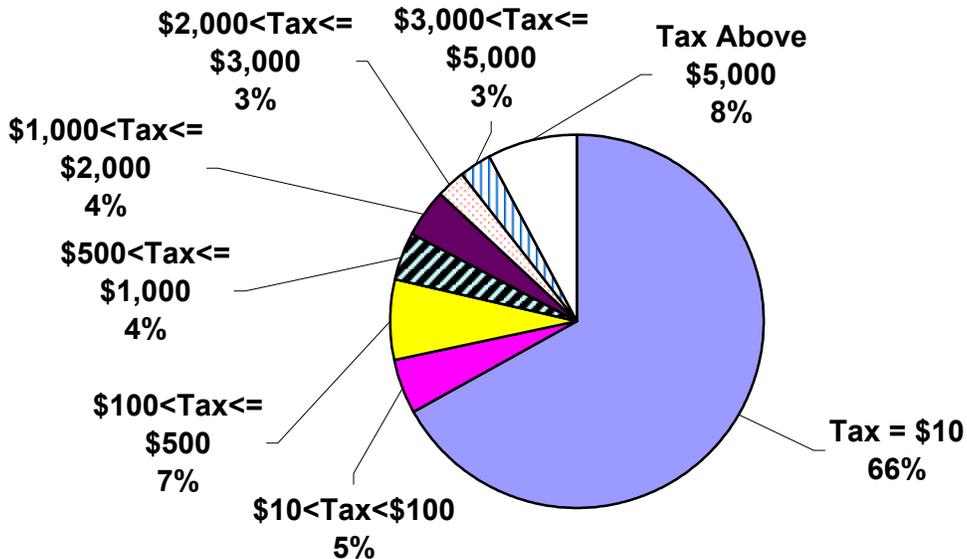
Oregon Sales¹	Tax = \$10	\$10<Tax<\$100	\$100<Tax<=\$500	\$500<Tax<=\$1,000	\$1,000<Tax<=\$2,000	\$2,000<Tax<=\$3,000	\$3,000<Tax<=\$5,000	Tax Above \$5,000	Total
Sales <=0	3,769	307	260	109	105	53	61	105	4,769
0< Sales<=50,000	2,407	334	307	78	57	21	<10	21	3,225
50,000< Sales <=100,000	993	162	157	84	40	24	<10	24	1,484
100,000 < Sales <250,000	1,652	184	384	183	134	43	40	36	2,656
250,000 < Sales <500,000	1,479	100	254	168	162	81	70	60	2,374
500,000 < Sales <1,000,000	1,516	75	207	167	173	147	111	147	2,543
1,000,000 < Sales <=5,000,000	2,376	54	179	210	250	214	291	708	4,282
5,000,000 < Sales <=10,000,000	569	<10	16	22	33	25	42	350	1,057
10,000,000 < Sales <=15,000,000	248	<10	<10	<10	<10	<10	<10	238	486
15,000,000 < Sales <=20,000,000	121	<10	<10	<10	<10	<10	<10	120	241
20,000,000 < Sales <=25,000,000	95	<10	<10	<10	<10	<10	<10	78	173
Sales Above 25,000,000	411	<10	<10	<10	<10	<10	<10	416	827
Unknown	8,198	452	752	434	490	285	336	461	11,408
Total	23,834	1,674	2,524	1,469	1,460	905	1,014	2,764	35,525

¹ Oregon sales for apportioned corporations. Federal return gross receipts for non-apportioned C corporations. Federal return net receipts for non-apportioned S corporations.

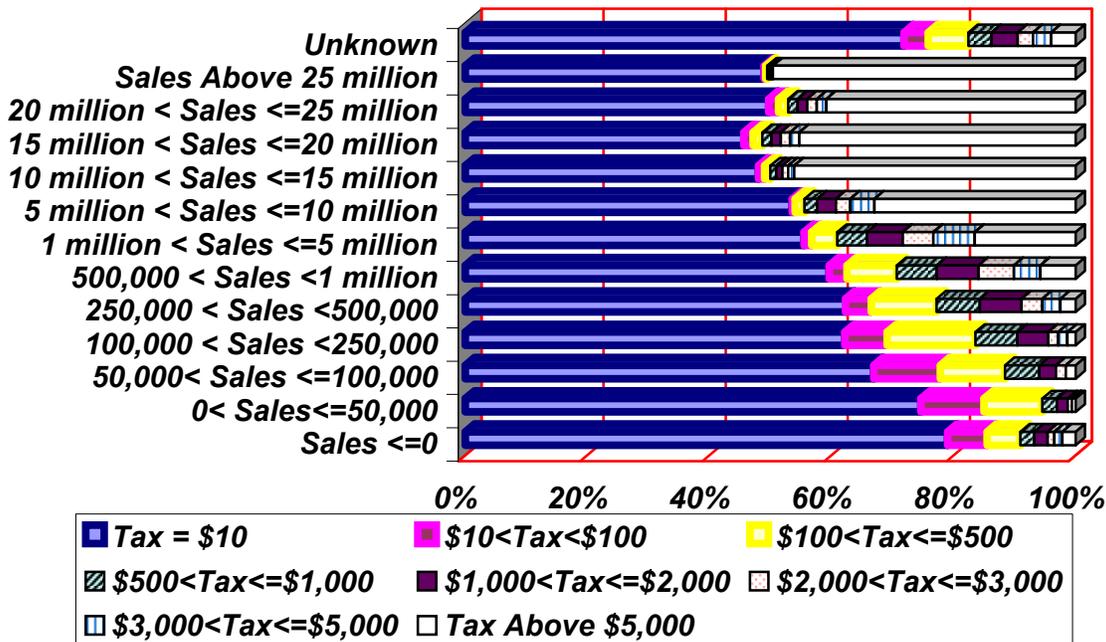
Percent of C Corporate Tax Returns By Oregon Sales and Amount of Tax - Tax Year 2001

Oregon Sales¹	Tax = \$10	\$10<Tax<\$100	\$100<Tax<=\$500	\$500<Tax<=\$1,000	\$1,000<Tax<=\$2,000	\$2,000<Tax<=\$3,000	\$3,000<Tax<=\$5,000	Tax Above \$5,000	Total
Sales <=0	16%	18%	10%	7%	7%	6%	6%	4%	13%
0< Sales<=50,000	10%	20%	12%	5%	4%	2%	0.9%	1%	9%
50,000< Sales <=100,000	4%	10%	6%	6%	3%	3%	0.9%	1%	4%
100,000 < Sales <250,000	7%	11%	15%	12%	9%	5%	4%	1%	7%
250,000 < Sales <500,000	6%	6%	10%	11%	11%	9%	7%	2%	7%
500,000 < Sales <1,000,000	6%	4%	8%	11%	12%	16%	11%	5%	7%
1,000,000 < Sales <=5,000,000	10%	3%	7%	14%	17%	24%	29%	26%	12%
5,000,000 < Sales <=10,000,000	2%	0.2%	1%	1%	2%	3%	4%	13%	3%
10,000,000 < Sales <=15,000,000	1%	0.2%	0.2%	0.3%	0.3%	0.4%	0.9%	9%	1%
15,000,000 < Sales <=20,000,000	1%	0.2%	0.2%	0.3%	0.3%	0.4%	0.9%	4%	1%
20,000,000 < Sales <=25,000,000	0%	0.2%	0.1%	0.2%	0.2%	0.3%	0.9%	3%	0%
Sales Above 25,000,000	2%	0.1%	0.1%	0.2%	0.2%	0.3%	0.9%	15%	2%
Unknown	34%	27%	30%	30%	34%	31%	33%	17%	32%
Total	100%	100%	100%	100%	100%	100%	99%	100%	100%

Percent of C Corporate Tax Returns By Different Tax Amounts



Breakdown of C Corporate Tax Returns By Gross Sales in Oregon and Size of Tax



PROPERTY TAX

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

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

In 2002-03, the total Real Market Value (RMV) of taxable property in Oregon was \$287.3 billion. RMV increased 4.8% from the previous year. The statewide total Assessed Value (AV) was \$219.9 billion. This represents a 4.4% growth from 2000-01 total assessed value. Property taxes imposed by all districts totaled \$3.42 billion in 2002-03, which was a 5% increase of from the previous year. This is the lowest level of increase since the passage of Measure 50. Schools (K-12) scored a tax increase of 6.6% in 2002-03 due to voter approval of some Local Option and Bond levies.

Exemptions

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

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

Limitations

Measure 5

Measure 5 is a tax limitation constitutional amendment approved by Oregon voters in 1990. It restricted taxes on any parcel of property per \$1000 of real market value. The education category is limited to \$5 and general government to \$10. Tax compression occurs if the tax extended on a property exceeds either of Measure 5 limits. General obligation bonds are not restricted by Measure 5 limits.

Measure 50

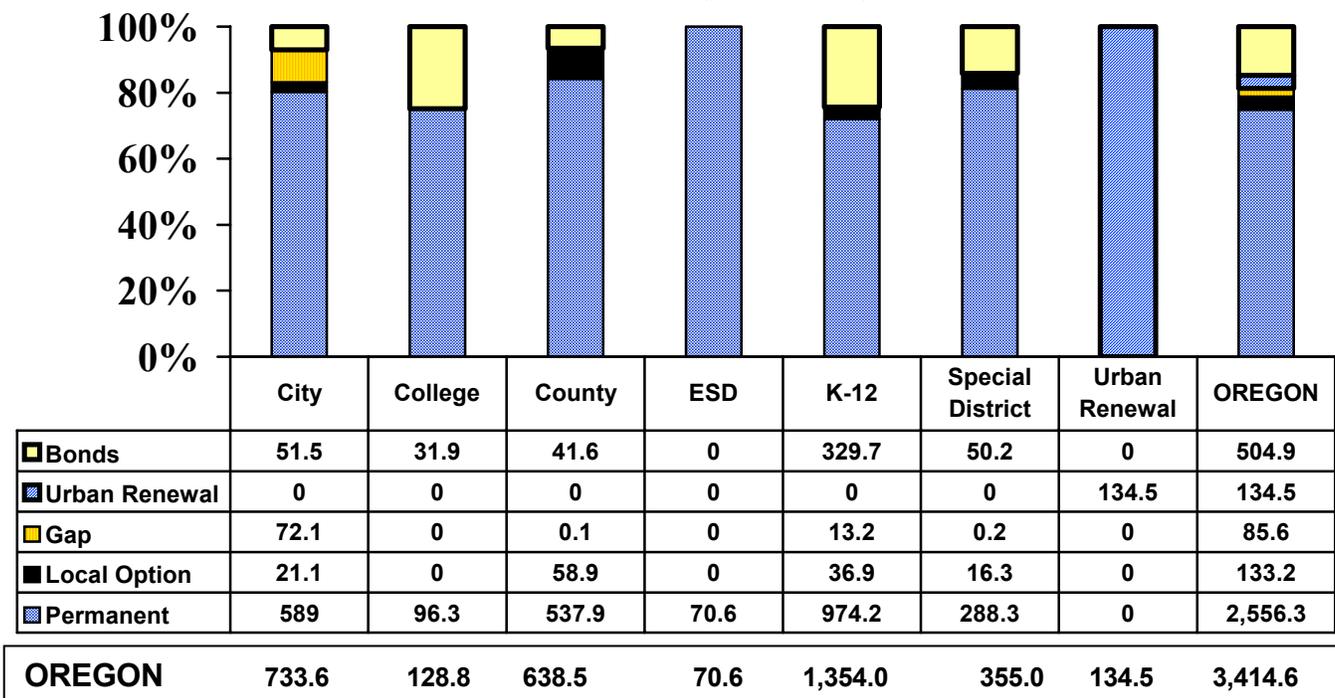
In May 1997 voters passed a second constitutional amendment to limit property tax. Measure 50 did not replace Measure 5, but rather established a second level of restrictions. Measure 50 gave

each district a permanent tax rate which can't be increased without a constitutional amendment. However, voters can approve local option levies for up to five years for operations, and up to the lesser of ten years or the useful life of capital projects. Those local option levies as well as two other types of levies, GAP and urban renewal, are subject to Measure 5 tax limits. Local option levies, as well as general obligation bonds, must be approved at a general election or any election at which at least 50% of eligible voters cast a ballot.

Measure 50 also defined the concept of assessed Value. The 1997-98 Maximum Assessed Value (MAV) for each property is 90% of its 1995-96 real market value. If no new construction occurs on the property, in later years, the assessed value grows annually at 3% per year. However, assessed value can not exceed real market value. The ratio between RMV and AV is known as the property change ratio (PCR). This AV ratio in 2002-03, for all classes of property statewide, is about 76.5% of total real market value. New property is first assessed at the average county PCR of existing property of the same class.

The table below breaks down the 2002-03 property taxes by type of taxing district as well as tax source. The largest portion of any districts' property tax revenue comes from its permanent tax rates. Taxes generated from permanent rates totaled \$2.56 billion or 75% of all taxes imposed. This is a growth of 4.6% from 2001-02. General obligation bonds totaled \$505 million (14.8% of taxes imposed). 65.3% of all general obligation bonds, \$330 million, were levied by K-12 school districts. Growth of the Local option levies slowed from being the fastest of any property tax type for two years to a more consistent growth of 5.7%. County districts levied \$59 million or 44.3% of all local option taxes. School districts levied \$37 million or 27.8% of all local option levies. This tax source is stabilizing as the distance between the two limits of Measures 5 and 50 become closer. Urban renewal agencies 4% of all taxes imposed. The \$135 million that were levied are 6.4% above the previous year.

2002-03 Property Taxes Imposed by District and Tax Source
(in Millions \$\$)

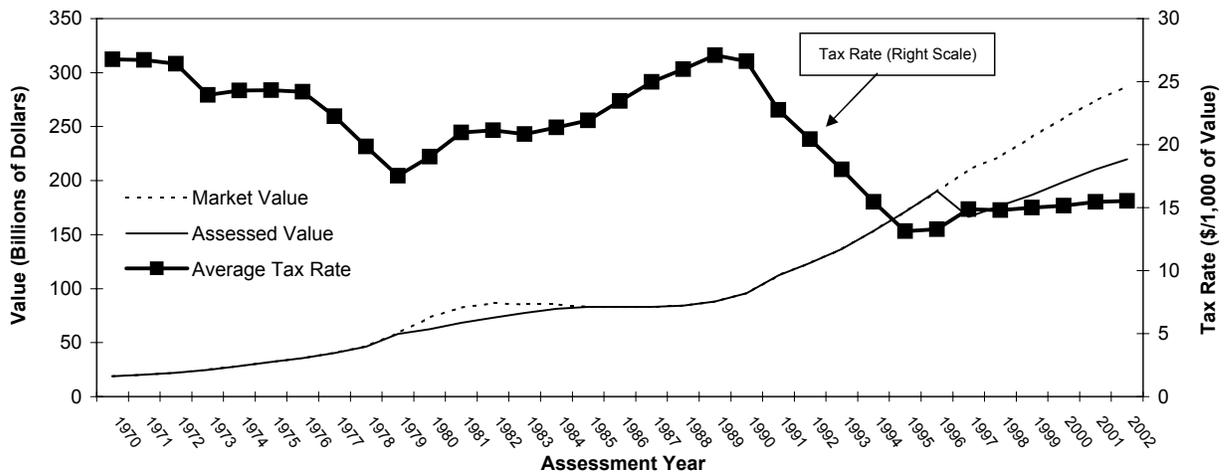


VALUE OF TAXABLE PROPERTY, ASSESSMENT RATIO AND AVERAGE TAX RATIO

ASSESSMENT DATE	MARKET VALUE		ASSESSED VALUE		ASSESSMENT RATIO		AVERAGE TAX RATE	
	MILLIONS	CHANGE	MILLIONS	CHANGE	HOME	OTHER	\$/1,000	CHANGE
1-1-70	18,797	9.0%	18,795	9.0%	100.0%		26.78	2.0%
1-1-71	20,261	7.8%	20,258	7.8%	100.0%		26.72	-0.2%
1-1-72	22,113	9.1%	22,108	9.1%	100.0%		26.41	-1.1%
1-1-73	24,899	12.6%	24,870	12.5%	100.0%		23.93	-9.4%
1-1-74	28,402	14.1%	28,274	13.7%	100.0%		24.29	1.5%
1-1-75	32,175	13.3%	32,015	13.2%	100.0%		24.31	0.1%
1-1-76	35,547	10.5%	35,536	11.0%	100.0%		24.20	-0.5%
1-1-77	40,704	14.5%	40,508	14.0%	100.0%		22.24	-8.1%
1-1-78	46,646	14.6%	46,155	13.9%	100.0%		19.85	-10.8%
1-1-79	59,025	26.5%	57,898	25.4%	100.0%		17.52	-11.7%
1-1-80	73,402	24.4%	62,544	8.0%	84.2%	87.6%	19.05	8.7%
1-1-81	82,427	12.3%	68,458	9.5%	81.6%	84.4%	20.97	10.1%
1-1-82	86,429	4.9%	73,029	6.7%	83.8%	85.1%	21.14	0.8%
1-1-83	85,365	-1.2%	77,399	6.0%	90.3%	90.9%	20.83	-1.4%
1-1-84	85,400	0.0%	81,428	5.2%		96.0%	21.37	2.6%
1-1-85	83,035	-2.8%	83,026	2.0%		100.0%	21.91	2.5%
1-1-86	82,944	-0.1%	82,944	-0.1%		100.0%	23.47	7.1%
1-1-87	83,111	0.2%	83,129	0.2%		100.0%	24.97	6.4%
1-1-88	84,258	1.4%	84,305	1.4%		100.0%	25.99	4.1%
1-1-89	88,076	4.5%	88,085	4.5%		100.0%	27.09	4.2%
1-1-90	95,850	8.8%	95,851	8.8%		100.0%	26.61	-1.8%
7-1-91	112,134	17.0%	112,154	17.0%		100.0%	22.74	-14.5%
7-1-92	123,755	10.4%	123,780	10.4%		100.0%	20.43	-10.2%
7-1-93	136,787	10.5%	136,815	10.5%		100.0%	18.03	-11.7%
7-1-94	153,370	12.1%	153,400	12.1%		100.0%	15.45	-14.3%
7-1-95	171,190	11.6%	171,226	11.6%		100.0%	13.13	-15.0%
7-1-96	190,161	11.1%	190,209	11.1%		100.0%	13.29	1.2%
7-1-97	209,981	10.4%	166,507	-12.5%		79.3%	14.87	11.9%
1-1-98	222,313	5.9%	176,906	6.2%		79.6%	14.80	-0.5%
1-1-99	240,312	8.1%	186,676	5.5%		77.7%	15.01	1.4%
1-1-00	258,133	7.4%	198,911	6.6%		77.1%	15.15	1.0%
1-1-01	274,042	6.2%	210,435	5.8%		76.8%	15.45	2.0%
1-1-02	287,260	4.8%	219,781	4.4%		76.5%	15.54	0.5%
Ave. Growth Rate (1970-2002)		9.1%		8.2%				-1.3%

NOTE: Market value is the taxable property value certified by the Department of Revenue (ORS 309.360).
 Assessed value is the total value on the roll at the time the levy is extended. Value may be reduced by appeals.
 Beginning in 1998, excess urban renewal value, both used and unused value, is included in the assessed value.
 1991 value growth is for 18 months with change in assessment date to July.
 1998 value growth is for 6 months with change in assessment date back to January'

PROPERTY VALUE AND TAX RATE



**TOTAL ASSESSED (AV) AND REAL MARKET (RMV) VALUES
AND PROPERTY CHANGE RATIOS (PCR)**

COUNTY	TOTAL RMV (\$,000)			TOTAL AV (\$,000)			RATIO - AV/RMV (PCR)		
	2001-02	2002-03	CHANGE	2001-02	2002-03	CHANGE	2001-02	2002-03	CHANGE
BAKER	1,041,297	1,046,981	0.6%	879,019	888,938	1.1%	84.42%	84.90%	0.6%
BENTON	5,678,628	6,051,348	6.6%	4,676,012	4,878,190	4.3%	82.34%	80.61%	-2.1%
CLACKAMAS	30,976,502	32,394,752	4.6%	23,994,371	25,148,047	4.8%	77.46%	77.63%	0.2%
CLATSOP	4,233,549	4,352,311	2.8%	3,343,322	3,463,040	3.6%	78.97%	79.57%	0.8%
COLUMBIA	3,428,973	3,580,601	4.4%	2,745,577	2,903,926	5.8%	80.07%	81.10%	1.3%
COOS	3,505,472	3,602,983	2.8%	3,068,169	3,178,855	3.6%	87.53%	88.23%	0.8%
CROOK	1,107,932	1,216,604	9.8%	919,322	992,805	8.0%	82.98%	81.60%	-1.7%
CURRY	1,848,906	1,980,398	7.1%	1,663,436	1,751,621	5.3%	89.97%	88.45%	-1.7%
DESCHUTES	12,704,705	14,283,430	12.4%	9,603,116	10,354,948	7.8%	75.59%	72.50%	-4.1%
DOUGLAS	6,033,333	6,214,322	3.0%	5,045,825	5,250,719	4.1%	83.63%	84.49%	1.0%
GILLIAM	269,729	259,165	-3.9%	217,204	212,314	-2.3%	80.53%	81.92%	1.7%
GRANT	427,095	420,421	-1.6%	325,565	333,411	2.4%	76.23%	79.30%	4.0%
HARNEY	449,174	444,251	-1.1%	330,217	341,689	3.5%	73.52%	76.91%	4.6%
HOOD RIVER	1,545,467	1,586,076	2.6%	1,141,125	1,179,714	3.4%	73.84%	74.38%	0.7%
JACKSON	13,401,302	14,817,809	10.6%	10,561,017	11,115,316	5.3%	78.81%	75.01%	-4.8%
JEFFERSON	1,302,582	1,300,382	-0.2%	1,009,251	968,839	-4.0%	77.48%	74.50%	-3.8%
JOSEPHINE	4,434,914	4,801,493	8.3%	3,827,583	4,019,027	5.0%	86.31%	83.70%	-3.0%
KLAMATH	3,709,104	4,107,504	10.7%	3,100,430	3,406,169	9.9%	83.59%	82.93%	-0.8%
LAKE	480,005	501,408	4.5%	371,992	393,285	5.7%	77.50%	78.44%	1.2%
LANE	22,850,101	23,013,225	0.7%	18,038,805	18,690,110	3.6%	78.94%	81.21%	2.9%
LINCOLN	5,266,033	5,344,289	1.5%	4,518,071	4,668,314	3.3%	85.80%	87.35%	1.8%
LINN	6,515,822	6,692,735	2.7%	5,336,564	5,533,236	3.7%	81.90%	82.68%	0.9%
MALHEUR	1,473,008	1,446,136	-1.8%	1,206,565	1,230,005	1.9%	81.91%	85.05%	3.8%
MARION	16,665,678	17,573,591	5.5%	13,251,256	13,913,480	5.0%	79.51%	79.17%	-0.4%
MORROW	1,165,315	1,326,365	13.8%	991,028	1,148,836	15.9%	85.04%	86.62%	1.9%
MULTNOMAH	61,217,387	63,415,110	3.6%	43,522,079	44,318,919	1.8%	71.09%	69.89%	-1.7%
POLK	3,512,179	3,630,674	3.4%	2,813,164	2,937,185	4.4%	80.10%	80.90%	1.0%
SHERMAN	190,522	207,234	8.8%	171,152	188,650	10.2%	89.83%	91.03%	1.3%
TILLAMOOK	3,135,497	3,209,276	2.4%	2,504,056	2,613,445	4.4%	79.86%	81.43%	2.0%
UMATILLA	3,903,487	4,218,068	8.1%	3,060,384	3,450,110	12.7%	78.40%	81.79%	4.3%
UNION	1,274,705	1,284,959	0.8%	1,034,190	1,060,265	2.5%	81.13%	82.51%	1.7%
WALLOWA	604,301	608,197	0.6%	456,252	465,504	2.0%	75.50%	76.54%	1.4%
WASCO	1,602,308	1,593,801	-0.5%	1,270,942	1,313,970	3.4%	79.32%	82.44%	3.9%
WASHINGTON	42,641,803	45,004,178	5.5%	31,169,669	33,039,658	6.0%	73.10%	73.41%	0.4%
WHEELER	109,136	104,329	-4.4%	70,965	75,447	6.3%	65.02%	72.32%	11.2%
YAMHILL	5,335,969	5,625,565	5.4%	4,197,398	4,449,878	6.0%	78.66%	79.10%	0.6%
OREGON	274,041,919	287,259,968	4.8%	210,435,094	219,877,864	4.5%	76.79%	76.54%	-0.3%

