



2007 OREGON PUBLIC FINANCE: BASIC FACTS

Research Report #1-07

**LEGISLATIVE REVENUE
OFFICE**

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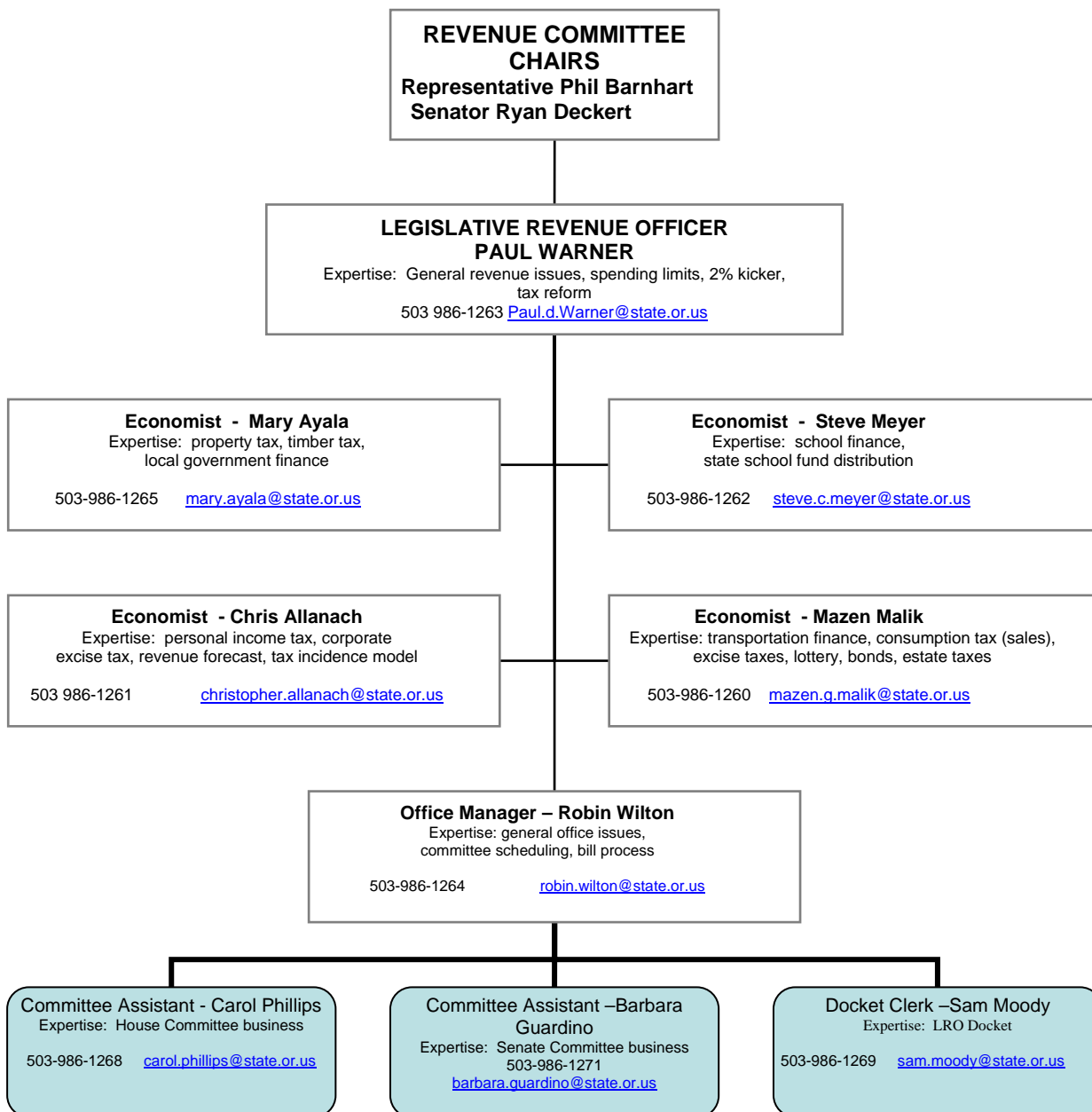
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2007 Organizational Chart Legislative Revenue Office

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OVERVIEW OF OREGON'S REVENUE SYSTEM

A better understanding of Oregon's revenue system can be gained by looking at it from two perspectives. The first is at a point in time. This perspective addresses how Oregon compares with other states using the latest available consistent information for all the states. On a comparative basis, Oregon's overall revenue burden on its citizens and economy can be compared. The mix of Oregon's revenue sources can also be compared with other revenue systems around the country.

The second perspective is how Oregon's revenue system has changed through time. Changes in Oregon's tax burden and revenue composition can be examined, along with how Oregon's system has changed compared to other states.

OREGON'S CURRENT SYSTEM COMPARED TO OTHER STATES

U.S. Census data for the 2003-04 fiscal year (released in June of 2006) provides a consistent set of information for the states. It also combines state revenue with local revenue so revenue systems can be shown in their entirety. The Census Bureau divides state and local revenue into six major categories: taxes, federal funds, charges, miscellaneous, government enterprises and insurance trusts. Taxes are defined as compulsory contributions extracted by governments for public purposes. Other revenue categories are federal government transfers to state and local governments, direct charges for services such as tuition and park fees, and miscellaneous revenue. Miscellaneous revenue includes interest earnings and proceeds from sale of government property. It also includes net revenue from state run lotteries. Government enterprises include government owned utilities and state run liquor stores. Government insurance trusts are the current revenue of trust funds such as unemployment compensation, employee retirement and workers' compensation.

Table 1 shows Oregon's revenue from the six major categories. It also shows Oregon's rank among the 50 states—number one ranking means highest revenue. Revenue is shown on a per capita basis (revenue divided by state population) and as a percentage of total personal income of state residents.

Table 1. OREGON'S STATE & LOCAL GOVERNMENT REVENUE SOURCES

REVENUE SOURCE	03-04 REVENUE (MILLIONS)	REVENUE PER CAPITA	RANK	REVENUE AS % OF PERSONAL INCOME	RANK
ALL REVENUE	\$33,734	\$9,394	7	32.5%	5
TAXES	\$10,474	\$2,917	32	10.1%	42
CHARGES	\$4,323	\$1,204	7	4.2%	9
FEDERAL	\$4,938	\$1,375	30	4.8%	28
MISCELLANEOUS	\$1,530	\$566	20	2.0%	17
GOV ENTERPRISES	\$1,241	\$426	10	1.5%	10
INSURANCE TRUSTS	\$10,434	\$2,905	3	10.0%	3
OWN SOURCES REVENUE*	\$16,831	\$4,687	29	16.2%	24

*Sum of taxes, charges and miscellaneous revenue.

State and local government revenue in Oregon totaled \$33.7 billion for the 2003-04 fiscal year. This translates into \$9,394 per person or 32.5% of total 2003 Oregon resident personal income. Oregon ranks #7 among the states in overall revenue per person and #5 in revenue as a percentage of personal income. The overall revenue numbers are strongly influenced by the large revenue flows into state insurance trusts. The 2003-04 fiscal year data captures the issuance of pension obligation bonds. This injection of revenue into the employee retirement fund partially explains the state's large amount of revenue in this category and Oregon's high ranking among the states in this category. In contrast to overall revenue, Oregon's tax burden ranks relatively low. All state and local taxes came to \$2,917 per person or 10.1% of personal income. This ranks Oregon #32 on a per capita basis or #42 as a percentage of personal income (8 states with a lower burden). The combination of a relatively high rank in overall revenue and relatively low rank in tax revenue indicates that Oregon is less reliant on taxes as a revenue source than other states. Indeed, taxes make up only 31.3% of total revenue in Oregon; only 2 states had a lower reliance on taxes as a revenue source (Alaska and North Dakota) in 2003-04.

Compared to other states, Oregon's revenue system is heavily weighted to non-tax revenue sources. In addition to insurance trust revenue, the state ranks relatively high in charges for services. Direct charges for government services, including public higher education, hospitals, parking and recreation facilities, totaled \$1,204 per person in 2003-04. Only 6 states had higher charges on a per capita basis. In contrast to earlier Census data, Oregon ranks near the middle in dependence on intergovernmental revenue from the Federal government. In the past, Oregon ranked relatively high.

Table 2 narrows revenue sources to taxes only. This shows that Oregon's system is unique in another way. Oregon is one of 5 states (Montana, New Hampshire, Delaware and Alaska are the others) without a broad retail sales tax. This leaves the state tied with three other states (Alaska has a small amount of collections that Census classifies as gross receipts revenue) at no per capita revenue from this source. Personal income taxes on the other hand are 5th highest on a per capita basis and 2nd highest as a percentage of personal income. Oregon's corporate income tax and property tax burden are ranked 24th and 28th on a per capita basis, respectively.

Table 2. OREGON'S TAX SOURCES

REVENUE SOURCE	03-04 REVENUE (MILLIONS)	REVENUE PER CAPITA	RANK	REVENUE AS % OF PERSONAL INCOME	RANK
PERS. INC TAX	\$4,370.9	\$1,217	5	4.2%	2
CORP. INC. TAX	\$320.1	\$89	24	0.3%	22
PROPERTY TAX	\$3,459.4	\$963	28	3.3%	22
GEN. SALES TAX	\$0	\$0	47(T)	0%	47(T)
SEL. SALES TAXES	\$1,014.9	\$282	42	1.0%	43
OTHER TAXES	\$1,309.6	\$365	11	1.3%	11
ALL TAXES	\$10,474	\$2,917	32	10.1%	42

Table 3 provides another look at Oregon's revenue system by comparing state taxes (excluding local taxes) with other western states for the 2004-05 fiscal year. The first row shows total state tax collections on a per person basis. Oregon has more dependence on the personal income tax than any other state in the region or the country. The same is true for Washington in the

case of the sales tax. Idaho and Utah have the most balanced tax systems between personal income and sales taxes in the region. Nevada has an unbalanced revenue system with no state income tax while Montana has no retail sales tax.

TABLE 3. STATE TAX SYSTEMS (2005 FISCAL YEAR)

STATE TAXES	OR	CA	WA	ID	UT	MT	NV
TAXES PER PERSON	\$1,791	\$2,724	\$2,360	\$2,054	1,897	1,788	2,075
NATIONAL RANK	41	9	17	30	38	35	28
PERSONAL INCOME TAXES PER CAPITA	1,290	1,190	0	729	780	713	0
CORPORATE INCOME TAXES PER CAPITA	100	240	0	99	76	98	0
SALES TAXES PER CAPITA	0	828	1,454	791	692	0	934
EXCISE TAXES PER CAPITA	192	212	359	261	250	456	697
ALL OTHER TAXES PER CAPITA	209	254	547	174	97	522	444

Finally Table 4 shows a complete listing of all Oregon state taxes for the 2005-06 fiscal year. These data come from state sources and captures the most recent fiscal year. Table 4 also contains a listing of identifiable local tax sources. Because there is no comprehensive source listing all local taxes, Table 4 has a balancing category to match local revenue with an extrapolation of the latest Census data.

**TABLE 4
SUMMARY OF OREGON TAXES**

STATE	1999-00 COLLECTIONS	2002-03 COLLECTIONS	2005-06 COLLECTIONS	2003 to 06 % CHANGE
PERSONAL INCOME TAX	\$4,126,282,123	\$4,021,863,000	\$5,443,646,000	35.4%
UNEMPLOYMENT INSURANCE TAXES	515,573,900	548,301,000	725,549,000	32.3%
GASOLINE AND USE FUEL TAXES	394,167,788	393,692,000	413,804,582	5.1%
CORPORATE INCOME TAX	405,220,686	224,892,000	438,225,000	94.9%
WEIGHT MILE TAX	224,954,955	196,487,000	238,866,837	21.6%
CIGARETTE TAX	163,960,272	221,962,042	238,695,926	7.5%
INSURANCE TAXES	59,602,111	56,689,231	60,945,000	7.5%
OTHER LABOR TAXES	104,213,309	89,684,296	87,069,432	-2.9%
TIMBER SEVERANCE TAXES	32,843,222	13,272,563	1,059,368	-92.0%
INHERITANCE TAX	47,684,649	51,431,289	89,283,000	73.6%
WORKERS' COMP INSURANCE TAXES	42,293,900	56,530,332	53,707,630	-5.0%
TELEPHONE EXCHANGE ACCESS TAX	26,320,757	29,884,723	35,988,179	20.4%
OTHER TOBACCO PRODUCTS TAX	20,374,525	20,933,588	31,226,297	49.2%
REAL ESTATE RECORDING TAX	20,636,689	28,344,258	25,841,406	-8.8%
BEER & WINE TAXES	12,377,350	13,323,065	14,840,000	11.4%
FOREST PRODUCTS HARVEST TAXES	11,110,002	11,416,237	12,017,001	5.3%
ELECTRIC COOP TAX	6,715,185	5,663,245	5,241,431	-7.4%
PHONE ACCESS SURCHARGE	3,143,941	5,216,399	4,430,786	-15.1%
AMUSEMENT DEVICE TAX	1,817,543	1,988,399	2,565,471	29.0%
HAZARDOUS SUBSTANCE TAXES	2,406,331	2,604,792	2,623,504	0.7%
AVIATION GAS AND JET FUEL TAXES	1,978,104	2,098,000	2,362,240	12.6%
PETROLEUM LOADING FEE	1,272,955	1,276,404	1,051,236	-17.6%
BOXING TAX	69,034	93,617	123,794	32.2%
PRIVATE RAIL CAR TAX	100,589	215,508	267,911	24.3%
OIL & GAS SEVERANCE TAX	128,445	138,365	89,819	-35.1%
DRY CLEANERS TAX	695,302	704,812	0	NM
STATE LODGING TAX	0	0	9,237,512	NM
LOCAL TAXES	1999-00 COLLECTIONS	2002-03 COLLECTIONS	2005-06 COLLECTIONS	2003 to 06 % CHANGE
PROPERTY TAXES*	2,800,781,460	3,414,602,961	3,869,754,503	13.3%
TRANSIT PAYROLL & SELF EMPLOYMENT TAXES	163,488,288	171,908,222	207,342,819	20.6%
FRANCHISE TAXES	115,617,000	136,582,000	201,689,265	47.7%
HOTEL-MOTEL	64,150,000	65,200,000	76,800,000	17.8%
PORTLAND BUSINESS LICENSE TAX	50,794,774	44,055,374	44,418,253	0.8%
MULTNOMAH COUNTY BUSINESS INCOME TAX	40,846,593	26,491,000	50,980,000	92.4%
MOTOR FUEL TAXES	9,837,758	11,134,000	14,819,935	33.1%
WASHINGTON COUNTY REAL ESTATE TRANSFER TAX	2,840,473	3,355,000	6,673,430	98.9%
OTHER TAXES AND LICENSES	237,878,000	155,801,908	370,221,883	137.6%

OREGON'S REVENUE SYSTEM OVER TIME

The fundamental shape of Oregon's revenue system has changed dramatically over the past 15 years. Taxes fell from 54% of general revenue in 1989-90 to 48% in 2002-03. Tax revenue has been replaced by increased reliance on federal revenue and direct charges for services in Oregon's revenue mix. Miscellaneous revenue declined as a source of revenue despite the state's increased dependence on lottery. The primary reason for the decline was the low interest rates prevailing through most of the past decade. This reduced interest earnings on state and local government accounts.

Table 5. OREGON'S CHANGING REVENUE MIX

General Revenue Source*	% of 1989-90 Total	% of 2003-04 Total
Taxes	54 %	48 %
Federal Revenue	20 %	23 %
Charges	13 %	20 %
Miscellaneous	13 %	9 %

*General revenue excludes revenue from enterprises and trust funds.

Table 6 tracks annual collections from Oregon's three major tax revenue sources: personal income taxes, property taxes and corporate income taxes. The responsiveness of the personal income tax to changing economic conditions can be seen in the table. The payment of 2% surplus kicker refunds and credits has increased the year-to-year volatility of both personal and corporate income tax collections. The impact of voter initiatives on property taxes can be seen in falling collections through much of the 1990s.

Table 6
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%	3,414.6	6.0%
2003-04	4,268.6	6.1%	317.5	41.2%	3,611.1	5.8%
2004-05	4,723.0	10.6%	323.3	1.8%	3,763.9	4.2%
2005-06	5,443.6	15.3%	438.2	35.5%	3,903.5	3.7%

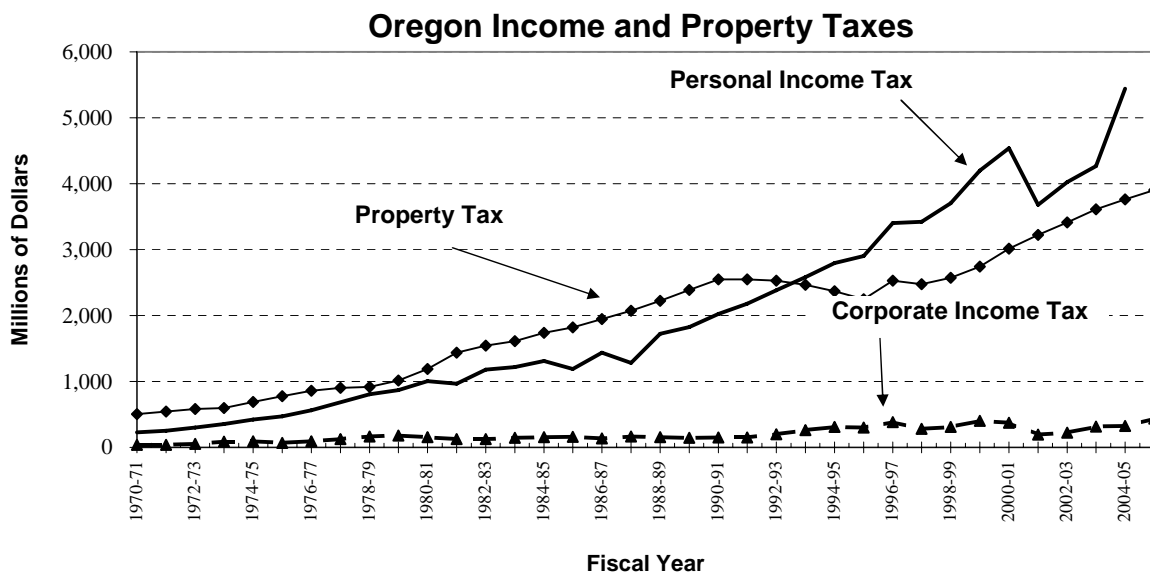


Table 7 shows how Oregon taxes have changed relative to other states over the past twenty years. Oregon's tax burden consistently ranked between #10 and #20 from 1982-83 through 1993-94, slightly lower on a per capita basis. The phase in of lower property tax rates under Measure 5 (passed in 1990) and lower assessed values under Measure 50 (1997) eventually pushed the state's tax burden to #45 in 1998-99. These measures lowered Oregon's property tax burden rank from #5 in 1989-90 (as a % of income) to #28 in 1998-99. Oregon's personal income tax burden has consistently been among the highest in the country while its corporate income tax burden has fluctuated around the middle.

Table 7. HISTORY RANKING OF OREGON TAXES

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

2 % SURPLUS KICKER

Another unique feature of Oregon's revenue system is the 2% surplus kicker. The kicker was approved by the 1979 Legislature as part of an overall fiscal reform package. The package, which included property tax relief, was approved by voters in the spring of 1980. A complete listing of revenue related votes over the past 30 years can be found in section L1-L2. In 2000, voters acting on a legislative referral put a large portion of the 2% surplus kicker statute into the state constitution (Article IX, Section 14). For a detailed discussion of the history and fiscal impacts of the kicker see LRO Research Report #2-07.

How it Works

The kicker law divides all General Fund money into two pots: (1) corporate taxes and (2) personal income taxes plus all other revenues. At the end of each biennium, if the actual collections in either of these two pots are more than 2% higher than was forecast at the close of the regular session, then a 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 prior to the end of the biennium upon which the kicker calculation is based.

History

Table 8 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 8. 2% KICKER (1979/81 – 2005/07)

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	None	-439	None
2003-05	2004/05	-401	None	101	35.9%
2005-07*	2006/07	1,098	21.3%	275	67.3%
* December 2006 Forecast					

Large corporate kicker credits were applied following the 1993-95 and 1995-97 biennia. Corporations were not eligible for a surplus credit for 3 biennia following the 1995-97 biennium. Corporate income tax collections exceeded the forecast by \$101 million in the 2003-05 biennium leading to a 35.9% credit on 2005 corporate income tax returns. The excess corporate revenue occurred despite the defeat of Measure 30 in January 2004. The revenue from Measure 30 was included in the close of session forecast and therefore part of the base for the kicker calculation.

Personal income tax kicker refunds were distributed four biennia in a row starting with the 1993-95 biennium. These refunds averaged 7.8% with the largest (14.4%) following the 1995-97 biennium. However no personal income tax refund has been received since the fall of 2001. The 2001 recession depressed non-corporate General Fund revenue well below forecast in 2001-03 and the failure of Measure 30 held non-corporate revenue \$401 million below the close of session projection for the 2003-05 biennium.

The latest quarterly revenue forecast—December 2006—projects record personal refunds and corporate credits following the 2005-07 biennium. Under current law, these dollars will come out of the 2007-09 revenue stream. If the current forecast holds, personal income tax refunds totaling \$1,098 million (21.3 % of 2006 tax liability) will be issued while corporations will be eligible for a 67.3% credit on 2007 tax liability. The surplus kicker refund and credit percentages will be finalized in August of 2007. The sum of kicker refunds and credits equal 10.9% of projected General Fund revenue in the 2007-09 biennium.

For the 13 biennia in which the kicker has been in effect (1979-81 through 2003-05), the personal income tax trigger has been exceeded eight times. Kicker refunds/credits were distributed on seven occasions and suspended once. Five times revenue has fallen short of the 2% personal income tax trigger. For the corporate calculation, actual collections have exceeded the trigger seven times and fallen below six times. Of the seven times in which the corporate trigger was exceeded, the kicker was credited to corporate taxpayers six times and suspended once.

STATE REVENUE AND EXPENDITURES

Recent state budget history is shown in Table 9. The table shows state General Fund revenue and expenditures and state All Funds revenue and expenditures for the 1991-2007 period. All Funds revenue is not shown for the 2005-07 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.

The General Fund Budget

The General Fund budget grew 111 % between the 1991-93 and 2005-07 biennia. The General Fund recovery from the 2001 recession is evident on the 2005-07 General Fund revenue estimates. 2005-07 General Fund resources (revenue plus the beginning balance) are now expected to increase 23.3 % from the prior biennium. The impact of the 2001 recession and its aftermath is clearly visible in the 2001-03 and 2003-05 General Fund revenue numbers. Fueled by the strong economy and stock market boom, General Fund resources increased 112.3 % between the 1989-91 and 1999-2001 biennia. However, 2001-03 General Fund resources fell 7.0 %. The decline would have been more severe if the Legislature had not issued \$450 million in bonds to fund General Fund operations through the remainder of the 2001-03 biennium. Revenue from the bond sales shows up as “other revenue” in Table 9.

Table 9 also contains general growth measures for comparative purposes. Between 1992 and 2006, Oregon personal income (a measure of the overall state economy) increased 117.2 %, while the state’s population grew 23.1 %. The general price level, as measured by the U.S. consumer price index, increased 43.7 % over the fourteen-year period.

The All Funds Budget

The All Funds budget is a much more comprehensive measure of the state’s finances. However, it contains large revenue sources, such as public employee retirement contributions and earnings that are not available for the provision of general public services. Like the General Fund budget, education and public safety grew in relative terms. However, the degree of increase is less pronounced in the broader All Funds budget.

All Funds revenue increased 129.4 % between 1991-93 and 2005-07, slightly faster than personal income growth. All Funds revenue jumped in the 2003-05 biennium due to a resurgence in interest earnings (actually investment earnings) as the stock market recovered. The vast majority of these earnings accrue to public employee pension accounts and are not available to fund general public services.

TABLE 9
STATE BUDGET HISTORY: 1991-2007*

GENERAL FUND BUDGET (IN MILLIONS)								
PROGRAM AREA	1991-93	1993-95	1995-97	1997-99	1999-01	2001-03	2003-05	2005-07
EDUCATION	\$2,989.0	\$3,572.3	\$4,131.0	\$5,096.0	\$5,852.6	\$5,210.9	\$5,921.0	\$6,362.1
HUMAN RESOURCES	\$1,439.6	\$1,618.1	\$1,872.8	\$1,924.0	\$2,282.1	\$2,387.4	\$2,327.4	\$2,673.8
PUBLIC SAFETY	\$486.2	\$608.4	\$769.7	\$1,000.5	\$1,185.4	\$1,231.2	\$1,228.7	\$1,493.8
ECON. & COMM. DEV. + CONS & BUS. SERV.	\$67.7	\$29.0	\$31.1	\$42.0	\$44.7	\$29.4	\$29.7	\$32.9
NAT. RES.	\$111.6	\$104.1	\$101.3	\$162.8	\$150.6	\$144.5	\$115.3	\$125.0
TRANS.	\$1.2	\$0.1	\$0.3	\$0.8	\$20.0	\$17.1	\$3.9	\$8.6
ADMIN.	\$135.5	\$114.7	\$119.2	\$119.8	\$141.4	\$149.3	\$142.0	\$164.8
LEGISLATURE	\$35.9	\$36.5	\$38.6	\$42.4	\$53.6	\$52.6	\$53.9	\$63.9
JUDICIAL	\$238.0	\$261.8	\$283.1	\$316.3	\$366.3	\$374.0	\$401.3	\$447.0
MISC.	\$0.0	\$65.0	\$80.0	\$80.0	\$0.0	\$0.0	\$0.0	\$234.6
TOTAL	\$5,504.7	\$6,410.1	\$7,426.9	\$8,784.5	\$10,096.7	\$9,596.4	\$10,223.2	\$11,606.5

GENERAL FUND RESOURCES (IN MILLIONS)								
	1991-93	1993-95	1995-97	1997-99	1999-01	2001-03	2003-05	2005-07**
BEGINNING BALANCE	392.2	366.4	496.3	800.1	338.1	363.0	113.5	308.5
PERSONAL INCOME TAXES	4561.9	5381.1	6303.4	7123.1	8737.0	7699.5	8991.6	11088.7
CORPORATE INCOME TAXES	354.9	575.8	684.4	589.1	754.9	420.1	640.8	775.1
OTHER TAXES	321.3	398.7	428.2	336.8	325.0	350.7	344.6	398.6
OTHER REVENUE	239.3	180.6	315.6	275.6	305.0	895.7	461.3	436.9
TOTAL	5869.6	6902.5	8227.9	9124.7	10460.0	9729.0	10551.8	13007.8

ALL FUNDS BUDGET (IN MILLIONS)								
PROGRAM AREA	1991-93	1993-95	1995-97	1997-99	1999-01	2001-03	2003-05	2005-07
EDUCATION	\$5,174.7	\$6,295.3	\$6,889.2	\$8,481.6	\$9,498.0	\$10,277.0	\$10,926.9	\$11,924.7
HUMAN RESOURCES	\$3,611.8	\$4,420.5	\$5,196.4	\$6,323.8	\$7,702.2	\$9,068.4	\$9,201.7	\$10,086.0
PUBLIC SAFETY	\$719.6	\$901.2	\$1,811.7	\$1,579.5	\$1,959.0	\$2,128.1	\$1,970.9	\$2,104.1
ECON. & COMM. DEV. + CONS & BUS. SERV.	\$4,291.8	\$3,743.5	\$4,178.0	\$4,020.1	\$3,998.6	\$5,778.6	\$5,680.2	\$5,577.6
NAT. RES.	\$803.6	\$865.7	\$707.0	\$956.6	\$1,152.7	\$1,166.9	\$1,214.7	\$1,293.9
TRANS.	\$1,340.1	\$1,513.5	\$1,559.8	\$1,783.5	\$1,660.8	\$1,871.4	\$2,656.4	\$2,698.3
ADMIN.	\$1,645.9	\$1,929.9	\$2,466.2	\$3,715.5	\$4,058.8	\$4,765.7	\$6,004.5	\$6,510.5
LEGISLATURE	\$39.6	\$42.6	\$43.7	\$46.5	\$57.9	\$59.8	\$58.2	\$71.8
JUDICIAL	\$239.7	\$264.7	\$286.7	\$321.6	\$374.2	\$393.1	\$436.5	\$479.0
MISC.	\$0.0	\$65.0	\$80.0	\$80.0	\$0.0	\$0.0	\$0.0	\$234.6
TOTAL	\$17,866.8	\$20,041.9	\$23,218.7	\$27,308.7	\$30,462.2	\$35,509.0	\$38,150.0	\$40,980.5

ALL FUNDS REVENUE (IN MILLIONS)							
	1991-93	1993-95	1995-97	1997-99	1999-01	2001-03	2003-05
TAXES	\$7,643.3	\$8,951.3	\$10,228.4	\$11,363.3	\$13,168.9	\$11,912.3	\$14,265.6
FEDERAL FUNDS	\$4,243.8	\$4,688.5	\$5,197.4	\$6,488.6	\$7,352.3	\$9,604.1	\$10,287.8
INTEREST EARNINGS	\$4,385.4	\$4,206.6	\$5,127.4	\$9,238.6	\$4,247.9	\$801.9	\$11,970.1
DONATIONS&CONTRIB.	\$1,540.5	\$1,522.1	\$1,681.9	\$1,950.8	\$2,917.5	\$5,073.7	\$5,105.9
BOND SALES	\$609.6	\$573.3	\$1,277.8	\$1,316.5	\$1,768.1	\$2,486.4	\$2,756.9
LIQUOR & OTHER SALES	\$371.4	\$361.2	\$383.7	\$430.6	\$412.8	\$469.6	\$553.5
LOAN REPAYMENTS	\$1,318.1	\$1,243.5	\$934.2	\$945.3	\$673.4	\$790.2	\$727.8
CHARGES	\$1,312.8	\$964.4	\$1,037.4	\$1,243.0	\$1,283.9	\$1,491.7	\$1,992.5
LICENSES & FEES	\$497.0	\$510.6	\$547.6	\$664.2	\$665.6	\$1,021.6	\$1,143.1
LOTTERY	\$184.5	\$447.0	\$576.4	\$608.1	\$630.6	\$738.1	\$780.6
OTHER	\$403.9	\$450.0	\$537.4	\$550.1	\$1,136.9	\$2,463.7	\$1,526.4
TOTAL	\$22,510.3	\$23,918.5	\$27,529.6	\$34,799.1	\$34,257.9	\$36,853.3	\$51,110.2

GROWTH MEASURES								
	1992	1994	1996	1998	2000	2002	2004	2006**
OREGON PERSONAL INC.(MILL.)	\$57,547	\$65,735	\$75,975	\$85,269	\$96,402	\$101,902	\$110,700	\$124,900
OREGON POPULATION(MILL.)	2.992	3.121	3.247	3.352	3.431	3.505	3.583	3.683
U.S. CONSUMER PRICE INDEX	140.3	148.2	156.9	163	172.2	179.9	188.9	201.6

*Some historical expenditure numbers are under review and subject to revision. 2005-07 revenues are estimates. 2005-07 is Legislatively Approved Budget.

