



# **2016 OREGON PUBLIC FINANCE: BASIC FACTS**

**Research Report #1-16**

**LEGISLATIVE REVENUE  
OFFICE**

<https://www.oregonlegislature.gov/lro>

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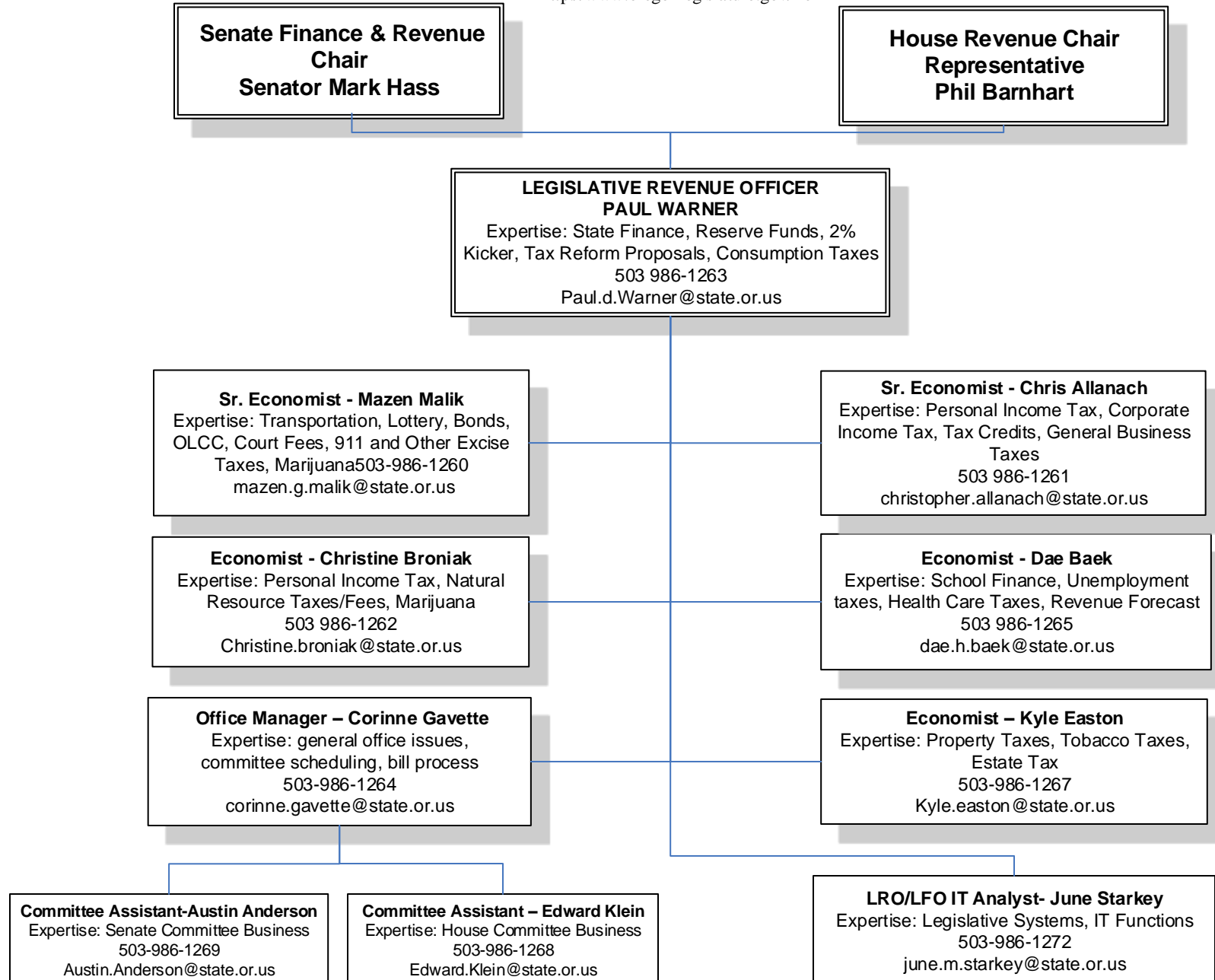
Sources: The data for the tables in this document come from a variety of sources. The largest single source of data is the Oregon Department of Revenue. Other sources include: the Departments of Education, Forestry, Transportation, Employment, Consumer and Business Services, Administrative Services;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

# 2016 Organizational Chart

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# Overview of Oregon’s Revenue System

## Comparative Analysis

The most comprehensive way to compare Oregon’s current revenue system with other states is to examine the most recent U.S. Census Bureau statistics on state and local government finance. These data include all state and local revenue sources (and expenditures) collected on a consistent basis from all states. The most recent data are for the 2012-13 fiscal year.

Census divides state and local revenue sources into six categories. These categories are:

- Taxes
- Revenue from the Federal Government
- Charges—consisting of direct payments for services from governments. The largest components of this category are higher education (tuition & fees) and payments for health-hospital services.
- Miscellaneous Revenue—the largest component of this category is interest earnings on government balances. Also included in this category are asset sales, system development charges and net revenue from lottery.
- Government Enterprises—consisting of gross revenue from government operated enterprises such as liquor sales and public utilities.
- Insurance Trust Revenue—is made up of current revenue generated by public employee retirement funds (mostly earnings on retirement funds), state operated workers’ compensation funds and unemployment trust funds.

The Census combines all these sources to get total revenue for the state and local revenue system. Insurance trust revenue and gross revenue from government enterprises are subtracted to get general revenue. General revenue is a better gauge of revenue available for provision of public services because most enterprise revenue goes back into the operation and trust revenue is for specific future beneficiaries such as unemployed workers and public retirees. Finally the Census Bureau defines own-source revenue as general revenue minus transfers from the federal government. This measure is the best overall reflection of the state and local government revenue burden born by the residents of a state.

Census data for Oregon’s 2012-13 revenue categories can be found in Table 1. The information is presented in a dollar per person format with Oregon’s rank among the 50 states. A rank of 50 means lowest per capita revenue.

**Table 1: ALL OREGON STATE AND LOCAL GOVERNMENT REVENUE**

REVENUE CATEGORIES	\$ PER PERSON	RANK AMONG THE STATES
<b>SUMMARY CATEGORIES</b>		
TOTAL REVENUE	\$11,590	13
GENERAL REVENUE	\$8,657	18
OWN SOURCE REVENUE	\$6,348	24
<b>REVENUE SOURCES</b>		
TAXES	\$3,909	28
FEDERAL REVENUE	\$2,309	12
CHARGES	\$1,724	9
MISCELLANEOUS	\$311	13
GOVERNMENT ENTERPRISES	\$482	20
INSURANCE TRUST REVENUE	\$2,451	6

On a total revenue basis, Oregon ranks #13 among the states. However, this measure includes insurance trust revenue and gross government enterprise revenue, both of which are not generally available for the provision of public goods and services. General revenue (excluding the insurance trust and government enterprise categories), provides a better indication of revenue available to fund public services in the current year. In this category, Oregon state and local governments received \$8,657 per person during the 2012-13 fiscal year. Oregon ranked #18 among the states in this category. Own source revenue (general revenue minus transfers from the federal government) totaled \$6,348 per person for a ranking of #24.

Table 1 also breaks down Oregon's revenue sources by category. Taxes comprise 45.1% of Oregon general state and local revenue. Oregon state and local governments collected \$3,909 per person in taxes in the 2012-13 fiscal year, an increase of 3.2% from the prior fiscal year. This ranked the state 28<sup>th</sup> in overall per person tax burden. Oregon ranks 12<sup>th</sup> among the states with \$2,309 in federal revenue (this category does not include federal revenue going directly to individuals such as Social Security benefits). Oregon is relatively dependent on charges for services, ranking 9<sup>th</sup> with \$1,724 in per person revenue. The charges category covers a large number of fees and charges for government services at the state and local level. The largest are charges for hospitals (26.6% of total charges) and higher education (26.4% of total charges). Oregon also ranks in the upper half of states in miscellaneous revenue (#13). The state's extensive use of lottery revenue contributes to this ranking. Oregon ranks #6 in insurance trust revenue. The state's relative ranking tends to move up and down with changing financial market conditions because Oregon's retirement funding system is highly dependent on financial market returns.

Table 2 narrows the Oregon revenue system down to taxes only. Taxes play a particularly important role in state and local revenue systems because they are the primary source of revenue for general public goods such as education and public safety. Taxes also potentially have the largest impact on economic activity because they represent a direct extraction of resources from the private sector for use by the public sector.

**Table 2: OREGON'S TAX REVENUE**

REVENUE CATEGORIES	\$ PER PERSON	RANK AMONG THE STATES
<b>TOTAL TAXES</b>	\$3,909	28
PERSONAL INCOME TAX	\$1,594	7
CORPORATE INCOME TAX	\$132	27
PROPERTY TAX	\$1,285	26
GENERAL SALES TAX	0	47*
SELECTIVE SALES TAXES	\$453	32
OTHER TAXES	\$445	10

\* tied with 3 other states.

Oregon's overall state and local tax burden ranks 28<sup>th</sup> on a per person basis. However, the state personal income tax burden is among the highest in the nation at \$1,594 per person. The ranking for corporate income taxes is #27 at \$132 per person. The property tax burden in Oregon is near the middle among the states at #26. The state tax burden on consumption (general sales plus selective sales) is the lowest in the country at \$453 per person. In addition to being one of five states without a general sales tax, Oregon ranks 32<sup>nd</sup> in selective sales tax collections per person. Selective sales taxes include gasoline taxes, tobacco taxes, alcoholic beverage taxes, real estate transfer taxes and other excise taxes on specific purchases. It also includes health provider taxes which have risen in Oregon and other states in recent years. The other tax category includes severance taxes and estate taxes.

Another way to look at this same comparative revenue data is to divide the revenue numbers by total state resident income instead of population. This measure accounts for the size of the state economy

rather than simply population size. In some cases the two measures can give very different rankings. For example, the state of Mississippi ranks near the bottom (43rd) of the states in tax collections per capita but above the median (ranked 19th) as a percentage of resident income because the state's per capita income is relatively low. Table 3 shows the Oregon 2012-13 total revenue data as a percentage of state personal income for 2012.

**Table 3: ALL STATE AND LOCAL GOVERNMENT REVENUE AS % OF PERSONAL INCOME**

REVENUE CATEGORIES	% of TOTAL PERSONAL INCOME	RANK AMONG THE STATES
<b>SUMMARY CATEGORIES</b>		
TOTAL REVENUE	29.9%	6
GENERAL REVENUE	22.3%	11
OWN SOURCE REVENUE	16.4%	12
<b>REVENUE SOURCES</b>		
TAXES	10.1%	26
FEDERAL REVENUE	6.0%	9
CHARGES	4.4%	7
MISCELLANEOUS	0.8%	10
GOVERNMENT ENTERPRISES	1.2%	13
INSURANCE TRUST REVENUE	6.3%	2

Oregon ranks higher in most revenue categories when percentage of personal income is used. This is not surprising, given that Oregon's per capita income is below the national average. Oregon's ranking in general revenue and own source revenue increases to #11 and #12, respectively, in the two categories. Oregon's ranking in overall taxes as a percentage of personal income is #26 on a percentage of personal income basis compared to #28 on a per capita basis. Oregon ranks slightly higher on a percentage of personal income basis in all the other categories.

Table 4 converts Table 2 from a per capita comparison to a percentage of personal income basis for state and local taxes. Both the personal income tax and the property tax burden appear higher on a percentage of personal income basis. Personal income taxes at 4.1% of personal income ranks 2nd highest. Personal income taxes are 7<sup>th</sup> highest among the states on a per capita basis. In terms of property taxes, Oregon ranks #18 on a percentage of personal income basis, up 8 notches from its per capita ranking. The state ranks #24 in corporate income tax collections on a percentage of income basis.

**Table 4: OREGON'S TAX REVENUE AS A % OF PERSONAL INCOME**

REVENUE CATEGORIES	COLLECTIONS AS A PERCENTAGE OF PERSONAL INCOME	RANK AMONG THE STATES
<b>TOTAL TAXES</b>	10.1%	26
PERSONAL INCOME TAX	4.1%	2
CORPORATE INCOME TAX	0.3%	24
PROPERTY TAX	3.3%	18
GENERAL SALES TAX	0%	47*
SELECTIVE SALES TAXES	1.2%	28
OTHER TAXES	1.1%	10

\*tied with 3 other states.

The comparative analysis based on the most recent U.S. Census data leads to the following conclusions:

- Oregon's per capita revenue ranks slightly above the median state as measured by general revenue and right in the middle in terms of own source revenue. As a percentage of total state personal income, Oregon's general revenue ranks #11, while own source revenue ranks #12 among the states.
- Oregon's taxes are slightly below the national average. Taxes are 28<sup>th</sup> highest on a per capita basis and 26<sup>th</sup> highest on a percentage of income basis.
- Oregon's total revenue is 13<sup>th</sup> highest when measured on a per capita basis. However, total revenue includes earnings from trust accounts such as the public employee retirement system. These revenue sources are not a good indicator of revenue available for public services because they are obligated to beneficiaries. Trust fund earnings are also highly dependent on short term financial market conditions and therefore very volatile.
- Oregon's personal income tax burden is among the highest in the country-#7 as measured on a per capita basis and #2 as a percentage of personal income.
- Oregon's consumption tax burden (general sales plus selective sales taxes) is the lowest in the country.
- Oregon's property tax and corporate income tax burdens rank near the middle among the states.

### ***Oregon's Revenue System over Time***

Table 5 displays Oregon's relative ranking among the states over time for total taxes and the major broad taxes that the state revenue system has traditionally relied upon to fund public services. Throughout the past three decades Oregon has consistently ranked high among the states in personal income taxes. The state has also consistently ranked near the middle in corporate income taxes. However, Oregon's property tax ranking among the states has declined as voter approved initiatives (Measures 5 and 50) limited revenue growth. As a result, Oregon's overall tax burden dropped from the upper half among the states to the lower half. Not shown on the table is the state's overall consumption tax burden (general sales taxes plus selective sales taxes), which has consistently ranked right at the bottom among the states.

**Table 5: HISTORICAL RANKING OF OREGON TAXES**

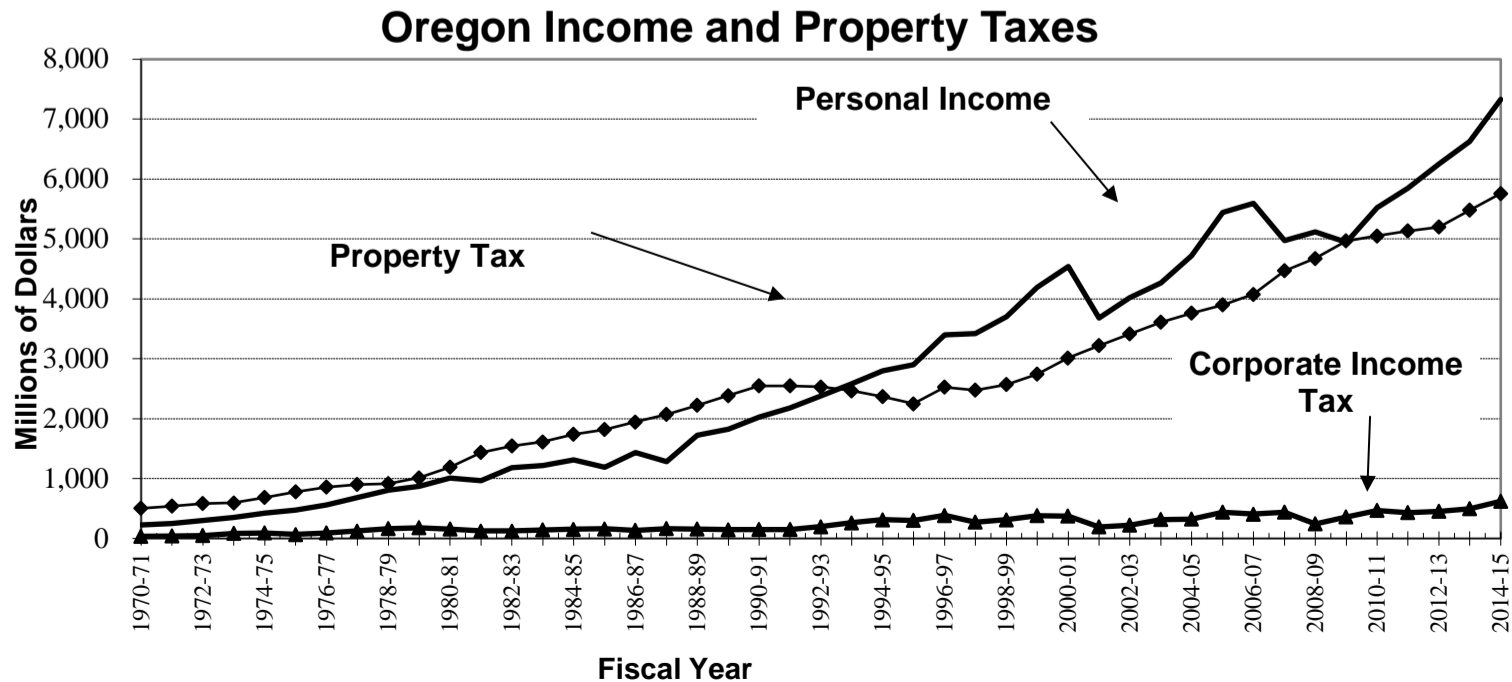
	OREGON RANK							
	TOTAL TAXES		PERSONAL INCOME TAXES		CORPORATE INCOME TAXES		PROPERTY TAXES	
	% of Income	Per Capita	% of Income	Per Capita	% of Income	Per Capita	% of Income	Per Capita
1982-83	13	18	3	6	23	21	9	13
1983-84	14	21	5	8	26	22	4	10
1984-85	14	20	3	7	28	25	5	10
1985-86	19	23	7	8	23	22	4	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
2004-05	44	36	2	5	27	29	25	28
2005-06	38	34	2	5	29	32	27	30
2007-08	44	42	5	7	23	22	25	30
2008-09	42	39	3	5	38	38	24	28
2009-10	35	35	2	5	22	25	20	26
2010-11	31	30	2	5	20	20	25	19
2011-12	27	29	2	5	24	26	18	26
2012-13	26	28	2	7	24	27	18	26

The history of revenue collections from personal income taxes, corporate income taxes and property taxes over the past four decades can be seen in Table 6. A listing of all taxes can be found in Table 7.



**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	3,421.1	0.6%	275.2	-28.4%	2,476.5	-2.0%
1998-99	3,702.0	8.2%	313.9	14.1%	2,617.9	5.7%
1999-00	4,197.3	13.4%	381.9	21.7%	2,801.5	7.0%
2000-01	4,539.7	8.2%	373.0	-2.4%	3,014.0	7.6%
2001-02	3,677.7	-19.0%	195.2	-47.7%	3,251.9	7.9%
2002-03	4,021.9	9.4%	224.9	15.2%	3,414.6	5.0%
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	35.6%	3,899.1	3.6%
2006-07	5,596.7	2.8%	405.9	-7.4%	4,077.4	4.6%
2007-08	4,972.0	-11.2%	440.7	8.6%	4,470.4	9.6%
2008-09	5,118.6	2.9%	243.8	-44.7%	4,676.4	4.6%
2009-10	4,943.2	-3.4%	359.0	47.3%	4,969.0	6.3%
2010-11	5,524.0	11.7%	468.6	30.5%	5,052.0	1.7%
2011-12	5,850.6	5.9%	431.0	-8.0%	5,133.0	1.6%
2012-13	6,255.6	6.9%	452.9	5.1%	5,201.0	1.3%
2013-14	6,628.0	6.0%	494.8	9.3%	5,482.9	5.4%
2014-15	7,330.3	10.6%	621.8	25.7%	5,760.4	5.1%



**TABLE 7  
SUMMARY OF OREGON TAXES**

STATE	2004-2005 COLLECTIONS	2013-2014 COLLECTIONS	2014-2015 COLLECTIONS	% CHANGE	
				2014 TO 2015% CHG	10 YEAR 2005 TO 2015
PERSONAL INCOME TAX	\$4,725,477,000	\$6,649,032,232	\$7,309,115,844	9.9%	54.7%
UNEMPLOYMENT INSURANCE TAXES	727,421,000	1,048,171,404	1,005,022,811	-4.1%	38.2%
GASOLINE AND USE FUEL TAXES	407,543,952	492,657,207	507,838,053	3.1%	24.6%
CORPORATE INCOME TAX	248,810,000	494,759,369	621,769,761	25.7%	149.9%
WEIGHT MILE TAX	242,856,970	285,325,523	297,326,162	4.2%	22.4%
CIGARETTE TAX	217,784,751	201,202,476	210,236,600	4.5%	-3.5%
INSURANCE TAXES	55,391,000	52,460,007	23,408,408	-55.4%	-57.7%
OTHER LABOR TAXES	86,402,977	87,336,237	90,498,133	3.6%	4.7%
TIMBER SEVERANCE TAXES	1,344,411	607,996	658,890	8.4%	-51.0%
ESTATE (INHERITANCE) TAX	56,852,202	85,491,021	110,994,388	29.8%	95.2%
WORKERS' COMP INSURANCE TAXES	49,941,222	52,759,088	54,352,142	3.0%	8.8%
TELEPHONE EXCHANGE ACCESS TAX/911	34,058,669	39,251,361	39,379,939	0.3%	15.6%
OTHER TOBACCO PRODUCTS TAX	25,961,261	56,370,715	55,896,692	-0.8%	115.3%
REAL ESTATE RECORDING TAX	25,427,362	33,003,807	33,372,601	1.1%	31.2%
BEER & WINE TAXES	13,962,000	17,462,776	17,770,915	1.8%	27.3%
FOREST PRODUCTS HARVEST TAXES	13,019,169	14,922,588	13,716,754	-8.1%	5.4%
ELECTRIC COOP TAX	5,718,791	7,242,866	9,265,862	27.9%	62.0%
PHONE ACCESS SURCHARGE (RSPF)	5,641,385	5,991,833	5,188,417	-13.4%	-8.0%
AMUSEMENT DEVICE TAX	3,657,383	2,706,626	2,754,342	1.8%	-24.7%
HAZARDOUS SUBSTANCE TAXES	2,593,222	2,860,572	2,921,465	2.1%	12.7%
AVIATION GAS AND JET FUEL TAXES	2,720,202	1,965,638	1,863,842	-5.2%	-31.5%
PETROLEUM LOADING FEE	1,319,264	1,539,088	1,857,529	20.7%	40.8%
BOXING TAX	67,382	48,570	73,296	50.9%	8.8%
PRIVATE RAIL CAR TAX	254,500	260,236	266,792	2.5%	4.8%
OIL & GAS SEVERANCE TAX	66,516	102,233	108,207	5.8%	62.7%
STATE LODGING TAX	8,369,156	13,924,746	16,040,934	15.2%	91.7%
MEDICAL PROVIDER/HOSPITAL TAXES	NA	434,726,034	514,178,370	18.3%	NA
<b>LOCAL TAXES</b>	<b>2004-05 COLLECTIONS</b>	<b>2013-14** COLLECTIONS</b>	<b>2014-15** COLLECTIONS</b>	<b>2014 to 2015 % chg</b>	<b>2005 to 2015 %</b>
PROPERTY TAXES*	3,762,596,527	5,483,553,673	5,760,409,504	5.0%	53.1%
TRANSIT PAYROLL & EMPLOYMENT TAXES	186,953,150	298,207,898	318,279,856	6.7%	70.2%
FRANCHISE TAXES	142,797,769	230,274,180	234,879,664	2.0%	64.5%
HOTEL-MOTEL	73,700,000	122,472,000	141,087,744	15.2%	91.4%
PORTLAND BUSINESS LICENSE TAX	52,465,479	81,020,110	97,883,936	20.8%	86.6%
MULTNOMAH COUNTY BUSINESS TAX	36,463,000	61,800,000	73,825,000	19.5%	102.5%
MOTOR VEHICLE RENTAL TAX	13,321,000	27,435,000	30,450,000	11.0%	128.6%
MULTNOM. COUNTY INCOME TAX	124,577,000	34,000	63,000	85.3%	-99.9%
MOTOR FUEL TAXES	13,381,242	15,528,628	15,817,795	1.9%	18.2%
WASHINGTON COUNTY TRANSFER TAX	5,403,299	3,858,507	5,416,573	40.4%	0.2%
OTHER TAXES	153,620,822	637,690,425	653,632,686	2.5%	325.5%

\*\* Estimates where actuals are not available  
\* includes tax imposed and urban renewal revenue

## 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 40 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). In 2012, voters modified the constitution (Measure 85), redirecting corporate kicker revenue to the General Fund for purposes of funding K-12 education.

### ***How it Works***

The kicker law divides all General Fund money into two pots: (1) personal income taxes plus all other revenue and (2) corporate income taxes. At the end of each biennium, a calculation is made for each pot. If personal income tax collections plus all other General Fund revenue is more than 2% higher than was forecast at the close of the regular session, then a credit must be paid to personal income taxpayers. If actual revenue in the personal income tax pot exceeds the 2% threshold, then all the money in excess of the close of session forecast, including the 2%, is returned to taxpayers.

A similar calculation is carried out for corporate income taxes. If actual corporate income tax collections are 2% or more above the close of session estimate for corporate income tax revenue, then a kicker is triggered. Under Measure 85, revenue resulting from the corporate kicker calculation is allocated to the General Fund for purposes of funding K-12 education instead of being returned to corporations. This constitutional amendment applies to corporate kicker calculations starting with the 2013-15 biennium.

Surpluses in the "all other" pot fund lead to a credit on personal income tax returns. The amount of the credit is an identical proportion of each taxpayer's personal income tax liability, prior to state credits, for the prior year. For example, if the kicker credit is 5% and the taxpayer had a liability before credits of \$1,000, he or she would receive a credit of \$50 on their income tax return.

The estimate upon which the kicker calculation is based can be increased, thereby reducing or eliminating the personal tax credit, on a one-time basis if an emergency is declared and approved by a 2/3 vote in each chamber of the Legislative Assembly prior to the end of the biennium upon which the kicker calculation is based.

### ***History***

Table 10 shows the history of the surplus kicker. A severe recession dropped revenues far short of the forecast in the first two biennia after enactment. The table actually understates the recession's effect. If the Legislature had not increased taxes in special session the shortfall would have been much larger than shown in the table.

Faced with budget problems associated with Measure 5 (1990), the Legislature suspended the kicker in 1991 and 1993. Kickers would have triggered in just one of the two pots in each of those biennia. The 1995 personal income tax refund was the first one paid by check. Prior to 1995, the personal kicker was paid through a tax credit. Personal kickers would continue to be returned through a refund when triggered until the 1995 law was changed by the 2011 Legislature.

Large corporate kicker credits were applied following the 1993-95 and 1995-97 biennia. Corporations were not eligible for a surplus credit for 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. 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.

**Table 8: 2% KICKER (1979/81 – 2013/15)**

<b>SURPLUS KICKER HISTORY</b>					
<b>Biennium</b>	<b>Tax Year</b>	<b>Personal</b>		<b>Corporate</b>	
		<b>Surplus/ Shortfall (\$ million)</b>	<b>Credit/ Refund (% of liability)</b>	<b>Surplus/ Shortfall (\$ million)</b>	<b>Credit (% of liability)</b>
<b>1979-81</b>	1981	-141	None	-25	None
<b>1981-83</b>	1983	-115	None	-110	None
<b>1983-85</b>	1985	89	7.7%	13	10.6%
<b>1985-87</b>	1987	221	16.6%	7	6.2%
<b>1987-89</b>	1989	175	9.8%	36	19.7%
<b>1989-91</b>	1991	186	Suspended	-23	None
<b>1991-93</b>	1993	60	None	18	Suspended
<b>1993-95</b>	1994/5	163	6.27%	167	50.1%
<b>1995-97</b>	1996/7	432	14.4%	203	42.2%
<b>1997-99</b>	1998/9	167	4.6%	-69	None
<b>1999-01</b>	2000/1	254	6.0%	-44	None
<b>2001-03</b>	2002/03	-1,249	None	-439	None
<b>2003-05</b>	2004/05	-401	None	101	35.9%
<b>2005-07</b>	2006/07	1,071	18.6%	344	Suspended
<b>2007-09</b>	2008	-1,113	None	-236	None
<b>2009-11</b>	2010	-1,050	None	-4	None
<b>2011-13</b>	2012	+123.6	None	-10.3	None
<b>2013-15</b>	2014	+402.4	5.6%	+75.3	To K-12
<b>2015-17*</b>	2016	-3.6	None	+34.7	To K-12

\*Based on December 2015 Forecast

The 2007 Legislature made a number of statutory changes that affected the kicker. First, using the constitutional exception process that allows the estimate to be changed with a 2/3 vote, the Legislature redirected the corporate kicker credit to the newly established Rainy Day Fund. The Legislature also modified the personal income tax refund process by basing the calculation on before credits tax liability rather than after credit liability. This change affected the distribution of the refund but did not affect the amount. Finally, the Legislature changed the tax year the corporate credit is based on from the current year to the prior year. This brought the corporate calculation into line with the personal refund calculation. This change will no longer apply due to the elimination of the corporate kicker credit brought about by the passage of Measure 85.

The largest personal kicker refund was returned to taxpayers following the 2005-07 biennium. The refunds totaled \$1.071 billion or 18.6% of pre-credit tax liability in the 2006 tax year. The refunds were mailed out in the fall of 2007. The Great Recession and its aftermath forced both personal and corporate income tax revenue well short of the 2% kicker trigger for the 2007-09, 2009-11 and the 2011-13 biennia.

Both kickers were triggered following the 2013-15 biennium. The personal kicker was triggered for the first time since 2007 and for the first time since the Legislature changed the return mechanism back to a credit. As a result personal income taxpayers will receive a kicker credit equal to 5.6% of their 2014 pre-credit liability. An estimated \$402.4 million will be returned through the credit. Corporate income tax revenue also exceeded the 2013-15 close of session estimate by more than 2% resulting in \$75 million for the 2015-17 State School Fund allocation.

For the 18 biennia in which the kicker has been in effect (1979-81 through 2013-15), the personal income tax trigger has been exceeded ten times. Kicker refunds/credits were distributed on nine occasions and suspended once. Eight times revenue has fallen short of the 2% personal income tax trigger. For the corporate calculation, actual collections have exceeded the trigger nine times and fallen below nine times. Of the nine times in which the corporate trigger was exceeded, the kicker was credited to corporate taxpayers six times, suspended twice and allocated once to the State School Fund under Measure 85.