NET ASSESSED VALUE AND AVERAGE TAX RATE

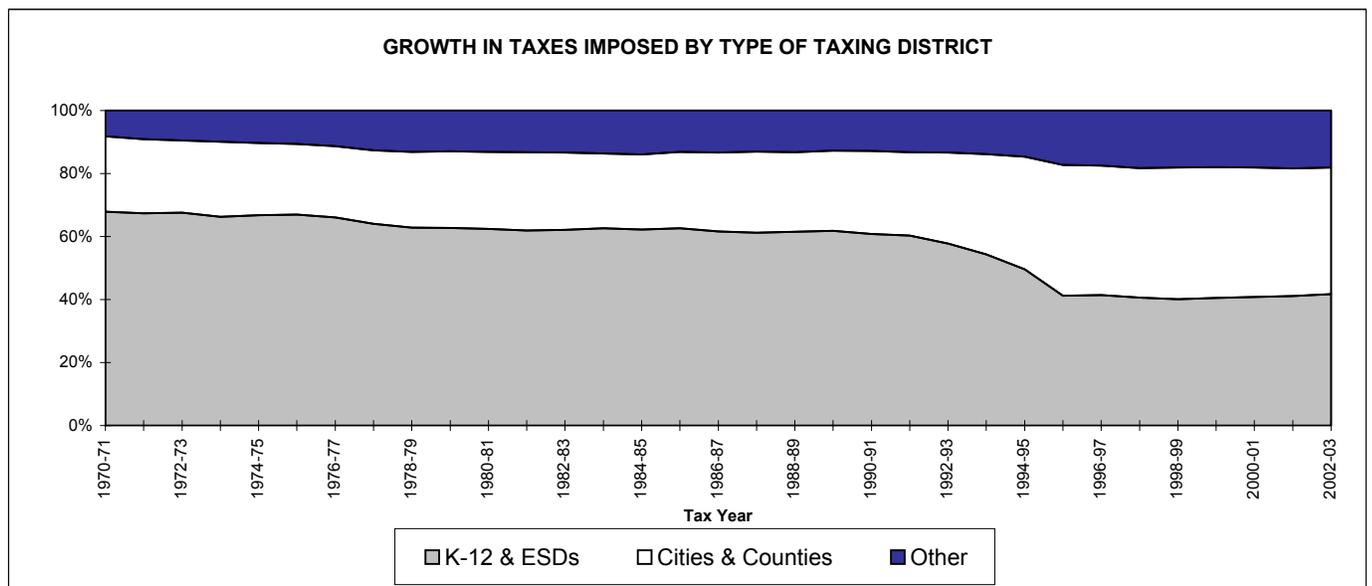
COUNTY	--- NET ASSESSED VALUE (\$1000) ---			-- AVERAGE TAX RATE --		
	2001-02	2002-03	CHANGE	2001-02	2002-03	CHANGE
BAKER	879,180	889,104	1.1%	13.52	13.67	1.1%
BENTON	4,660,586	4,860,981	4.3%	14.30	14.36	0.4%
CLACKAMAS	22,666,022	23,967,162	5.7%	15.08	15.21	0.9%
CLATSOP	3,308,497	3,424,765	3.5%	12.55	12.54	-0.1%
COLUMBIA	2,731,134	2,873,396	5.2%	12.85	13.02	1.4%
COOS	2,975,586	3,079,716	3.5%	12.88	13.03	1.2%
CROOK	919,322	992,805	8.0%	14.37	14.24	-0.9%
CURRY	1,664,146	1,752,353	5.3%	8.89	8.89	0.0%
DESCHUTES	9,476,924	10,221,834	7.9%	13.59	14.40	5.9%
DOUGLAS	4,917,323	5,110,328	3.9%	11.30	11.25	-0.4%
GILLIAM	218,702	213,857	-2.2%	12.24	12.24	0.0%
GRANT	325,912	333,761	2.4%	15.68	15.67	-0.1%
HARNEY	330,217	341,689	3.5%	13.97	13.81	-1.1%
HOOD RIVER	1,110,396	1,153,439	3.9%	12.44	12.90	3.7%
JACKSON	10,086,117	10,583,880	4.9%	13.48	13.93	3.4%
JEFFERSON	1,009,251	968,839	-4.0%	15.39	16.89	9.7%
JOSEPHINE	3,742,854	3,924,305	4.9%	9.22	9.23	0.1%
KLAMATH	3,085,128	3,387,371	9.8%	11.28	11.34	0.5%
LAKE	372,837	394,155	5.7%	14.30	14.30	0.0%
LANE	17,837,562	18,476,660	3.6%	14.52	14.89	2.6%
LINCOLN	4,169,922	4,305,971	3.3%	13.36	13.32	-0.3%
LINN	5,279,396	5,455,906	3.3%	14.47	14.40	-0.5%
MALHEUR	1,207,792	1,231,270	1.9%	11.74	12.00	2.3%
MARION	12,697,728	13,324,345	4.9%	16.07	16.35	1.7%
MORROW	991,032	1,148,840	15.9%	16.63	16.58	-0.3%
MULTNOMAH	41,741,383	42,352,620	1.5%	19.07	19.60	2.7%
POLK	2,813,164	2,937,185	4.4%	15.19	15.06	-0.9%
SHERMAN	171,179	188,677	10.2%	16.41	17.03	3.8%
TILLAMOOK	2,504,056	2,613,445	4.4%	9.99	10.37	3.8%
UMATILLA	3,041,817	3,431,150	12.8%	15.77	15.39	-2.4%
UNION	1,027,776	1,049,519	2.1%	13.65	13.48	-1.3%
WALLOWA	456,761	466,028	2.0%	12.42	12.81	3.2%
WASCO	1,232,169	1,270,906	3.1%	16.71	16.69	-0.2%
WASHINGTON	30,911,244	32,749,600	6.0%	15.64	15.67	0.2%
WHEELER	71,582	76,082	6.3%	16.60	16.45	-0.9%
YAMHILL	4,197,398	4,446,493	5.9%	14.34	14.39	0.3%
TOTAL	204,832,096	213,998,432	4.5%	15.26	15.48	1.5%
URBAN RENEWAL	5,700,601	5,949,830	4.4%	22.32	22.62	1.3%
OREGON	210,532,696	219,948,262	4.5%	15.30	15.52	1.5%

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

GROWTH OF IMPOSED PROPERTY TAX LEVIES

YEAR	TOTAL LEVIES		COUNTIES		CITIES		SCHOOLS AND E.S.D.S		COMMUNITY COLLEGES		OTHER DISTRICTS	
	LEVIES	%	LEVIES	%	LEVIES	%	LEVIES	%	LEVIES	%	LEVIES	%
1970-71	503.2	11.1%	51.3	3.4%	69.4	10.5%	341.4	11.1%	18.9	32.2%	22.2	18.1%
1971-72	541.3	7.6%	56.5	10.1%	71.1	2.4%	364.5	6.8%	21.0	11.1%	28.2	27.0%
1972-73	583.9	7.9%	58.4	3.4%	75.2	5.8%	394.6	8.3%	22.8	8.6%	32.9	16.7%
1973-74	595.3	2.0%	61.1	4.6%	81.0	7.7%	394.4	-0.1%	24.2	6.1%	34.6	5.2%
1974-75	687.1	15.4%	65.8	7.7%	91.8	13.3%	458.9	16.4%	28.2	16.5%	42.4	22.5%
1975-76	778.5	13.3%	71.2	8.2%	103.1	12.3%	521.3	13.6%	33.3	18.1%	49.6	17.0%
1976-77	860.0	10.5%	79.4	11.5%	115.6	12.1%	567.8	8.9%	36.1	8.4%	61.1	23.2%
1977-78	901.0	4.8%	85.7	7.9%	124.4	7.6%	577.2	1.7%	39.9	10.5%	73.8	20.8%
1978-79	916.0	1.7%	88.1	2.8%	132.0	6.1%	575.8	-0.2%	40.9	2.5%	79.2	7.3%
1979-80	1,014.4	10.7%	94.3	7.0%	152.7	15.7%	636.2	10.5%	47.8	16.9%	83.4	5.3%
1980-81	1,191.3	17.4%	107.6	14.1%	183.9	20.4%	743.5	16.9%	56.2	17.6%	100.1	20.0%
1981-82	1,435.6	20.5%	150.1	39.5%	206.7	12.4%	889.5	19.6%	64.8	15.3%	124.5	24.4%
1982-83	1,543.6	7.5%	159.2	6.1%	220.4	6.6%	958.8	7.8%	70.6	9.0%	134.6	8.1%
1983-84	1,612.3	4.5%	149.0	-6.4%	233.4	5.9%	1,010.1	5.4%	73.9	4.7%	145.9	8.4%
1984-85	1,740.0	7.9%	163.7	9.9%	251.6	7.8%	1,081.8	7.1%	79.5	7.6%	163.4	12.0%
1985-86	1,819.2	4.6%	173.3	5.9%	267.6	6.4%	1,139.2	5.3%	82.0	3.1%	157.1	-3.9%
1986-87	1,946.5	7.0%	198.6	14.6%	289.0	8.0%	1,199.0	5.2%	92.9	13.3%	167.0	6.3%
1987-88	2,072.9	6.5%	223.9	12.7%	309.9	7.2%	1,269.2	5.9%	97.0	4.4%	172.9	3.5%
1988-89	2,223.7	7.3%	243.1	8.6%	318.5	2.8%	1,368.8	7.8%	106.0	9.3%	187.3	8.3%
1989-90	2,386.0	7.3%	248.3	2.1%	359.9	13.0%	1,475.2	7.8%	109.2	3.0%	193.4	3.3%
1990-91	2,550.6	6.9%	282.1	13.6%	390.4	8.5%	1,550.4	5.1%	115.0	5.3%	212.7	10.0%
1991-92	2,549.9	0.0%	292.1	3.5%	382.7	-2.0%	1,537.7	-0.8%	112.5	-2.2%	224.9	5.7%
1992-93	2,529.0	-0.8%	314.7	7.7%	416.8	8.9%	1,461.3	-5.0%	112.2	-0.3%	224.0	-0.4%
1993-94	2,466.4	-2.5%	336.3	6.9%	447.2	7.3%	1,340.4	-8.3%	103.6	-7.7%	238.8	6.6%
1994-95	2,369.8	-3.9%	353.8	5.2%	494.1	10.5%	1,175.6	-12.3%	90.1	-13.0%	256.3	7.3%
1995-96	2,248.2	-5.1%	398.8	12.7%	533.5	8.0%	927.2	-21.1%	78.6	-12.8%	310.1	21.0%
1996-97	2,527.9	12.4%	470.5	18.0%	568.8	6.6%	1,045.9	12.8%	89.0	13.2%	353.6	14.0%
1997-98	2,476.5	-2.0%	469.6	-0.2%	549.1	-3.5%	1,005.1	-3.9%	88.9	-0.1%	363.7	2.9%
1998-99	2,617.8	5.7%	514.7	9.6%	579.9	5.6%	1,049.1	4.4%	93.1	4.7%	381.0	4.8%
1999-00	2,801.5	7.0%	536.9	4.3%	625.9	7.9%	1,135.4	8.2%	97.8	5.1%	405.6	6.4%
2000-01	3,014.0	7.6%	574.2	7.0%	664.4	6.1%	1,229.2	8.3%	105.1	7.4%	441.3	8.8%
2001-02	3,251.9	7.9%	618.7	7.7%	699.0	5.2%	1,337.8	8.8%	127.3	21.1%	469.1	6.3%
2002-03	3,414.6	5.0%	638.5	3.2%	733.6	4.9%	1,424.7	6.5%	128.2	0.7%	489.6	4.4%
Ave. Growth Rate (1970-2003)		6.5%		8.3%		7.8%		5.1%		7.3%		10.6%
Ave. Growth Rate (1990-2003)		2.9%		7.6%		5.7%		0.2%		1.7%		7.5%

NOTES: Dollar figures in millions.
"Other Districts" include urban renewal districts.



PROPERTY TAXES IMPOSED

2002-03

COUNTY	--- TOTAL IMPOSED ---		--- COUNTIES ---		--- CITIES ---		--- SCHOOLS & ESDs ---		COMMUNITY COLLEGE		--SPECIAL DISTRICTS--	
	AMOUNT	% CHANGE	AMOUNT	% CHANGE	AMOUNT	% CHANGE	AMOUNT	% CHANGE	AMOUNT	% CHANGE	AMOUNT	% CHANGE
BAKER	12,149,996	2.2%	3,716,926	4.4%	2,275,327	2.5%	4,353,564	0.9%	548,498	0.7%	1,255,681	1.2%
BENTON	69,819,351	4.7%	13,875,699	4.6%	21,075,051	4.3%	26,907,352	5.6%	3,343,365	1.3%	4,617,885	4.9%
CLACKAMAS	359,466,909	5.2%	64,689,477	5.8%	58,263,570	8.2%	170,383,040	6.4%	16,489,012	-4.9%	49,641,810	0.6%
CLATSOP	42,653,589	2.8%	5,160,298	5.2%	7,438,209	3.6%	19,840,766	5.5%	2,613,196	3.8%	7,601,120	-6.2%
COLUMBIA	37,303,623	6.3%	5,131,429	5.6%	4,187,556	11.7%	17,437,775	4.7%	1,068,857	-5.6%	9,478,006	9.0%
COOS	40,004,132	4.4%	3,871,668	5.2%	9,418,053	0.2%	17,241,819	6.7%	2,089,948	4.2%	7,382,644	4.3%
CROOK	14,140,346	7.0%	3,840,410	8.1%	1,217,423	9.9%	6,545,410	5.7%	724,888	7.9%	1,812,214	7.3%
CURRY	15,574,079	5.3%	1,009,708	9.7%	2,429,840	5.3%	7,780,083	3.8%	1,228,580	5.2%	3,125,868	7.7%
DESCHUTES	145,608,910	13.1%	26,046,724	5.9%	17,965,853	10.5%	67,955,921	14.9%	7,553,590	7.9%	26,086,822	19.8%
DOUGLAS	57,516,158	3.5%	5,498,944	4.5%	13,169,964	4.1%	27,547,718	3.1%	2,365,147	3.8%	8,934,385	3.1%
GILLIAM	2,617,072	-2.2%	818,547	-2.2%	287,117	10.7%	1,120,860	-5.7%		0.0%	390,548	-0.1%
GRANT	5,228,818	2.3%	1,205,923	-0.8%	562,811	5.4%	1,849,211	1.9%		0.0%	1,610,873	4.2%
HARNEY	4,719,505	2.3%	1,515,475	2.8%	640,343	0.6%	1,841,961	2.4%		0.0%	721,727	2.7%
HOOD RIVER	14,650,097	6.1%	1,928,687	3.0%	1,266,864	4.5%	8,531,641	3.3%	324,193	788.4%	2,598,712	7.0%
JACKSON	142,245,132	4.6%	25,146,865	4.2%	34,378,835	5.5%	62,594,671	3.3%	5,417,999	5.7%	14,706,761	9.2%
JEFFERSON	16,365,833	5.3%	5,127,816	-2.4%	1,014,098	7.1%	7,536,300	13.5%	701,965	-3.7%	1,985,654	1.1%
JOSEPHINE	36,218,986	4.9%	3,631,791	1.4%	6,378,257	7.3%	23,142,778	4.8%	2,009,343	5.6%	1,056,817	4.9%
KLAMATH	38,190,510	9.7%	8,327,186	17.9%	4,365,425	0.9%	13,806,507	9.8%	1,458,736	9.6%	10,232,655	7.6%
LAKE	5,636,821	5.8%	1,456,463	6.5%	603,944	6.0%	2,291,454	4.6%	76,430	6.1%	1,208,529	7.1%
LANE	273,272,663	5.5%	26,565,012	3.5%	87,692,297	3.0%	122,919,881	8.4%	16,097,818	6.7%	19,997,655	1.3%
LINCOLN	57,365,302	3.0%	12,629,658	3.0%	10,185,861	-6.2%	26,438,701	7.6%	742,601	3.6%	7,368,480	1.1%
LINN	78,164,860	2.3%	16,407,813	3.1%	18,969,737	2.6%	32,407,633	1.9%	3,775,735	0.6%	6,603,941	2.7%
MALHEUR	14,777,968	4.2%	3,650,948	2.5%	3,275,988	2.9%	5,751,181	3.2%	1,389,502	1.7%	710,350	45.3%
MARION	215,401,083	5.5%	40,044,582	4.6%	52,575,787	7.2%	90,987,365	5.5%	10,113,358	5.6%	21,679,991	3.6%
MORROW	19,044,566	15.5%	4,689,666	15.2%	2,264,294	29.5%	8,321,129	11.1%	1,108,976	13.0%	2,660,500	21.3%
MULTNOMAH	815,510,009	2.4%	208,933,027	-0.6%	255,147,192	3.9%	307,098,313	4.8%	20,979,792	-5.2%	23,351,685	-7.2%
POLK	43,854,934	2.6%	6,008,885	3.2%	11,550,342	2.6%	20,910,433	2.6%	2,165,596	2.2%	3,219,678	1.7%
SHERMAN	3,213,565	14.4%	1,722,392	19.7%	115,436	2.0%	1,056,336	9.1%		0.0%	319,402	10.9%
TILLAMOOK	27,101,404	8.3%	7,368,743	12.0%	1,384,366	1.3%	13,626,732	11.1%	680,956	4.2%	4,040,607	-2.6%
UMATILLA	52,800,777	10.1%	10,861,245	14.3%	9,276,990	4.0%	24,310,969	9.5%	3,211,364	9.6%	5,140,210	16.2%
UNION	14,143,546	0.8%	3,141,418	2.0%	3,928,253	1.3%	6,081,787	-0.4%		0.0%	992,088	2.6%
WALLOWA	5,969,650	5.3%	1,238,505	1.9%	662,453	-0.9%	2,962,625	7.2%		0.0%	1,106,067	7.9%
WASCO	21,207,951	3.0%	5,687,778	1.0%	1,800,341	1.4%	8,878,046	4.7%	962,119	-3.3%	3,879,667	4.4%
WASHINGTON	512,910,490	6.1%	95,460,183	4.3%	73,382,593	9.2%	232,285,840	8.3%	16,112,584	-5.0%	95,669,291	2.8%
WHEELER	1,251,572	5.3%	632,678	6.2%	77,888	1.7%	452,205	4.9%		0.0%	88,801	4.9%
YAMHILL	63,964,532	6.3%	11,434,906	6.2%	14,395,870	5.2%	31,495,265	7.2%	2,886,986	2.0%	3,751,505	6.3%
TOTAL	3,280,064,740	4.9%	638,477,476	3.2%	733,624,227	4.9%	1,424,693,276	6.5%	128,241,133	0.8%	355,028,629	3.6%
URBAN RENEWAL	134,537,961	6.4%										
OREGON	3,414,602,701	5.0%										

NOTE: Percent change from prior year imposed levy.