**Based on December 2006 forecast

EFFECT OF TAX CHANGES

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

TAX REDUCTIONS	Revenue Effect (in millions)		
	FY 2007-08	FY 2008-09	FY 2009-10
Property Tax			
Personal Property Tax Threshold (current law: accounts under \$12,500 in Assessed Value are exempt from Taxes) Increase the Tax Exempt Threshold to \$20,000 of Assessed Value	-2.80	-2.80	-2.90
Senior Homeowner Property Tax Freeze: Freeze property taxes on residences who are over the age of 65 and have income < \$35,000	-1.7	-3.9	-4.4
Personal Income Tax			
Earned Income Credit (EIC)			
Increase EIC to 10% of federal EIC	-17.0	-15.0	-15.3
Increase EIC to 12% of federal EIC	-24.3	-22.5	-23.0
Rate Reductions (current rates 5% – 7% – 9%)			
Reduce rates 1 percentage point (to 4 - 6 - 8%)	-736.2	-781.1	-828.9
Reduce rates 1/2 percentage point (to 4.5 - 6.5 - 8.5%)	-368.5	-391.0	-414.9
Reduce rates 1/4 percentage point (to 4.75 - 6.75 – 8.75%)	-184.4	-195.6	-207.5
Reduce rates 0.1 percentage point (to 4.9 - 6.9 - 8.9%)	-73.8	-78.3	-83.0
Tax Bracket Changes			
Double width of 5% and 7% brackets	-400.6	-421.8	-442.1
Widen 5% and 7% brackets by \$1,000 (\$2,000 on joint returns)	-183.3	-193.9	-203.7
Income Exemptions and Deductions			
Eliminate tax on unemployment income	-44.0	-44.6	-45.3
Double standard deduction (\$1,770 single; \$3,545 joint in 2005)	-146.4	-149.8	-153.0
Increase Maximum Federal Tax Subtraction to \$10,000	-124.1	-129.1	-134.9
No limit on maximum subtraction for federal income taxes	-651.2	-714.9	-785.3
Credits			
Increase personal exemption credit \$10	-31.9	-32.8	-33.6
Capital Gains (currently taxed at 5-7-9% rates)			
Reduce tax rate on capital gains to 5%	-236.2	-252.3	-271.3
Reduce tax rate on capital gains to 4%	-296.1	-316.2	-340.0
Estate Taxes			
Connect to 2001 Federal law changes and eliminate estate taxes in Oregon (currently connected to Federal Taxpayer Relief Act of 1997)	63.5	66.0	68.5
Corporate Income Tax			
Reduce corporate tax rate 0.1 percentage point (to 6.5%)	-6.2	-6.3	-6.1
Reduce corporate tax rate 1 percentage point (to 5.6%)	-61.6	-63.0	-61.3

TAX INCREASES/NEW TAXES	Revenue Effect (in millions)		
	FY 2007-08	FY 2008-09	FY 2009-10
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	271.3	284.3	297.9
Personal Income Tax			
Increase All Rates 5% (5.25, 7.35, 9.45%)	308.4	327.6	348.0
Increase All Rates 10% (5.5, 7.7, 9.9%)	617.2	655.5	696.3
Increase All Rates 1 Percentage Point (6, 8, 10%)	739.1	784.0	831.9
Increase Top Tax Rate to 9.5%	285.0	303.5	323.4
Increase Rate to 10% for Income Above \$100,000 Joint (indexed)	176.5	191.1	207.4
Increase Rate to 10% for Income Above \$50,000 Joint (indexed)	307.3	330.4	355.9
Increase Rate to 10% for Income Above \$25,000 Joint (indexed)	471.5	503.2	537.9
Decrease Maximum Federal Tax Subtraction Limit to \$3,000 (2007 Federal Tax Subtraction is \$5,500)	122.1	132.4	144.4
1% Surtax	55.3	58.8	62.5
Reduce Personal Exemption Credit by \$10	32.1	33.0	33.8
Limit Property tax Deduction to \$2,500 if Income > \$100,000 Joint	65.3	77.0	88.4
Limit Mortgage Interest Deduction to \$15,000	34.4	37.6	41.0
Corporate Income Tax			
1% Surtax	4.1	4.2	4.0
Increase Rate One Percentage Point (to 7.6%)	61.2	63.0	61.3
Increase Corp. Min Tax to \$500	38.6	39.4	40.1
Increase Corp. Min Tax = \$500 - Corps. with Gross Sales < \$500,000 & Corp. Min Tax = \$1,000 - Corps. with Sales > \$500,000 and < \$1 million & Corp. Min Tax = \$3,000 - Corps. with Sales > \$1 million	80.4	81.8	83.2
Sales Taxes (begin 2008)			
Broad Retail Sales Tax – 1% Rate (exempts shelter & in-home food)	400.5	865.2	917.6
Restricted Retail Sales Tax – 1% Rate (exempts shelter, in-home food, public transport, health care, education, personal insurance, utilities, gasoline, tobacco products)	280.6	611.2	655.6
Broad Retail Sales Tax – 3% Rate (exempts shelter & in-home food)	1,201.9	2,630.8	2,786.7
Restricted Retail Sales Tax – 3% Rate (exempts same items as described in 1% restricted retail sales tax)	846.7	1,834.8	1,943.2
Broad Retail Sales Tax – 5% Rate (exempts shelter & in-home food)	2,012.0	4,342.5	4,605.9
Restricted Retail Sales Tax – 5% Rate (exempts same items as described in 1% restricted retail sales tax)	1,412.8	3,043.9	3,149.1
Business Activity Taxes (begin 2008)			
Washington Gross Receipts Tax (B&O) – .1% Rate (no income tax credit)	133.3	278.8	296.7
Business Activities Tax (first \$25,000 of tax base is exempt) – 1% rate	219.9	441.8	462.2
Excise Taxes (begin 2008)			
Washington Real Estate Transfer Tax – 1% Rate	268.5	287.2	301.6
Increase Cigarette Tax by 10¢ per Pack	13.9	15.1	15.2
Increase Other Tobacco Products by 10% of wholesale price	1.3	2.4	2.5
Increase Beer Tax by \$1 per barrel	1.4	2.7	2.7
Increase Wine Tax by 25¢ per gallon	1.5	2.7	2.8
Increase OLCC Mark-up by 10% (current = 101%)	5.5	10.8	11.1
Transient Lodging Tax – 1% Rate (no exemption amount)	4.3	8.8	8.9

OREGON INCOME TAXES

Personal Income Tax

Oregon residents and nonresidents earning income in Oregon pay the personal income tax. Oregon is tied to the definition of federal taxable income, but some adjustments are made in determining Oregon taxable income. See page C8 for the tax calculation.

Tax rates range from 5% to 9% of taxable income. Taxable income is adjusted gross income (AGI) plus Oregon additions less Oregon subtractions and deductions (standard or itemized). Because taxable income is generally less than AGI, the average effective tax rate is roughly 5.7% of AGI. Since 1993, the income tax brackets have been indexed to changes in the U.S. Consumer Price Index. The rate schedule for tax year 2007 is shown below:

2007 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 \$2,850	5% of taxable income	Not over \$5,700	5% of taxable income
\$2,850 to \$7,150	\$143 + 7% of income over \$2,750	\$5,700 to \$14,300	\$285 + 7% of income over \$5,500
Over \$7,150	\$444 + 9% of income over \$6,850	Over \$14,300	\$887 + 9% of income over \$13,700

In 2004, all personal income tax returns had a total adjusted gross income of \$74.6 billion. The average adjusted gross income for all returns was \$45,111, an increase of 6.2% from 2003. Oregon taxpayers had a total tax liability of \$4.2 billion, an increase of 10% from 2003. This increase is the strongest growth since 1997 when liability grew by just over 13 percent. The average Oregon tax liability was \$2,568, up 7.3% from the prior year.

The estimated Oregon standard deductions for tax year 2007 are \$3,745 on joint returns, \$1,870 on single and separate returns and \$3,015 for head-of-household returns.¹ 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 2004, the average total deduction per tax return was \$8,067, an increase of 3% from 2003. A personal exemption credit is allowed for most taxpayers and dependents. This credit is indexed for inflation and is \$165 for 2007. The average total credits per tax return taken in 2004 was \$343, an increase of 5.5% over 2003.

Oregon taxes both individual and some business income through the personal income tax system. Owners and shareholders of small businesses, like sole proprietors and S-corporations, pay personal income taxes on the profits from these businesses. In 2004, the total number of sole proprietors was 227,273, a 3.1% increase from prior year, and the total number of S-corporations was 50,018. The total amount of income that sole proprietors reported on 2004 full-year returns was \$2.8 billion (4% of total income). More detail on Oregon's small businesses can be seen on pages C21 and C22. Between 2000 and 2004, the number of sole proprietors increased by 9% and S-corporations by 14%. On average over this time period, sole proprietors have been growing annually by 2.2% and S-corporations by 3.2%.

Personal income tax collections are the largest source of state tax revenue. Personal income tax collections are projected to comprise 89% of the total General Fund revenues in the 2007-09 biennium. (They were 86% of the total general fund revenues in the 2003-05 biennium.) The following table summarizes the personal income tax collections since fiscal year 1997-98.

¹ The standard deduction is indexed to 2007 second quarter inflation, so actuals are not yet available.

Tax Collections History Fiscal Years 1997-98 to 2005-06

Fiscal Year	Personal Income Tax Collections (\$ billions)	Percent Change	Corporate Excise Tax Collections (\$ millions)	Percent Change
1997-98	\$3.42		\$275	
1998-99	\$3.70	8.2%	\$314	14.2%
1999-00	\$4.20	13.4%	\$382	21.7%
2000-01	\$4.54	8.2%	\$373	-2.3%
2001-02	\$3.68	-19.0%	\$195	-47.7%
2002-03	\$4.02	9.4%	\$225	15.2%
2003-04	\$4.27	6.1%	\$318	41.2%
2004-05	\$4.72	10.6%	\$323	1.8%
2005-06	\$5.44	15.3%	\$438	35.5%

Corporate Excise Tax

C-Corporation net income attributable to Oregon is taxed under the corporate excise tax. The tax rate is 6.6%. The corporate excise tax is the second largest tax source for the state General Fund. The corporate tax revenue is projected to provide 4.5% of General Fund revenues in the 2007-09 biennium. Oregon uses federal taxable income, with some modifications, as its tax base.

Corporations pay taxes only on income attributable to Oregon. For multi-state C-corporations, historically a three-factor formula using property, payroll and sales has been used to apportion income to Oregon. Over the past 15 years the formula weights have changed from an equally weighted formula (used prior to 1991) to a one-hundred percent weighted sales formula (for tax years beginning on or after July 1, 2005) that is used by most corporations.² The following table contains the corporate apportionment formula weights for each factor and their effective dates.

Corporate Apportionment Formula Weights by Tax Year and Factor

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

C-corporations can be divided into two groups: corporations which do business only in Oregon and those which do business in multiple states. In 2004, the total number of Oregon only corporate returns was 21,794 (65% of all 33,687 C-corporations) and the total number of multi-state corporations was 11,894 (35% of all 33,687 C-corporations). The total taxable income of multi-state corporations was \$4.6 billion (87% of total taxable income) and total taxable income of Oregon only corporations was \$0.7 billion (13% of total taxable income). Page C15 illustrates the trends in the Oregon only and multi-state corporations between 1994 and 2004. During this time period, the number of Oregon only corporations has declined by 24% while the number of multi-state corporations has increased by 24%. The Department of Revenue processes roughly 35,000 C-corporation returns annually. Nearly 50,000 S-corporations pay the minimum tax of \$10 but do not pay the corporate tax based on their net income.

² There are three exceptions: (1) certain wood products corporations must use the double-weighted sales formula, (2) utilities and telecommunications corporations may elect to use the double-weighted sales formula, and (3) insurance companies filing Form 20-INS must use an equally-weighted formula.

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.
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. Beginning in 2008 it is indexed to inflation.
2003	Federal conformity updated to December 31, 2002, except for changes in depreciation, 179 expensing, deferred compensation plans, pension, employee stock ownership, deferred compensation, individual retirement plans, medical savings accounts, qualified tuition savings accounts or other tax-exempt savings programs. Eliminates the "rolling reconnect" for changes in federal tax law for 3 years until December 31, 2005. Re-establishes the "rolling reconnect" for changes in federal law pertaining to taxable income for federal tax law changes after December 31, 2005.
2005	Oregon's earned income credit is increased to 6% of the federal credit beginning January 1, 2008. It is also made refundable for tax years 2006 through 2010. The residential energy tax credit is also expanded. New credits are created for volunteer emergency medical technicians and taxpayers who contribute to an individual development account.

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:

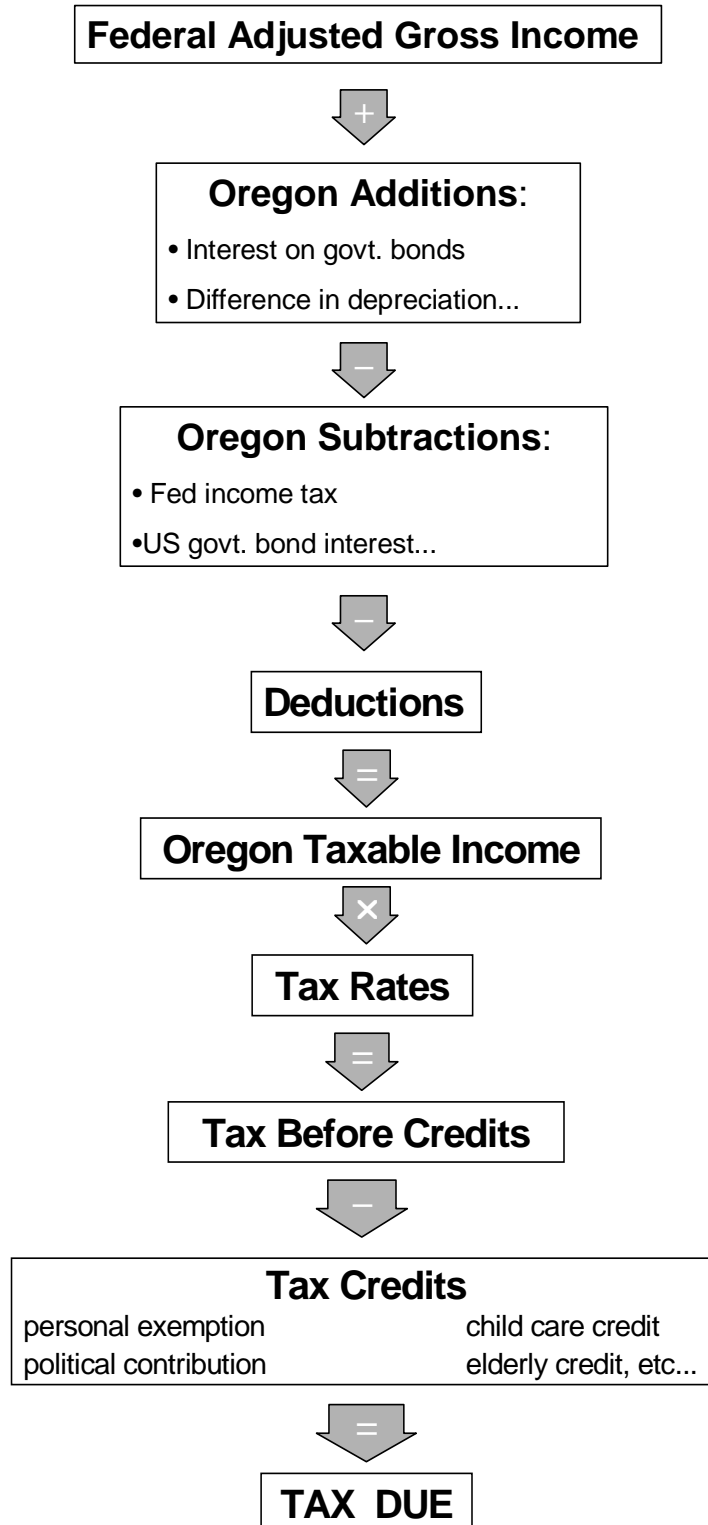
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|------|---|
| 1929 | The legislature passed a law titled the Corporate Excise of 1929 which enacted a corporate excise tax on corporations doing business within the state of Oregon. The tax rate was set at 5%, with a few corporations being exempt. 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 extrritorial income from the taxable income of multi-national corporations. Prior to 2000, Oregon included the income of foreign sales corporations in the definition of taxable income.
- 2001 Oregon moved to a "super sales" corporate apportionment formula where the sales factor was weighted (.8) and payroll and property factors are each weighted (.1). This applied for corporate tax years beginning May1, 2003.
- 2003 Oregon will increase the sales factor of the corporate apportionment formula to (.9) and payroll and property factors are each (.05). This will apply to corporate tax years beginning July 1, 2006. Oregon will adopt a single sales corporate apportionment formula (100% sales) beginning corporate tax years after July 1, 2008. Established a date specific connection to federal tax law, as in effect on Dec. 31, 2002, for federal law changes occurring in 2003-2005 except for federal law changes pertaining to the following: depreciation, 179 expensing, pension, employee stock ownership, deferred compensation, individual retirement plans, medical savings accounts, education IRAs, qualified tuition savings accounts or other tax-exempt savings programs. Re-establishes the "rolling reconnect" for changes in federal law pertaining to taxable income for federal law changes after December 31, 2005.
- 2005 The corporate single-sales apportionment formula became effective for tax years beginning on or after July 1, 2005. The maximum research and development tax credit increased to \$2 million, beginning January 1, 2006.

Calculation of Oregon Personal Income Tax



PERSONAL INCOME TAX STATISTICAL TABLES (Pages C10-C12)

- ALL TABLES:**
- Personal income tax statistics.
 - 2004 tax year.
 - Classified by adjusted gross income group, first column shows income class.
 - Totals are shown at bottom.

- TABLE A:**
- General summary of major tax items for all tax returns.
 - Dollar amounts are in thousands of dollars.
 - See outline on previous page for general scheme of table.

Example: All full-year filers in the \$40,000 to \$45,000 Adjusted Gross Income (AGI) class had total Oregon AGI of \$2,768.8 million, total taxable income of \$1,934.6 million, and total net tax of \$131.3 million. Part-year and nonresident returns in this income group had a combined net tax of \$13.98 million.

- TABLE B:**
- Same as Table A except numbers are averages.

Example: Full-year filers in the \$40,000 to \$45,000 AGI class had average Oregon AGI of \$42,443, average taxable income of \$29,655 and average net tax of \$2,013.

- TABLE C:**
- Summary of sources of adjusted gross income for all full-year tax returns.

Example: Full-year filers in the \$40,000 to \$45,000 AGI class had total wages and salaries of \$2,178.7 million (79% of total AGI), taxable interest and dividends of \$72.6 million (3% of total AGI) and capital gains of \$28.4 million (1% of total AGI).

TABLE A

2004 TOTAL INCOME AND TAX (\$000)													
AGI Distribution	Full-Year Returns										Part-Year and Nonresident Returns		
AGI Level (\$000)	Number of Returns	Number of Exemptions	Adjusted Gross Income	Additions	Subtractions	Deductions	Taxable Income	Gross Tax	Credits	Net Tax	Number of Returns	Taxable Income	Net Tax
Less than zero	20,033	30,339	-1,026,340	18,398	15,489	183,574	1,056	103	31	72	7,580	1,268	97
0-5	123,371	99,833	328,626	2,913	9,411	319,070	119,605	6,098	3,079	3,019	51,128	70,411	2,662
5-10	133,362	163,072	996,189	4,181	33,676	457,291	594,177	35,107	17,234	17,873	26,360	139,939	6,264
10-15	127,800	205,236	1,597,172	4,938	89,844	546,907	1,033,996	68,960	30,507	38,453	17,570	161,621	8,409
15-20	121,567	219,819	2,120,903	4,654	156,588	577,749	1,444,875	102,642	38,241	64,401	13,525	174,480	9,915
20-25	105,872	202,993	2,375,417	4,543	205,131	550,151	1,672,027	124,746	37,599	87,147	10,724	180,607	11,003
25-30	92,550	184,508	2,541,843	4,722	248,960	527,980	1,799,061	138,357	33,568	104,789	9,054	187,355	12,032
30-35	82,491	168,955	2,676,673	4,699	286,758	527,834	1,889,521	148,412	29,232	119,180	8,382	206,289	13,762
35-40	73,829	158,254	2,764,019	4,687	317,022	539,246	1,934,954	154,075	26,589	127,486	7,084	201,592	13,924
40-45	65,236	146,360	2,768,840	4,960	324,807	535,039	1,934,584	155,701	24,374	131,327	6,152	198,792	13,980
45-50	58,367	136,565	2,770,567	4,833	328,689	528,665	1,935,198	157,139	22,428	134,711	5,250	190,091	13,620
50-60	100,903	249,243	5,533,236	10,182	665,320	1,026,047	3,873,575	317,816	40,738	277,078	7,970	336,530	24,586
60-70	80,963	211,490	5,248,491	9,673	608,354	949,556	3,716,565	308,449	34,971	273,478	5,545	280,806	20,946
70-80	64,196	173,743	4,801,380	7,747	523,106	832,357	3,463,180	290,311	29,112	261,199	3,877	227,980	17,292
80-90	48,842	135,199	4,139,282	6,590	406,323	703,192	3,050,586	257,979	22,853	235,126	2,609	176,358	13,431
90-100	35,807	100,754	3,392,235	5,629	295,624	550,857	2,554,266	217,601	17,347	200,254	1,904	144,452	11,123
100-250	108,301	307,729	15,045,370	29,959	950,998	2,131,339	12,002,339	1,042,596	61,631	980,965	5,478	640,500	49,083
250-500	12,890	37,579	4,295,323	14,755	133,524	429,991	3,748,518	332,766	12,372	320,394	806	241,197	17,524
500 +	5,355	15,010	7,045,432	45,174	109,377	569,506	6,413,049	575,193	24,677	550,516	470	712,307	46,136
Quintile Distribution													
First 20%	292,340	316,267	458,915	26,109	65,780	1,020,733	816,105	47,747	23,430	24,317	38,297	23,134	990
Second 20%	292,359	513,253	4,805,869	11,292	343,302	1,367,081	3,251,835	229,774	86,125	143,649	38,294	132,095	5,349
Middle 20%	292,344	594,914	8,956,980	16,054	936,235	1,813,028	6,313,802	492,370	105,084	387,286	38,289	383,495	19,922
Fourth 20%	292,345	707,331	15,306,562	27,992	1,813,605	2,859,297	10,735,549	878,382	116,526	761,856	38,295	857,539	56,437
Next 15%	219,260	605,937	19,453,546	32,286	1,809,018	3,215,945	14,494,148	1,230,215	104,150	1,126,065	28,721	1,277,989	94,410
Next 4%	58,470	166,962	10,053,037	22,890	535,406	1,316,313	8,230,242	720,335	37,097	683,238	7,658	729,372	55,798
Top 1%	14,617	42,017	10,379,747	56,613	205,657	893,952	9,339,454	835,228	34,171	801,057	1,914	1,068,951	72,878
Total	1,461,735	2,946,681	69,414,656	193,236	5,709,004	12,486,348	53,181,135	4,434,051	506,583	3,927,468	191,468	4,472,575	305,785

TABLE B

2004 AVERAGE INCOME AND TAX													
AGI Distribution	Full-Year Returns										Part-Year and Nonresident Returns		
AGI Level (\$000)	Number of Returns	Number of Exemptions	Adjusted Gross Income	Additions	Subtractions	Deductions	Taxable Income	Gross Tax	Credits	Net Tax	Number of Returns	Taxable Income	Net Tax
Less than zero	20,033	1.5	-51,232	918	773	9,164	53	5	2	4	7,580	167	13
0-5	123,371	0.8	2,664	24	76	2,586	969	49	25	24	51,128	1,377	52
5-10	133,362	1.2	7,470	31	253	3,429	4,455	263	129	134	26,360	5,309	238
10-15	127,800	1.6	12,497	39	703	4,279	8,091	540	239	301	17,570	9,199	479
15-20	121,567	1.8	17,446	38	1,288	4,753	11,885	844	315	530	13,525	12,901	733
20-25	105,872	1.9	22,437	43	1,938	5,196	15,793	1,178	355	823	10,724	16,841	1,026
25-30	92,550	2.0	27,465	51	2,690	5,705	19,439	1,495	363	1,132	9,054	20,693	1,329
30-35	82,491	2.0	32,448	57	3,476	6,399	22,906	1,799	354	1,445	8,382	24,611	1,642
35-40	73,829	2.1	37,438	63	4,294	7,304	26,209	2,087	360	1,727	7,084	28,457	1,966
40-45	65,236	2.2	42,443	76	4,979	8,202	29,655	2,387	374	2,013	6,152	32,313	2,272
45-50	58,367	2.3	47,468	83	5,631	9,058	33,156	2,692	384	2,308	5,250	36,208	2,594
50-60	100,903	2.5	54,837	101	6,594	10,169	38,389	3,150	404	2,746	7,970	42,225	3,085
60-70	80,963	2.6	64,826	119	7,514	11,728	45,904	3,810	432	3,378	5,545	50,641	3,777
70-80	64,196	2.7	74,793	121	8,149	12,966	53,947	4,522	453	4,069	3,877	58,803	4,460
80-90	48,842	2.8	84,748	135	8,319	14,397	62,458	5,282	468	4,814	2,609	67,596	5,148
90-100	35,807	2.8	94,737	157	8,256	15,384	71,334	6,077	484	5,593	1,904	75,868	5,842
100-250	108,301	2.8	138,922	277	8,781	19,680	110,824	9,627	569	9,058	5,478	116,922	8,960
250-500	12,890	2.9	333,229	1,145	10,359	33,358	290,808	25,816	960	24,856	806	299,252	21,742
500 +	5,355	2.8	1,315,674	8,436	20,425	106,350	1,197,582	107,412	4,608	102,804	470	1,515,547	98,162
Quintile Distribution													
First 20%	292,340	1.1	1,570	89	225	3,492	2,792	163	80	83	38,297	604	26
Second 20%	292,359	1.8	16,438	39	1,174	4,676	11,123	786	295	491	38,294	3,449	140
Middle 20%	292,344	2.0	30,638	55	3,203	6,202	21,597	1,684	359	1,325	38,289	10,016	520
Fourth 20%	292,345	2.4	52,358	96	6,204	9,781	36,722	3,005	399	2,606	38,295	22,393	1,474
Next 15%	219,260	2.8	88,724	147	8,251	14,667	66,105	5,611	475	5,136	28,721	44,497	3,287
Next 4%	58,470	2.9	171,935	391	9,157	22,513	140,760	12,320	634	11,685	7,658	95,243	7,286
Top 1%	14,617	2.9	710,115	3,873	14,070	61,158	638,945	57,141	2,338	54,803	1,914	558,491	38,076
Total	1,461,735	2.0	47,488	132	3,906	8,542	36,382	3,033	347	2,687	191,468	23,359	1,597

TABLE C

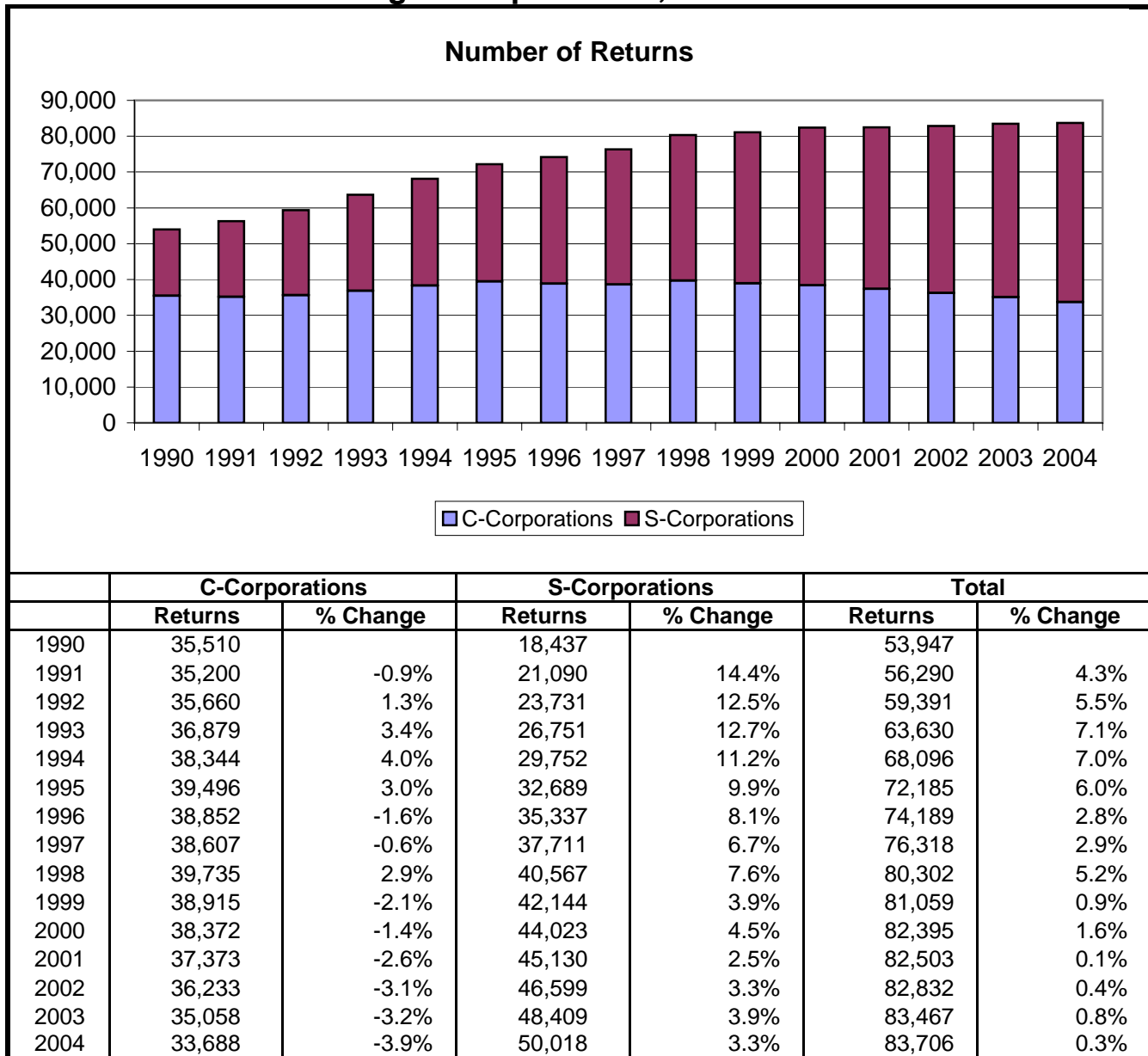
2004 SOURCES OF INCOME (\$000)

