

# The Oregon Personal Income Tax

Legislative Revenue Office  
January 2009

# Personal Income Tax Details

- Component details
- Component trends
- Collections
- Part-Year and Nonresident

# Personal Income Tax Components

- Number of returns
- Tax base
- Oregon adjustments
- Tax rates and credits

# Tax Year 2006

## Number of Returns

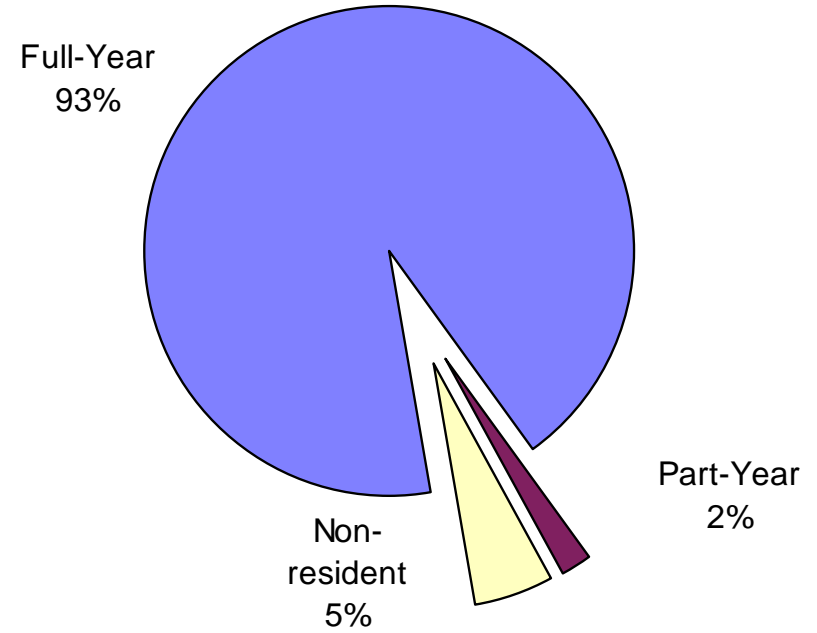
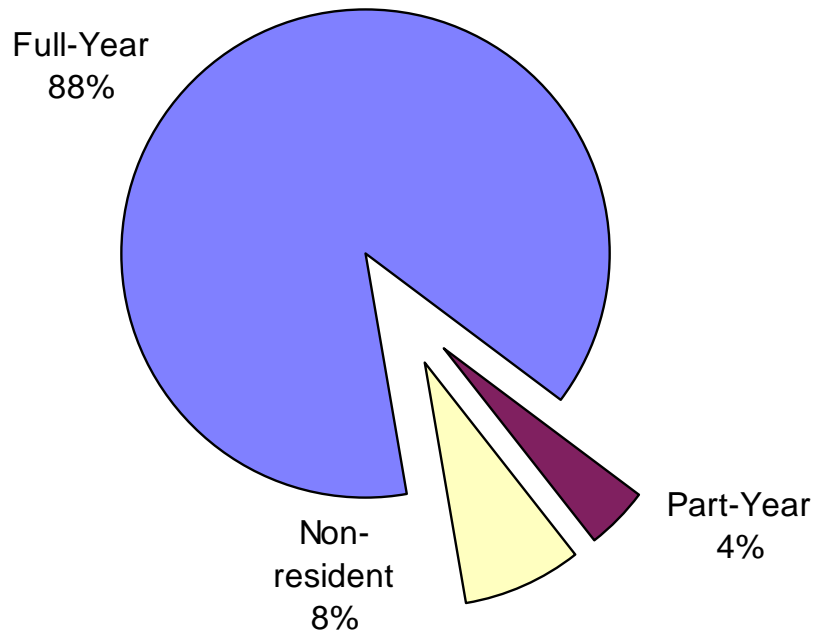
All: 1.76 million

FY: 1.55 million

## Tax Liability

All: \$5.1 billion

FY: \$4.8 billion



# Oregon Income (2006)

➤ Personal Income	\$123.7b
➤ Gross (Total) Income	\$85.3b
➤ Adjusted Gross Income	\$83.8b
➤ Taxable Income	\$63.6b

# From Personal Income to AGI

**BEA Personal Income**



**Non-Taxable Income:**

- Transfer Payments
- Employer contributions to pension and insurance funds
- Investment income retained by pension and insurance funds