**2002-03
PROPERTY TAX COMPRESSION LOSSES**

COUNTY	INSIDE M5 LIMIT SCHOOL LEVIES			INSIDE M5 LIMIT NON-SCHOOL LEVIES			----- TOTAL LEVIES ----- (Excludes Urban Renewal)		
	LOSS	% of Tax	% Change	LOSS	% of Tax	% Change	LOSS	% of Tax	% Change
BAKER	488.2	10.0%	4.2%	143.1	2.0%	14.8%	631.3	5.20%	6.5%
BENTON	1,943.1	6.4%	-18.3%	17.7	0.0%	36.4%	1,960.8	2.81%	-18.0%
CLACKAMAS	3,754.5	2.0%	-30.2%	57.8	0.0%	20061%	3,812.3	1.06%	-29.2%
CLATSOP	577.4	2.6%	-4.6%	46.9	0.2%	-4.3%	624.3	1.46%	-4.5%
COLUMBIA	275.6	1.5%	12.3%	59.1	0.3%	480.7%	334.7	0.90%	30.9%
COOS	380.7	2.0%	-18.9%	16.3	0.1%	28.5%	396.9	0.99%	-17.7%
CROOK	116.0	1.6%	3.4%	1.1	0.0%	54.5%	117.1	0.83%	3.7%
CURRY	7.6	0.1%	174.7%	0.0	0.0%	313.9%	7.6	0.05%	174.8%
DESCHUTES	441.0	0.6%	-15.6%	84.2	0.1%	538.2%	525.2	0.36%	-1.9%
DOUGLAS	523.5	1.8%	20.6%	213.7	0.8%	40.8%	737.2	1.28%	25.8%
GILLIAM	23.4	2.1%	-13.9%	11.9	0.8%	-3.9%	35.3	1.35%	-10.7%
GRANT	30.4	1.6%	17.9%	1.8	0.1%	15.7%	32.2	0.62%	17.8%
HARNEY	65.0	3.5%	38.2%	57.0	2.0%	79.4%	122.0	2.58%	54.8%
HOOD RIVER	105.9	1.2%	58.5%	0.0	0.0%	-73.8%	105.9	0.72%	58.4%
JACKSON	102.3	0.2%	-78.1%	50.8	0.1%	2540%	153.1	0.11%	-67.4%
JEFFERSON	162.0	2.0%	-17.7%	21.5	0.3%	9.3%	183.5	1.12%	-15.3%
JOSEPHINE	32.1	0.1%	-81.0%	0.0	0.0%	10.5%	32.1	0.09%	-81.0%
KLAMATH	2.1	0.0%	-2.0%	568.7	2.4%	-12.1%	570.7	1.49%	-12.1%
LAKE	13.2	0.6%	37.0%	72.1	2.2%	32.0%	85.2	1.51%	32.7%
LANE	10,194.4	7.3%	6.6%	17.0	0.0%	794.0%	10,211.4	3.74%	6.7%
LINCOLN	432.2	1.6%	-11.5%	275.0	0.9%	385701%	707.2	1.23%	44.9%
LINN	852.3	2.4%	0.9%	609.6	1.4%	91.8%	1,461.9	1.87%	25.8%
MALHEUR	205.3	2.9%	17.8%	13.6	0.2%	-6.9%	218.9	1.48%	15.9%
MARION	620.5	0.6%	-32.9%	837.6	0.7%	185.5%	1,458.1	0.68%	19.8%
MORROW	194.6	2.1%	15.5%	151.9	1.6%	70.8%	346.5	1.82%	34.6%
MULTNOMAH	9,460.6	2.9%	-22.2%	18,421.7	3.7%	50.9%	27,882.3	3.42%	14.4%
POLK	299.4	1.3%	25.5%	0.0	0.0%	6.2%	299.5	0.68%	25.5%
SHERMAN	55.4	5.2%	14.0%	82.1	3.8%	-1.7%	137.5	4.28%	4.1%
TILLAMOOK	165.5	1.2%	24.5%	1.9	0.0%	17.8%	167.5	0.62%	24.4%
UMATILLA	1,924.4	7.0%	24.3%	32.8	0.1%	-16.3%	1,957.2	3.71%	23.3%
UNION	113.2	1.9%	0.5%	69.0	0.9%	42.4%	182.2	1.29%	13.1%
WALLOWA	32.9	1.1%	7.6%	0.2	0.0%	4.9%	33.1	0.55%	7.6%
WASCO	258.4	2.6%	-12.5%	116.4	1.0%	528.1%	374.8	1.77%	19.4%
WASHINGTON	3,084.4	1.2%	1.3%	3.7	0.0%	54.8%	3,088.1	0.60%	1.4%
WHEELER	20.3	4.5%	47.2%	23.4	2.9%	59.4%	43.6	3.49%	53.5%
YAMHILL	414.9	1.2%	32.3%	0.3	0.0%	4.4%	415.2	0.65%	32.3%
TOTAL	37,372	2.41%	-10.5%	22,080	1.25%	54.6%	59,452	1.81%	6.1%

NOTE: Thousands of Dollars. Levies for joint districts are apportioned among counties.
Compression Loss equals the M5 compression losses for local taxing districts, excluding urban renewal agencies.

PROPERTY TAX RELIEF

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

Homeowners and Renters Refund Program (HARRP)

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

Property Tax Relief Program (PTR)

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

Elderly Rental Assistance (ERA)

ERA was enacted in 1975. ERA makes payments to renters age 58 and older with household income less than \$10,000. Assets (excludes homestead, personal property and retirement plans) must be less than \$25,000 if under age 65. Rent must exceed 20% of household income for calculating a payment. The payment is gross rent (including fuel and utilities) up to the \$2,100 limit less 20% of household income, such that the payment reaches maximum of \$2,100 when income is zero and the minimum \$100 at \$10,000 income.

Taxpayers must file Form 90R to apply for a payment. Payments are made by check in October of each year. About 9,600 renters received an average ERA payment of \$500 for the year 2002 for a cost of roughly \$4.8 million to the General Fund. The numbers of participants for the year 2002 is the highest since the new requirements of income was instated in 1991, albeit at a lower total cost than 1994, due to a reduction in the average payment by about \$65.

Senior Citizens Property Tax Deferral Program

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

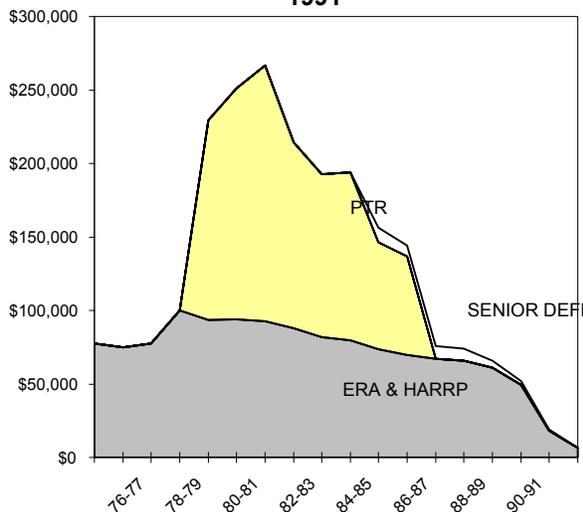
Between 1985 and 1995 the legislature appropriated General Fund money to fund the senior deferral tax program. The payments were considered a General Fund investment. However, since 1992 the amount of repayment by participants exceeded the total State payment to counties returning more than \$40 million to the general Fund.

GENERAL FUND EXPENDITURES FOR PROPERTY TAX RELIEF

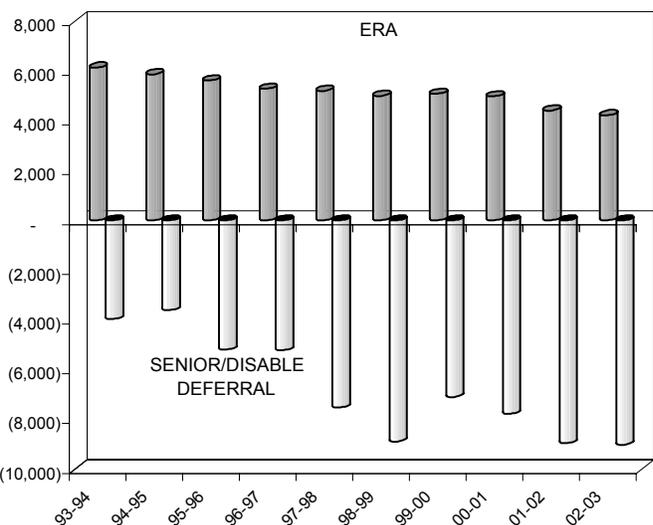
FISCAL YEAR	GENERAL FUND EXPENDITURES (\$ 000)			HARRP PROGRAM PARAMETERS			PTR MAXIMUM PAYMENT
	ERA*** & HARRP*	PTR	DEFERRAL** PROGRAMS	TOTAL	INCOME LIMIT	MAXIMUM REFUND	
1975-76	\$77,693	\$0	\$0	\$77,693	15,000	490	
1976-77	74,887	0	0	74,887	15,000	490	
1977-78	77,335	0	0	77,335	15,000	490	
1978-79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

NOTE: * HARRP refunds ended with the Oct. 1991 payment based on the 1990 return
 ERA, Elderly (age 58 or older) Rental Assistance for households with income less than \$10,000 continues
 ** General Fund cost as current year payments less repayments for prior years
 Prior to 1985-86 deferral payments were treated as General and Other Fund investments
 *** ERA numbers include Nonprofit Housing starting 1991-92.

GENERAL FUND EXPENDITURES FOR PROPERTY TAX RELIEF- 1976-1991



GENERAL FUND EXPENDITURES FOR PROPERTY TAX RELIEF -1992-2003



PROPERTY TAX RELIEF

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

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

HARRP NOTES: HARRP program ended in 1991.

Refunds for 1971 and 1972 were under the Homeowners Property Tax Relief Program (HOPTR).

Mobile homes are included in homeowners and renters for 1973 and 1974.

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

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

In 1982 the HARRP packet was separated from the income tax packet and mailed late in March of 1983.

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

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

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

ERA NOTES:

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

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

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

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

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

ERA payments are made each fall for returns filed in the Spring.

Returns maybe filed up to 3 years later.

ELDERLY RENTAL ASSISTANCE (ERA)

RETURN YEAR	REFUNDS (\$000)	RETURNS	AVERAGE REFUND
1980	2,820	4,699	\$600
1981	2,184	3,525	620
1982	2,028	3,129	648
1983	1,757	2,738	642
1984	1,482	2,397	618
1985	1,358	2,228	610
1986	1,161	1,930	602
1987	1,063	1,810	587
1988	879	1,549	567
1989	549	1,045	526
1990	6,357	11,372	559
1991	5,564	10,430	533
1992	6,555	9,216	711
1993	5,522	9,542	579
1994	4,978	8,880	561
1995	4,652	8,230	565
1996	4,425	7,873	562
1997	4,214	7,571	557
1998	4,289	7,708	556
1999	4,238	7,579	559
2000	3,487	7,732	451
2001	3,202	6,215	515
2002	4,794	9,596	500
2003			

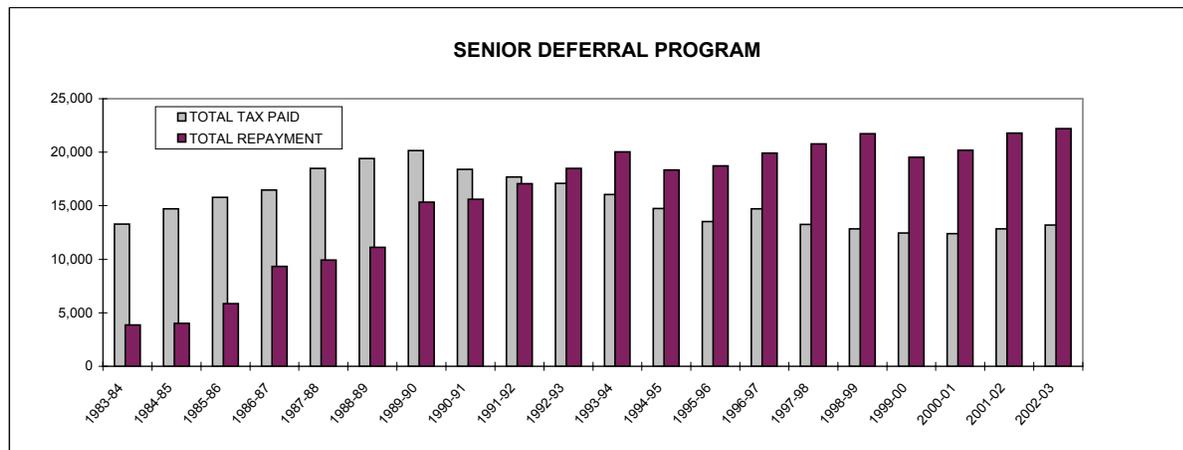
NON PROFIT HOUSING

FISCAL YEAR	REFUNDS (\$000)	RETURNS	AVERAGE REFUND
FY 94	648	25	\$25,920
FY 95	664	28	23714
FY 96	760	31	24516
FY 97	747	32	23344
FY 98	828	34	24353
FY 99	901	36	25028
FY 00	1,009	38	26553
FY 01	840	39	21538
FY 02	1,083	41	26415
FY 03	1,221	43	28395

SENIOR CITIZENS PROPERTY TAX DEFERRAL

FISCAL YEAR	PROPERTY TAXES		SPECIAL ASSESSMENT		Disabled Deferral		(\$ 000)		
	PAID ACCTS.	AVG. PAID	PAID ACCTS.	AVE. PAID	PAID ACCTS.	AVG. PAID	TOTAL TAX PAID	TOTAL REPAYMENT	BALANCE OWED
	1978-79	1,976	845	111	147	0	0	1,676	273
1979-80	4,000	645	168	187	0	0	2,649	370	N/A
1980-81	6,046	723	184	352	0	0	4,438	559	N/A
1981-82	7,097	917	246	442	0	0	6,614	833	N/A
1982-83	8,827	1,103	389	656	0	0	9,992	1,529	22,859
1983-84	10,976	1,181	404	761	0	0	13,275	3,864	34,540
1984-85	11,603	1,236	430	853	0	0	14,710	4,018	45,806
1985-86	12,228	1,261	501	735	0	0	15,785	5,859	56,811
1986-87	12,632	1,282	419	677	0	0	16,480	9,320	65,732
1987-88	12,738	1,430	422	548	0	0	18,493	9,934	75,236
1988-89	13,092	1,463	396	613	0	0	19,410	11,117	84,834
1989-90	13,165	1,513	393	641	0	0	20,164	15,347	91,676
1990-91	12,976	1,398	379	579	0	0	18,387	15,603	96,856
1991-92	12,039	1,449	411	544	0	0	17,685	17,051	100,433
1992-93	12,181	1,387	476	337	0	0	17,085	18,484	102,763
1993-94	11,681	1,358	495	366	0	0	16,058	20,022	102,937
1994-95	11,216	1,299	504	334	0	0	14,740	18,352	103,967
1995-96	10,763	1,235	431	397	0	0	13,519	18,714	102,373
1996-97	10,520	1,380	365	391	0	0	14,703	19,921	101,801
1997-98	10,823	1,207	343	404	0	0	13,260	20,788	99,784
1998-99	9,769	1,272	209	302	0	0	12,832	21,719	136,268
1999-00	9,184	1,345	170	415	0	0	12,443	19,541	135,161
2000-01	8,822	1,396	155	468	0	0	12,392	20,172	133,271
2001-02	9,215	1,362	137	473	206	1,041	12,835	21,792	129,900
2002-03	9,107	1,404	118	445	323	1,080	13,196	22,210	126,224

NOTES: Senior repayment excludes special assessments until 1983-84. Balance owed includes interest from 98-99 forward. From 1991-92 General Fund appropriation not used. Deferral fund plus repayments exceed costs. Interest rate of 6% and calculated as simple interest. In 1984 household Income limit of \$17,500 added for tax deferral and special assessment. Property tax deferral income limit was \$18,500 in 1990, \$19,500 in 1991, and \$24,500 through tax year 2000-01. The property tax deferral income increased to \$27,500 in 2001-02. In 2001-02, The annual income to remain eligible for the the tax deferral program was increased to \$32,000 indexed to the CPI. The qualification threshold to qualify for the program will increase to \$32,000 indexed to the CPI in 2002-03 . Household income limit for the Special Assessment Deferral is to increase to 32,000 (from \$17,500) and indexed to the CPI. The 1999 Legislature opened the deferral program to the disabled community beginning 2001-02. In 1998-99, a large number of small Special Assessment Deferral accounts were paid out.



OREGON ESTATE AND INHERITANCE TAXES

Overview of Estate and Inheritance Tax Revenues

Currently, Oregon's estate tax is based on the federal estate law and the pick-up tax. The estate tax is a tax on the right to transfer property at death and generally is measured by the value of the estate passing at the time of the decedent's death. The federal pick-up tax is a way in which states capture a portion of the federal estate tax liability but do not increase the overall tax liability of the estate. Oregon does not impose any other estate or inheritance taxes besides collecting the federal pick-up tax. From legislation in 2003, Oregon is now connected to federal tax law with the adoption of the Taxpayer Relief Act of 1997. Oregon has not adopted the 2001 federal law changes included in the Economic Growth and Tax Reconciliation Act.

Oregon collected \$116.6 million in estate tax in the 2001-03 biennium which was the third largest single tax source for the state general fund behind personal income and corporate excise taxes. This tax comprised 1.2% of the total state general fund. The estate tax is paid by a small number of taxpayers each year. Consequently, revenues from Oregon's estate tax are very volatile and one large estate tax return paying a sizeable amount of tax in a given year can result in a significant increase in estate tax revenue. In examining the percentage change each year from fiscal year 1970-71 to 2002-03, the annual percentage change had a range between a high of 103% increase in 1992-93 and a low of -60% for 1987-88 from the prior year.

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

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

Federal Estate Tax Changes

The federal pick-up tax was created in 1926. The maximum federal credit for state taxes paid is calculated as a graduated percentage of the taxable estate value. The tax rates, used to calculate the maximum state death tax credit, range from 0% for taxable estates under \$40,000 up to 16% for estates over \$10 million. Oregon connected exclusively to the federal pick-up tax beginning in 1987. Then, Oregon's estate tax revenue was dependent on a date specific federal tax code. Oregon was not automatically connecting to federal estate tax law changes. Additional legislation was needed in Oregon to adopt federal estate tax law changes. Prior to the 1997 and 2001 federal estate tax law, Oregon's estate tax law was connected to federal law which established the federal gross estate value filing threshold at \$600,000.

1997 Taxpayer Relief Act (TRA97)

The 1997 Taxpayer Relief Act (TRA97) gradually increased the gross estate value filing threshold from \$600,000 up to \$1 million by tax year 2006. This change affected which estates would be subject to the estate tax. Generally in the past, Oregon had only assessed a tax on Oregon estates that were large enough to be subject to the federal estate tax.

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

2001 Economic Growth and Tax Relief Reconciliation Act (EGTRRA)

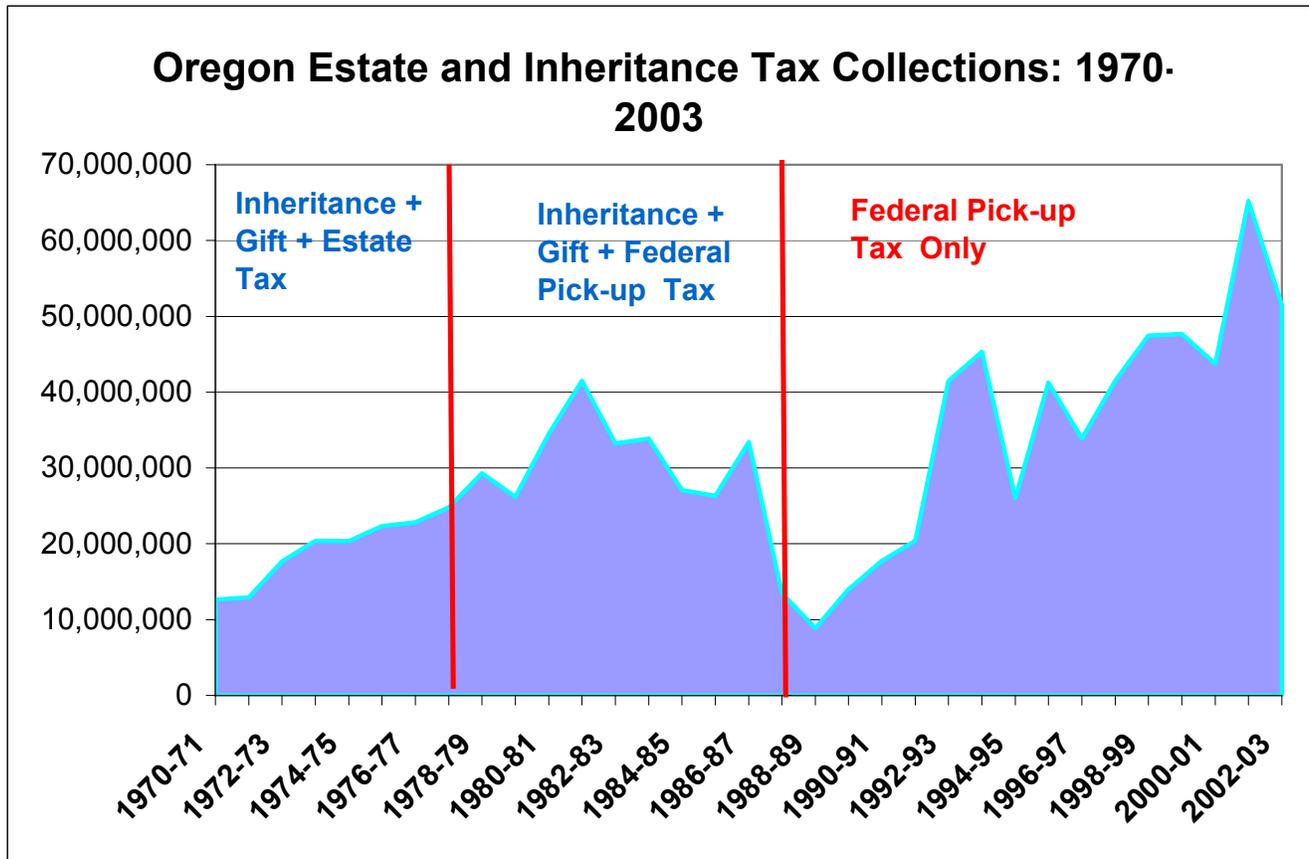
The 2001 federal Economic Growth and Tax Relief Reconciliation Act legislation – P.L. 107-16, made significant changes in a number of tax areas, including federal estate taxes. The 2001 federal estate tax law changes included a phase-out of the state death tax credit, an increase in the gross estate value filing threshold, a decrease in the federal highest estate tax rates and a complete elimination of the federal estate tax effective 2010 for one year. The phase-out of the total state death tax credit will eliminate the states' ability to capture a portion of each estate's federal tax liability by 2005. An increase in the gross estate value filing threshold will remove the tax assessment on certain smaller estates. The decrease in the federal highest estate tax rates also reduces the federal tax liability for estates. If Oregon connected to all the provisions in the 2001 estate tax law changes, Oregon's estate tax would be eliminated completely by tax year 2005.

Tax Year	% reduction	Tax Year	% reduction
Phase out of total state death tax			
2002	25%	2004	75%
2003	50%	2005	100%
Increase in gross estate value filing threshold from EGTRRA			
2002	\$ 1.0 million	2006	\$ 2.0 million
2004	\$ 1.5 million	2009	\$ 3.5 million
Decrease in federal highest estate tax rates			
2002	50%	2005	47%
2003	49%	2006	47%
2004	48%	2007 -2009	45%

2003 Legislative Changes in HB 3072 – Clarification in Oregon Law

Prior to the 2003 Oregon legislation (HB 3072), legal opinions indicated that Oregon had not adopted either the Taxpayer Relief Act (TRA97) or the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) in 2001. Up until 2001, Oregon's Department of Revenue had assumed Oregon had adopted the federal law change in 1997 (TRA97). The primary purpose of HB 3072 was to codify in law the connection to the Taxpayer Relief Act of 1997 for prior tax years 1998-2001. For deaths occurring in 2002, the gross estate value filing threshold was \$1 million, the same as the federal filing threshold under EGTRRA. Another important objective of HB 3072 was to clarify that Oregon's estate tax is connection to the federal law under the Taxpayer Relief Act of 1997 for deaths occurring in 2003 and beyond. Oregon is not connected to 2001 federal estate tax law changes contained in the Economic Growth and Tax Relief Reconciliation Act.