AGI Distribution	Full-Year Returns											
AGI Level (\$000)	Number of Returns	Wages, Salaries, Tips	Taxable Dividends and Interest	Schedule C Income/Loss	Capital Gains / Loss	Taxable Pensions	Schedule E Income/Loss ¹	Schedule F Income/Loss	All Other Income ²	Gross Income	Adjustments	Adjusted Gross Income
Less than zero	20,033	105,722	80,679	-69,280	120,231	33,225	-389,536	-71,452	-814,820	-1,005,231	21,109	-1,026,339
0-5	123,371	284,856	34,649	23,020	-4,949	27,854	-8,734	-5,409	2,238	353,526	24,900	328,626
5-10	133,362	716,643	71,279	73,827	3,416	129,572	1,452	-5,538	40,226	1,030,877	34,688	996,189
10-15	127,800	1,099,708	92,765	106,903	10,463	258,079	10,057	-7,493	63,727	1,634,208	37,036	1,597,172
15-20	121,567	1,537,344	96,936	103,422	20,006	326,653	14,621	-8,459	70,813	2,161,336	40,434	2,120,903
20-25	105,872	1,816,391	81,819	104,582	21,689	314,839	17,564	-8,859	69,696	2,417,721	42,304	2,375,417
25-30	92,550	1,984,430	76,482	96,058	22,799	327,301	18,894	-9,062	67,428	2,584,331	42,488	2,541,843
30-35	82,491	2,117,086	72,633	92,059	26,044	333,124	19,884	-8,235	66,869	2,719,463	42,790	2,676,673
35-40	73,829	2,186,538	70,525	96,431	26,007	349,155	21,480	-9,196	67,218	2,808,159	44,140	2,764,019
40-45	65,236	2,178,730	72,555	93,998	28,377	357,894	24,241	-8,290	66,351	2,813,856	45,016	2,768,840
45-50	58,367	2,168,665	73,424	91,058	33,092	364,689	31,691	-8,278	62,340	2,816,682	46,115	2,770,567
50-60	100,903	4,284,779	140,421	169,294	74,524	767,921	76,289	-16,233	117,603	5,614,597	81,361	5,533,236
60-70	80,963	4,023,993	134,311	162,294	84,484	743,959	83,856	-12,777	99,845	5,319,965	71,474	5,248,491
70-80	64,196	3,663,229	122,623	148,634	94,632	673,896	91,022	-12,684	84,269	4,865,623	64,243	4,801,379
80-90	48,842	3,164,257	104,778	125,363	92,400	553,106	98,053	-9,193	69,246	4,198,010	58,728	4,139,282
90-100	35,807	2,580,230	89,446	114,147	89,405	429,159	100,164	-7,206	55,866	3,451,210	58,975	3,392,235
100-250	108,301	10,184,276	564,120	780,582	970,634	1,579,046	1,080,274	-31,164	239,306	15,367,074	321,704	15,045,370
250-500	12,890	2,220,750	254,266	265,757	652,905	183,050	760,908	-12,373	68,759	4,394,020	98,698	4,295,323
500 +	5,355	1,906,207	715,360	179,437	2,135,689	95,955	1,986,222	-11,294	89,341	7,096,916	51,484	7,045,432
Quintile Distribution												
First 20%	292,340	1,216,453	196,780	40,830	119,251	216,041	-396,122	-83,237	-765,886	544,110	85,196	458,914
Second 20%	292,359	3,474,020	224,330	252,865	40,391	729,865	33,363	-19,572	166,057	4,901,319	95,450	4,805,869
Middle 20%	292,344	7,036,323	252,920	328,073	84,556	1,134,830	67,409	-30,093	229,972	9,103,989	147,009	8,956,980
Fourth 20%	292,345	11,884,087	394,555	485,971	202,541	2,089,371	196,815	-43,292	327,134	15,537,182	230,620	15,306,562
Next 15%	219,260	14,681,400	526,212	657,723	525,864	2,544,981	547,501	-42,815	323,499	19,764,366	310,820	19,453,546
Next 4%	58,470	6,336,183	435,472	608,999	860,805	906,762	997,995	-25,217	165,170	10,286,171	233,134	10,053,037
Top 1%	14,617	3,595,367	918,801	383,124	2,668,441	226,626	2,591,443	-18,969	140,373	10,505,206	125,458	10,379,748
Total	1,461,735	48,223,833	2,949,071	2,757,585	4,501,849	7,848,477	4,038,403	-263,196	586,321	70,642,342	1,227,687	69,414,655

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

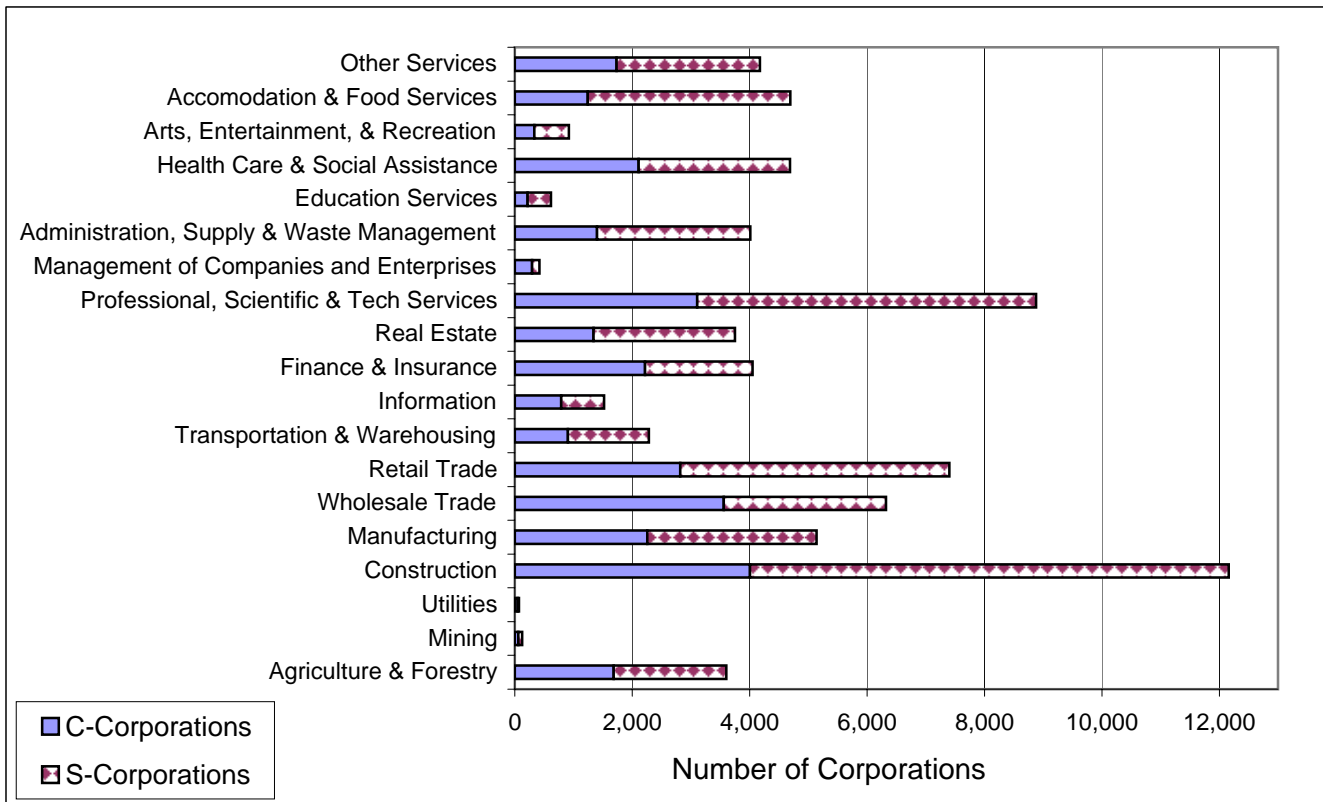
²All other income includes: taxable state income tax refunds, alimony received, unemployment compensation, and other income.

Oregon Corporations, 1990-2004

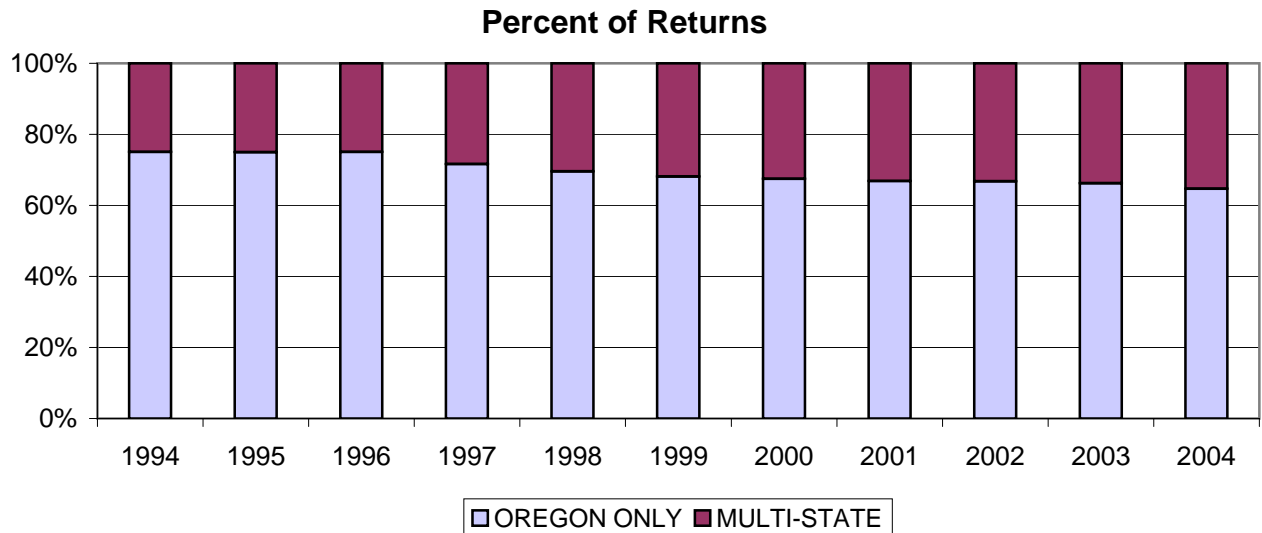


Corporation Filers by Industry, Tax Year 2004

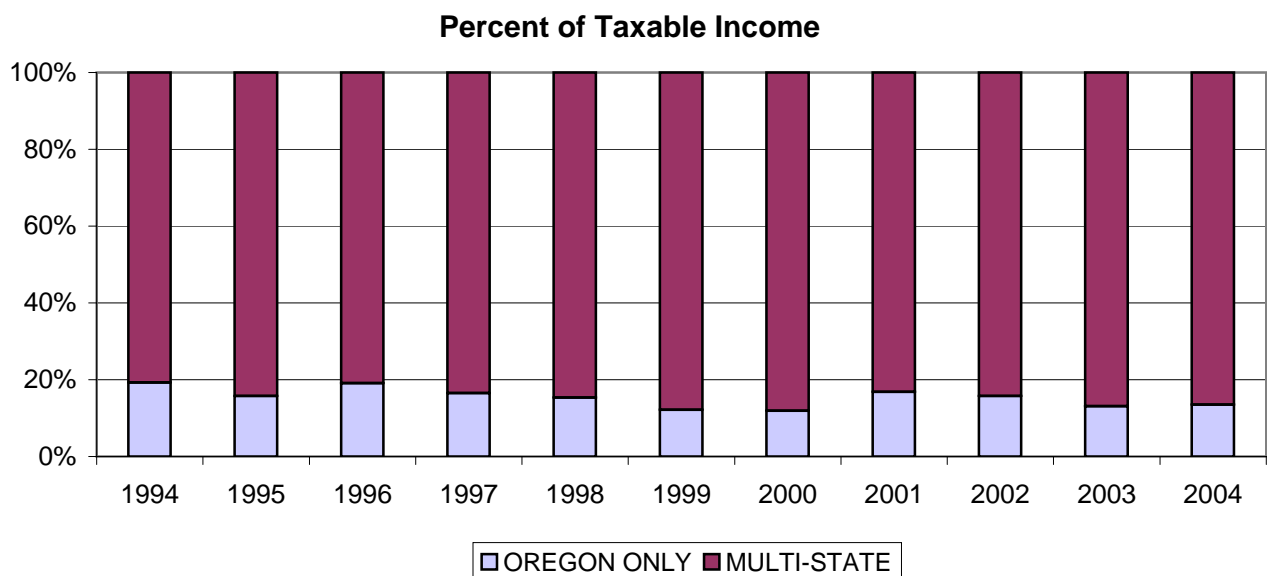
Industry	C-Corporations	S-Corporations
Agriculture & Forestry	1,686	1,922
Mining	58	71
Utilities	51	25
Construction	4,006	8,160
Manufacturing	2,256	2,891
Wholesale Trade	3,557	2,772
Retail Trade	2,819	4,591
Transportation & Warehousing	907	1,383
Information	789	739
Finance & Insurance	2,220	1,835
Real Estate	1,341	2,414
Professional, Scientific & Tech Services	3,108	5,777
Management of Companies and Enterprises	293	130
Administration, Supply & Waste Management	1,400	2,616
Education Services	220	403
Health Care & Social Assistance	2,109	2,582
Arts, Entertainment, & Recreation	330	595
Accommodation & Food Services	1,241	3,460
Other Services	1,731	2,448
Unknown	3,566	5,204
Total	33,688	50,018



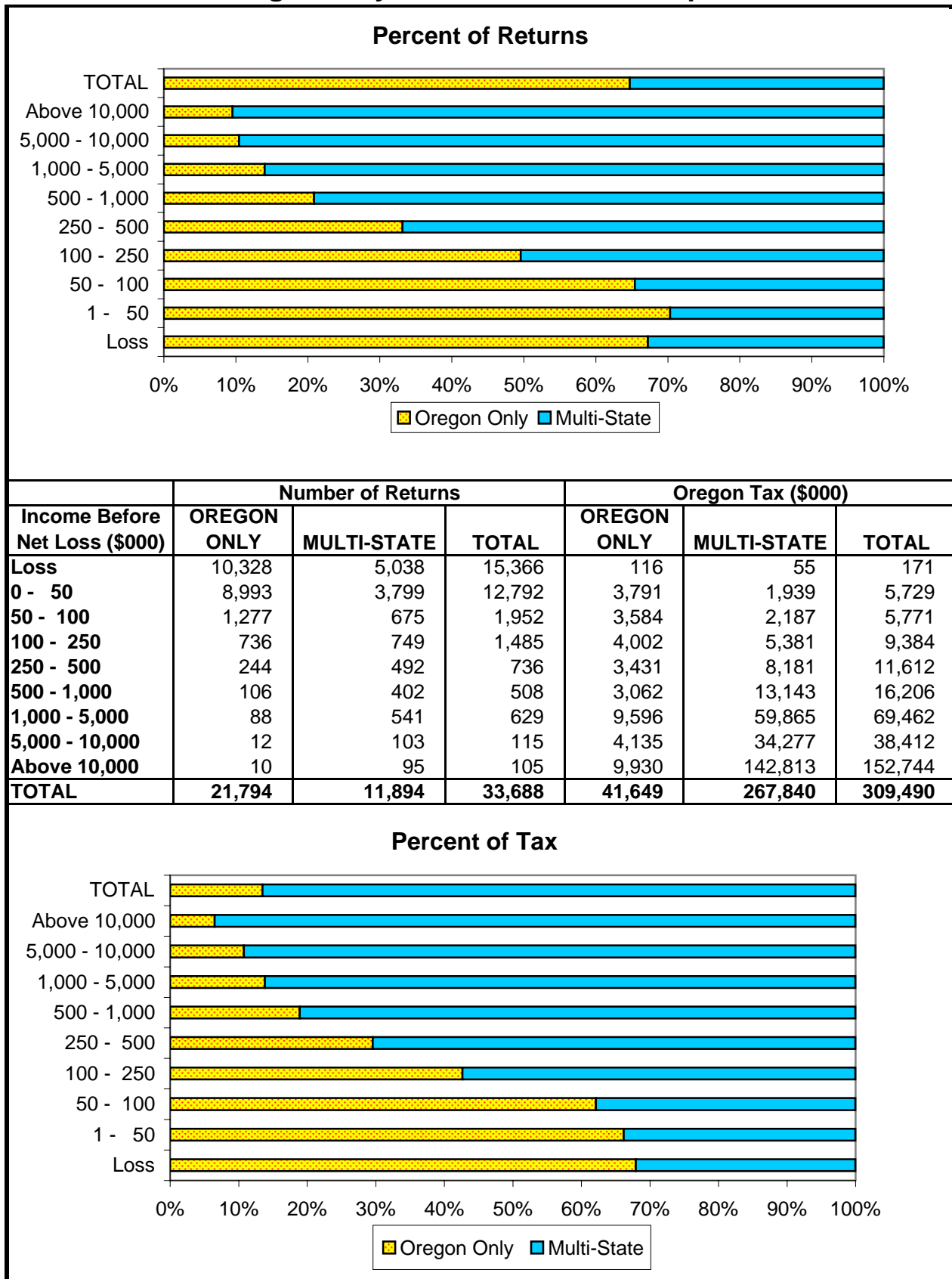
Oregon Only and Multi-State C-Corporations, 1994-2004



Number of C-Corporation Returns				Taxable Income (\$000)		
	OREGON ONLY	MULTI-STATE	TOTAL	OREGON ONLY	MULTI-STATE	TOTAL
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	27,623	12,112	39,735	955,375	5,290,345	6,245,720
1999	26,497	12,418	38,915	798,450	5,760,718	6,559,168
2000	25,903	12,469	38,372	708,998	5,231,977	5,940,975
2001	24,972	12,401	37,373	683,349	3,375,137	4,058,486
2002	24,200	12,033	36,233	617,477	3,294,406	3,911,884
2003	23,202	11,856	35,058	617,430	4,098,778	4,716,208
2004	21,794	11,894	33,688	719,803	4,623,258	5,343,061

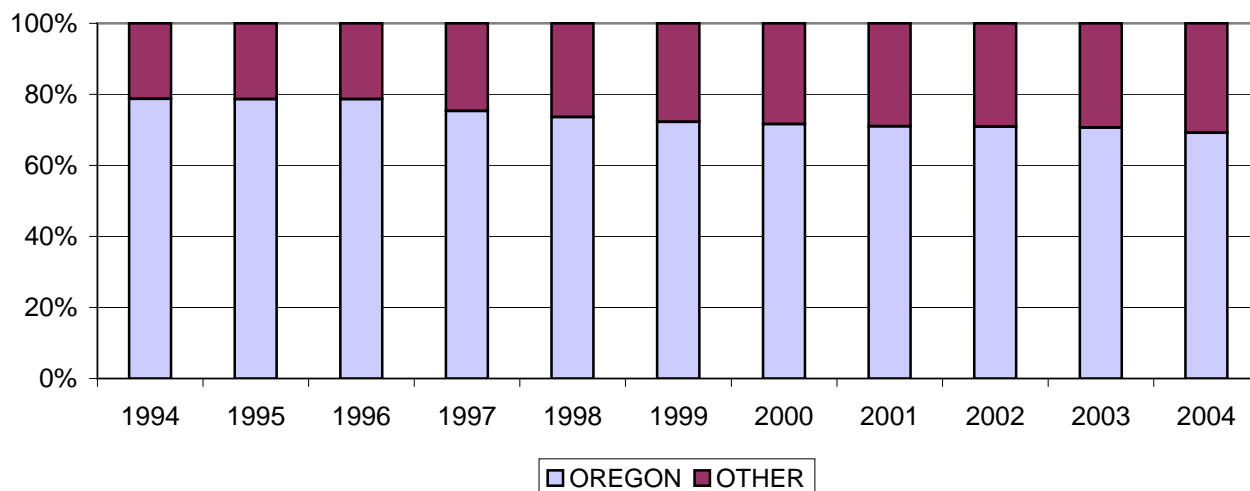


2004 Oregon Only and Multi-State C-Corporations



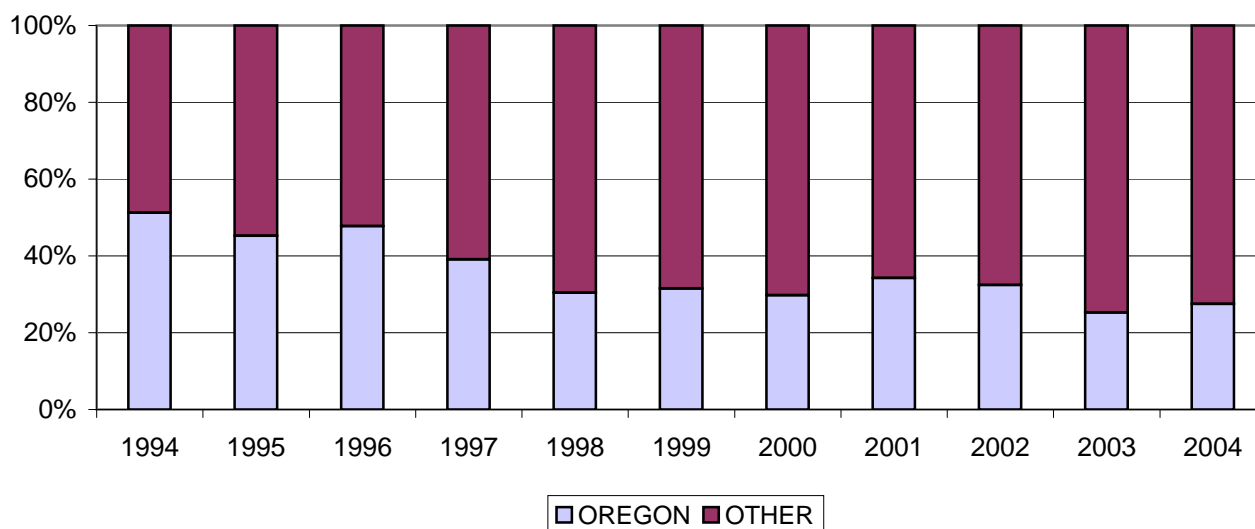
State of Domicile C-Corporations, 1994-2004

Percent of Returns



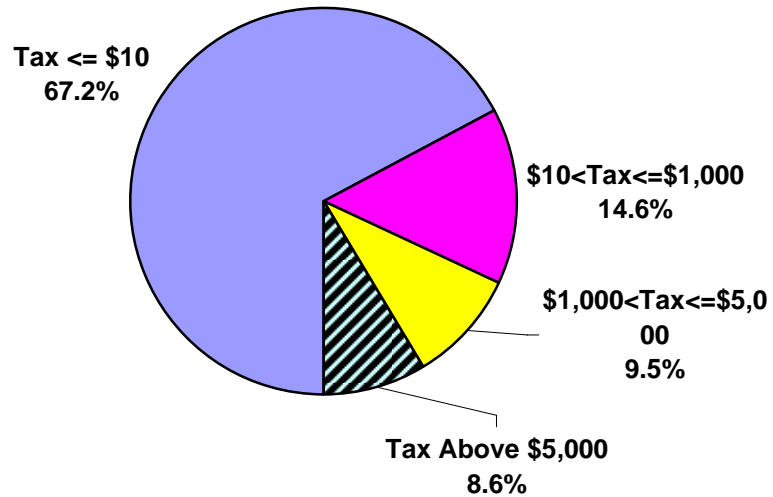
Number of C-Corporation Returns				Taxable Income (\$000)		
	OREGON	OTHER	TOTAL	OREGON	OTHER	TOTAL
1994	30,177	8,167	38,344	2,700,764	2,564,888	5,265,652
1995	31,053	8,444	39,497	3,343,042	4,051,223	7,394,265
1996	30,555	8,296	38,851	2,681,959	2,930,918	5,612,877
1997	29,060	9,547	38,607	2,351,346	3,665,840	6,017,186
1998	29,250	10,485	39,735	1,899,215	4,346,505	6,245,720
1999	28,121	10,794	38,915	2,068,863	4,490,305	6,559,168
2000	27,477	10,895	38,372	1,766,351	4,174,624	5,940,975
2001	26,519	10,854	37,373	1,391,718	2,666,768	4,058,486
2002	25,704	10,529	36,233	1,268,207	2,643,677	3,911,884
2003	24,768	10,290	35,058	1,192,517	3,523,691	4,716,208
2004	23,319	10,369	33,688	1,467,912	3,874,720	5,342,632

Percent of Taxable Income

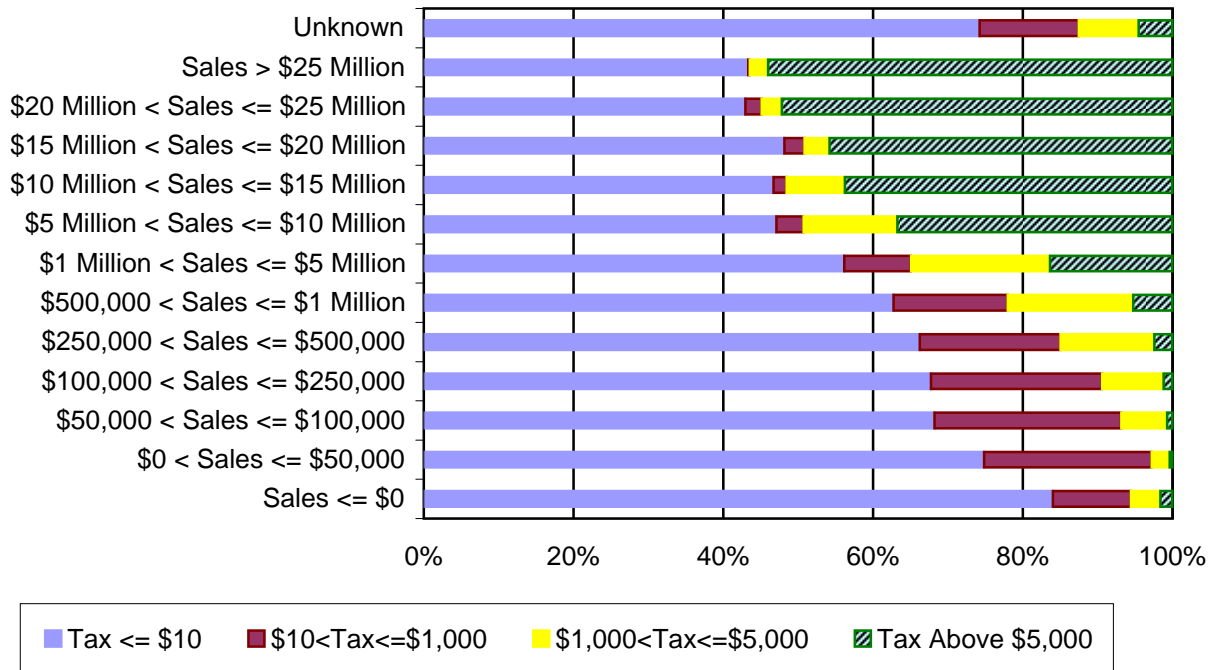


2004 C-Corporations Tax Returns

By Tax Amount



By Oregon Sales and Tax Amount



Number of C Corporation Tax Returns By Oregon Sales and Amount of Tax - Tax Year 2004

Oregon Sales ¹	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	4,061	229	186	89	75	56	59	79	4,834
0< Sales<=50,000	3,013	430	358	114	65	21	10	16	4,027
50,000< Sales <=100,000	1,335	163	236	89	72	26	22	14	1,957
100,000 < Sales <250,000	2,350	217	352	225	162	72	51	41	3,470
250,000 < Sales <500,000	2,079	128	261	202	192	88	113	76	3,139
500,000 < Sales <1,000,000	1,990	102	193	188	214	168	149	167	3,171
1,000,000 < Sales <=5,000,000	3,037	94	185	205	337	254	412	885	5,409
5,000,000 < Sales <=10,000,000	597	<10	< 20	21	50	41	68	466	1,268
10,000,000 < Sales <=15,000,000	240	<10	<10	<10	<10	13	18	225	514
15,000,000 < Sales <=20,000,000	144	<10	<10	<10	<10	<10	10	137	299
20,000,000 < Sales <=25,000,000	79	<10	<10	<10	<10	<10	<10	96	184
Sales Above 25,000,000	406	<10	<10	<10	<10	<10	<10	506	937
Unknown	3,324	202	236	156	154	86	119	202	4,479
Total	22,655	1,576	2,032	1,301	1,336	835	1,043	2,910	33,688

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

Percent of C Corporation Tax Returns By Oregon Sales and Amount of Tax - Tax Year 2004

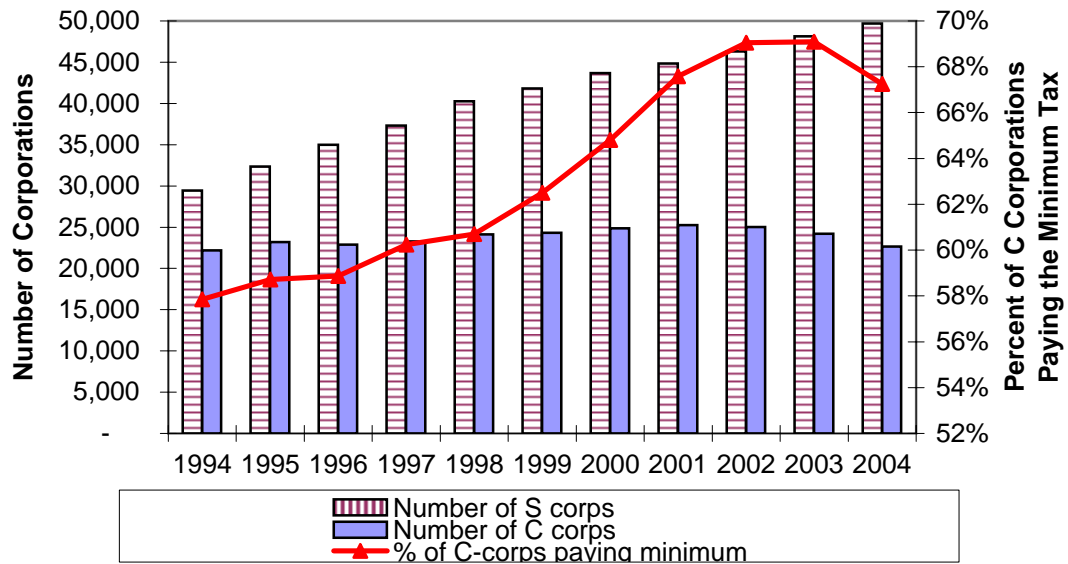
Oregon Sales ¹	Tax = \$10	\$10<Tax<\$100	\$100<Tax<=\$500	\$500<Tax<=\$1,000	\$1,000<Tax<=\$2,000	\$2,000<Tax<=\$3,000	\$3,000<Tax<=\$5,000	Tax Above \$5,000	Total
Sales <=0	18%	15%	9%	7%	6%	7%	6%	3%	14%
0< Sales<=50,000	13%	27%	18%	9%	5%	3%	1%	1%	12%
50,000< Sales <=100,000	6%	10%	12%	7%	5%	3%	2%	<=1%	6%
100,000 < Sales <250,000	10%	14%	17%	17%	12%	9%	5%	1%	10%
250,000 < Sales <500,000	9%	8%	13%	16%	14%	11%	11%	3%	9%
500,000 < Sales <1,000,000	9%	6%	9%	14%	16%	20%	14%	6%	9%
1,000,000 < Sales <=5,000,000	13%	6%	9%	16%	25%	30%	40%	30%	16%
5,000,000 < Sales <=10,000,000	3%	<=1%	<=1%	2%	4%	5%	7%	16%	4%
10,000,000 < Sales <=15,000,000	1%	<=1%	<=1%	<=1%	<=1%	2%	2%	8%	2%
15,000,000 < Sales <=20,000,000	1%	<=1%	<=1%	<=1%	<=1%	<=1%	1%	5%	1%
20,000,000 < Sales <=25,000,000	<=1%	<=1%	<=1%	<=1%	<=1%	<=1%	<=1%	3%	1%
Sales Above 25,000,000	2%	<=1%	<=1%	<=1%	<=1%	<=1%	<=1%	17%	3%
Unknown	15%	13%	12%	12%	12%	10%	11%	7%	13%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Number of C and S Corporations Paying the Minimum Tax & Percent of C Corporations Paying the Minimum Tax