## **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 2001-2017 period. The 2015-17 expenditure numbers are based on the Legislatively Adopted Budget. The table also shows values for total personal income of Oregon residents, total Oregon population and the consumer price index for comparison purposes.

**TABLE 9**  
**STATE BUDGET HISTORY: 2001-2017**

<b>GENERAL FUND BUDGET (IN MILLIONS)</b>								
<b>PROGRAM AREA</b>	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>	<b>2013-15*</b>	<b>2015-17**</b>
EDUCATION	\$5,210.9	\$5,921.0	\$6,417.5	\$6,751.7	\$6,433.2	\$6,723.5	\$8,225.8	\$9,292.8
HUMAN RESOURCES	\$2,387.4	\$2,327.4	\$2,781.0	\$3,195.7	\$3,284.5	\$3,878.4	\$4,273.7	\$4,833.2
PUBLIC SAFETY	\$1,231.2	\$1,228.7	\$1,528.1	\$1,828.4	\$1,778.7	\$1,952.9	\$2,136.8	\$2,304.4
ECON. & COMM. DEV. + CONS & BUS. SERV.	\$29.4	\$29.7	\$33.7	\$46.7	\$38.9	\$37.6	\$50.3	\$64.0
NAT. RES.	\$144.5	\$115.3	\$142.6	\$164.9	\$141.3	\$133.8	\$234.3	\$200.8
TRANS.	\$17.1	\$3.9	\$8.6	\$4.5	\$16.9	\$2.0	\$12.7	\$27.8
ADMIN.	\$149.3	\$142.0	\$168.7	\$187.8	\$181.9	\$223.7	\$205.6	\$229.2
LEGISLATURE	\$52.6	\$53.9	\$63.2	\$77.9	\$70.5	\$77.4	\$94.4	\$91.9
JUDICIAL	\$374.0	\$401.3	\$465.8	\$521.9	\$495.6	\$595.8	\$655.8	\$694.6
MISC.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$245.9
<b>TOTAL</b>	<b>\$9,596.4</b>	<b>\$10,223.2</b>	<b>\$11,609.2</b>	<b>\$12,779.5</b>	<b>\$12,441.5</b>	<b>\$13,625.1</b>	<b>\$15,889.4</b>	<b>\$17,984.6</b>

\* Legislatively Approved Budget

\*\*Legislatively Adopted Budget

<b>GENERAL FUND RESOURCES (IN MILLIONS)</b>								
	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>	<b>2013-15</b>	<b>2015-17*</b>
<b>BEGINNING BALANCE</b>	\$ 363.0	\$ 113.5	\$ 308.5	\$ 1,436.7	\$ -	\$ -	\$ 339.0	\$ 476.6
PERSONAL INCOME								
TAXES	\$ 7,699.5	\$ 8,991.6	\$ 11,040.3	\$ 9,916.5	\$ 10,467.2	\$ 12,284.1	\$ 13,770.6	\$ 15,712.4
CORPORATE INCOME								
TAXES	\$ 420.1	\$ 640.8	\$ 844.1	\$ 602.8	\$ 827.6	\$ 883.9	\$ 1,049.5	\$ 1,134.7
OTHER TAXES	\$ 350.7	\$ 344.6	\$ 407.5	\$ 392.9	\$ 386.0	\$ 443.3	\$ 440.0	\$ 464.9
<b>OTHER REVENUE</b>	<b>\$ 895.7</b>	<b>\$ 461.3</b>	<b>\$ 450.1</b>	<b>\$ 800.7</b>	<b>\$ 840.6</b>	<b>\$ 560.0</b>	<b>\$ 579.1</b>	<b>\$ 717.2</b>
<b>TOTAL</b>	<b>\$ 9,729.0</b>	<b>\$ 10,551.8</b>	<b>\$ 13,050.5</b>	<b>\$ 13,149.6</b>	<b>\$ 12,521.4</b>	<b>\$ 14,171.3</b>	<b>\$ 16,178.2</b>	<b>\$ 18,505.8</b>

\*December 2015 Economic and Revenue Forecast

<b>ALL FUNDS BUDGET (IN MILLIONS)</b>								
<b>PROGRAM AREA</b>	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>	<b>2013-15*</b>	<b>2015-17**</b>
EDUCATION	\$10,277.0	\$10,216.8	\$11,539.7	\$13,953.2	\$13,794.0	\$8,977.8	\$10,812.5	\$12,564.9
HUMAN RESOURCES	\$9,068.4	\$9,261.7	\$9,536.9	\$11,906.8	\$18,004.5	\$20,489.8	\$27,297.3	\$29,695.6
PUBLIC SAFETY	\$2,128.1	\$1,973.4	\$2,282.5	\$2,930.8	\$2,991.8	\$3,257.7	\$3,214.9	\$3,467.9
ECON. & COMM. DEV. + CONS & BUS. SERV.	\$5,778.6	\$5,679.9	\$4,875.8	\$6,118.1	\$8,608.4	\$5,604.7	\$5,078.5	\$4,949.7
NAT. RES.	\$1,166.9	\$1,243.9	\$1,324.4	\$1,496.7	\$1,523.5	\$1,517.7	\$2,069.0	\$1,841.5
TRANS.	\$1,871.4	\$2,669.6	\$2,886.1	\$3,132.5	\$3,862.1	\$3,251.2	\$5,569.7	\$3,581.6
ADMIN.	\$4,765.7	\$6,011.8	\$6,805.0	\$8,215.1	\$8,282.7	\$9,428.5	\$11,088.8	\$11,696.2
LEGISLATURE	\$59.8	\$56.9	\$69.7	\$116.5	\$78.8	\$82.1	\$148.1	\$100.6
JUDICIAL	\$393.1	\$409.2	\$434.3	\$578.2	\$589.8	\$648.8	\$768.5	\$839.0
MISC.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$245.9
<b>TOTAL</b>	<b>\$35,509.0</b>	<b>\$37,523.2</b>	<b>\$39,754.4</b>	<b>\$48,447.9</b>	<b>\$57,735.6</b>	<b>\$53,258.3</b>	<b>\$66,047.3</b>	<b>\$68,982.9</b>

\* Legislatively Approved Budget

\*\*Legislatively Adopted Budget

<b>ALL FUNDS REVENUE (IN MILLIONS)</b>								
	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>	<b>2013-15</b>	<b>2015-17*</b>
TAXES	\$11,912.3	\$14,265.6	\$16,870.2	\$15,437.7	\$16,827.7	\$19,075.3	\$21,580.5	\$23,734.0
FEDERAL FUNDS	\$9,604.1	\$10,287.8	\$10,060.3	\$11,896.3	\$18,900.9	\$16,141.8	\$19,399.1	\$21,814.6
INTEREST EARNINGS	\$801.9	\$11,970.1	\$21,545.2	\$272.7	\$8,327.5	\$8,213.1	\$13,752.5	\$14,911.1
DONATIONS&CONTRIB.	\$5,073.7	\$5,105.9	\$3,695.0	\$3,230.3	\$2,787.9	\$2,920.3	\$2,446.3	\$3,564.1
BOND SALES	\$2,486.4	\$2,756.9	\$2,902.8	\$2,700.5	\$2,476.3	\$1,884.8	\$2,643.7	\$1,704.7
LIQUOR & OTHER SALES	\$469.6	\$553.5	\$632.6	\$681.2	\$653.2	\$695.2	\$787.8	\$864.1
LOAN REPAYMENTS	\$790.2	\$727.8	\$570.5	\$568.7	\$641.5	\$959.7	\$508.1	\$528.1
CHARGES	\$1,491.7	\$1,992.5	\$2,432.6	\$2,825.3	\$5,138.7	\$1,793.0	\$3,894.9	\$3,629.6
LICENSES & FEES	\$1,021.6	\$1,143.1	\$1,331.7	\$1,336.8	\$1,454.4	\$1,539.2	\$1,582.1	\$1,638.1
LOTTERY	\$738.1	\$780.6	\$1,087.7	\$1,326.9	\$1,085.3	\$1,079.4	\$1,048.2	\$1,082.8
OTHER	\$2,463.7	\$1,526.4	\$1,537.2	\$2,822.8	\$2,767.9	\$3,115.3	\$2,310.4	\$3,809.1
<b>TOTAL</b>	<b>\$36,853.3</b>	<b>\$51,110.2</b>	<b>\$62,665.8</b>	<b>\$43,099.2</b>	<b>\$61,061.3</b>	<b>\$57,417.1</b>	<b>\$69,953.6</b>	<b>\$77,280.3</b>

\*Governor's Budget

<b>GROWTH MEASURES</b>								
	<b>2002</b>	<b>2004</b>	<b>2006</b>	<b>2008</b>	<b>2010</b>	<b>2012</b>	<b>2014</b>	<b>2016*</b>
OREGON PERSONAL INC.(MILL.)	\$104,690	\$112,974	\$127,403	\$140,949	\$137,821	\$153,100	\$165,500	\$185,000
OREGON POPULATION(MILL.)	3.508	3.586	3.693	3.788	3.84	3.89	3.97	4.06
U.S. CONSUMER PRICE INDEX	179.9	188.9	201.6	215.2	218.1	229.6	236.7	241.4

\*December 2015 Economic and Revenue 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.

<b>TAX REDUCTIONS</b>	<b>Revenue Effect (in millions)</b>			
	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>Property Tax</b>				
<b>Personal Property Tax Threshold</b> (current law: accounts under \$16,000 in Total Assessed Value have taxes cancelled) Increase the cancellation threshold to \$25,000 of assessed value	-2.2	-2.3	-2.3	-2.4
<b>Senior Homeowner Property Tax Freeze:</b> Freeze property taxes of owner occupied residents who are over the age of 65 and have income ≤ \$35,000	-8.9	-18.1	-27.6	-37.4
<b>Personal Income Tax</b>				
<b>Earned Income Credit (EIC)</b>				
Increase EIC to 12% of federal EIC	-26.6	-27.7	-28.8	-30.0
Increase EIC to 18% of federal EIC	-66.5	-69.2	-72.0	-75.0
<b>Rate Reductions</b> (current rates: 5% – 7% – 9% – 9.9%)				
Reduce rates to 5 - 7 - 9%	-136.6	-140.9	-143.3	-151.7
Reduce rates to 4.5 - 6.5 - 8.5%	-532.6	-560.1	-580.8	-599.2
Reduce rates to 4 - 6 - 8%	-988.2	-1,025.4	-1,059.8	-1,110.6
<b>Tax Bracket Changes</b>				
Double width of 5% and 7% brackets	-428.4	-445.8	-463.9	-484.8
Widen 5% and 7% brackets by \$1,000 (\$2,000 on joint returns)	-114.0	-116.4	-118.7	-121.3
<b>Income Subtractions and Deductions</b>				
Double standard deduction (\$2,080 single; \$4,160 joint in 2013)	-180.9	-185.1	-190.0	-195.4
Increase Maximum Federal Tax Subtraction to \$10,000	-130.3	-134.9	-138.0	-144.0
No limit on maximum subtraction for federal income taxes	-889.6	-948.3	-995.8	-1,039.3
<b>Credits</b>				
Increase personal exemption credit \$10	-67.6	-68.3	-68.9	-69.6
<b>Capital Gains</b> (taxed at regular income tax rates)				
Reduce tax rate on capital gains to 5%	-309.2	-315.2	-316.7	-329.4
Reduce tax rate on capital gains to 4%	-376.2	-397.6	-405.2	-421.4
<b>Estate Taxes</b>				
Eliminate estate taxes in Oregon	-109.1	-112.1	-119.3	-123.8
<b>Corporate Income Tax</b>				
Reduce corporate tax rate 0.1 percentage point (to 6.5% & 7.5%)	-7.7	-7.4	-7.4	-7.5
Reduce corporate tax rate 1 percentage point (to 5.6% & 6.6%)	-77.3	-74.1	-74.5	-75.2
Reduce top tax rate to 6.6%	-56.1	-53.7	-54.0	-54.6
Reduce C-corp. min tax to \$150 / \$500	-36.5	-36.0	-35.4	-34.9

TAX INCREASES/NEW TAXES	Revenue Effect (in millions)			
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
<b>Statewide Property Tax for School Districts</b>				
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	386.6	403.0	420.2	434.7
<b>Personal Income Tax</b>				
Increase all rates 5% (5.25% to 10.4%)	341.4	357.8	371.4	384.6
Increase all rates 1 percentage point (6% to 10.9%)	833.8	865.4	896.3	937.2
Reinstate top rates of 10.8% and 11%	155.8	160.4	162.6	172.0
Decrease maximum federal tax subtraction to \$3,000 (2015 federal tax subtraction was \$6,450)	152.5	162.6	174.2	185.5
1% Surtax	68.9	71.8	74.6	78.2
Reduce personal exemption credit by \$10	24.4	24.7	25.1	25.5
Reduce itemized deductions 5%	58.6	61.2	64.2	67.2
Reduce itemized deductions 10% if income above \$100,000 (single) or \$200,000 (joint)	33.1	35.5	38.2	40.9
Limit itemized deductions to \$50,000	135.6	146.0	157.0	168.5
<b>Corporate Income Tax</b>				
1% Surtax	5.5	5.2	5.3	5.3
Maintain 7.6% rate starting at \$250,000	11.2	10.7	10.8	10.9
Increase Rate One Percentage Point (to 7.6% & 8.6%)	77.3	74.1	74.5	75.2
<b>Sales Taxes (begin 2017)</b>				
Restricted Retail Sales Tax – Washington Base 1% Rate	268	711	753	792
Broad Retail Sales Tax – Washington Base plus Services 1% Rate	353	938	994	1048
Restricted Retail Sales Tax – 3% Rate	803	2134	2260	2377
Broad Retail Sales Tax – 3% Rate	1059	2814	2982	3143
Restricted Retail Sales Tax – 5% Rate	1338	3557	3766	3961
Broad Retail Sales Tax – 5% Rate	1765	4690	4969	5238
<b>Business Activity Taxes (begin 2017)</b>				
Gross Receipts Tax .25% Rate (1/4 of 1%) Ohio CAT Base	249	665	706	745
Value Added Tax (no exemptions) – 1% rate	254	677	719	758
<b>Excise Taxes (begin 2017)</b>				
Washington Real Estate Transfer Tax – 1% Rate	90.1	180.9	207	219.6
Increase Cigarette Tax by 10¢ per Pack	7.7	11.6	10.8	10.3
Increase Other Tobacco Products to 75% of wholesale price   33 cent increase per oz. for moist snuff   8 cent increase in cigar tax maximum	1.3	5.7	5.8	6.0
Increase 911 tax by 0.25 to \$1 (Currently \$0.75)	7.3	13.4	13.4	13.7
Increase Beer Tax by \$1 per barrel (38.5% increase)	1.6	3.0	3.0	3.0
Increase Wine Tax by 25¢ per gallon (37.3% increase)	1.7	3.2	3.2	3.2
Tax on cannabis (producer level of \$10 /oz.) Start 6/2017	0.0	4.6	6.5	6.8
Increase OLCC Mark-up by 5%	5.7	10.4	10.4	10.6



## OREGON INCOME TAXES

Oregon's primary source of revenue is from income taxes – both personal and corporate. Together they account for roughly 92 percent of the General Fund. The personal income tax is imposed on all the income of residents (full-year filers) and the income earned in Oregon by non-residents (non-resident filers). The tax is also imposed on part-year residents for the portion of the year in which they lived in Oregon. Corporations doing business in Oregon are subject to the excise tax while those that only have income from Oregon sources are subject to the income tax. Roughly 99 percent of corporations are excise tax filers.

### **Personal Income Tax**

Oregon tax rates range from 5% to 9.9% of taxable income. Taxable income is adjusted gross income (AGI) plus Oregon additions less Oregon subtractions and deductions (standard or itemized). See page C6 for the tax year 2016 calculation. Because taxable income is generally less than AGI, the average effective tax rate is roughly 5.8% of AGI. All except the top income tax bracket are indexed to inflation. The rate schedule for tax year 2015 is shown below:

#### 2015 TAX YEAR RATE SCHEDULE

SINGLE RETURNS		JOINT RETURNS	
Taxable Income	Tax Before Credits	Taxable Income	Tax Before Credits
Not over \$3,350	5% of taxable income	Not over \$6,700	5% of taxable income
\$3,350 to \$8,400	\$168 + 7% of income over \$3,350	\$6,700 to \$16,800	\$335 + 7% of income over \$6,700
\$8,400 to \$125,000	\$522 + 9% of income over \$8,250	\$16,800 to \$250,000	\$1,042 + 9% of income over \$16,500
Over \$125,000	\$11,184 + 9.9% of income over \$125,000	Over \$250,000	\$22,365 + 9.9% of income over \$125,000

With the 2013 Special Session, the Legislature made significant changes to the personal income tax system. These changes are included on Page C5, including the creation of an alternate tax rate structure for individuals with non-passive income from partnerships or S-corporations in which they actively participate. This policy is optional and first takes effect in 2015. The rate and bracket structure are shown in the table to the right.

Non-Passive Income Tax Rates	
Net Income (\$)	Tax Rate
< \$250,000	7.0%
\$250,000 to \$500,000	7.2%
\$500,000 to \$1 Million	7.6%
\$1 Million to \$2.5 Million	8.0%
\$2.5 Million to \$5 Million	9.0%
\$5 Million or more	9.9%

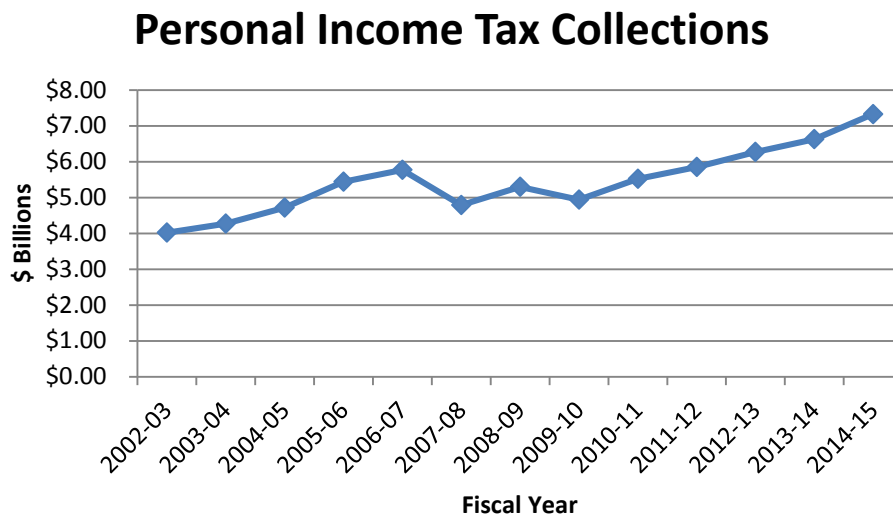
In 2013, all personal income tax returns reported a total adjusted gross income of \$101.6 billion. The average adjusted gross income for all returns was \$53,864, a decrease of 0.2% from 2012. Oregon taxpayers had a total tax liability of \$5.9 billion, an increase of 3.3% from 2012. 2012 was the first year for which this level of tax liability is above the previous peak level of \$5.6 billion reported in 2007. The average Oregon tax liability for full-year filers was \$3,335, up 1.7% from 2012.

The Oregon standard deductions for tax year 2015 are \$4,295 on joint returns, \$2,145 on single and married-filing-separate returns and \$3,455 for head-of-household returns. 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 2013, the average deduction amount per full-year tax return was \$8,915, a decrease of 9.5% from 2012. A personal exemption credit is allowed for most taxpayers and dependents. This credit is indexed for inflation and is \$194 in 2015. The average total credit amount taken per tax return in 2013 was \$425, a decrease of 6.6 percent from 2012.

Oregon also taxes 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 2012, the total number of returns reporting either

income or a loss from a sole proprietorship was 242,262, a slight decrease from the prior year, and the total number of S-corporations was 59,065. The total amount of income that sole proprietors reported on 2012 full-year returns was \$3.3 billion. Recent trends in Oregon's small businesses can be seen on pages C26 and C27. Between 2000 and 2007, the number of sole proprietor returns increased by 20.5%, or 42,786; by 2009, the number had declined by 3.4%, or 8,665. Since 2009, the number has fallen by roughly 100 each year. The number of S-corporations increased by 35% (15,628) between 2000 and 2008, but has declined by an average of 500 each year since.

Personal income tax collections are the largest source of state tax revenue and are projected to comprise 87% of the total General Fund revenues in the 2015-17 biennium. (They were 87% of the total General Fund revenues in the 2013-15 biennium). The following chart shows the personal income tax collections since fiscal year 2002-03.



### 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, and 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. It was modified in 1945, suspended in 1947 and repealed in 1949.

- 1947      Withholding on wages begins; new rates; 8% bracket added 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 pension income is 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 and in 2003 it is \$3,500; it then increases \$500 annually until \$5,500 in 2007. 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.
- 2007 New compliance measures were passed pertaining to the use of listed and reportable transactions. A variety of tax credits were either created or modified, including a credit for donations to university venture development funds or the Oregon Production Investment Fund; producer and consumer biofuels credits; the business and residential energy credits; mobile home closure credit; and diesel truck engine credits. The refundability of the earned income credit was extended through tax year 2013 and the credit for donations to the Child Care Division was extended through 2012. Tax provisions pertaining to the military, veterans, and college savings accounts were enacted. The personal exemption credit was reduced for higher income filers. Withholding was established for certain nonresidents who sell Oregon real property.
- 2008 Clarifying language was added to the ORS for the business energy tax credit, the withholding requirement for nonresidents who sell Oregon real property, and the TRICARE tax credit.
- 2009 Sunset dates were placed on nearly all income tax credits; they were organized into three groups according to broad policy objectives. Those without a sunset date are the personal exemption credit, the credit for a claim of right income, and the credit for taxes paid to another state.
- Federal conformity was updated to May 1, 2009, except for provisions relating to bonus depreciation, the discharge of indebtedness, and Section 179 expensing. Re-establishes the rolling reconnect on January 1, 2011.
- The Assembly passed HB 2649 which increased tax rates for taxable income above \$125,000 for single filers and \$250,000 for joint filers. For single filers in tax years 2009 to 2011, income between \$125,000 and \$250,000 is taxed at 10.8% and income above \$250,000 is taxed at 11%; for joint filers, the brackets are \$250,000 and \$500,000. Also, the federal tax subtraction was phased-out for single filers above \$125,000 of income and for joint filers above \$250,000. After the Governor signed the bill, citizens referred it to the ballot for a special election in January 2010. Voters approved Measure 66, gathering 54% of ‘yes’ votes.
- 2010 Federal conformity was updated to December 31, 2009.
- A number of changes were made to the Business Energy Tax Credit, including a limit to the amount of certifications for the renewable and manufacturing portions of the

program, a reduction in subsidies for wind projects, an extension to six years for the time period over which renewable projects of more than \$10 million may take the credit, and the addition of battery and electric vehicle manufacturers to the manufacturing credit. The sunset for renewable and conservation projects is extended to July 1, 2012 and is based on final certification. The sunset for manufacturing projects is extended to January 1, 2014 and is based on preliminary certification.

2011 Federal conformity was updated to December 31, 2010.

Several tax credits were extended, including credits for biomass, E-commerce zones, film & video, fish screening, and residential energy. The Business Energy Tax Credit was allowed to sunset and was replaced by separate credits for manufacturing, renewable energy, conservation, and transportation projects. The structure of the manufacturing credit was not changed, but the other three credits are continued at a much smaller magnitude.

A new credit was created for qualified equity investments in low-income areas.

2012 Federal conformity was updated to December 31, 2011.

2013 *Regular Session:*

Federal conformity was updated to January 3, 2013.

Seven tax credits were extended without modification: earned income, cultural trust, pension income, rural EMT, employer provided scholarships, farmworker housing construction, and manufactured home part closure.

Two tax credits were extended with modifications: political contributions and rural medical providers.

*Special Session:*

Increased the earned income tax credit to eight percent of the federal credit.

Limited personal exemption credits to taxpayers with income below \$100,000 if single and \$200,000 if joint.

Changed the additional senior medical deduction to a subtraction, phased-out the subtraction based on income, and increased the eligibility age.

Established preferential tax rates for non-passive income from a partnership or S-corporation.

Allows a subtraction for dividend payments received from qualified IC-DISCs.

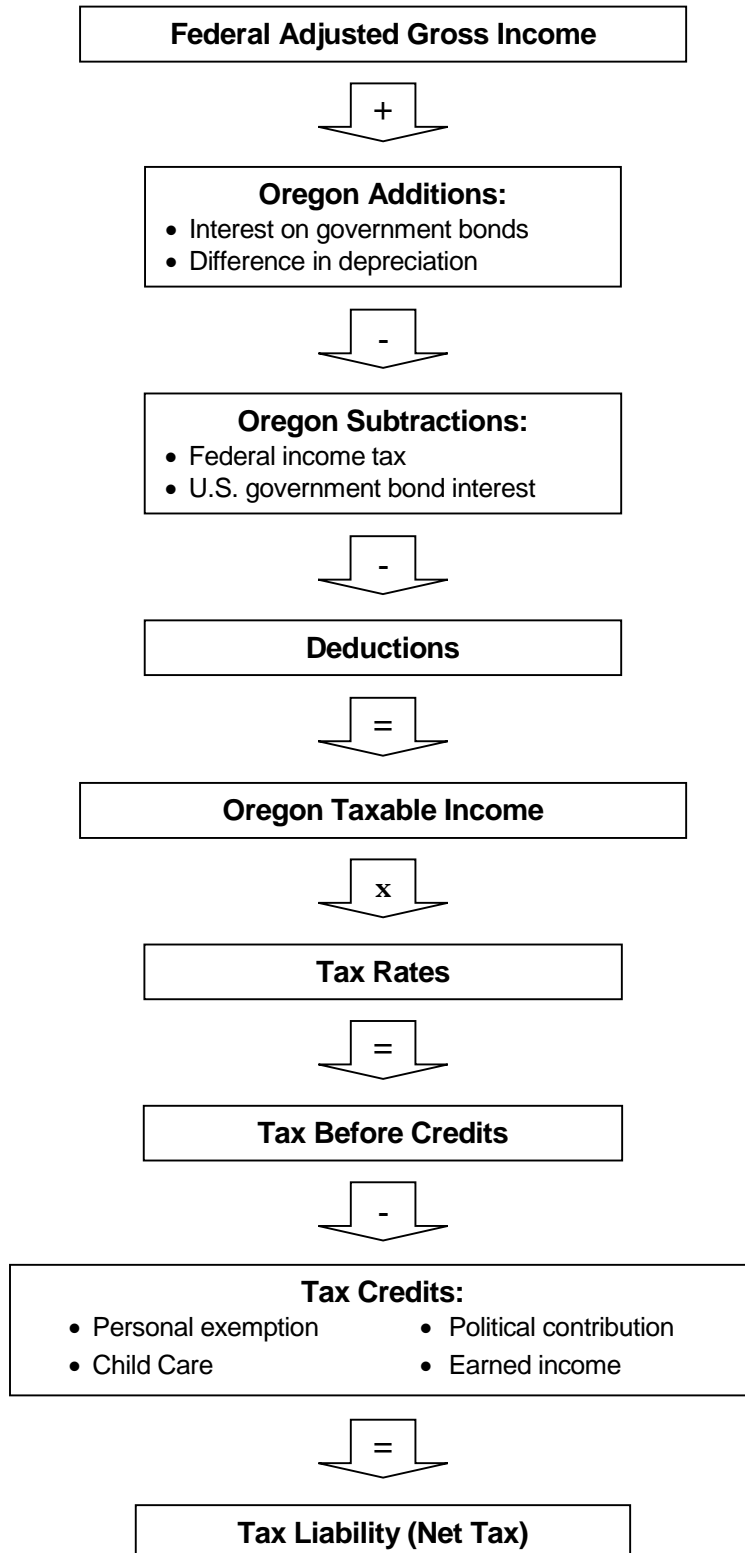
2014 Federal conformity was updated to December 31, 2014.

Crop donation credit reinstated

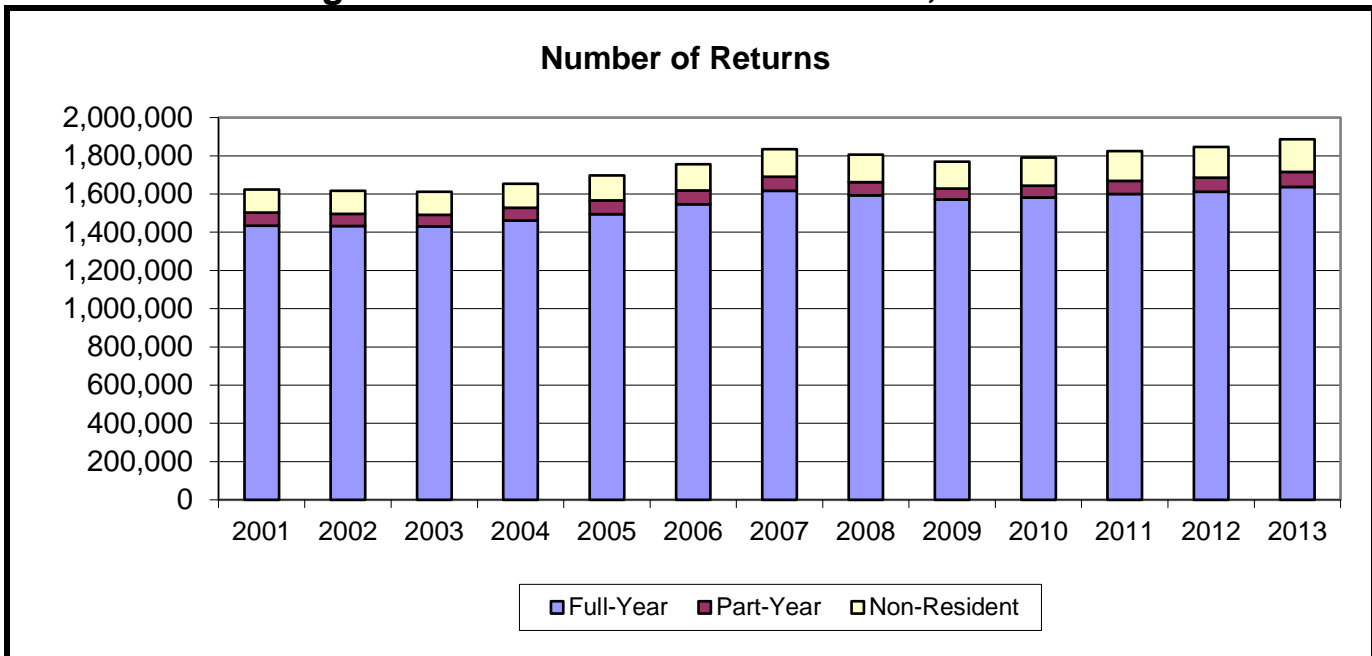
2015 Federal conformity was updated to December 31, 2015.