**Taxable Income:**

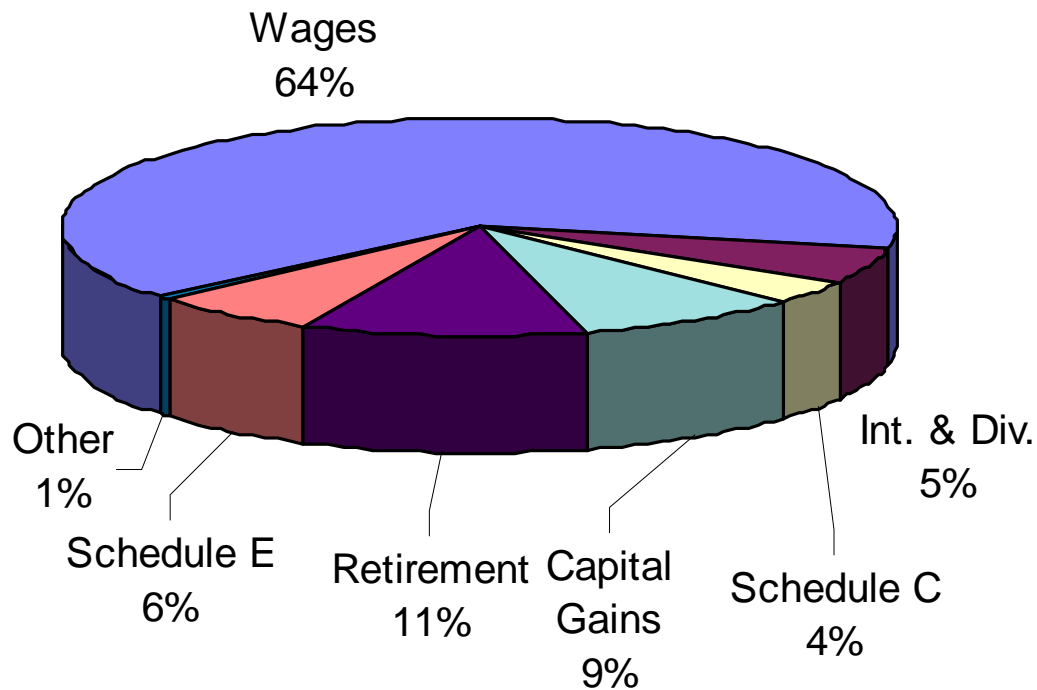
- Capital gains
- Taxable pensions



**Adjusted Gross Income**

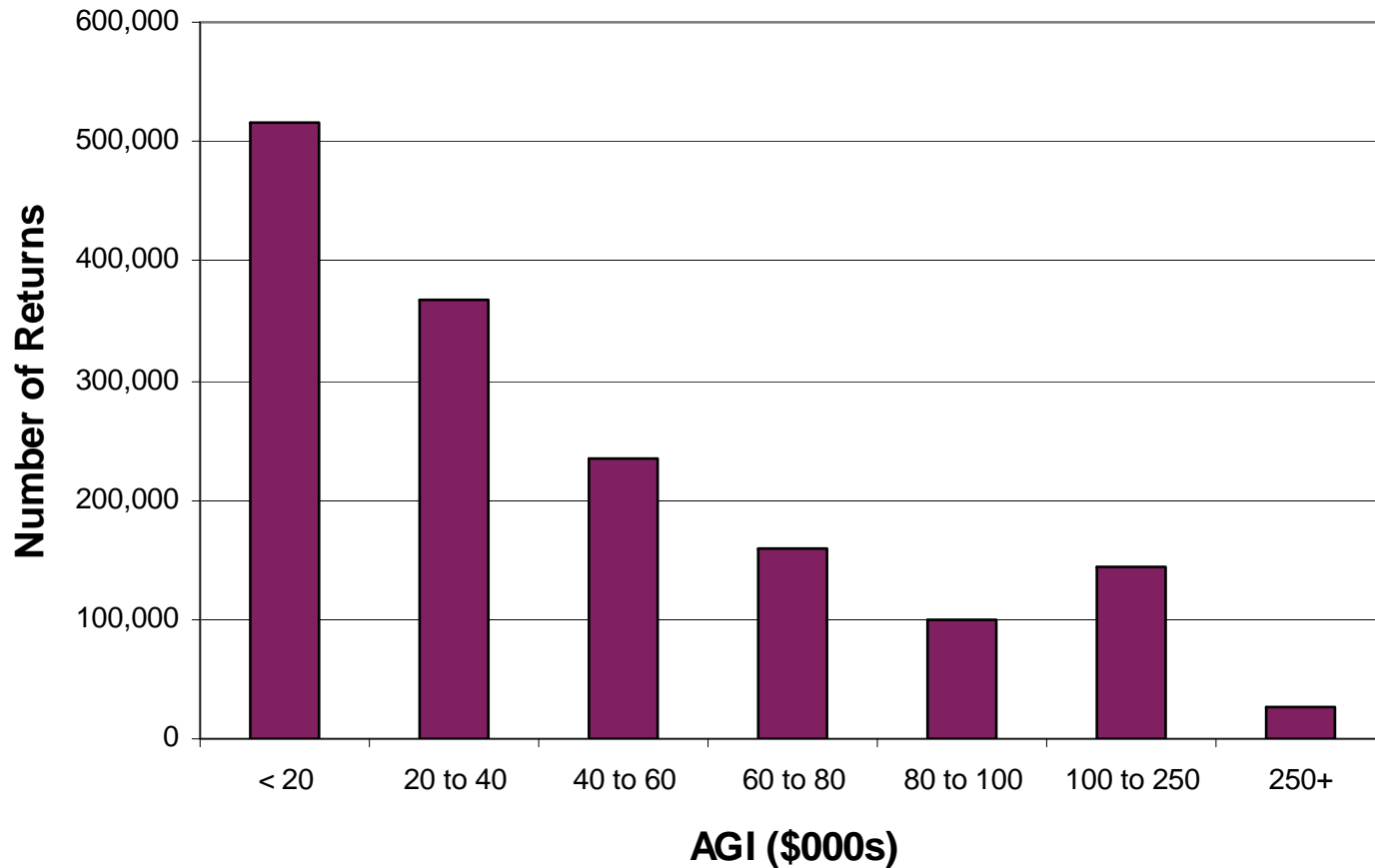
# Components of Gross Income

2006: \$85.3 billion



# Distribution of Tax Returns

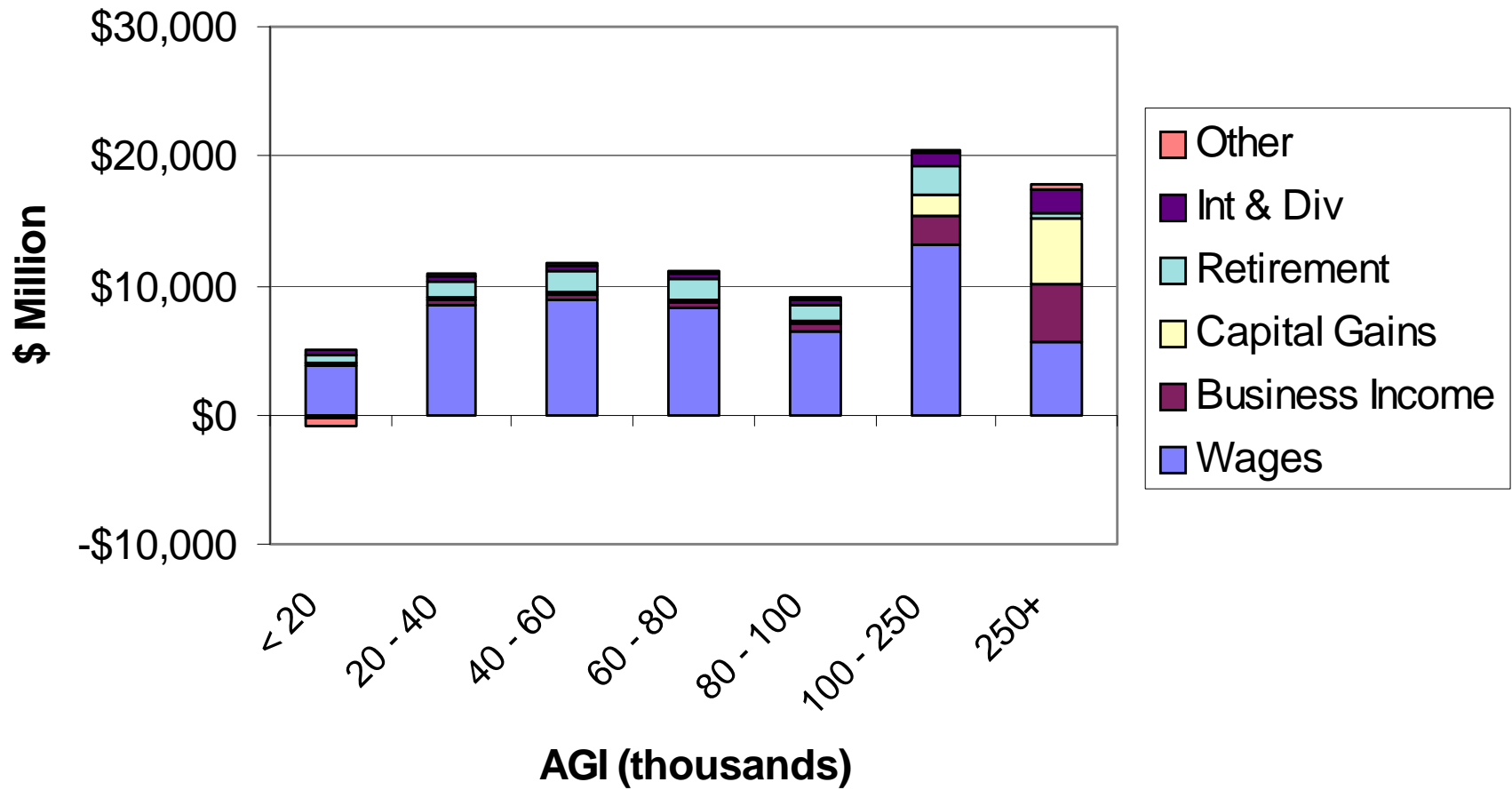
2006 FY Returns: 1.55 million





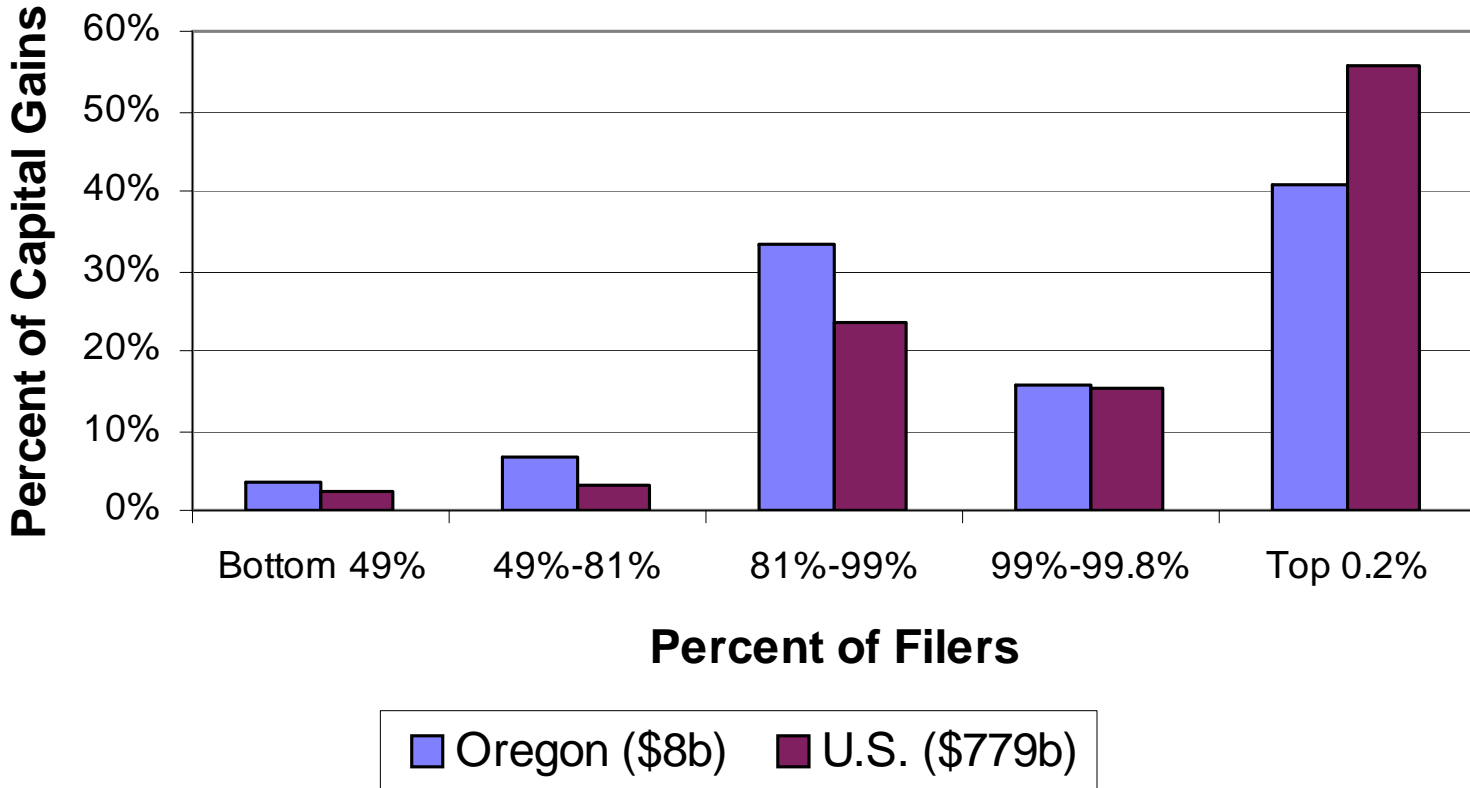
# Distribution of AGI Components

## Tax Year 2006



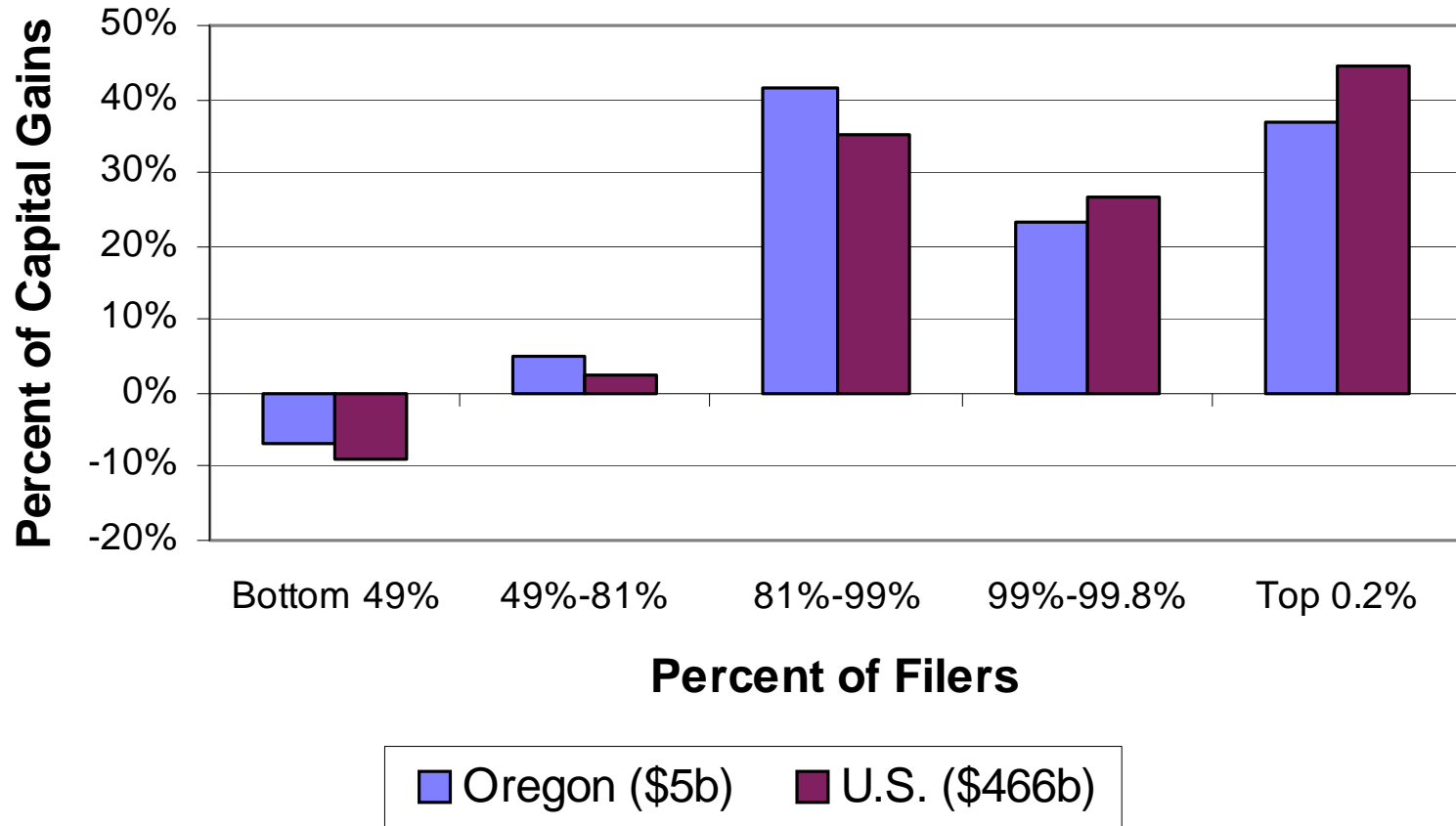
# Share of Capital Gains by Filer Percentile