Includes Excise and Income Filers with Tax <= \$10

Tax Year	Corporations Paying Minimum Tax		Total C-corps	% of all C-corps paying min tax
	C-corps	S-corps		
1990	21,621	18,253	35,510	61%
1991	21,462	20,879	35,200	61%
1992	21,555	23,494	35,660	60%
1993	21,726	26,483	36,879	59%
1994	22,182	29,454	38,344	58%
1995	23,192	32,362	39,497	59%
1996	22,872	34,984	38,851	59%
1997	23,259	37,334	38,607	60%
1998	24,121	40,257	39,735	61%
1999	24,322	41,827	38,915	63%
2000	24,869	43,686	38,372	65%
2001	25,256	44,849	37,373	68%
2002	25,020	46,325	36,233	69%
2003	24,224	48,141	35,058	69%
2004	22,655	49,704	33,688	67%

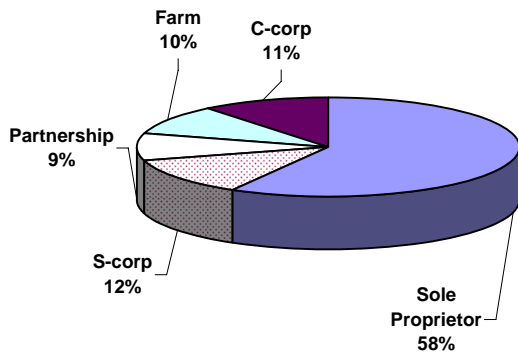
Number of C and S Corporations Paying the Minimum Tax & Percent of C Corporations Paying the Minimum Tax - 1994 - 2004



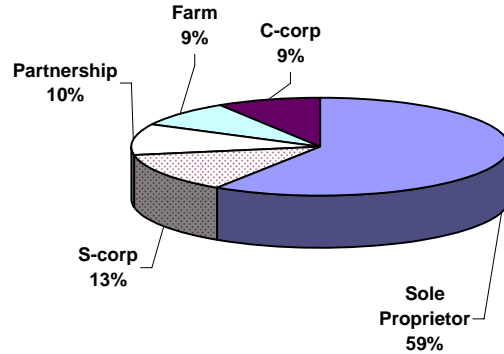
Business Income Tax Returns, Tax Years 2000 and 2004

By Business Type

Tax Year 2000



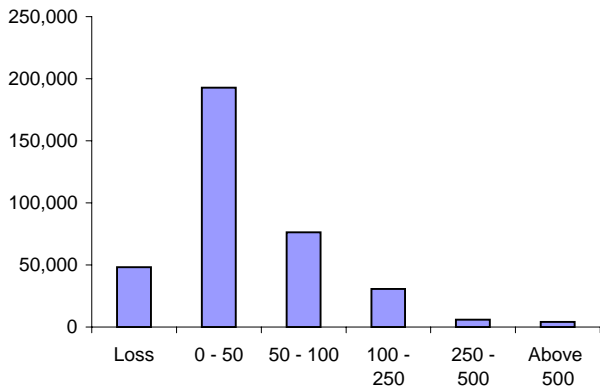
Tax Year 2004



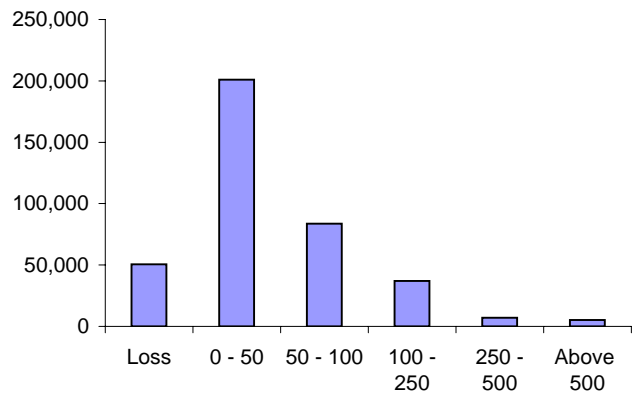
Income Level (\$000)	Number of Returns											
	Tax Year 2000						Tax Year 2004					
	Personal Income Tax Returns				Corporate Tax Returns	Total	Personal Income Tax Returns				Corporate Tax Returns	Total
	Sole Proprietor	S-corp	Partnership	Farm	C-corp		Sole Proprietor	S-corp	Partnership	Farm	C-corp	
Loss	5,825	14,570	10,547	2,197	15,043	48,182	8,018	15,429	12,175	2,514	12,390	50,526
0 - 50	121,444	21,179	15,332	16,964	17,845	192,764	128,413	23,304	18,389	14,848	15,914	200,868
50 - 100	56,405	4,064	2,942	10,791	2,039	76,241	61,606	5,238	4,133	10,784	1,862	83,623
100 - 250	20,452	2,637	1,909	4,122	1,511	30,631	24,397	3,766	2,972	4,497	1,445	37,077
250 - 500	3,034	855	619	786	692	5,986	3,441	1,203	949	822	721	7,136
Above 500	1,321	718	520	388	1,242	4,189	1,398	1,078	851	410	1,356	5,093
TOTAL	208,481	44,023	31,869	35,248	38,372	357,993	227,273	50,018	39,469	33,875	33,688	384,323

By Income Category

Tax Year 2000



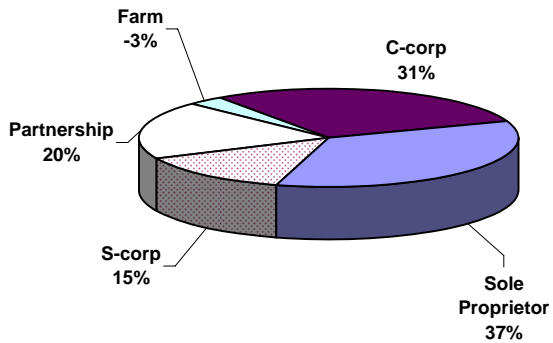
Tax Year 2004



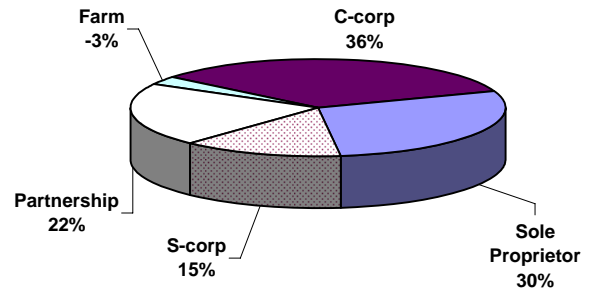
Business Income, Tax Years 2000 and 2004

By Business Type

Tax Year 2000



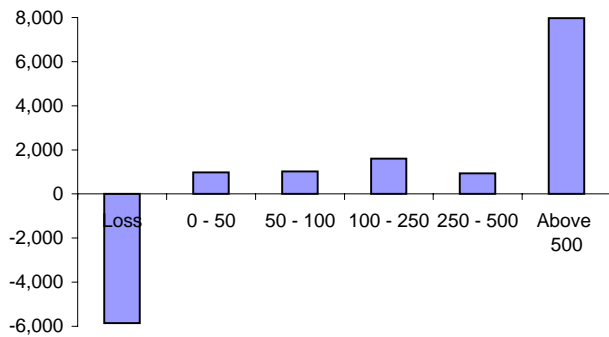
Tax Year 2004



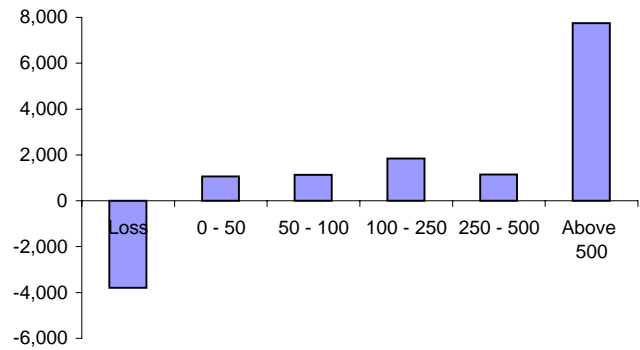
Income Level (\$000)	Total Income (\$000)											
	Tax Year 2000						Tax Year 2004					
	Personal Income Tax Returns				Corporate Tax Returns	Total	Personal Income Tax Returns				Corporate Tax Returns	Total
	Sole Proprietor	S-corp	Partnership	Farm	C-corp		Sole Proprietor	S-corp	Partnership	Farm	C-corp	
Loss	-68,289	-95,392	-131,732	-72,690	-5,485,493	-5,853,596	-69,280	-137,000	-205,500	-71,452	-3,317,026	-3,800,258
0 - 50	800,387	35,138	48,524	-82,834	171,045	972,260	881,357	37,324	55,986	-78,819	170,953	1,066,801
50 - 100	657,530	107,957	149,083	-39,439	143,506	1,018,637	719,733	135,386	203,079	-58,094	131,401	1,131,505
100 - 250	706,592	281,884	389,268	-16,247	239,615	1,601,113	780,582	346,425	519,638	-31,164	224,983	1,840,464
250 - 500	228,897	200,513	276,898	-8,426	243,453	941,335	265,757	259,386	389,079	-12,373	251,426	1,153,275
Above 500	150,136	445,727	615,528	-2,426	6,758,741	7,967,706	179,437	719,152	1,078,727	-11,294	5,780,696	7,746,718
TOTAL	2,475,253	975,826	1,347,570	-222,062	2,070,867	6,647,454	2,757,586	1,360,673	2,041,009	-263,196	3,242,433	9,138,504

By Income Category (\$000)

Tax Year 2000



Tax Year 2004



PROPERTY TAX

The property tax in Oregon is a local tax. It funds most of the local services and many functions of county and city governments. Large portions of school-districts and community college budgets also depend on property tax receipts. Taxable property includes real property, mobile homes and some tangible personal property used by business. Prior to the passage of property tax limitation Measure 50, property 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 2005-06, the total Real Market Value (RMV) of taxable property in Oregon was \$362.8 billion. RMV increased 10.0% over the previous year. The statewide Total Assessed Value (AV) of \$251.1 billion reflects a 5.2% growth rate over 2004-05. Excluding \$123 million set aside for Urban Renewal, 2005-06 property taxes imposed by all districts totaled \$3.74 billion in 2005-06 reflecting a 3.6% growth rate over the prior year. A 7.6% growth rate for special taxing districts exceeded the growth rates of every other major type of taxing district in the state.

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.

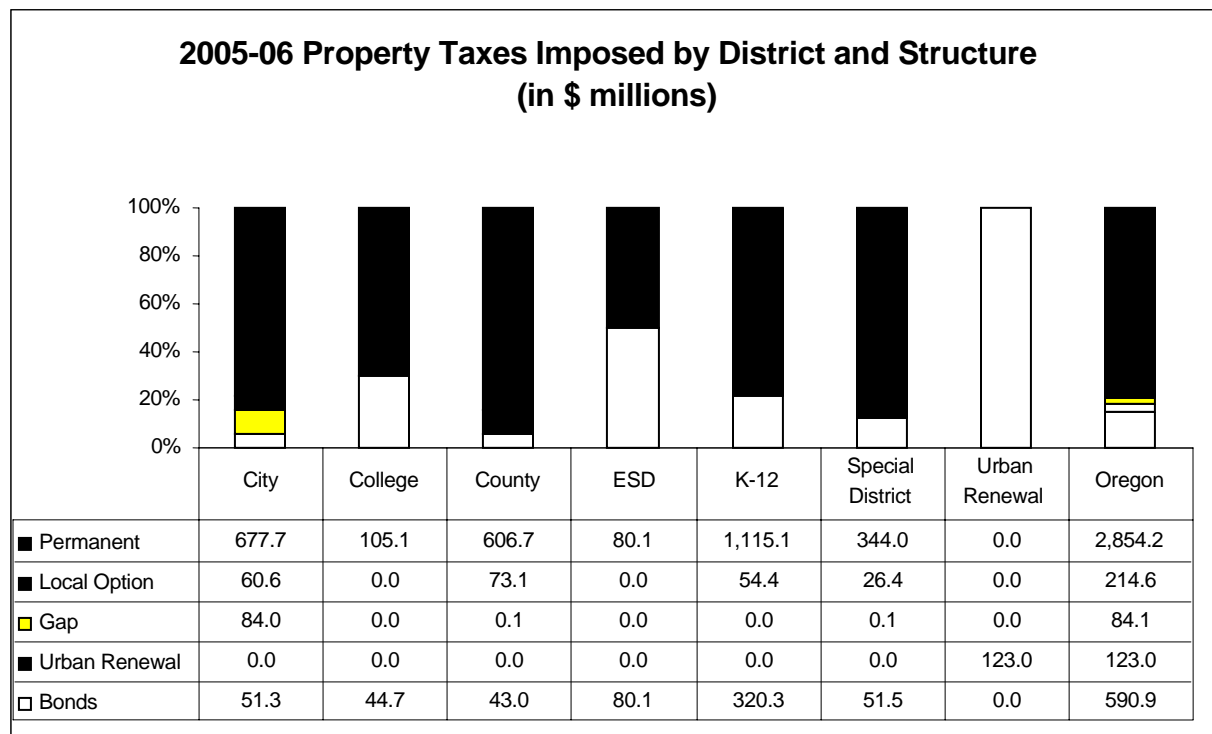
Measure 50

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 not be increased without a constitutional amendment. However, voters can approve local option levies for up to five years for operations, and up to the lesser of ten years or the useful life of capital projects. Those local option levies as well as two other types of levies, GAP 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). Across alls taxing districts, the AV ratio declined statewide from 72.4% in 2004-05 to 69.2% in 2005-06. This change reflects the high appreciation rates in housing values that occurred in many areas of Oregon during 2005-06. New property is first assessed at the average county PCR of existing property of the same class.

The table below breaks down the 2005-06 property taxes by type of taxing district, as well as, tax source. Except for urban renewal, the largest portion of any district's property tax revenue comes from its permanent rate. Taxes from this source, totaling \$2.87billion or 73.8%% of all taxes imposed, increased 1.9% over the prior year. For the K-12 and special taxing districts, revenues derived from their permanent rates increased by over 3.8% and 7.2%, respectively.



OREGON	873.6	155.4	723.0	80.1	1,489.8	422.0	123.0	3,866.9
Growth rate	4.78%	6.08%	4.52%	5.02%	1.06%	7.65%	-16.95%	2.77%

General obligation bonds in 2005-06 totaled \$590.9 million or 15.3% of all taxes imposed, reflecting by 9.4% over the prior year. Historically, these funds have been an important source of revenue for the K-12 taxing districts. In 2005-06, however, K-12 bond revenues declined 9.6% to \$320.3 million although these revenues account for a majority share (54%) of bond revenues for all taxing districts. Bond revenues continue to grow in importance for community colleges. In 2005-06, bond revenues of \$44.7 million grew 7.9% over the prior year; and in 2004-05 this revenue source grew by 21.8%.

In 2005-06 the K-12 districts' local option tax revenues totaled \$54.4 million, reflecting a 20.7% increase over 2004-05; but a decline of 7% over the prior two years. In effect, K-12 districts' local option taxes remained relatively flat in comparison to other taxing districts; but they continued to account for a sizable share (25%) of the local option taxes that were available to all taxing districts. Counties, cities and special taxing districts increased their local option levies by roughly 6.7%, 10.2% and 23.6%, respectively. Over all taxing districts, 2005-06 local option tax revenues totaling \$214.6 million increased 12.9%

In 2005-06, all taxing districts were affected to some degree by 'compression' which is the difference between 'extended' taxes and a lesser amount that can actually be imposed on property because of Oregon's Constitutional limitations. Over the past three years, however, Oregon's compression levels declined from \$81.7 million in 2003-04 to \$52.2 million in 2005-06. Compression losses for the K-12 taxing districts accounted for roughly 44% of this total.

Statewide, in 2005-06 compression losses accounted for 1.4% of all taxes imposed on property owners; but there were notable regional disparities. For example, in 6 southwestern counties, compression losses accounted for .34% of the \$383.8 million in property taxes; but in 10 northeastern counties these losses accounted for 2.7% of the \$138.5 million in taxes that were imposed on property owners.

VALUE OF TAXABLE PROPERTY, ASSESSMENT RATIO AND AVERAGE TAX RATE

ASSESSMENT DATE	MARKET VALUE		ASSESSED VALUE		ASSESSMENT RATIO		AVERAGE TAX RATE	
	MILLIONS	CHANGE	MILLIONS	CHANGE	HOME	OTHER	\$/1,000	CHANGE
1-1-70	18,797	9.0%	18,795	9.0%	100.0%		26.78	2.0%
1-1-71	20,261	7.8%	20,258	7.8%	100.0%		26.72	-0.2%
1-1-72	22,113	9.1%	22,108	9.1%	100.0%		26.41	-1.1%
1-1-73	24,899	12.6%	24,870	12.5%	100.0%		23.93	-9.4%
1-1-74	28,402	14.1%	28,274	13.7%	100.0%		24.29	1.5%
1-1-75	32,175	13.3%	32,015	13.2%	100.0%		24.31	0.1%
1-1-76	35,547	10.5%	35,536	11.0%	100.0%		24.20	-0.5%
1-1-77	40,704	14.5%	40,508	14.0%	100.0%		22.24	-8.1%
1-1-78	46,646	14.6%	46,155	13.9%	100.0%		19.85	-10.8%
1-1-79	59,025	26.5%	57,898	25.4%	100.0%		17.52	-11.7%
1-1-80	73,402	24.4%	62,544	8.0%	84.2%	87.6%	19.05	8.7%
1-1-81	82,427	12.3%	68,458	9.5%	81.6%	84.4%	20.97	10.1%
1-1-82	86,429	4.9%	73,029	6.7%	83.8%	85.1%	21.14	0.8%
1-1-83	85,365	-1.2%	77,399	6.0%	90.3%	90.9%	20.83	-1.4%
1-1-84	85,400	0.0%	81,428	5.2%		96.0%	21.37	2.6%
1-1-85	83,035	-2.8%	83,026	2.0%	100.0%		21.91	2.5%
1-1-86	82,944	-0.1%	82,944	-0.1%	100.0%		23.47	7.1%
1-1-87	83,111	0.2%	83,129	0.2%	100.0%		24.97	6.4%
1-1-88	84,258	1.4%	84,305	1.4%	100.0%		25.99	4.1%
1-1-89	88,076	4.5%	88,085	4.5%	100.0%		27.09	4.2%
1-1-90	95,850	8.8%	95,851	8.8%	100.0%		26.61	-1.8%
7-1-91	112,134	17.0%	112,154	17.0%	100.0%		22.74	-14.5%
7-1-92	123,755	10.4%	123,780	10.4%	100.0%		20.43	-10.2%
7-1-93	136,787	10.5%	136,815	10.5%	100.0%		18.03	-11.7%
7-1-94	153,370	12.1%	153,400	12.1%	100.0%		15.45	-14.3%
7-1-95	171,190	11.6%	171,226	11.6%	100.0%		13.13	-15.0%
7-1-96	190,161	11.1%	190,209	11.1%	100.0%		13.29	1.2%
7-1-97	209,981	10.4%	166,507	-12.5%	79.3%		14.87	11.9%
1-1-98	222,313	5.9%	176,906	6.2%	79.6%		14.80	-0.5%
1-1-99	240,312	8.1%	186,676	5.5%	77.7%		15.01	1.4%
1-1-00	258,133	7.4%	198,911	6.6%	77.1%		15.15	1.0%
1-1-01	274,042	6.2%	210,435	5.8%	76.8%		15.45	2.0%
1-1-02	287,260	4.8%	219,781	4.4%	76.5%		15.54	0.5%
1-1-03	305,351	6.3%	227,876	3.7%	74.6%		15.37	-1.0%
1-1-04	329,746	8.0%	232,258	1.9%	70.4%		16.18	5.3%
1-1-05	362,798	10.0%	243,682	4.9%	67.2%		15.37	-5.0%
Ave. Growth Rate (1970-2005)		9.0%		7.8%				-1.2%

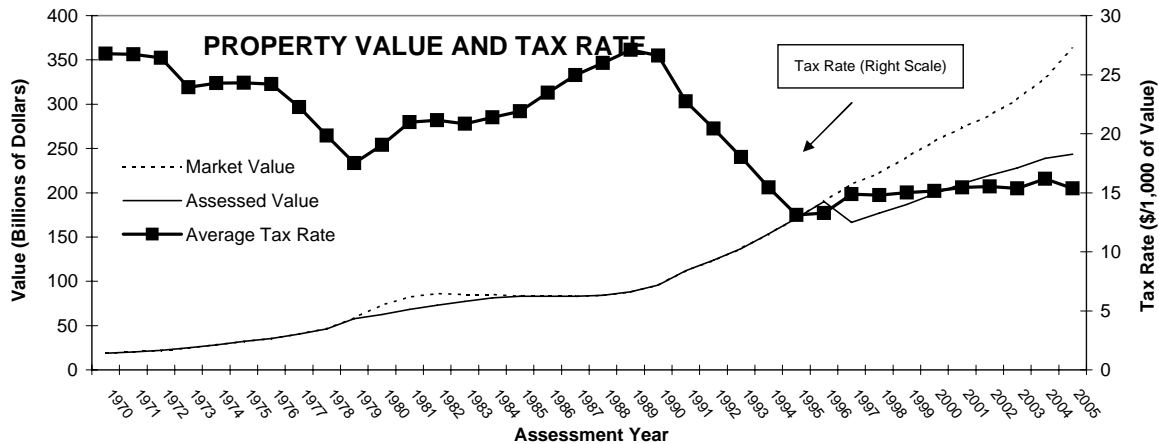
NOTE: Market value is the taxable property value certified by the Department of Revenue (ORS 309.360).

Assessed value is the total value on the roll at the time the levy is extended. Value may be reduced by appeals.

Beginning in 1998, excess urban renewal value, both used and unused value, is included in the assessed value.

1991 value growth is for 18 months with change in assessment date to July.

1998 value growth is for 6 months with change in assessment date back to January.



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

COUNTY	TOTAL RMV (\$,000)			TOTAL AV (\$,000)			RATIO - AV/RMV (PCR)		
	2004-05	2005-06	CHANGE	2004-05	2005-06	CHANGE	2004-05	2005-06	CHANGE
BAKER	1,112,536	1,138,528	2.3%	946,480	972,252.5	2.7%	83.13%	85.40%	2.7%
BENTON	6,806,727	7,226,922	6.2%	5,280,145	5,520,308.2	4.5%	73.06%	76.39%	4.5%
CLACKAMAS	36,881,647	41,255,757	11.9%	27,608,115	29,044,559.3	5.2%	66.92%	70.40%	5.2%
CLATSOP	5,038,357	5,438,799	7.9%	3,759,324	3,932,956.8	4.6%	69.12%	72.31%	4.6%
COLUMBIA	3,810,285	4,064,226	6.7%	3,106,217	3,256,887.5	4.9%	76.43%	80.14%	4.9%
COOS	4,363,377	5,422,523	24.3%	3,409,758	3,589,590.3	5.3%	62.88%	66.20%	5.3%
CROOK	1,457,457	1,705,246	17.0%	1,123,687	1,198,919.7	6.7%	65.90%	70.31%	6.7%
CURRY	2,593,153	3,136,988	21.0%	1,932,060	2,064,530.6	6.9%	61.59%	65.81%	6.9%
DESCHUTES	17,613,736	20,926,359	18.8%	12,209,406	13,349,475.7	9.3%	58.34%	63.79%	9.3%
DOUGLAS	7,236,702	8,182,689	13.1%	5,764,638	6,096,544.1	5.8%	70.45%	74.51%	5.8%
GILLIAM	268,369	317,363	18.3%	228,736	273,875.6	19.7%	72.07%	86.30%	19.7%
GRANT	429,054	458,007	6.7%	353,513	370,617.8	4.8%	77.19%	80.92%	4.8%
HARNEY	456,026	484,493	6.2%	340,709	352,520.6	3.5%	70.32%	72.76%	3.5%
HOOD RIVER	1,916,038	2,167,784	13.1%	1,318,784	1,389,092.1	5.3%	60.84%	64.08%	5.3%
JACKSON	18,497,104	21,992,154	18.9%	12,102,437	13,015,924.7	7.5%	55.03%	59.18%	7.5%
JEFFERSON	1,505,949	1,666,321	10.6%	1,104,131	1,139,314.7	3.2%	66.26%	68.37%	3.2%
JOSEPHINE	6,500,776	8,015,660	23.3%	4,479,560	4,761,212.9	6.3%	55.89%	59.40%	6.3%
KLAMATH	4,816,651	5,319,083	10.4%	3,680,657	3,863,548.6	5.0%	69.20%	72.64%	5.0%
LAKE	535,606	575,186	7.4%	408,338	420,170.2	2.9%	70.99%	73.05%	2.9%
LANE	26,739,084	30,411,293	13.7%	20,371,200	21,340,177.5	4.8%	66.99%	70.17%	4.8%
LINCOLN	5,770,252	6,465,303	12.0%	4,920,470	5,142,281.6	4.5%	76.11%	79.54%	4.5%
LINN	7,381,070	7,935,408	7.5%	5,989,446	6,344,389.3	5.9%	75.48%	79.95%	5.9%
MALHEUR	1,528,109	1,569,281	2.7%	1,297,876	1,348,778.0	3.9%	82.71%	85.95%	3.9%
MARION	19,256,708	20,660,720	7.3%	15,002,773	15,664,132.6	4.4%	72.61%	75.82%	4.4%
MORROW	1,169,908	1,195,153	2.2%	1,029,026	1,045,442.2	1.6%	86.10%	87.47%	1.6%
MULTNOMAH	70,615,568	78,115,065	10.6%	47,292,694	49,186,156.5	4.0%	60.54%	62.97%	4.0%
POLK	4,182,974	4,599,595	10.0%	3,297,143	3,516,907.7	6.7%	71.68%	76.46%	6.7%
SHERMAN	233,367	229,187	-1.8%	211,658	211,142.1	-0.2%	92.35%	92.13%	-0.2%
TILLAMOOK	3,559,685	4,017,169	12.9%	2,849,424	3,009,014.5	5.6%	70.93%	74.90%	5.6%
UMATILLA	4,352,083	4,414,833	1.4%	3,575,048	3,616,879.9	1.2%	80.98%	81.93%	1.2%
UNION	1,399,638	1,465,217	4.7%	1,140,901	1,180,484.8	3.5%	77.87%	80.57%	3.5%
WALLOWA	645,301	689,576	6.9%	501,589	511,965.2	2.1%	72.74%	74.24%	2.1%
WASCO	1,712,125	1,812,125	5.8%	1,379,259	1,429,923.2	3.7%	76.11%	78.91%	3.7%
WASHINGTON	52,646,589	52,371,123	-0.5%	35,792,982	37,630,853.2	5.1%	68.34%	71.85%	5.1%
WHEELER	117,132	127,239	8.6%	80,990	83,548.8	3.2%	63.65%	65.66%	3.2%
YAMHILL	6,597,550	7,225,821	9.5%	4,869,874	5,195,570.0	6.7%	67.40%	71.90%	6.7%
					0.0				
OREGON	329,746,692	362,798,196	10.0%	238,759,049	251,069,949.3	5.2%	72.41%	69.20%	-4.4%

NET ASSESSED VALUE AND AVERAGE TAX RATE

COUNTY	--- NET ASSESSED VALUE (\$000s) ---			-- AVERAGE TAX RATE --		
	2004-05	2005-06	CHANGE	2004-05	2005-06	CHANGE
BAKER	946,658	972,435	2.72%	13.63	13.36	-1.95%
BENTON	5,261,638	5,500,652	4.54%	15.23	14.90	-2.18%
CLACKAMAS	26,322,636	27,713,864	5.29%	15.10	15.28	1.17%
CLATSOP	3,711,396	3,877,204	4.47%	12.80	12.54	-2.05%
COLUMBIA	3,048,844	3,215,768	5.47%	13.04	13.14	0.80%
COOS	3,299,831	3,469,754	5.15%	13.57	13.67	0.77%
CROOK	1,123,687	1,198,920	6.70%	13.99	13.84	-1.11%
CURRY	1,917,303	2,043,009	6.56%	8.92	8.85	-0.73%
DESCHUTES	12,047,545	13,163,848	9.27%	14.41	14.41	-0.02%
DOUGLAS	5,608,699	5,923,500	5.61%	11.19	11.08	-1.00%
GILLIAM	230,373	275,513	19.59%	12.84	12.68	-1.28%
GRANT	353,882	371,011	4.84%	15.31	15.02	-1.87%
HARNEY	340,709	352,521	3.47%	13.77	13.85	0.60%
HOOD RIVER	1,289,640	1,356,507	5.18%	12.38	13.63	10.09%
JACKSON	11,765,901	12,442,594	5.75%	13.48	13.36	-0.89%
JEFFERSON	1,091,068	1,128,825	3.46%	16.66	16.89	1.40%
JOSEPHINE	4,356,930	4,628,650	6.24%	9.17	9.35	2.00%
KLAMATH	3,652,065	3,841,791	5.20%	11.00	11.22	1.97%
LAKE	409,272	421,132	2.90%	14.11	14.12	0.06%
LANE	20,159,386	21,139,169	4.86%	15.26	15.61	2.30%
LINCOLN	4,549,678	4,756,567	4.55%	13.42	13.54	0.87%
LINN	5,896,221	6,222,608	5.54%	14.84	14.66	-1.19%
MALHEUR	1,299,217	1,349,451	3.87%	12.62	11.79	-6.61%
MARION	14,455,141	15,089,051	4.39%	16.61	16.27	-2.04%
MORROW	1,029,030	1,045,446	1.60%	16.51	17.37	5.21%
MULTNOMAH	44,918,058	46,376,589	3.25%	19.88	18.51	-6.89%
POLK	3,294,301	3,509,519	6.53%	15.29	15.16	-0.83%
SHERMAN	211,686	211,169	-0.24%	17.05	16.92	-0.78%
TILLAMOOK	2,849,424	3,009,015	5.60%	10.31	10.66	3.37%
UMATILLA	3,554,605	3,592,886	1.08%	15.52	15.17	-2.26%
UNION	1,123,852	1,153,428	2.63%	13.68	13.39	-2.12%
WALLOWA	502,152	512,544	2.07%	13.17	13.24	0.54%
WASCO	1,331,963	1,382,497	3.79%	16.56	16.86	1.84%
WASHINGTON	35,353,772	37,154,862	5.09%	15.53	16.11	3.74%
WHEELER	81,663	84,242	3.16%	16.62	16.66	0.22%
YAMHILL	4,869,874	5,195,570	6.69%	14.69	14.79	0.66%
TOTAL	232,258,098	243,682,110	4.92%	15.55	15.37	-1.14%
URBAN RENEWAL	6,795,604	7,898,522	16.23%	21.80	15.69	-28.05%
OREGON	239,053,702	251,580,632	5.2%	15.73	15.38	-2.21%

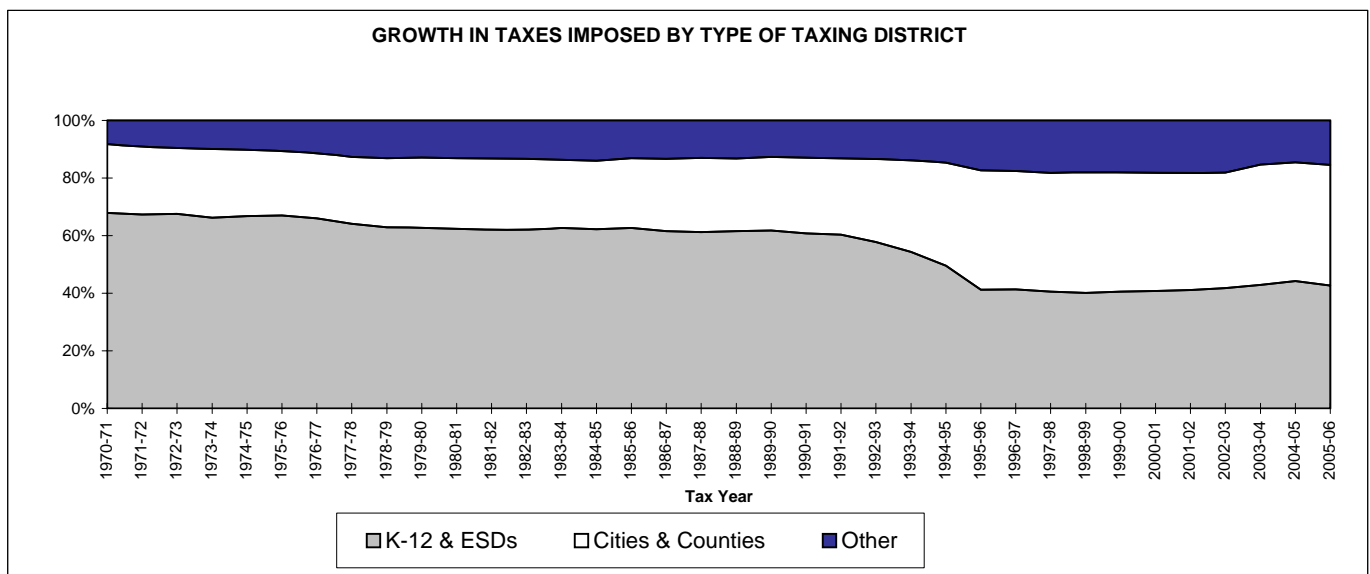
Net Assessed Value is equal to Total Roll Value + Nonprofit Housing + Fish&Wildlife Value - UR Excess Value.