# Calculation of Oregon Personal Income Tax

(Full-Year Filers)



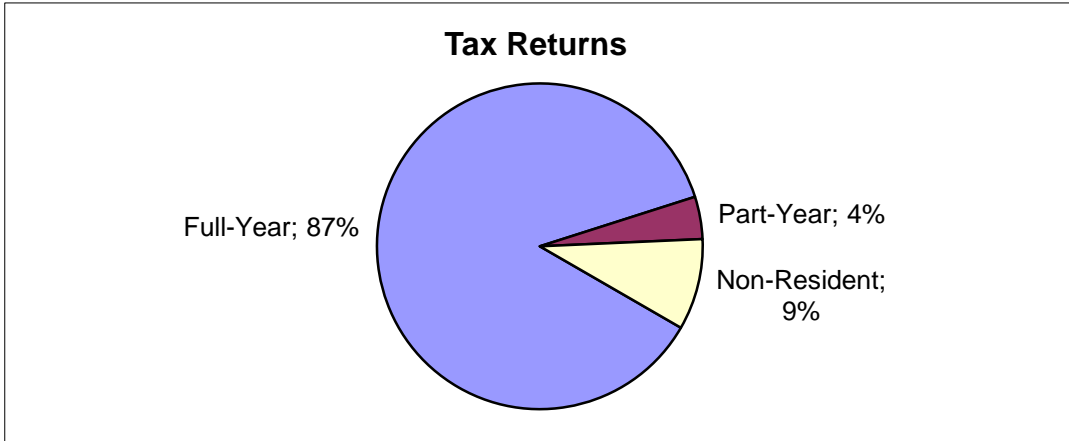
## Oregon Personal Income Tax Returns, 1990-2012



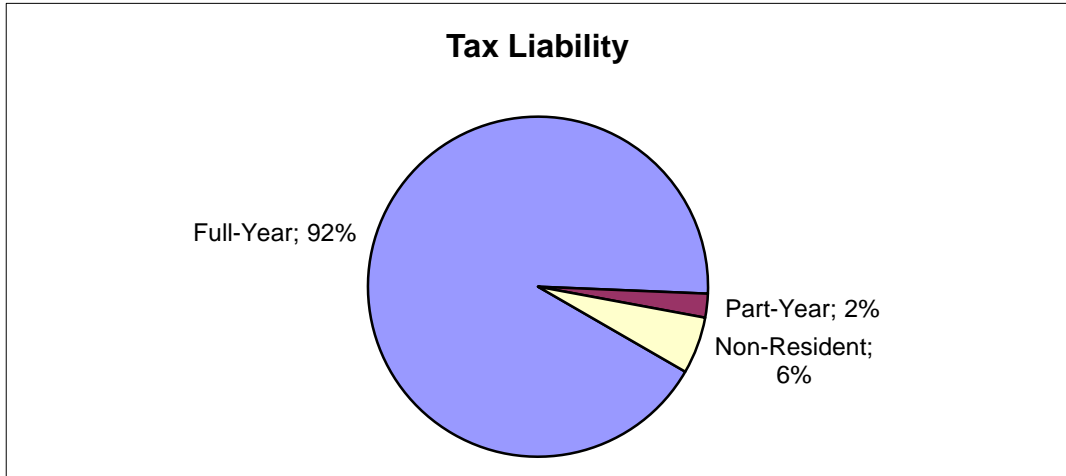
	Full-Year		Part-Year		Non-Resident		Total	
	Returns	Percent Change	Returns	Percent Change	Returns	Percent Change	Returns	Percent Change
1991	1,194,895		53,748		75,044		1,323,687	
1992	1,211,927	1.4%	54,073	0.6%	86,559	15.3%	1,352,559	2.2%
1993	1,235,970	2.0%	56,293	4.1%	89,569	3.5%	1,381,832	2.2%
1994	1,267,485	2.5%	60,338	7.2%	93,048	3.9%	1,420,871	2.8%
1995	1,302,656	2.8%	64,101	6.2%	100,257	7.7%	1,467,014	3.2%
1996	1,345,533	3.3%	68,560	7.0%	105,891	5.6%	1,519,984	3.6%
1997	1,381,479	2.7%	71,244	3.9%	110,416	4.3%	1,563,139	2.8%
1998	1,403,128	1.6%	70,983	-0.4%	113,288	2.6%	1,587,399	1.6%
1999	1,414,966	0.8%	70,617	-0.5%	117,267	3.5%	1,602,850	1.0%
2000	1,435,203	1.4%	73,812	4.5%	119,398	1.8%	1,628,413	1.6%
2001	1,434,864	0.0%	68,518	-7.2%	120,611	1.0%	1,623,993	-0.3%
2002	1,432,971	-0.1%	62,719	-8.5%	121,010	0.3%	1,616,700	-0.4%
2003	1,430,750	-0.2%	60,535	-3.5%	120,500	-0.4%	1,611,785	-0.3%
2004	1,461,735	2.2%	65,632	8.4%	125,836	4.4%	1,653,203	2.6%
2005	1,495,091	2.3%	71,005	8.2%	131,070	4.2%	1,697,166	2.7%
2006	1,546,097	3.4%	71,711	1.0%	137,760	5.1%	1,755,568	3.4%
2007	1,617,135	4.6%	73,443	2.4%	144,517	4.9%	1,835,095	4.5%
2008	1,593,363	-1.5%	67,919	-7.5%	144,561	0.0%	1,805,843	-1.6%
2009	1,571,302	-1.4%	56,544	-16.7%	140,551	-2.8%	1,768,397	-2.1%
2010	1,581,272	0.6%	62,721	10.9%	147,687	5.1%	1,791,680	1.3%
2011	1,599,964	1.2%	68,039	8.5%	156,785	6.2%	1,824,788	1.8%
2012	1,612,445	0.8%	72,213	6.1%	161,599	3.1%	1,846,257	1.2%
2013	1,636,507	1.5%	79,352	9.9%	170,579	5.6%	1,886,438	2.2%

## Oregon Tax Returns and Tax Liability

### Tax Year 2013, by Type of Return

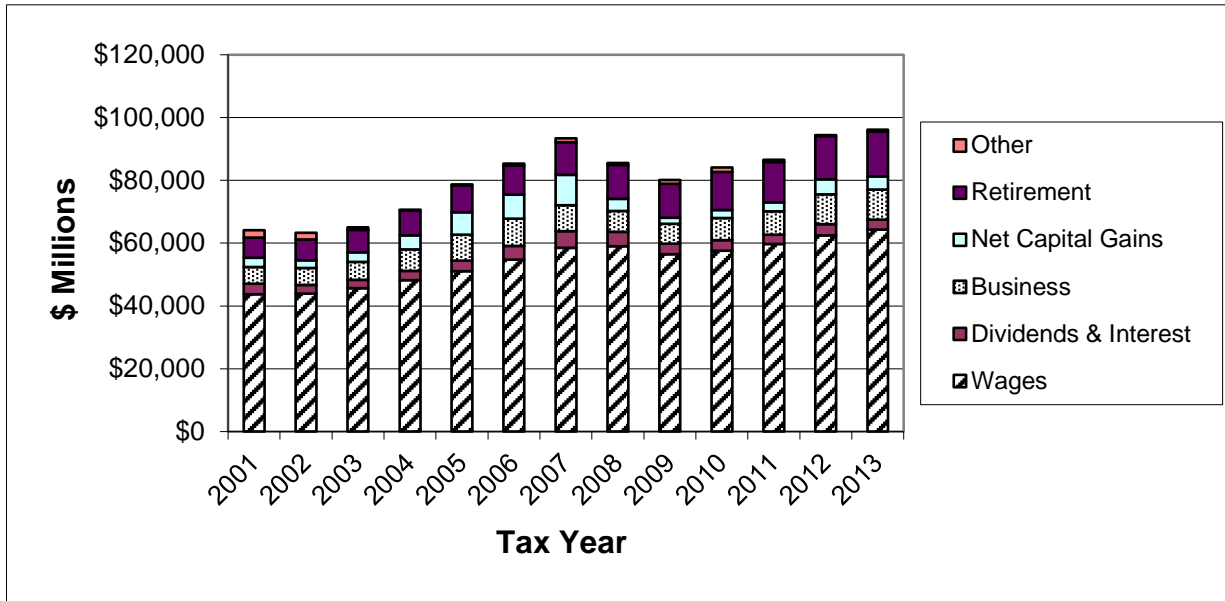


	Tax Returns		Tax Liability	
	Number	Share	Amount	Share
Full-Year	1,636,507	86.8%	\$5,457.0	92.3%
Part-Year	79,352	4.2%	\$134.0	2.3%
Non-Resident	170,579	9.0%	\$319.9	5.4%
	1,886,438	100.0%	\$5,910.9	100.0%





## Components of Income, 1990-2013 (Full-Year Returns)



	<b>Wages</b>	<b>Dividends &amp; Interest</b>	<b>Business</b>	<b>Net Capital Gains</b>	<b>Retirement</b>	<b>Other<sup>1</sup></b>	<b>Gross Income</b>
<b>1990</b>	\$22,993	\$3,023	\$2,859	\$1,183	\$2,164	\$810	\$33,031
<b>1991</b>	\$24,195	\$2,891	\$2,959	\$1,172	\$2,444	\$836	\$34,497
<b>1992</b>	\$25,867	\$2,547	\$3,503	\$1,450	\$2,654	\$971	\$36,992
<b>1993</b>	\$27,317	\$2,450	\$4,044	\$2,109	\$2,863	\$898	\$39,681
<b>1994</b>	\$29,004	\$2,418	\$4,418	\$1,970	\$3,223	\$1,014	\$42,046
<b>1995</b>	\$31,036	\$2,923	\$4,578	\$2,178	\$3,585	\$1,353	\$45,653
<b>1996</b>	\$33,546	\$3,142	\$4,936	\$2,913	\$3,944	\$1,452	\$49,934
<b>1997</b>	\$35,958	\$3,299	\$5,303	\$4,127	\$4,666	\$2,077	\$55,430
<b>1998</b>	\$38,072	\$3,336	\$5,301	\$4,747	\$5,190	\$1,839	\$58,485
<b>1999</b>	\$40,094	\$3,461	\$5,560	\$5,408	\$5,716	\$2,272	\$62,510
<b>2000</b>	\$43,294	\$3,733	\$5,370	\$5,987	\$6,304	\$2,295	\$66,983
<b>2001</b>	\$43,677	\$3,441	\$5,323	\$2,914	\$6,458	\$2,279	\$64,092
<b>2002</b>	\$43,926	\$2,724	\$5,413	\$2,494	\$6,620	\$2,136	\$63,313
<b>2003</b>	\$45,671	\$2,624	\$5,687	\$3,109	\$7,136	\$825	\$65,052
<b>2004</b>	\$48,222	\$2,949	\$6,796	\$4,502	\$7,849	\$291	\$70,609
<b>2005</b>	\$51,051	\$3,431	\$8,235	\$7,158	\$8,497	\$285	\$78,657
<b>2006</b>	\$54,698	\$4,466	\$8,579	\$7,650	\$9,330	\$570	\$85,292
<b>2007</b>	\$58,487	\$5,301	\$8,338	\$9,636	\$10,368	\$1,232	\$93,362
<b>2008</b>	\$59,050	\$4,607	\$6,586	\$3,834	\$10,822	\$663	\$85,562
<b>2009</b>	\$56,450	\$3,428	\$6,250	\$2,018	\$10,767	\$1,212	\$80,126
<b>2010</b>	\$57,545	\$3,387	\$7,076	\$2,510	\$12,121	\$1,490	\$84,129
<b>2011</b>	\$59,736	\$2,991	\$7,381	\$2,836	\$12,894	\$709	\$86,546
<b>2012</b>	\$62,466	\$3,599	\$9,440	\$4,874	\$13,755	\$226	\$94,360
<b>2013</b>	\$64,327	\$3,114	\$9,616	\$4,218	\$14,249	\$618	\$96,141

<sup>1</sup> A technical change in 2003 resulted in the majority of "other" income being assigned to the listed categories

**2013 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
Less than zero	22,069	35,582	-\$1,777,765	\$73,694	\$36,802	\$254,157	\$4,207	\$352	\$217	\$310	12,668	\$2,436	\$185
0-5	108,743	97,998	\$285,206	\$3,576	\$19,619	\$353,641	\$80,083	\$4,054	\$2,970	\$1,933	68,215	\$80,511	\$2,709
5-10	125,392	153,407	\$943,664	\$4,424	\$44,500	\$466,598	\$526,300	\$29,697	\$20,185	\$12,801	32,453	\$171,304	\$6,503
10-15	127,195	197,095	\$1,590,235	\$5,641	\$103,545	\$551,173	\$1,011,556	\$63,836	\$36,338	\$33,477	21,622	\$200,953	\$9,227
15-20	123,347	217,139	\$2,156,610	\$5,211	\$168,276	\$565,985	\$1,480,806	\$101,232	\$46,629	\$60,240	15,946	\$212,937	\$10,913
20-25	113,163	215,651	\$2,540,396	\$5,630	\$240,449	\$547,745	\$1,800,676	\$129,169	\$48,634	\$84,483	13,196	\$228,695	\$12,819
25-30	99,646	197,858	\$2,734,504	\$5,546	\$292,684	\$529,197	\$1,963,642	\$146,483	\$44,791	\$104,183	10,811	\$230,252	\$13,923
30-35	86,693	175,956	\$2,812,532	\$5,663	\$331,201	\$502,467	\$2,015,523	\$154,306	\$38,858	\$116,688	9,407	\$237,602	\$15,025
35-40	76,089	157,466	\$2,849,212	\$5,858	\$360,606	\$483,578	\$2,033,647	\$158,640	\$33,654	\$125,672	8,101	\$238,406	\$15,865
40-45	67,168	141,556	\$2,851,189	\$5,801	\$396,598	\$477,701	\$2,010,642	\$158,944	\$29,476	\$129,792	7,075	\$235,511	\$16,174
45-50	60,131	128,443	\$2,853,186	\$5,850	\$419,099	\$471,011	\$1,994,029	\$159,336	\$26,252	\$133,221	6,300	\$234,719	\$16,485
50-60	105,906	233,243	\$5,807,969	\$13,262	\$922,222	\$929,029	\$4,000,983	\$323,254	\$47,726	\$275,637	10,379	\$448,574	\$32,354
60-70	89,347	205,970	\$5,795,522	\$13,207	\$952,673	\$908,213	\$3,975,088	\$325,000	\$41,826	\$283,194	7,648	\$394,177	\$29,106
70-80	75,756	181,650	\$5,671,454	\$14,151	\$914,347	\$873,679	\$3,923,325	\$324,069	\$37,130	\$286,941	5,835	\$350,603	\$26,440
80-90	63,856	158,365	\$5,418,671	\$12,911	\$846,510	\$797,536	\$3,799,834	\$316,631	\$32,771	\$283,860	4,400	\$301,539	\$23,110
90-100	52,704	134,248	\$4,996,475	\$13,494	\$740,992	\$715,756	\$3,561,872	\$299,041	\$28,331	\$270,710	3,244	\$251,887	\$19,530
100-250	206,902	560,456	\$29,269,292	\$99,742	\$2,884,507	\$3,622,119	\$22,879,899	\$1,973,757	\$119,708	\$1,854,048	10,541	\$1,257,000	\$101,053
250-500	24,333	70,465	\$8,064,708	\$63,193	\$233,564	\$764,502	\$7,136,919	\$646,165	\$22,961	\$623,204	1,374	\$415,730	\$33,761
500 +	8,067	23,231	\$9,541,896	\$157,133	\$164,544	\$774,800	\$8,763,153	\$847,140	\$70,355	\$776,786	716	\$835,437	\$67,374
<b>Quintile Distribution</b>													
First 20%	327,297	392,234	\$261,489	\$84,960	\$151,859	\$1,374,361	\$1,114,331	\$64,988	\$41,685	\$30,696	49,988	\$20,657	\$892
Second 20%	327,294	593,090	\$6,372,618	\$14,960	\$553,150	\$1,540,929	\$4,431,932	\$310,760	\$128,869	\$195,393	49,982	\$149,747	\$5,374
Middle 20%	327,313	673,405	\$11,851,592	\$24,020	\$1,507,455	\$2,066,409	\$8,431,101	\$654,718	\$145,365	\$513,162	49,990	\$485,587	\$22,203
Fourth 20%	327,301	750,614	\$20,973,251	\$49,681	\$3,362,791	\$3,280,351	\$14,478,888	\$1,183,848	\$153,297	\$1,030,735	49,986	\$1,210,523	\$76,269
Next 15%	245,477	644,700	\$27,625,910	\$76,234	\$3,425,007	\$3,698,860	\$20,608,247	\$1,752,812	\$137,794	\$1,615,018	37,489	\$1,964,934	\$146,326
Next 4%	65,460	184,214	\$14,367,635	\$77,117	\$836,446	\$1,550,929	\$12,064,897	\$1,064,069	\$40,027	\$1,024,042	9,998	\$1,163,362	\$93,246
Top 1%	16,365	47,522	\$12,952,462	\$187,013	\$236,033	\$1,077,048	\$11,832,787	\$1,129,909	\$81,775	\$1,048,135	2,498	\$1,333,458	\$108,243
<b>Total</b>	<b>1,636,507</b>	<b>3,285,779</b>	<b>\$94,404,957</b>	<b>\$513,986</b>	<b>\$10,072,740</b>	<b>\$14,588,887</b>	<b>\$72,962,183</b>	<b>\$6,161,104</b>	<b>\$728,811</b>	<b>\$5,457,180</b>	<b>249,931</b>	<b>\$6,328,269</b>	<b>\$452,552</b>

**2013 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
Less than zero	22,069	2	-\$80,555	\$3,339	\$1,668	\$11,517	\$191	\$16	\$10	\$14	12,668	\$294	\$23
0-5	108,743	1	\$2,623	\$33	\$180	\$3,252	\$736	\$37	\$27	\$18	68,215	\$2,491	\$94
5-10	125,392	1	\$7,526	\$35	\$355	\$3,721	\$4,197	\$237	\$161	\$102	32,453	\$10,578	\$431
10-15	127,195	2	\$12,502	\$44	\$814	\$4,333	\$7,953	\$502	\$286	\$263	21,622	\$18,626	\$901
15-20	123,347	2	\$17,484	\$42	\$1,364	\$4,589	\$12,005	\$821	\$378	\$488	15,946	\$26,751	\$1,432
20-25	113,163	2	\$22,449	\$50	\$2,125	\$4,840	\$15,912	\$1,141	\$430	\$747	13,196	\$34,761	\$2,026
25-30	99,646	2	\$27,442	\$56	\$2,937	\$5,311	\$19,706	\$1,470	\$450	\$1,046	10,811	\$42,752	\$2,672
30-35	86,693	2	\$32,442	\$65	\$3,820	\$5,796	\$23,249	\$1,780	\$448	\$1,346	9,407	\$50,692	\$3,306
35-40	76,089	2	\$37,446	\$77	\$4,739	\$6,355	\$26,727	\$2,085	\$442	\$1,652	8,101	\$59,117	\$4,038
40-45	67,168	2	\$42,449	\$86	\$5,905	\$7,112	\$29,935	\$2,366	\$439	\$1,932	7,075	\$66,901	\$4,698
45-50	60,131	2	\$47,450	\$97	\$6,970	\$7,833	\$33,161	\$2,650	\$437	\$2,216	6,300	\$75,028	\$5,397
50-60	105,906	2	\$54,841	\$125	\$8,708	\$8,772	\$37,779	\$3,052	\$451	\$2,603	10,379	\$87,231	\$6,409
60-70	89,347	2	\$64,865	\$148	\$10,663	\$10,165	\$44,490	\$3,638	\$468	\$3,170	7,648	\$104,127	\$7,837
70-80	75,756	2	\$74,865	\$187	\$12,070	\$11,533	\$51,789	\$4,278	\$490	\$3,788	5,835	\$121,342	\$9,321
80-90	63,856	3	\$84,858	\$202	\$13,257	\$12,490	\$59,506	\$4,959	\$513	\$4,445	4,400	\$138,230	\$10,740
90-100	52,704	3	\$94,803	\$256	\$14,060	\$13,581	\$67,583	\$5,674	\$538	\$5,136	3,244	\$157,393	\$12,402
100-250	206,902	3	\$141,465	\$482	\$13,941	\$17,506	\$110,583	\$9,540	\$579	\$8,961	10,541	\$241,555	\$19,746
250-500	24,333	3	\$331,431	\$2,597	\$9,599	\$31,418	\$293,302	\$26,555	\$944	\$25,612	1,374	\$606,539	\$50,781
500 +	8,067	3	\$1,182,831	\$19,479	\$20,397	\$96,046	\$1,086,296	\$105,013	\$8,721	\$96,292	716	\$2,323,040	\$195,937
<b>Quintile Distribution</b>													
First 20%	327,297	1.2	\$799	\$260	\$464	\$4,199	\$3,405	\$199	\$127	\$94	49,988	\$1,045	\$46
Second 20%	327,294	1.8	\$19,471	\$46	\$1,690	\$4,708	\$13,541	\$950	\$394	\$597	49,982	\$6,680	\$268
Middle 20%	327,313	2.1	\$36,209	\$73	\$4,606	\$6,313	\$25,759	\$2,000	\$444	\$1,568	49,990	\$19,473	\$961
Fourth 20%	327,301	2.3	\$64,079	\$152	\$10,274	\$10,022	\$44,237	\$3,617	\$468	\$3,149	49,986	\$46,517	\$2,988
Next 15%	245,477	2.6	\$112,540	\$311	\$13,953	\$15,068	\$83,952	\$7,140	\$561	\$6,579	37,489	\$101,827	\$7,647
Next 4%	65,460	2.8	\$219,487	\$1,178	\$12,778	\$23,693	\$184,310	\$16,255	\$612	\$15,644	9,998	\$228,938	\$18,547
Top 1%	16,365	2.9	\$791,473	\$11,428	\$14,423	\$65,814	\$723,055	\$69,044	\$4,997	\$64,047	2,498	\$993,467	\$82,355
<b>Total</b>	<b>1,636,507</b>	<b>2</b>	<b>\$57,687</b>	<b>\$314</b>	<b>\$6,155</b>	<b>\$8,915</b>	<b>\$44,584</b>	<b>\$3,765</b>	<b>\$445</b>	<b>\$3,335</b>	<b>249,931</b>	<b>\$49,104</b>	<b>\$3,565</b>

## 2013 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 <sup>1</sup>	Schedule F Income/Loss	All Other Income <sup>2</sup>	Gross Income	Adjustments	Adjusted Gross Income
Less than zero	22,069	\$140,492	\$90,025	-\$78,846	\$38,583	\$73,072	-\$366,018	-\$64,490	-\$1,575,452	-\$1,742,634	\$35,130	-\$1,777,764
0-5	108,743	\$234,062	\$22,110	\$26,630	-\$4,489	\$38,066	-\$5,068	-\$4,086	-\$1,154	\$306,071	\$20,865	\$285,206
5-10	125,392	\$663,519	\$40,007	\$79,315	\$3,815	\$131,643	\$5,842	-\$4,464	\$55,812	\$975,489	\$31,825	\$943,664
10-15	127,195	\$1,075,900	\$51,896	\$126,823	\$7,413	\$253,635	\$16,815	-\$3,996	\$96,440	\$1,624,925	\$34,691	\$1,590,235
15-20	123,347	\$1,558,907	\$52,502	\$127,593	\$12,952	\$306,842	\$18,354	-\$4,996	\$123,223	\$2,195,376	\$38,767	\$2,156,610
20-25	113,163	\$1,917,960	\$48,717	\$119,747	\$14,682	\$336,542	\$19,904	-\$6,004	\$130,316	\$2,581,864	\$41,468	\$2,540,396
25-30	99,646	\$2,082,328	\$49,448	\$108,850	\$19,564	\$369,010	\$22,726	-\$5,759	\$131,000	\$2,777,167	\$42,663	\$2,734,504
30-35	86,693	\$2,145,866	\$49,072	\$108,658	\$19,038	\$391,099	\$24,935	-\$4,818	\$123,599	\$2,857,451	\$44,919	\$2,812,532
35-40	76,089	\$2,172,265	\$49,148	\$99,666	\$21,846	\$412,711	\$27,869	-\$7,071	\$118,408	\$2,894,841	\$45,629	\$2,849,212
40-45	67,168	\$2,147,991	\$50,508	\$97,131	\$24,754	\$441,239	\$31,934	-\$6,249	\$110,198	\$2,897,506	\$46,317	\$2,851,189
45-50	60,131	\$2,123,099	\$51,838	\$88,771	\$26,975	\$471,508	\$33,239	-\$5,850	\$109,145	\$2,898,725	\$45,539	\$2,853,186
50-60	105,906	\$4,209,381	\$114,228	\$176,007	\$62,143	\$1,067,912	\$83,263	-\$12,230	\$200,777	\$5,901,482	\$93,512	\$5,807,969
60-70	89,347	\$4,141,749	\$111,683	\$169,041	\$66,639	\$1,133,697	\$92,780	-\$6,937	\$175,396	\$5,884,047	\$88,525	\$5,795,522
70-80	75,756	\$4,025,420	\$111,322	\$156,994	\$74,403	\$1,139,703	\$101,001	-\$8,401	\$152,534	\$5,752,974	\$81,520	\$5,671,454
80-90	63,856	\$3,834,447	\$108,481	\$140,394	\$84,030	\$1,102,195	\$106,737	-\$9,462	\$125,889	\$5,492,711	\$74,040	\$5,418,671
90-100	52,704	\$3,502,239	\$103,821	\$137,486	\$87,073	\$1,021,773	\$117,510	-\$7,139	\$105,251	\$5,068,013	\$71,538	\$4,996,475
100-250	206,902	\$20,122,216	\$795,521	\$1,016,811	\$987,179	\$4,770,424	\$1,620,835	-\$13,860	\$472,338	\$29,771,463	\$502,171	\$29,269,292
250-500	24,333	\$4,777,001	\$361,771	\$427,443	\$660,586	\$601,719	\$1,348,160	\$869	\$93,952	\$8,271,502	\$206,793	\$8,064,708
500 +	8,067	\$3,451,908	\$851,550	\$252,923	\$1,940,500	\$185,972	\$2,933,973	-\$3,226	\$118,725	\$9,732,324	\$190,428	\$9,541,896
<b>Quintile Distribution</b>												
First 20%	327,297	\$1,583,297	\$180,846	\$90,276	\$41,289	\$373,545	-\$356,098	-\$75,666	-\$1,469,615	\$367,875	\$106,386	\$261,489
Second 20%	327,294	\$4,688,133	\$140,787	\$346,213	\$38,183	\$886,981	\$52,129	-\$14,307	\$344,671	\$6,482,790	\$110,172	\$6,372,618
Middle 20%	327,313	\$8,986,701	\$208,768	\$426,238	\$93,512	\$1,737,678	\$118,264	-\$24,663	\$494,855	\$12,041,354	\$189,762	\$11,851,592
Fourth 20%	327,301	\$15,039,078	\$408,601	\$602,810	\$250,435	\$4,048,232	\$338,877	-\$35,557	\$637,678	\$21,290,155	\$316,904	\$20,973,251
Next 15%	245,477	\$19,396,024	\$631,939	\$813,000	\$643,739	\$5,143,793	\$941,444	-\$27,987	\$505,217	\$28,047,169	\$421,259	\$27,625,910
Next 4%	65,460	\$9,245,390	\$526,817	\$670,201	\$828,745	\$1,676,089	\$1,535,130	\$1,856	\$196,912	\$14,681,141	\$313,506	\$14,367,635
Top 1%	16,365	\$5,388,125	\$1,015,888	\$432,696	\$2,251,782	\$382,440	\$3,605,046	-\$1,843	\$156,679	\$13,230,813	\$278,351	\$12,952,462
<b>Total</b>	<b>1,636,507</b>	<b>\$64,326,748</b>	<b>\$3,113,647</b>	<b>\$3,381,435</b>	<b>\$4,147,685</b>	<b>\$14,248,759</b>	<b>\$6,234,793</b>	<b>-\$178,168</b>	<b>\$866,398</b>	<b>\$96,141,296</b>	<b>\$1,736,339</b>	<b>\$94,404,957</b>

<sup>1</sup>Schedule E includes income from: rental real estate, royalties, partnerships, S corporations, and trusts.

<sup>2</sup>All other includes income from: taxable state income tax refunds, alimony received, unemployment compensation, and other income.