## Tax Year 2006

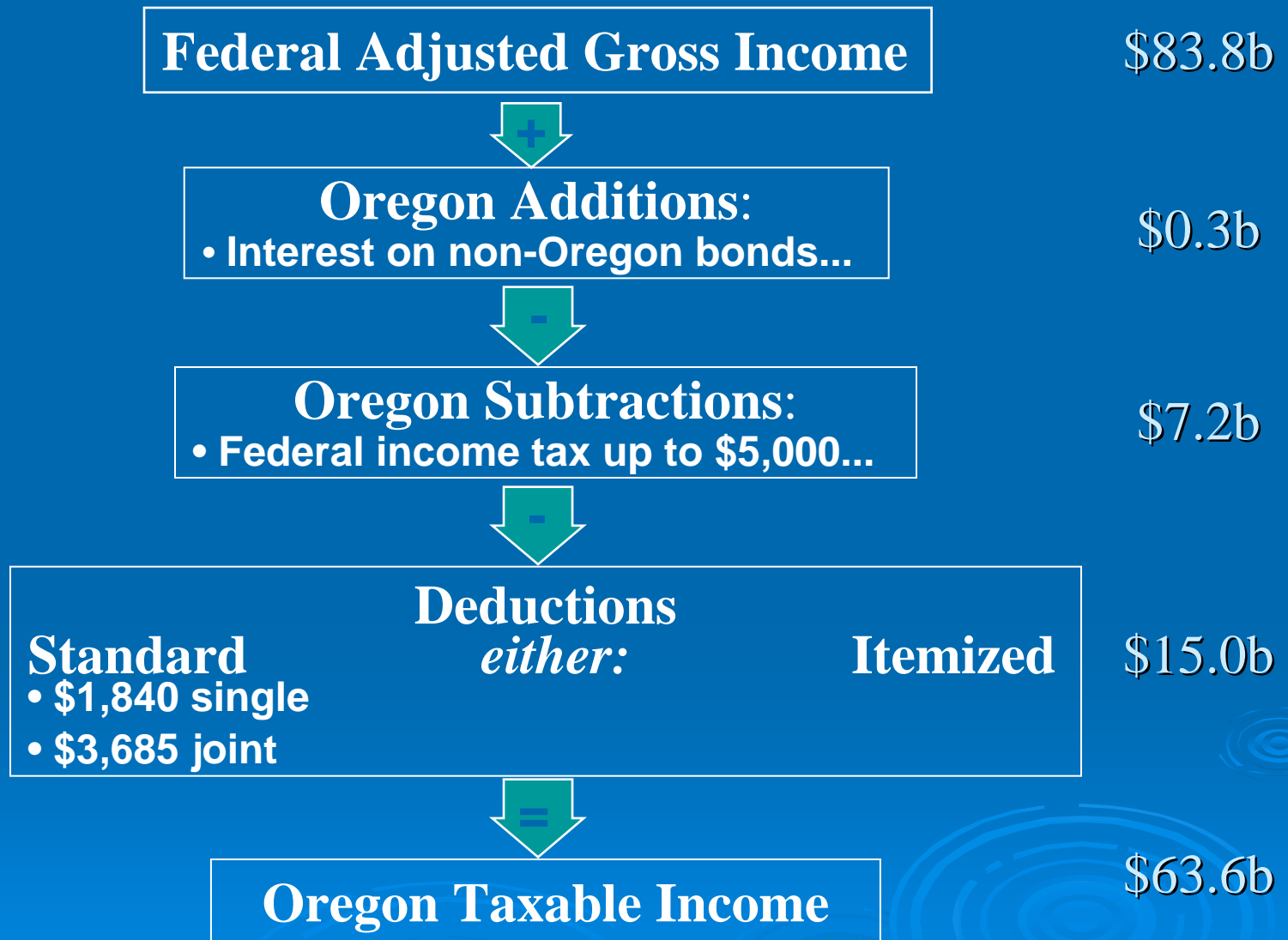


# Share of Schedule E Income by Filer Percentile

## Tax Year 2006



# From AGI to Taxable Income



# Top Five Subtractions (\$M)

Tax Year 2006, Total = \$7.2 billion

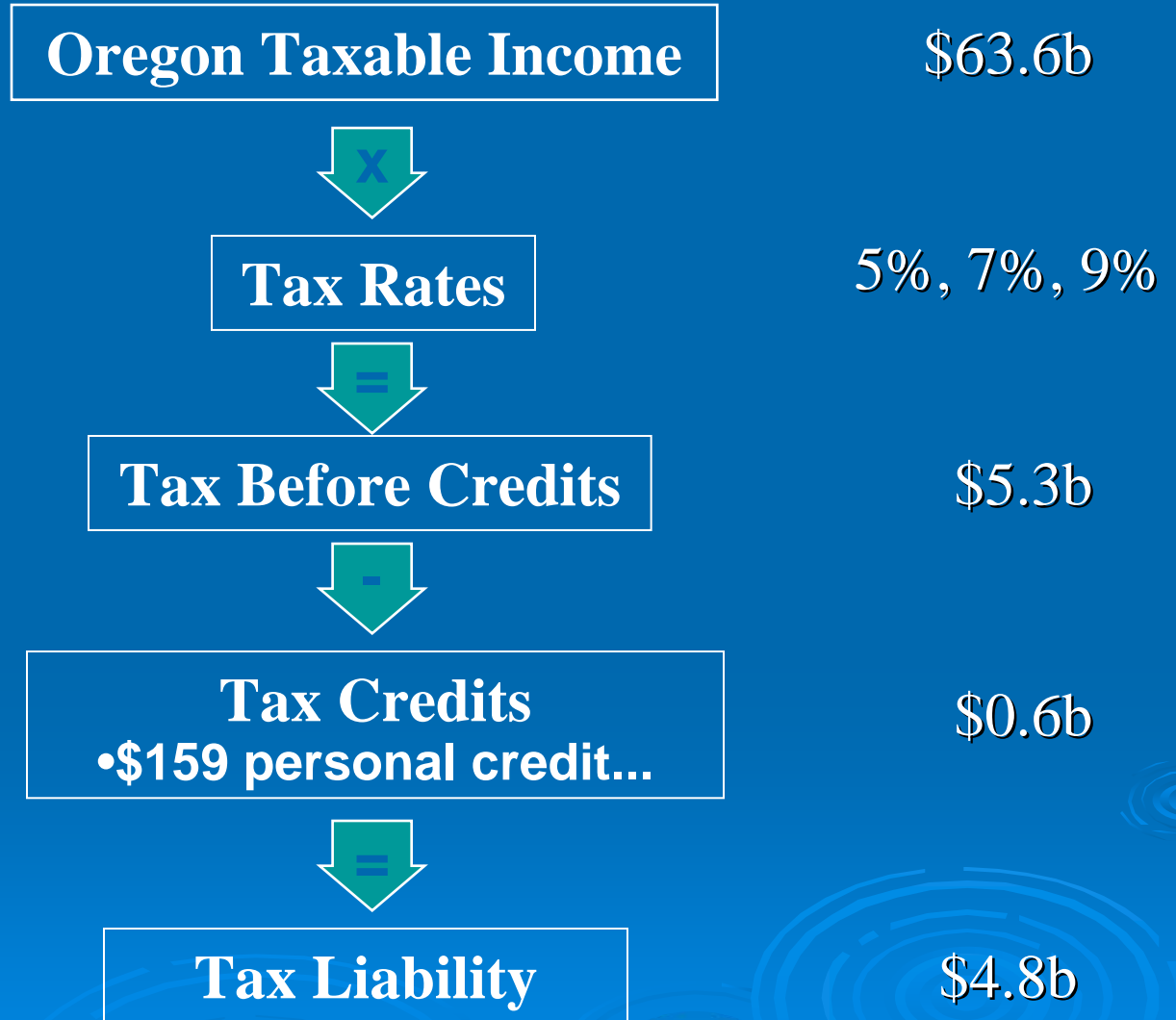
Federal Income Tax	\$3,286
Social Security Income	\$1,894
Federal Pension Income	\$897
Oregon Tax Refund	\$444
U.S. Bond Interest	\$244

# Top Five Deductions (\$M)

Tax Year 2006, Total = \$13.1 billion

Home Mortgage Interest	\$6,093
Charitable Contributions	\$2,075
Property Taxes	\$1,751
Medical and Dental Expenses	\$1,283
Oregon Special Medical	\$675

# From Taxable Income to Tax



# 2006 Personal Income Tax Brackets and Rates



<u>SINGLE</u>	<u>Rate</u>	<u>JOINT</u>
< \$2,750	5%	< \$5,500
\$2,750 - \$6,850	7%	\$5,500 - \$13,700
> \$6,850	9%	> \$13,700

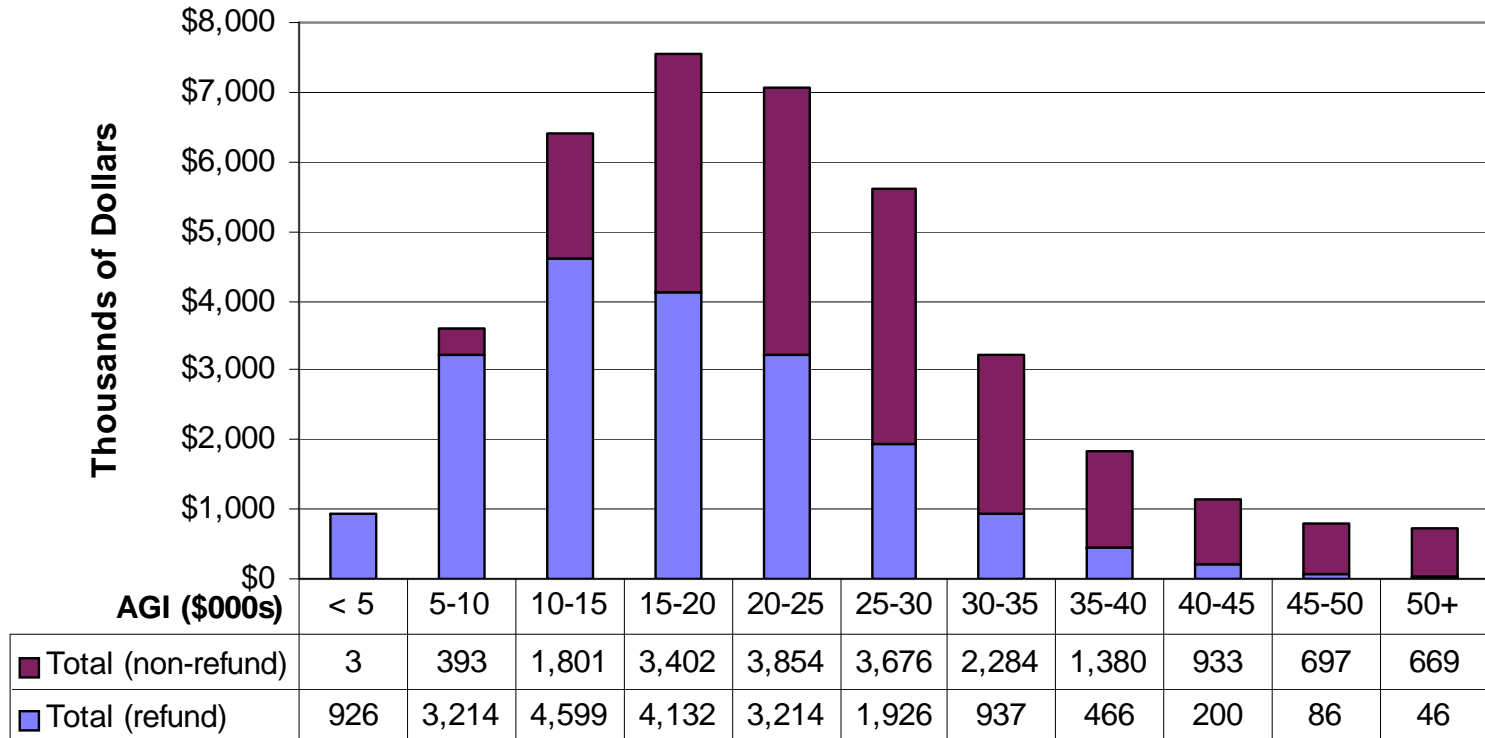


# Top Five Credits (\$M)

Tax Year 2006, Total = \$582 million

Personal Exemption	\$443
Tax Paid to Other States	\$37
Working Family Child Care	\$21
Earned Income	\$18
Residential Energy	\$11