Inheritance Tax Collections from 1970-2002



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

Fiscal Yr.	\$ Amount	% Change
1987-88	13,476,313	-59.7%
1988-89	8,875,434	-34.1%
1989-90	13,962,361	57.3%
1990-91	17,766,526	27.2%
1991-92	20,398,303	14.8%
1992-93	41,480,573	103.4%
1993-94	45,323,450	9.3%
1994-95	26,014,021	-42.6%
1995-96	41,264,996	58.6%
1996-97	33,856,234	-18.0%
1997-98	41,489,930	22.5%
1998-99	47,483,851	14.4%
1999-00	47,684,649	0.4%
2000-01	43,729,981	-8.3%
2001-02	65,201,986	49.1%
2002-03	51,431,290	-21.1%

OREGON ESTATE TAXES - FOR DEATHS IN 2000 and 2001

Tax Year	Total # of Returns	Total OR Payable Tax
2000	746	43,348,624
2001	851	69,422,987

2000 Estate Tax Returns With Gross Estate Value				
Size of Oregon Gross Estate	# of Returns	% of total returns	OR Payable Tax	% of total OR Payable Tax
Under \$1 million	129	47%	1,196,908	12.5%
\$1 million up to \$1.5 million	60	22%	1,164,445	12.2%
\$1.5 million up to \$2 million	35	13%	1,310,578	13.7%
\$2 million up to \$3.5 million	28	10%	1,400,141	14.7%
\$3.5 million up to \$5 million	9	3%	1,056,856	11.1%
\$5 million up to \$10 million	6	2%	780,753	8.2%
\$10 million up to \$20 million	4	1%	2,550,733	26.7%
more than \$20 million	2	1%	83,616	0.9%
TOTAL	273	100%	9,544,030	100%
% of TOTAL RETURNS/TAX	37%		22%	

2001 Estate Tax Returns With Gross Estate Value				
Size of Oregon Gross Estate	# of Returns	% of total returns	OR Payable Tax	% of total OR Payable Tax
Under \$1 million	81	36%	669,969	4.4%
\$1 million up to \$1.5 million	60	26%	1,164,445	7.7%
\$1.5 million up to \$2 million	26	11%	724,286	4.8%
\$2 million up to \$3.5 million	22	10%	1,574,760	10.4%
\$3.5 million up to \$5 million	13	6%	1,100,778	7.3%
\$5 million up to \$10 million	13	6%	3,052,130	20.2%
\$10 million up to \$20 million	6	3%	4,306,588	28.5%
more than \$20 million	6	3%	2,528,960	16.7%
TOTAL	227	100%	15,121,917	100%
% of TOTAL RETURNS/TAX	27%		22%	

**STATE DEATH TAXES AFTER THE PASSAGE OF THE 2001 ECONOMIC GROWTH AND TAX RELIEF
RECONCILIATION ACT - As of October 2002**

State	Type of Tax / Relationship to Federal Credit	Description
PICK-UP TAX ONLY		
Alabama	Automatic	
Alaska	Automatic	
Arizona	Automatic	
Arkansas	Automatic	
California	Automatic	
Colorado	Automatic	
Delaware	Automatic	
District of Columbia	Fixed	Federal estate tax law as of 1/1/01.
Florida	Automatic	
Georgia	Automatic	
Hawaii	Automatic	
Idaho	Automatic	
Illinois	Automatic	
Maine	Automatic	For deaths occurring in 2002, the Maine tax is equal to the maximum state death tax credit allowed as of 12/31/01. In subsequent years, the Maine tax is equal to the credit allowed under federal law.
Massachusetts	Fixed	Federal estate tax law as of 12/31/00.
Michigan	Automatic	
Minnesota	Fixed	Federal estate tax law as of 12/31/00.
Mississippi	Automatic	
Missouri	Automatic	
Montana	Automatic	
Nebraska	Fixed	Converted its pick-up tax to a separate estate tax with a tax equivalent to the state death tax credit as in existence in 12/31/01. Tax applies to adjusted estates minus \$1 million.
Nevada	Automatic	
New Mexico	Automatic	
New York	Fixed	Federal estate tax law as of 07/98.
North Carolina	Fixed	Federal estate tax law as of 05/1/02 except that the amount of the pick-up tax is to be computed without regard to the phase-out of the state death tax credit. For deaths occurring on or after 1/1/04, the state pick-up tax will be equal to the state death
North Dakota	Automatic	
Oregon	Fixed	Federal estate tax law as of 12/31/97.
Rhode Island	Fixed	State death tax credit as it existed on 12/31/01.
South Carolina	Automatic	
South Dakota	Automatic	
Texas	Automatic	
Utah	Automatic	
Vermont	Fixed	State death tax credit as it existed on 1/1/01. Incorporated all other estate tax changes of EGTRRA.
Virginia	Fixed	Federal estate tax law as of 1/1/78.
Washington	Fixed	Federal estate tax law as of 1/1/01.
West Virginia	Automatic	
Wisconsin	Fixed	For deaths occurring from 10/1/02 - 12/31/07, the pick-up tax is computed under federal tax law as of 12/31/00. For deaths occurring after 12/31/07, the state tax is tied to federal law in effect at that time.
Wyoming	Automatic	
STAND-ALONE TAX		
Connecticut	Automatic	Repealed its stand-alone tax and will move to solely pick-up tax in 2006. The pick-up tax will expire for deaths occurring after 1/1/2005
Indiana	Automatic	
Iowa	Automatic	
Kansas	Fixed	Has an estate and a succession tax and they are separate taxes. The estate tax is tied to federal law as in effect 12/31/97.
Kentucky	Automatic	
Louisiana	Automatic	Transitioning to a pick-up tax only. State inheritance tax will expire for deaths occurring after June 30, 2004. The pick-up tax will expire for deaths after 12/31/04.
Maryland	Fixed	Connection to federal estate tax law as in effect 1/1/01. Imposes an inheritance tax on non-lineal heirs.
New Hampshire	Automatic	Imposes an 18% inheritance tax on non-lineal heirs. Inheritance tax will be repealed for deaths occurring after January 1, 2003.
New Jersey	Fixed	Imposes both an inheritance and estate tax. Estate tax is equal to the maximum state death tax credit allowed as of 12/31/01.
Ohio		Stand-alone estate tax. Where the state death tax credit exceeds the Ohio liability, the amount of the death tax credit is owed; Does not connect to the phase-out of the state death tax credit in EGTRRA.
Oklahoma	Automatic	
Pennsylvania	Fixed	Federal estate tax law as of 6/1/01.
Tennessee	Automatic	

SCHOOL FINANCE

K-12 School Districts

Oregon has 199 school districts serving about 555,000 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. Local revenues are included in the school distribution formula and are about 30% of state and local formula operating revenue.

State Support

The Legislature through the State School Fund (SSF) provides about 70% 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 2002-03. The 2001 Legislature also provided some funding outside the equalization formula for school improvements and small high schools.

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. To recognize that some students need more school services and their schools may face higher costs, the formula assigns weights to certain students. For example, special education students count as 2.0 students to recognize their need for special programs. Additional student weights are for English as a second language programs, students from families in poverty, remote small schools and others. A general purpose grant per weighted student is adjusted for the experience level of teachers and set at a level that allocates available funding. The formula also funds 70-90% of transportation costs, costs above \$25,000 per high cost disability student (\$12 million statewide per year limit) and up to 8% of classroom construction costs (\$17.5 million limit per biennium).

Local Option

School districts may ask voters to approve temporary local option levies. The levies are limited to the lessor of (1) the district Measures 5 and 50 tax gap, (2) 15% of formula revenue or (3) \$750 per weighted student.

Education Service Districts

The school system also includes education service districts (ESDs). Twenty ESDs provide regional educational support services. ESD property taxes and state aid account for about 5% of statewide K-12 school and ESD general operating revenue. Their major source of general revenue is state aid. Before Measure 5 (1990), they received no state aid. Subsequently state support helped replace reduced property taxes. In 1999-00 state support was increased primarily to help 9 ESDs below the state average revenue per student as a prelude to equalization.

The 2001 Legislature adopted a phased-in plan to equalize ESD revenue. Those below the state ESD average revenue per student gradually receive more and those above the average gradually receive less. Final equalization begins in 2005-06 when revenue for each ESD is 5.26% of the formula revenue of its component school districts. This makes the ESD share of total ESD and K-12 school formula revenue 5%.

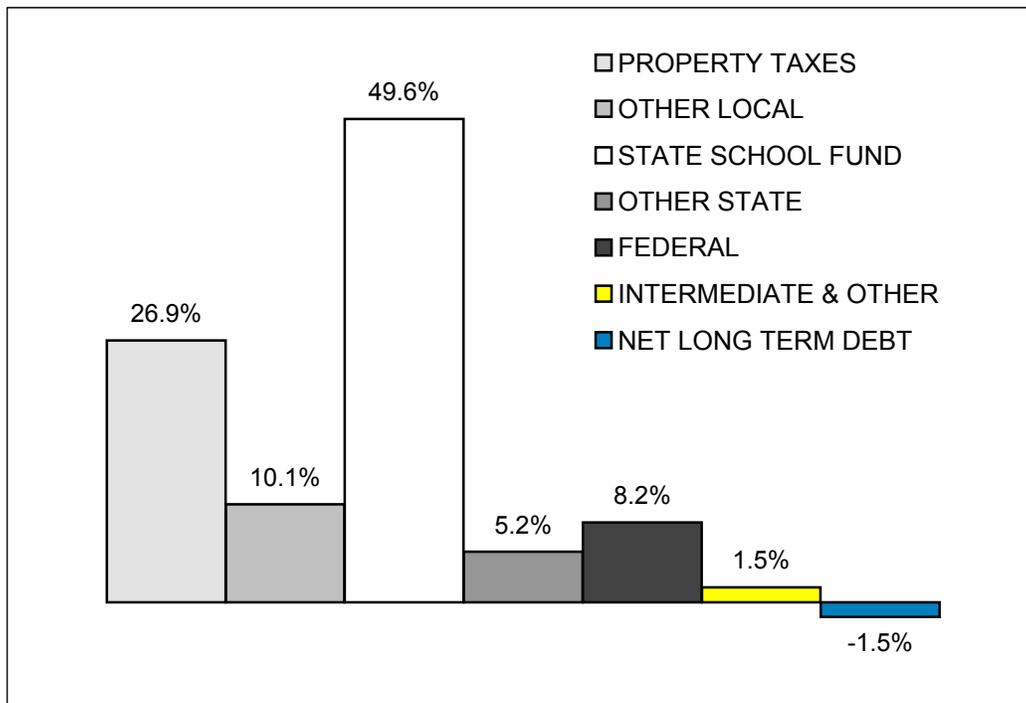
Community Colleges

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

TOTAL SCHOOL RESOURCES

2001-02 Audited

	K-12	ESD	TOTAL
PROPERTY TAXES	1,240,753	66,190	1,306,943
OTHER LOCAL REVENUES	422,094	67,053	489,147
STATE SCHOOL FUND	2,319,704	93,001	2,412,705
COMMON SCHOOL FUND	15,820	72	15,892
OTHER STATE REVENUE	172,378	64,116	236,494
FEDERAL FOREST FEES	31,385	0	31,385
OTHER FEDERAL REVENUE	307,828	59,268	367,096
INTERMEDIATE & OTHER	59,806	14,869	74,676
NET LONG TERM DEBT	<u>-69,657</u>	<u>-2,816</u>	<u>-72,473</u>
TOTAL REVENUE	4,500,111	361,753	4,861,864
PLUS BEG. BALANCE	<u>1,879,426</u>	<u>75,985</u>	<u>1,955,411</u>
TOTAL RESOURCES	6,379,537	437,737	6,817,275
LESS TOTAL EXPENDITURES	<u>-4,680,922</u>	<u>-365,032</u>	<u>-5,045,954</u>
ENDING BALANCE	1,698,615	72,705	1,771,320



Note: Numbers in thousands and exclude interfund transfers.

Source: Oregon Department of Education data base.

STATE SCHOOL SUPPORT HISTORY

Fiscal Year	K-12 Audited Current Operating Expenditures		Basic School Support Appropriation		BSSF Share of Operating Expenditures
	\$1,000	% Change	\$1,000	% Change	
1947-48	43,513		15,946		36.6%
1948-49	51,800	19.0%	16,954	6.3%	32.7%
1949-50	58,799	13.5%	17,489	3.2%	29.7%
1950-51	63,213	7.5%	18,425	5.4%	29.1%
1951-52	72,330	14.4%	29,597	60.6%	40.9%
1952-53	78,720	8.8%	30,986	4.7%	39.4%
1953-54	87,691	11.4%	32,370	4.5%	36.9%
1954-55	94,844	8.2%	33,478	3.4%	35.3%
1955-56	102,336	7.9%	35,178	5.1%	34.4%
1956-57	114,016	11.4%	36,378	3.4%	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%

Fiscal Year	K-12 Audited Current Operating Expenditures		Basic School Support Appropriation		BSSF Share of Operating Expenditures
	\$1,000	% Change	\$1,000	% Change	
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 Operating Revenue		State School Fund		SSF Share of Operating Revenue
	\$1,000	% Change	\$1,000	% Change	
1991-92	2,379,032		818,391		34.4%
1992-93	2,590,575	8.9%	1,100,300	34.4%	42.5%
1993-94	2,475,136	-4.5%	1,131,900	2.9%	45.7%
1994-95	2,605,406	5.3%	1,427,000	26.1%	54.8%
1995-96	2,651,525	1.8%	1,750,000	19.1%	66.0%
1996-97	2,715,451	2.4%	1,759,700	0.6%	64.8%
1997-98	2,918,589	7.5%	2,022,873	15.0%	69.3%
1998-99	2,989,171	2.4%	2,100,040	3.8%	70.3%
1999-00	3,210,469	7.4%	2,243,058	6.8%	69.9%
2000-01	3,333,835	3.8%	2,339,200	4.3%	70.2%
2001-02	3,469,061	4.1%	2,428,964	3.8%	70.0%
Est. 2002-03	3,233,340	-6.8%	2,146,933	-11.6%	66.4%
Est. 2003-04	3,700,100	14.4%	2,590,900	20.7%	70.0%
Est. 2004-05	3,774,800	2.0%	2,615,600	1.0%	69.3%

- Notes:
1. In 1992-93 state aid shifted to the State School Fund with a new distribution formula.
 2. Operating revenue does not include federal and other non-formula revenue.
 3. 1993-94 to present, State School Fund includes funds for state youth correction schools.
 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. The 1999-01 interim Emergency Board added revenue to the State School Fund appropriation.
 7. 2001-02 to present, State School Fund includes funds for state juvenile detention programs

K-12 SCHOOL EQUALIZATION FORMULA

STATE SCHOOL FUND

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

School District Revenue

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

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 new 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) except Portland PERS bond and desegregation costs
- Common School Fund
- County School Fund
- Federal timber related revenue
- State managed county trust forests (Chapter 530)
- ESD funds required to be shared with school districts
- Revenue *in lieu* of property taxes
- Supplantable federal funds

General Purpose Revenue

$$\text{General Purpose Grant} = \text{Weighted Students (ADMw)} \times \$4,500 \text{ Adjusted by Teacher Experience and Balanced to Available Funds}$$

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 as a Second Language	0.50	1.50
Pregnant and Parenting	1.00	2.00
Students in Poverty Adjusted	0.25	1.25
Neglected and Delinquent	0.25	1.25
Students in Foster Care	0.25	1.25
Grade and School		
Kindergarten	-0.50	0.50
Elementary District	-0.10	0.90
Union High District	0.20	1.20
Remote Small School	Varies	

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

Individual Education Program Weight

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

Remote Small School Weight

A school site qualifies for additional ADMw if

	<u>Elementary</u>	<u>High</u>
ADM less than (varies with grades)	224 (8gr)	350 (4gr)
Distance to nearest school more than	8 miles	10 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 is being phased out at 25% in 2003-05 and sunsets at the end of 2004-05.

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 is currently about 1.14 using \$4,500 per ADMw. The equivalent amount is \$5,130 per ADMw.

Transportation Revenue

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

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

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

Approved transportation costs are the following:

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

High Cost Disability Revenue

High Cost Disability Grant	=	Up to Sum of Costs above \$25,000 per Disability Student
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For a student with approved disability costs above \$25,000, the grant is the cost minus \$25,000. The district grant is the sum of the grants for each student with disability costs above \$25,000. ESD costs for each

student can be included in the student total. Total district grants cannot exceed \$12 million per year. If grants exceed this amount, the grants are reduced proportionally. The grant is in effect only for the 2003-05 biennium and then sunsets.

New Facility Revenue

Facility Grant	=	Up to 8% of Construction Costs
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Districts adding new classroom space receive up to 8% of construction (excluding land) and portable unit costs for furnishings and equipment. Total grants are limited to \$17.5 million per biennium. If grants at 8% exceed the limit, the percent is reduced. The actual percent is about 4%.

2003-05 Funding Level

The equalization formula is not dependent on the amount of the State School Fund appropriation. If the temporary personal income tax assessment is referred and defeated, the formula continues to operate at a lower funding level. The primary effect would be the decrease of general purpose grants.

Other State School Fund Allocations

Just like school districts, Education Service Districts receive funding from the State School Fund. The Legislature also funds special programs separate from the school formula. Districts with small high schools are allocated \$5 million and certain state special education programs receive about \$16 million from the State School Fund in the 2003-05 biennium.

Note: Categorical Grants and Other Funds

The Legislature funds various special programs outside the State School Fund (SSF) grant such as regional and hospital programs.

FORMULA GRANT PERCENTAGE BY DISTRICT SIZE					
2003-04 Estimates					
District Size by ADM	# of Districts	General Purpose	Transportation	High Cost Disability	Facility
0- 500	77	93.96%	5.83%	0.15%	0.06%
500- 1,000	33	94.39%	5.16%	0.23%	0.22%
1,000- 3,000	43	95.22%	4.12%	0.18%	0.48%
3,000- 5,000	17	95.74%	3.71%	0.30%	0.25%
5,000-10,000	17	95.35%	4.04%	0.27%	0.34%
10,000-30,000	9	95.63%	3.73%	0.37%	0.27%
30,000-50,000	3	95.90%	3.43%	0.62%	0.05%

Note: Omits reserve funds for low student count and IEP waivers.
Estimates as of Sept. '03.

ESD EQUALIZATION FORMULA PHASE-IN STATE SCHOOL FUND

$$\begin{array}{c}
 \text{General Services Revenue} \\
 \text{State School Fund Grant} + \text{Local Revenue}
 \end{array}
 =
 \begin{array}{c}
 \text{Balanced} \\
 \text{Percent To Balance}
 \end{array}
 \times
 \begin{array}{c}
 \text{Base Revenue} \\
 \text{Higher (1) prior year \$} \\
 \text{or (2) prior year \$ /} \\
 \text{Student * ADMw}
 \end{array}
 +
 \begin{array}{c}
 \text{Gap Revenue (Base Adjustment)} \\
 \text{Gap Percent X (Target - Base)}
 \end{array}
 +
 \begin{array}{c}
 \text{Minimum Revenue} \\
 \text{Extra \$ if Below Minimum}
 \end{array}$$

Equalization Phase-in

The phased-in ESD equalization formula determines each ESD's operating revenue from the State School Fund and local revenue. It is calculated using a revenue base, equalization target and revenue gap.

The phase-in is characterized by (1) the revenue per student of low funded districts gradually increasing toward the equalization target and (2) the revenue of high funded districts gradually decreasing toward the equalization target.

The third year of a 5 year phase-in starts in 2003-04. Initial constraints are excluded from this summary. Final equalization begins in 2005-06.

Component School Districts

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

ESD Students (ADMw)

For purposes of revenue distribution the student count for an ESD is the sum of the students in its component school districts. Likewise the weighted student count is the sum of this count for its component school districts.

Local Revenue

Local revenue is the sum of these sources:
 Operating property tax collections (including prior years)
 State managed county trust timber (Chapter 530).

Revenue Base

The base is the greater of (1) prior year state and local formula revenue or (2) prior year state and local revenue per weighted student times current year weighted students.

Equalization Target

The target is a percent of the state and local K-12 equalization formula revenue allocated to component school districts. See following table for the split of the

Year	ESD Share Of Total	ESD Share Of K-12
2002-03	4.64%	4.866%
2003-04	4.75%	4.987%
2004-05	4.85%	5.097%
2005-06	5.00%	5.263%

state total between school districts and ESDs and the phase-in percents.

Revenue Gap

The gap is the difference between the revenue target and the revenue base. This amount varies by ESD. If the target is greater than the base, the ESD is a low funded ESD and its allocation increases during the phase-in. If the target is less than the base, the ESD is a high funded ESD and its allocation decreases during the phase-in.

Base Adjustment

The adjustment moves the base up toward the target if the target is above the base and moves the base down toward the target if the base is above the target.

For high funded ESDs (target below base) the base is adjusted down by a percent of the gap. The percent increases

High Funded ESDs	
Year	Gap Percent
2002-03	25.00%
2003-04	33.33%
2004-05	50.00%
2005-06	No gap

by year, but is applied to a smaller gap. Refer to the table for

yearly phase-in percents. For low funded ESDs (base below target) the base is increased by a percent of the gap. This percent is not fixed, but calculated to distribute the available funds each year.

Minimum Allocation

If the initial district allocation is less than a minimum amount, it is replaced by the minimum. Then the allocations and any minimums are reduced by the percent necessary to balance to available funds. The district minimum is \$800,000 in 03-04, \$900,000 in 04-05 and \$1,000,000 beginning in 05-06.