## Corporate Income and Excise Taxes

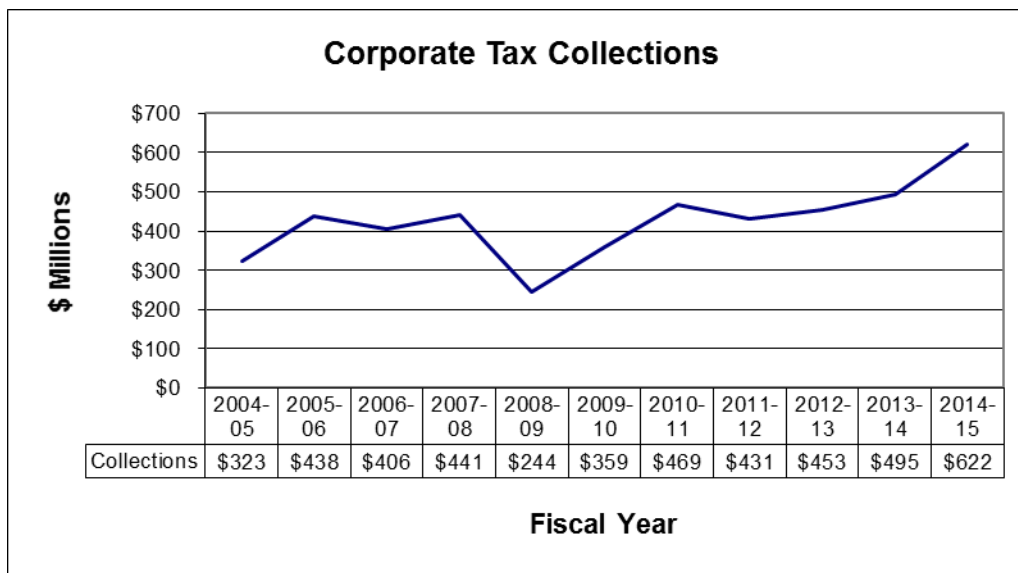
Historically, C-Corporation net income attributable to Oregon has been taxed under the corporate excise tax at the rate of 6.6%. In January 2010, voters passed Measure 67 which, in part, increased the minimum tax on C-corporations and added another tax bracket for income above \$250,000. For tax years 2009 and 2010, the top rate was 7.9%. For 2011 and 2012, the top rate fell to 7.6%. Beginning in 2013, the top rate of 7.6% had been scheduled to apply only to income above \$10 million; however, during the 2013 Special Session, the Legislature changed the tax bracket so that it applies to taxable income above \$1 million. The tables below show the tax brackets for 2015 and the minimum tax. Also in 2013, the Oregon Tax Court ruled that tax credits may be applied to the minimum tax. So, conceptually, the minimum tax is better described as a “Minimum Gross Tax”.

### 2015 TAX YEAR RATE SCHEDULE

C-Corporations	
Taxable Income	Tax Before Credits
Not over \$1M	6.6% of taxable income
Over \$1M	\$66,000 + 7.6% of income over \$1M

The corporate excise tax is the second largest tax source for the state General Fund. The corporate tax revenue is projected to provide 6.1% of General Fund revenue in the 2015-17 biennium. (It was 6.9% of the total General Fund revenues in the 2013-15 biennium.) Oregon uses federal taxable income, with some modifications, as its tax base. The following chart shows the corporate tax collections since fiscal year 2004-05.

C-Corporate Minimum Gross Tax	
Oregon Sales (\$)	MGT
< \$500,000	\$150
\$500,000 to \$1 Million	\$500
\$1 Million to \$2 Million	\$1,000
\$2 Million to \$3 Million	\$1,500
\$3 Million to \$5 Million	\$2,000
\$5 Million to \$7 Million	\$4,000
\$7 Million to \$10 Million	\$7,500
\$10 Million to \$25 Million	\$15,000
\$25 Million to \$50 Million	\$30,000
\$50 Million to \$75 Million	\$50,000
\$75 Million to \$100 Million	\$75,000
\$100 Million or more	\$100,000



Corporations pay taxes only on income attributable to Oregon. For multi-state C-corporations, a three-factor formula using property, payroll and sales had been historically used to apportion income to Oregon. Over the past 20 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.<sup>1</sup> The following table contains the corporate apportionment formula weights for each factor and their effective dates.

### Apportionment Formula Weights

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 that do business only in Oregon and those that do business in multiple states. In 2012, the total number of Oregon only corporate returns was 16,429 (55% of all 29,977 C-corporations) and the total number of multi-state corporations was 13,548 (45% of all 29,977 C-corporations). The total taxable income of multi-state corporations was \$6.0 billion (94% of total taxable income) and total taxable income of Oregon only corporations was \$0.4 billion (6% of total taxable income). Page C22 illustrates the trends in the Oregon only and multi-state corporations between 2002 and 2012. During this time period, the number of Oregon only corporations has declined by 33% while the number of multi-state corporations has increased by 11%.

S-corporations do not generally pay tax at the entity level, but are required to file a corporate tax return. Just over 59,000 S-corporations currently file tax returns, with the vast majority (97.3%) paying the minimum tax. The remaining 2.7% of S-corporations have a tax liability greater than the minimum due to built-in capital gains or net excess passive income.

### **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.<sup>2</sup> Here are some major changes, excluding changes to tax deductions and credits, in the income and excise corporate tax law since its enactment:

1929            The legislature passed a law titled the Corporate Excise of 1929 which enacted a corporate excise tax on corporations doing business within the state of Oregon. The tax rate was set at 5%, with a few corporations being exempt. The corporate minimum tax was set at \$25. The excise tax was measured by net income in order to circumvent the federal prohibition against taxation of income from federal securities. Because the tax was designed to furnish property tax relief and also be a state tax imposed upon national banks, corporations were allowed to offset 90% of their tax

<sup>1</sup> The two exceptions are that utilities & telecommunications corporations may elect to use the double-weighted sales formula and interstate broadcasters apportion their income based on their Oregon domiciled customers.

<sup>2</sup> Handbook Of Oregon State Taxes, Oregon Tax Foundation, May 1983

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%.
- 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 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 tied to the Internal Revenue Code as amended on or before Dec. 31, 1986. Reduced the corporate tax rate from 7.5% to 6.6% beginning Jan. 1, 1987.
- 1989 Corporate excise tax law 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" 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 exterritorial 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.

2007 New compliance measures were passed pertaining to the use of listed and reportable transactions. The apportionment formula for insurance companies was changed to a single sales factor. A variety of tax credits were either created or modified, including a credit for donations to university venture development funds or the Oregon Production Investment Fund; biofuels producer credit; the business energy credit; diesel truck engine credits; and affordable housing loans credit. A one-time small corporation tax credit was created for tax year 2007. Withholding was established for certain C-corporations that sell Oregon real property.

2008 Clarifying language was added to the ORS for the business energy tax credit, and the withholding requirement for certain C-corporations that sell Oregon real property. The cap on the affordable housing credit was increased to \$17 million.

2009 Sunset dates were placed on nearly all income tax credits; they were organized into three groups according to broad policy objectives.

Federal conformity was updated to May 1, 2009, except for provisions relating to bonus depreciation, the discharge of indebtedness, and Section 179 expensing. Re-establishes the rolling reconnect on January 1, 2011.

The Assembly passed HB 3505 which added a second tax bracket for taxable income above \$250,000. For tax years 2009 and 2010, the top rate is 7.9%; for tax years 2011 and 2012, the top tax rate is 7.6%. Beginning with tax year 2013, the top rate of 7.6% applies only to income exceeding \$10 million. The C-corporation minimum tax was changed from a flat \$10 to an amount ranging between \$150 and \$100,000, depending on the level of Oregon sales. After the Governor signed the bill citizens referred it to the ballot for a special election in January 2010. Voters approved Measure 67, gathering 53% of ‘yes’ votes.

2010 Federal conformity was updated to December 31, 2009.

A number of changes were made to the Business Energy Tax Credit, including a limit to the amount of certifications for the renewable and manufacturing portions of the

program, a reduction in the subsidies for wind projects, an extension to six years for the time period over which renewable projects of more than \$10 million may take the credit, and the addition of battery and electric vehicle manufacturers to the manufacturing credit. The sunset for renewable and conservation projects is extended to July 1, 2012 and is based on final certification. The sunset for manufacturing projects is extended to January 1, 2014 and is based on preliminary certification.

2011

Federal conformity was updated to December 31, 2010.

Several tax credits were extended, including credits for biomass, fire insurance, E-commerce zones, long-term rural enterprise zone, research activities, film & video, fish screening, and affordable housing. The Business Energy Tax Credit was allowed to sunset and was replaced by separate credits for manufacturing, renewable energy, conservation, and transportation projects. The structure of the manufacturing credit was not changed, but the other three credits are continued with a much smaller magnitude.

A new credit was created for qualified equity investments in low-income areas.

The definition of Oregon Sales was changed to reduce the impact of the corporate minimum tax on agricultural co-operatives.

2012

Federal conformity was updated to December 31, 2011.

The Legislature granted the Governor authority for one year (2013) to enter into contracts with businesses that meet certain investment requirements. In return for making such investments, the Governor is authorized to enter into a contact that guarantees use of the single sales factor apportionment for a period of between five and 30 years.

2013

*Regular Session:*

Federal conformity was updated to January 3, 2013.

Clarified existing law by withdrawing from the provisions of the Multi-State Tax Compact pertaining to apportionment.

Corporations that include a member that is incorporated in certain countries considered to be a tax haven are required to include the net income from those countries on their Oregon tax return.

*Special Session:*

Modifies the tax brackets by applying the top tax rate of 7.6% to taxable income above \$1 million.

Recognize IC-DISCS in tax law and allow a subtraction for dividend payments made and establish a 2.5% tax on such IC-DISCs.

2014

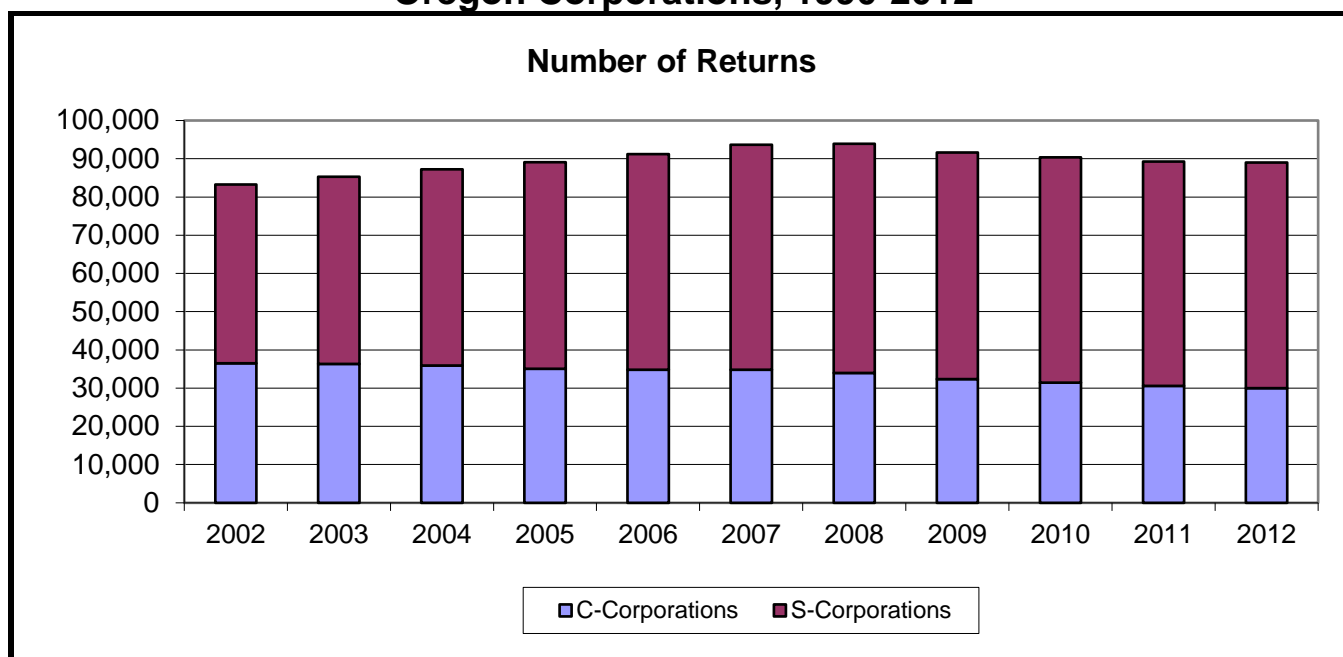
Federal conformity was updated to December 31, 2013.

The basis for the corporate apportionment of business income for interstate broadcasters was changed from viewing audience to gross receipts from Oregon domiciled customers. Applies to tax years 2014 through 2016.

2015

Federal conformity was updated to December 31, 2014.

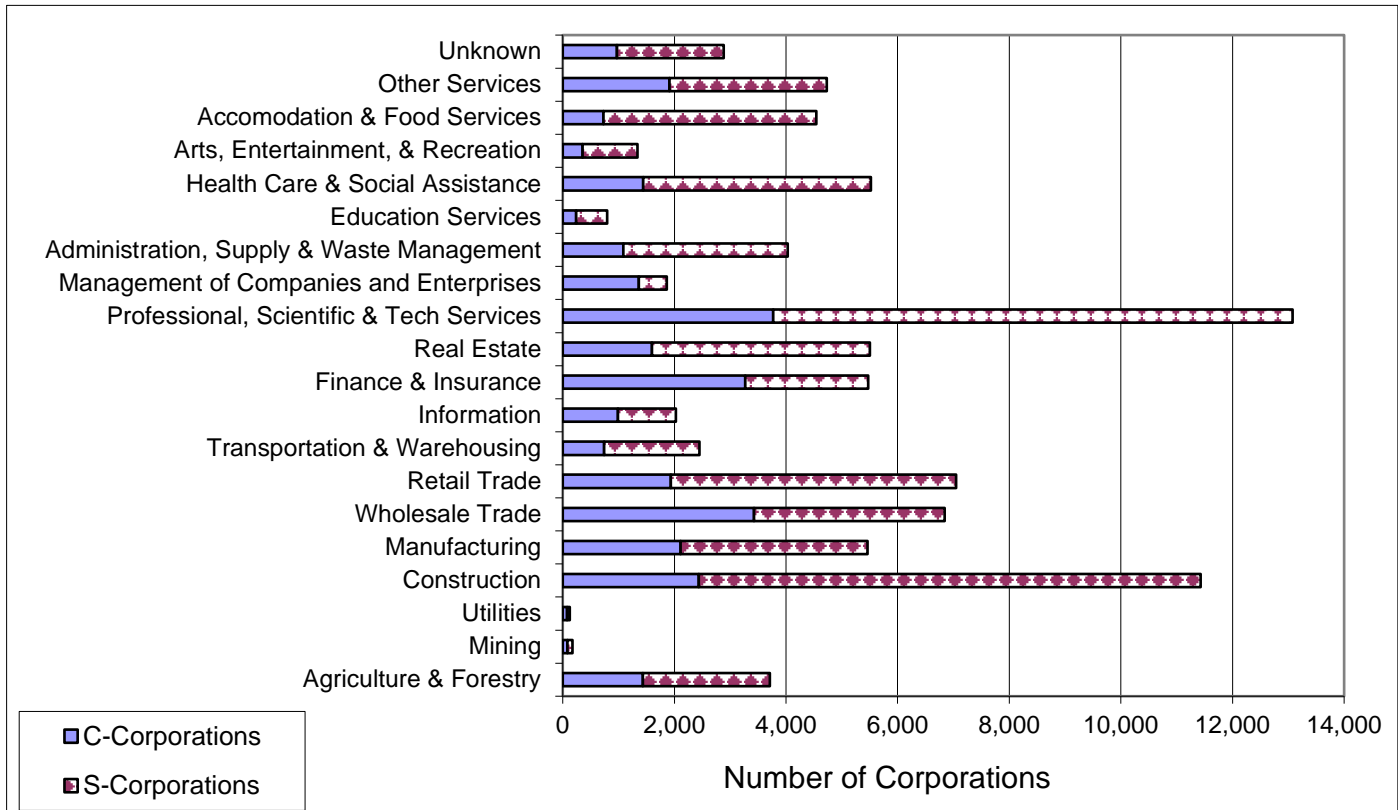
## Oregon Corporations, 1990-2012



	C-Corporations		S-Corporations		Total	
	Returns	% Change	Returns	% Change	Returns	% Change
1990	35,510		18,437		53,947	
1991	35,200	-0.9%	21,090	14.4%	56,290	4.3%
1992	35,660	1.3%	23,731	12.5%	59,391	5.5%
1993	36,879	3.4%	26,751	12.7%	63,630	7.1%
1994	38,344	4.0%	29,752	11.2%	68,096	7.0%
1995	39,496	3.0%	32,689	9.9%	72,185	6.0%
1996	38,867	-1.6%	35,337	8.1%	74,204	2.8%
1997	38,627	-0.6%	37,711	6.7%	76,338	2.9%
1998	39,740	2.9%	40,571	7.6%	80,311	5.2%
1999	38,930	-2.0%	42,153	3.9%	81,083	1.0%
2000	38,410	-1.3%	44,047	4.5%	82,457	1.7%
2001	37,458	-2.5%	45,179	2.6%	82,637	0.2%
2002	36,527	-2.5%	46,744	3.5%	83,271	0.8%
2003	36,294	-0.6%	48,993	4.8%	85,287	2.4%
2004	35,880	-1.1%	51,385	4.9%	87,265	2.3%
2005	35,076	-2.2%	54,047	5.2%	89,123	2.1%
2006	34,799	-0.8%	56,432	4.4%	91,231	2.4%
2007	34,841	0.1%	58,791	4.2%	93,632	2.6%
2008	34,001	-2.4%	59,916	1.9%	93,917	0.3%
2009	32,365	-4.8%	59,305	-1.0%	91,670	-2.4%
2010	31,458	-2.8%	58,872	-0.7%	90,330	-1.5%
2011	30,568	-2.8%	58,682	-0.3%	89,250	-1.2%
2012	29,977	-1.9%	59,065	0.7%	89,042	-0.2%

## Corporation Filers by Industry, Tax Year 2012

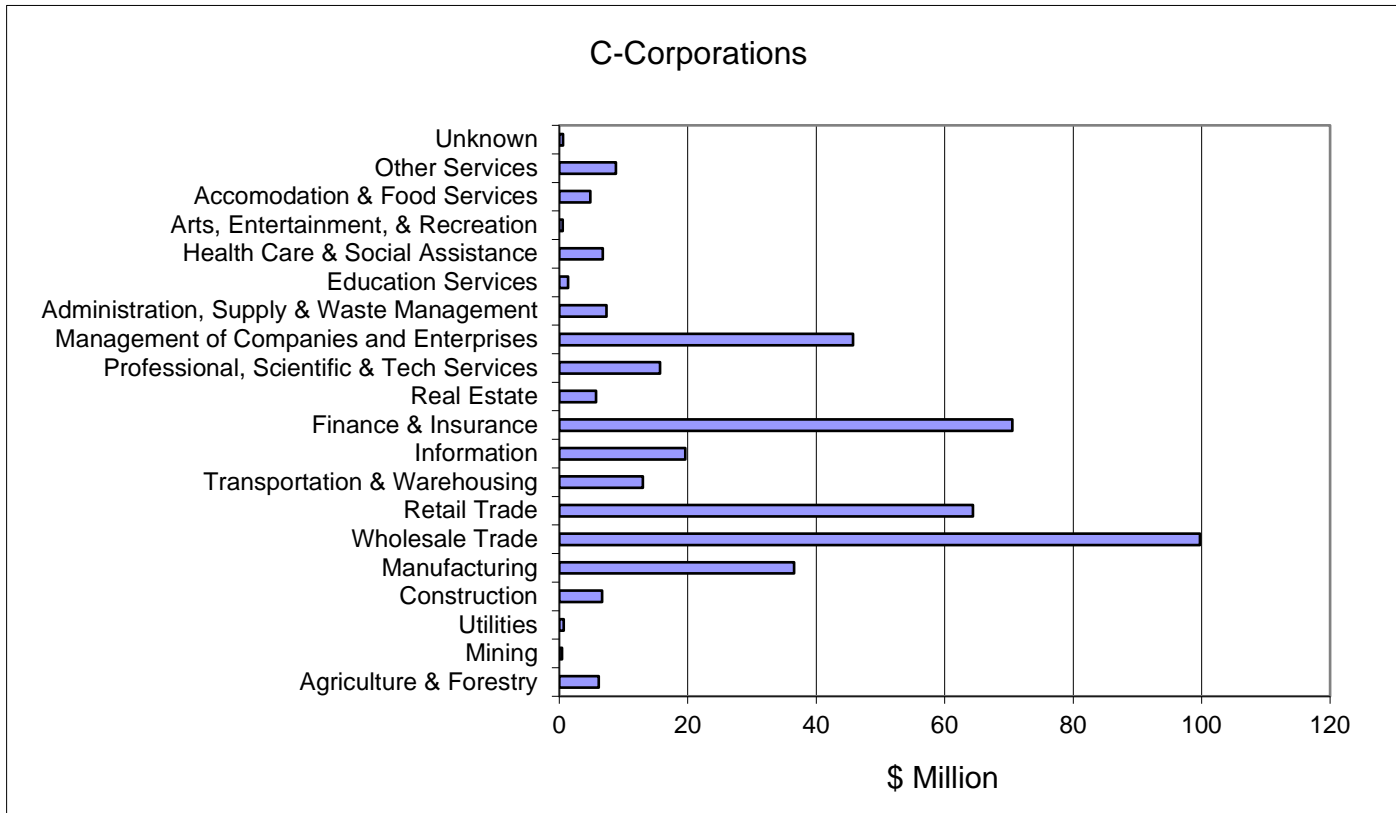
Industry	C-Corporations	S-Corporations
Agriculture & Forestry	1,433	2,279
Mining	84	93
Utilities	77	49
Construction	2,440	8,989
Manufacturing	2,111	3,349
Wholesale Trade	3,427	3,414
Retail Trade	1,939	5,107
Transportation & Warehousing	742	1,710
Information	986	1,042
Finance & Insurance	3,271	2,201
Real Estate	1,600	3,903
Professional, Scientific & Tech Services	3,768	9,309
Management of Companies and Enterprises	1,365	501
Administration, Supply & Waste Management	1,083	2,949
Education Services	239	556
Health Care & Social Assistance	1,442	4,079
Arts, Entertainment, & Recreation	358	983
Accomodation & Food Services	729	3,817
Other Services	1,910	2,822
Unknown	973	1,908
<b>Total</b>	<b>29,977</b>	<b>59,060</b>



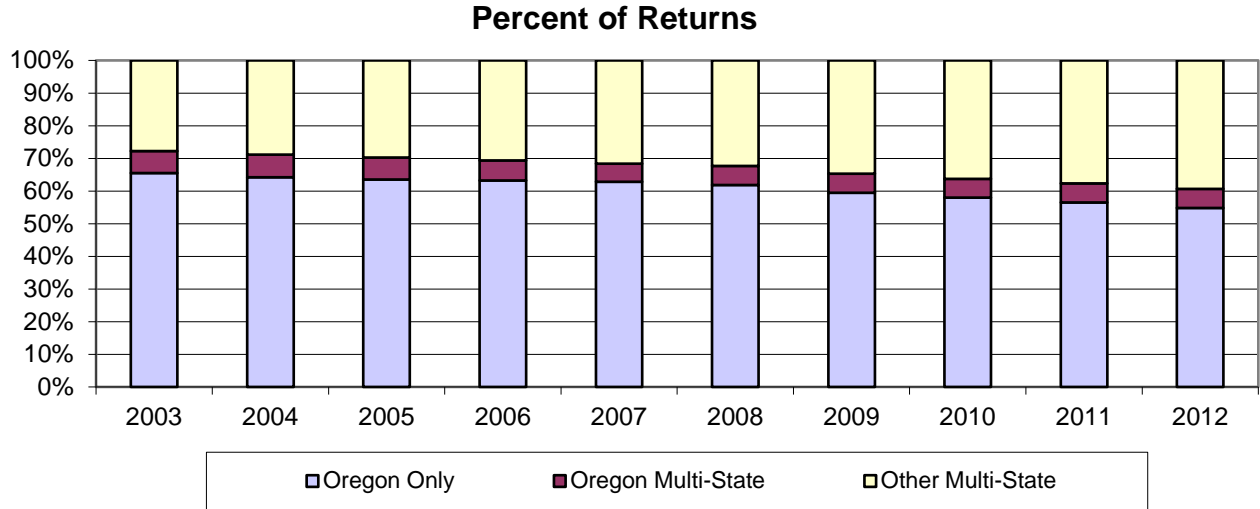
## Corporation Net Tax by Industry, Tax Year 2012

(Thousands of Dollars)

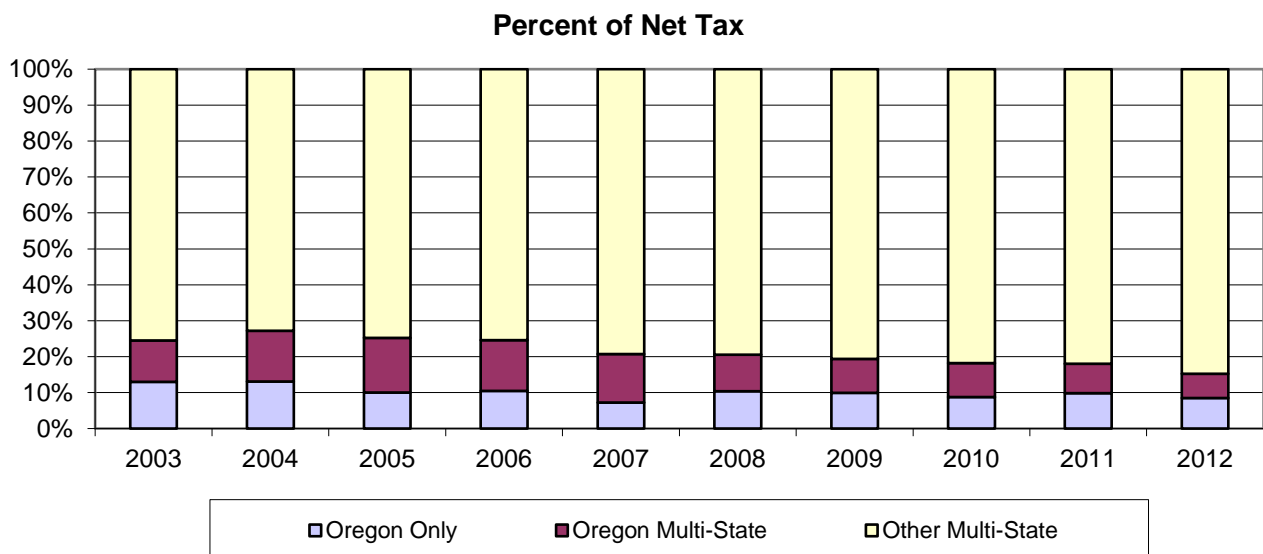
Industry	C-Corporations	S-Corporations
Agriculture & Forestry	\$6,164	\$370
Mining	\$435	\$14
Utilities	\$679	\$7
Construction	\$6,673	\$1,427
Manufacturing	\$36,556	\$751
Wholesale Trade	\$99,719	\$898
Retail Trade	\$64,383	\$1,139
Transportation & Warehousing	\$13,027	\$250
Information	\$19,614	\$155
Finance & Insurance	\$70,512	\$336
Real Estate	\$5,707	\$598
Professional, Scientific & Tech Services	\$15,670	\$1,559
Management of Companies and Enterprises	\$45,726	\$81
Administration, Supply & Waste Management	\$7,355	\$434
Education Services	\$1,357	\$88
Health Care & Social Assistance	\$6,754	\$656
Arts, Entertainment, & Recreation	\$510	\$141
Accomodation & Food Services	\$4,819	\$596
Other Services	\$8,832	\$439
Unknown	\$605	\$281
<b>Total</b>	<b>\$415,095</b>	<b>\$10,223</b>



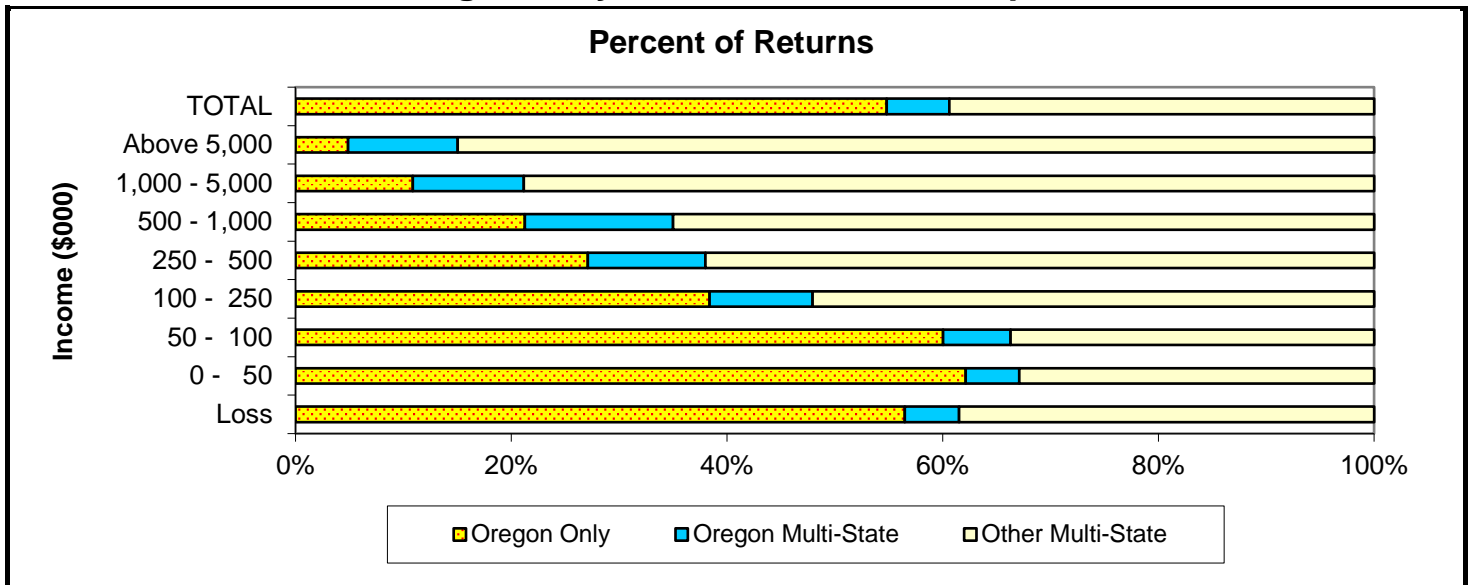
## Oregon Only and Multi-State C-Corporations, 2002-2012