# Earned Income and WFCC Credits (2006 FY Returns)



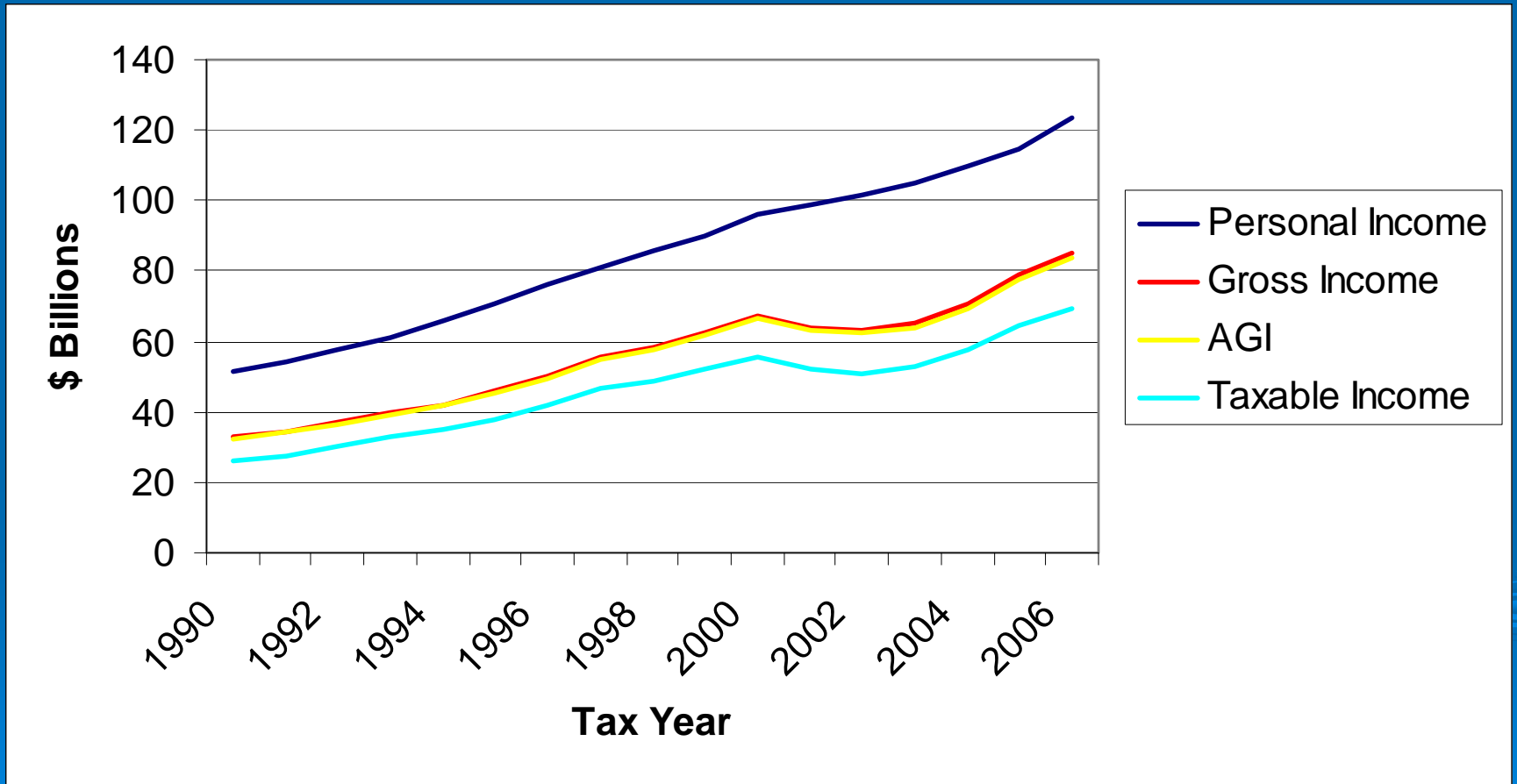
Non-refundable total: \$19.1 million

Refundable total: \$19.7 million

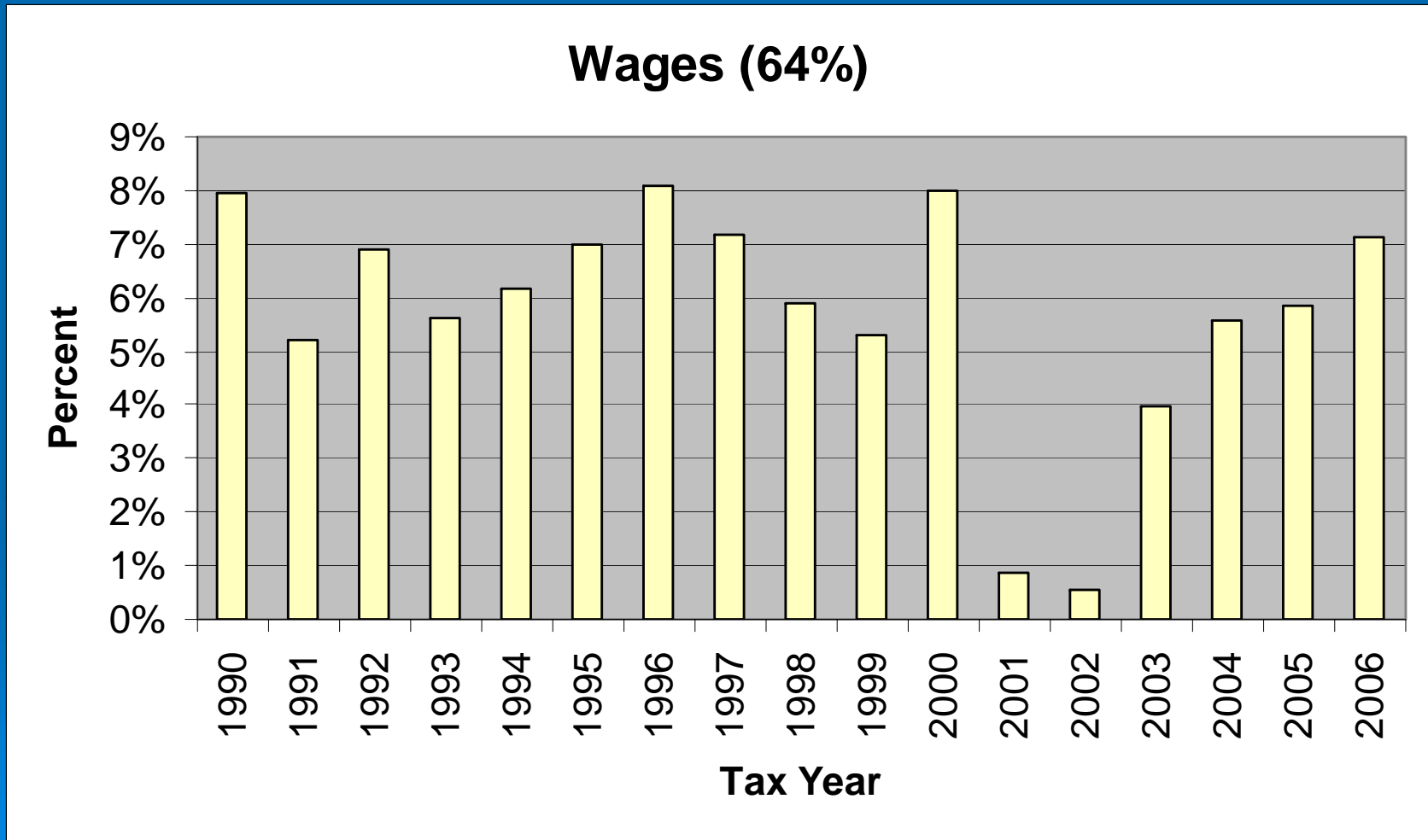
# Component Trends

- Income
- Tax expenditures
- Tax liability

# Oregon Income, 1990-2006

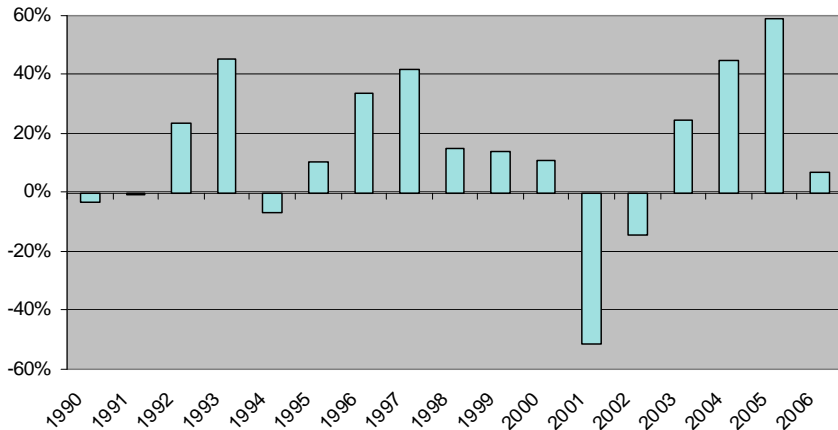


# Annual Change in Wage Income (1990-2006)

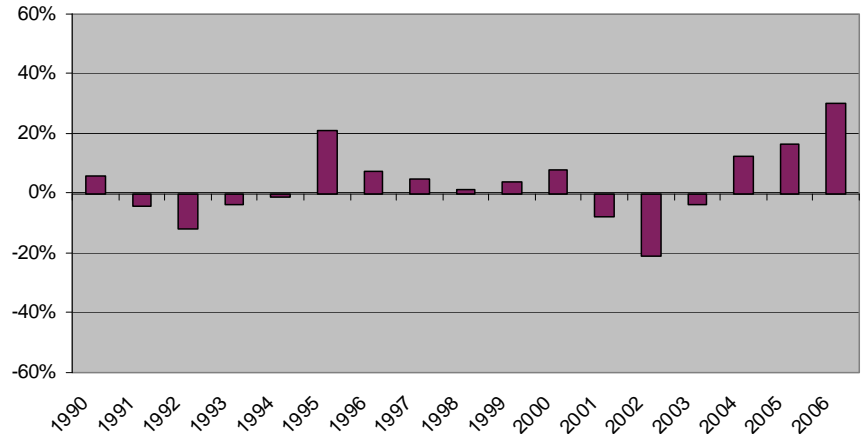


# Annual Change in Income (1990-2006)

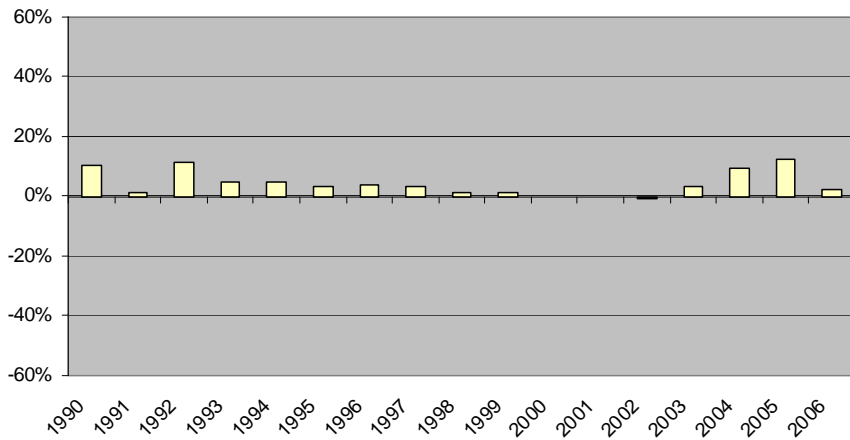
## Capital Gains (9%)