State School Fund Grant

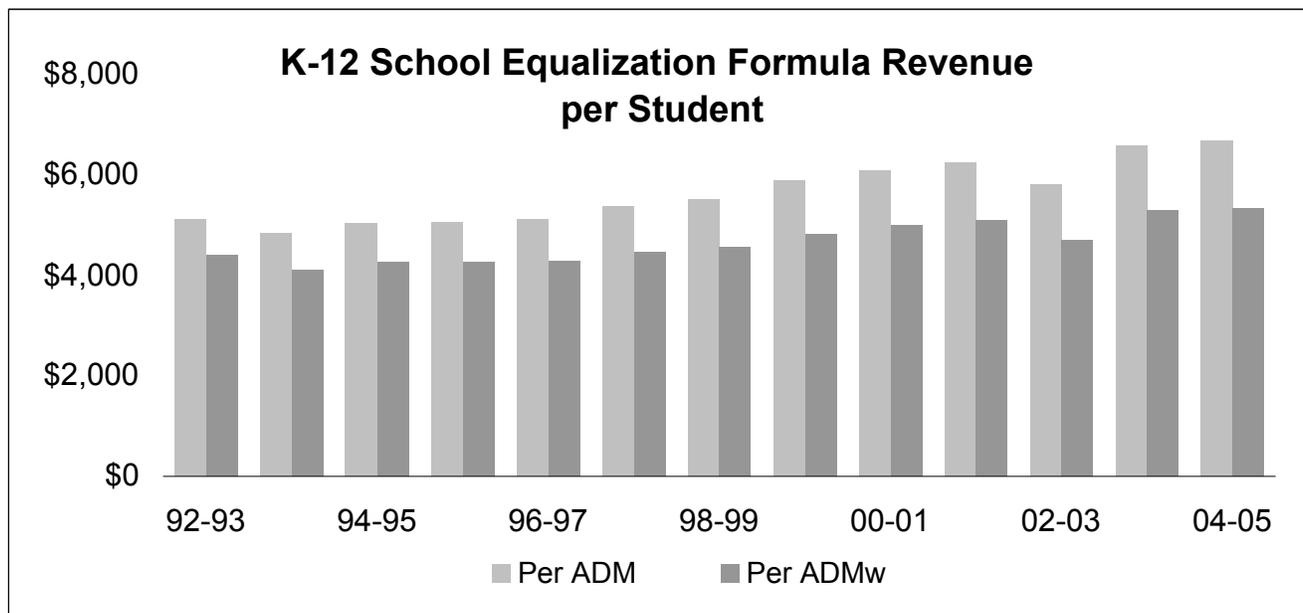
The grant is the allocation amount less local revenue. Any local revenue in excess of the allocation is distributed to component districts.

Equalization Beginning in 05-06

The ESD share of both school district and ESD formula revenue is 5%. The K-12 equalization formula uses 95% of this total to allocate to school districts. The ESD formula allocates 5.263% of the ESD's component school districts' formula amount to the ESD. An ESD's State School Fund grant is this allocation less its local revenue.

K-12 SCHOOL EQUALIZATION FORMULA REVENUE PER STUDENT

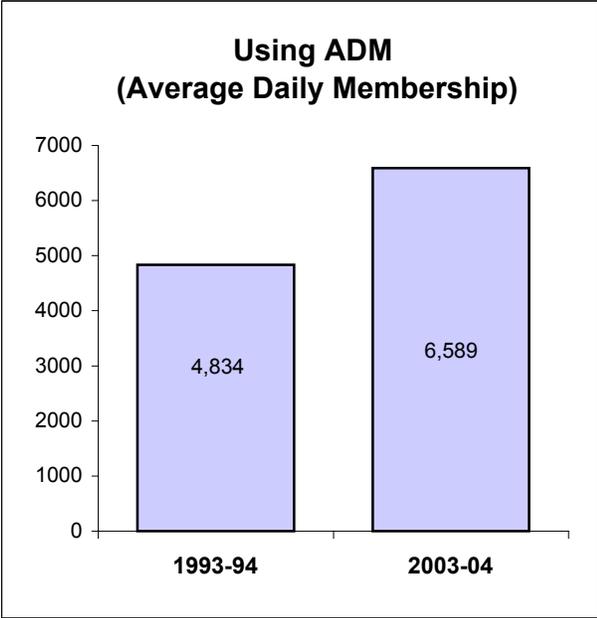
	Average Daily Membership				State School Fund and Formula Local Revenue			
	Unweighted (ADM)		Weighted (ADMw)		\$ Per ADM		\$ Per ADMw	
	#	Growth	#	Growth	\$	Change	\$	Change
	1992-93	486,829		566,858		5,120		4,397
1993-94	491,982	1.1%	578,602	2.1%	4,834	-5.6%	4,110	-6.5%
1994-95	495,076	0.6%	586,828	1.4%	5,043	4.3%	4,255	3.5%
1995-96	501,919	1.4%	595,073	1.4%	5,065	0.4%	4,272	0.4%
1996-97	508,579	1.3%	605,696	1.8%	5,109	0.9%	4,290	0.4%
1997-98	514,094	1.1%	616,998	1.9%	5,371	5.1%	4,475	4.3%
1998-99	517,348	0.6%	624,228	1.2%	5,501	2.4%	4,559	1.9%
1999-00	519,587	0.4%	632,895	1.4%	5,883	6.9%	4,830	5.9%
2000-01	522,753	0.6%	638,012	0.8%	6,091	3.5%	4,991	3.3%
2001-02	528,346	1.1%	647,960	1.6%	6,245	2.5%	5,092	2.0%
2002-03 Est.	530,680	0.4%	655,486	1.2%	5,799	-7.1%	4,695	-7.8%
2003-04 Est.	533,100	0.5%	664,441	1.4%	6,589	13.6%	5,286	12.6%
2004-05 Est.	536,300	0.6%	671,767	1.1%	6,674	1.3%	5,328	0.8%
12 Year Grow	10.2%		18.5%		30.4%		21.2%	



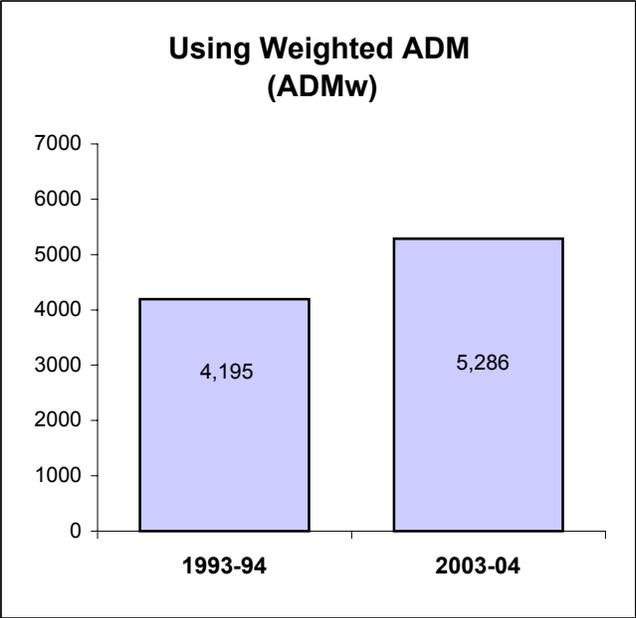
Notes:

- Excludes revenue outside the school formula like lottery revenue bonds and federal funds.
- ADMw is extended ADMw (higher of current or prior year ADMw).
- Includes students in youth corrections beginning in 1997-98.
- Includes students in youth detention beginning in 2001-02.
- 2004-05 uses the close-of-session state funding level.

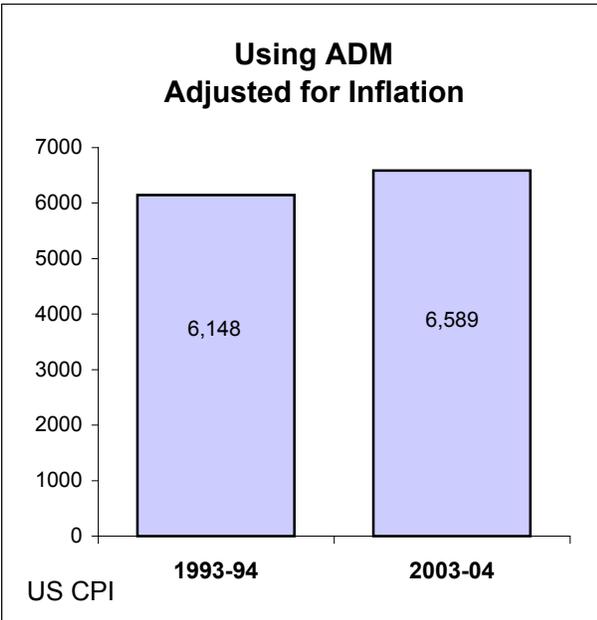
K-12 SCHOOL FINANCIAL TRENDS STATE AND LOCAL FORMULA REVENUE PER STUDENT 10 Year Comparison



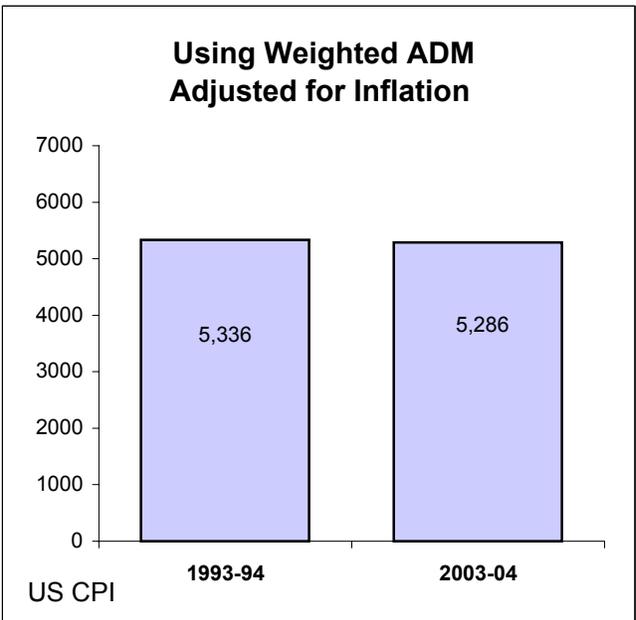
Revenue per student increases about 36%.



Revenue per weighted student increases about 26%.



Revenue per student adjusted for inflation increases about 7%.



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

Note: 2003-04 numbers are based on estimated student counts, local revenue and inflation at close-of-session.

K-12 and ESD REVENUE HISTORY

Summary of State School Fund and Local Formula Revenue

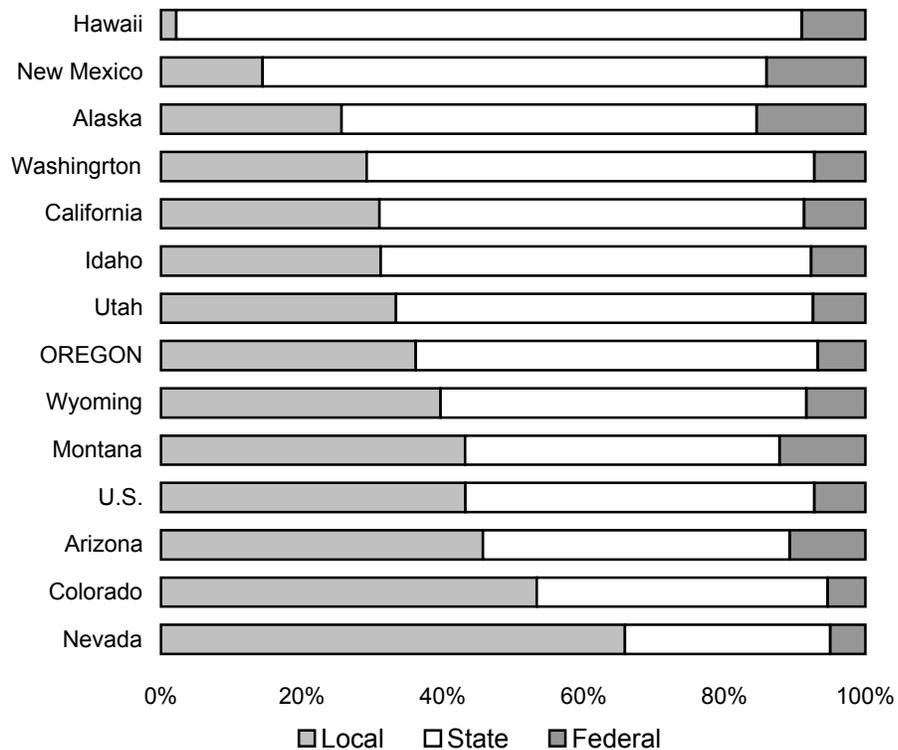
Historical Data Adjusted to Comparable Funding Sources

Revenue Source	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
State	Estimates											
State School Fund	1131.9	1,427.0	1,750.0	1759.7	2048.4	2101.6	2246.2	2339.2	2428.96	2146.93	2590.93	2615.57
Local K-12												
Property and Timber Taxes	1,219.9	1,060.3	799.6	848.3	781.6	801.7	845.6	873.4	922.7	956.1	988.9	1,034.4
Other Local	65.4	62.6	63.2	64.3	56.0	50.4	84.0	84.0	77.0	87.9	68.7	71.0
Excluded from Formula	<u>-13.5</u>	<u>-13.4</u>	<u>-13.4</u>	<u>-13.3</u>	<u>-20.0</u>	<u>-20.0</u>	<u>-23.1</u>	<u>-22.1</u>	<u>-22.6</u>	<u>-22.8</u>	<u>-19.5</u>	<u>-19.6</u>
	1,271.8	1,109.5	849.4	899.4	817.6	832.0	906.4	935.3	977.2	1,021.2	1,038.0	1,085.8
Local ESD												
Property Tax	76.6	74.0	56.6	61.4	56.5	59.5	61.8	63.2	66.6	68.5	71.1	74.5
Shared with K-12	<u>-5.2</u>	<u>-5.1</u>	<u>-4.5</u>	<u>-5.0</u>	<u>-3.9</u>	<u>-3.9</u>	<u>-3.9</u>	<u>-3.8</u>	<u>-3.6</u>	<u>-3.3</u>	<u>0.0</u>	<u>-1.0</u>
	71.5	68.9	52.1	56.4	52.6	55.5	57.8	59.3	62.9	65.2	71.1	73.5
Total Sources	2,475.1	2,605.4	2,651.5	2,715.5	2,918.6	2,989.2	3,210.5	3,333.8	3,469.1	3,233.3	3,700.0	3,774.8
Revenue Allocation												
ESD												
Districts	97.0	108.5	109.5	117.1	130.8	139.5	148.7	148.7	157.3	143.5	175.2	182.4
OPEN Technology	0.0	0.0	0.0	0.0	1.0	1.0	1.1	1.1	0.0	0.0	0.0	0.0
K-12												
Out-of-State Disability Fund	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.4	0.4	0.4	0.0	0.0
Small High School Grants									4.6	4.6	2.5	2.5
State Special Education									7.2	7.5	8.0	8.5
Youth Corrections & Detention	0.5	0.5	5.4	6.9	8.3	9.3	10.6	10.9	13.0	12.0	11.0	11.3
District Equalization Formula	2,377.6	2,496.4	2,536.6	2,591.4	2,752.8	2,836.9	3,046.0	3,173.1	3,286.3	3,065.6	3,501.4	3,568.0
Misc. & Prior Year Corrections	0.0	0.0	0.0	0.0	-0.2	0.5	0.5	-0.4	0.2	-0.2	2.0	2.0
State												
Over Cap for Lottery Bonds	0.0	0.0	0.0	0.0	25.5	1.6	3.1	0.0	0.0	0.0	0.0	0.0
Total Allocation	2,475.1	2,605.4	2,651.5	2,715.5	2,918.6	2,989.2	3,210.5	3,333.8	3,469.1	3,233.3	3,700.0	3,774.8
Other State Revenue												
K-12 Lottery-Backed Bonds	0.0	0.0	0.0	0.0	0.0	150.0	56.0	71.0	0.0	0.0	0.0	0.0
K-12 Other/School Improvement	0.0	0.0	0.0	0.0	55.0	0.0	27.0	27.0	108.0	0.0	0.0	0.0

Notes: Dollars in millions. 2004-05 uses the close-of-session state school funding level.
 State School Fund in 90-91 and 91-92 includes special education funds folded into SSF formula.
 Pre-1997-98 years adjusted to exclude Portland property tax for PERS bond.

2001-02 REVENUE PER STUDENT WESTERN STATES COMPARISON BY SOURCE

State	Rank	Total	Local	State	Federal
Alaska	5	10,118	2,594	5,961	1,562
Wyoming	15	8,540	2,776	4,434	717
U.S.		7,957	3,414	3,940	578
OREGON	20	7,952	2,740	4,538	538
Hawaii	25	7,559	165	6,711	684
Washington	26	7,546	2,203	4,795	548
California	29	7,462	2,312	4,498	652
Colorado	34	7,124	3,771	2,942	383
Montana	36	6,992	2,385	3,122	852
Nevada	37	6,947	4,574	2,024	349
New Mexico	38	6,905	995	4,938	972
Arizona	45	6,455	2,780	2,812	694
Idaho	47	6,005	1,871	3,670	463
Utah	51	5,370	1,790	3,180	401



Source: National Center for Education Statistics, Revenue and Expenditures...,2001-02
 Note: Numbers may not be completely comparable due to state definitional differences.
 Students is fall enrollment.

(Graph includes intermediate in local)

HIGHWAY TAXES

Highway finance in Oregon depends on the following five major revenue sources:

1. Fuel taxes include Motor Fuel Tax (gasoline) and Use fuel tax (diesel, natural gas, etc.) currently at 24 cents per gallon. Motor Fuel Tax is paid by the wholesaler and included in the price at the pump with refunds for non-highway or exempt use. Use Fuel tax is paid by the retailer when purchased for highway use. Heavy vehicles subject to weight-mile taxes are exempt from Use Fuel Tax and eligible for refund of any Motor fuel tax paid.
2. Weight-Mile taxes (WMT) on heavy vehicles (trucks) are paid monthly to the Motor Carrier Transportation Division of the Department of Transportation for each mile traveled on Oregon roads. The cost per mile is based on the declared gross weight of the truck. The rate schedule ranges, in 2,000-pound increments, from 26,000 to 105,500. The rates increase from 4.00 cents per mile to 13.16 cents per mile for trucks below 80,000 pounds. The rates for trucks over 80,000 depend on the number of axles. Log, sand and gravel, and wood chip trucks may elect to pay monthly fees in lieu of weight-mile taxes (flat fees). These are based on gross vehicle weight and do not vary with miles traveled.
3. Motor vehicle registration fees are imposed on cars and trucks. Cars and other vehicles under 8,000 pounds pay a \$54 biennial fee (new vehicles: \$108 for 4 years). Trucks pay a fee based on gross weight. These fees range from \$169 to \$636 with reduced fees for nonprofit organizations, tow trucks, and farm vehicles.
4. Vehicle Titling Fees are imposed on cars and trucks. Vehicles under 26,000 pounds pay \$55 and vehicles over 26,000 pounds pay \$90.
5. Bonding, which has been low in Oregon historically, was increased by HB 2142 (2001), HB 4010 (2002, First Special Session), and by HB 2041 (2003). HB 2142 dedicated \$71.2 million annually for debt service on bonds producing up to \$400 million in net proceeds for modernization projects. HB 4010 increased the limit on net proceeds to \$500 million. HB 2041 increased most fees and tax rates to provide debt service on bonds to yield \$1.6 billion in net proceeds for bridge repair and replacement and \$300 million in net proceeds for highway modernization.

These revenue sources supply most state funds available for highways. There are numerous other special fees such as recreational vehicles and motor homes registration fees, personalized license plates, and driver's licenses. Some of these are dedicated to non-highway uses.

The Oregon Constitution requires all tax revenues collected upon ownership or operation of motor vehicles be used for road related expenditures (except recreational vehicle fees which can be used for parks). The Constitution was amended in 1999 to require that light and heavy vehicles pay state user fees in proportion to the costs incurred on behalf of each vehicle class.

Highway Fund

Net revenues from the taxes and fees listed above are deposited into an account known as the Highway Fund. The Highway Fund is distributed to the state, cities and counties for road construction and maintenance. ODOT will have to track revenues separately for title fees at \$10, \$30, and at \$55; for registration fees and WMT before and after the HB 2041 increases; and for various license and other fees before and after the HB 2041 because they are distributed differently. The formulas for these distribution are shown in the table below, where Base includes all revenues from taxes and fees before the increases in HB 2142 and HB 2041, OITA is the \$71.2 million in revenues dedicated to debt service in HB 2142 of the 2001 session, Bridges includes the revenue from the HB 2041 increases in title fees, registration fees and WMT that are dedicated to

debt service, and Misc. includes the revenues from the HB 2041 increases in license and other fees. The distribution for OTIA is any excess of the \$71.2 million that is not required for debt service (\$5.1 million in 2002-03). In the case of the Bridge distribution, any revenue not used for debt service goes to the indicated jurisdiction.

HIGHWAY FUND DISTRIBUTION

<u>Recipient</u>	<u>Base</u>	<u>OTIA</u>	<u>Bridge*</u>	<u>Misc.</u>
State	60.05%	50%	57.53%	0%
Counties	24.38%	30%	25.48%	60%
Cities	15.57%	20%	16.99%	40%

* All revenues go to ODOT for debt service on bonded projects in the indicated jurisdictions.

Moneys distributed to the counties are in proportion to vehicle registrations and city distributions are in proportion to population. HB 3582 (2003) requires an interim study by the Association of Oregon Counties of alternative methods of distributing county revenues.