UR Assessed Value includes the used Excess Value only.

GROWTH OF IMPOSED PROPERTY TAX LEVIES

YEAR	TOTAL LEVIES		COUNTIES		CITIES		SCHOOLS AND E.S.D.S		COMMUNITY COLLEGES		OTHER DISTRICTS	
	LEVIES	%	LEVIES	%	LEVIES	%	LEVIES	%	LEVIES	%	LEVIES	%
1970-71	503.2	11.1%	51.3	3.4%	69.4	10.5%	341.4	11.1%	18.9	32.2%	22.2	18.1%
1971-72	541.3	7.6%	56.5	10.1%	71.1	2.4%	364.5	6.8%	21.0	11.1%	28.2	27.0%
1972-73	583.9	7.9%	58.4	3.4%	75.2	5.8%	394.6	8.3%	22.8	8.6%	32.9	16.7%
1973-74	595.3	2.0%	61.1	4.6%	81.0	7.7%	394.4	-0.1%	24.2	6.1%	34.6	5.2%
1974-75	687.1	15.4%	65.8	7.7%	91.8	13.3%	458.9	16.4%	28.2	16.5%	42.4	22.5%
1975-76	778.5	13.3%	71.2	8.2%	103.1	12.3%	521.3	13.6%	33.3	18.1%	49.6	17.0%
1976-77	860.0	10.5%	79.4	11.5%	115.6	12.1%	567.8	8.9%	36.1	8.4%	61.1	23.2%
1977-78	901.0	4.8%	85.7	7.9%	124.4	7.6%	577.2	1.7%	39.9	10.5%	73.8	20.8%
1978-79	916.0	1.7%	88.1	2.8%	132.0	6.1%	575.8	-0.2%	40.9	2.5%	79.2	7.3%
1979-80	1,014.4	10.7%	94.3	7.0%	152.7	15.7%	636.2	10.5%	47.8	16.9%	83.4	5.3%
1980-81	1,191.3	17.4%	107.6	14.1%	183.9	20.4%	743.5	16.9%	56.2	17.6%	100.1	20.0%
1981-82	1,435.6	20.5%	150.1	39.5%	206.7	12.4%	889.5	19.6%	64.8	15.3%	124.5	24.4%
1982-83	1,543.6	7.5%	159.2	6.1%	220.4	6.6%	958.8	7.8%	70.6	9.0%	134.6	8.1%
1983-84	1,612.3	4.5%	149.0	-6.4%	233.4	5.9%	1,010.1	5.4%	73.9	4.7%	145.9	8.4%
1984-85	1,740.0	7.9%	163.7	9.9%	251.6	7.8%	1,081.8	7.1%	79.5	7.6%	163.4	12.0%
1985-86	1,819.2	4.6%	173.3	5.9%	267.6	6.4%	1,139.2	5.3%	82.0	3.1%	157.1	-3.9%
1986-87	1,946.5	7.0%	198.6	14.6%	289.0	8.0%	1,199.0	5.2%	92.9	13.3%	167.0	6.3%
1987-88	2,072.9	6.5%	223.9	12.7%	309.9	7.2%	1,269.2	5.9%	97.0	4.4%	172.9	3.5%
1988-89	2,223.7	7.3%	243.1	8.6%	318.5	2.8%	1,368.8	7.8%	106.0	9.3%	187.3	8.3%
1989-90	2,386.0	7.3%	248.3	2.1%	359.9	13.0%	1,475.2	7.8%	109.2	3.0%	193.4	3.3%
1990-91	2,550.6	6.9%	282.1	13.6%	390.4	8.5%	1,550.4	5.1%	115.0	5.3%	212.7	10.0%
1991-92	2,549.9	0.0%	292.1	3.5%	382.7	-2.0%	1,537.7	-0.8%	112.5	-2.2%	224.9	5.7%
1992-93	2,529.0	-0.8%	314.7	7.7%	416.8	8.9%	1,461.3	-5.0%	112.2	-0.3%	224.0	-0.4%
1993-94	2,466.4	-2.5%	336.3	6.9%	447.2	7.3%	1,340.4	-8.3%	103.6	-7.7%	238.8	6.6%
1994-95	2,369.8	-3.9%	353.8	5.2%	494.1	10.5%	1,175.6	-12.3%	90.1	-13.0%	256.3	7.3%
1995-96	2,248.2	-5.1%	398.8	12.7%	533.5	8.0%	927.2	-21.1%	78.6	-12.8%	310.1	21.0%
1996-97	2,527.9	12.4%	470.5	18.0%	568.8	6.6%	1,045.9	12.8%	89.0	13.2%	353.6	14.0%
1997-98	2,476.5	-2.0%	469.6	-0.2%	549.1	-3.5%	1,005.1	-3.9%	88.9	-0.1%	363.7	2.9%
1998-99	2,617.8	5.7%	514.7	9.6%	579.9	5.6%	1,049.1	4.4%	93.1	4.7%	381.0	4.8%
1999-00	2,801.5	7.0%	536.9	4.3%	625.9	7.9%	1,135.4	8.2%	97.8	5.1%	405.6	6.4%
2000-01	3,014.0	7.6%	574.2	7.0%	664.4	6.1%	1,229.2	8.3%	105.1	7.4%	441.3	8.8%
2001-02	3,251.9	7.9%	618.7	7.7%	699.0	5.2%	1,337.8	8.8%	127.3	21.1%	469.1	6.3%
2002-03	3,414.6	5.0%	638.5	3.2%	733.6	4.9%	1,424.7	6.5%	128.8	1.2%	489.0	4.2%
2003-04	3,503.4	2.6%	660.3	3.4%	804.0	9.6%	1,500.9	5.3%	134.0	4.0%	404.6	-17.3%
2004-05	3,614.5	3.2%	691.7	4.8%	833.7	3.7%	1,550.5	3.3%	146.5	9.4%	392.0	-3.1%
2005-06	3,743.9	3.6%	723.0	4.5%	873.6	4.8%	1,569.9	1.3%	155.4	6.0%	422.0	7.6%
Ave. Growth Rate (1970-2005)		6.4%		8.0%		7.8%		5.1%		7.2%		9.5%
Ave. Growth Rate (1990-2005)		2.9%		7.2%		5.8%		0.8%		2.4%		5.2%

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



**Property Taxes Imposed
2005-06**

COUNTY	--- TOTAL IMPOSED ---		--- COUNTIES---		--- CITIES ---		--- SCHOOLS & ESDs ---		COMMUNITY COLLEGE		--SPECIAL DISTRICTS--	
	AMOUNT	% CHANGE	AMOUNT	% CHANGE	AMOUNT	% CHANGE	AMOUNT	% CHANGE	AMOUNT	% CHANGE	AMOUNT	% CHANGE
BAKER	12,996,582	0.8%	3,637,988	-4.0%	2,591,804	3.2%	4,745,256	2.6%	604,089	3.9%	1,417,445	1.6%
BENTON	81,958,178	2.3%	13,678,836	4.6%	24,052,762	4.6%	35,166,211	-1.4%	3,744,668	5.5%	5,315,700	9.7%
CLACKAMAS	423,367,486	6.5%	73,907,542	4.6%	65,103,965	3.8%	198,618,908	6.2%	19,633,264	3.8%	66,103,807	13.3%
CLATSOP	48,613,276	2.3%	5,919,254	4.7%	9,187,778	8.6%	22,055,799	2.4%	2,973,855	4.1%	8,476,590	-5.8%
COLUMBIA	42,239,524	6.3%	5,587,660	5.2%	4,305,342	4.3%	19,800,716	3.5%	1,214,292	3.6%	11,331,514	13.4%
COOS	47,429,685	6.0%	6,636,148	19.5%	10,285,622	3.1%	19,462,709	3.1%	2,389,733	5.7%	8,655,474	6.9%
CROOK	16,589,573	5.5%	4,811,596	4.1%	1,399,505	5.6%	6,762,241	5.9%	856,152	6.5%	2,760,078	6.5%
CURRY	18,088,791	5.8%	1,212,962	7.2%	2,789,679	7.5%	9,613,629	5.4%	1,433,062	6.6%	3,039,458	4.8%
DESCHUTES	189,684,941	9.2%	35,365,205	8.7%	24,073,970	13.6%	86,214,388	8.6%	9,486,609	8.9%	34,544,769	8.5%
DOUGLAS	65,639,025	4.6%	6,526,604	7.3%	15,010,616	3.9%	31,119,576	3.3%	2,746,603	5.6%	10,235,627	7.4%
GILLIAM	3,493,560	18.1%	1,054,993	19.7%	324,677	1.8%	1,617,753	19.5%	0		496,136	22.7%
GRANT	5,572,972	2.9%	1,328,059	2.8%	602,487	2.6%	1,965,748	8.9%	0		1,676,679	-3.3%
HARNEY	4,881,105	4.1%	1,556,693	3.9%	678,721	4.2%	1,901,939	4.2%	0		743,752	3.9%
HOOD RIVER	18,492,996	15.8%	2,215,483	4.3%	1,346,997	6.0%	10,941,374	15.3%	954,298	163.9%	3,034,844	11.6%
JACKSON	166,263,679	4.8%	28,215,177	-2.9%	40,874,438	6.3%	71,562,642	3.9%	8,002,136	32.8%	17,609,286	8.6%
JEFFERSON	19,061,083	4.9%	5,919,649	3.0%	1,156,516	5.7%	8,298,263	0.1%	796,506	3.2%	2,890,149	27.1%
JOSEPHINE	43,300,255	8.4%	3,833,233	3.8%	9,313,762	23.2%	26,335,097	4.9%	2,372,745	6.3%	1,445,418	7.1%
KLAMATH	43,094,201	7.3%	8,968,549	11.1%	5,125,660	8.5%	15,676,640	5.3%	1,625,246	3.7%	11,698,106	7.3%
LAKE	5,946,990	3.0%	1,565,726	2.6%	611,053	5.3%	2,409,801	2.7%	76,790	0.7%	1,283,620	2.9%
LANE	327,939,112	6.6%	29,744,996	4.9%	112,821,916	4.7%	142,911,357	8.4%	18,442,981	4.6%	24,017,862	8.8%
LINCOLN	64,393,825	5.4%	14,033,944	4.1%	11,627,653	10.3%	28,795,176	5.6%	2,330,388	0.0%	7,606,665	2.3%
LINN	91,234,923	4.3%	20,051,794	3.3%	22,184,628	6.3%	36,914,283	3.1%	4,319,313	6.5%	7,764,905	5.6%
MALHEUR	15,907,738	-3.0%	3,916,408	1.8%	3,593,880	5.3%	6,071,796	0.9%	1,520,599	3.2%	805,057	-51.3%
MARION	245,467,591	2.2%	45,484,094	4.5%	59,122,711	3.5%	100,364,823	-0.7%	14,515,342	4.4%	25,980,621	6.5%
MORROW	18,157,942	6.9%	4,216,544	1.8%	2,080,357	8.1%	8,121,471	6.6%	1,002,955	3.4%	2,736,615	17.1%
MULTNOMAH	858,393,611	-3.9%	234,925,661	5.1%	307,722,958	3.3%	266,054,333	-18.0%	22,811,280	1.4%	26,879,379	10.9%
POLK	53,189,669	5.6%	7,050,697	5.3%	13,623,641	5.4%	24,668,853	3.3%	3,315,977	6.6%	4,530,502	20.6%
SHERMAN	3,573,433	-1.0%	1,923,251	3.3%	125,234	-6.8%	1,168,650	-6.1%	0		356,299	-3.3%
TILLAMOOK	32,076,317	9.2%	7,826,097	-0.8%	1,692,931	2.3%	17,114,014	15.8%	786,314	5.8%	4,656,961	7.8%
UMATILLA	54,502,534	-1.2%	11,294,476	1.5%	10,550,497	2.9%	23,977,635	-5.8%	3,351,221	3.6%	5,328,706	4.3%
UNION	15,444,975	0.5%	3,378,878	0.8%	4,194,907	0.7%	6,657,455	-0.3%	0		1,213,737	2.6%
WALLOWA	6,786,848	2.6%	1,454,024	1.8%	717,862	1.4%	3,394,420	2.9%	0		1,220,541	3.7%
WASCO	23,306,072	5.7%	6,170,383	2.2%	2,034,588	5.8%	9,493,385	3.8%	1,770,016	74.5%	3,837,700	-2.4%
WASHINGTON	598,542,091	9.0%	105,498,481	3.9%	86,410,642	6.0%	281,134,261	14.8%	18,310,742	2.0%	107,187,965	4.1%
WHEELER	1,403,238	3.4%	702,108	2.7%	86,469	4.8%	515,432	4.0%	0		99,229	3.2%
YAMHILL	76,853,479	7.4%	13,379,018	6.7%	16,162,463	6.4%	38,299,996	8.9%	4,018,232	5.6%	4,993,769	3.2%
TOTAL	3,743,887,300	3.7%	722,992,212	4.5%	873,588,689	4.8%	1,569,926,030	1.6%	155,405,406	6.0%	421,974,962	7.3%
URBAN RENEWAL	123,894,025											
OREGON	3,867,781,325	2.9%										

PROPERTY TAX COMPRESSION LOSSES

2005-06

	INSIDE M5 LIMIT SCHOOL LEVIES			INSIDE M5 LIMIT NON-SCHOOL LEVIES			----- TOTAL LEVIES ----- (Excludes Urban Renewal)		
COUNTY	Loss \$000s	% of Tax	% Change	Loss \$000s	% of Tax	% Change	Loss \$000s	% of Tax	% Change
BAKER	492.5	10.4%	3.4%	267.4	3.2%	0.8%	759.9	5.8%	2.4%
BENTON	297.9	0.8%	-81.5%	47.9	0.1%	-15.2%	345.7	0.4%	-79.2%
CLACKAMAS	2,965.6	1.5%	-15.5%	168.2	0.1%	13.0%	3,133.7	0.7%	-14.3%
CLATSOP	388.3	1.8%	2.5%	141.3	0.5%	-3.5%	529.7	1.1%	0.9%
COLUMBIA	243.7	1.2%	-2.5%	81.2	0.4%	-1.6%	324.9	0.8%	-2.3%
COOS	114.4	0.6%	-42.9%	35.1	0.1%	-32.9%	149.6	0.3%	-40.8%
CROOK	92.5	1.4%	-10.4%	12.8	0.1%	-7.9%	105.3	0.6%	-10.1%
CURRY	3.3	0.03%	1.9%	0.5	0.01%	2.1%	3.9	0.0%	1.9%
DESCHUTES	364.5	0.4%	-12.9%	106.4	0.1%	-6.4%	471.0	0.2%	-11.5%
DOUGLAS	370.7	1.2%	-2.0%	159.6	0.5%	-16.2%	530.3	0.8%	-6.8%
GILLIAM	34.8	2.2%	32.3%	13.9	0.7%	-0.7%	48.7	1.4%	20.9%
GRANT	38.8	2.0%	15.7%	2.8	0.1%	2.1%	41.6	0.7%	14.7%
HARNEY	68.5	3.6%	-11.5%	76.2	2.6%	-15.1%	144.7	3.0%	-13.4%
HOOD RIVER	448.0	4.1%	355.9%	5.5	0.1%	-1.4%	453.4	2.5%	336.9%
JACKSON	83.3	0.1%	7.4%	57.5	0.1%	-22.0%	140.9	0.1%	-6.9%
JEFFERSON	163.2	2.0%	-2.0%	63.8	0.6%	-11.4%	227.0	1.2%	-4.9%
JOSEPHINE	9.2	0.0%	-25.5%	1.0	0.01%	-25.1%	10.2	0.0%	-25.5%
KLAMATH	11.6	0.1%	640.0%	459.7	1.7%	-16.8%	471.3	1.1%	-14.9%
LAKE	10.7	0.4%	-4.2%	46.1	1.3%	-6.3%	56.8	1.0%	-5.9%
LANE	5,247.2	3.7%	-30.5%	171.2	0.1%	-38.3%	5,418.4	1.7%	-30.8%
LINCOLN	192.8	0.7%	-37.6%	107.8	0.3%	-32.9%	300.5	0.5%	-36.0%
LINN	664.3	1.8%	-7.3%	1,460.0	2.7%	24.1%	2,124.3	2.3%	12.2%
MALHEUR	196.5	3.2%	22.8%	79.4	0.8%	29.9%	275.9	1.7%	24.8%
MARION	613.4	0.6%	-11.8%	628.0	0.4%	-19.0%	1,241.3	0.5%	-15.6%
MORROW	133.4	1.6%	-5.3%	460.3	4.6%	26.1%	593.7	3.3%	17.4%
MULTNOMAH	1,599.9	0.6%	-82.5%	26,189.2	4.4%	-18.0%	27,789.2	3.2%	-32.4%
POLK	223.0	0.9%	-5.6%	27.8	0.1%	-5.3%	250.8	0.5%	-5.5%
SHERMAN	0.6	0.1%	-98.2%	114.6	4.8%	190.2%	115.2	3.2%	55.7%
TILLAMOOK	136.0	0.8%	-14.7%	8.6	0.1%	-12.3%	144.6	0.5%	-14.6%
UMATILLA	1,502.3	6.3%	-12.7%	221.5	0.7%	-1.6%	1,723.8	3.2%	-11.4%
UNION	94.8	1.4%	0.1%	96.5	1.1%	-1.4%	191.3	1.2%	-0.7%
WALLOWA	152.1	4.5%	-19.2%	0.3	0.01%	-36.3%	152.4	2.2%	-19.3%
WASCO	233.9	2.5%	-1.5%	109.5	0.8%	-1.2%	343.5	1.5%	-1.4%
WASHINGTON	7,181.4	2.6%	167.0%	91.4	0.03%	4.5%	7,272.8	1.2%	161.9%
WHEELER	9.4	1.8%	-28.8%	26.5	3.0%	17.0%	35.9	2.6%	0.1%
YAMHILL	277.5	0.7%	-4.9%	28.0	0.1%	-5.8%	305.5	0.4%	-4.9%
TOTAL(4)	24,660.4	1.6%	-23.5%	31,567.4	1.5%	-15.5%	56,227.8	1.5%	-19.2%

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

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

PROPERTY TAX RELIEF

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

Homeowners and Renters Refund Program (HARRP)

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

Property Tax Relief Program (PTR)

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

Elderly Rental Assistance (ERA)

ERA was enacted in 1975. ERA makes payments to renters age 58 and older with annual household income less than \$10,000. Assets (excludes homestead, personal property and retirement plans) must be less than \$25,000 if under age 65. Rent must exceed 20% of household income for calculating a payment. The payment is gross rent (including fuel and utilities) up to the \$2,100 limit less 20% of household income, such that the payment reaches the maximum of \$2,100 when income is zero and the minimum \$100 at \$10,000 income. Taxpayers must file Form 90R to apply for a payment. Payments are made by check in October of each year. In 1992, the total cash outlay from the General Fund reached its highest level with an average refund of \$711 per renter. Between 1992 and 2004, the number of participants declined by almost half and the average refund declined by 23%. Between 2002 and 2005, however, mortgage interest rates declined; and the availability of mortgage instruments such as the 'interest only' mortgages may have enabled a number of former renters to purchase homes. About 1,560 renters received an estimated average ERA refund of \$468 in 2006 for a cost of roughly \$1.56 million to the General Fund.

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 obtains 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 in the program, a taxpayer could defer only in years when federal adjusted gross income was less than \$29,000. In 1977, the Legislature expanded the program to include special assessments. The 1999 Legislature opened the deferral program to the disabled community and increased the initial income threshold to \$27,500 in the year prior to applying, and raised household income once in the program to \$32,000. The 2001 Legislature raised the initial household income to match the "once in the program limit" of \$32,000. These new income limits are indexed to the U.S. Urban CPI.

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

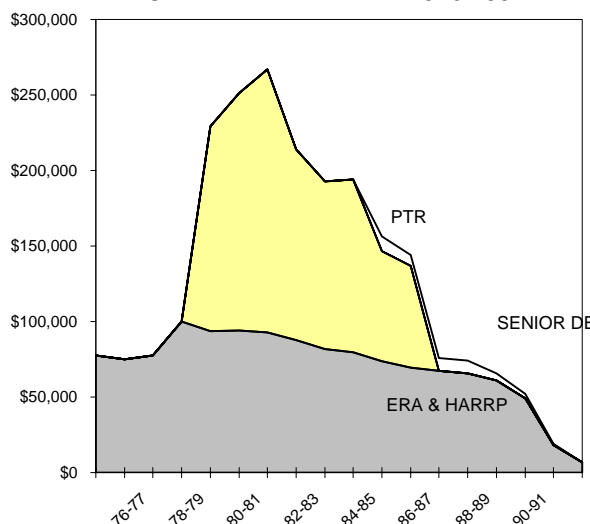
Between 1992-93 and 2004-05, the number of deferred accounts declined from 12,181 to 8,823; but both the payments to counties and Seniors' repayments of deferred taxes increased. In addition, during this period payments to counties on behalf of senior citizens were less than seniors' repayments. These changes mitigated the growing level of the 'balance owed'; but this balance did not begin to decline consistently until after 1998-99. Between 1998-99 and 2004-05 the 'balance owed' declined from \$136 million to \$120 million. In recent years, the reduction in the number of deferred accounts and the 'balance owed' has been fueled by historically low interest rates that created an incentive to refinance home mortgages. Refinancing home mortgages can not be undertaken if property taxes are unpaid and/or if there are liens against the property.

GENERAL FUND EXPENDITURES FOR PROPERTY TAX RELIEF

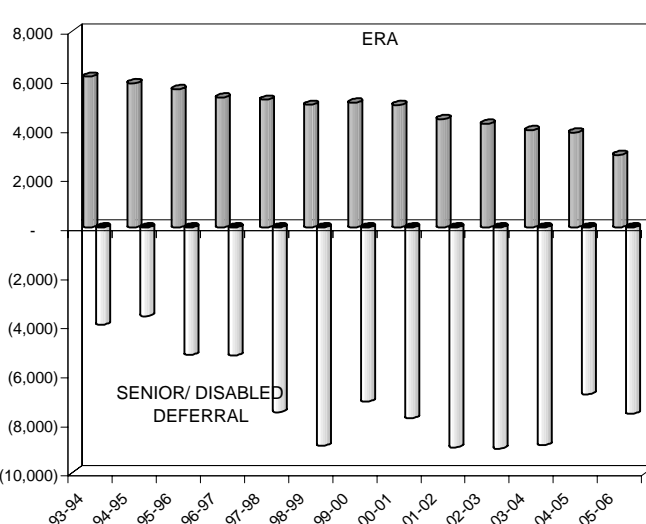
FISCAL YEAR	GENERAL FUND EXPENDITURES (\$ 000)				HARRP PROGRAM PARAMETERS			PTR MAXIMUM PAYMENT
	ERA*** & HARRP*	PTR	DEFERRAL** PROGRAMS	TOTAL	INCOME LIMIT	MAXIMUM REFUND	ASSET TEST	
1975-76	\$77,693	\$0	\$0	\$77,693	15,000	490		
1976-77	74,887	0	0	74,887	15,000	490		
1977-78	77,335	0	0	77,335	15,000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

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 -1992-2006



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 may be 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	2,745	5,076	541
2004	2,502	4,614	542
2005	2,094	3,996	524
2006 est.	1,560	3,336	468

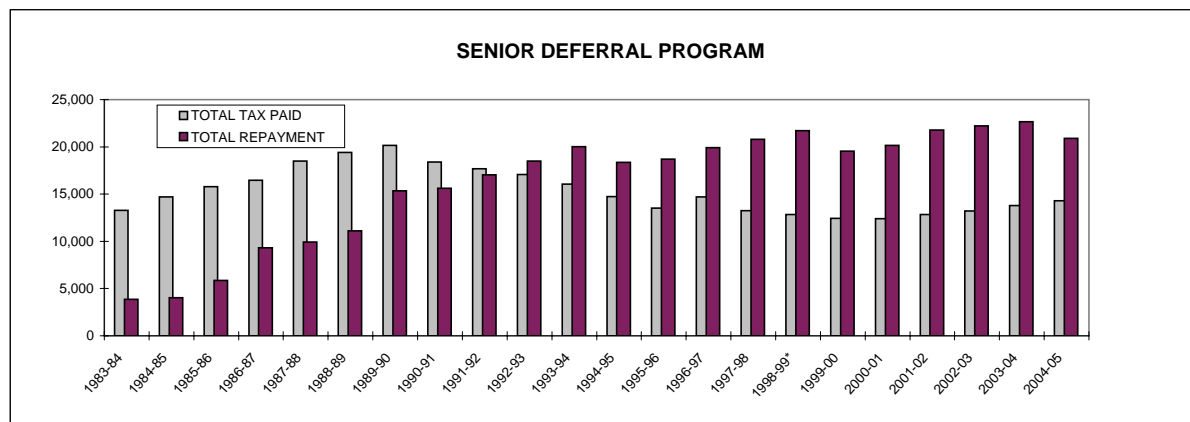
NON PROFIT HOUSING

FISCAL YEAR	REFUNDS (\$000)	RETURNS	AVERAGE REFUND
FY 94	648	25	25,920
FY 95	664	28	23,714
FY 96	760	31	24,516
FY 97	747	32	23,344
FY 98	828	34	24,353
FY 99	901	36	25,028
FY 00	1,009	38	26,553
FY 01	840	39	21,538
FY 02	1,083	41	26,415
FY 03	1,221	43	28,395
FY 04	1,364	44	31,000
FY05	1,263	44	28,705
FY06	1,396	46	30,344

SENIOR CITIZENS PROPERTY TAX DEFERRAL

FISCAL YEAR	PROPERTY TAXES		SPECIAL ASSESSMENT		Disabled Deferral		(\$ 000)		
	PAID	AVG.	PAID	AVE.	PAID	AVG.	TOTAL TAX	TOTAL	BALANCE
	ACCTS.	PAID	ACCTS.	PAID	ACCTS.	PAID	PAID	REPAYMENT	OWED
1978-79	1,976	845	111	147	0	0	1,676	273	N/A
1979-80	4,000	645	168	187	0	0	2,649	370	N/A
1980-81	6,046	723	184	352	0	0	4,438	559	N/A
1981-82	7,097	917	246	442	0	0	6,614	833	N/A
1982-83	8,827	1,103	389	656	0	0	9,992	1,529	22,859
1983-84	10,976	1,181	404	761	0	0	13,275	3,864	34,540
1984-85	11,603	1,236	430	853	0	0	14,710	4,018	45,806
1985-86	12,228	1,261	501	735	0	0	15,785	5,859	56,811
1986-87	12,632	1,282	419	677	0	0	16,480	9,320	65,732
1987-88	12,738	1,430	422	548	0	0	18,493	9,934	75,236
1988-89	13,092	1,463	396	613	0	0	19,410	11,117	84,834
1989-90	13,165	1,513	393	641	0	0	20,164	15,347	91,676
1990-91	12,976	1,398	379	579	0	0	18,387	15,603	96,856
1991-92	12,039	1,449	411	544	0	0	17,685	17,051	100,433
1992-93	12,181	1,387	476	337	0	0	17,085	18,484	102,763
1993-94	11,681	1,358	495	366	0	0	16,058	20,022	102,937
1994-95	11,216	1,299	504	334	0	0	14,740	18,352	103,967
1995-96	10,763	1,235	431	397	0	0	13,519	18,714	102,373
1996-97	10,520	1,380	365	391	0	0	14,703	19,921	101,801
1997-98	10,823	1,207	343	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
2003-04	8,900	1,485	211	255	448	1,154	13,783	22,647	122,953
2004-05	8,823	1,534	158	328	584	1,182	14,302	20,901	120,031
2005-06	n/a	n/a	n/a	n/a	n/a	n/a	14,397	21,992	n/a

NOTES: Senior repayment excludes special assessments until 1983-84. Balance owed includes interest from 98-99 forward.
From 1991-92 General Fund appropriation not used. Deferral fund plus repayments exceed costs.
Interest rate of 6% is calculated as simple interest.
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 Deferrall 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 while converting from one mainframe system to another, the DOR discovered that interest for prior years had not been posted to the senior deferral account. The increase in the 'balance owed' in 1998-99 reflects the impact of this interest.