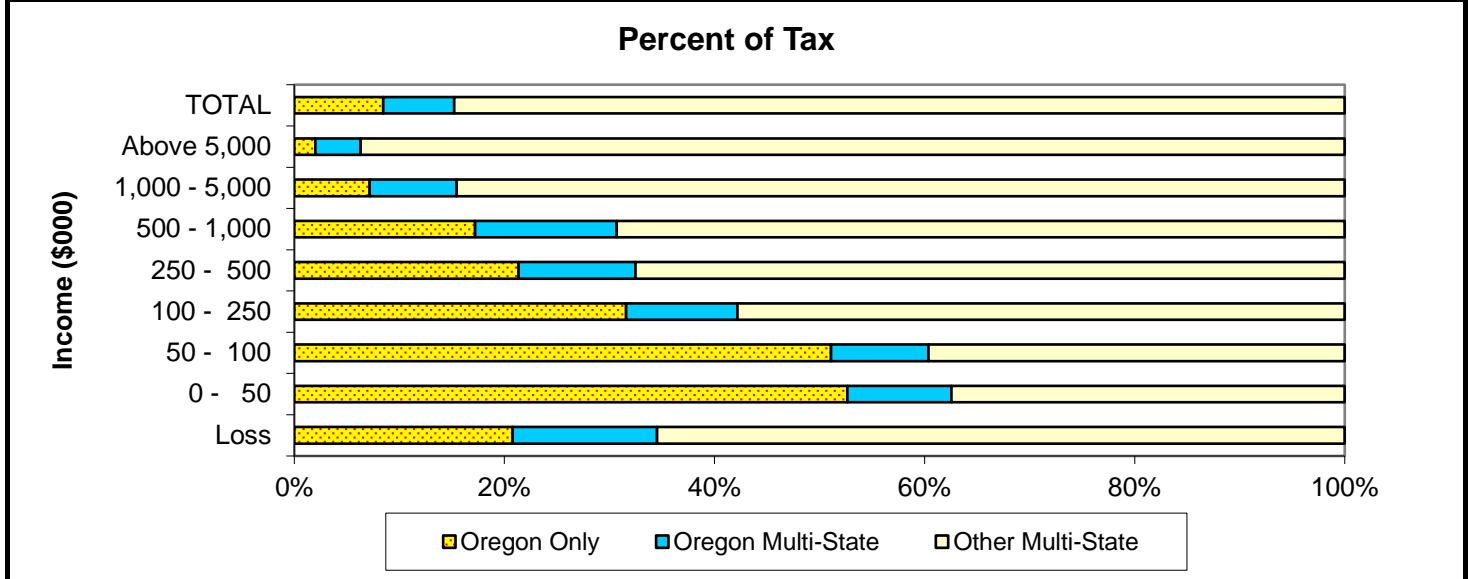
	Number of C-Corporation Returns				Net Tax (\$ Million)			
	OREGON ONLY	OREGON MULTI-STATE	OTHER MULTI-STATE	TOTAL	OREGON ONLY	OREGON MULTI-STATE	OTHER MULTI-STATE	TOTAL
2002	24,347	2,257	9,923	36,527	\$38.7	\$41.3	\$156.0	\$236.0
2003	23,763	2,463	10,068	36,294	\$39.5	\$34.9	\$229.4	\$303.8
2004	23,025	2,489	10,366	35,880	\$43.7	\$47.4	\$243.9	\$335.0
2005	22,273	2,356	10,447	35,076	\$29.9	\$45.1	\$222.6	\$297.6
2006	21,998	2,157	10,644	34,799	\$48.2	\$65.2	\$347.9	\$461.3
2007	21,882	1,951	11,008	34,841	\$31.1	\$57.8	\$339.7	\$428.7
2008	21,037	1,982	10,982	34,001	\$31.0	\$30.6	\$238.0	\$299.6
2009	19,237	1,888	11,240	32,365	\$38.7	\$37.1	\$314.6	\$390.5
2010	18,237	1,809	11,412	31,458	\$37.4	\$40.1	\$348.7	\$426.2
2011	17,266	1,782	11,520	30,568	\$35.2	\$29.2	\$292.5	\$356.9
2012	16,429	1,739	11,809	29,977	\$35.2	\$28.0	\$351.9	\$415.1



## 2012 Oregon Only and Multi-State C-Corporations



Income Before Net Loss (\$000)	Number of Returns				Oregon Tax (\$M)			
	OREGON ONLY	OREGON MULTI-STATE	OTHER MULTI-STATE	TOTAL	OREGON ONLY	OREGON MULTI-STATE	OTHER MULTI-STATE	TOTAL
Loss	7,782	694	5,300	13,776	\$4.2	\$2.8	\$13.4	\$20.4
0 - 50	6,655	533	3,522	10,710	\$5.1	\$1.0	\$3.7	\$9.8
50 - 100	988	103	555	1,646	\$3.4	\$0.6	\$2.7	\$6.7
100 - 250	582	145	789	1,516	\$4.2	\$1.4	\$7.6	\$13.2
250 - 500	209	84	478	771	\$3.2	\$1.6	\$10.0	\$14.8
500 - 1,000	122	79	373	574	\$3.8	\$2.9	\$15.1	\$21.8
1,000 - 5,000	78	74	566	718	\$6.5	\$7.5	\$76.6	\$90.6
Above 5,000	13	27	226	266	\$4.8	\$10.2	\$222.9	\$237.9
<b>TOTAL</b>	<b>16,429</b>	<b>1,739</b>	<b>11,809</b>	<b>29,977</b>	<b>\$35.2</b>	<b>\$28.0</b>	<b>\$351.9</b>	<b>\$415.1</b>



**C-Corporations Affected by the Minimum Tax or Tax Rates**  
Tax Year 2012

Oregon Sales	Affected by the Minimum Tax			Affected by the Tax Rates		All Returns	
	Minimum Tax	Returns	Net Tax	Returns	Net Tax	Returns	Net Tax
< \$500,000	\$150	14,179	\$2.1	4,087	\$6.9	18,266	\$9.0
\$500,000 to \$1 Million	\$500	2,084	\$1.0	1,022	\$4.6	3,106	\$5.7
\$1 to \$2 Million	\$1,000	1,690	\$1.7	876	\$7.1	2,566	\$8.7
\$2 to \$3 Million	\$1,500	824	\$1.2	460	\$6.1	1,284	\$7.2
\$3 to \$5 Million	\$2,000	812	\$1.6	539	\$10.2	1,351	\$11.8
\$5 to \$7 Million	\$4,000	397	\$1.5	269	\$9.0	666	\$10.5
\$7 to \$10 Million	\$7,500	422	\$2.9	237	\$12.2	659	\$15.0
\$10 to \$25 Million	\$15,000	669	\$9.3	414	\$44.4	1,083	\$53.7
\$25 to \$50 Million	\$30,000	257	\$6.4	198	\$42.9	455	\$49.3
\$50 to \$75 Million	\$50,000	100	\$4.0	73	\$23.3	173	\$27.3
\$75 to \$100 Million	\$75,000	40	\$2.2	46	\$22.0	86	\$24.2
> \$100 Million	\$100,000	154	\$10.7	128	\$181.9	282	\$192.7
<b>Total</b>		<b>21,628</b>	<b>\$44.6</b>	<b>8,349</b>	<b>\$370.5</b>	<b>29,977</b>	<b>\$415.1</b>

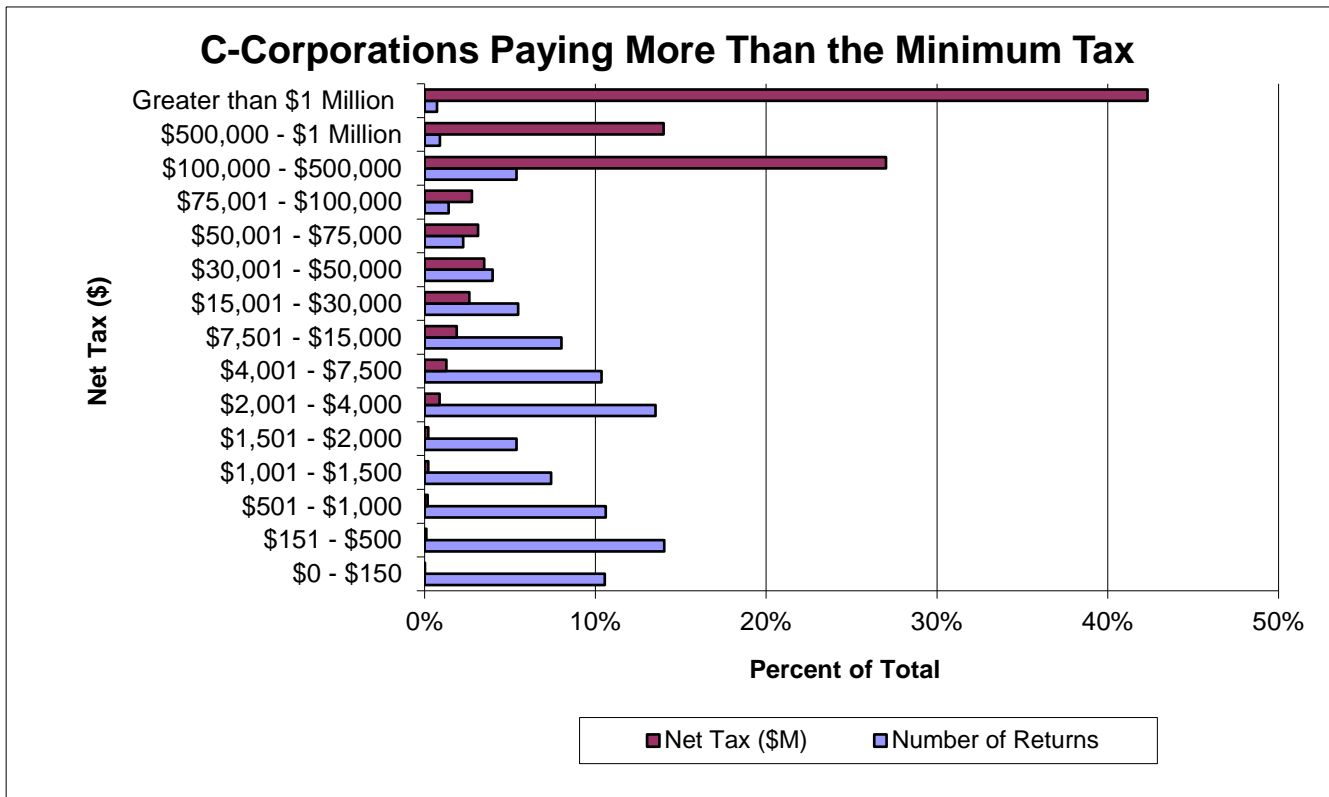
Industry Sector	Affected by the Minimum Tax		Affected by the Tax Rates		All Returns	
	Returns	Net Tax	Returns	Net Tax	Returns	Net Tax
Agriculture & Forestry	1,018	\$1.0	415	\$5.1	1,433	\$6.2
Mining	69	\$0.1	15	\$0.3	84	\$0.4
Utilities	58	\$0.2	19	\$0.4	77	\$0.7
Construction	1,985	\$2.1	455	\$4.5	2,440	\$6.7
Manufacturing	1,484	\$5.0	627	\$31.6	2,111	\$36.6
Wholesale Trade	2,218	\$8.3	1,209	\$91.4	3,427	\$99.7
Retail Trade	1,453	\$4.8	486	\$59.6	1,939	\$64.4
Transportation & Warehousing	532	\$1.5	210	\$11.6	742	\$13.0
Information	795	\$1.8	191	\$17.9	986	\$19.6
Finance & Insurance	1,961	\$5.8	1,310	\$64.7	3,271	\$70.5
Real Estate	1,155	\$1.7	445	\$4.0	1,600	\$5.7
Professional, Scientific & Tech Services	2,913	\$2.4	855	\$13.2	3,768	\$15.7
Management of Companies and Enterprises	916	\$4.3	449	\$41.4	1,365	\$45.7
Administration, Supply & Waste Management	785	\$1.0	298	\$6.4	1,083	\$7.4
Education Services	160	\$0.2	79	\$1.2	239	\$1.4
Health Care & Social Assistance	1,207	\$2.5	235	\$4.3	1,442	\$6.8
Arts, Entertainment, & Recreation	285	\$0.2	73	\$0.3	358	\$0.5
Accommodation & Food Services	541	\$1.0	188	\$3.8	729	\$4.8
Other Services	1,366	\$0.5	544	\$8.3	1,910	\$8.8
Unknown	727	\$0.2	246	\$0.4	973	\$0.6
<b>Total</b>	<b>21,628</b>	<b>\$44.6</b>	<b>8,349</b>	<b>\$370.5</b>	<b>29,977</b>	<b>\$415.1</b>



## Corporations Paying More than the Minimum Tax\*

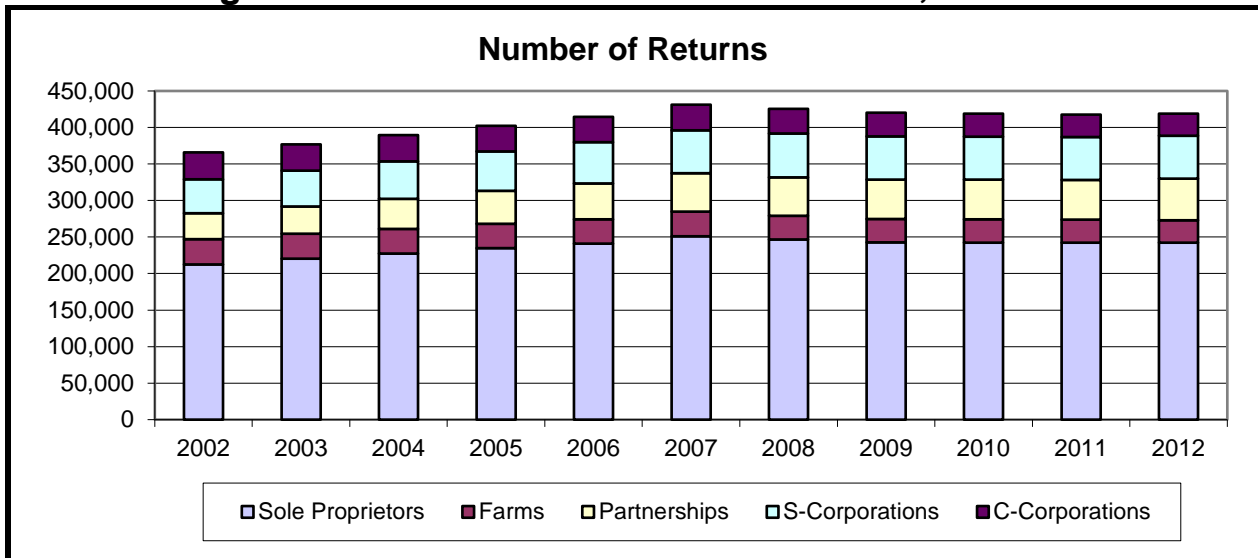
By Tax Category, Tax Year 2012

Tax Category (\$)	Number of Returns	Percent of Total	Net Tax (\$M)	Percent of Total
\$0 - \$150	881	10.6%	\$0.0	0.0%
\$151 - \$500	1,172	14.0%	\$0.3	0.1%
\$501 - \$1,000	886	10.6%	\$0.7	0.2%
\$1,001 - \$1,500	619	7.4%	\$0.8	0.2%
\$1,501 - \$2,000	450	5.4%	\$0.8	0.2%
\$2,001 - \$4,000	1,128	13.5%	\$3.2	0.9%
\$4,001 - \$7,500	865	10.4%	\$4.7	1.3%
\$7,501 - \$15,000	669	8.0%	\$7.0	1.9%
\$15,001 - \$30,000	457	5.5%	\$9.7	2.6%
\$30,001 - \$50,000	332	4.0%	\$12.9	3.5%
\$50,001 - \$75,000	188	2.3%	\$11.6	3.1%
\$75,001 - \$100,000	118	1.4%	\$10.2	2.8%
\$100,000 - \$500,000	450	5.4%	\$100.1	27.0%
\$500,000 - \$1 Million	74	0.9%	\$51.8	14.0%
Greater than \$1 Million	60	0.7%	\$156.8	42.3%
Total	8,349	100.0%	\$370.5	100.0%



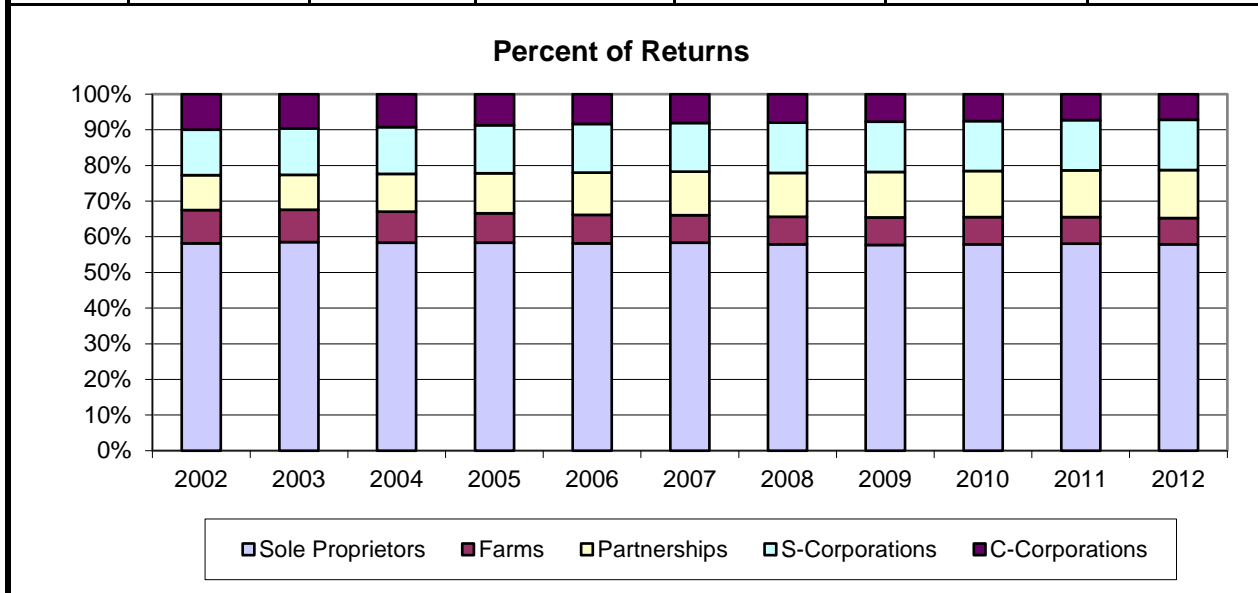
\* Prior to tax year 2009 the minimum tax was \$10. Beginning in 2009, the minimum tax was increased to a value between \$150 and \$100,000 depending on the corporation's amount of Oregon sales. The minimum tax schedule is on Page C13.

## Oregon Tax Returns with Business Income, 2002-2012

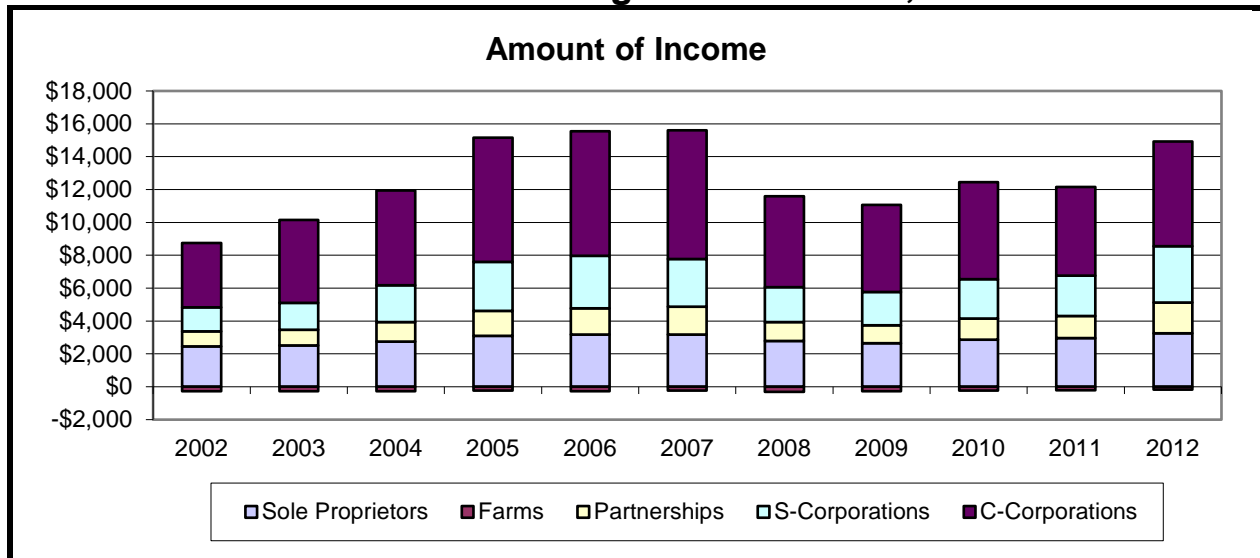


### Number of Business Tax Returns

Tax Year	Sole Proprietors	Farms	Partnerships	S-Corporations	C-Corporations	TOTAL
2002	212,573	34,418	35,554	46,744	36,527	365,816
2003	220,511	34,215	37,047	48,993	36,294	377,060
2004	227,273	33,875	41,143	51,385	35,880	389,556
2005	234,774	33,311	45,107	54,047	35,076	402,315
2006	240,983	33,121	49,212	56,432	34,799	414,547
2007	251,267	33,567	52,574	58,791	34,841	431,040
2008	246,527	32,753	52,488	59,916	34,001	425,685
2009	242,602	32,154	53,802	59,305	32,365	420,228
2010	242,506	31,836	54,100	58,872	31,458	418,772
2011	242,433	31,260	54,642	58,682	30,568	417,585
2012	242,262	30,915	56,584	59,065	29,977	418,803

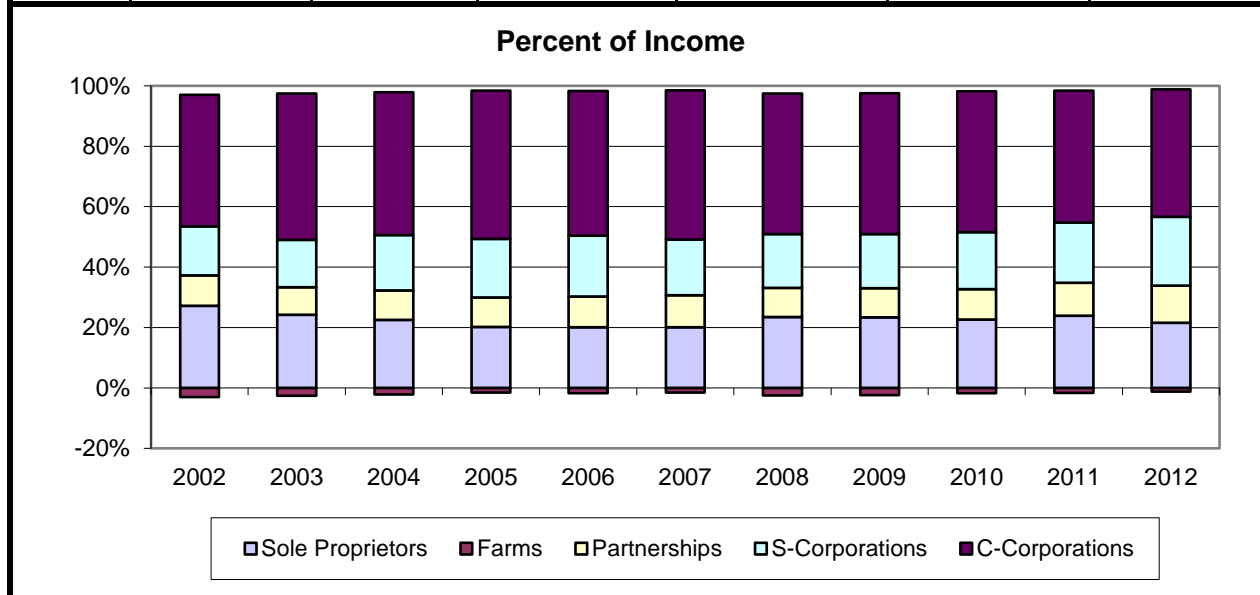


## Business Income on Oregon Tax Returns, 2002-2012



### Business Income on Tax Returns (\$ Millions)

Tax Year	Sole Proprietors	Farms	Partnerships	S-Corporations	C-Corporations	TOTAL
2002	\$2,450	-\$273	\$915	\$1,464	\$3,922	\$8,478
2003	\$2,524	-\$269	\$943	\$1,636	\$5,041	\$9,875
2004	\$2,758	-\$263	\$1,188	\$2,239	\$5,767	\$11,689
2005	\$3,103	-\$241	\$1,513	\$2,986	\$7,549	\$14,911
2006	\$3,175	-\$271	\$1,604	\$3,188	\$7,579	\$15,275
2007	\$3,174	-\$241	\$1,691	\$2,908	\$7,826	\$15,358
2008	\$2,789	-\$300	\$1,147	\$2,119	\$5,536	\$11,291
2009	\$2,653	-\$272	\$1,086	\$2,039	\$5,287	\$10,792
2010	\$2,869	-\$227	\$1,285	\$2,384	\$5,920	\$12,231
2011	\$2,958	-\$203	\$1,347	\$2,456	\$5,390	\$11,947
2012	\$3,261	-\$180	\$1,857	\$3,438	\$6,359	\$14,736



## PROPERTY TAX

The property tax in Oregon is a local tax. It funds most 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, some tangible personal property used by business and in the cases of centrally assessed property, intangible property. Prior to the passage of the property tax limitations of Measure 50, property tax was generally based on a property's real market value. Since 1997-98, each property has a real market as well as an assessed value. Property value 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 city, county, school, community college, port and fire districts. The total tax rate on a particular property is calculated 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 and then (if needed) reducing the calculated tax in response to constitutional limits. 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 are done by the county tax collector.

In 2014-15, the total Real Market Value (RMV) of taxable property in Oregon was \$469.5 billion, an increase of 8.3% from 2013-14. The total Net Assessed Value of \$343.2 billion reflects a 4.3% increase over 2013-14. Excluding \$220 million in taxes imposed for Urban Renewal, taxing districts imposed \$5.541 billion in 2014-15. This reflects an overall 5.1% growth rate from the prior year.

### **Exemptions**

Not all properties are 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 to a taxable business or individual), 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 properties are taxed at lower values. These "specially assessed" properties include some forest land, farm land, and open space land. These properties are taxed at their values in the restricted use and are subject to penalties if not continued in the use for which they are 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 \$1,000 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 the Measure 5 limits. That is, if taxes for an individual property exceed the limits, then the taxes for that property are reduced to the limits. Local option levies are the first levy type to be reduced. 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 cannot 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. Local option levies, as well as general obligation bonds, must be approved by a majority vote at a general election. Prior to November 2007, a double majority (i.e., a majority of at least 50% of eligible voters) was needed to approve either a local option tax or a general obligation bond proposal.

Measure 50 also defined the concept of Assessed Value (AV). The 1997-98 Maximum Assessed Value (MAV) for each property was set at 90% of its 1995-96 real market value (RMV). If no new construction occurs on the property, then the growth in maximum assessed value is capped at 3% a year. However, assessed value cannot exceed real market value. The ratio of MAV to RMV is known as the Changed Property Ratio (CPR). Across all taxing districts, the ratio of AV:RMV was at its lowest in 2008-09 at 55.6%. In part due the recession's impact on residential and business property values, the statewide ratio levelled off at about 78% in 2012-13 and 2013-14 and reached about 75.5% in 2014-15. Prior to the great recession, changes reflected high appreciation in real market values of property that occurred in many areas of Oregon relative to the 3% constitutionally capped growth rate in MAV.

The table on the following page breaks down 2014-15 property taxes by type of taxing district and tax source. Generally the largest portion of property tax revenues come from a district's permanent rate. Taxes from this source totaled \$4.408 billion in 2014-15, accounting for 76.5% of all taxes imposed. The 2014-15 tax revenue attributable to the permanent rate registered an annual growth rate of 5.2%. Community College districts, K-12 districts and Education Service districts increased their revenues from all sources over the prior year by 4.1%, 5.2%, and 4.9%, respectively. County taxing districts, City districts and Special Districts grew total revenues over the prior year by 4.4%, 5.3% and 5.9%, respectively.

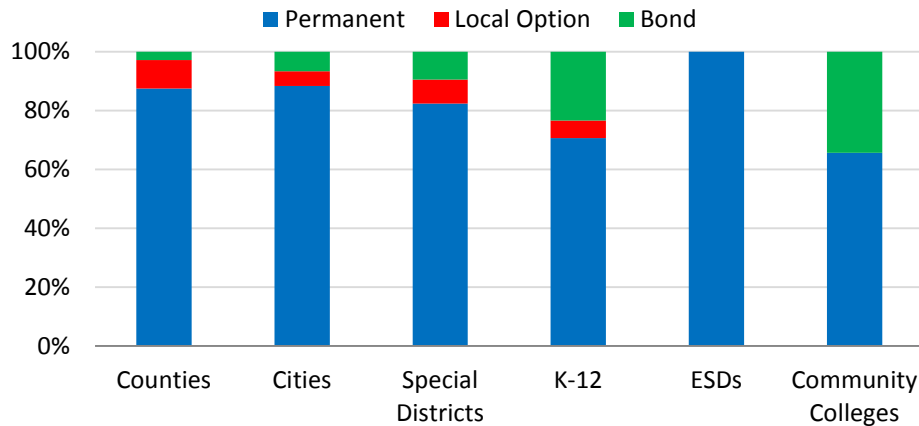
General obligation bond revenue in 2014-15 totaled \$779.7 million or 13.5% of all taxes listed in the table. Across all taxing districts these revenues increased .8% in 2014-15 relative to 2013-14, with 66.8% of the total accounted for by K-12 taxing districts. Historically these funds have been an important source of revenue for the K-12 taxing districts. Since 1999-00, the average growth in K-12 bond revenue has been 5.4%. In 2014-15, K-12 bond revenue increased 2.4% from the previous year. Since the timing of bond maturities affects the level of bond revenues in any one year, one or more years of data is needed to determine a significant trend.

Bond revenues for community colleges increased by 2.0% over the prior year. Bond revenues for cities increased 2.1% from a year ago. In 2014-15, county taxing district's bonds decreased 26.3%<sup>1</sup> and special district's bond revenues decreased 0.1% from 2013-14.

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<sup>1</sup> Much of the reduction in county bond revenue is derived from Washington County's bond levy expiring following the 2013-14 tax year.