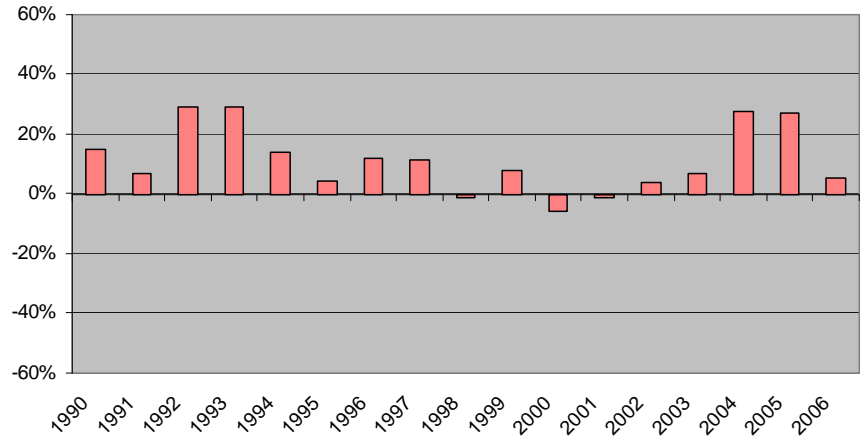
## Interest & Dividends (5%)