OREGON ESTATE AND INHERITANCE TAXES

Overview of Estate and Inheritance Tax Revenues

The estate tax is a tax on the right to transfer property at death and generally is measured by the value of the estate passing at the time of the decedent's death. Oregon's estate tax is based on the federal estate law and the pick-up tax, albeit not the most recent federal code. Oregon does not impose any other estate or inheritance taxes besides the federal pick-up tax. The federal pick-up tax is a way in which states capture a portion of the federal estate tax liability but do not increase the overall tax liability of the estate. From legislation in 2003, Oregon is connected to federal tax law known as "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 \$130.5 million in estate tax in the 2003-05 biennium, which comprised 1.2% of the total state general fund, and ranked as third largest single tax source behind corporate excise taxes. A small number of taxpayers pay the estate tax each year. Consequently, revenues from Oregon's estate tax are very volatile and one large estate tax return paying a sizeable amount of tax in a given year can result in a significant increase in estate tax revenue. In examining the percentage change each year from fiscal year 1970-71 to 2004-05, the annual percentage change had a range between a high of 103% increase in 1992-93 and a low of 60% decrease for 1987-88 from the prior year.

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

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

Federal Estate Tax Changes

The federal pick-up tax was created in 1926. The maximum federal credit for state taxes paid is calculated as a graduated percentage of the taxable estate value. The tax rates, used to calculate the maximum state death tax credit, range from 0% for taxable estates under \$40,000 up to 16% for estates over \$10 million. Oregon connected exclusively to the federal pick-up tax as of 1987. After that, Oregon's estate tax revenue was dependent on a date specific federal tax code. Oregon was not automatically connecting to federal estate tax law changes. Additional legislation was needed in Oregon to adopt federal estate tax law changes. Oregon's estate tax law was connected to federal law, which established the federal gross estate value filing threshold at \$600,000 until the 2003 Legislative session.

1997 Taxpayer Relief Act (TRA97)

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

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)

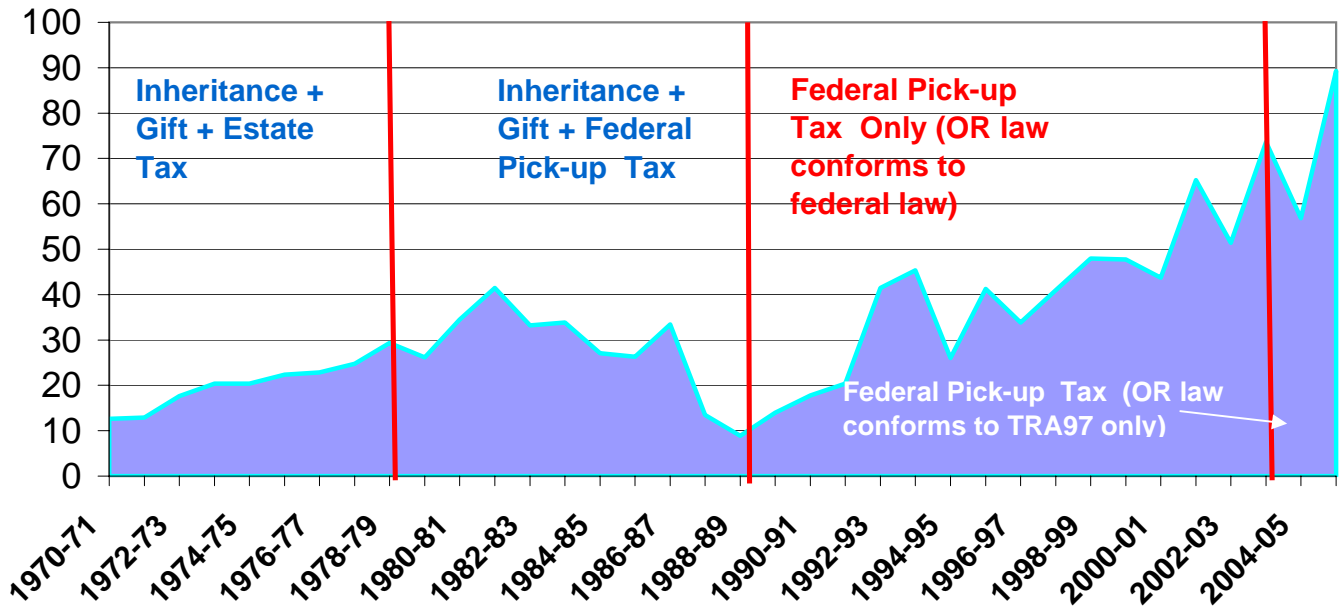
The 2001 federal Economic Growth and Tax Relief Reconciliation Act legislation – P.L. 107-16, made significant changes in a number of tax areas, including federal estate taxes. The 2001 federal estate tax law changes included a phase-out of the state death tax credit, an increase in the gross estate 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, 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 the 2003 legislation was to clarify that Oregon's estate tax connection is to the federal law under the Taxpayer Relief Act of 1997 for deaths occurring in 2003 and beyond. Oregon is not connected to 2001 federal estate tax law changes contained in the Economic Growth and Tax Relief Reconciliation Act.

Oregon Estate and Inheritance Tax Collections: 1971-2006



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

Fiscal Yr.	\$ Amount	% Change
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%
2003-04	73,609,000	43.1%
2004-05	56,852,202	-22.7%
2005-06	89,282,588	57.0%

OREGON ESTATE TAXES - FOR DEATHS IN 2000 - 2005
BREAKDOWN OF 2002, 2003, 2004 and 2005
ESTATE TAX RETURNS BY GROSS ESTATE VALUE

Oregon Tax (\$_millions)	Tax Year	Total # of Returns	Payable Tax
	2000	879	44.20
	2001	878	70.85
	2002	752	43.30
	2003	1034	78.50
	2004	983	53.79
	2005	368	22.40

2002 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	175	23%	5,860,358	13.5%
\$1 million up to \$1.5 million	255	34%	6,093,213	14.1%
\$1.5 million up to \$2 million	126	17%	4,206,055	9.7%
\$2 million up to \$3.5 million	119	16%	7,437,423	17.2%
\$3.5 million up to \$5 million	37	5%	4,337,183	10.0%
\$5 million up to \$10 million	26	3%	4,786,353	11.1%
\$10 million up to \$20 million	6	1%	1,911,069	4.4%
more than \$20 million	8	1%	8,658,011	20.0%
TOTAL	752	100%	\$43,289,665	100%
2003 Estate Tax Returns With Gross Estate Value				
Under \$1 million	314	32%	5,803,288	7.3%
\$1 million up to \$1.5 million	327	31%	9,759,344	12.3%
\$1.5 million up to \$2 million	131	13%	5,478,008	6.9%
\$2 million up to \$3.5 million	159	13%	11,488,418	14.5%
\$3.5 million up to \$5 million	42	3%	5,625,740	7.1%
\$5 million up to \$10 million	53	5%	14,999,189	18.9%
\$10 million up to \$20 million	15	1%	7,845,815	9.9%
more than \$20 million	11	1%	18,373,672	23.1%
TOTAL	1052	100%	\$79,373,474	100%
2004 Estate Tax Returns With Gross Estate Value				
Under \$1 million	189	19%	2,060,089	3.8%
\$1 million up to \$1.5 million	340	35%	9,902,647	18.4%
\$1.5 million up to \$2 million	176	18%	7,143,158	13.3%
\$2 million up to \$3.5 million	162	16%	9,556,868	17.8%
\$3.5 million up to \$5 million	49	5%	5,283,554	9.8%
\$5 million up to \$10 million	43	4%	8,875,783	16.5%
\$10 million up to \$20 million	16	2%	9,520,032	17.7%
more than \$20 million	8	1%	1,444,834	2.7%
TOTAL	983	100%	53,786,965	100%
2005 Estate Tax Returns With Gross Estate Value				
Under \$1 million	31	8%	105,422	0.5%
\$1 million up to \$1.5 million	156	42%	4,060,239	18.1%
\$1.5 million up to \$2 million	86	23%	3,539,680	15.8%
\$2 million up to \$3.5 million	57	15%	3,986,300	17.8%
\$3.5 million up to \$5 million	19	5%	3,262,346	14.6%
\$5 million up to \$10 million	16	4%	3,804,600	17.0%
\$10 million up to \$20 million	3	1%	3,644,411	16.3%
more than \$20 million	0	0%	0	0.0%
TOTAL	368	100%	22,402,998	100%

SCHOOL FINANCE

K-12 School Districts

Oregon has 197 school districts serving about 565,000 students in kindergarten through high school. These districts operate with relative autonomy within guidelines specified by both the Legislature and the State Department of Education. The federal government also requires certain mandated programs.

Local Revenue

School districts receive general operating revenue from various sources. Property taxes are the primary source. Other sources include federal forest payments, county school funds, the state Common School Fund and state timber sales. These local revenues are included in the school distribution formula and are about 33% of state and local formula operating revenue.

State Support

The Legislature through the State School Fund (SSF) provides about 67% of school formula operating revenue. This revenue is mostly from state income taxes and lottery revenue. The state's share increased from about 30% before Measure 5 (1990) to about 70% after Measure 50 (1997). State revenue replaced reduced local revenue because of these property tax limitations. Along with increased state aid, the school finance distribution method for state support changed dramatically.

Funding Equity

The 1991 Legislature adopted the school equalization formula and phased in its implementation. Equity as measured by the equalization formula applied to all school districts beginning in 2001-02. Past Legislatures have also provided some funding outside the equalization formula. The 2005 Legislature provided funds for small high schools from the State School Fund outside the formula.

Currently state aid and local revenue for school districts equals 95.25% (95% in 2005-06) of the statewide K-12 school and education service district (ESD) formula revenue for general operating purposes.

Equalization Formula

The SSF equalization formula allocates an amount to each school district based primarily on number of students. The state grant is this formula amount reduced by local revenues. The formula equalizes revenues per student by removing past differentials caused by widely varying local tax rates and property wealth per student. To recognize that some students need more school services and their schools may face higher costs, the formula assigns weights to certain students. For example, special education students count as 2.0 students to recognize their need for special programs. Additional student weights are for English as a second language programs, students from families in poverty, remote small schools and others. A general purpose grant per weighted student is adjusted for the experience level of teachers and set at a level that allocates available funding. The formula also funds 70-90% of transportation costs, costs above \$30,000 per high cost disability student (limited to \$12 million per year statewide) and up to 8% of classroom construction costs (limited to \$25 million per biennium beginning in 2007-09).

Local Option

School districts may ask voters to approve temporary local option levies. Local option revenue is limited to the lesser of (1) the district Measures 5 and 50 tax gap, (2) 15% of formula revenue or (3) \$750 per weighted student. The levies may be approved for up to 5 years for operations and up to 10 years for capital projects. Local option revenue is in addition to equalization formula revenue.

Education Service Districts

The school system also includes education service districts (ESDs). Twenty ESDs provide regional educational support services. The ESD share of statewide K-12 school and ESD general operating revenue is 4.75%. This includes both state aid from the State School Fund and ESD property tax revenue. Before Measure 5 (1990), they received no state aid. Subsequently state support helped replace reduced property taxes.

The 2001 Legislature adopted a 5 year phase-in plan to equalize ESD revenue. Those below the state ESD average revenue per student gradually received more and those above the average gradually received less. Final equalization began in 2005-06. Beginning in 2006-07, ESD revenue is 4.99% of the sum of component district formula revenue. This makes the ESD share of total ESD and K-12 school formula revenue 4.75%

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.

Education Stability Fund

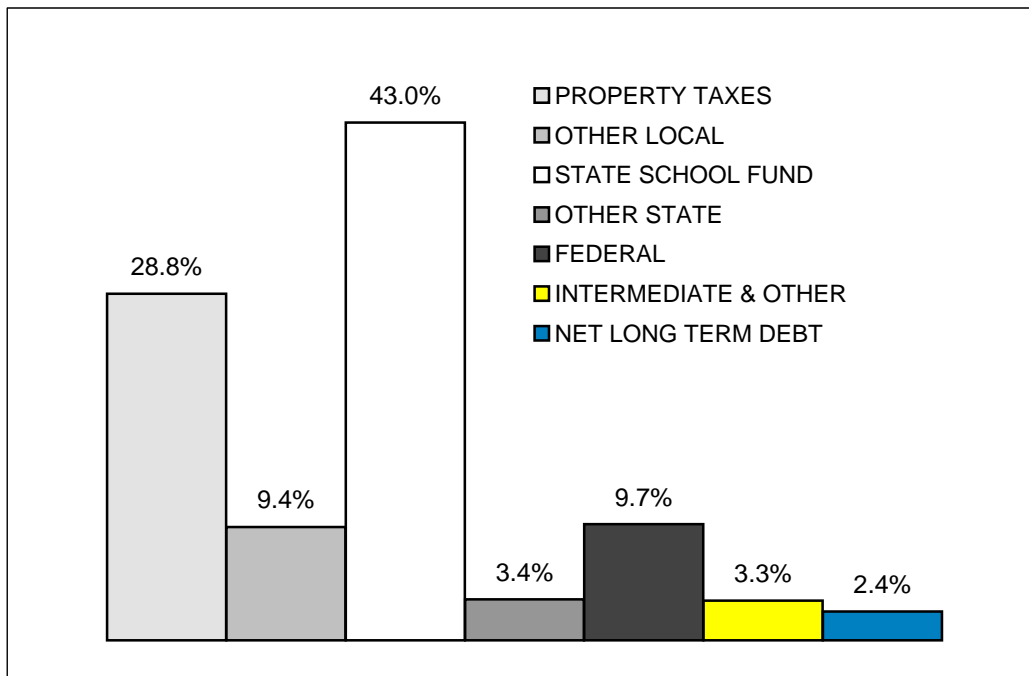
Voters approved a constitutional amendment converting the Education Endowment Fund to the Education Stability Fund in 2002. This change allows the principal of the Stability Fund to be used to fund education.

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

SCHOOL RESOURCES

2004-05 Audited (\$000)

	K-12	ESD	TOTAL
PROPERTY TAXES	1,439,544	74,576	1,514,120
OTHER LOCAL REVENUES	419,434	74,908	494,342
STATE SCHOOL FUND	2,164,114	97,603	2,261,717
COMMON SCHOOL FUND	36,429	0	36,429
OTHER STATE REVENUE	76,075	65,771	141,846
FEDERAL FOREST FEES	32,476	0	32,476
OTHER FEDERAL REVENUE	421,388	53,726	475,114
INTERMEDIATE & OTHER	168,485	4,778	173,263
NET LONG TERM DEBT	<u>105,020</u>	<u>20,778</u>	<u>125,798</u>
TOTAL REVENUE	4,862,965	392,140	5,255,105
PLUS BEGINING BALANCE	<u>1,371,490</u>	<u>84,970</u>	<u>1,456,460</u>
TOTAL RESOURCES	6,234,455	477,110	6,711,565
LESS TOTAL EXPENDITURES	<u>-5,014,907</u>	<u>-384,117</u>	<u>-5,399,024</u>
ENDING BALANCE	1,219,548	92,993	1,312,541



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

Source: Oregon Department of Education financial data base.

STATE SCHOOL SUPPORT HISTORY

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

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

Fiscal Year	K-12 and ESD Operating Revenue		State School Fund		SSF Share of Operating Revenue
	\$1,000	% Change	\$1,000	% Change	
1991-92	2,379,032		818,391		34.4%
1992-93	2,590,575	8.9%	1,100,300	34.4%	42.5%
1993-94	2,475,136	-4.5%	1,131,900	2.9%	45.7%
1994-95	2,605,406	5.3%	1,427,000	26.1%	54.8%
1995-96	2,651,525	1.8%	1,750,000	19.1%	66.0%
1996-97	2,715,451	2.4%	1,759,700	0.6%	64.8%
1997-98	2,918,589	7.5%	2,022,873	15.0%	69.3%
1998-99	2,989,171	2.4%	2,100,040	3.8%	70.3%
1999-00	3,210,469	7.4%	2,243,058	6.8%	69.9%
2000-01	3,333,835	3.8%	2,339,200	4.3%	70.2%
2001-02	3,469,061	4.1%	2,428,964	3.8%	70.0%
2002-03	3,258,562	-6.1%	2,146,933	-11.6%	65.9%
2003-04	3,723,250	14.3%	2,589,764	20.6%	69.6%
2004-05	3,527,898	-5.2%	2,326,261	-10.2%	65.9%
Est. 2005-06	3,850,104	9.1%	2,566,585	10.3%	66.7%
Est. 2006-07	4,076,853	5.9%	2,738,660	6.7%	67.2%

Gov. Budget 2007-08	4,295,235	5.4%	2,926,634	6.9%	68.1%
Gov. Budget 2008-09	4,494,120	4.6%	3,072,966	5.0%	68.4%

- 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 schooling.
 4. 1997-98 to 99-00 State School Fund excludes funds not used due to a state and local revenue cap.
 5. Additional funding outside the State School Fund: 1997-98 \$50 million for classroom needs; 1998-99 \$150 million lottery bond for capital; 1999-00 \$56 million lottery bond for capital; 2000-01 \$71 million lottery bond for capital; 2001-02 \$108 million for school improvement.
 6. 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 schooling.

K-12 SCHOOL EQUALIZATION FORMULA

STATE SCHOOL FUND DISTRIBUTION

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

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 high cost disability grant and a facility grant. The formula allocates state and local revenue based on relative need for the formula component grants given the funding level available.

State School Fund

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

Local Revenue

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

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

General Purpose Revenue

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

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

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

The additional ADMw varies with number of students and distance. Generally, the smaller the school the greater the additional weight per student. For elementary schools this weight is proportionally reduced if the school is less than 12 miles from the nearest elementary school. The high school distance adjustment phased-out 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 1.16 using \$4,500 per ADMw. The equivalent amount is \$5,220 per ADMw.

Transportation Revenue

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

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

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

Approved transportation costs are the following:

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

High Cost Disability Revenue

High Cost Disability Grant	=	Up to Sum of Costs above \$30,000 per Disability Student
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For a student with approved disability costs above \$30,000, the grant is the cost minus \$30,000. The district grant is the sum of the grants for each student with disability costs above \$30,000. ESD costs for each student can be included in the student total. Total district grants cannot exceed \$12 million per year. If total grants initially exceed this amount, the grants are reduced proportionally.

New Facility Revenue

Facility Grant	=	Up to 8% of Construction Costs
----------------	---	--------------------------------

Districts adding new classroom space receive up to 8% of construction (excluding land) and portable unit costs for furnishings and equipment. Total grants are limited to \$25 million (formerly \$17.5 million) per biennium beginning in 2007-09. If grants at 8% exceed the limit, the percent is reduced. The actual percent is currently about 4%.

School Revenue Share

The school share of both school district and ESD formula revenue is 95.25% (95% in 2005-06). Formula revenue is State School Fund dollars available for distribution to school districts and ESDs and designated local revenue (primarily property taxes) included for each in their respective formulas. The K-12 equalization formula uses 95.25% of this total to allocate to school districts.

2007-09 Funding Level

The Governor's recommended appropriation is \$6.0 billion for the State School Fund. The formula local revenue estimate for schools and ESD's is currently \$2.8 billion.

State Payment Schedule

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

Other State School Fund Allocations

The Legislature also funds special programs separate from the school formula. Districts with small high schools were allocated \$5 million and certain state special education programs received about \$17 million from the State School Fund in the 2005-07 biennium.

FORMULA GRANT PERCENTAGE BY DISTRICT SIZE 2004-05					
District Size by ADM	# of Districts	General Purpose	Transportation	High Cost Disability	Facility
0- 500	78	93.72%	6.21%	0.06%	0.00%
500- 1,000	32	94.53%	5.07%	0.19%	0.21%
1,000- 3,000	42	95.15%	4.54%	0.18%	0.13%
3,000- 5,000	17	95.33%	4.14%	0.25%	0.29%
5,000-10,000	17	95.15%	4.19%	0.32%	0.33%
10,000-30,000	9	95.35%	3.89%	0.41%	0.35%
30,000-50,000	3	96.65%	3.67%	0.62%	0.07%
Note					

ESD EQUALIZATION

STATE SCHOOL FUND DISTRIBUTION

$$\text{General Services Revenue} = \text{Percent to Balance} \times \text{Higher of (1) Base Revenue (2) \$950,000}$$

Equalization

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

Revenue Share

The ESD share of both school district and ESD formula revenue is 4.75% (5% in 2005-06). Formula revenue is State School Fund dollars available for distribution to school districts and ESDs and designated local revenue (primarily property taxes) included for each in the respective formulas. The K-12 equalization formula uses 95.25% (95% in 2005-06) of this total to allocate to school districts.

Component School Districts

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

General Services Revenue

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

$$\text{General Services Revenue} = \text{State School Fund Grant} + \text{Local Revenue}$$

State School Fund Grant

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

Local Revenue

Local revenue is the sum of these two sources:

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

Excess Local Revenue

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

Base Revenue

The base revenue is 4.987% (down from 5.263% in 2005-06) times the sum of the school formula revenue for the ESD's component districts. With the ESD total state and local share set at 4.75%, the ESD percent applied to the school district 95.25% must be more than 4.75% ($4.987\% \times 95.25\% = 4.75\%$).

$$\text{Base Revenue} = 4.987\% \times \text{Sum of Component School District Revenue}$$

By using school district formula revenue as the basis for allocating general services revenue, ESD equalization depends on the same factors as school district equalization. ESDs in their role of assisting component school districts are assumed to have the same relative need for funds as their school districts.

Minimum Base

The district minimum allocation is \$950,000 (\$1 million in 2005-06). If the base revenue allocation is initially less than \$950,000, the base is increased to the \$950,000 minimum.

Percent to Balance

Applying the 4.987% to the sum of the component district formula revenue uses up the 4.755% of total revenue available for schools and ESDs. So if extra funds are necessary to meet the \$950,000 minimum, then the higher total must be reduced to stay within the 4.75% of available funds. Multiplying allocated revenue including minimums by a percent slightly less than 100% brings the total down to available funds.

State Payment Schedule

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

ESD Students

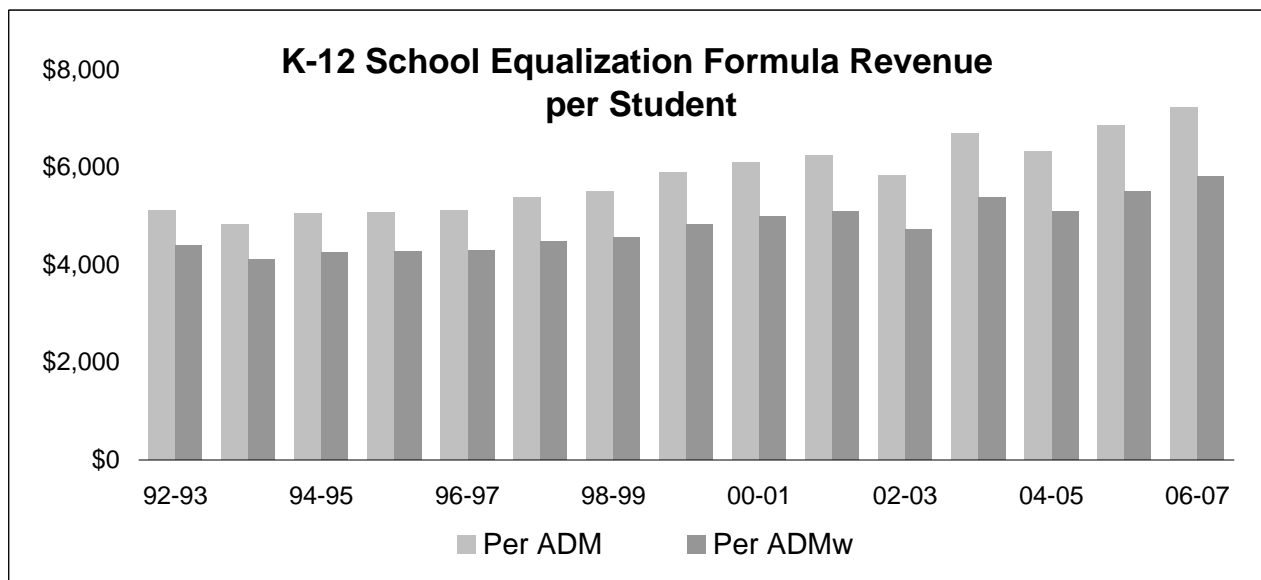
The student count for an ESD is considered to be the sum of the students in its component school districts. However, the formula does not directly use an ESD student count.

K-12 SCHOOL EQUALIZATION FORMULA REVENUE

Per Student

	Average Daily Membership				State School Fund and Formula Local Revenue			
	Unweighted (ADM)		Weighted (ADMw)		\$ Per ADM		\$ Per ADMw	
	#	Growth	#	Growth	\$	Change	\$	Change
1992-93	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%	586,859	1.4%	5,043	4.3%	4,255	3.5%
1995-96	501,919	1.4%	595,547	1.5%	5,065	0.4%	4,268	0.3%
1996-97	508,579	1.3%	605,801	1.7%	5,109	0.9%	4,289	0.5%
1997-98	514,094	1.1%	616,998	1.8%	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%	638,073	0.8%	6,091	3.5%	4,990	3.3%
2001-02	528,346	1.1%	647,960	1.5%	6,245	2.5%	5,092	2.0%
2002-03	530,653	0.4%	654,536	1.0%	5,831	-6.6%	4,727	-7.2%
2003-04	528,180	-0.5%	657,110	0.4%	6,686	14.7%	5,374	13.7%
2004-05	528,112	0.0%	656,239	-0.1%	6,329	-5.3%	5,093	-5.2%
2005-06 Est.	531,104	0.6%	661,616	0.8%	6,855	8.3%	5,503	8.1%
2006-07 Est.	534,828	0.7%	665,368	0.6%	7,235	5.5%	5,815	5.7%
2007-08 Est.*	535,898	0.2%	669,616	0.6%	7,603	5.1%	6,085	4.6%
2008-09 Est.*	536,434	0.1%	673,347	0.6%	7,949	4.5%	6,332	4.1%

14 Year Growth 9.9% 17.4% 41.3% 32.2%



Notes:

*Based on Governor's Proposed Budget

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

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

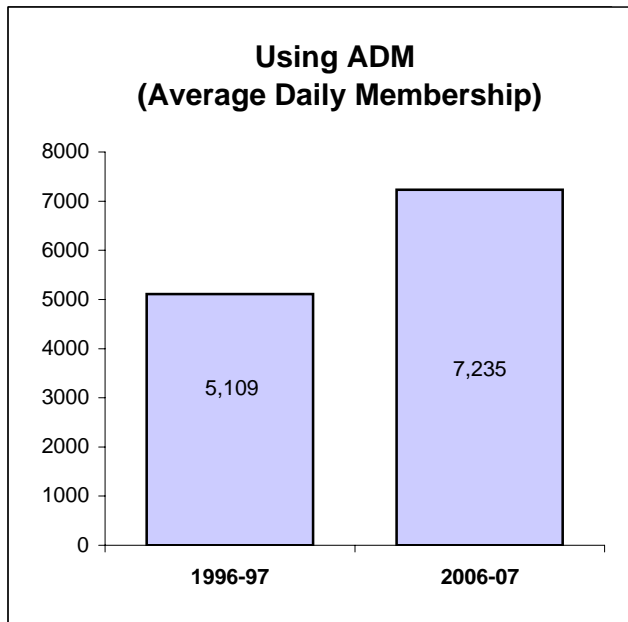
Includes students in the state youth corrections program beginning in 1997-98.

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

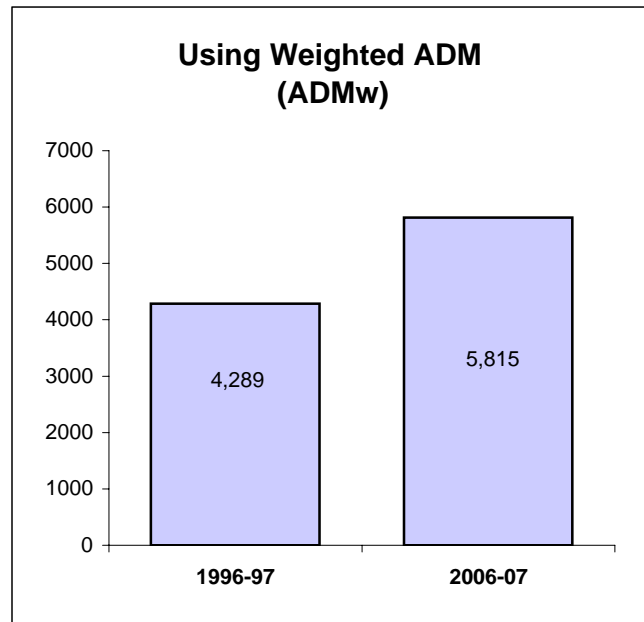
K-12 SCHOOL FINANCIAL TRENDS

STATE AND LOCAL FORMULA REVENUE PER STUDENT

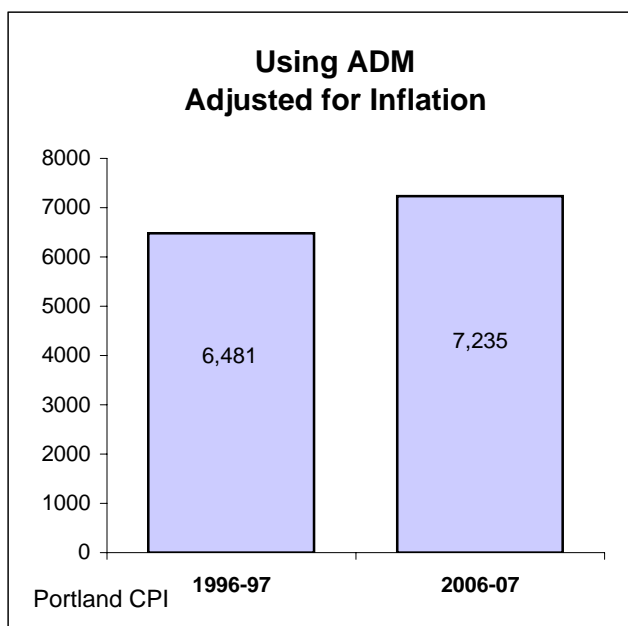
10 Year Comparison



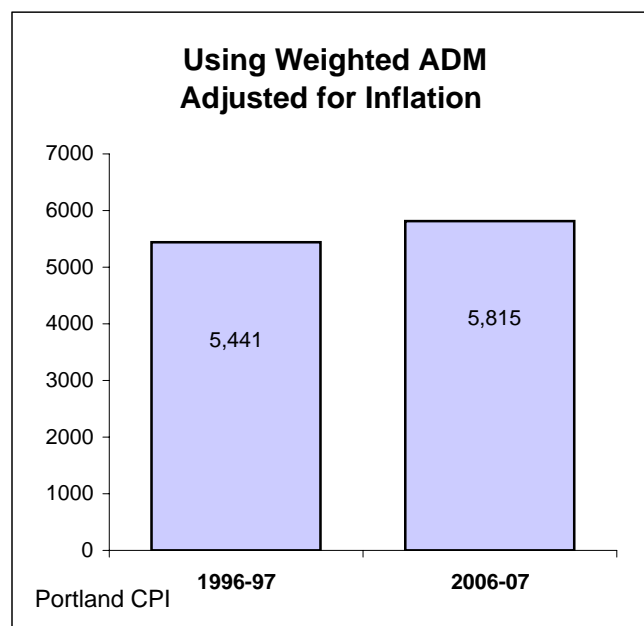
Revenue per student increases about 42%.