## FY 2014-15 Property Taxes Imposed by District and Levy Type



### Tax Imposed by District and Levy Type, (\$'s in Millions) FYs 2013-14 & 2014-15

Type of District	Permanent <sup>1</sup>			Local Option			Bond			Total		
	13-14	14-15	% CH.	13-14	14-15	% CH.	13-14	14-15	% CH.	13-14	14-15	% CH.
<b>General Government</b>												
Counties	804	845	5.1%	84	94	11.0%	36	26	-26.3%	924	965	4.4%
Cities	1,019	1,069	5.0%	52	61	16.0%	77	79	2.1%	1,149	1,209	5.3%
Special Districts	608	646	6.2%	58	64	9.5%	73	73	-0.1%	740	783	5.9%
<b>Education</b>												
K-12	1,504	1,581	5.1%	113	134	18.5%	508	520	2.4%	2,125	2,236	5.2%
ESDs	107	113	4.9%	0	0	N/A	0	0	N/A	107	113	4.9%
Community Colleges	147	154	5.2%	0	0	N/A	79	81	2.0%	226	235	4.1%
<b>Urban Renewal Agencies</b>												
Division of Tax										190	197	3.8%
Special Levies										22	22	4.0%
<b>Total</b>	<b>4,189</b>	<b>4,408</b>	<b>5.2%</b>	<b>309</b>	<b>353</b>	<b>14.3%</b>	<b>774</b>	<b>780</b>	<b>0.8%</b>	<b>5,483</b>	<b>5,760</b>	<b>5.1%</b>

<sup>1</sup> Includes Taxes Levied for City of Portland's Fire and Police Disability and Retirement Fund

Across all other taxing districts in 2014-15, local option tax revenues increased 14.3% over the prior year, totaling \$352.7 million. Cities and county taxing districts accounted for 43.8% of local option tax revenue in 2014-15. The share of local option revenues generated for K-12 education was 38.0% in 2014-15. Special taxing districts accounted for 18.1% of local option taxes in 2014-15.

Passed in 1990, Measure 5 introduced limits on taxes paid by individual properties. When a property's taxes are reduced due to the limits, the reduction is referred to as "compression".<sup>2</sup>

<sup>2</sup> Compression occurs when a property's tax rate must be lowered so that the tax imposed on the assessed value of a single property does not exceed \$10/\$1,000 of the property's real market value for non-school taxing districts and \$5/\$1,000 for school taxing districts. The maximum assessed value of a property is allowed to increase 3% each year, but it may not exceed a property's real market value. Therefore, in cases where the real market value of a property grows by less than 3% annually or its real market value has

Districts are not in compression per se, rather properties located within taxing districts may be in compression. Permanent and local option levies are subject to the Measure 5 rate limits, bond levies are not.

There are two primary components that cause compression. Foremost are tax rates. If applied tax rates are below the \$5 and \$10 limit thresholds then no compression will exist. Rate limitations are calculated against a property's real market value (RMV), however, tax rates are applied to a property's assessed value (AV). Because of this, a property's ratio of RMV:AV can impact whether the property is "in compression". A widening RMV:AV ratio will decrease the overall level of compression whereas a contracting ratio will increase compression reduction. Illustrated by comparing 2006-07 with 2014-15 where compression reduction as a percent of tax extended was 1.4% as compared to 3.6% in 2014-15. This corresponded with statewide average residential CPRs of .579 and .768 respectively.

In 2014-15, many 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 an individual property because of Oregon's Constitutional limitations. Appreciation of property values during Oregon's housing market boom in the late 2000s helped lower compression reductions statewide and the subsequent recession increased them again. Compression reduction ranged from \$48.8 - \$53.0 million between 2005-06 and 2008-09 increasing to \$188.7 million in 2014-15. Regional disparities persist with respect to the importance of compression, as measured by the dollar value of the compression reduction relative to the amount of tax imposed. In 2014-15 compression reduction statewide totaled 3.6% of taxes extended, 54.8% (totaling \$103.3 million) of total loss occurred in Multnomah County.<sup>3</sup> In other counties, the dollar value of compression reduction was lower, but in relative terms, reduction in some counties was similarly significant. For example, in Morrow County, the compression reduction totaled \$2.7 million but it accounted for 10.0% of this county's property tax extended.

The fiscal significance of compression reduction also varies across taxing districts. For example, a number of counties had their Measure 50 permanent rates established at a time when the counties were receiving significant funding from federal forest timber payments. These federal forest payments have declined since the permanent rates were established and more recently have been under constant threat of being significantly reduced or eliminated. Compression may be a significant issue for the recipients of federal forest payments because it may restrict these districts' ability to offset some portion of the lost federal revenue by raising their revenues from a voter approved local option property tax.

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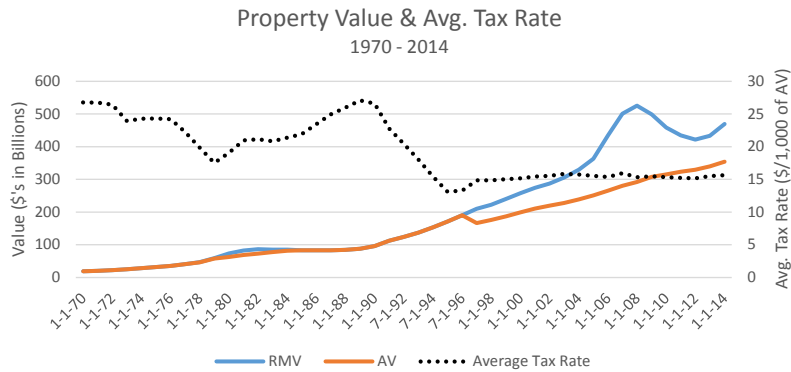
declined, that property's tax rate may have to be reduced (i.e., compressed) in order to satisfy the \$5/\$1,000 or \$10/\$1,000 requirements.

<sup>3</sup> Tax extended relating to bond levies is not included as bonds are not subject to measure 5 compression limits.

Value of Taxable Property, Assessment Ratio & Average Tax Rate								
Assessment Date	Real Market & Assessed Values (\$ Millions)				Assessment Ratio		Average Tax Rate	
	RMV	% CH	AV	% CH	Home	Other	\$/1,000	% CH
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%	166,447	-12.5%	79.3%		14.87	11.9%
1-1-98	222,313	5.9%	176,089	5.8%	79.2%		14.87	0.0%
1-1-99	240,312	8.1%	186,642	6.0%	77.7%		15.01	1.0%
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%	219,878	4.5%	76.5%		15.53	0.5%
1-1-03	305,351	6.3%	227,876	3.6%	74.6%		15.85	2.0%
1-1-04	329,746	8.0%	238,984	4.9%	72.5%		15.75	-0.6%
1-1-05	362,798	10.0%	251,077	5.1%	69.2%		15.53	-1.4%
1-1-06	434,293	19.7%	265,219	5.6%	61.1%		15.37	-1.0%
1-1-07	501,125	15.4%	280,454	5.7%	56.0%		15.94	3.7%
1-1-08	525,329	4.8%	292,211	4.2%	55.6%		15.33	-3.8%
1-1-09	498,657	-5.1%	307,444	5.2%	61.7%		15.47	0.9%
1-1-10	458,497	-8.1%	315,449	2.6%	68.8%		15.35	-0.8%
1-1-11	434,408	-5.3%	323,173	2.4%	74.4%		15.24	-0.7%
1-1-12	421,567	-3.0%	329,275	1.9%	78.1%		15.17	-0.5%
1-1-13	433,448	2.8%	339,674	3.2%	78.4%		15.52	2.3%
1-1-14	469,453	8.3%	354,336	4.3%	75.5%		15.64	0.8%
<b>Avg. Growth Rate 1970-2015</b>		<b>7.6%</b>		<b>6.9%</b>				

Notes: 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.

Page Sources: Oregon Department of Revenue: Property Tax Statistics





Total Net Assessed Value (NAV)   Real Market Values (RMV)   Ratio of NAV:RMV FYs 2013-14 & 2014-15									
County	Total RMV (\$000s)			Total NAV (\$000s)			Ratio - NAV:RMV		
	2013-14	2014-15	% CH	2013-14	2014-15	% CH	2013-14	2014-15	% CH
Baker	1,531,917	1,588,651	3.7%	1,274,330	1,330,221	4.4%	83.2%	83.7%	0.7%
Benton	9,318,726	9,603,954	3.1%	7,050,629	7,337,316	4.1%	75.7%	76.4%	1.0%
Clackamas	45,903,103	51,012,956	11.1%	39,034,494	40,854,060	4.7%	85.0%	80.1%	-5.8%
Clatsop	7,279,208	7,281,392	0.0%	5,215,879	5,355,056	2.7%	71.7%	73.5%	2.6%
Columbia	5,004,106	5,201,140	3.9%	4,180,767	4,245,915	1.6%	83.5%	81.6%	-2.3%
Coos	5,933,795	6,026,084	1.6%	4,542,319	4,678,656	3.0%	76.5%	77.6%	1.4%
Crook	1,806,896	2,088,229	15.6%	1,607,655	1,743,829	8.5%	89.0%	83.5%	-6.1%
Curry	3,029,301	3,161,631	4.4%	2,580,186	2,690,895	4.3%	85.2%	85.1%	-0.1%
Deschutes	22,132,314	25,322,403	14.4%	18,402,085	19,432,643	5.6%	83.1%	76.7%	-7.7%
Douglas	9,751,597	9,953,184	2.1%	7,917,225	8,157,038	3.0%	81.2%	82.0%	0.9%
Gilliam	882,385	912,521	3.4%	760,772	753,455	-1.0%	86.2%	82.6%	-4.2%
Grant	629,702	650,048	3.2%	505,563	530,773	5.0%	80.3%	81.7%	1.7%
Harney	729,328	730,364	0.1%	490,742	499,036	1.7%	67.3%	68.3%	1.5%
Hood River	3,042,560	3,224,342	6.0%	1,945,154	2,023,520	4.0%	63.9%	62.8%	-1.8%
Jackson	20,199,314	22,228,024	10.0%	16,624,657	17,442,139	4.9%	82.3%	78.5%	-4.7%
Jefferson	1,883,187	1,948,292	3.5%	1,429,908	1,476,688	3.3%	75.9%	75.8%	-0.2%
Josephine	7,403,463	8,061,091	8.9%	6,445,703	6,706,560	4.0%	87.1%	83.2%	-4.4%
Klamath	6,230,445	6,479,490	4.0%	5,166,813	5,247,207	1.6%	82.9%	81.0%	-2.3%
Lake	1,195,341	1,198,407	0.3%	944,925	953,429	0.9%	79.1%	79.6%	0.6%
Lane	36,549,227	39,537,653	8.2%	27,584,531	28,789,625	4.4%	75.5%	72.8%	-3.5%
Lincoln	7,895,339	7,938,058	0.5%	6,400,951	6,704,929	4.7%	81.1%	84.5%	4.2%
Linn	9,795,451	9,972,966	1.8%	8,013,475	8,324,737	3.9%	81.8%	83.5%	2.0%
Malheur	2,011,076	2,072,541	3.1%	1,707,049	1,752,017	2.6%	84.9%	84.5%	-0.4%
Marion	24,798,818	26,344,481	6.2%	20,129,474	20,959,166	4.1%	81.2%	79.6%	-2.0%
Morrow	2,427,526	2,703,966	11.4%	1,682,426	1,774,504	5.5%	69.3%	65.6%	-5.3%
Multnomah	98,111,280	108,209,204	10.3%	60,622,604	63,519,701	4.8%	61.8%	58.7%	-5.0%
Polk	5,623,372	5,923,505	5.3%	4,817,001	5,000,030	3.8%	85.7%	84.4%	-1.5%
Sherman	513,333	558,319	8.8%	409,417	433,722	5.9%	79.8%	77.7%	-2.6%
Tillamook	5,421,758	5,434,135	0.2%	4,232,560	4,333,451	2.4%	78.1%	79.7%	2.2%
Umatilla	6,504,217	6,736,994	3.6%	4,750,016	4,958,881	4.4%	73.0%	73.6%	0.8%
Union	2,195,960	2,314,010	5.4%	1,585,911	1,655,564	4.4%	72.2%	71.5%	-0.9%
Wallowa	978,273	990,120	1.2%	680,663	702,179	3.2%	69.6%	70.9%	1.9%
Wasco	2,835,801	2,683,887	-5.4%	1,909,488	1,976,930	3.5%	67.3%	73.7%	9.4%
Washington	64,533,959	71,453,358	10.7%	50,895,218	53,175,317	4.5%	78.9%	74.4%	-5.6%
Wheeler	210,159	207,921	-1.1%	123,025	126,790	3.1%	58.5%	61.0%	4.2%
Yamhill	9,156,128	9,699,391	5.9%	7,241,524	7,525,262	3.9%	79.1%	77.6%	-1.9%
<b>Statewide</b>	<b>433,448,364</b>	<b>469,452,710</b>	<b>8.3%</b>	<b>328,905,142</b>	<b>343,171,244</b>	<b>4.3%</b>	<b>75.9%</b>	<b>73.1%</b>	<b>-3.7%</b>

Source: Summary of Assessment and Levies Reports as compiled by Department of Revenue

Net Assessed Value and Average Tax Rate (\$/1,000 of AV)						
County	Net Assessed Value (\$000s)			Average Tax Rate		
	2013-14	2014-15	% CH.	2013-14	2014-15	% CH.
Baker	1,274,330	1,330,221	4.4%	13.13	13.05	-0.6%
Benton	7,050,629	7,337,316	4.1%	16.20	16.48	1.7%
Clackamas	39,034,494	40,854,060	4.7%	15.98	16.08	0.6%
Clatsop	5,215,879	5,355,056	2.7%	12.29	12.19	-0.8%
Columbia	4,180,767	4,245,915	1.6%	13.47	14.15	5.0%
Coos	4,542,319	4,678,656	3.0%	12.63	12.59	-0.3%
Crook	1,607,655	1,743,829	8.5%	13.63	13.35	-2.1%
Curry	2,580,186	2,690,895	4.3%	8.72	8.61	-1.3%
Deschutes	18,402,085	19,432,643	5.6%	14.87	15.03	1.1%
Douglas	7,917,225	8,157,038	3.0%	11.24	11.19	-0.4%
Gilliam	760,772	753,455	-1.0%	11.89	11.91	0.2%
Grant	505,563	530,773	5.0%	14.14	14.64	3.5%
Harney	490,742	499,036	1.7%	13.98	13.85	-0.9%
Hood River	1,945,154	2,023,520	4.0%	14.14	14.07	-0.5%
Jackson	16,624,657	17,442,139	4.9%	13.98	14.49	3.6%
Jefferson	1,429,908	1,476,688	3.3%	16.29	16.07	-1.4%
Josephine	6,445,703	6,706,560	4.0%	8.84	8.95	1.2%
Klamath	5,166,813	5,247,207	1.6%	11.12	11.30	1.6%
Lake	944,925	953,429	0.9%	13.21	13.14	-0.5%
Lane	27,584,531	28,789,625	4.4%	15.69	15.78	0.6%
Lincoln	6,400,951	6,704,929	4.7%	13.90	14.03	0.9%
Linn	8,013,475	8,324,737	3.9%	15.86	16.01	0.9%
Malheur	1,707,049	1,752,017	2.6%	13.56	13.59	0.2%
Marion	20,129,474	20,959,166	4.1%	16.04	16.03	-0.1%
Morrow	1,682,426	1,774,504	5.5%	15.82	15.53	-1.8%
Multnomah	60,622,604	63,519,701	4.8%	20.40	20.66	1.3%
Polk	4,817,001	5,000,030	3.8%	15.13	15.27	0.9%
Sherman	409,417	433,722	5.9%	15.45	15.87	2.7%
Tillamook	4,232,560	4,333,451	2.4%	11.40	11.24	-1.4%
Umatilla	4,750,016	4,958,881	4.4%	16.29	15.71	-3.6%
Union	1,585,911	1,655,564	4.4%	12.68	12.51	-1.3%
Wallowa	680,663	702,179	3.2%	11.54	11.50	-0.3%
Wasco	1,909,488	1,976,930	3.5%	16.56	16.73	1.0%
Washington	50,895,218	53,175,317	4.5%	17.03	17.01	-0.1%
Wheeler	123,025	126,790	3.1%	16.89	16.87	-0.1%
Yamhill	7,241,524	7,525,262	3.9%	14.76	14.85	0.6%
<b>Total</b>	<b>328,905,142</b>	<b>343,171,244</b>	<b>4.3%</b>	<b>16.03</b>	<b>16.15</b>	<b>0.7%</b>
Urban Renewal	10,871,350	11,268,307	3.7%	17.54	17.51	-0.2%
<b>Statewide</b>	<b>339,673,638</b>	<b>354,335,877</b>	<b>4.3%</b>	<b>16.14</b>	<b>16.26</b>	<b>0.7%</b>

NAV is equal to Total Roll Value + Nonprofit Housing + Fish&Wildlife Value - UR Excess Value.  
UR Assessed Value includes the used Excess Value only.  
Source: Oregon Department of Revenue: Oregon Property Tax Statistics

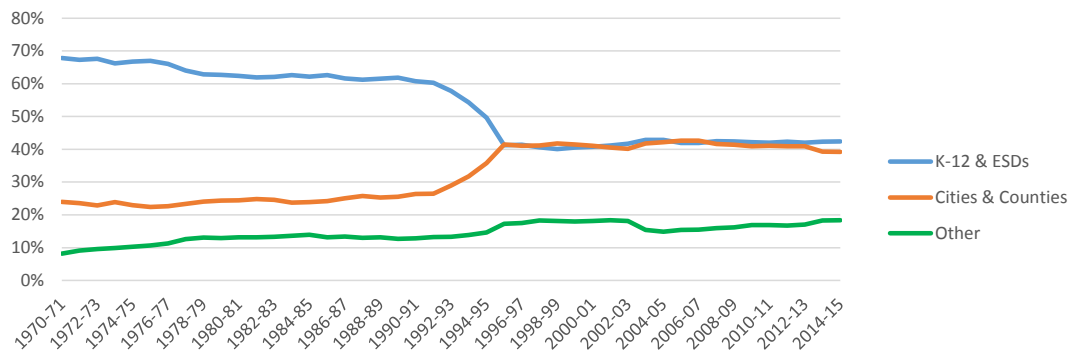
**Imposed Property Taxes by Fiscal Year and District Type (\$'s in Millions)**

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

Note: Special Districts do not include urban renewal imposed amounts

Source: Summary of Assessment and Levies Reports as compiled by Department of Revenue

**Share of Imposed Taxes by Type of Taxing District**



Note: Urban renewal revenue not reflected in chart.

**Property Taxes Imposed by County and District Type - FY 2014-15**

County	All Districts & UR		County		Cities		Schools & ESDs		Community College		Special Districts		Urban Renewal	
	Imposed	% CH.	Imposed	% CH.	Imposed	% CH.	Imposed	% CH.	Imposed	% CH.	Imposed	% CH.	Imposed	% CH.
Baker	17,357,637	3.7%	4,951,357	4.4%	3,399,547	2.8%	6,378,052	3.8%	833,218	4.2%	1,795,463	3.2%	0	N/A
Benton	121,794,854	5.8%	22,569,466	4.0%	33,778,518	9.1%	52,375,082	5.2%	4,916,305	1.9%	7,245,198	4.1%	910,285	6.2%
Clackamas	679,022,758	5.4%	119,032,693	4.8%	89,340,568	3.8%	293,602,204	6.0%	27,726,257	6.1%	127,092,091	5.1%	22,228,945	8.4%
Clatsop	68,060,936	2.0%	8,580,613	2.6%	12,927,195	0.1%	29,291,904	2.6%	4,474,526	2.7%	10,014,465	0.9%	2,772,233	4.8%
Columbia	63,404,334	7.4%	9,475,509	36.8%	6,431,858	3.6%	26,516,675	1.5%	2,273,101	0.8%	15,403,723	4.1%	3,303,468	20.8%
Coos	62,198,624	2.6%	7,263,640	1.7%	12,979,930	2.9%	23,666,457	2.9%	3,199,478	3.1%	11,816,339	2.9%	3,272,780	1.0%
Crook	23,280,120	6.2%	6,960,970	8.2%	1,797,958	6.7%	9,224,071	3.8%	1,248,650	9.3%	4,048,471	7.4%	0	N/A
Curry	23,631,836	2.6%	1,613,505	4.3%	3,521,346	1.0%	12,253,627	3.4%	1,885,001	4.3%	3,906,879	3.0%	451,478	-17.2%
Deschutes	295,653,644	6.7%	27,518,311	2.6%	38,467,826	11.4%	126,393,352	7.5%	14,201,260	6.0%	85,498,009	5.1%	3,574,886	6.8%
Douglas	95,006,559	2.6%	9,017,829	3.0%	19,928,330	2.2%	43,864,108	3.0%	3,735,945	2.9%	14,727,866	1.5%	3,732,481	3.0%
Gilliam	8,974,298	-0.8%	2,887,479	-1.0%	476,938	2.8%	4,154,395	-0.8%	0	N/A	1,455,486	-1.7%	0	N/A
Grant	7,770,771	8.7%	1,528,226	5.0%	752,996	0.5%	2,807,958	4.8%	0	N/A	2,681,591	18.5%	0	N/A
Harney	6,909,202	0.7%	2,183,315	1.1%	843,198	-1.2%	2,848,275	0.9%	0	N/A	1,034,414	0.9%	0	N/A
Hood River	29,931,340	4.2%	3,243,401	4.7%	2,745,842	0.3%	16,290,340	4.2%	1,257,732	2.2%	4,943,152	3.2%	1,450,873	16.8%
Jackson	260,699,017	8.8%	38,121,753	4.3%	54,122,086	4.3%	111,923,808	4.6%	10,805,055	4.9%	37,831,711	41.7%	7,894,604	10.2%
Jefferson	24,094,602	1.8%	6,818,016	-0.3%	1,542,661	4.1%	10,406,193	4.8%	1,061,322	2.8%	3,895,470	-2.9%	370,940	1.7%
Josephine	60,010,323	5.4%	5,530,904	15.0%	17,414,052	3.9%	31,422,393	4.5%	3,403,053	4.6%	2,239,921	8.0%	0	N/A
Klamath	59,919,356	2.9%	9,160,185	1.6%	7,107,476	5.1%	24,357,717	2.1%	2,264,629	1.5%	16,398,604	5.1%	630,745	-14.9%
Lake	12,531,458	0.4%	3,537,149	0.6%	831,404	-1.2%	4,729,548	0.7%	116,760	2.4%	3,316,597	0.0%	0	N/A
Lane	460,276,054	5.1%	55,675,429	4.5%	148,427,754	3.9%	190,476,346	6.5%	24,542,745	4.9%	35,179,394	2.9%	5,974,386	10.9%
Lincoln	97,005,746	3.0%	18,909,285	4.7%	18,789,060	10.6%	39,190,543	3.1%	3,111,410	35.6%	14,054,378	3.2%	2,951,070	-43.2%
Linn	138,861,786	4.7%	30,477,287	10.5%	31,977,851	2.3%	53,609,142	3.8%	5,667,175	2.3%	11,538,776	4.0%	5,591,555	2.6%
Malheur	23,802,251	2.8%	4,503,205	2.7%	4,331,221	0.9%	9,140,580	3.8%	1,940,582	2.6%	3,886,663	3.0%	0	N/A
Marion	349,303,333	4.1%	62,845,917	4.6%	81,614,781	5.2%	136,953,529	2.0%	18,753,534	9.7%	35,853,963	5.8%	13,281,609	4.5%
Morrow	27,617,221	3.6%	7,061,948	5.1%	3,224,078	11.3%	10,802,985	4.3%	1,128,543	-27.4%	5,340,987	5.0%	58,680	43.0%
Multnomah	1,440,632,470	5.9%	267,725,414	6.4%	405,869,617	6.6%	484,796,010	5.7%	41,351,573	3.7%	112,416,524	6.5%	128,473,332	3.5%
Polk	79,131,801	4.7%	11,329,817	3.8%	20,027,199	3.5%	34,674,293	4.3%	4,391,748	9.3%	5,902,592	10.7%	2,806,152	3.6%
Sherman	6,884,406	8.8%	3,646,111	5.8%	181,302	9.6%	2,273,442	5.8%	0	N/A	783,551	38.9%	0	N/A
Tillamook	49,018,827	1.0%	12,048,514	-4.0%	1,930,596	4.2%	23,731,700	3.2%	1,815,479	0.5%	9,177,958	1.7%	314,580	9.4%
Umatilla	78,651,192	0.0%	14,902,265	3.4%	13,811,757	1.8%	37,562,848	2.9%	3,012,273	-29.4%	8,599,488	-0.7%	762,561	-40.5%
Union	21,799,297	3.2%	4,850,683	4.2%	5,043,032	1.2%	8,980,818	3.3%	0	N/A	1,841,629	3.9%	1,083,135	7.0%
Wallowa	8,072,112	2.8%	1,914,509	3.2%	989,093	2.4%	3,695,845	2.9%	0	N/A	1,472,665	2.3%	0	N/A
Wasco	34,500,960	4.6%	8,223,326	3.2%	3,186,805	2.8%	12,953,884	4.3%	1,224,810	1.1%	7,478,698	8.1%	1,433,437	5.2%
Washington	910,567,573	4.4%	150,716,612	0.0%	137,293,826	4.9%	410,846,477	6.3%	38,306,762	3.0%	167,226,001	3.4%	6,177,895	11.1%
Wheeler	2,138,612	2.9%	1,039,375	3.1%	188,566	0.9%	762,515	3.1%	0	N/A	148,156	3.1%	0	N/A
Yamhill	111,894,194	4.6%	19,396,542	3.9%	24,006,908	3.7%	55,355,744	4.9%	6,184,539	6.5%	6,799,149	4.3%	151,312	191.7%
<b>Total</b>	<b>5,760,409,504</b>	<b>5.0%</b>	<b>965,260,560</b>	<b>4.4%</b>	<b>1,209,303,175</b>	<b>5.3%</b>	<b>2,348,312,860</b>	<b>5.2%</b>	<b>234,833,465</b>	<b>4.1%</b>	<b>783,046,022</b>	<b>5.9%</b>	<b>219,653,422</b>	<b>3.5%</b>

Source: Summary of Assessment and Levies Reports as compiled by Department of Revenue

Property Tax Compression Reduction - FY 2014-15									
County	School Levies			Non-School Levies			Total (Excludes Urban Renewal)		
	Reduction \$000s	% of Tax	% Change	Reduction \$000s	% of Tax	% Change	Reduction \$000s	% of Tax	% Change
Baker	724.3	9.1%	45.7%	386.0	3.7%	15.5%	1,110.2	6.0%	33.5%
Benton	5,348.3	11.1%	36.3%	431.6	0.7%	92.0%	5,779.9	5.2%	39.3%
Clackamas	13,338.4	5.3%	-18.5%	320.4	0.1%	-81.8%	13,658.8	2.4%	-24.6%
Clatsop	894.9	2.9%	33.1%	79.7	0.3%	-42.7%	974.6	1.6%	20.2%
Columbia	847.7	3.7%	-11.4%	651.4	2.1%	142.2%	1,499.1	2.8%	22.3%
Coos	336.6	1.3%	37.9%	44.3	0.2%	-38.9%	380.9	0.7%	20.3%
Crook	370.6	3.9%	-25.3%	0.6	0.0%	-99.0%	371.2	1.7%	-33.7%
Curry	23.3	0.2%	21.9%	0.0	0.0%	-100.0%	23.3	0.1%	4.9%
Deschutes	2,261.9	2.1%	-34.7%	97.9	0.1%	-85.7%	2,359.7	0.9%	-43.1%
Douglas	949.0	2.2%	17.7%	546.5	1.3%	6.9%	1,495.5	1.7%	13.5%
Gilliam	202.8	4.9%	31.7%	30.7	0.7%	10.7%	233.4	2.7%	28.5%
Grant	83.5	2.9%	29.8%	5.3	0.1%	22.3%	88.7	1.3%	29.4%
Harney	134.7	4.8%	25.9%	159.6	3.8%	34.3%	294.3	4.2%	30.3%
Hood River	856.5	6.1%	25.9%	0.0	0.0%	-99.9%	856.6	3.7%	24.6%
Jackson	1,687.3	1.8%	-43.7%	236.0	0.2%	-2.0%	1,923.2	0.9%	-40.6%
Jefferson	308.6	3.9%	6.4%	403.0	3.4%	16.4%	711.6	3.6%	11.9%
Josephine	379.2	1.1%	-15.7%	0.0	0.0%	-100.0%	379.2	0.7%	-23.7%
Klamath	2.4	0.0%	-9.0%	1,111.4	3.3%	10.8%	1,113.7	1.9%	10.8%
Lake	84.3	1.7%	-6.9%	173.2	2.4%	42.8%	257.5	2.1%	21.6%
Lane	12,506.3	7.0%	-14.3%	632.6	0.3%	21.3%	13,138.9	3.3%	-13.1%
Lincoln	838.8	2.3%	70.8%	0.2	0.0%	-98.8%	839.0	1.0%	65.0%
Linn	1,714.7	3.7%	5.2%	8,674.6	11.0%	27.8%	10,389.3	8.3%	23.5%
Malheur	451.1	4.7%	37.0%	81.7	0.7%	-49.2%	532.8	2.4%	8.7%
Marion	1,545.0	1.4%	-22.5%	1,909.1	1.1%	-37.7%	3,454.1	1.2%	-31.7%
Morrow	1,588.0	14.4%	23.3%	1,103.8	6.9%	24.9%	2,691.8	10.0%	23.9%
Multnomah	27,581.3	6.0%	-19.6%	63,055.1	7.8%	-4.0%	90,636.3	7.1%	-9.4%
Polk	808.1	2.9%	26.3%	0.6	0.0%	-99.2%	808.7	1.4%	12.9%
Sherman	85.7	3.6%	8.3%	202.0	4.3%	12.4%	287.8	4.1%	11.2%
Tillamook	374.7	1.7%	50.5%	1.3	0.0%	-90.6%	376.0	0.9%	43.1%
Umatilla	3,119.9	10.2%	50.1%	482.4	1.3%	-27.4%	3,602.3	5.4%	31.3%
Union	120.7	1.4%	41.0%	267.2	2.2%	55.9%	387.9	1.9%	50.9%
Wallowa	66.7	1.8%	59.6%	0.2	0.0%	2.0%	66.9	0.8%	59.3%
Wasco	298.8	2.6%	50.0%	494.3	2.7%	41.5%	793.1	2.7%	44.6%
Washington	12,549.5	3.9%	40.5%	492.7	0.1%	30.3%	13,042.2	1.8%	40.0%
Wheeler	30.5	3.9%	12.0%	74.2	5.4%	16.3%	104.7	4.8%	15.0%
Yamhill	556.3	1.4%	-8.6%	0.1	0.0%	-99.9%	556.4	0.6%	-17.3%
<b>Total</b>	<b>93,070.0</b>	<b>4.5%</b>	<b>-6.8%</b>	<b>82,149.5</b>	<b>2.9%</b>	<b>-3.4%</b>	<b>175,219.5</b>	<b>3.5%</b>	<b>-5.2%</b>

Notes: 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.  
"% of tax" refers to compression loss as a percent of tax extended within Measure 5 limits.  
"% Change" refers to the year over year percentage change in total loss due to compression.