Total Transportation Revenue

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

Total Transportation Revenue (millions of dollars)				
	Actual Revenue			Legislative Approved
Revenue Source	1997-99	1999-01	2001-03	2003-05
Beginning Balance	114.2	53.6	160.6	510.9
Revenues				
Fuel Taxes	800.8	808.6	824.8	830.2
Weight-Mile Taxes	477.8	429.8	390.3	431.9
Driver & Vehicle Licenses	218.1	228.7	304	428.1
General Fund	0.7	19.9	17.1	3.9
Federal Funds	602.2	584.8	671.6	724.4
Lottery	20.2	17.6	6	21.1
Bond & COP Proceeds	16.4	58.5	291.2	195.6
All Other	172.8	172.8	220.2	267
Total Revenue	2309.0	2,347.7	2,725.2	2,902.2
Total Resources	2423.2	2,401.2	2,885.8	3,413.1

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

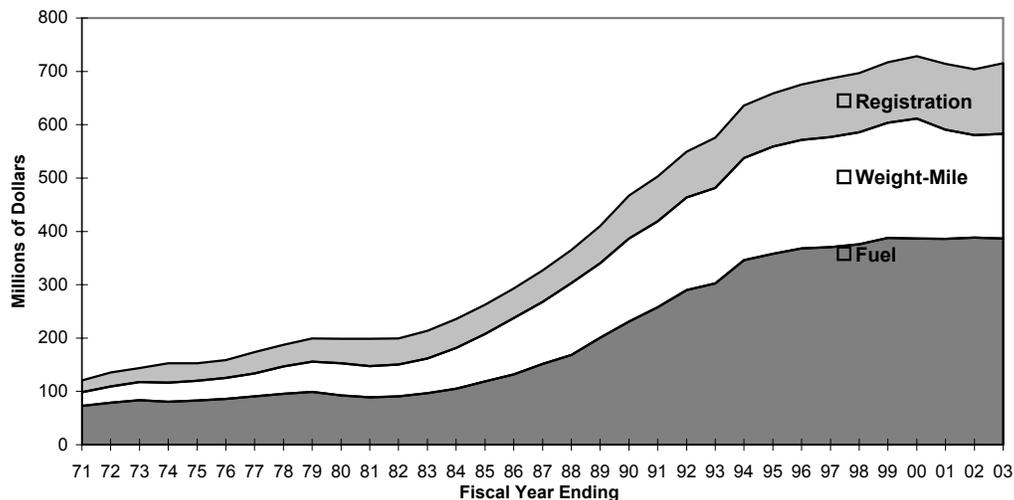
MOTOR VEHICLE AND FUEL TAX REVENUES

Gross Tax Collections* (millions)

Fiscal Year	Fuel Tax		Weight-Mile Tax		Registration & License		Total Collections	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	Growth
1970-71	72.7	60.2%	25.9	21.4%	22.2	18.4%	120.8	
1971-72	78.6	58.1%	30.4	22.5%	26.3	19.4%	135.3	12.0%
1972-73	83.4	58.1%	34.1	23.8%	26.0	18.1%	143.5	6.1%
1973-74	80.4	52.7%	36.2	23.7%	36.0	23.6%	152.6	6.3%
1974-75	82.7	54.1%	37.0	24.2%	33.1	21.7%	152.8	0.1%
1975-76	86.1	54.2%	39.3	24.7%	33.5	21.1%	158.9	4.0%
1976-77	90.6	52.1%	43.3	24.9%	40.0	23.0%	173.9	9.4%
1977-78	95.7	51.1%	50.8	27.1%	40.7	21.7%	187.2	7.6%
1978-79	99.2	49.8%	56.5	28.4%	43.3	21.8%	199.0	6.3%
1979-80	92.4	46.6%	60.1	30.3%	45.9	23.1%	198.4	-0.3%
1980-81	88.8	44.8%	58.8	29.6%	50.8	25.6%	198.4	0.0%
1981-82	90.6	45.4%	60.0	30.1%	48.9	24.5%	199.5	0.6%
1982-83	96.6	45.2%	65.2	30.5%	51.9	24.3%	213.7	7.1%
1983-84	104.9	44.6%	76.4	32.5%	54.1	23.0%	235.4	10.2%
1984-85	118.6	45.2%	89.1	34.0%	54.7	20.8%	262.4	11.5%
1985-86	132.0	45.1%	105.6	36.1%	55.1	18.8%	292.7	11.5%
1986-87	151.5	46.3%	116.6	35.6%	59.0	18.0%	327.1	11.8%
1987-88	168.3	46.1%	135.0	37.0%	61.6	16.9%	364.9	11.6%
1988-89	200.6	48.9%	139.5	34.0%	69.7	17.0%	409.9	12.3%
1989-90	231.1	49.5%	155.3	33.3%	80.5	17.2%	467.0	13.9%
1990-91	257.6	51.2%	161.1	32.0%	84.5	16.8%	503.2	7.8%
1991-92	290.2	52.8%	173.2	31.5%	86.2	15.7%	549.6	9.2%
1992-93	302.3	52.5%	179.1	31.1%	94.5	16.4%	575.9	4.8%
1993-94	345.9	54.4%	191.4	30.1%	98.6	15.5%	635.9	10.4%
1994-95	357.8	54.3%	201.3	30.6%	99.5	15.1%	658.6	3.6%
1995-96	368.1	54.5%	203.3	30.1%	104.1	15.4%	675.6	2.6%
1996-97	370.2	53.9%	206.9	30.1%	109.3	15.9%	686.4	1.6%
1997-98	375.6	53.9%	209.9	30.1%	111.3	16.0%	696.9	1.5%
1998-99	387.9	54.1%	216.1	30.1%	113.1	15.8%	717.1	2.9%
1999-00	386.4	53.0%	225.1	30.9%	116.9	16.1%	728.5	1.6%
2000-01	386.2	54.1%	204.4	28.6%	123.3	17.3%	713.9	-2.0%
2001-02	388.2	55.2%	192.3	27.3%	123.2	17.5%	703.7	-1.4%
2002-03	386.3	54.0%	196.5	27.5%	132.3	18.5%	715.1	1.6%

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

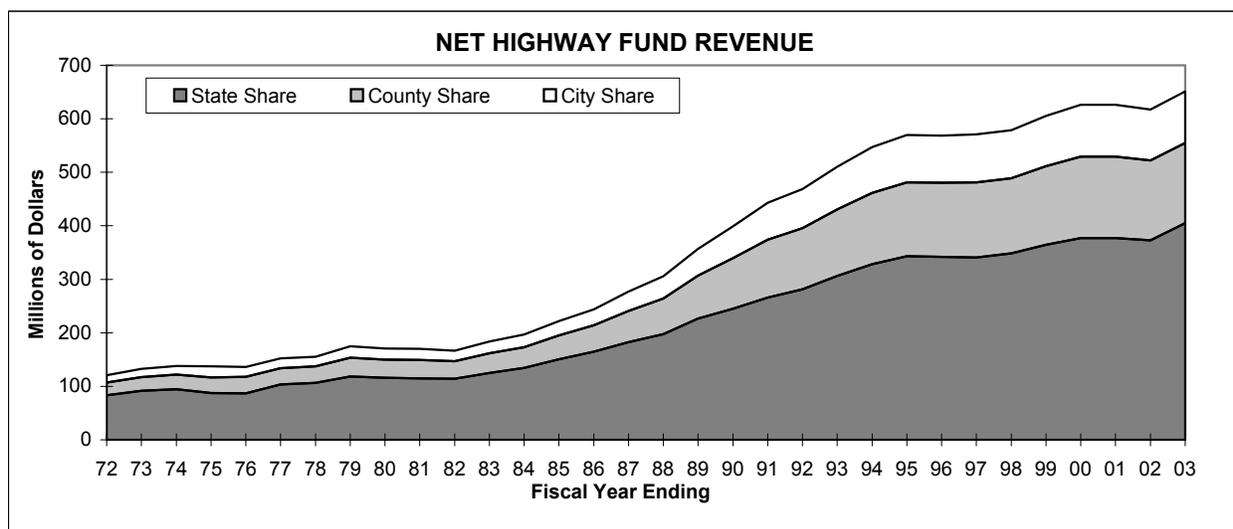
MOTOR VEHICLE AND FUEL TAX REVENUE



NET HIGHWAY FUND REVENUE
(millions)

Fiscal Year	Total Highway Fund	Less Transfers to		Net State Revenue	Growth
		Cities	Counties		
1971-72	120.8	14.0	23.8	83.0	7.5%
1972-73	132.5	15.1	25.8	91.6	10.4%
1973-74	138.0	16.3	27.1	94.6	3.3%
1974-75	137.6	21.1	28.9	87.6	-7.4%
1975-76	136.2	18.6	30.8	86.8	-0.9%
1976-77	152.5	18.4	30.5	103.6	19.4%
1977-78	155.5	18.4	30.6	106.5	2.8%
1978-79	174.7	21.1	35.1	118.5	11.3%
1979-80	170.8	20.7	34.1	116.0	-2.1%
1980-81	170.3	21.0	34.6	114.7	-1.1%
1981-82	166.7	19.9	32.9	113.9	-0.7%
1982-83	184.0	22.4	36.9	124.7	9.5%
1983-84	196.6	23.4	38.9	134.3	7.7%
1984-85	221.9	27.0	44.3	150.6	12.1%
1985-86	243.8	29.9	49.2	164.7	9.4%
1986-87	277.4	36.3	58.4	182.7	10.9%
1987-88	305.6	41.3	66.6	197.7	8.2%
1988-89	356.6	50.0	80.0	226.6	14.6%
1989-90	399.1	59.8	94.4	244.9	8.1%
1990-91	442.9	69.0	108.1	265.8	8.5%
1991-92	468.8	73.1	114.5	281.2	5.8%
1992-93	510.2	79.4	124.4	306.4	9.0%
1993-94	546.9	85.1	133.3	328.5	7.2%
1994-95	569.5	88.2	138.3	343.0	4.4%
1995-96	568.8	88.3	138.5	342.0	-0.3%
1996-97	571.0	89.6	140.6	340.8	-0.4%
1997-98	578.7	89.6	140.6	348.5	2.3%
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	-1.1%
2002-03	651.7	95.9	150.2	404.9	8.6%

Source: Oregon Department of Transportation



Motor Fuel Tax Rates (cents per gallon)
January 1, 2003

State	Gasoline Tax Rates				Diesel Fuel Tax Rates				Gasohol Tax Rates				Add Sales Tax
	Excise	Add'l	Total	Rank	Excise	Add'l	Total	Rank	Excise	Add'l	Total	Rank	
Alabama /1	16.00	2.00	18.00	37	17.00	2.00	19.00	35	16.00	2.00	18.00	37	
Alaska	8.00		8.00	50	8.00		8.00	50	-		-	51	
Arizona /3	18.00		18.00	37	18.00		18.00	38	18.00		18.00	37	
Arkansas	21.50		21.50	22	22.50		22.50	19	21.50		21.50	21	
California	18.00		18.00	37	18.00		18.00	38	18.00		18.00	37	Y
Colorado	22.00		22.00	18	20.50		20.50	28	22.00		22.00	18	
Connecticut	25.00		25.00	8	26.00		26.00	7	24.00		24.00	8	
Deleware /5	23.00		23.00	14	22.00		22.00	22	23.00		23.00	14	
District of Columbia	20.00		20.00	27	20.00		20.00	29	20.00		20.00	25	
Florida /2	4.00	10.10	14.10	48	16.60	10.10	26.70	6	4.00	10.10	14.10	48	Y
Georgia	7.50		7.50	51	7.50		7.50	51	7.50		7.50	50	Y
Hawaii /1	16.00		16.00	44	16.00		16.00	42	16.00		16.00	44	Y
Idaho /7	25.00	1.00	26.00	4	25.00	1.00	26.00	7	22.50	1.00	23.50	12	
Illinois /1,3	19.00	0.80	19.80	32	21.50	0.80	22.30	21	19.00	0.80	19.80	31	Y
Indiana /3	15.00		15.00	46	16.00		16.00	42	15.00		15.00	46	Y
Iowa	20.10		20.10	26	22.50		22.50	19	19.00		19.00	33	
Kansas /8	23.00		23.00	14	25.00		25.00	12	23.00		23.00	14	
Kentucky /3,4	15.00	1.40	16.40	43	12.00	1.40	13.40	49	15.00	1.40	16.40	43	
Louisiana	20.00		20.00	27	20.00		20.00	29	20.00		20.00	25	
Maine /5	22.00		22.00	18	23.00		23.00	17	22.00		22.00	18	
Maryland	23.50		23.50	13	24.25		24.25	14	23.50		23.50	12	
Massachusetts	21.00		21.00	24	21.00		21.00	25	21.00		21.00	23	
Michigan	19.00		19.00	34	15.00		15.00	46	19.00		19.00	33	Y
Minnesota	20.00		20.00	27	20.00		20.00	29	20.00		20.00	25	
Mississippi	18.00	0.40	18.40	36	18.00	0.40	18.40	36	18.00	0.40	18.40	36	
Missouri	17.00	0.03	17.03	41	17.00	0.03	17.03	41	17.00	0.03	17.03	41	
Montana	27.00		27.00	3	27.75		27.75	4	27.00		27.00	3	
Nebraska /5	24.60	0.90	25.50	6	24.60	0.90	25.50	10	24.60	0.90	25.50	5	
Nevada /1	24.00		24.00	10	27.00		27.00	5	24.00		24.00	8	
New Hampshire	18.00	1.50	19.50	33	18.00	1.50	19.50	34	18.00	1.50	19.50	32	
New Jersey	10.50	4.00	14.50	47	13.50	4.00	17.50	40	10.50	4.00	14.50	47	
New Mexico /8	17.00	1.90	18.90	35	18.00	1.90	19.90	33	17.00	1.90	18.90	35	
New York	8.00	14.60	22.60	17	8.00	12.85	20.85	27	8.00	14.60	22.60	17	Y
North Carolina /4	23.40	0.25	23.65	12	23.40	0.25	23.65	16	23.40	0.25	23.65	11	
North Dakota	21.00		21.00	24	21.00		21.00	25	21.00		21.00	23	
Ohio	22.00		22.00	18	22.00		22.00	22	22.00		22.00	18	
Oklahoma	16.00	1.00	17.00	42	13.00	1.00	14.00	47	16.00	1.00	17.00	42	
Oregon /1	24.00		24.00	10	24.00		24.00	15	24.00		24.00	8	
Pennsylvania	12.00	13.90	25.90	5	12.00	18.80	30.80	2	12.00	13.90	25.90	4	
Rhode Island	30.00	1.00	31.00	1	30.00	1.00	31.00	1	30.00	1.00	31.00	1	
South Carolina	16.00		16.00	44	16.00		16.00	42	16.00		16.00	44	
South Dakota /1	22.00		22.00	18	22.00		22.00	22	20.00		20.00	25	
Tennessee /1	20.00	1.40	21.40	23	17.00	1.40	18.40	36	20.00	1.40	21.40	22	
Texas	20.00		20.00	27	20.00		20.00	29	20.00		20.00	25	
Utah	24.50		24.50	9	24.50		24.50	13	24.50		24.50	7	
Vermont	19.00	1.00	20.00	27	25.00	1.00	26.00	7	19.00	1.00	20.00	25	
Virginia /1,6	17.50		17.50	40	16.00		16.00	42	17.50		17.50	40	
Washington	23.00		23.00	14	23.00		23.00	17	23.00		23.00	14	
West Virginia	20.50	4.85	25.35	7	20.50	4.85	25.35	11	20.50	4.85	25.35	6	Y
Wisconsin /5	28.10		28.10	2	28.10		28.10	3	28.10		28.10	2	
Wyoming	13.00	1.00	14.00	49	13.00	1.00	14.00	47	13.00	1.00	14.00	49	
Federal /7	18.30	0.10	18.40		24.30	0.10	24.40		13.00	0.10	13.10		

SOURCE:: Compiled by FTA from various sources.

/1 Tax rates do not include local option taxes. In AL, 1 to 3 cents; HI, 8 to 11.5 cents; IL, 5 cents in Chicago and 6 cents in Cook county (gasoline only); NV, 1.75 to 7.75 cents; OR, 1 to 3 cents; SD and TN, 1 cent; VA, 2%.

/2 Local taxes for gasoline and gasohol vary from 5.5 cents to 17 cents (average 13.4). Plus a 2.07 cent per gallon pollution tax.

/3 Carriers pay an additional surcharge equal to AZ - 8 cents, IL - 6.3 cents(g) 6.0 cents(d), IN - 11 cents, KY - 2%(g) 4.7%(d).

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

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

/6 Large trucks pay an additional 3.5 cents.

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

/8 Effective July 1, 2003, rate increase in KS to, 24 cents (gasoline/gasohol), 26 cents(d); NM decreases to 16 cents (gasoline/gasohol).

STATE MOTOR CARRIER FEES AND TAXES

80,000 Pound Vehicle (GVW)

State	Dollars per Mile Miles Operated				State Ranking (50 states) Miles Operated			
	10,000	30,000	50,000	80,000	10,000	30,000	50,000	80,000
Alabama	0.307	0.127	0.091	0.071	22	24	24	26
Alaska	0.288	0.105	0.069	0.048	27	37	44	47
Arizona	0.548	0.213	0.146	0.108	4	2	2	5
Arkansas	0.377	0.161	0.118	0.093	14	15	16	12
California	0.525	0.204	0.140	0.104	5	5	5	6
Colorado	0.486	0.186	0.126	0.092	9	9	11	13
Connecticut	0.725	0.263	0.170	0.118	1	1	1	3
Deleware	0.206	0.094	0.072	0.059	40	41	40	43
Florida	0.242	0.112	0.087	0.072	34	33	30	24
Georgia	0.174	0.078	0.058	0.047	43	47	48	49
Hawaii	0.142	0.083	0.072	0.065	48	44	40	38
Idaho	0.435	0.174	0.122	0.092	11	11	14	13
Illinois	0.416	0.170	0.121	0.094	12	13	15	11
Indiana	0.500	0.205	0.146	0.113	7	4	2	4
Iowa	0.265	0.114	0.084	0.067	32	32	33	34
Kansas	0.338	0.138	0.098	0.076	18	20	21	21
Kentucky	0.395	0.171	0.126	0.100	13	12	11	8
Louisiana	0.144	0.071	0.057	0.048	47	50	49	47
Maine	0.497	0.192	0.131	0.097	8	7	7	9
Maryland	0.241	0.108	0.082	0.067	35	35	35	34
Massachusetts	0.549	0.207	0.139	0.101	3	3	6	7
Michigan	0.310	0.138	0.103	0.084	21	20	18	18
Minnesota	0.302	0.124	0.088	0.068	23	27	29	32
Mississippi	0.512	0.192	0.127	0.091	6	7	9	15
Missouri	0.319	0.126	0.087	0.066	20	25	30	36
Montana	0.220	0.106	0.083	0.070	39	36	34	28
Nebraska	0.139	0.074	0.061	0.054	49	48	46	45
Nevada	0.448	0.181	0.127	0.097	10	10	9	9
New Hampshire	0.174	0.079	0.060	0.049	43	46	47	46
New Jersey	0.226	0.096	0.069	0.055	36	40	44	44
New Mexico	0.118	0.081	0.074	0.070	50	45	39	28
New York	0.288	0.166	0.142	0.128	27	14	4	1
North Carolina	0.285	0.122	0.089	0.071	29	29	26	26
North Dakota	0.298	0.124	0.089	0.069	24	27	26	31
Ohio	0.180	0.089	0.071	0.060	42	43	43	41
Oklahoma	0.170	0.072	0.052	0.041	45	49	50	50
Oregon	0.153	0.131	0.126	0.124	46	23	11	2
Pennsylvania	0.292	0.133	0.101	0.083	26	22	20	19
Rhode Island	0.252	0.116	0.089	0.074	33	31	26	22
South Carolina	0.362	0.139	0.095	0.070	15	19	23	28
South Dakota	0.225	0.101	0.076	0.062	37	39	38	39
Tennessee	0.274	0.111	0.078	0.060	31	34	37	41
Texas	0.285	0.118	0.085	0.066	29	30	32	36
Utah	0.190	0.092	0.072	0.061	41	42	40	40
Vermont	0.225	0.105	0.081	0.068	37	37	36	32
Virginia	0.354	0.140	0.098	0.074	16	18	21	22
Washington	0.294	0.125	0.091	0.072	25	26	24	24
West Virginia	0.339	0.142	0.103	0.081	17	17	18	20
Wisconsin	0.334	0.145	0.107	0.086	19	16	17	17
Wyoming	0.563	0.203	0.131	0.090	2	6	7	16

Source: A Comparison of State Motor Carrier Fees and Taxes, Oregon Dept. of Transportation, December 2001

The update of this table is expected in June, 2004.

TIMBER TAXATION

A Brief History

Prior to 1929, all private forestland (8 million acres) and the value of standing timber on the land were subject to property taxation. Between 1929 and 1977, a Forest Fee and Yield tax was allowed for reforestation lands (860,000 acres) in lieu of property taxes. In 1953, a Forest Products Harvest Tax was imposed per thousand board feet on all merchantable harvests from both public and private land (first 25,000bf exempt). In 1961, the Small Tract Option allowed property tax on the productivity value of qualified forestland (200,000 acres) in western Oregon. In 1962 (eastern Oregon) and in 1977 (western Oregon), severance taxes were imposed on the value of timber harvested in lieu of property tax on the value of standing timber (not applicable to forestland under the Small Tract Option). The 1977 legislation returned the reforestation lands to the regular program over roughly 20 years. State collected severance taxes were distributed to local taxing districts.

In 1991, in response to Measure 5 (1990), the severance taxes were converted to privilege taxes with temporary rate reductions. The 1993 Legislature exempted standing timber from property tax, set new statutory forestland values, assessed forestland at 20% of the statutory value, reduced privilege tax rates, and completed the transition for reforestation lands. The privilege taxes were imposed in lieu of property tax on 80% of forestland value. Under Measure 50 (1997), Small Tract Option productivity values were converted to statutory forestland values and maximum assessed values were established for all forestland. See RR #6-00 for more detail. The 1999 Legislature phased in a new program for forestland in ownerships of 5,000 or more acres and the 2001 Legislature extended this program to all forestland as of 2003. Forest land is assessed at 100% of the lesser of its maximum assessed value or its specially assessed value as determined by the Department. The privilege taxes are repealed. The 2003 Legislature passes HB 2197, which extended the 1999 phase in for one year for ownerships of less than 5,000 acres and created an optional Small Tract Forestland program (see below).

Current Law

As of July 1, 2004 all forestland is subject to the Forest Products Harvest Tax and all private forest land is taxed under the Oregon Forestland program (sometimes referred to either as the 100% program or the industrial program) unless the owner elects to have qualified parcels taxed under the Small Tract Forestland program. Under the Oregon Forestland program, forest land is assessed for property tax at the lesser of either its maximum assessed value or its specially assessed value as determined by the Department. There are no privilege or severance taxes imposed at the time of harvest other than the Forest Products Harvest Tax. Under the Small Tract Forestland program, forest land has a specially assessed value equal to 20% of the values determined by the Department and the 2004-05 values are limited as shown in the table below. The reduced tax (relative to being taxed under the Oregon forestland program) is deferred. Deferrals older than 10 years are written off. Forest land in the Small Tract Forestland program must pay a severance tax at the time of harvest in addition to the Forest Products Harvest Tax. The severance tax rates for calendar year 2004 are \$3.89 (Western Oregon) or \$3.03 (Eastern Oregon) per 1,000 board feet harvested. These rates are indexed annually in proportion to the increase in forest land value of forest land in the Program in each area.

For a parcel of forest land to qualify for the Small Tract Forestland program, it must be held in common ownership of at least 10 acres but less than 5,000 acres and meet minimum stocking and species requirements. The owner must apply to the relevant county assessor(s) and the application must include all forest land owned in contiguous parcels. Assessors must disqualify forest land from the Small Tract forestland program if it fails to meet minimum stocking and species requirements, becomes part of an ownership of less than 10 acres or more than 5,000 acres, or at the request of the owner. Disqualification from the program is subject to penalties equal to the amount of property tax deferred while in the program.

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 set in HB 2197 for forest land in the Small Tract Forestland program (STF).