Revenue per weighted student increases about 36%.



Revenue per student adjusted for inflation increases about 12%.



Revenue per weighted student adjusted for inflation increases about 7%.

Note: 2006-07 numbers are Dec. 2006 estimates of student counts, local revenue and inflation.
Weighted students is extended weighted students.

K-12 and ESD REVENUE HISTORY

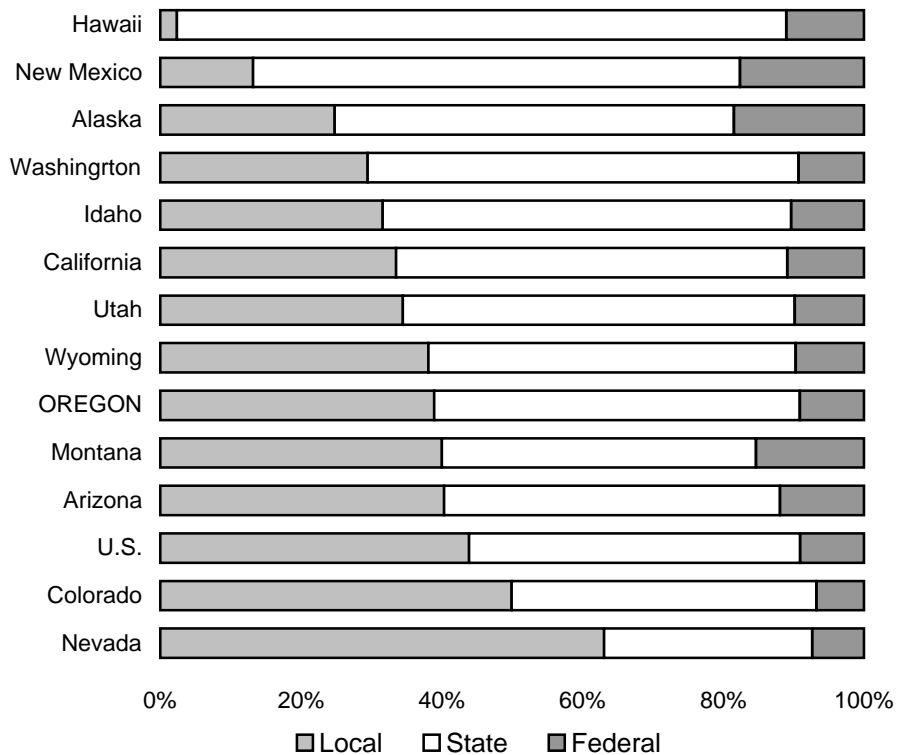
Summary of State School Fund and Local Formula Revenue

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue Source									Estimates		Governor's Budget	
State												
State School Fund	2,048.4	2,101.6	2,246.2	2,339.2	2,429.0	2,146.9	2,589.8	2,326.3	2,566.6	2,738.7	2,926.6	3,073.0
Local K-12 School												
Property and Timber Taxes	781.6	801.7	845.6	873.4	922.7	970.2	1,003.4	1,049.4	1,094.4	1,165.4	1,228.3	1,287.2
Other Local	56.0	50.4	84.0	84.0	77.0	94.0	77.5	98.9	111.1	106.7	70.6	60.7
Excluded from Formula	<u>-20.0</u>	<u>-20.0</u>	<u>-23.1</u>	<u>-22.1</u>	<u>-22.6</u>	<u>-19.5</u>	<u>-19.5</u>	<u>-21.7</u>	<u>0.0</u>	<u>-15.8</u>	<u>-16.5</u>	<u>-17.3</u>
	817.6	832.0	906.4	935.3	977.2	1,044.8	1,061.3	1,126.6	1,205.5	1,256.3	1,282.4	1,330.6
Local ESD												
Property Tax	56.5	59.5	61.8	63.2	66.6	70.1	72.2	75.1	78.9	83.1	87.6	91.8
Shared with K-12	<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>0.0</u>	<u>-0.9</u>	<u>-1.2</u>	<u>-1.4</u>	<u>-1.3</u>
	52.6	55.5	57.8	59.3	62.9	66.9	72.2	75.1	78.0	81.9	86.2	90.5
Total Sources	2,918.6	2,989.2	3,210.5	3,333.8	3,469.1	3,258.6	3,723.3	3,527.9	3,850.1	4,076.9	4,295.2	4,494.1
Revenue Allocation												
ESD												
Districts	130.8	139.5	148.7	148.7	157.3	145.8	176.1	170.6	192.0	191.1	203.5	212.9
OPEN Technology	1.0	1.0	1.1	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
K-12 School												
Out-of-State Disability/Virtual School	0.4	0.4	0.4	0.4	0.4	0.4	0.0	0.0	1.0	1.0	0.9	0.9
Small High School Grants					4.6	4.5	2.5	2.5	2.5	2.5	2.5	2.5
State Special Education					7.2	7.4	7.3	7.1	7.2	8.0	8.5	8.9
Youth Corrections & Detention	8.3	9.3	10.6	10.9	13.0	12.1	11.0	10.3	10.5	11.2	12.0	12.5
District Equalization Formula	2,752.8	2,836.9	3,046.0	3,173.1	3,286.3	3,081.9	3,520.3	3,331.9	3,630.4	3,858.1	4,062.4	4,251.4
Local Rev. above Formula/Misc.	0	0.5	0.5	-0.4	0.2	6.4	6.0	5.4	6.5	5.0	5.5	5.0
State												
Over Cap for Lottery Bonds	25.5	1.6	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Allocation	2,918.6	2,989.2	3,210.5	3,333.8	3,469.1	3,258.6	3,723.3	3,527.9	3,850.1	4,076.9	4,295.2	4,494.1
Other State Revenue												
K-12 Lottery-Backed Bonds	0.0	150.0	56.0	71.0	0.0	0.0	0	0	0	0	0	0
K-12 Other/School Improvement	55.0	0.0	27.0	27.0	108.0	0.0	0	0	0	0	0	0

Notes: Dollars in millions.

2003-04 REVENUE PER STUDENT WESTERN STATES COMPARISON BY SOURCE

State	Rank	Total	Local	State	Federal
Hawaii	8	11,666	277	10,100	1,288
Alaska	9	11,576	2,867	6,564	2,144
Wyoming	10	11,107	4,230	5,798	1,079
U.S.		9,518	4,176	4,478	864
OREGON	25	9,281	3,611	4,822	848
New Mexico	28	9,035	1,192	6,251	1,592
California	29	8,980	3,006	4,993	981
Washington	32	8,724	2,569	5,342	812
Colorado	33	8,639	4,312	3,741	585
Montana	36	8,545	3,417	3,814	1,313
Nevada	40	7,980	5,032	2,362	587
Arizona	43	7,550	3,043	3,605	902
Idaho	49	6,952	2,196	4,037	720
Utah	51	6,107	2,104	3,400	603



Source: National Center for Education Statistics, Revenue, 2003-04

Notes: Numbers may not be completely comparable due to state definitional differences.

Students is fall enrollment.

Includes intermediate in local.

HIGHWAY and TRANSPORTATION TAXES

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

Fuel taxes include Motor Fuel Tax (gasoline) and Use fuel tax (diesel, natural gas, etc.) currently at 24 cents per gallon. Motor Fuel Tax is paid by the wholesaler and is included in the price at the pump. Non-highway or exempt use can apply for refunds of the taxes they paid. Use Fuel tax is paid by the retailer when purchased for highway use. Heavy vehicles pay the weight-mile taxes and not fuel tax.

Weight-Mile taxes (WMT) on heavy vehicles (trucks) are paid monthly to the Motor Carrier 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 rate for trucks over 80,000 increases inversely with 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.

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.

Vehicle Titling Fees are imposed on cars and trucks. Vehicles under 26,000 pounds pay \$55 and vehicles over 26,000 pounds pay \$90.

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

The above 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. The different fees address multiple interests of the operation or regulation of the transportation system, and some of the fees are dedicated to non-highway uses.

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

Highway Fund

Net revenues from the dedicated taxes and fees are deposited in the Highway Fund. The Highway Fund is distributed among the state, cities and counties for road construction and maintenance. Moneys distributed among counties are in proportion to vehicle registrations, on the other hand, city distributions are in proportion to population. As a result of the OTIA legislations mentioned

above, ODOT will have to track revenues separately before and after the different legislations for registration fees and titles with their heavy vehicle equivalents. Increases for various license and other fees need to be tracked before and after the HB 2041. The different distribution formulas for these revenues are shown in the table below. The Base includes all revenues from taxes and fees before the increases in HB 2142 and HB 2041. The distribution for OTIA is any excess of the \$71.2 million that is not required for debt service. In the case of the Bridge distribution (OTIA III), any revenue not used for debt service goes to the indicated jurisdiction.

HIGHWAY FUND DISTRIBUTION

Recipient	Base	OTIA	Bridge*	Misc.
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.

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 Adopted
Revenue Source	1997-99	1999-01	2001-03	2003-05	2005-07
Beginning Balance	114.2	53.6	160.6	453.3	348.7
Revenues					
Fuel Taxes	800.8	808.6	824.8	839.8	852.4
Weight-Mile Taxes	477.8	429.8	390.3	436.9	455
Driver & Vehicle Licenses	218.1	228.7	304	446.5	499.5
General Fund	0.7	19.9	17.1	3.9	8.6
Federal Funds	602.2	584.8	671.6	696.3	604.7
Lottery	20.2	17.6	6	20.7	33.2
Bond & COP Proceeds	16.4	58.5	291.2	195.6	743.8
All Other	172.8	172.8	220.2	203.1	233
Total Revenue	2,309.0	2,320.7	2,725.2	2,842.8	3,430.2
Total Resources	2,423.2	2,374.3	2,885.8	3,296.1	3,778.9

Source: ODOT Program Budget.

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

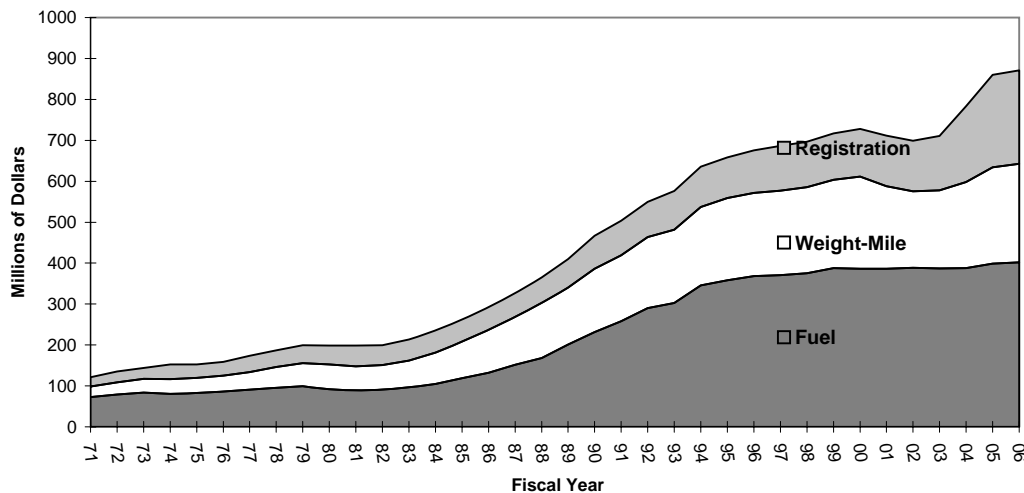
MOTOR VEHICLE AND FUEL TAX REVENUES

Gross Tax Collections* (millions)

Fiscal Year	Fuel Tax		Weight-Mile Tax		Registration & License		Total Collections	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	Growth
1970-71	72.7	60.2%	25.9	21.4%	22.2	18.4%	120.8	
1971-72	78.6	58.1%	30.4	22.5%	26.3	19.4%	135.3	12.0%
1972-73	83.4	58.1%	34.1	23.8%	26.0	18.1%	143.5	6.1%
1973-74	80.4	52.7%	36.2	23.7%	36.0	23.6%	152.6	6.3%
1974-75	82.7	54.1%	37.0	24.2%	33.1	21.7%	152.8	0.1%
1975-76	86.1	54.2%	39.3	24.7%	33.5	21.1%	158.9	4.0%
1976-77	90.6	52.1%	43.3	24.9%	40.0	23.0%	173.9	9.4%
1977-78	95.7	51.1%	50.8	27.1%	40.7	21.7%	187.2	7.6%
1978-79	99.2	49.8%	56.5	28.4%	43.3	21.8%	199.0	6.3%
1979-80	92.4	46.6%	60.1	30.3%	45.9	23.1%	198.4	-0.3%
1980-81	88.8	44.8%	58.8	29.6%	50.8	25.6%	198.4	0.0%
1981-82	90.6	45.4%	60.0	30.1%	48.9	24.5%	199.5	0.6%
1982-83	96.6	45.2%	65.2	30.5%	51.9	24.3%	213.7	7.1%
1983-84	104.9	44.6%	76.4	32.5%	54.1	23.0%	235.4	10.2%
1984-85	118.6	45.2%	89.1	34.0%	54.7	20.8%	262.4	11.5%
1985-86	132.0	45.1%	105.6	36.1%	55.1	18.8%	292.7	11.5%
1986-87	151.5	46.3%	116.6	35.6%	59.0	18.0%	327.1	11.8%
1987-88	168.3	46.1%	135.0	37.0%	61.6	16.9%	364.9	11.6%
1988-89	200.6	48.9%	139.5	34.0%	69.7	17.0%	409.9	12.3%
1989-90	231.1	49.5%	155.3	33.3%	80.5	17.2%	467.0	13.9%
1990-91	257.6	51.2%	161.1	32.0%	84.5	16.8%	503.2	7.8%
1991-92	290.2	52.8%	173.2	31.5%	86.2	15.7%	549.6	9.2%
1992-93	302.3	52.5%	179.1	31.1%	94.5	16.4%	575.9	4.8%
1993-94	345.9	54.4%	191.4	30.1%	98.6	15.5%	635.9	10.4%
1994-95	357.8	54.3%	201.3	30.6%	99.5	15.1%	658.6	3.6%
1995-96	368.1	54.5%	203.3	30.1%	104.1	15.4%	675.6	2.6%
1996-97	370.2	53.9%	206.9	30.1%	109.3	15.9%	686.4	1.6%
1997-98	375.6	53.9%	209.9	30.1%	111.3	16.0%	696.9	1.5%
1998-99	387.9	54.1%	215.7	30.1%	113.1	15.8%	716.7	2.8%
1999-00	386.4	53.1%	224.7	30.9%	116.9	16.1%	728.1	1.6%
2000-01	386.2	54.3%	202.1	28.4%	123.3	17.3%	711.6	-2.3%
2001-02	388.8	55.6%	187.0	26.8%	123.2	17.6%	699.0	-1.8%
2002-03	387.0	54.5%	191.1	26.9%	132.3	18.6%	710.4	1.6%
2003-04	388.1	49.6%	209.7	26.8%	185.4	23.7%	783.2	10.2%
2004-05	399.0	46.4%	235.3	27.4%	225.9	26.3%	860.1	9.8%
2005-06	401.6	46.1%	241.0	27.7%	228.2	26.2%	870.7	1.2%

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

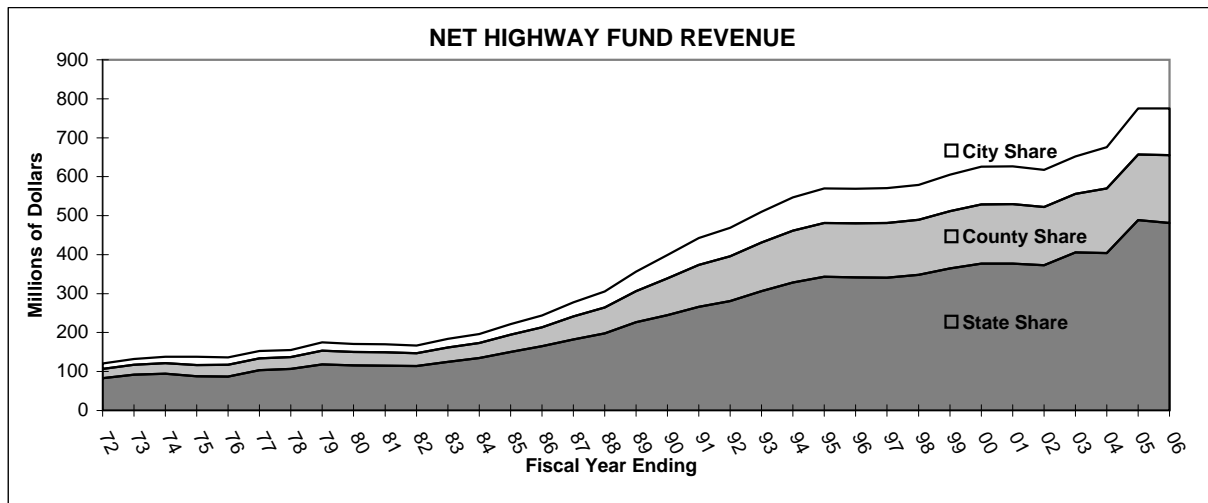
MOTOR VEHICLE AND FUEL TAX REVENUE



NET HIGHWAY FUND REVENUE
(millions)

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

Source: Oregon Department of Transportation



Motor Fuel Tax Rates (cents per gallon)

January 1, 2006

State	Gasoline Tax Rates				Diesel Fuel Tax Rates				Gasohol Tax Rates				Add Sales Tax	Other
	Excise	Add'l	Total	Rank	Excise	Add'l	Total	Rank	Excise	Add'l	Total	Rank		
Alabama /1	16.0	2.0	18.0	38	19.0		19.0	35	16	2	18	38		Inspection fee
Alaska	8.0		8.0	50	8.0		8.0	50	0		0	51		
Arizona /3	18.0		18.0	38	18.0		18.0	38	18		18	38		
Arkansas	21.5		21.5	24	22.5		22.5	23	21.5		21.5	23		
California	18.0		18.0	38	18.0		18.0	38	18		18	38	Y	
Colorado	22.0		22.0	22	20.5		20.5	30	22		22	22		
Connecticut	25.0		25.0	11	26.0		26.0	13	25		25	11		
Deleware /5	23.0		23.0	19	22.0		22.0	27	23		23	18		Plus 0.5% GRT
District of Columbia	22.5		22.5	21	22.5		22.5	23	22.5		22.5	20		
Florida /2	4.0	10.5	14.5	47	16.8	10.5	27.3	9	4	10.5	14.5	47	Y	
Georgia	7.5		7.5	51	7.5		7.5	51	7.5		7.5	50	Y	
Hawaii /1	16.0		16.0	45	16.0		16.0	42	16		16	45	Y	
Idaho /7	25.0		25.0	11	25.0		25.0	16	22.5		22.5	20		
Illinois /1,3	19.0	1.1	20.1	28	21.5	1.1	22.6	22	19	1.1	20.1	26	Y	Enviro. Fee
Indiana /3	18.0		18.0	38	16.0		16.0	42	18		18	38	Y	
Iowa	20.7		20.7	27	22.5		22.5	23	19		19	33		
Kansas /8	24.0		24.0	15	26.0		26.0	13	24		24	14		
Kentucky /3,4	17.1	1.4	18.5	36	14.1	1.4	15.5	46	17.1	1.4	18.5	36		Enviro. Fee
Louisiana	20.0		20.0	29	20.0		20.0	31	20		20	27		
Maine /5	25.9		25.9	10	27.0		27.0	10	25.9		25.9	10		
Maryland	23.5		23.5	18	24.3		24.3	18	23.5		23.5	17		
Massachusetts	21.0		21.0	26	21.0		21.0	29	21		21	25		
Michigan	19.0		19.0	34	15.0		15.0	47	19		19	33	Y	
Minnesota	20.0		20.0	29	20.0		20.0	31	20		20	27		
Mississippi	18.0	0.4	18.4	37	18.0	0.4	18.4	36	18	0.4	18.4	37		Enviro. Fee
Missouri	17.0	0.55	17.6	42	17.0	0.55	17.6	40	17	0.55	17.6	42		Inspection fee
Montana	27.0		27.0	7	27.8		27.8	7	27		27	7		
Nebraska /5	26.1	0.9	27.0	7	26.1	0.9	27.0	10	26.1	0.9	27.0	7		Petroleum fee
Nevada /1	24.0	0.81	24.8	13	27.0	0.75	27.75	7	24.0	0.81	24.8	12		
New Hampshire	18.0	1.63	19.6	33	18.0	1.63	19.63	34	18.0	1.63	19.63	32		Oil discharge cleanup fee
New Jersey	10.5	4.0	14.5	47	13.5	4.0	17.5	41	10.5	4	14.5	47		Petroleum fee
New Mexico /8	17.0	1.9	18.9	35	21.0	1.9	22.9	21	17	1.9	18.9	35		Petroleum loading fee
New York	8.0	15.9	23.9	17	8.0	14.15	22.2	26	8	15.9	23.9	16	Y	
North Carolina /4	29.9	0.25	30.2	5	29.9	0.25	30.2	5	29.9	0.25	30.2	5		Inspection tax
North Dakota	23.0		23.0	19	23.0		23.0	20	23		23	18		
Ohio	28.0		28.0	6	28.0		28.0	6	28.0		28.0	6		Plus 3 cents commercial
Oklahoma	16.0	1.0	17.0	44	13.0	1.0	14.0	48	16	1	17	44		Environ. Fee
Oregon /1	24.0		24.0	15	24.0		24.0	19	24		24	14		
Pennsylvania	12.0	19.2	31.2	2	12.0	26.1	38.1	1	12	19.2	31.2	2		Oil franchise tax
Rhode Island	30.0	1.0	31.0	3	30.0	1.0	31.0	3	30	1	31	3		LUST tax
South Carolina	16.0		16.0	45	16.0		16.0	42	16		16	45		
South Dakota /1	22.0		22.0	22	22.0		22.0	27	20		20	27		
Tennessee /1	20.0	1.4	21.4	25	17.0	1.4	18.4	36	20	1.4	21.4	24		Petroleum Tax & Envir. Fee
Texas	20.0		20.0	29	20.0		20.0	31	20		20	27		
Utah	24.5		24.5	14	24.5		24.5	17	24.5		24.5	13		
Vermont	19.0	1.0	20.0	29	25.0	1.0	26.0	13	19	1	20	27		Petroleum fee
Virginia /1,6	17.5		17.5	43	16.0		16.0	42	17.5		17.5	43		
Washington/8	31.0		31.0	3	31.0		31.0	3	31.0		31.0	3		0.5% privilege tax
West Virginia	20.5	6.5	27.0	7	20.5	6.5	27.0	10	20.5	6.5	27	7	Y	
Wisconsin /5	29.9	3.0	32.9	1	29.9	3.0	32.9	2	29.9	3.0	32.9	1		Petroleum Inspection fee
Wyoming	13.0	1.0	14.0	49	13.0	1.0	14.0	48	13	1	14	49		License tax
Federal /7	18.3	0.1	18.4		24.3	0.1	24.4		13	0.1	13.1			LUST tax

SOURCE: Compiled by FTA from various sources.

/1 Tax rates do not include local option taxes. In AL, 1 - 3 cents; HI, 8.8 to 18.0 cent; IL, 5 cents in Chicago and 6 cents in Cook county (gasoline only);

NV, 4.0 to 9.0 cents; OR, 1 to 3 cents; SD and TN, one cent; and VA 2%. NV, 1.75 to 7.75 cents; OR, 1 to 3 cents; SD and TN, one cent; and VA 2%.

/2 Local taxes for gasoline and gasohol vary from 9.7 cents to 17.7 cents. 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 is adjusted quarterly. The actual rates are: KY, 9%; and NC, 17.5¢ + 7%.

/5 Portion of the rate is adjustable based on maintenance costs, sales volume, or inflation.

/6 Large trucks pay an additional 3.5 cents.

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

/8 Tax rate scheduled to increase to 34 cents on July 1, 2006.

LRO: 1/10/2007

2006
State Motor Carrier Registration Fees
80,000 Pound Vehicle (GVW)

State	Dollars per Vehicle	State Ranking
Alabama	\$835	41
Alaska	\$333	48
Arizona	\$5,679	1
Arkansas	\$1,357	22
California	\$2,399	5
Colorado	\$3,085	4
Connecticut	\$1,581	17
Delaware	\$1,280	26
Florida	\$979	36
Georgia	\$725	44
Hawaii*	\$170	50
Idaho	\$3,375	2
Illinois	\$3,199	3
Indiana	\$2,007	7
Iowa	\$795	43
Kansas	\$1,770	11
Kentucky	\$1,729	13
Louisiana	\$504	46
Maine	\$1,271	27
Maryland	\$1,300	25
Massachusetts	\$1,255	28
Michigan	\$1,690	15
Minnesota	\$1,760	12
Mississippi	\$1,822	10
Missouri	\$1,725	14
Montana	\$939	38
Nebraska**	\$931	39
Nevada	\$1,668	16
New Hampshire	\$1,155	31
New Jersey	\$1,223	30
New Mexico	\$174	49
New York	\$991	35
North Carolina	\$1,254	29
North Dakota	\$1,079	33
Ohio	\$1,399	20
Oklahoma	\$959	37
Oregon	\$499	47
Pennsylvania	\$1,535	18
Rhode Island	\$1,056	34
South Carolina	\$809	42
South Dakota	\$1,311	23
Tennessee	\$1,371	21
Texas	\$855	40
Utah***	\$671	45
Vermont	\$1,950	8
Virginia	\$1,085	32
Washington	\$1,842	9
West Virginia	\$1,421	19
Wisconsin	\$2,011	6
Wyoming	\$1,303	24

2006
Weight-Mile Tax Rates
(per mile) 80,000 lbs.

State	Tax Rate	State Ranking
Kentucky	\$0.0285	4
New Mexico	\$0.0438	3
New York	\$0.0546	2
Oregon	\$0.1316	1
Oregon does not levy Diesel Tax on heavy trucks.		

Source: Trucking Permit Guide,
J.J. Keller & Associates, Inc.

2006
Diesel Tax Rates

State	Tax Rate	State Ranking
Alabama	\$0.190	39
Alaska	\$0.080	49
Arizona	\$0.260	19
Arkansas	\$0.228	30
California	\$0.330	6
Colorado	\$0.205	34
Connecticut	\$0.415	1
Delaware	\$0.220	31
Florida	\$0.300	9
Georgia	\$0.152	46
Hawaii	\$0.160	45
Idaho	\$0.250	22
Illinois	\$0.350	4
Indiana	\$0.270	17
Iowa	\$0.235	27
Kansas	\$0.260	20
Kentucky	\$0.236	26
Louisiana	\$0.200	35
Maine	\$0.291	11
Maryland	\$0.243	24
Massachusetts	\$0.210	32
Michigan	\$0.288	12
Minnesota	\$0.200	36
Mississippi	\$0.184	40
Missouri	\$0.170	43
Montana	\$0.285	13
Nebraska	\$0.274	16
Nevada	\$0.278	15
New Hampshire	\$0.206	33
New Jersey	\$0.175	42
New Mexico	\$0.229	29
New York	\$0.365	3
North Carolina	\$0.299	10
North Dakota	\$0.230	28
Ohio	\$0.280	14
Oklahoma	\$0.130	48
Oregon	\$0.000	50
Pennsylvania	\$0.381	2
Rhode Island	\$0.300	8
South Carolina	\$0.168	44
South Dakota	\$0.240	25
Tennessee	\$0.184	41
Texas	\$0.200	37
Utah	\$0.245	23
Vermont	\$0.260	21
Virginia	\$0.199	38
Washington	\$0.340	5
West Virginia	\$0.270	18
Wisconsin	\$0.329	7
Wyoming	\$0.140	47

Source: Trucking Permit Guide, J.J. Keller & Associates, Inc.

Note: Assumes intrastate for-hire carrier registering 2000 model year 3-S2 tractor semi trailer combination with gross vehicle weight of 80,000 lbs. and unladen weight of 46,000 lbs.

Source: The State Laws Newsletter

This source is used by the ATA (American Trucking Association)

* Hawaii: Does not include applicable county registration and weight taxes.

** Nebraska: In addition each county assesses a motor vehicle tax and motor vehicle fee.

*** Utah based carriers are required to pay an additional ad valorem tax.

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 passed HB 2197, which extended the 1999 phase in for one year for ownerships of less than 5,000 acres and created an optional Small Tract Forestland (STF) program (see below). The 2005 Legislature simplified the time requirements for filers who apply for a continued classification of a parcel as STF; and clarified that unless the Tax Assessor determines that the property does not constitute forestland, a disqualified STF parcel will automatically be qualified as either Western or Eastern Oregon forestland. A \$200 late filing fee was also enacted for applications for continued classification as STF parcels if the applications are filed after a 30 day notification period has ended.

Current Law

As of July 1, 2004 all forestland is subject to the Forest Products Harvest Tax and all private 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. The Forest Products Harvest Tax Rate is established each biennium.

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 2006 are \$4.11 (Western Oregon) or \$3.21 (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).

2005-06 Limit on Per Acre Forestland Value		
Site Class by Region	OFP	STF
Western Oregon		
FA	\$491.72	\$97.60
FB	\$390.10	\$77.44
FC	\$326.71	\$64.71
FD	\$277.54	\$55.16
FE	\$184.66	\$36.07
FF	\$133.30	\$26.52
FG	\$55.72	\$10.60
FX	\$6.55	\$1.06
Eastern Oregon	\$55.72	\$10.60

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 Harvest Tax applies to harvests of merchantable timber from both publicly and privately owned forestland. The tax is levied per 1,000 board feet of timber harvested and the tax rates are set to fund various forestry related activities as listed in the table below. The activities include research, fire suppression, and studies funded by the Department of Forestry. The 'Other' rates include \$1.75 (11 months) for salmon reclamation and \$0.15 for assistance to nonindustrial landowners. Rates shown for the Forest Research Institute in 2007 and 2009 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					
Year	Research	Fire Suppression	Forest Practices	Forest Institute	Other
1990-91	\$0.21	\$0.30	\$0.16	-	-
1991-92	0.3	0.5	0.53	\$0.31	-
1992-93	0.3	0.66	0.53	0.31	-
1993.2, 3	0.4	0.66	0.77	0.31	-
1994	0.4	0.66	0.77	0.31	-
1995	0.4	0.66	0.77	0.31	-
1996	0.5	0.5	0.6	0.51	-
1997	0.5	0.5	0.6	0.51	-
1998	0.55	0.5	0.7	0.51	\$1.75
1999	0.55	0.5	0.7	0.79	-
2000	0.67	0.5	1.08	0.79	0.15
2001	0.67	-	1.08	0.79	0.15
2002	0.67	0.5	0.91	0.79	
2003	0.67	0.5	0.91	0.79	
2004	0.67	0.5	0.79	0.99	
2005	0.67	0.5	0.79	0.89	
2006	0.67	0.5	0.55	0.89	
2007	0.67	0.5	0.55	0.89	

Local Revenues from Federally-Owned Forest Lands.