## Schedule C Income (4%)

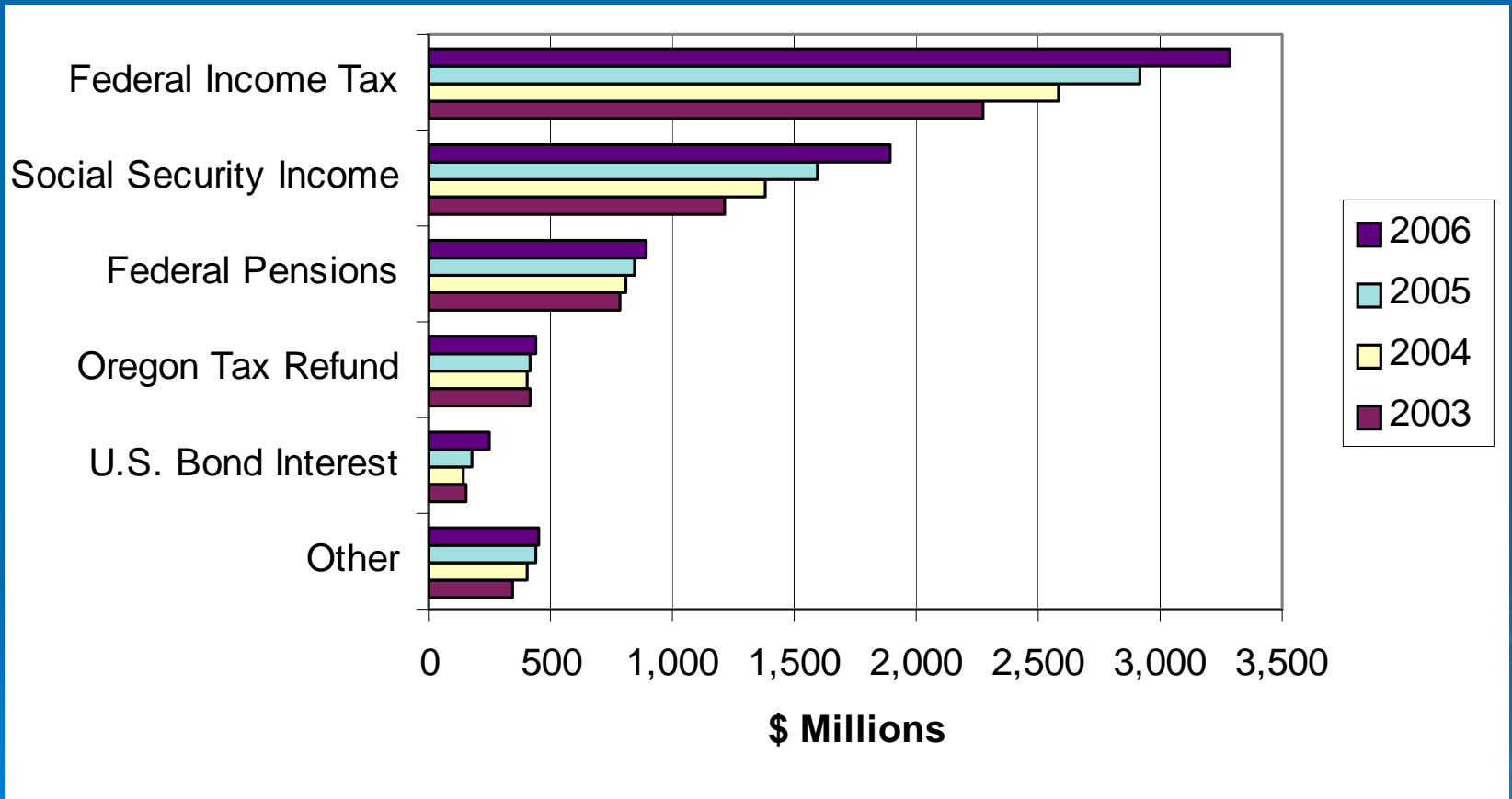


## Schedule E Income (6%)



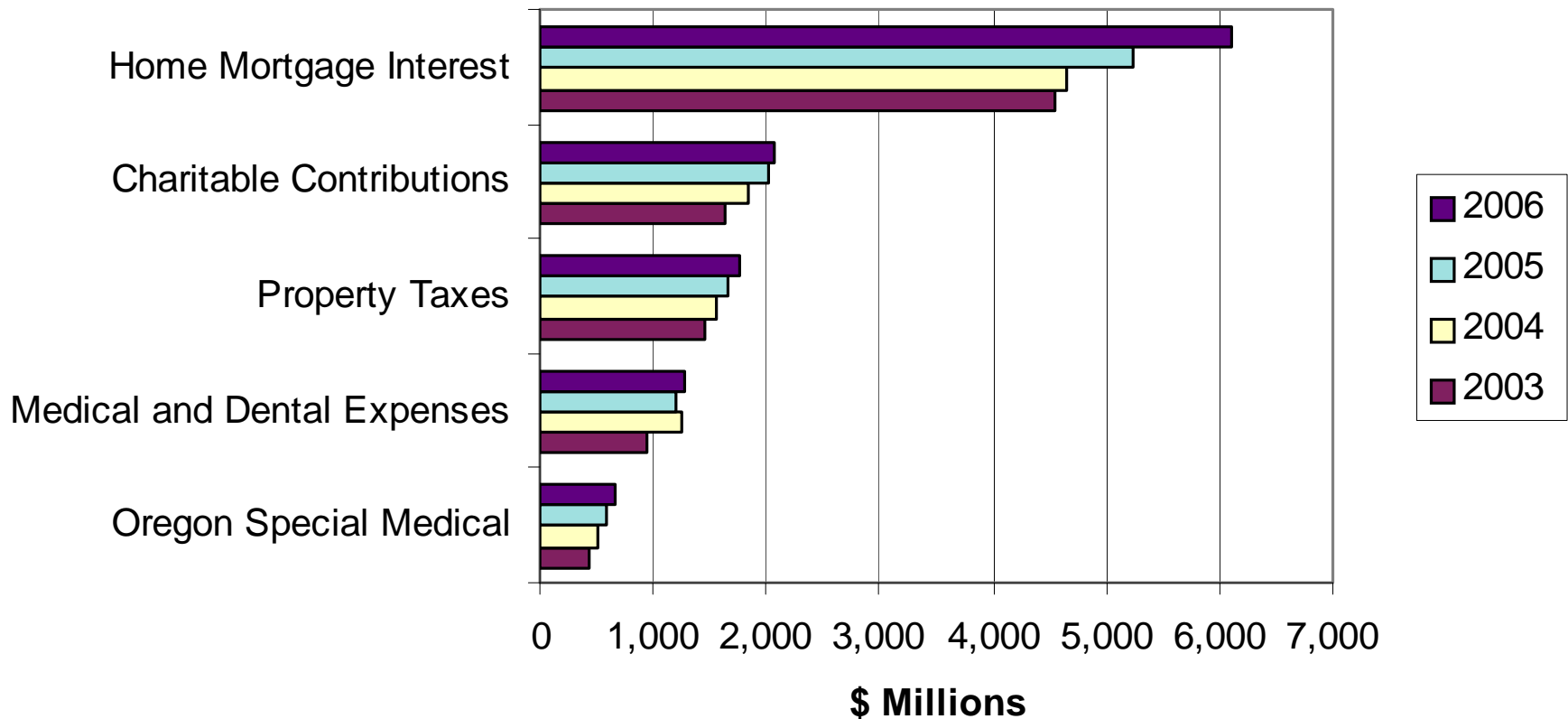
# Trends in Subtractions

## Tax Years 2003-2006, Full-Year Returns



# Trends in Deductions

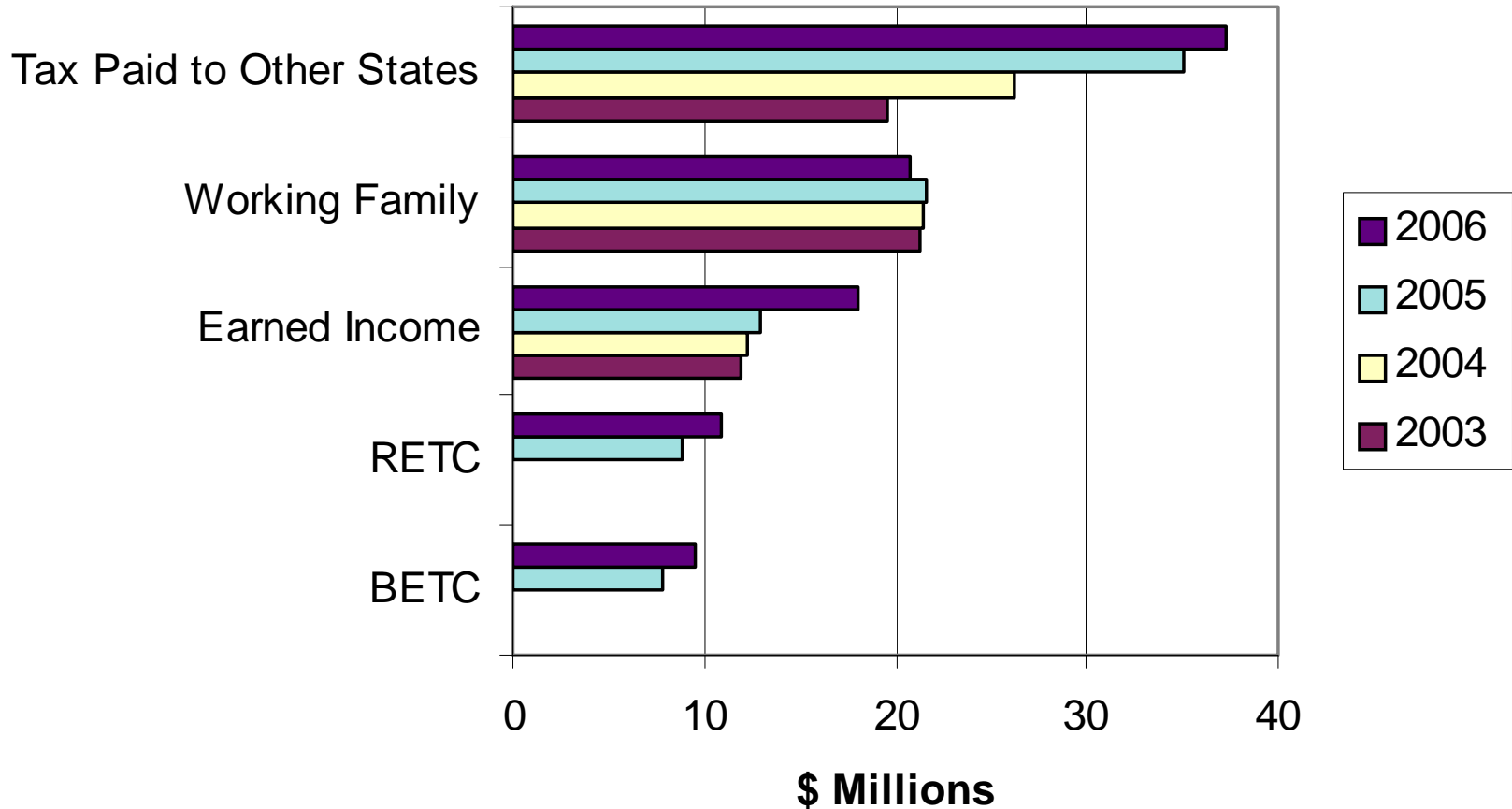
Tax Years 2003-2006, Full-Year Returns



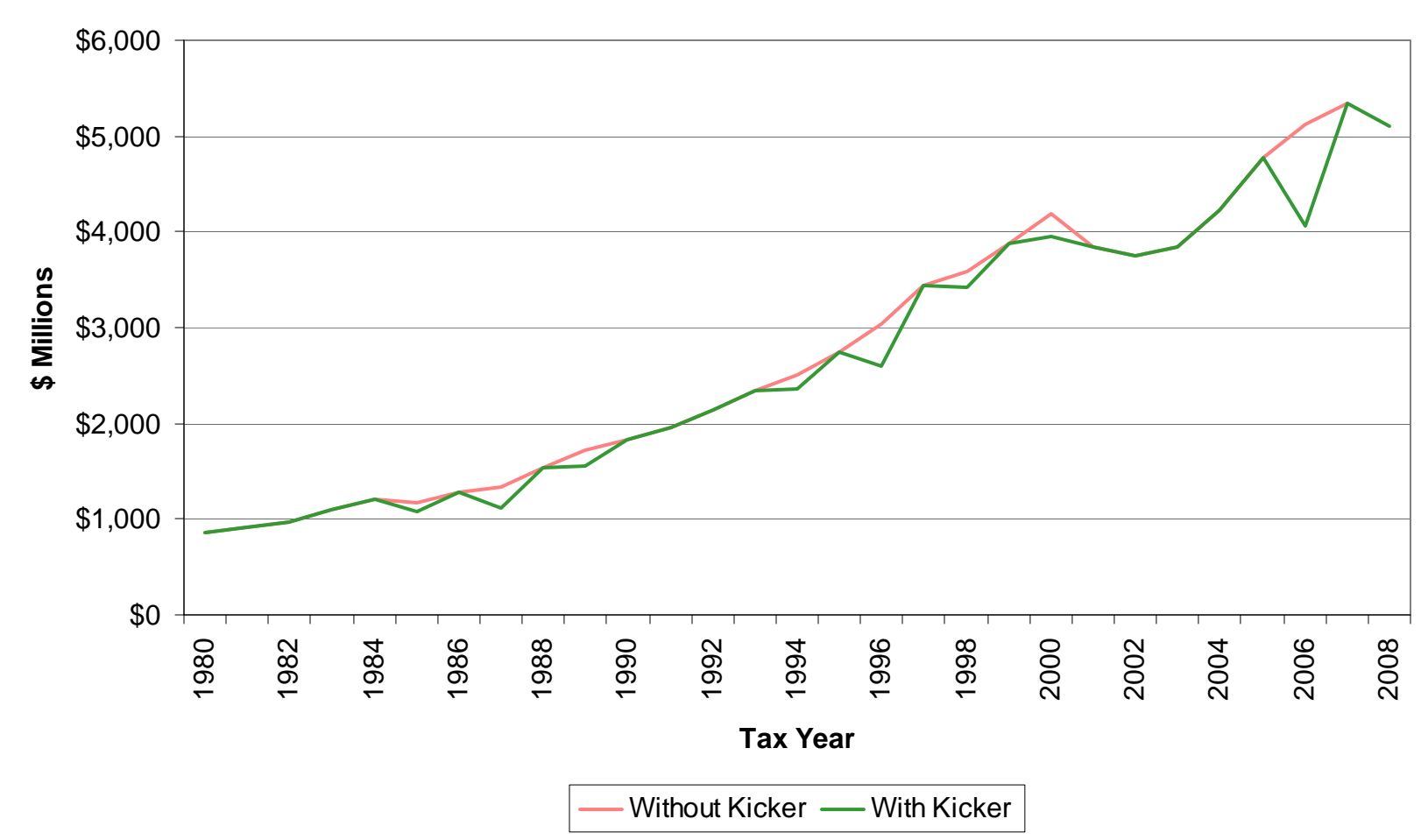


# Trends in Credits

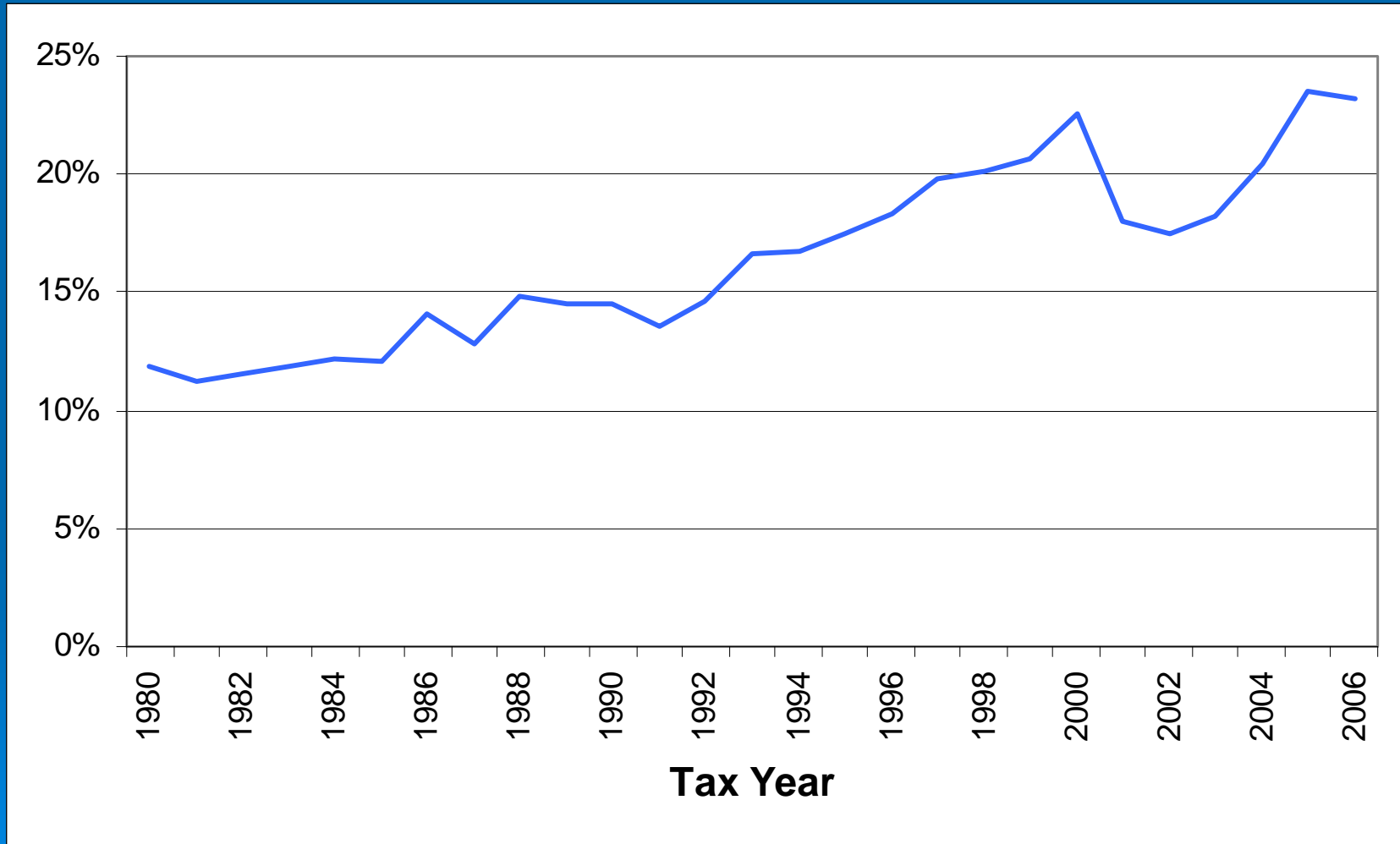
Tax Years 2003-2006, Full-Year Returns



# Oregon Personal Income Tax Liability

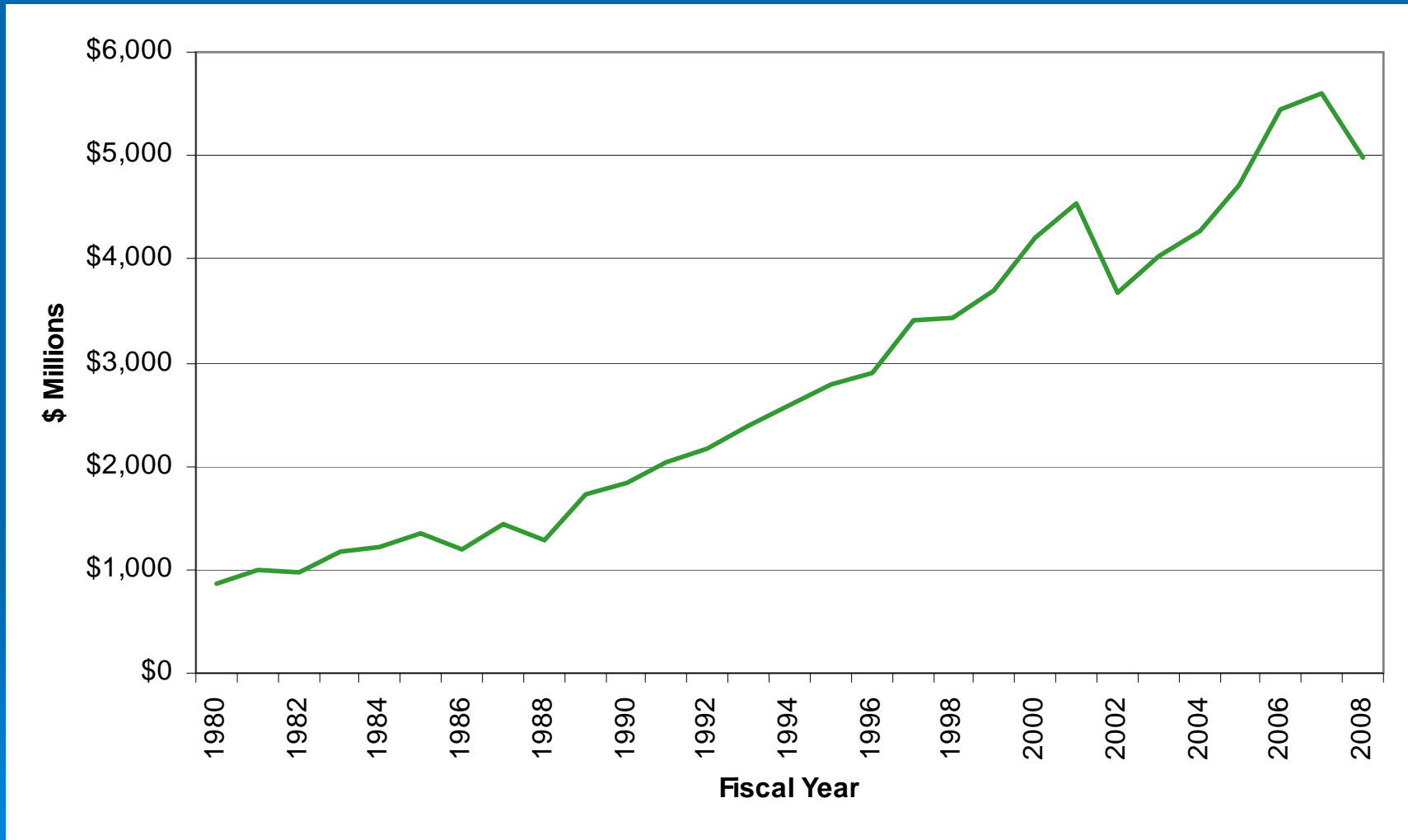