2004-05 Limit on Per Acre Forestland Value		
Site Class by Region	OFP	STF
Western Oregon		
FA	\$463.50	92
FB	367.71	73
FC	307.97	61
FD	261.62	52
FE	174.07	34
FF	125.66	25
FG	52.53	10
FX	6.18	1
Eastern Oregon		
	52.53	10

The historically complex distribution system for privilege taxes has been eliminated. Property taxes on forest land are treated like any other property taxes. The severance taxes under the Small Tract Forestland program are deposited to the appropriate Eastern or Western Oregon Timber Severance Tax Fund. After payment of administrative expense, 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

As noted above, the Forest Products Harvests Tax applies to harvests of merchantable timber from both publicly and privately owned forestland. The tax is levied per 1,000 board feet of timber harvested and the tax rates are set to fund various forestry related activities. The Forest Products Harvest tax rates are shown in the table below. The rates shown for the forest practices act include studies and some other activities funded through the Department of Forestry. The other rate includes \$1.75 (11 months) for salmon reclamation and \$0.15 for assistance to nonindustrial landowners. Rates shown for the Forest Resource Institute in 2004 and 2005 are subject to change by the governing board of the institute. The statutory rate for fire suppression is \$0.50 but the State Forester may suspend this rate if the balance in the Forest Land Protection Fund is estimated to exceed \$15 million for a calendar year or increase the rate if additional funding is required.

FOREST PRODUCTS HARVEST TAX RATES					
<u>Year</u>	<u>Research</u>	<u>Fire Suppression</u>	<u>Forest Practices</u>	<u>Forest Institute</u>	<u>Other</u>
1990-91	\$0.21	\$0.30	\$0.16	-	-
1991-92	0.30	0.50	0.53	\$0.31	-
1992-93	0.30	0.66	0.53	0.31	-
1993.2, 3	0.40	0.66	0.77	0.31	-
1994	0.40	0.66	0.77	0.31	-
1995	0.40	0.66	0.77	0.31	-
1996	0.50	0.50	0.60	0.51	-
1997	0.50	0.50	0.60	0.51	-
1998	0.55	0.50	0.70	0.51	\$1.75
1999	0.55	0.50	0.70	0.79	-
2000	0.67	0.50	1.08	0.79	0.15
2001	0.67	-	1.08	0.79	0.15
2002	0.67	0.50	0.91	0.79	
2003	0.67	0.50	0.91	0.79	
2004	0.67	0.50	0.79	0.99	
2005	0.67	0.50	0.79	0.99	

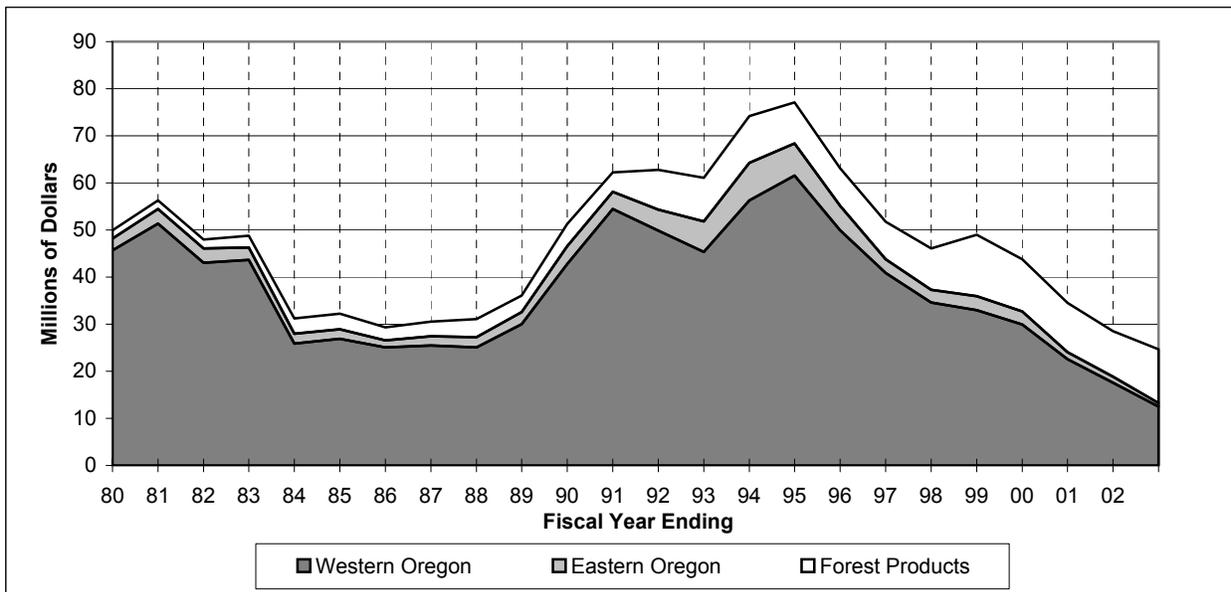
TIMBER TAX COLLECTIONS

(millions of dollars)

Fiscal Year	Privilege Taxes				Forest Products	
	Eastern Oregon		Western Oregon		Harvest Tax	
	Amount	% Change	Amount	% Change	Amount	% Change
1979-80	2.53	6.1%	45.67	8.3%	1.75	0.2%
1980-81	3.10	22.4%	51.36	12.5%	1.81	3.3%
1981-82	3.05	-1.7%	43.04	-16.2%	1.89	4.4%
1982-83	2.64	-13.3%	43.62	1.4%	2.50	31.9%
1983-84	2.15	-18.5%	25.85	-40.8%	3.23	29.2%
1984-85	1.98	-8.2%	26.92	4.1%	3.35	3.8%
1985-86	1.51	-23.8%	25.04	-7.0%	2.79	-16.7%
1986-87	1.97	30.8%	25.49	1.8%	3.11	11.7%
1987-88	2.15	9.2%	25.08	-1.6%	3.87	24.3%
1988-89	2.57	19.4%	30.02	19.7%	3.48	-10.0%
1989-90	3.72	44.9%	42.80	42.6%	4.76	36.8%
1990-91	3.66	-1.7%	54.43	27.2%	4.12	-13.5%
1991-92	4.50	23.0%	49.84	-8.4%	8.41	104.3%
1992-93	6.51	44.6%	45.33	-9.0%	9.26	10.1%
1993-94	7.94	22.0%	56.30	24.2%	9.94	7.3%
1994-95	6.85	-13.7%	61.56	9.3%	8.70	-12.4%
1995-96	5.18	-24.3%	49.93	-18.9%	8.01	-7.9%
1996-97	2.88	-44.4%	40.90	-18.1%	7.96	-0.7%
1997-98	2.71	-6.0%	34.59	-15.4%	8.77	10.1%
1998-99	2.95	9.1%	32.97	-4.7%	13.05	48.8%
1999-00	2.73	-7.6%	29.95	-9.2%	11.11	-14.9%
2000-01	1.50	-45.1%	22.53	-24.8%	10.48	-5.7%
2001-02	1.28	-14.9%	17.60	-21.9%	9.67	-7.7%
2002-03	0.78	-39.1%	12.49	-29.0%	11.42	18.0%

Source: Oregon Department of Revenue, Monthly Receipts Statement.

TIMBER TAX COLLECTIONS

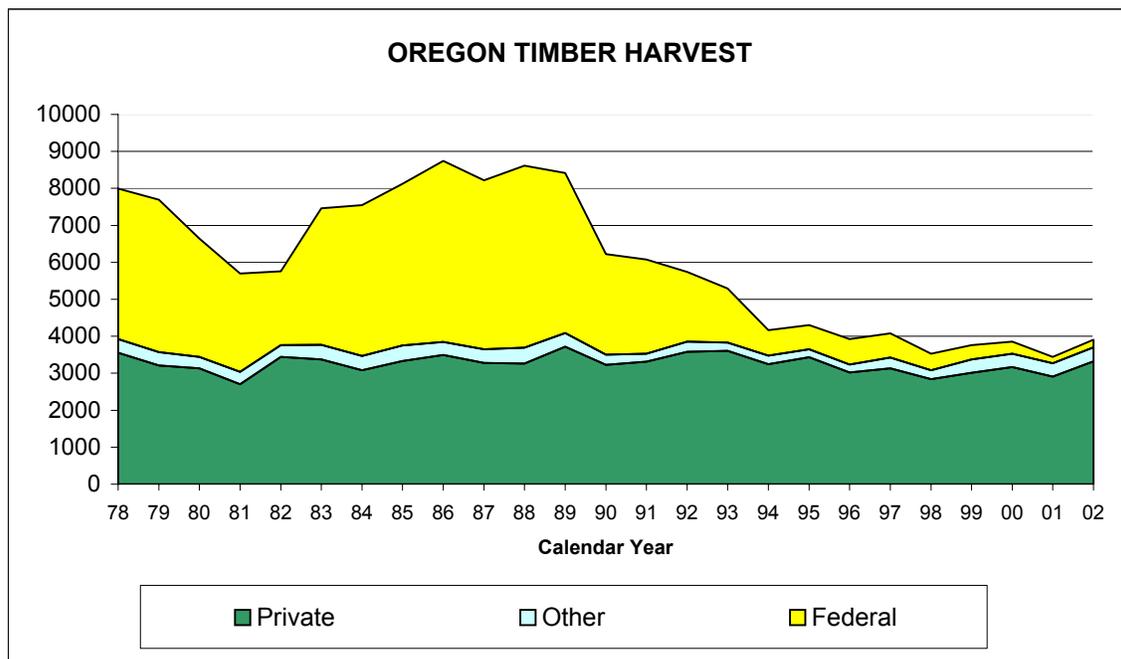


OREGON TIMBER HARVEST

Million Board Feet - Scribner Scale

Calendar Year	Private		Federal		Other		Total	
	Volume	% Change	Volume	% Change	Volume	% Change	Volume	% Change
1978	3,550		4,069		378		7,997	
1979	3,208	-9.6%	4,123	1.3%	363	-4.0%	7,694	-3.8%
1980	3,134	-2.3%	3,196	-22.5%	310	-14.6%	6,640	-13.7%
1981	2,702	-13.8%	2,658	-16.8%	335	8.1%	5,695	-14.2%
1982	3,440	27.3%	2,000	-24.8%	318	-5.1%	5,758	1.1%
1983	3,373	-1.9%	3,691	84.6%	400	25.8%	7,464	29.6%
1984	3,078	-8.7%	4,084	10.6%	388	-3.0%	7,550	1.2%
1985	3,332	8.3%	4,371	7.0%	423	9.0%	8,126	7.6%
1986	3,494	4.9%	4,892	11.9%	357	-15.6%	8,743	7.6%
1987	3,281	-6.1%	4,566	-6.7%	368	3.1%	8,215	-6.0%
1988	3,259	-0.7%	4,926	7.9%	430	16.8%	8,615	4.9%
1989	3,721	14.2%	4,333	-12.0%	366	-14.9%	8,420	-2.3%
1990	3,229	-13.2%	2,718	-37.3%	272	-25.7%	6,219	-26.1%
1991	3,311	2.5%	2,554	-6.0%	214	-21.3%	6,079	-2.3%
1992	3,581	8.2%	1,886	-26.2%	275	28.5%	5,742	-5.5%
1993	3,609	0.8%	1,463	-22.4%	222	-19.3%	5,294	-7.8%
1994	3,244	-10.1%	688	-53.0%	235	5.9%	4,167	-21.3%
1995	3,432	5.8%	654	-4.9%	218	-7.2%	4,304	3.3%
1996	3,018	-12.1%	690	5.5%	214	-1.8%	3,922	-8.9%
1997	3,133	3.8%	659	-4.5%	290	35.5%	4,082	4.1%
1998	2,840	-9.4%	455	-31.0%	237	-18.3%	3,532	-13.5%
1999	3,014	6.1%	383	-15.8%	363	53.2%	3,760	6.5%
2000	3,167	5.1%	328	-14.4%	359	-1.1%	3,854	2.5%
2001	2,905	-8.3%	173	-47.3%	361	0.6%	3,439	-10.8%
2002	3,318	14.2%	222	28.3%	382	5.8%	3,922	14.0%

Source: <http://www.odf.state.or.us/rp/AnnualReports/25YearHistory>



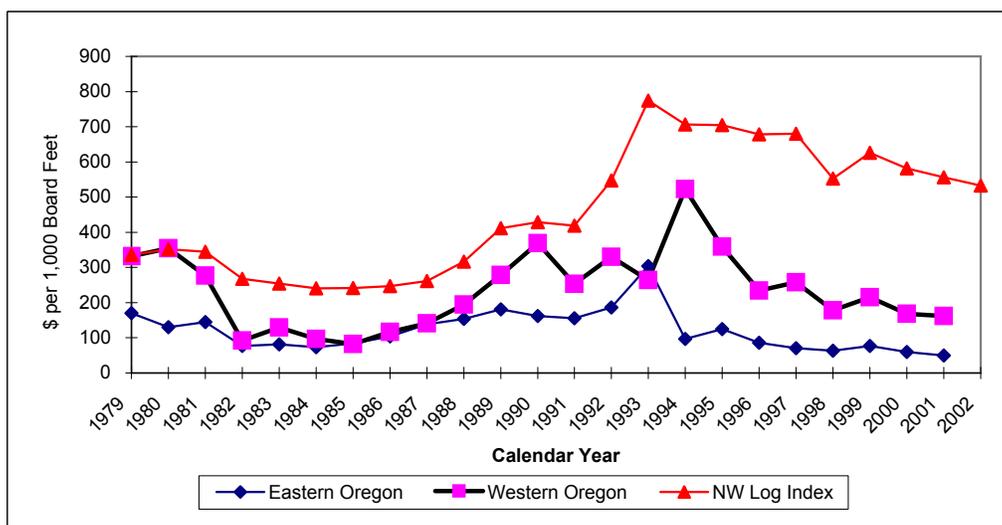
AVERAGE TIMBER PRICES

Per Thousand Board Feet

Calendar Year	U.S. Forest Service Stumpage Prices				NW Log Value Index (#2 Saw)	
	Eastern Oregon		Western Oregon		Price	% Change
	Price	% Change	Price	% Change		
1978	\$ 171.00		\$ 211.00		n.a.	
1979	169.60	-0.8%	332.10	57.4%	336.00	
1980	130.20	-23.2%	354.60	6.8%	352.00	4.8%
1981	144.50	11.0%	276.40	-22.1%	345.00	-2.0%
1982	77.30	-46.5%	92.40	-66.6%	267.50	-22.5%
1983	81.70	5.7%	129.30	39.9%	254.50	-4.9%
1984	73.60	-9.9%	96.70	-25.2%	240.50	-5.5%
1985	83.70	13.7%	81.90	-15.3%	241.50	0.4%
1986	104.40	24.7%	116.50	42.2%	246.50	2.1%
1987	138.50	32.7%	140.80	20.9%	261.50	6.1%
1988	153.51	10.8%	194.75	38.3%	316.50	21.0%
1989	181.05	17.9%	278.36	42.9%	411.50	30.0%
1990	161.81	-10.6%	369.31	32.7%	429.00	4.3%
1991	155.98	-3.6%	253.12	-31.5%	419.00	-2.3%
1992	186.59	19.6%	329.79	30.3%	547.50	30.7%
1993	304.15	63.0%	263.94	-20.0%	774.00	41.4%
1994	96.36	-68.3%	522.47	98.0%	706.25	-8.8%
1995	125.22	30.0%	358.84	-31.3%	705.00	-0.2%
1996	85.90	-31.4%	233.82	-34.8%	678.75	-3.7%
1997	70.47	-18.0%	258.10	10.4%	680.00	0.2%
1998	63.61	-9.7%	177.90	-31.1%	552.50	-18.8%
1999	77.27	21.5%	215.02	20.9%	626.25	13.3%
2000	59.58	-22.9%	168.55	-21.6%	581.25	-7.2%
2001	49.87	-16.3%	162.26	-3.7%	556.25	-4.3%
2002	NA		NA		532.50	-4.3%

Source: USFS, Production, Prices, Employment, and Trade in Northwest Forest Industries.
Oregon DOF, Log Prices, Region 1, Douglas Fir, #2 sawlogs.

AVERAGE TIMBER PRICES



EXCISE TAXES AND OLCC REVENUES

Taxes on Cigarettes and Other Tobacco Products

Excise taxes are imposed on distribution of all tobacco products in Oregon. Taxes are levied on each cigarette and as a percent of wholesale price of other tobacco products, but limited to 50¢ per cigar. With the passage of Measure 20 the permanent tax rate on cigarettes is \$1.18 and the other tobacco products tax rate is 65% of wholesale price. A temporary tax of 10¢ on cigarettes, dedicated to the Oregon Health Plan, was passed in the 1993 Session and continued in 1995, 1997, 1999, 2001, and 2003. Cigarette tax is distributed to the General Fund (17.19%), the Health Plan (74.79%), tobacco cessation programs (2.67%), cities (1.78%), counties (1.78%), and to ODOT for senior and disabled transit (1.78%). Distributions to cities and counties are based on population. The Other Tobacco Products tax is distributed to the General Fund (53.85%), the Health Plan (41.54%), and tobacco cessation programs (4.62%).

Additional tobacco revenue is received under the Master Settlement Agreement. Through June 30, 2002, Oregon has received \$257.6 million in payments from manufacturers and expects to receive an additional \$81.8 million by the end of the 2001-03 biennium. The Fifth 2002 Special Session arranged to pledge a portion of these revenues beginning in 2004 for \$150 million in bond proceeds for grants to schools in 2002-03 (see RB #9-02).

CIGARETTE AND OTHER TOBACCO PRODUCTS TAXES

Fiscal Year	Tax Rate (per pack)	Cigarettes		Other Tobacco	
		Millions	Change	Millions	Change
1992-93	28.0¢	78.2	-2.5%	8.0	9.6%
1993-94	32.8¢	96.0	22.8%	8.7	8.8%
1994-95	38.0¢	107.2	11.7%	9.9	13.8%
1995-96	38.0¢	109.2	1.9%	10.8	9.1%
1996-97	50.1¢	141.7	29.8%	12.8	18.5%
1997-98	68.0¢	199.5	40.8%	19.5	52.3%
1998-99	68.0¢	172.0	-13.8%	19.8	1.5%
1999-00	68.0¢	161.8	-5.9%	20.2	2.0%
2000-01	68.0¢	156.7	-3.2%	20.8	3.0%
2001-02	68.0¢	155.0	-2.6%	20.1	-2.4%
2002-03	103.0¢	220.3	1.4%	20.3	1.0%

Source: Oregon Department of Revenue and DAS's Economic and Revenue Forecast

DISTRIBUTION OF TOBACCO TAXES

Fiscal Year	General Fund	Health Plan	TURA	Special Transit	Local Govt.
1994-95	72.0	28.2		5.6	11.3
1995-96	74.0	29.0		5.7	11.5
1996-97	102.3	31.8	\$3.5	5.7	11.3
1997-98	74.3	117.1	9.7	5.9	11.9
1998-99	66.4	101.7	8.5	5.0	10.1
1999-00	63.4	99.0	8.3	4.9	9.8
2000-01	63.0	93.0	7.8	4.6	9.1
2001-02	60.9	92.7	7.8	4.6	9.1
2002-03	56.5	160.9	9.6	4.5	9.0

Source: Oregon Department of Revenue and DAS's Economic and Revenue Forecast

Oregon Liquor Control Commission Revenue

Taxes are imposed on beer and wine manufactured or distributed in Oregon. The current rates are \$2.60 per 31 gallon barrel of beer (8.4¢ per gallon), 67¢ per gallon of wine with 14% or less alcohol, and 77¢ per gallon of wine with 14% to 21% alcohol. Two cents of the wine tax goes to the Wine Board, 50% of the remaining beer and wine taxes go to Mental Health and Drug Abuse Prevention, and the balance goes into the OLCC Account. Beverages with 21% or more alcohol are exclusively imported and distributed by the state of Oregon. Currently OLCC sets retail prices at 101%, on average, above cost, shipping, and federal taxes. The net revenue from these operations goes into the OLCC account. Available revenue is distributed 56% to state General Fund, 10% to counties by population, 20% to cities by population, and 14% to cities by formula.

OLCC REVENUE (millions)

Fiscal Year	Beer & Wine Tax	Net Liquor Sales	Net Liquor Revenue
1991-92	\$10.7	\$83.3	\$61.6
1992-93	11.0	85.2	62.2
1993-94	10.6	89.7	65.2
1994-95	10.6	90.1	65.9
1995-96	11.2	93.4	67.7
1996-97	11.8	97.1	70.9
1997-98	12.0	102.4	73.8
1998-99	12.1	107.8	76.5
1999-00	12.4	116.1	84.8
2000-01	12.5	121.7	85.8
2001-02	12.7	127.8	93.0
2002-03	13.3	134.4	97.13

Source: Oregon Liquor Control Commission

OLCC REVENUE DISTRIBUTIONS (millions)

Fiscal Year	Wine Board	Mental Health	General Fund	Counties	Cities
1991-92	0.1	5.2	36.3	6.5	22.0
1992-93	0.2	5.4	38.0	6.8	23.1
1993-94	0.1	5.2	40.6	7.1	24.1
1994-95	0.1	5.2	41.3	7.4	25.1
1995-96	0.2	5.5	37.3	6.7	22.7
1996-97	0.2	5.8	48.9	8.7	29.7
1997-98	0.2	6.0	45.3	8.1	27.5
1998-99	0.2	5.9	45.7	8.2	27.7
1999-00	0.2	6.0	51.4	9.2	31.2
2000-01	0.2	6.2	52.5	9.4	31.9
2001-02	0.2	6.3	54.8	9.8	33.2
2002-03	0.2	6.6	60.1	10.2	34.7

Source: Oregon Liquor Control Commission.