Source: Summary of Assessment and Levies as compiled by Department of Revenue

## 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. No asset limit exists for participants older than 65. Rent, fuel and utility costs must exceed 20% of participant 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 a minimum payment of \$100 at \$10,000 income. Taxpayers must file Form 90R by July 1 of the year following the year rent was paid to apply for payment the following November. Payments are made by check in November of each year out of a single appropriation to fund this program and make payments to counties in lieu of property taxes for exempt nonprofit corporation housing for elderly persons. If the appropriation is insufficient to cover the payments, payments to both programs are prorated.

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 2006, the number of participants declined by 63%; and the average refund declined by 34%. One plausible explanation is that between 2002 and 2005, mortgage interest rates declined; and the availability of financial instruments such as the 'interest only' mortgages may have enabled a number of former renters to purchase homes.<sup>1</sup> Another reason is that the income limits to participate in the program are less than the minimum Social Security benefit amount for couples established in 2005. The declining trend has continued through 2015, with 1,754 participants and an average refund of \$331.

SB 296 (2015) transfers administration and funding of the ERA program from Department of Revenue (DOR) to Oregon Housing and Community Services (OHCS) department effective July 1, 2017. DOR's final program processing and check mailing will take place in July and November 2016. After which, OHCS will integrate the ERA program into existing rent relief programs.

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<sup>1</sup> There are other potential reasons for this decline that worked against eligibility. First, unless a husband and wife or registered domestic partners are living apart permanently on December 31, their income must be combined to determine their household income. Second, in 2005, cost of living allowance raised the minimum social security benefits for a couple to \$10,015.

### **Senior Citizens Property Tax Deferral Program**

The senior deferral program was enacted in 1963. Homeowners age 62 and older may 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 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. Special assessment deferral was discontinued in 2011 (HB 2543). 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 income limits are indexed to the U.S. Urban CPI. The current household income limit is \$43,000 for the 2016-17 tax year.

Participation in the senior deferral program grew rapidly from the late seventies into the mid-eighties, going from 1,976 paid property tax accounts in fiscal year 1978-79 to 12,228 in 1985-86. Participation peaked in fiscal year 1989-90 at 13,165 paid senior deferral accounts. Participation then steadily declined until 2001-02 when the first group of disabled participants began receiving deferral. Participation then held relatively steady until 2008-09 when overall participation began to increase.

Nominal tax paid on behalf of deferral participants followed a relatively similar pattern. A high of \$20.2 million in tax paid was reached in 1989-90 followed by a period of steady decline. In 2001-02 when disabled participants were added to the program, tax paid began to increase modestly until 2009-10 when rapid growth occurred.

Repayment of deferred balances followed a different trend. From 1978-79 to 1993-94, repayments increased rapidly before maintaining a steady annual amount ranging between \$18 and \$22 million per fiscal year. This dynamic required continuous appropriations to the deferral revolving account through the 1994-95 fiscal years. From 1995-96 through 2007-08, as repayments continued to outpace tax payments, the deferral account was able to appropriate out over \$90 million, including payments of just over \$14.5 million to Oregon Project Independence (discussed in more detail later).

Beginning in fiscal year 2007-08 a combination of factors began to occur that would reverse the cash flow of the deferral account. Annual repayments dropped below \$18 million for the first time in over fifteen years while tax payments began to grow at an increasing pace. Fiscal year 2008-09 was the first fiscal year in which tax payments exceeded repayments since the 1991-92 fiscal year. Due to cash flow issues, Department of Revenue was forced to pay only two thirds of property tax account balances in November of 2010 with the remaining third being paid in May of 2011. In response to the cash flow issues, multiple changes were made to the deferral programs. Changes are described below.

#### 2009 - HB 3199

- Removed continuing appropriation from state General Fund to deferral revolving account in times of insufficient funds to make deferral payments
- Established authority of State Treasurer to lend moneys to the Department of Revenue in amounts needed to make deferral payments. Required repayment of funds to Treasury within five years with interest.

#### 2011 - HB 2543

- Limited net worth (excluding value of home) for new and existing participants to \$500,000

- Adjusted continuing qualification income criteria to household income rather than adjusted gross income
- Instituted home occupancy requirement of owning and living in home for at least five years prior to applying for program
- Required proof of homeowner's insurance
- Limited qualifying properties to those at a certain percentage of the county median real market value of residential properties. Limit is dependent in part on number of years a participant (or applicant) has owned and lived in the home.
- Changed interest rate from six percent simple to six percent compound for deferred amounts on or after November 2011
- Required participant re-certification every two years
- Properties with reverse mortgages no longer allowed to participate
- Eliminated five year extension for heirs to repay deferred taxes
- New special assessment deferrals no longer accepted
- Eliminated transfer of excess funds to Oregon Project Independence.

2012 - HB 4039

- Allowed participants removed from program solely due to reverse mortgage disqualification stemming from HB 2543 (2011) changes to receive deferral in 2011 and 2012
- Changed recertification requirement to "not less than once every three years" allowing for a staggered recertification process
- Refined definition of county median RMV.

2013 - HB 2510, HB 2489

- HB 2510 allowed reverse mortgage participants brought back into deferral program by HB 4039 (2012) to remain in program in perpetuity so long as they meet all other qualification criteria
- HB 2489 created ability for participants that participated in program in 2011 and no longer qualify due to reverse mortgage or five year property requirements to reapply for deferral in the program beginning in 2014. Limited re-approval of participants to first 700 to reapply.

2014 – HB 4148

- Changed interest rate back to 6% simple rather than 6% compound. Applies interest retroactively for program participants that pay balances on or after July 1, 2016.

2015 – HB 2083

- Created exception to five-year ownership requirement for certain homesteads
- Required homesteads to be insured for fire and other casualty while allowing DOR to purchase insurance for uninsured homesteads
- Increased county median RMV qualification limits for taxpayers that have continuously owned and lived in homestead at least 21 years
- Required DOR to increase outreach to senior community if recertification is not received within 35 days following notification to homeowner.

Following the changes to the program in HB 2543 (2011), paid tax accounts in 2011-12 fell to about half the number in the previous year and overall taxes paid were about 62% of the previous year's. Subsequent changes have allowed some of the previously eliminated participants to requalify for the program contributing to the moderate growth in the number and total tax paid. In 2015-16, 6,449 senior and disabled accounts were paid.

*Operation Project Independence*

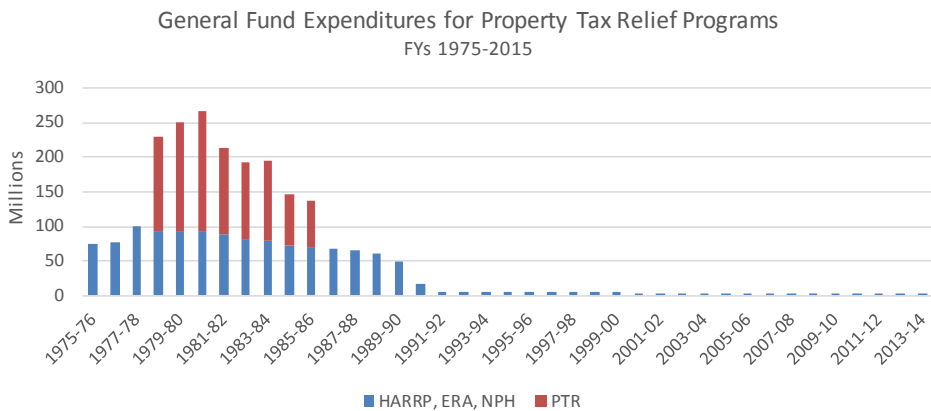
In 2005, the Legislature created Oregon Project Independence (OPI) and funded it from excess balances that accumulate in the Senior Deferral Account. Excess balances accumulate if the



property tax plus interest repayments are greater than the amount that the State of Oregon pays counties on behalf of the qualified seniors and disabled who are in the Senior and Disabled Deferral Program. The first payment sent in 2006 from the Deferral Account was in the amount of \$250,000. No payment was made in 2007. The January 2008 payment was in the amount of \$14.29 million. Funding challenges related to the Senior and Disabled Deferral Program in recent years have resulted in a loss of funding to OPI. To stabilize the program's funds, the 2011 Legislature removed the program as a source of OPI funding in HB 2543.

General Fund Expenditures for Property Tax Relief Programs								
Fiscal Year	General Fund Expenditures (\$000's)			Total	HARRP Program Parameters			Prop Tax Relief Max
	ERA, NPH <sup>1</sup> , HARRP <sup>2</sup>	Prop Tax Relief	Deferral Programs <sup>3</sup>		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		8,559	75,774	17,500	750		
1988-89	65,773		8,293	74,066	17,500	750		
1989-90	60,971		4,817	65,788	17,500	750		
1990-91	49,257		2,783	52,040	17,500	750	25,000	
1991-92	18,256		633	18,889	10,000	500	25,000	
1992-93	6,586		(1,399)	5,187				
1993-94	6,143		(3,964)	2,179				
1994-95	5,875		(3,612)	2,263				
1995-96	5,630		(5,195)	435				
1996-97	5,291		(5,219)	72				
1997-98	5,205		(7,528)	(2,323)				
1998-99	5,000		(8,887)	(3,887)				
1999-00	5,085		(7,097)	(2,012)				
2000-01	4,984		(7,779)	(2,795)				
2001-02	4,417		(8,958)	(4,541)				
2002-03	4,225		(9,015)	(4,790)				
2003-04	3,966		(8,864)	(4,898)				
2004-05	3,868		(6,800)	(2,932)				
2005-06	2,956		(7,596)	(4,640)				
2006-07	3,190		0	3,190				
2007-08	3,148		0	3,148				
2008-09	3,260		0	3,260				
2009-10	3,049		0	3,049				
2010-11	2,686		0	2,686				
2011-12	2,691		0	2,691				
2012-13	2,726		0	2,726				
2013-14	2,540		0	2,540				
2014-15	2,461		0	2,461				

Notes: <sup>1</sup> Nonprofit Housing started in 1991-92.  
<sup>2</sup> 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.  
<sup>3</sup> 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.



Property Tax Relief - Homeowners & Renters 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	<b>77,083</b>	268,010	240,922	18,445	<b>527,377</b>	180.1	107.0	163.6	<b>146.2</b>
1976	44,044	25,939	3,055	<b>73,038</b>	234,813	241,469	18,229	<b>494,511</b>	187.6	107.4	167.6	<b>147.7</b>
1977	57,781	31,984	4,223	<b>93,988</b>	222,570	214,217	19,020	<b>455,807</b>	259.6	149.3	222.0	<b>206.2</b>
1978	53,172	32,015	3,878	<b>89,065</b>	209,977	221,354	20,410	<b>451,741</b>	253.2	144.6	190.0	<b>197.2</b>
1979	51,211	31,990	4,278	<b>87,479</b>	200,311	238,150	21,254	<b>459,715</b>	255.7	134.3	201.3	<b>190.3</b>
1980	49,861	33,297	4,422	<b>87,580</b>	185,111	238,498	20,997	<b>444,606</b>	269.4	139.6	210.6	<b>197.0</b>
1981	47,477	32,856	4,416	<b>84,749</b>	171,208	221,018	20,083	<b>412,309</b>	277.3	148.7	219.9	<b>205.5</b>
1982	43,886	26,677	4,174	<b>74,737</b>	152,214	175,902	18,069	<b>346,185</b>	288.3	151.7	231.0	<b>215.9</b>
1983	40,938	28,207	4,092	<b>73,237</b>	143,524	182,165	17,363	<b>343,052</b>	285.2	154.8	235.7	<b>213.5</b>
1984	37,002	28,229	3,950	<b>69,181</b>	129,900	179,968	16,335	<b>326,203</b>	284.8	156.9	241.8	<b>212.1</b>
1985	34,518	25,136	3,852	<b>63,506</b>	120,882	176,986	15,742	<b>313,610</b>	285.6	142.0	244.7	<b>202.5</b>
1986	32,342	25,329	4,047	<b>61,718</b>	112,816	169,351	15,255	<b>297,422</b>	286.7	149.6	265.3	<b>207.5</b>
1987	32,253	24,129	4,104	<b>60,486</b>	110,549	164,051	14,925	<b>289,525</b>	291.8	147.1	275.0	<b>208.9</b>
1988	29,851	22,646	3,886	<b>56,383</b>	103,337	157,141	14,127	<b>274,605</b>	288.9	144.1	275.1	<b>205.3</b>
1989	22,602	19,774	3,484	<b>45,859</b>	79,190	138,598	12,713	<b>230,501</b>	285.4	142.7	274.1	<b>199.0</b>
1990	4,578	4,487	747	<b>9,812</b>	26,873	56,711	4,772	<b>88,356</b>	170.4	79.1	156.5	<b>111.1</b>

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 previous years.

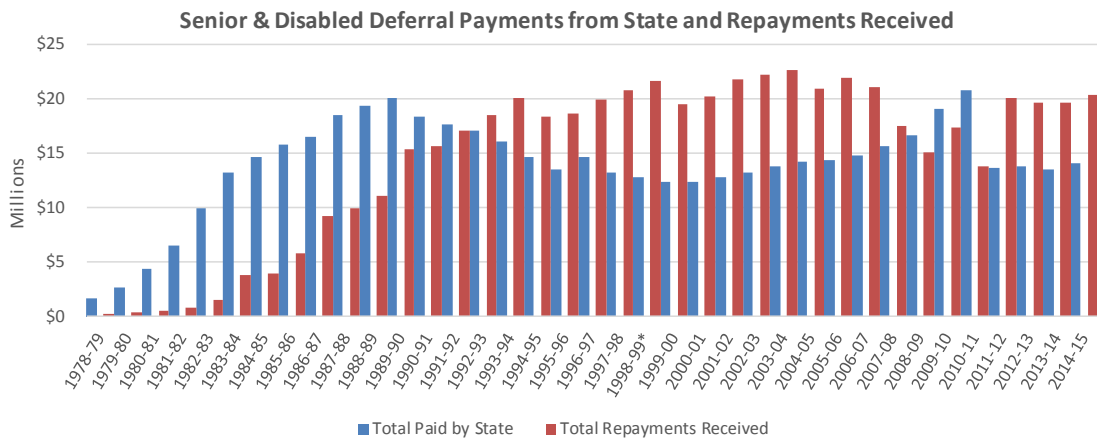
Elderly Rental Assistance (ERA)			
Return Year	Refunds (\$000)	Returns	Average Refund
1980	2,820	4,699	\$600
1981	2,184	3,525	620
1982	2,028	3,129	648
1983	1,757	2,738	642
1984	1,482	2,397	618
1985	1,358	2,228	610
1986	1,161	1,930	602
1987	1,063	1,810	587
1988	879	1,549	567
1989	549	1,045	526
1990	6,357	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	3,227	6,157	524
2003	2,745	5,076	541
2004	2,502	4,614	542
2005	2,095	3,996	524
2006	1,797	3,934	457
2007	1,660	3,286	505
2008	1,656	3,646	454
2009	1,422	3,284	433
2010	1,122	3,240	346
2011	994	2,784	357
2012	918	2,500	367
2013	864	2,283	378
2014	792	2,050	386
2015	581	1,754	331

Non Profit Housing			
Fiscal Year	Refunds (\$000)	Returns	Average Refund
FY 95	648	25	25,920
FY 96	664	28	23,714
FY 97	760	31	24,516
FY 98	747	32	23,344
FY 99	828	34	24,353
FY 00	901	36	25,028
FY 01	1,009	38	26,553
FY 02	840	39	21,538
FY 03	1,083	41	26,415
FY 04	1,221	43	28,395
FY 05	1,364	44	31,000
FY 06	1,263	44	28,705
FY 07	1,396	44	31,727
FY 08	1,488	44	33,818
FY 09	1,602	48	33,385
FY 10	1,627	48	33,894
FY 11	1,566	50	31,312
FY 12	1,697	49	34,633
FY 13	1,503	51	29,471
FY 14	1,683	50	33,667
FY 15	1,674	47	35,617
FY 16	1,706	44	38,773

Source: Oregon Department of Revenue

Senior and Disabled Citizens Property Tax Deferral									
Fiscal Year	Property Taxes		Special Assessment		Disabled Deferral		(\$ 000)		
	Paid Accts.	Avg. Paid	Paid Accts.	Avg. Paid	Paid Accts.	Avg. Paid	Total Tax Paid	Total Repayment	Balance Owed
1978-79	1,976	\$845	111	\$56	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	\$486	0	\$0	\$13,260	\$20,788	\$99,784
1998-99*	9,769	\$1,272	209	\$469	0	\$0	\$12,832	\$21,719	\$136,268
1999-00	9,184	\$1,345	170	\$414	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	281	\$1,041	\$12,835	\$21,792	\$129,900
2002-03	9,107	\$1,404	254	\$206	387	\$1,080	\$13,196	\$22,210	\$126,224
2003-04	8,900	\$1,485	211	\$255	524	\$1,154	\$13,783	\$22,647	\$122,953
2004-05	8,300	\$1,633	158	\$328	633	\$1,182	\$14,302	\$20,901	\$120,031
2005-06	8,666	\$1,555	132	\$359	712	\$1,190	\$14,402	\$21,993	\$117,262
2006-07	8,627	\$1,595	105	\$314	786	\$1,251	\$14,814	\$21,135	\$116,079
2007-08	8,483	\$1,708	86	\$366	869	\$1,335	\$15,681	\$17,518	\$119,236
2008-09	8,652	\$1,765	78	\$522	890	\$1,480	\$16,662	\$15,042	\$126,375
2009-10	9,366	\$1,862	74	\$568	1,104	\$1,448	\$19,089	\$17,312	\$133,886
2010-11	9,883	\$1,880	N/A	N/A	1,207	\$1,509	\$20,743	\$13,764	\$137,961
2011-12	6,890	\$1,828	N/A	N/A	689	\$1,511	\$13,644	\$20,126	\$144,398
2012-13	6,530	\$1,927	N/A	N/A	805	\$1,595	\$13,867	\$19,604	\$145,111
2013-14	5,952	\$2,031	N/A	N/A	819	\$1,677	\$13,534	\$19,687	\$145,090
2014-15	6,053	\$2,077	N/A	N/A	858	\$1,681	\$14,048	\$20,373	\$142,384
2015-16**	5,646	\$2,159	N/A	N/A	803	\$1,731	\$13,603	-	-

NOTES: Senior repayment excludes special assessments until 1983-84. Balance owed includes interest from 98-99 forward. Interest rate of 6% is calculated as simple interest prior to changes for the 2011-12 Tax Year, where it is changed to compound. 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. In 2001-02, the annual income to remain eligible for the tax deferral program was increased to \$32,000 indexed to 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. \*\* Total repayments and balance owed not reported for 2015-16 as at time of publication, only half of fiscal year had elapsed.





For estates with property inside and outside of Oregon, a ratio is applied to apportion the value of the property subject to Oregon's estate tax. The ratio is calculated in two ways dependent on whether the decedent was an Oregon resident on the date of death.

#### *Oregon Resident Ratio*

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

#### *Non Resident Ratio*

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

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

An optional natural resource credit (NRC) is available for natural resource property (NRP) which includes farm use and forestland in addition to property used in commercial fishing business operations. The credit is unavailable to estates with a value greater than \$15 million and where the value of the natural resource property in Oregon constitutes less than 50 percent of the value of the estate in Oregon. The natural resource credit is calculated as follows:

$$\text{Tax that would be payable absent the credit} * \frac{\text{lesser of: value of NRP claimed or } \$7.5M}{\text{total adjusted gross estate value}}$$

To qualify for the NRC, the natural resource property must be transferred to a family member, and in five of the previous eight years must have been part of a farm, forestry, or fishing business. The property must also continue to be used in the operation of a farm, forestry or fishing business in at least five of the following eight calendar years following the decedent's death.

The American Taxpayer Relief Act of 2012 made several permanent changes to the federal estate tax which changed the way in which Oregon's estate tax interacts with the federal tax. The federal tax allows for a deduction of state death taxes paid. As the federal tax applies to estates with a gross value equal to \$5.43 million<sup>3</sup> or more, Oregon estates with values above the federal exemption threshold receive a reduction in federal tax owed equal to the value of tax paid in Oregon multiplied by their federal estate marginal tax rate.<sup>4</sup>

### ***Brief History of Oregon's Inheritance and Estate Tax***

Oregon first enacted an inheritance tax in 1903. The inheritance tax prior to 1978 was calculated as a variable percentage of taxable estate value. The tax varied with the amount of the transfer and the relationship of the beneficiary to the decedent. The 1977 Legislature simplified and enacted gradual repeal of the Oregon inheritance tax. The new tax rate was fixed at a flat 12% of net taxable estate value for all beneficiaries. Beginning January 1, 1987 the statutory inheritance tax rate became zero and the portion remaining was the "pick-up tax". The pick-up tax refers to the credit against the federal estate tax that existed. Oregon's inheritance tax was equal to the maximum state inheritance tax

<sup>2</sup> Only includes intangible personal property not subject to tax in another state.

<sup>3</sup> The exemption is indexed to inflation. The exemption amounts for deaths occurring in 2015 & 2016 are \$5.43 and \$5.45 million respectively.

<sup>4</sup> The top federal estate tax rate was 40% in 2015.

credit allowed federally. This simultaneous determination allowed Oregon to impose an inheritance tax without causing an overall increased tax burden.

The 2001 federal Economic Growth and Tax Relief Reconciliation Act (EGTRRA) 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 highest federal 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 eliminated states' abilities to capture a portion of each estate's federal tax liability beginning in 2005.

Partially in response to EGTRRA, Oregon passed HB 3072 (2003) which codified in law Oregon's connection to the Internal Revenue Code as in effect on December 31, 2000. For deaths that occurred in 2003-2011, Oregon's filing requirement differed from federal requirements. As Oregon's filing requirement was less than the federal requirement, in some cases estates were required to file with Oregon even if no federal return was required.

The 2007 session attempted to preserve family owned farms, fishing business and small forest owners by increasing the threshold for these estates to \$7.5 million. However, HB 3201 faced difficulties in the implementation phase. The February 2008 session introduced a credit schedule for the small family owned natural resource properties.

In 2012, HB 2541 changed the Oregon inheritance tax into the current Oregon estate transfer tax. The bill contained many of the recommendations provided by an Inheritance tax work group of the Oregon Law Commission. Included in the reforms was a credit for natural resource properties.

SB 864 (2015) modified the Natural Resource Credit (NRC). Qualification for the NRC was affirmed to be calculated based upon property within the state of Oregon only, rather than the "gross estate". To qualify for the credit, 50% of the Oregon adjusted gross estate value must be natural resource property.

### Detailed Tables

Estate/Inheritance Tax Returns, Tax Years 2004-2014					Payable Tax by OR Estate Size - Tax Year 2014			
Tax Year	Returns	Payable Tax	Returns Claiming NRC Credit	Natural Resource Credit (NRC)	Estate Value in OR <sup>1</sup>	Number of Estates	Payable Tax	Tax as a Percent of
				Claimed				Total
					Less than \$1 million	111	939,388	1%
					1m - 1.5m	503	6,811,135	8%
2004	1,068	58,213,652			1.5m - 2m	240	11,505,972	13%
2005	1,134	106,279,230			2m - 3.5m	293	23,298,065	26%
2006	1,194	79,540,693			3.5m - 5m	75	12,190,571	13%
2007*	1,355	118,705,672	42	2,494,644	5m - 10m	47	13,909,860	15%
2008	1,292	75,950,100	31	1,676,046	10m - 20m	8	4,766,574	5%
2009	1,129	84,133,558	31	1,816,780	20m +	6	17,002,677	19%
2010	1,144	80,556,556	23	1,605,202	Total	1,283	90,424,241	
2011	1,296	93,331,726	27	3,288,147	<sup>1</sup> Includes value of estate in OR only. Tax is paid on estates in OR worth less than \$1m so long as gross estate, total value of estate inside and outside OR, is valued over \$1m.			
2012	1,300	95,108,826	25	4,320,984				
2013	1,361	105,876,248	31	3,633,904				
2014	1,283	90,424,241	29	2,648,955				

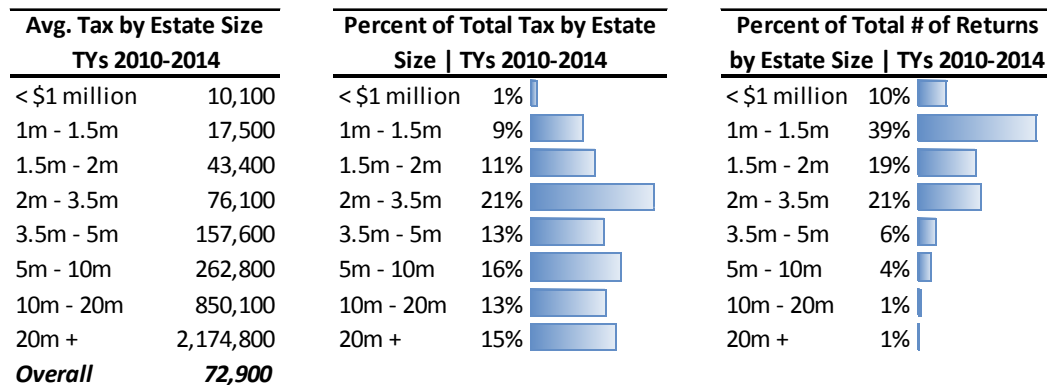
\*2007 total include the Natural Resource Exclusion, which was replaced by the NRC in 2008 but applied retroactively.

Note on tables: Tables contain return information processed through December 31st, 2015.

**Payable Tax by Oregon Estate Size - Tax Years 2002 - 2014**

Tax Year	< \$1 million		1m - 1.5m		1.5m - 2m		2m - 3.5m		3.5m - 5m		5m - 10m		10m - 20m		20m +		Total	
	#	Payable Tax	#	Payable Tax	#	Payable Tax	#	Payable Tax	#	Payable Tax	#	Payable Tax	#	Payable Tax	#	Payable Tax	#	Payable Tax
2002	179	5,820,468	261	6,207,188	129	4,387,587	115	7,053,413	38	4,337,183	26	4,786,353	6	2,217,052	8	9,440,370	762	44,249,615
2003	423	7,197,808	294	9,393,521	111	5,362,392	138	11,222,689	40	5,931,065	40	15,477,277	12	7,830,529	7	19,975,242	1,065	82,390,522
2004	276	3,270,115	369	10,847,566	167	7,217,183	155	10,231,740	39	4,673,376	44	9,268,828	18	12,704,844	*		1,068	58,213,652
2005	169	1,130,010	399	10,066,224	223	9,244,223	205	14,099,075	66	7,131,714	54	14,777,912	12	8,957,195	6	40,872,877	1,134	106,279,230
2006	119	1,645,994	447	10,654,049	245	11,423,452	228	15,085,783	79	11,249,105	43	11,096,354	26	14,382,247	7	4,003,709	1,194	79,540,693
2007	120	1,063,641	508	12,018,628	263	11,498,506	295	19,926,280	82	10,206,925	59	15,490,102	19	16,261,806	9	32,239,784	1,355	118,705,672
2008	136	1,037,333	501	11,166,227	245	10,382,948	271	17,205,099	75	9,476,434	41	10,345,808	16	9,305,508	7	7,030,743	1,292	75,950,100
2009	106	1,645,992	419	9,547,999	220	9,063,833	231	15,694,452	72	11,440,105	58	13,431,961	8	6,224,385	15	17,084,831	1,129	84,133,558
2010	116	1,587,060	467	11,048,725	211	9,742,728	208	15,941,217	70	10,163,699	55	11,425,352	9	7,609,405	8	13,038,370	1,144	80,556,556
2011	121	1,349,096	490	11,581,104	263	11,399,286	278	20,540,092	69	9,471,656	49	11,642,810	17	10,137,518	9	17,210,163	1,296	93,331,726
2012	143	1,306,249	503	7,072,058	230	8,670,695	259	18,816,221	68	11,418,516	72	18,342,852	25	29,482,235	*		1,300	95,108,826
2013	127	1,070,482	511	6,673,581	279	11,789,391	274	21,222,708	93	15,838,126	55	17,726,503	13	9,212,031	9	22,343,427	1,361	105,876,248
2014	111	939,388	503	6,811,135	240	11,505,972	293	23,298,065	75	12,190,571	47	13,909,860	8	4,766,574	6	17,002,677	1,283	90,424,241

\*Category combined with 10M-20M to maintain confidentiality

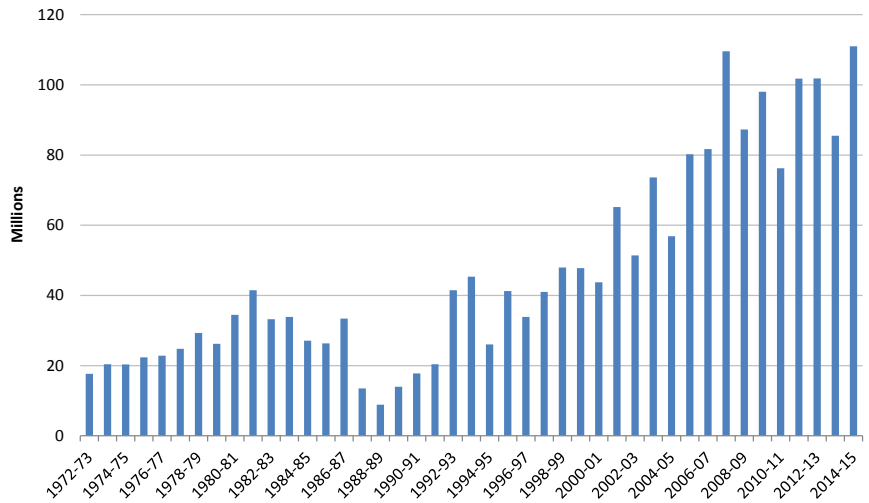




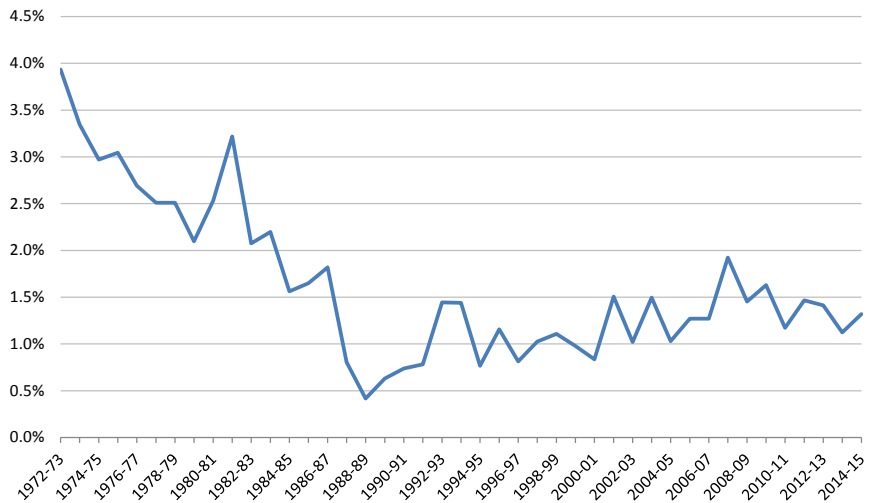
**Inheritance / Estate Tax Collections**  
by Fiscal Year (\$'s in Millions)

FY	Receipts	% CH.
1971-72	12.9	2%
1972-73	17.6	37%
1973-74	20.4	15%
1974-75	20.4	0%
1975-76	22.3	10%
1976-77	22.8	2%
1977-78	24.8	9%
1978-79	29.3	18%
1979-80	26.2	-11%
1980-81	34.5	32%
1981-82	41.5	20%
1982-83	33.2	-20%
1983-84	33.9	2%
1984-85	27.1	-20%
1985-86	26.3	-3%
1986-87	33.4	27%
1987-88	13.5	-60%
1988-89	8.9	-34%
1989-90	14.0	57%
1990-91	17.8	27%
1991-92	20.4	15%
1992-93	41.5	103%
1993-94	45.3	9%
1994-95	26.0	-43%
1995-96	41.3	59%
1996-97	33.9	-18%
1997-98	41.0	21%
1998-99	48.0	17%
1999-00	47.8	0%
2000-01	43.7	-8%
2001-02	65.2	49%
2002-03	51.4	-21%
2003-04	73.6	43%
2004-05	56.9	-23%
2005-06	80.2	41%
2006-07	81.7	2%
2007-08	109.5	34%
2008-09	87.3	-20%
2009-10	98.0	12%
2010-11	76.2	-22%
2011-12	101.8	33%
2012-13	101.9	0%
2013-14	85.5	-16%
2014-15	111.0	30%

**Inheritance / Estate Tax Receipts**  
FYs 1973 - 2015



**Inheritance / Estate Tax Receipts as % of General Fund**  
FYs 1973 - 2015



Section Data Sources: Oregon DOR | DAS: OEA

# SCHOOL FINANCE

## ***K-12 School Districts***

Oregon has 197 school districts serving about 566,000 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 1992-93. Past Legislatures have also provided some funding outside the equalization formula. The 2007 Legislature provided funds for small high schools, special education and other programs from the SSF outside the formula. Currently state aid and local revenue for school districts equals 95.5% of the statewide K-12 school and education service district (ESD) formula revenue for general operating purposes. The remaining 4.5% goes to ESDs.