# Percent of Total Liability for Top 1% of Full-Year Filers



# Tax Collections

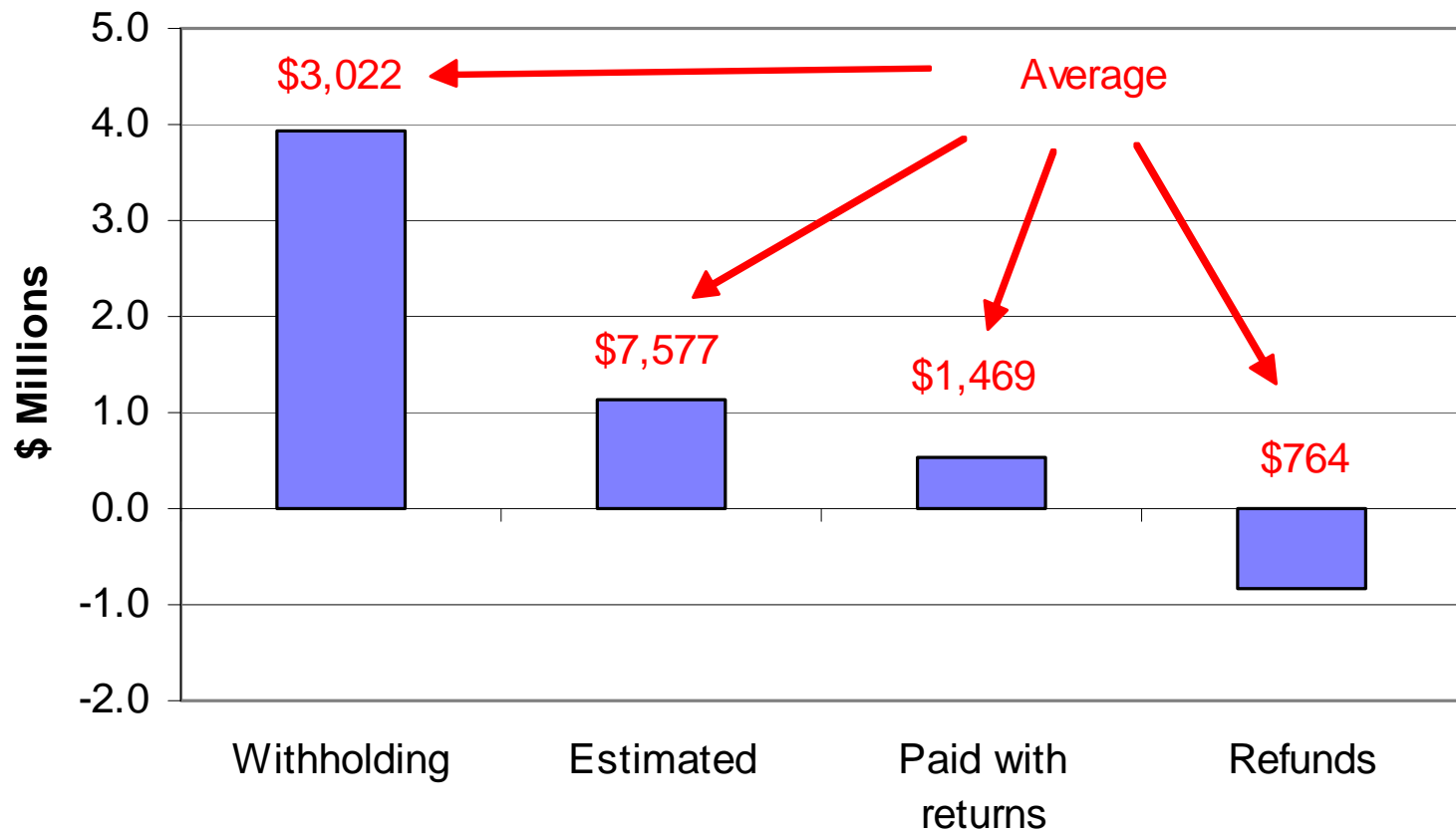
# Oregon Personal Income Tax Collections



# Tax Payments & Refunds

2006 Full-Year Returns

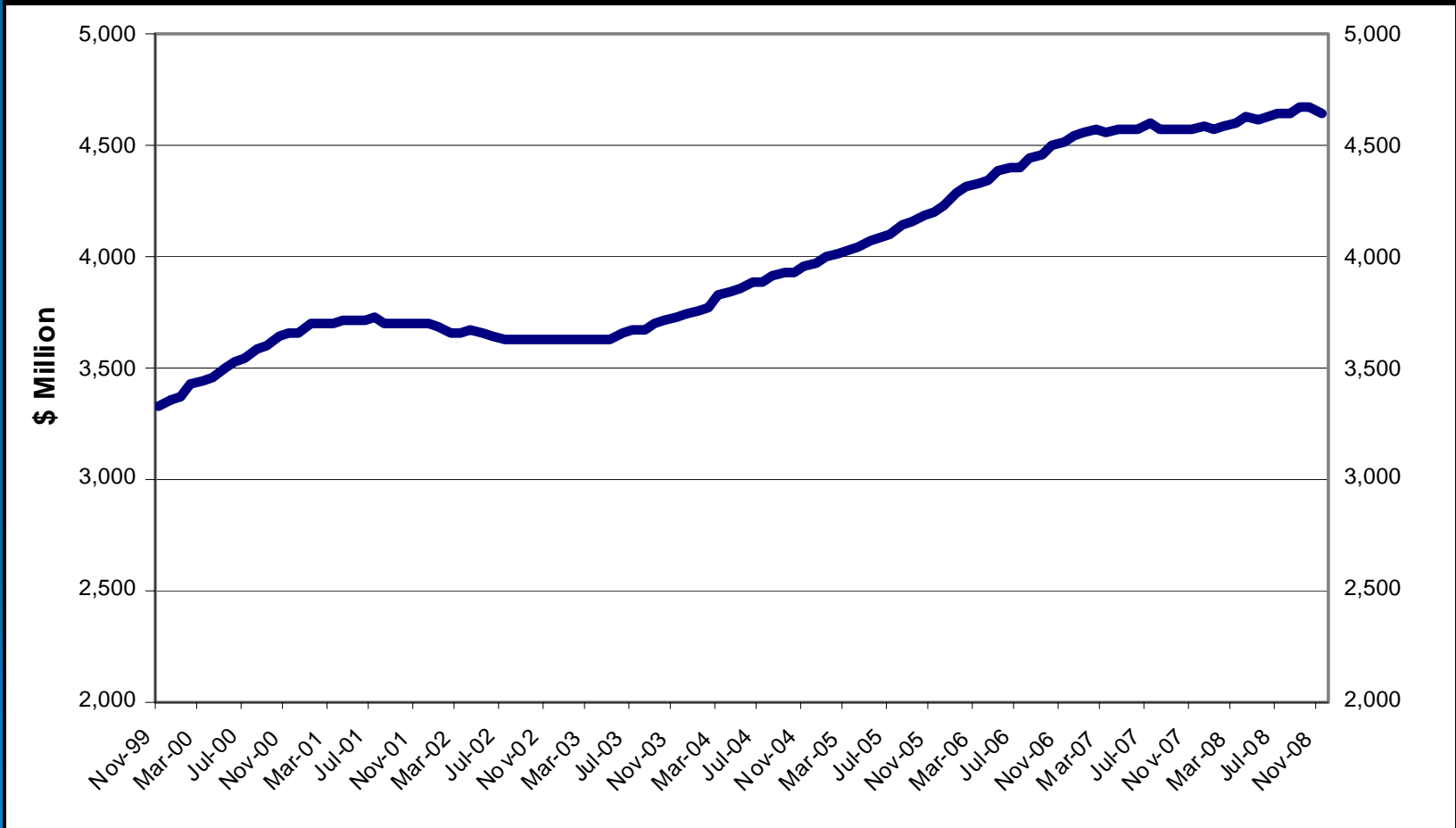
Total Tax Liability: \$4.8 billion



# Total Withholding

## All Sectors

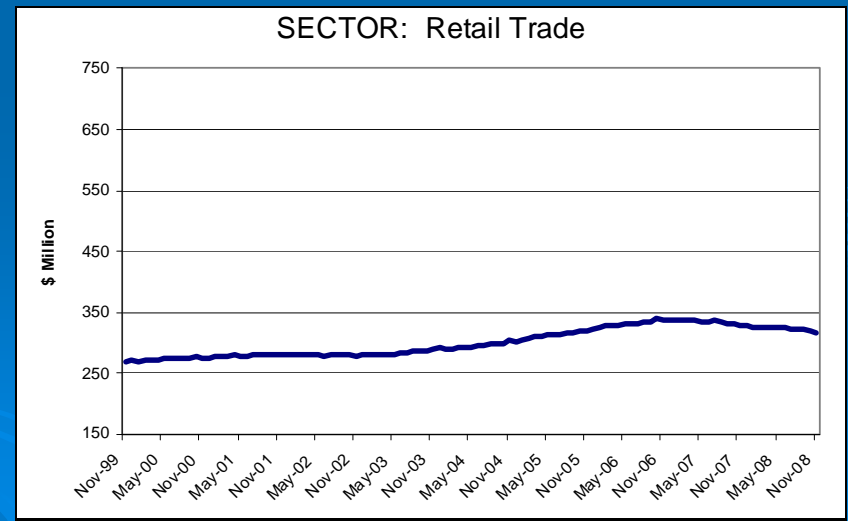
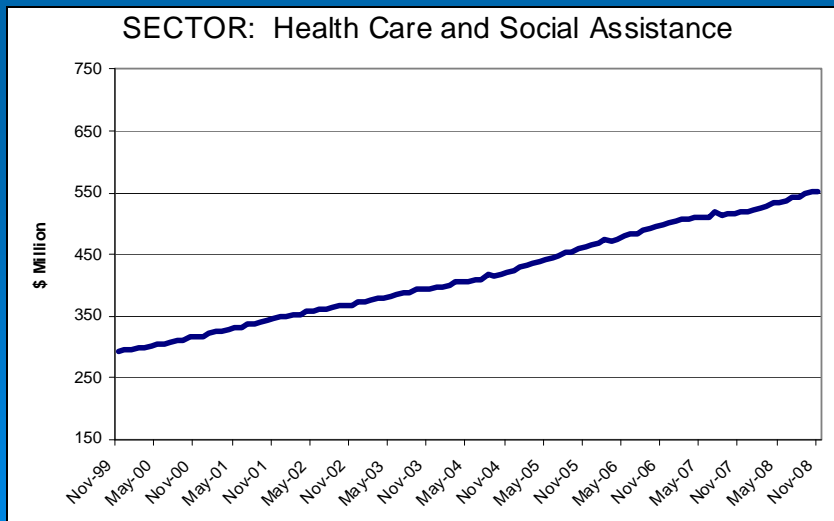
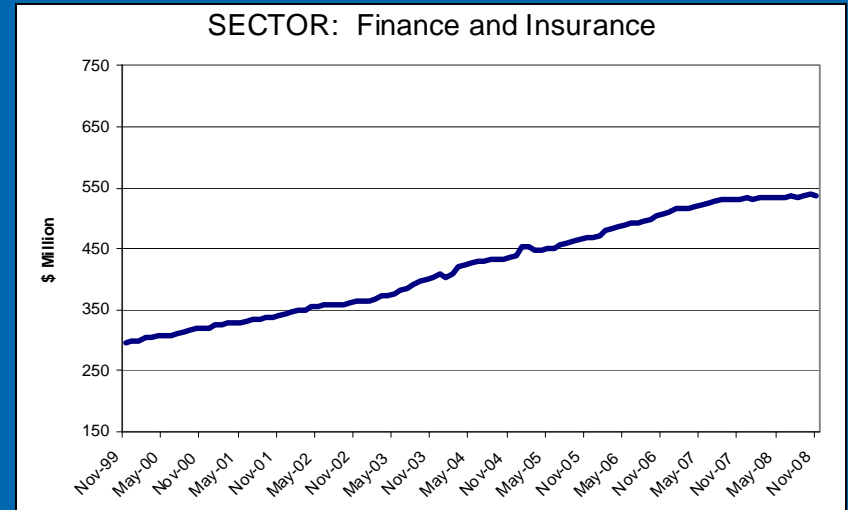
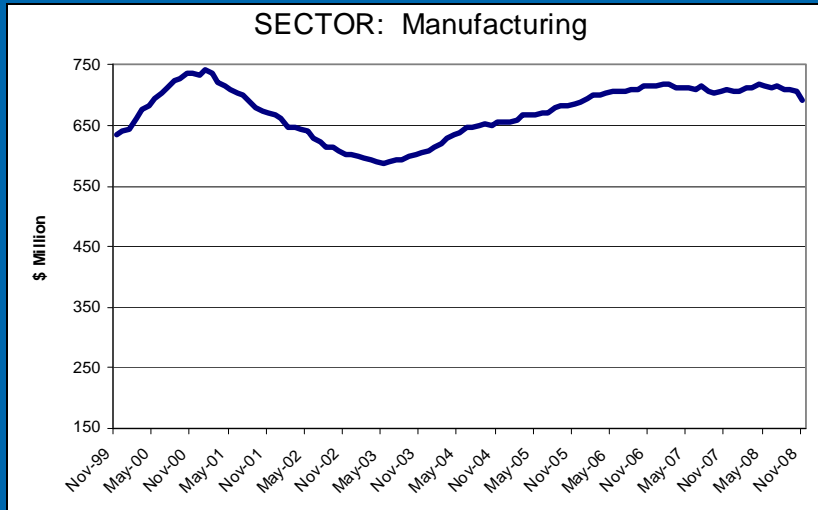
### Oregon Withholding Payments - 12-Month Moving Totals