STATE EXCISE TAX RATES AS OF JANUARY 1, 2003 (July 1, 2003 for Cigarettes)
Ranked by Sum of Excise and Sales Tax Rates (Dollars)

Rank	Malt Liquor (Beer) per Gallon			Table Wine (14% alcohol) per Gallon			Cigarettes per Pack		
	State	Excise	Sales	State	Excise	Sales	State	Excise	Sales
1	Hawaii	0.920	0.240	Florida	2.250	1.800	Virginia	2.500	0.131
2	Alaska	1.070	-	Tennessee	1.210	2.100	New Jersey	2.050	0.225
3	South Carolina	0.770	0.300	Iowa	1.750	1.500	Rhode Island	1.710	0.263
4	Mississippi	0.430	0.420	New Mexico	1.700	1.500	Connecticut	1.510	0.225
5	Florida	0.480	0.360	Alabama	1.700	1.200	Massachusetts	1.510	0.188
6	North Carolina	0.530	0.270	Washington	0.870	1.950	Washington	1.425	0.244
7	Alabama	0.530	0.240	West Virginia	1.000	1.800	New York	1.500	0.150
8	Georgia	0.480	0.240	Georgia	1.510	1.200	Michigan	1.250	0.225
9	New Mexico	0.410	0.300	Rhode Island	0.600	2.100	Hawaii	1.300	0.150
10	Oklahoma	0.400	0.270	Illinois	0.730	1.875	Arizona	1.180	0.210
11	Washington	0.261	0.390	Hawaii	1.360	1.200	Vermont	1.190	0.188
12	Maine	0.350	0.300	Virginia	1.510	1.050	OREGON	1.280	-
13	Utah	0.350	0.285	Arizona	0.840	1.680	Pennsylvania	1.000	0.225
14	Texas	0.190	0.375	Alaska	2.500	-	District of Columbia	1.000	0.216
15	California	0.200	0.360	New Jersey	0.700	1.800	Illinois	0.980	0.234
16	Illinois	0.185	0.375	Mississippi	0.350	2.100	Maine	1.000	0.188
17	Louisiana	0.320	0.240	Connecticut	0.600	1.800	Maryland	1.000	0.188
18	Michigan	0.200	0.360	Nebraska	0.750	1.650	New Mexico	0.910	0.188
19	Nebraska	0.230	0.330	South Carolina	0.900	1.500	California	0.870	0.225
20	Tennessee	0.140	0.420	Nevada	0.400	1.950	Alaska	1.000	-
21	Connecticut	0.190	0.360	Michigan	0.510	1.800	Kansas	0.790	0.199
22	Minnesota	0.150	0.390	Arkansas	0.750	1.538	Wisconsin	0.770	0.188
23	West Virginia	0.180	0.360	Indiana	0.470	1.800	Utah	0.695	0.178
24	Arkansas	0.230	0.308	Minnesota	0.300	1.950	Nebraska	0.640	0.206
25	Rhode Island	0.100	0.420	North Carolina	0.790	1.350	Arkansas	0.590	0.192
26	South Dakota	0.270	0.240	South Dakota	0.930	1.200	Indiana	0.555	0.225
27	Kansas	0.180	0.318	Maine	0.600	1.500	West Virginia	0.550	0.225
28	Arizona	0.160	0.336	Texas	0.200	1.875	Idaho	0.570	0.188
29	Iowa	0.190	0.300	Oklahoma	0.720	1.350	Wyoming	0.600	0.150
30	Indiana	0.120	0.360	Vermont	0.550	1.500	Ohio	0.550	0.188
31	Nevada	0.090	0.390	District of Columbia	0.300	1.725	Minnesota	0.480	0.244
32	New Jersey	0.120	0.360	California	0.200	1.800	Montana	0.700	-
33	Ohio	0.180	0.300	North Dakota	0.500	1.500	South Dakota	0.530	0.150
34	Virginia	0.260	0.210	Idaho	0.450	1.500	Texas	0.410	0.234
35	North Dakota	0.160	0.300	Maryland	0.400	1.500	North Dakota	0.440	0.188
36	Idaho	0.150	0.300	Ohio	0.320	1.500	Nevada	0.350	0.244
37	Pennsylvania	0.080	0.360	Pennsylvania	-	1.800	Florida	0.339	0.225
38	District of Columbia	0.090	0.345	Wisconsin	0.250	1.500	Iowa	0.360	0.188
39	Maryland	0.090	0.300	Missouri	0.360	1.268	Georgia	0.370	0.150
40	New York	0.125	0.240	Utah	-	1.425	New Hampshire	0.520	-
41	Wisconsin	0.060	0.300	New York	0.190	1.200	Louisiana	0.360	0.150
42	Missouri	0.060	0.254	Louisiana	0.110	1.200	Tennessee	0.200	0.263
43	New Hampshire	0.300	-	Wyoming	-	1.200	Mississippi	0.180	0.263
44	Vermont	0.265	-	Colorado	0.320	0.870	Oklahoma	0.230	0.169
45	Wyoming	0.020	0.240	Montana	1.060	-	Missouri	0.170	0.158
46	Colorado	0.080	0.174	Delaware	0.970	-	Alabama	0.165	0.150
47	Delaware	0.160	-	OREGON	0.670	-	Colorado	0.200	0.109
48	Montana	0.140	-	Massachusetts	0.550	-	South Carolina	0.070	0.188
49	Massachusetts	0.110	-	Kentucky	0.500	-	Kentucky	0.030	0.225
50	OREGON	0.084	-	Kansas	0.300	-	Delaware	0.240	-
51	Kentucky	0.080	-	New Hampshire	-	-	North Carolina	0.050	0.169

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

Sales tax rates assume \$6 per gallon for beer, \$30 a gallon for wine, and \$3 per pack for cigarettes.

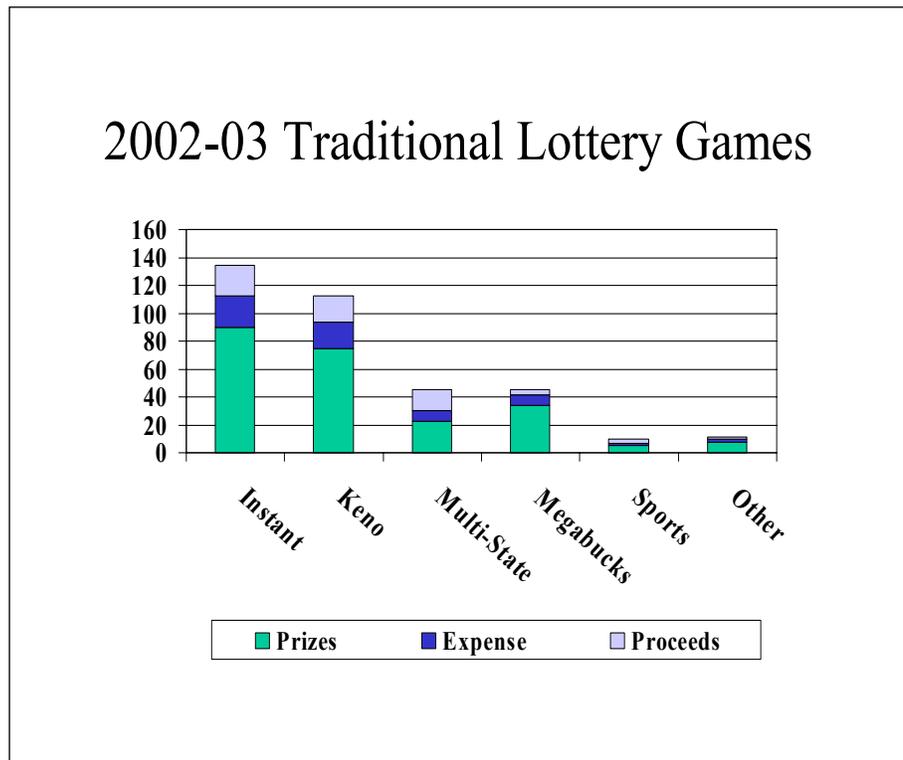
LOTTERY

History

The Oregon State Lottery and a five member Oregon State Lottery Commission were created by initiative petition in 1984. Commission members are appointed by the governor and charged to produce the maximum amount of net revenue to benefit the public purpose. The lottery currently offers 8 traditional games through 2,500 retailers, which are open to persons age 18 or older and video lottery (poker) on 9,600 machines through 2,086 licensed premises which is available to persons age 21 or older. The Constitution limits administrative expense to 16% of lottery revenue and requires that at least 50% of revenue be returned in the form of prizes. The Constitution, originally, dedicated the net lottery proceeds to the public purposes of creating jobs and furthering economic development. This was expanded by Measure 21 (May 1995) to include financing public education, by Measure 66 (Nov 1998) to include restoring and protecting Oregon's parks, beaches, watersheds, and critical fish and wildlife habitats. Measure 21 also gave lottery bonds first claim on lottery proceeds and dedicated 15% of net proceeds to the Education Endowment Fund. Measure 66 dedicated 15% of net proceeds to the Parks and Natural Resources Fund with 50% dedicated to parks and recreational areas and 50% dedicated to fish and wildlife habitats. Measure 19 (Sept. 2002) converted the Education Endowment Fund to an Education Stability Fund, transferred \$150 million of the principal to the State School Fund, and increased the lottery dedication to 18%. If the balance in the Stabilization Fund reaches 5% of General Fund revenue, the lottery dedication is reduced to 15% and deposited in a new school capital matching Subaccount.

Traditional Games

The chart at right shows prizes, expense and net proceeds for the 2001-02 traditional games. The other group includes Breakopen, Daily 4 and Pick 4. The initial game in 1985 was Instant (Scratch-it), which was followed by a number of games, some of which have been discontinued or modified. The 1989 Legislature initiated Sports Action as a separate lottery game. Proceeds of this game are transferred to the State Board of Higher Education for intercollegiate athletics.



Video Lottery

The 1989 Legislature authorized video lottery but the Governor suspended implementation. The 1991 Legislature reauthorized the commission to offer video lottery but otherwise prohibited such games. Video poker began in 1992. The Commission may contract with persons, which have Oregon Liquor Control Commission licenses to install up to 6 video terminals (10 at race meets) on supervised premises which are restricted to persons age 21 and over. Video lottery revenue is the sum of the dollars put into lottery terminals and the value of games won. Prizes are the sum of the value games won plus amounts returned to the players. Statutes dedicate 2.5% of video net receipts (revenue less prizes) to counties for economic development and, beginning July 1, 2001, net proceeds of not less than 1% to the Problem Gambling Addiction Fund and of 1% (up to \$1.55 million annually) to the County Fair Account. HB 2148 amends the dedication to counties for the 2003-05 biennium to "the amount allocated, but not to exceed 2.5% of net receipts and HB 5067 (2003) allocates \$25.4 million for the biennium. HB 5067 also allocates \$5.6 million for Problem Gambling and \$2.54 million for County Fairs for the 3003-05 biennium.

Lottery Revenues

Lottery revenues include non-game revenues such as interest earnings, penalties, and allowances for bad debts in addition to game revenues. The table below shows the history of traditional and video lottery game revenues since 1990-91. Lottery revenue grew rapidly through 1994-95 with the introduction of video lottery games. During this period, traditional games also grew reaching peak revenue of \$78.1 million in 1994-95. Traditional games added \$34.5 million (15%) to the \$227.7 million increase in 1994-95 revenue over 1990-91 while video lottery added \$193.2 million (85%). Since 1994-95, traditional games have averaged about \$64 million a year and appear to be declining. Video lottery, on the other hand, has averaged about 5.5% growth per year since 1994-95.

LOTTERY REVENUE								
Fiscal Year	Traditional Games				Video Games			
	Gross Revenue	Prizes	Expense	Net Revenue	Gross Revenue	Prizes	Expense	Net Revenue
1990-91	147.3	79.5	24.3	43.6	-	-	-	-
1991-92	244.1	140.8	37.9	65.5	217.3	192.5	17.5	7.4
1992-93	258.6	154.5	40.8	63.3	1,548.4	1,376.0	84.7	87.7
1993-94	288.4	171.6	45.8	71.0	2,211.8	1,964.8	107.6	139.4
1994-95	340.9	208.2	54.7	78.1	2,983.2	2,652.1	137.9	193.2
1995-96	344.2	213.7	53.9	76.6	3,285.1	2,929.5	149.8	205.9
1996-97	333.1	207.6	52.6	72.8	3,636.7	3,243.5	168.7	224.5
1997-98	310.4	195.1	50.6	64.8	4,245.2	3,837.8	179.0	228.5
1998-99	325.9	206.0	49.0	70.9	5,660.1	5,257.5	172.0	230.5
1999-00	323.7	210.5	56.6	56.6	6,566.3	6,129.8	183.4	253.2
2000-01	323.3	211.9	56.8	54.5	7,293.4	6,831.0	194.7	267.7
2001-02	336.8	223.5	57.4	55.9	7,725.0	7,244.8	199.8	280.4
2002-03	354.8	234.7	60.1	60.1	8,133.3	7,634.6	201.8	297.0

Lottery Transfers

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

The table below shows the amounts transferred during the last four biennium. Debt service on lottery revenue bonds has first claim on lottery revenue transferred to the Economic Development Fund. Thereafter the exact pecking order is not clear, but the Constitutional dedications for the Education Stability Fund and the Parks and Natural Resources Fund probably follow. Then the statutory dedications to county economic development, to the Board of Education, to the Gambling Addiction Fund, and to the County Fair Account; with any balance available for legislative allocation. Amounts available for legislative allocation do not include beginning balances, reversions, or interest earned on the Economic Development Fund. The table shows the distribution of lottery transfers through 2001-03 and the amounts forecast for the 2003-05 Biennium. The 2003-05 allocation of \$2.5 million to County Fairs is not shown separately, but is reflected in the amount available for appropriation.

Allocation of Lottery Transfers

Biennium	Revenue Bonds	Education Stability	Parks & Recreation	Counties	Sports Action	Gambling Addiction	Leg. Approp.
1985-87							59.6
1987-89							106.6
1989-91							92.5
1991-93	**			7.7	3.3		176.7
1993-95	20.0			19.0	4.6		403.3
1995-97	20.0			18.4	5.3		532.8
1997-99	21.7	91.2		20.1	3.9		471.1
1999-01	26.8	87.1	87.1	22.2	4.8	5.8	362.0
2001-03	71.3	110.7	110.7	24.3	5.2	6.2	409.7
2003-05*	121.9	125.4	104.5	25.4	5.2	5.6	306.2

*Revenue Forecast, September 2003 (adjusted for Session), Department of Administrative Services.

RECENT TAX VOTES

Year	Tax Change	Election	Proposed by	Outcome	Yes	No
1973	McCall Plan	May 1	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"	May 17	Leg. referral	Failed	112,570	252,061
1978	2¢ gas tax increase	Primary	Leg. referral	Failed	190,301	365,170
	1.5% property tax limit	General	Initiative	Failed	424,029	453,741
	50% home property tax relief	General	Leg. referral	Failed	383,532	467,765
	Vehicle registration fee increase	General	Pet. referral	Failed	208,722	673,802
1980	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	Sept. 17	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"	May 19	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	May 16	Leg. referral	Failed	183,818	263,283
1990	Change Oregon school finances	Primary	Leg. referral	Advisory	462,090	140,747
	Funded school taxes on homes	Primary	Leg. referral	Advisory	177,964	408,842
	4% sales tax for schools	Primary	Leg. referral	Advisory	128,642	449,725
	5% sales tax for schools	Primary	Leg. referral	Advisory	202,367	385,820
	Combines tax bases: school mergers	Primary	Leg. referral	Advisory	222,611	374,466
	Taxes public pensions	General	Leg. referral	Passed	680,463	354,288
	1.5% property tax limit (M5)	General	Leg. referral	Failed	406,372	617,586
	Tax credit for private education	General	Initiative	Passed	574,833	522,022
		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	Nov 9	Leg. referral	Failed	240,991	721,930

RECENT TAX VOTES

Year	Tax Change	Election	Proposed by	Outcome	Yes	No
1994	Gas tax to prevent contamination	Primary	Leg. referral	Failed	158,029	446,665
	Vote on tax or fee increases	General	Initiative	Failed	543,302	671,025
	Minimum funding for schools (Kids First)	General	Initiative	Failed	438,018	760,853
	2% Equal Tax	General	Initiative	Failed	284,195	898,416
1995	Lottery revenue for education	May 16	Leg. referral	Passed	671,027	99,728
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)	May 20	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	Leg. referral	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 (M13)	May 21	Leg. referral	Failed	376,605	411,923
	General Obligation Bond Financing for OHSU Research (M11)	May 21	Leg. referral	Passed	589,869	190,226
	Establishes Ed. Stability Fund and Transfers \$150 million (M19)	Sept. 17	Leg. referral	Passed	496,815	306,440
	Increases Cigarette Tax (M20)	Sept. 17	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)	Jan. 28	Leg. referral	Failed	545,846	676,312
	Authorizes General Obligation Debt for Savings on Pension Liabilities (M29)	Sept. 16	Leg. referral	Passed	360,209	291,778

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. The second part of each number indicates the year the report was written.

GENERAL

SUMMARY OF LEGISLATIVE SESSIONS AND COMMITTEE REPORTS

- "Ballot Measure 30 Referendum on Legislative Revenue Plan" (Report #6-03)
- "Revenue Measures Passed by the 2003 Legislative Session" (Report #4-03)
- "Review of Special Session 5 Revenue Actions: Ballot Measure 28" (Report #10-02)
- "2002 Special Session III Revenue Package" (Brief #8-02)
- "2002 Special Session II Revenue Package" (Brief #7-02)
- "February 8-10 Special Session Revenue Package" (Brief #4-02)
- "Interim Senate Revenue Options Committee Report" (Report #1-02)
- "Revenue Measures Passed by the 2001 Legislative Session" (Report #4-01)
- "Revenue Measures Passed by the 1999 Legislative Session" (Report #3-99)
- "Revenue Measures Passed by the 1997 Legislative Session" (Report #5-97)

ALL TAXES

- "2003 Oregon Public Finance: Basic Facts" (Report #1-03)
- "Oregon Tax Incidence Model (OTIM)" (Report #2-01)
- "Oregon's 2% Surplus Kicker: 2001 Update" (Brief #5-01)
- "Oregon Public Finance: Basic Facts" (Report #1-01)
- "Measure 93: Taxpayer Protection Initiative" (Report #9-00)
- "Measure 8: State Spending Limit" (Report #8-00)
- "Basic Tax Packet 1999" (Report #1-99)
- "Oregon's Tax Shift" (Report #4-98)
- "Oregon's 2% Surplus Kicker" (Report #3-98)
- "Oregon Tax Reform: Some Basic Numbers" (Report #1-98)
- "Oregon's State Spending Limit and 2% Surplus Kicker" (Report #1-96)
- "Oregon Tax Expenditures" (Report #6-94)
- "How High are Oregon Taxes?" (Report #3-94)
- "The Effect of Measure 20, 2% Equal Tax" (Report #2-94)

PROPERTY TAX

- "Oregon's Senior Population Growth and Property Tax Relief Programs" (Report #7-01)
- "The Urban Renewal Program Under the Past and Current Property Tax Systems" (Report #1-00)
- "The New Direction of the Oregon Property Tax System Under Measure 50" (Report #9-99)
- "The Effect of Measure 47 and Measure 50 on Taxpayers and Taxing Districts" (Report #3-97)
- "The Effect of Measure 47, Cuts and Caps Property Taxes" (Report #3-96)
- "The Effect of Measure 5, Requires Vote on Taxes and Charges" (Report #5-94)
- "Impact of Measure 7: Split-Roll Property Tax Limit" (Report #1-92)
- "Implementation of Measure 5: HB 2550 - Final" (Report #5-91)
- "Impact of Measure 5: 1.5% Property Tax Limit" (Report #3-90)

INCOME TAX

- "Changes in Oregon's Additional Medical Deduction for Seniors Incorporated in the 2003 Revenue Package" (Report #5-03)
- "The Graduated Personal Income Tax Assessment: Frequently Asked Questions" (Brief #3-03)
- "Ballot Measure 23, Health Care Finance Plan" (Brief #3-01)
- "Oregon Income Tax Reconnect and "The Job Creation and Worker Assistance Act of 2002" (Brief #3-02 updated)
- "Oregon Income Tax Reconnect" (Brief #3-02)
- "Revenue Impact of H.R. 1836: The Economic Growth and Tax Relief Reconciliation Act of 2001" (Brief #3-01)
- "Initiative Petition 10: Full Deductibility for Federal Income Taxes" (Measure 91) (Report #4-00)
- "Status of Pension Taxation" (Report #5-98)
- "Status of the PERS Taxation Issue" (Report #2-97)
- "Recommendations of the Joint Task Force on Retirement Income Equity" (Report #2-91)
- "Taxes on Corporate Income" (Report #4-90)
- "Taxation of Retirement Income" (Report #2-90)

SCHOOL FINANCE

- "Revenue Options, School Funding and Accountability Task Force Report" (Report #2-03)
- "Education Stability Fund" (Brief #6-02)
- "Impact of Changing the School Payment Schedule" (Brief #2-02)
- "K-12 and ESD School Finance, State School Fund Distribution" (Report #8-01)
- "2001 School Finance Legislation Funding and Distribution" (Report #3-01)
- "Federal Forest Revenue for Schools" (Brief #11-00)
- "Local School Revenue Estimate" (Brief #5-00)
- "School Local Property Tax Option, 1999 Legislation" (Report #5-99)
- "1999 State School Finance Legislation, Funding and Distribution" (Report #4-99)
- "K-12 School Finance: State School Fund Distribution" (Report #2-99)
- "1997 School Finance Legislation: Funding and Distribution" (Report #2-98)
- "Senate Finance Committee: Report on School Finance" (Report #5-96)
- "The Current State and School Finance Revenue Picture" (Report #2-96)
- "The State School Fund: Funding and Distribution for 1995-97" (Report #3-95)
- "The State School Fund: Oregon's New School Finance" (Report #2-95)
- "The Effect of Measure 15, The 'KID's First' Initiative" (Report #4-94)
- "The Current State & School Revenue Picture" (Report #1-94)
- "Report of the School Finance Formula Subcommittee" (Report #2-92)
- "Impact of Measure 11: Education Tax Credits" (Report #5-90)

TRANSPORTATION TAXES

- "Measure 82: Frequently Asked Questions: (Brief #3-00)
- "Measure 82: Referendum on the Effect of Transportation Funding" (Report #2-00)
- "Summary of Work on Heavy Vehicle Taxes" (Report #1-97)
- "Oregon Cost Responsibility: Studies Compared to Other States" (Report #4-96)
- "Oregon Highway Revenue: An Introduction" (Report #4-95)

TIMBER TAXES

- "Federal Forest Revenue for Schools" (Report #11-00)
- "Revenues From Timber in Oregon" (Report #7-00)
- "History of Timber Taxation" (Report #6-00)
- "Report of the Subcommittee on Timber Taxation" (Report #2-93)

"Revenue From Timber in Oregon" (Report #9-91)

"History of Timber Taxes" (Report #8-91)

MISCELLANEOUS

"Master Settlement Agreement (Financial Provisions)" (Brief #9-02)

"Oregon's Inheritance Tax" (Brief #9-01)

"Taxation of Pensions in Oregon: 2001 Update" (Brief #6-01)

"Oregon's Workers' Compensation Insurance Market" (Report #10-00)

"Impact of Measure 1, Sales Tax for Schools" (Report #3-93)