Notwithstanding the importance of the Forest Products Harvest Tax and Severance Tax revenues to the state and to local taxing districts, among certain counties primarily located in the SW, federally-owned forestlands are a critical revenue source. Under federal law, harvested timber from federally-owned lands must be shared with the state and counties in which the federally-owned forestlands are located. Legislation enacted in 2001 allowed the counties to receive these revenues until FY0506. In FY0506, federal forest payments totaled \$254 million. If these payments are not extended beyond 2005-06, several counties located in SW Oregon will lose about 85% of these revenues. In addition, these counties will be unable to recoup their losses by imposing additional property taxes because of very low permanent rates under Measure 50. Raising property tax rates by local option levies would not be sufficient for some counties to replace forest revenue and may force tax rates into compression under Measure 5.

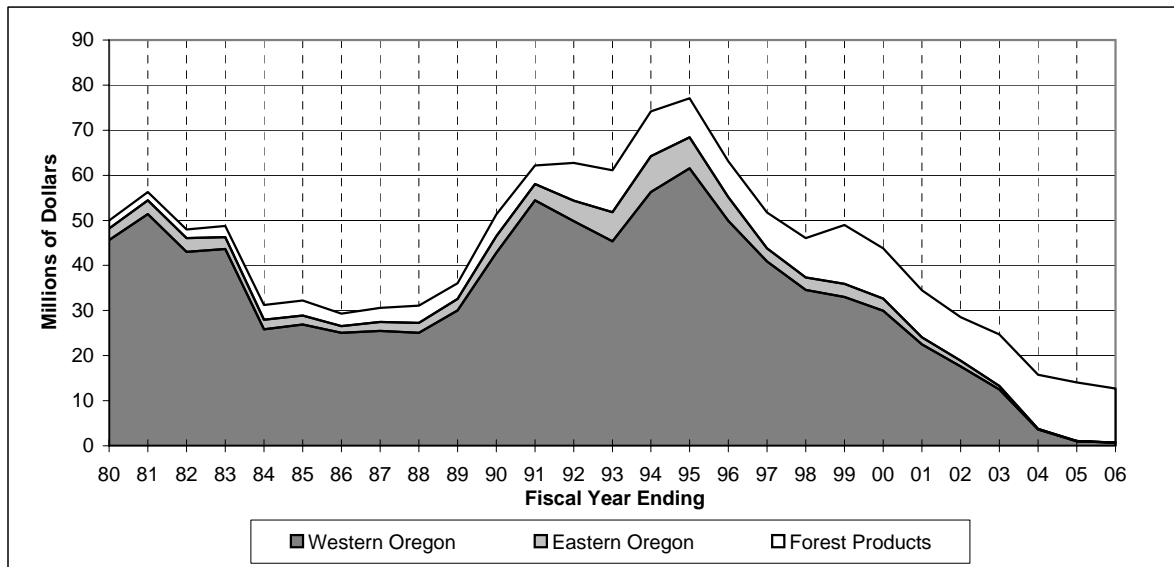
TIMBER TAX COLLECTIONS

(millions of dollars)

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

Source: Oregon Department of Revenue, Monthly Receipts Statement.

TIMBER TAX COLLECTIONS

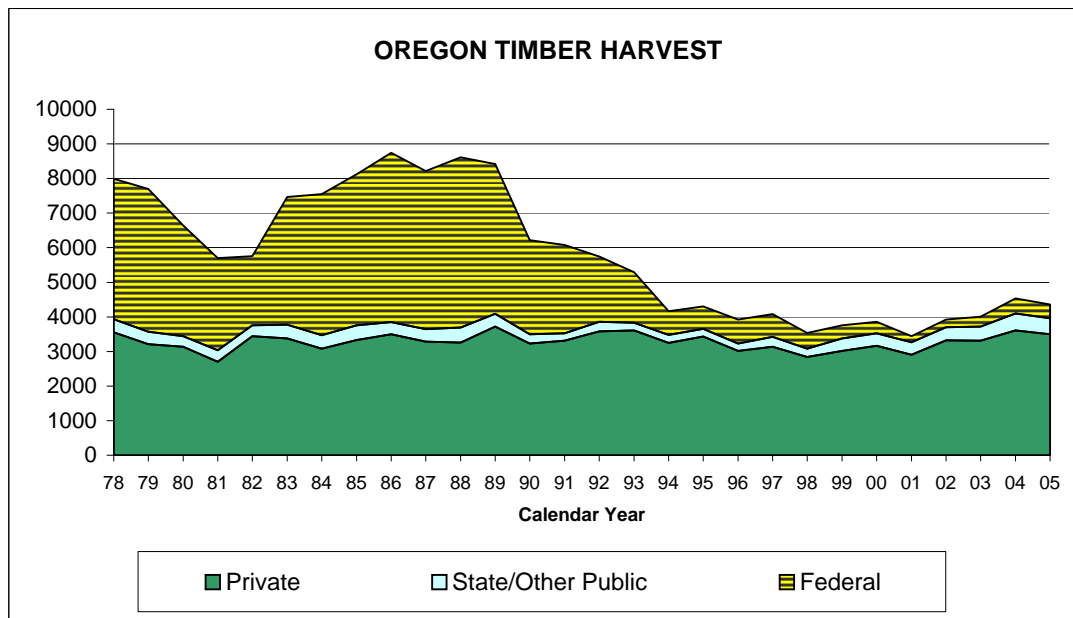


OREGON TIMBER HARVEST

Million Board Feet - Scribner Scale

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

Source: http://egov.oregon.gov/ODF/STATE_FORESTS/FRP/docs/



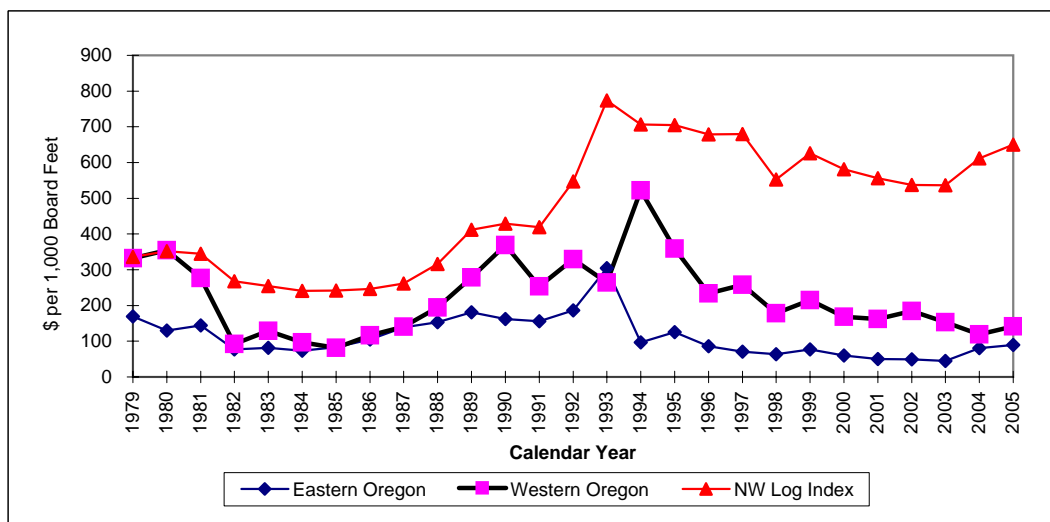
AVERAGE TIMBER PRICES

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	49.49	-0.8%	184.74	13.9%	537.50	-3.4%
2003	45.13	-8.8%	152.82	-17.3%	536.25	-0.2%
2004	80.27	77.9%	119.14	-22.0%	611.50	14.0%
2005	89.78	11.8%	141.40	18.7%	650.00	6.3%

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

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 (in 2002), 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. It continued in 1995, 1997, 1999, 2001, and 2003 until the defeat of Measure 30 in 2004. Of Cigarette tax, 22 cents is distributed to the General Fund (18.64%), the Health Plan gets 85.7 cents (72.66%), 3.4 cents (2.9%) go to the tobacco cessation programs, and 2.3 cents (1.93%) each to cities, counties, and to ODOT (senior and disabled transit). Distributions within cities and counties are based on population. The Other Tobacco Products tax is distributed to the General Fund (53.85%), the Health Plan (41.54%), and tobacco cessation programs (4.62%). Additional tobacco revenue is received under the Master Settlement Agreement. Through June 30, 2005, Oregon has received \$501.2 million in payments from cigarette manufacturers and expects to receive unless reduction by tobacco companies stands) slightly above \$145 million for the 2005-07 biennium. The 2003 Session (SB 856) managed to pledge much of this revenue for payments on \$450 million in bonds, which were used for grants to schools in 2002-03 offsetting the decreases in school funding for that period. Other bonds also pledged against the expected revenues, leave small future unobligated amounts. In 2006, the tobacco companies started withholding about \$15 million a year as their market share decreased both nationally and in Oregon. The AG has gone into litigation against this action.

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¢	222.0	43.2%	20.9	4.4%
2003-04	123.0¢	240.1	8.2%	25.3	20.8%
2004-05	118.0¢	217.8	-9.3%	26.0	2.7%
2005-06	118.0¢	238.7	9.6%	31.2	20.0%

DISTRIBUTION OF TOBACCO TAXES

Fiscal Year	General Fund	Health Plan	TURA	Special Transit	Local Govt.
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	57.0	160.9	9.6	4.4	9.3
2003-04	49.1	184.8	7.6	4.3	8.9
2004-05	57.1	168.5	7.3	4.2	8.5
2005-06	60.0	169.5	7.5	4.2	8.5

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

Oregon Liquor Control Commission (OLCC) 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, on average, at 101% 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
2003-04	13.7	145.1	107.3
2004-05	14.0	155.0	111.05
2005-06	14.8	172.2	126.05

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
2003-04	0.2	6.7	62.8	11.2	38.2
2004-05	0.2	6.9	65.6	11.6	39.6
2005-06	0.2	7.3	74.0	13.2	44.9

Source: Oregon Liquor Control Commission.

STATE EXCISE TAX RATES AS OF JANUARY 1, 2006
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	0.930	0.320	Florida	2.25	2.10	Rhode Island	246.0	0.28
2	South Carolina	0.770	0.400	Tennessee	1.21	2.45	New Jersey	240.0	0.24
3	Alaska	1.070	0.000	Iowa	1.75	1.75	Washington	202.5	0.26
4	Mississippi	0.430	0.560	New Mexico	1.70	1.75	Michigan	200.0	0.24
5	Florida	0.480	0.480	Virginia	1.51	1.75	Maine	200.0	0.20
6	North Carolina	0.530	0.360	Washington	0.87	2.28	Montana	170.0	0.00
7	Alabama	0.530	0.320	Alabama	1.70	1.40	Alaska	160.0	0.00
8	New Mexico	0.410	0.400	West Virginia	1.00	2.10	Connecticut	151.0	0.24
9	Georgia	0.480	0.320	Rhode Island	0.60	2.45	Massachusetts	151.0	0.20
10	Utah	0.410	0.380	Nevada	0.70	2.28	New York	150.0	0.16
11	Washington	0.261	0.520	Illinois	0.73	2.19	Hawaii	140.0	0.16
12	California	0.200	0.580	Georgia	1.51	1.40	Pennsylvania	135.0	0.24
13	Oklahoma	0.400	0.360	Nebraska	0.95	1.93	Ohio	125.0	0.22
14	Maine	0.350	0.400	Arkansas	0.75	2.10	Vermont	119.0	0.24
15	Nebraska	0.310	0.440	Arizona	0.84	1.96	Arizona	118.0	0.22
16	Arkansas	0.230	0.480	Mississippi	0.35	2.45	Oregon	118.0	0.00
17	Tennessee	0.140	0.560	New Jersey	0.70	2.10	Oklahoma	103.0	0.18
18	Texas	0.190	0.500	Hawaii	1.38	1.40	Dist. of Columbia	100.0	0.23
19	Illinois	0.185	0.500	California	0.20	2.54	Maryland	100.0	0.20
20	Michigan	0.200	0.480	Connecticut	0.60	2.10	Illinois	98.0	0.25
21	Nevada	0.160	0.520	South Carolina	0.90	1.75	New Mexico	91.0	0.20
22	Connecticut	0.190	0.480	Vermont	0.55	2.10	California	87.0	0.29
23	Minnesota	0.150	0.520	Michigan	0.51	2.10	Colorado	84.0	0.12
24	Rhode Island	0.100	0.560	Minnesota	0.30	2.28	Nevada	80.0	0.26
25	Virginia	0.260	0.400	Indiana	0.47	2.10	New Hampshire	80.0	0.00
26	West Virginia	0.180	0.480	Alaska	2.50	0.00	Kansas	79.0	0.21
27	Louisiana	0.320	0.320	Texas	0.20	2.19	Wisconsin	77.0	0.20
28	Dist. of Columbia	0.160	0.460	North Carolina	0.79	1.58	Utah	69.5	0.19
29	Ohio	0.180	0.440	Maine	0.60	1.75	Nebraska	64.0	0.22
30	Arizona	0.160	0.448	South Dakota	0.93	1.40	Wyoming	60.0	0.16
31	Kansas	0.180	0.424	Dist. of Columbia	0.30	2.01	Arkansas	59.0	0.24
32	New Jersey	0.120	0.480	Oklahoma	0.72	1.58	Idaho	57.0	0.20
33	South Dakota	0.280	0.320	North Dakota	0.50	1.75	Indiana	55.5	0.24
34	Indiana	0.115	0.480	Ohio	0.30	1.93	West Virginia	55.0	0.24
35	Iowa	0.190	0.400	Idaho	0.45	1.75	Delaware	55.0	0.00
36	North Dakota	0.160	0.400	Maryland	0.40	1.75	South Dakota	53.0	0.16
37	Pennsylvania	0.080	0.480	Pennsylvania	0.00	2.10	Minnesota	48.0	0.26
38	Idaho	0.150	0.400	Wisconsin	0.25	1.75	North Dakota	44.0	0.20
39	Maryland	0.090	0.400	Missouri	0.30	1.48	Alabama	42.5	0.16
40	Wisconsin	0.060	0.400	Utah	0.00	1.66	Texas	41.0	0.25
41	New York	0.110	0.320	New York	0.19	1.40	Georgia	37.0	0.16
42	Missouri	0.060	0.338	Louisiana	0.11	1.40	Iowa	36.0	0.20
43	Wyoming	0.020	0.320	Wyoming	0.00	1.40	Louisiana	36.0	0.16
44	Colorado	0.080	0.232	Colorado	0.32	1.02	Florida	33.9	0.24
45	New Hampshire	0.300	0.000	Montana	1.06	0.00	Kentucky	30.0	0.24
46	Vermont	0.265	0.000	Delaware	0.97	0.00	Virginia	30.0	0.20
47	Montana	0.140	0.000	Oregon	0.67	0.00	North Carolina	30.0	0.18
48	Massachusetts	0.110	0.000	Massachusetts	0.55	0.00	Tennessee	20.0	0.28
49	Delaware	0.090	0.000	Kentucky	0.50	0.00	Mississippi	18.0	0.28
50	Kentucky	0.080	0.000	Kansas	0.30	0.00	Missouri	17.0	0.17
51	Oregon	0.080	0.000	New Hampshire	0.00	0.00	South Carolina	7.0	0.20

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

Sales tax rates assume \$8 per gallon for beer, \$35 a gallon for wine, and \$4 per pack for cigarettes.

K-12 SCHOOL EQUALIZATION FORMULA

STATE SCHOOL FUND DISTRIBUTION

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

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 high cost disability grant and a facility grant. The formula allocates state and local revenue based on relative need for the formula component grants given the funding level available.

State School Fund

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

Local Revenue

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

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

General Purpose Revenue

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

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	

The additional ADMw varies with number of students and distance. Generally, the smaller the school the greater the additional weight per student. For elementary schools this weight is proportionally reduced if the school is less than 12 miles from the nearest elementary school. The high school distance adjustment phased-out 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 1.16 using \$4,500 per ADMw. The equivalent amount is \$5,220 per ADMw.

Transportation Revenue

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

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

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

Approved transportation costs are the following:

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

High Cost Disability Revenue

High Cost Disability Grant	=	Up to Sum of Costs above \$30,000 per Disability Student
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For a student with approved disability costs above \$30,000, the grant is the cost minus \$30,000. The district grant is the sum of the grants for each student with disability costs above \$30,000. ESD costs for each student can be included in the student total. Total district grants cannot exceed \$12 million per year. If total grants initially exceed this amount, the grants are reduced proportionally.

New Facility Revenue

Facility Grant	=	Up to 8% of Construction Costs
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Districts adding new classroom space receive up to 8% of construction (excluding land) and portable unit costs for furnishings and equipment. Total grants are limited to \$25 million (formerly \$17.5 million) per biennium beginning in 2007-09. If grants at 8% exceed the limit, the percent is reduced. The actual percent is currently about 4%.

School Revenue Share

The school share of both school district and ESD formula revenue is 95.25% (95% in 2005-06). Formula revenue is State School Fund dollars available for distribution to school districts and ESDs and designated local revenue (primarily property taxes) included for each in their respective formulas. The K-12 equalization formula uses 95.25% of this total to allocate to school districts.

2007-09 Funding Level

The Governor's recommended appropriation is \$6.0 billion for the State School Fund. The formula local revenue estimate for schools and ESD's is currently \$2.8 billion.

State Payment Schedule

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

Other State School Fund Allocations

The Legislature also funds special programs separate from the school formula. Districts with small high schools were allocated \$5 million and certain state special education programs received about \$17 million from the State School Fund in the 2005-07 biennium.

FORMULA GRANT PERCENTAGE BY DISTRICT SIZE 2004-05					
District Size by ADM	# of Districts	General Purpose	Transportation	High Cost Disability	Facility
0- 500	78	93.72%	6.21%	0.06%	0.00%
500- 1,000	32	94.53%	5.07%	0.19%	0.21%
1,000- 3,000	42	95.15%	4.54%	0.18%	0.13%
3,000- 5,000	17	95.33%	4.14%	0.25%	0.29%
5,000-10,000	17	95.15%	4.19%	0.32%	0.33%
10,000-30,000	9	95.35%	3.89%	0.41%	0.35%
30,000-50,000	3	96.65%	3.67%	0.62%	0.07%
Note					

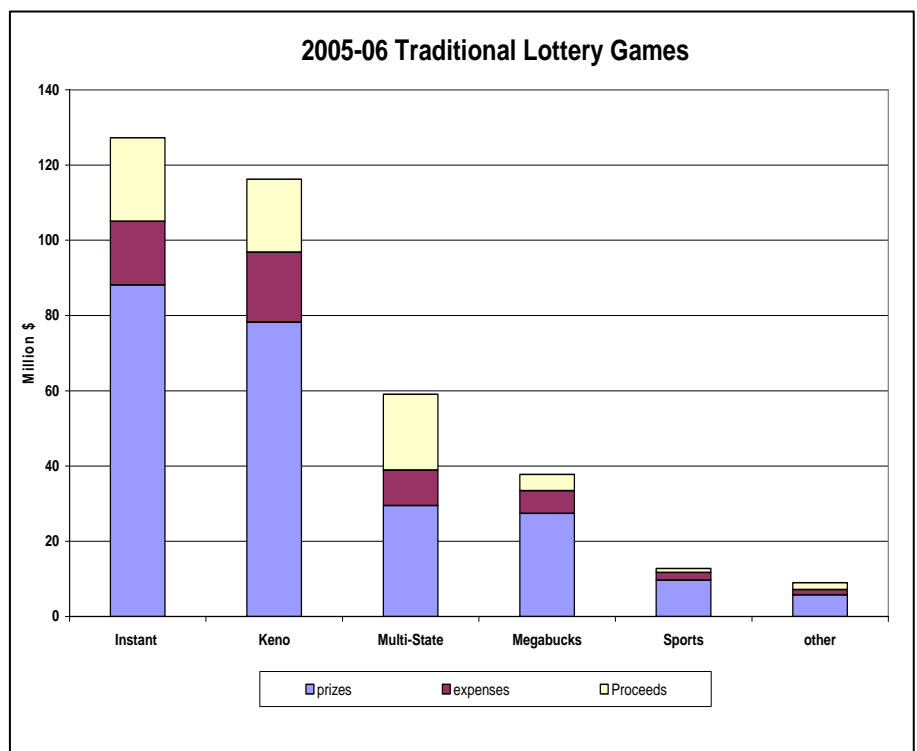
LOTTERY

History

An initiative petition created the Oregon State Lottery and the five members Oregon State Lottery Commission in 1984. Commission members are appointed by the governor and charged to produce the maximum amount of net revenue to benefit the public purpose. The lottery currently offers 8 traditional games through 2,600 retailers, which are open to persons age 18 or older. Video lottery (poker and line games) is played on almost 10,000 machines in more than 2,000 licensed premises, which are available to persons age 21 or older. The Constitution limits administrative expense to 16% of lottery revenue and requires that at least 50% of revenue be returned in the form of prizes. The Constitution, originally, dedicated the net lottery proceeds to the purpose of creating jobs and furthering economic development. This was expanded by Measure 21 (May 1995) to include financing public education, and by Measure 66 (Nov 1998) to include restoring and protecting Oregon's parks, beaches, watersheds, and critical fish and wildlife habitats. Measure 21 also gave lottery bonds first claim on lottery proceeds and dedicated 15% of net proceeds to the Education Endowment Fund. Measure 66 dedicated 15% of net proceeds to the Parks and Natural Resources Fund with 50% dedicated to parks and recreational areas and 50% dedicated to fish and wildlife habitats. Measure 19 (Sept. 2002) converted the Education Endowment Fund to an Education Stability Fund, transferred \$150 million of the principal to the State School Fund, and increased the lottery dedication to 18%. If the balance in the Stabilization Fund reaches 5% of General Fund revenue, the lottery dedication is reduced to 15% and deposited in a new school capital matching Subaccount. The 2005 legislature (HB 3466) repealed lottery games on sporting events starting in July 2007. The same bill also dedicated 1.0% of lottery proceeds to fund sports programs at Oregon universities.

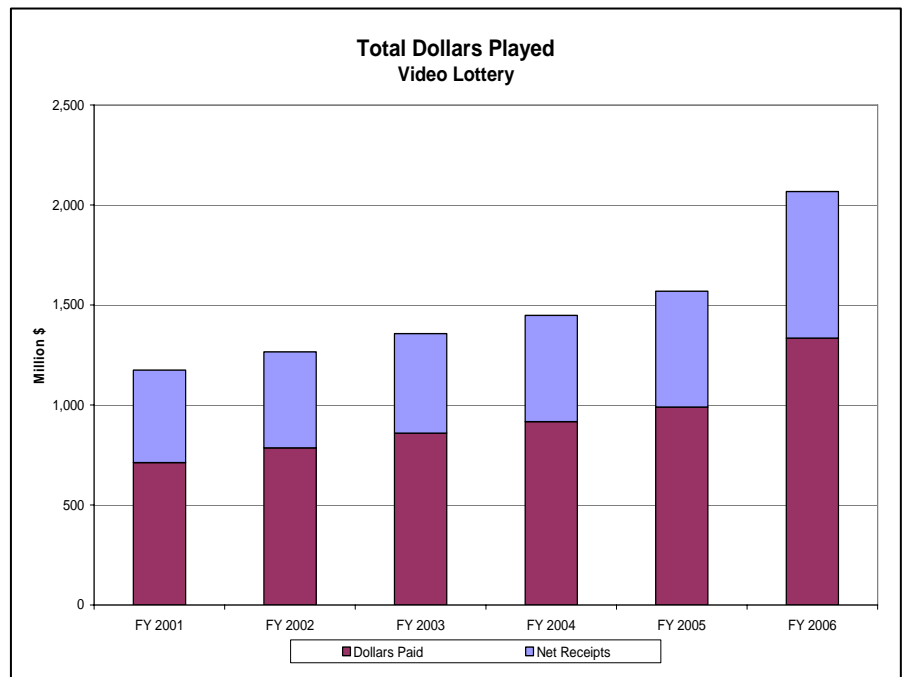
Traditional Games

The chart at right shows prizes, expense and net proceeds for the 2005-06 traditional games. The "other" group includes Breakopen, Daily 4/Win for Life and Pick 4. The initial game in 1985 was Instant (Scratch-it), which was followed by a number of games, some of which have been discontinued or modified. The 1989 Legislature initiated Sports Action as a separate lottery game. Proceeds of this game are transferred to the State Board of Higher Education for intercollegiate athletics. However, the 2005 legislature repealed sports games starting in July 2007, and replaced that funding with a 1% of net proceeds. This funding amounts to about \$5.5 million a year to university athletic programs.



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 (5 before 2004) 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. HB 2148 amended the dedication to counties "not to exceed" 2.5% of net receipts. Beginning July 1, 2001, 1% of net proceeds to go to the Problem Gambling Addiction Fund, and 1% (up to \$1.55 million annually) to the County Fair Account. Beginning July 2005, the lottery started offering Line games (slots) in addition to video poker. As a result, Lottery revenue is expected to net the state more than one billion dollars per biennium.



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	235.5	60.1	59.2	8,133.3	7,634.6	201.8	297.0
2003-04	362.3	234.9	59.5	67.9	8,587.6	8,056.6	209.4	321.6
2004-05	360.2	234.2	58.6	67.9	9,189.0	8,609.3	206.1	373.6
2005-06	363.1	239.5	58.1	66.4	10,928.8	10,195.9	236.0	504.36

Lottery Revenues

Lottery revenues include non-game revenues (not shown in the table) such as interest earnings, penalties, and allowances for bad debts in addition to game revenues. The table shows the history of traditional and video lottery game revenues since 1990-91. Lottery revenue grew rapidly through 1994-95 with the introduction of video lottery games. During that period, traditional games also grew reaching peak revenue of \$78.1 million in 1994-95. At this time, net revenue from traditional games comprise about 16% of revenue, while video lottery adds 84%. Since 1994-95 traditional games have went through a period of decline then averaged about \$65 million a year. Video lottery, on the other hand, has grown 16.5% per year on average since 1994. Line games have pushed the growth in 2006 to more than 30%. This rapid growth is to stabilize to the historical average in the coming years.

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 biennia. 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. Next comes the statutory dedications to county economic development, to the Board of Education, to the Gambling Addiction Fund, and to the County Fair Account. Any balance available after these amounts have been transferred will be used 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 2005-07 and the amounts forecast for the 2007-09 Biennium. The allocation of \$3.3 million to County Fairs is not shown separately, but is reflected in the amount available for counties. Since the introduction of line games, Lottery proceeds are expected to surpass a billion dollars a biennium.

Allocation of Lottery Transfers

Biennium	Revenue Bonds	Education Stability	Parks & Recreation	Counties	College Athletics	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	119.43	140.5	117.9	27.9	4.04	6.53	378.01
2005-07*	132.43	194.2	161.8	39.8	3.85	8.3	486.5
2007-09*	166.3	223.8	186.5	48.1	12.4	12.4	654.8

*Revenue Forecast, December 2006, 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	Initiative	Passed	742,038	362,247
1999	Vehicle cost responsibility (M76)	Special	Leg. referral	Passed	372,613	314,351
2000	Transportation funding (M82)	Primary	Leg. referral	Failed	109,741	767,329
	Highway fund for State Police (M80)	Primary	Leg. referral	Failed	310,640	559,941
	Kicker Refunds in Constitution (M86)	General	Leg. referral	Passed	898,793	550,304
	Increases federal tax subtraction to \$5,000 (M88)	General	Leg. referral	Passed	739,270	724,097
	Full deduction for federal taxes (M91)	General	Initiative	Failed	661,342	814,885
	Voter approval for taxes and fees (M93)	General	Initiative	Failed	581,186	865,091
	Funding of school equity goals (M1)	General	Initiative	Passed	940,223	477,461
	Property value reduced by regulation (M7)	General	Initiative	Passed	Court Ruled Unconstitutional	
	State growth limit (M8)	General	Initiative	Failed	608,090	789,699
2002	Establishes Ed. Stability Fund and Transfers \$220 million (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
			Legislation (HB 2152) referred by initiative			
2004	Temporary Personal Income Tax Surcharge, Corporate Tax Increase & Other tax changes (M30)	Feb. 3	petition	Failed	481,315	691,462
	Property value reduced by regulation (M37)	Nov. 2	Initiative	Passed	1,054,589	685,079
2006	Allows Income Tax Deduction Equal to Federal Exemptions (M41)	Nov. 7	Initiative	Failed	483,443	818,452
	Amends Constitution: Limits Biennial Percentage Increase in State Spending (M48)	Nov. 7	Initiative	Failed	379,971	923,629

OTHER REPORTS AVAILABLE

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

GENERAL

SUMMARY OF LEGISLATIVE SESSIONS AND COMMITTEE REPORTS

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

ALL TAXES

- "Measure 48: Proposed Constitutional Spending Limit" (Report #5-06)
- "2006 Oregon Public Finance: Basic Facts" (Report #1-06)
- "2005 Oregon Public Finance: Basic Facts" (Report #1-05)
- "2004 Oregon Public Finance: Basic Facts" (Report #1-04)
- "2003 Oregon Public Finance: Basic Facts" (Report #1-03)
- "Oregon Tax Incidence Model (OTIM)" (Report #2-01)
- "Oregon's 2% Surplus Kicker: 2001 Update" (Brief #5-01)
- "Oregon Public Finance: Basic Facts" (Report #1-01)
- "Measure 93: Taxpayer Protection Initiative" (Report #9-00)
- "Measure 8: State Spending Limit" (Report #8-00)
- "Basic Tax Packet 1999" (Report #1-99)
- "Oregon's Tax Shift" (Report #4-98)
- "Oregon's 2% Surplus Kicker" (Report #3-98)
- "Oregon Tax Reform: Some Basic Numbers" (Report #1-98)
- "Oregon's State Spending Limit and 2% Surplus Kicker" (Report #1-96)
- "Oregon Tax Expenditures" (Report #6-94)
- "How High are Oregon Taxes?" (Report #3-94)
- "The Effect of Measure 20, 2% Equal Tax" (Report #2-94)

PROPERTY TAX

- "2006 Oregon's Enterprise Zone Programs" (Report #3-06)
- "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

"Measure 41: Changing Oregon's Treatment of Personal Exemptions" (Report #6-06)
"Impact of 1997 Legislation – Earned Income and Working Family Child Care Tax Credits in Oregon" (Report #6-04)
"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

"Student Weights: Individualized Education Program" (Report #7-06)
"K-12 and ESD School Finance: State School Fund Distribution" (Report #4-06)
"Student Weights: English as a Second Language" (Report #2-06)
"2005 School Finance Legislation, Funding and Distribution" (Report #3-05)
"The Education Stability Fund" (Report #5-04)
"School Local Option Property Tax Legislation & Utilization" (Report #4-04)
"K-12 and ESD School Finance State School Fund Distribution" (Report #3-04)
"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)
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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)