Oregon Department of Revenue, Research Section

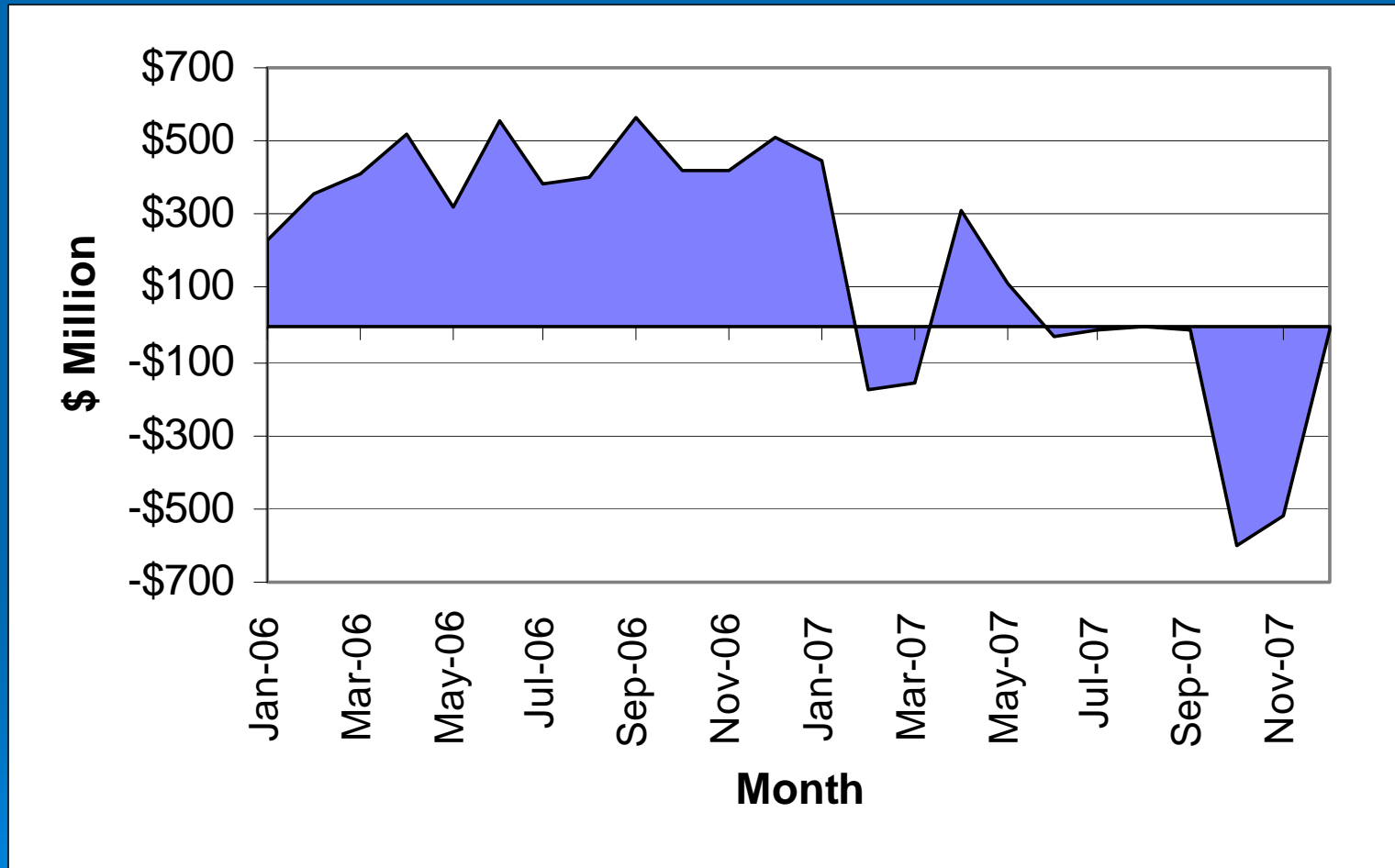
# Withholding for Selected Sectors

## 12-Month Moving Totals

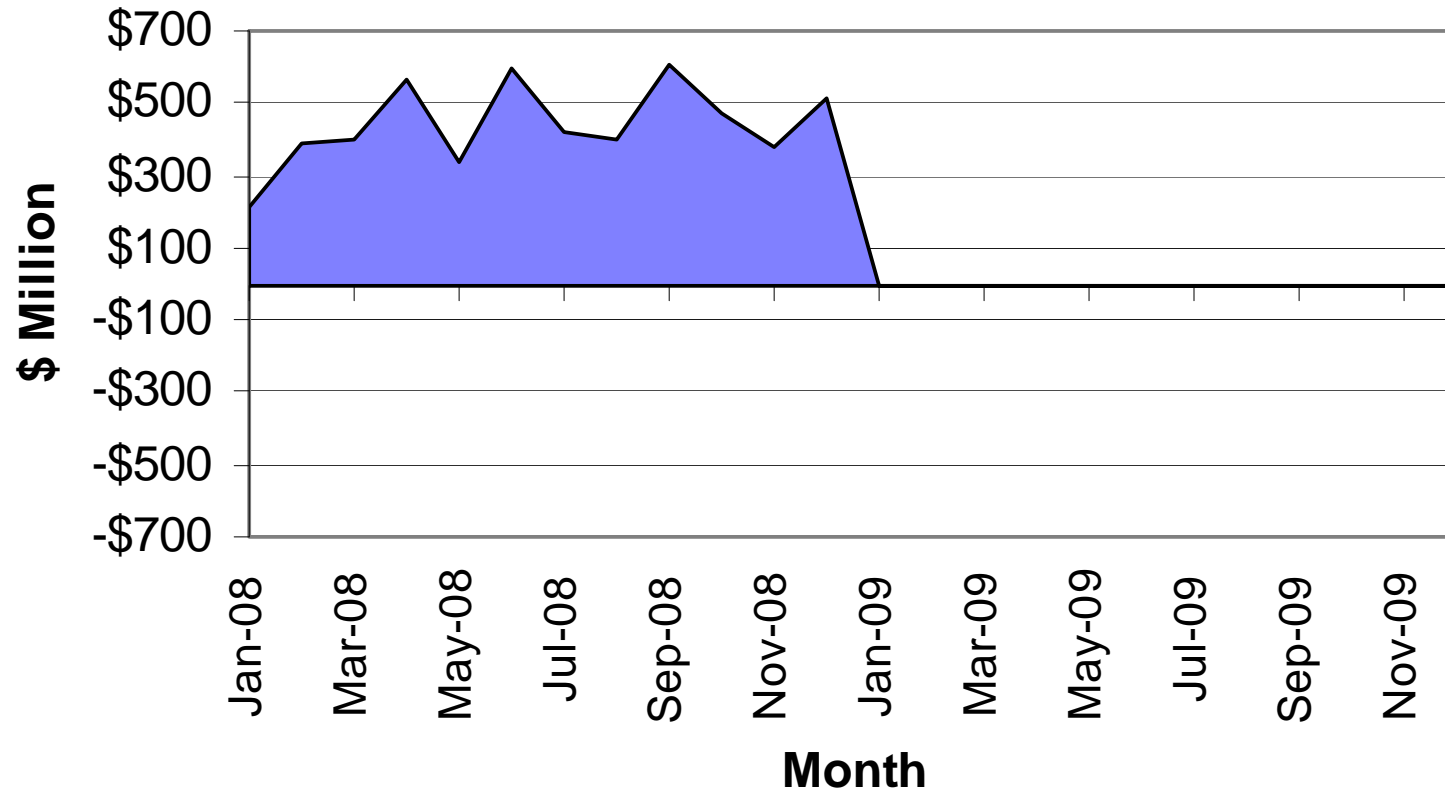




# Collections for Tax Year 2006



# Collections for Tax Year 2008



# Part Year and Nonresident Taxpayers

State has nexus to tax income from Oregon sources earned by nonresidents

*Applies to:*

## Part Year Residents

- lived in Oregon but moved out
- lived elsewhere but moved to Oregon

## Nonresidents

- absentee landlord
- commute from Vancouver, WA

# Part Year Taxpayer Example

	<u>Federal</u>	<u>Oregon</u>
Income	\$20,000	<b>\$5,000</b>
less Deductions	- \$1,840	
equals Taxable Income	= \$18,160	

**Oregon percentage ( $\$5,000/\$20,000$ ) = 25%**

**Gross Tax =  $\$1,443 * 25\% = \$361$**

**Net Tax =  $\$361 - (\$159 * 25\%) = \$321$**

# Nonresident Taxpayer Example

	<u>Federal</u>	<u>Oregon</u>
Income	\$20,000	\$5,000
less Deductions (\$1,840 * 25%)		- \$460
equals taxable income		- = \$4,540

**Oregon percentage ( $\$5,000/\$20,000$ ) = 25%**

**Gross Tax = \$263**

**Net Tax =  $\$263 - (\$159 * 25\%) = \$223$**