## **Equalization Formula**

The SSF equalization formula allocates an amount to each school district based primarily on number of students. The state grant is this formula amount reduced by local revenues. The formula equalizes revenues per student by removing past differentials caused by widely varying local tax rates and property wealth per student. To recognize that some students need more school services and that their schools may face higher costs, the formula assigns weights to certain students. For example, special education students count as 2.0 students to recognize their need for special programs. Additional student weights are for English as a second language programs, students from families in poverty, remote small schools and others. A general purpose grant per weighted student is adjusted for the experience level of teachers and set at a level that allocates available funding. The formula also funds 70-90% of transportation costs, costs above \$30,000 per high cost disability student (limited to \$35 million per year statewide) and up to 8% of classroom construction costs (limited to \$12.5 million per biennium).

## **Local Property Tax 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) 20% of formula revenue or (3) \$1,000 per weighted student (2007-08). The \$1,000 is indexed to increase 3% per year beginning

in 2008-09. The levies may be approved for up to 5 years for operations and up to 10 years for capital projects. Local option revenue is in addition to equalization formula revenue.

### **Construction Tax Option**

The 2007 Legislature granted school districts new taxing authority. School districts may impose a tax on new construction in the district. The tax rate cannot exceed \$1 per square foot for residential use and \$0.50 for nonresidential use. The maximum rates are indexed beginning in 2009. The tax on nonresidential use is also restricted to \$25,000 per structure or building permit, whichever is less. The legislation exempts certain properties from this tax. In the school year 2012-13, 56 school districts used this option, raising a total of \$15.5 million.

### **Education Service Districts**

The school system also includes education service districts (ESDs). Nineteen ESDs provide regional educational support services. The ESD share of statewide K-12 school and ESD general operating revenue is 4.5%. This includes both state aid from the State School Fund and ESD property tax revenue. Before Measure 5 (1990), they received no state aid. Subsequently state support helped replace reduced property taxes. The 2001 Legislature adopted a 5 year phase-in plan to equalize ESD revenue. Those below the state ESD average revenue per student gradually received more and those above the average gradually received less. Final equalization began in 2005-06. Beginning in 2011-12, ESD revenue is 4.712% of the sum of component district formula revenue. This makes the ESD share of total ESD and K-12 school formula revenue 4.5%. Also starting in 2011-12, some school districts can opt out of ESD's and get reimbursement of their share of prorated formula revenues.

### **School Improvement Fund**

The 2007 Legislature appropriated \$260 million to the School Improvement Fund from the General Fund. School districts and ESDs received \$126.6 million in 2007-08 and \$133 million in 2008-09. Funds were targeted for a number of uses to improve student achievement. The Legislature has not made an appropriation to the School Improvement Fund since the 2007-09 biennium.

### **Network of Quality Teaching and Learning**

In the 2013 regular session, the Legislature created the Network of Quality Teaching and Learning (NQTL) and appropriated \$33 million to the network for 2013-15 biennium from the SSF. Later in 2013, the Legislature approved an additional \$12 million to the Network, using an additional distribution from the Common School Fund. In the 2015-17 school years, school districts and ESD's will respectively contribute \$15.5 million from the shares of the formula revenue. With \$5 million coming from outside the formula, the total budget stands at \$36 million.

### **Education Stability Fund**

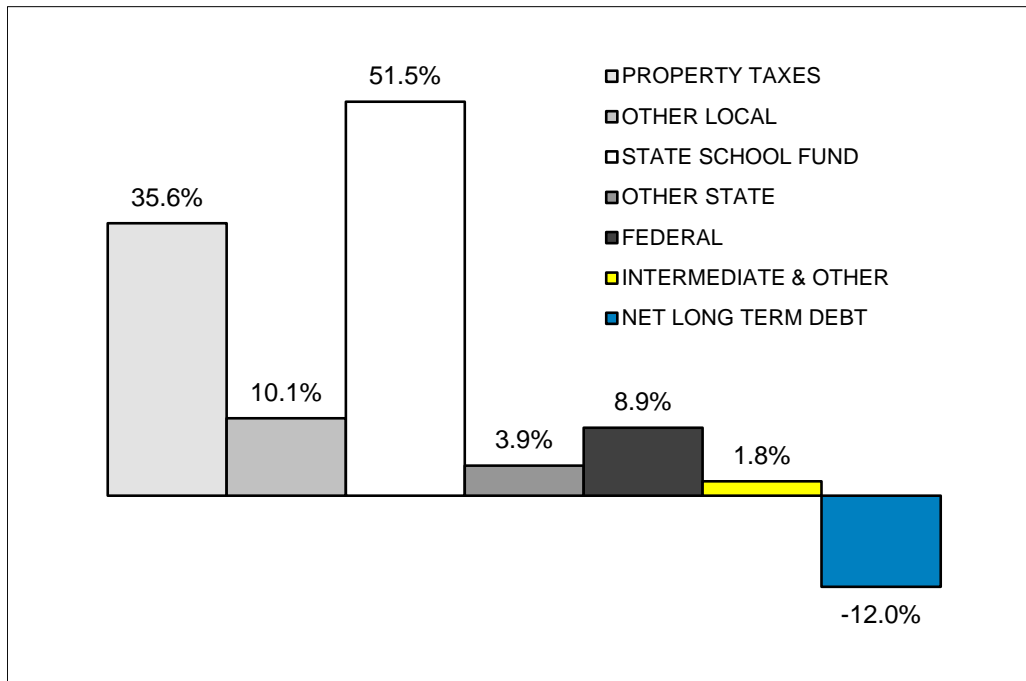
Voters approved a constitutional amendment converting the Education Endowment Fund to the Education Stability Fund in 2002 allowing the principal to be used to fund education.

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

## SCHOOL RESOURCES

**2013-14 Audited (\$000)**

	K-12	ESD	TOTAL
PROPERTY TAXES	2,075,510	105,023	2,180,533
OTHER LOCAL REVENUES	537,291	81,988	619,279
STATE SCHOOL FUND	3,047,672	105,004	3,152,677
COMMON SCHOOL FUND	51,004	0	51,004
OTHER STATE REVENUE	100,319	89,144	189,463
FEDERAL FOREST FEES	14,091	0	14,091
OTHER FEDERAL REVENUE	486,747	41,979	528,726
INTERMEDIATE & OTHER	109,123	3,850	112,973
NET LONG TERM DEBT	<u>-359,368</u>	<u>-371,795</u>	<u>-731,163</u>
TOTAL REVENUE	6,062,390	55,192	6,117,582
PLUS BEGINING BALANCE	<u>1,277,410</u>	<u>76,857</u>	<u>1,354,267</u>
TOTAL RESOURCES	7,339,800	132,050	7,471,850
LESS TOTAL EXPENDITURES	<u>-6,556,512</u>	<u>390,024</u>	<u>-6,166,488</u>
ENDING BALANCE	783,288	522,074	1,305,361



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

Source: Oregon Department of Education financial data base.

## 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%
2005-06	3,851,661	9.2%	2,566,510	10.3%	66.6%
2006-07	4,092,806	6.3%	2,737,670	6.7%	66.9%
2007-08	4,333,485	5.9%	2,917,575	6.6%	67.3%
2008-09	4,241,085	-2.1%	2,911,104	-0.2%	68.6%
2009-10	4,270,004	0.7%	2,940,096	1.0%	68.9%
2010-11	4,153,359	-2.7%	2,615,057	-11.1%	63.0%
2011-12	4,309,559	3.8%	2,867,830	9.7%	66.5%
2012-13	4,429,145	2.8%	2,845,330	-0.8%	64.2%
2013-14	4,844,380	9.4%	3,209,696	12.8%	66.3%
Estimates 2014-15	5,193,040	7.2%	3,440,704	7.2%	66.3%
Estimates 2015-16	5,477,430	5.5%	3,629,130	5.5%	66.3%

1. In 1992-93 state aid shifted to State School Fund(SSF) with a new distribution formula.
2. Operating revenue does not include federal and other non-formula revenue.
3. 1993-94 to present, SSF includes funds for state youth correction schooling.

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

# 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)
<b>Special Education and At Risk</b>		
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
<b>Grade and School</b>		
Kindergarten	-0.50	0.50
Elementary District	-0.10	0.90
Union High District	0.20	1.20
Remote Small School	Varies	

#### Individual Education Program Weight

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

#### Remote Small School Weight

A school site qualifies for additional ADMw if

	<u>Elementary</u>	<u>High</u>
ADM less than (varies with grades)	224 (8gr)	350 (4gr)
Distance to nearest same district school more than	8 miles	

The additional ADMw varies with number of students and distance. Generally, the smaller the school the greater the additional weight per student. The high school distance adjustment for being less than 20 miles from the nearest high school was phased out and sunset at the end of 2004-05. The weighting scheme will change when full-day kindergarten ADM weight becomes the same as other grades.

#### Teacher Experience and Balance to Funding

The dollars per weighted student target is arbitrarily set at \$4,500 (adopted in 1991) before adjustment for teacher experience.

The teacher experience adjustment increases (or decreases) the target by \$25 for each year the district average teacher experience is more (or less) than the statewide average teacher experience.

A calculated multiplier balances funds available to funds allocated. The multiplier modifies the adjusted target amount to distribute the available state appropriation. The multiplier changes over time and is estimated to be 1.45 using \$4,500 per ADMw in 2013-14. The equivalent amount is \$6,532 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 \$35 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 \$12.5 million per biennium. If grants at 8% exceed the limit, the percent is reduced.

## School Revenue Share

The school share of both school district and ESD formula revenue is 95.5%. Formula revenue is State School Fund dollars available for distribution to school districts and ESDs and designated local revenue (primarily property taxes) included for each in their respective formulas. The K-12 equalization formula uses 95.5% of this total to allocate to school districts.

## State Payment Schedule

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

## Other State School Fund Allocations

The 2015 Legislature allocated \$7.1 million of the State School Fund for special programs and grants for the 2013-15 biennium. The largest were \$5 million to small districts with small high schools and \$1.6 million for the purposes of the Oregon virtual school district.

The 2015 legislature appropriated \$36 million from the SSF for the biennium. The Network is funded by \$5 million carve-out and \$15.5 million each from the school districts and education service districts. The 2015 Legislature decided to provide Local Option Equalization Grants by transferring \$2.9 million from the SSF to the General Fund.

### FORMULA GRANT PERCENTAGE by DISTRICT SIZE 2014-15

District Size by ADM	# of Districts	General Purpose	Transportation	High Cost Disability	Facility
0- 500	81	93.58%	6.15%	0.06%	0.22%
500- 1,000	29	94.66%	5.01%	0.27%	0.07%
1,000- 3,000	40	95.20%	4.17%	0.20%	0.43%
3,000- 5,000	18	95.14%	4.03%	0.19%	0.64%
5,000-10,000	16	95.94%	3.63%	0.33%	0.10%
10,000-30,000	13	95.52%	3.91%	0.52%	0.05%

# ESD EQUALIZATION

## STATE SCHOOL FUND DISTRIBUTION

General Services Revenue	=	Higher of		(1) Base Revenue X Percent to Balance (2) \$1.165 million
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### Equalization

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

### Revenue Share

Starting from 2011-12 school year, the ESD share of both school district and ESD formula revenue is 4.5%. Formula revenue is State School Fund dollars available for distribution to school districts and ESDs and designated local revenue (primarily property taxes) included for each in the respective formulas. Starting from 2011-12, some school districts can opt out of ESD's and get reimbursement of their share of prorated formula revenues.

### Component School Districts

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

### General Services Revenue

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

General Services Revenue	=	State School Fund Grant	+	Local Revenue
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### State School Fund Grant

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

### Local Revenue

Local revenue is the sum of these two sources:

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

### Excess Local Revenue

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

### Base Revenue and Minimum Base

The base revenue is 4.712% times the sum of the school formula revenue for the ESD's component districts. With the ESD total state and local share set at 4.5%, the ESD percent applied to the school district 95.5% must be more than 4.5% (4.712%\*95.5%=4.5%).

Base Revenue	=	4.712%	X	Sum of Component School District Revenue
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By using school district formula revenue as the basis for allocating general services revenue, ESD equalization depends on the same factors as school district equalization. ESDs in their role of assisting component school districts are assumed to have the same relative need for funds as their school districts. The district minimum allocation is \$1.165 million beginning in 2015-16. This minimum allocation will fluctuate proportionately as the SSF fluctuates after 2015-16.

### Percent to Balance

Applying the 4.712% to the sum of the component district formula revenue uses up the 4.5% of total revenue available for schools and ESDs. So if extra funds are necessary to meet the \$1.165 million minimum, then the higher total must be reduced to stay within the 4.5% of available funds. Multiplying allocated revenue excluding minimums by a percent slightly less than 100% brings the total down to available funds. The percentage has to be further reduced to accommodate (1) ESD's share of \$15.5 million per biennium to the Quality Teaching and Learning Network, and (2) up to \$484,000 per year for 10<sup>th</sup> grade assessment testing.

### State Payment Schedule

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

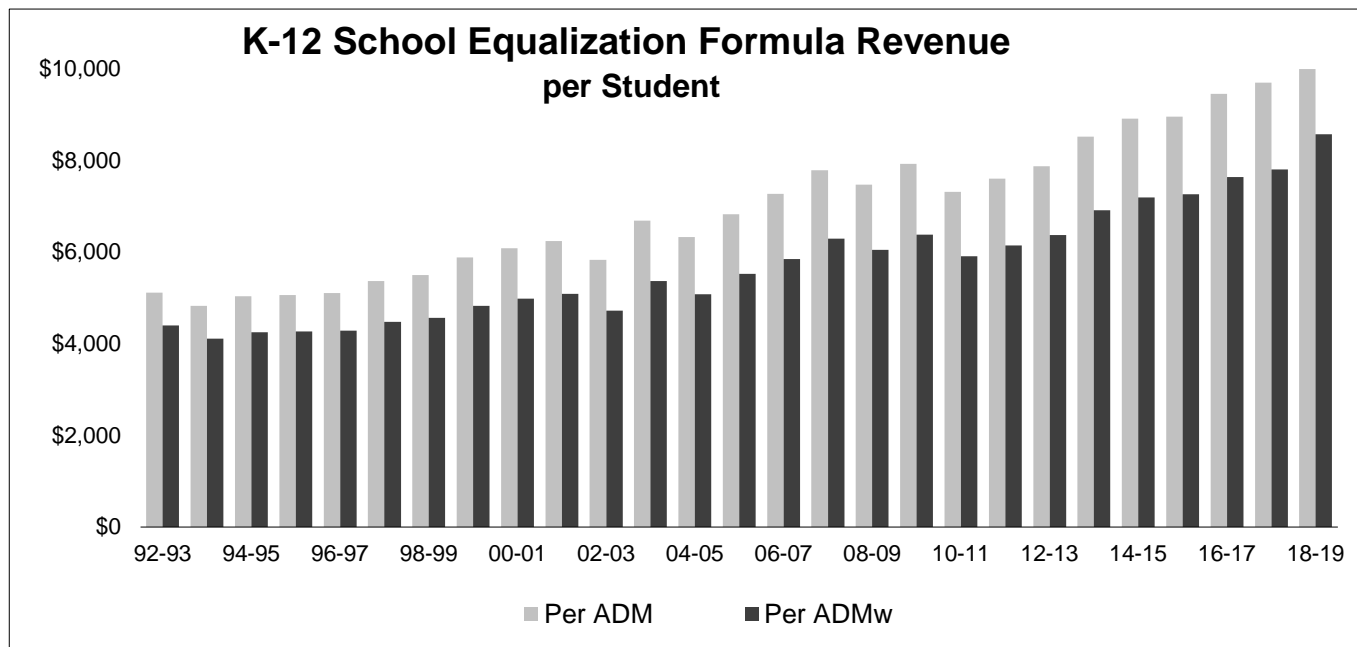
### ESD Students

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



## K-12 SCHOOL EQUALIZATION FORMULA REVENUE Per Student

	Average Daily Membership				State School Fund and Formula Local Revenue			
	Unweighted (ADM)		Weighted (ADMw)		\$ Per ADM		\$ Per ADMw	
	#	Growth	#	Growth	\$	Change	\$	Change
1992-93	487,075		566,149		5,117		4,403	
1993-94	491,982	1.0%	578,602	2.2%	4,834	-5.5%	4,110	-6.6%
1994-95	495,315	0.7%	586,859	1.4%	5,041	4.3%	4,255	3.5%
1995-96	501,929	1.3%	595,070	1.4%	5,064	0.5%	4,272	0.4%
1996-97	508,819	1.4%	605,675	1.8%	5,107	0.8%	4,290	0.4%
1997-98	514,094	1.0%	616,035	1.7%	5,371	5.2%	4,482	4.5%
1998-99	517,348	0.6%	623,169	1.2%	5,501	2.4%	4,567	1.9%
1999-00	519,545	0.4%	632,895	1.6%	5,883	6.9%	4,830	5.7%
2000-01	522,752	0.6%	638,007	0.8%	6,091	3.5%	4,991	3.3%
2001-02	528,346	1.1%	647,959	1.6%	6,245	2.5%	5,092	2.0%
2002-03	530,694	0.4%	654,862	1.1%	5,830	-6.6%	4,725	-7.2%
2003-04	528,186	-0.5%	657,110	0.3%	6,686	14.7%	5,374	13.7%
2004-05	528,139	0.0%	657,820	0.1%	6,328	-5.3%	5,081	-5.5%
2005-06	533,311	1.0%	658,860	0.2%	6,828	7.9%	5,527	8.8%
2006-07	533,216	0.0%	662,736	0.6%	7,278	6.6%	5,856	6.0%
2007-08	534,284	0.2%	660,913	-0.3%	7,789	7.0%	6,297	7.5%
2008-09	535,089	0.2%	661,507	0.1%	7,478	-4.0%	6,049	-3.9%
2009-10	534,217	-0.2%	662,867	0.2%	7,926	6.0%	6,388	5.6%
2010-11	533,160	-0.2%	660,182	-0.4%	7,319	-7.7%	5,911	-7.5%
2011-12	534,886	0.3%	662,303	0.3%	7,609	4.0%	6,145	4.0%
2012-13	533,787	-0.2%	659,846	-0.4%	7,879	3.6%	6,374	3.7%
2013-14	538,234	0.8%	663,123	0.5%	8,520	8.1%	6,916	8.5%
2014-15	541,419	0.6%	670,627	1.1%	8,919	4.7%	7,201	4.1%
2015-16 Est.	566,468	4.6%	698,371	4.1%	8,958	0.4%	7,266	0.9%
2016-17 Est.	569,866	0.6%	705,355	1.0%	9,456	5.6%	7,640	5.1%
2017-18	573,286	0.6%	712,408	1.0%	9,705	2.6%	7,810	2.2%
2018-19	576,725	0.6%	719,532	1.0%	10,701	10.3%	8,577	9.8%



**Notes:**

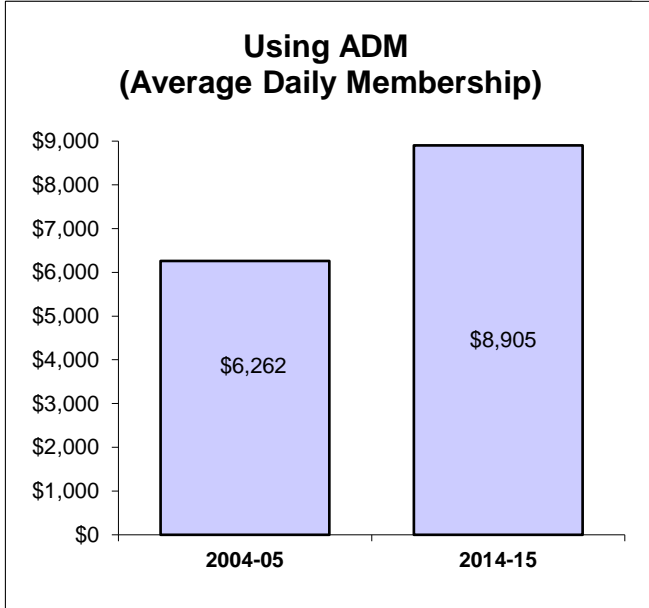
Excludes revenue outside the school formula like school improvement funds, lottery revenue bonds and federal funds.

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

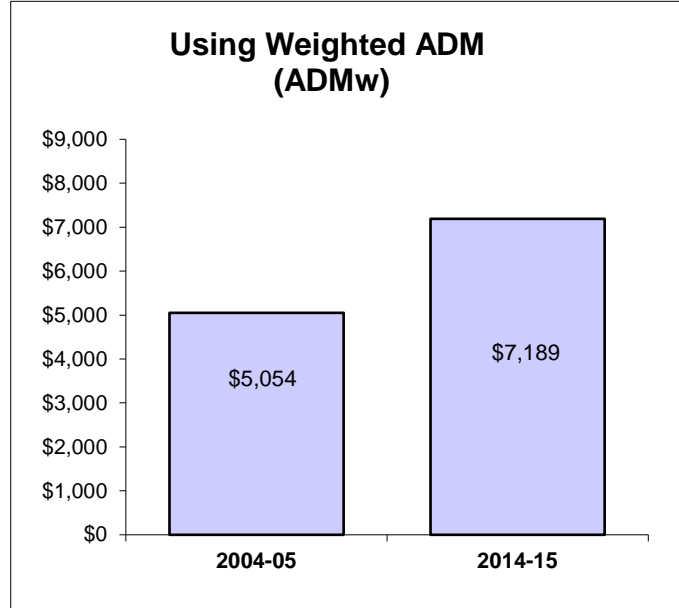
Includes students in the state youth corrections program beginning in 1997-98.

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

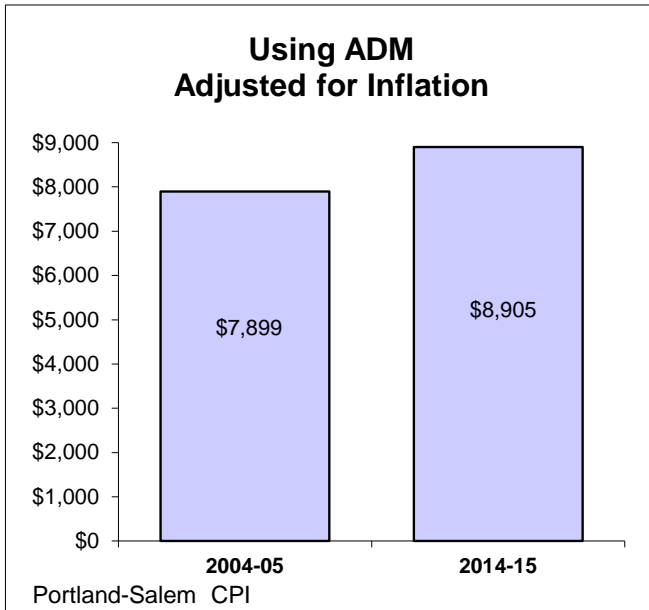
## K-12 SCHOOL FINANCIAL TRENDS STATE AND LOCAL FORMULA REVENUE PER STUDENT 10 Year Comparison



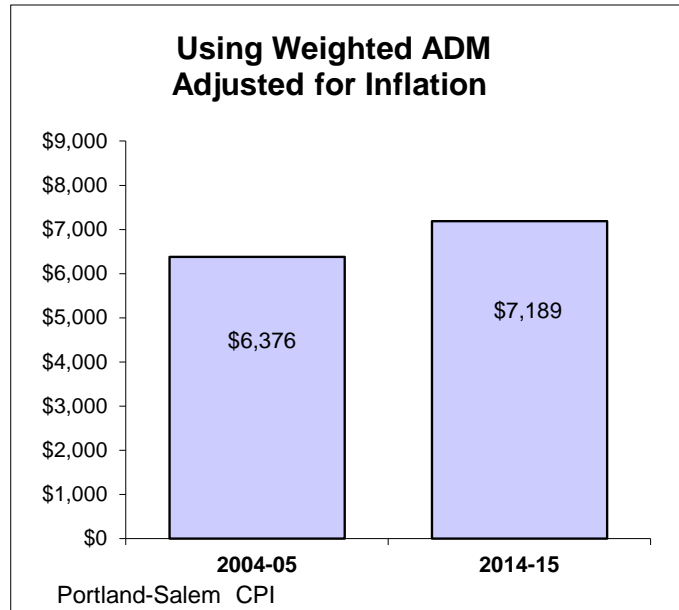
Revenue per student increases about 34%.



Revenue per weighted student increases about 34%.



Revenue per student adjusted for inflation increases about 9%.



Revenue per weighted student adjusted for inflation increases about 9%.

## K-12 and ESD REVENUE HISTORY

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Revenue Source</b>														
<b>State</b>														
State School Fund	\$2,429.0	\$2,146.9	\$2,589.8	\$2,326.3	\$2,566.6	\$2,737.7	\$2,917.6	\$2,911.2	\$2,940.1	\$2,797.7	\$2,754.3	\$2,856.8	\$3,209.7	\$3,440.7
<b>Local K-12</b>														
Property and Timber Taxes	922.7	970.2	1,003.4	1,049.4	1,093.6	1,167.2	1,223.7	1,278.0	1,331.3	1,368.4	1,400.1	1,421.3	1,466.5	1,541.6
Other Local	77.0	94.0	77.5	98.9	112.2	120.2	127.5	102.1	97.9	97.6	86.6	95.8	86.8	92.6
Excluded from Formula	-22.6	-19.5	-19.5	-21.7	0.0	-15.5	-16.5	-17.3	-17.9	-18.1	-18.7	-19.3	-19.9	-20.5
	977.2	1,044.8	1,061.3	1,126.6	1,205.8	1,271.9	1,334.7	1,362.9	1,411.3	1,447.9	1,467.9	1,497.8	1,533.5	1,613.7
<b>Local ESD</b>														
Property Tax	66.6	70.1	72.2	75.1	79.4	83.3	87.1	90.5	94.9	98.0	100.9	102.3	103.3	108.6
Shared with K-12	-3.6	-3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	62.9	66.9	72.2	75.1	79.4	83.3	87.1	90.5	94.9	98.0	100.9	102.3	103.3	108.6
<b>Total Sources</b>	3,469.1	3,258.6	3,723.3	3,527.9	3,851.7	4,092.8	4,339.3	4,364.6	4,446.3	4,343.6	4,323.2	4,456.9	4,846.5	5,163.0
<b>Revenue Allocation</b>														
<b>ESD</b>														
Districts	157.3	145.8	176.1	170.6	192.0	191.8	204.9	205.8	210.0	205.1	193.2	199.2	209.9	224.1
Testing/Regional Education	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.6	0.6	0.7	0.7	0.5	0.5
Quality Teaching Network													7.0	7.0
<b>K-12 School</b>														
Categorical Grants	0.4	0.4	0.0	0.0	1.0	1.0	1.4	8.2	1.2	1.2	1.2	1.2	1.1	1.1
Small High School Grants	4.6	4.5	2.5	2.5	2.5	2.5	2.5	2.5	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	9.8	10.1	9.8	9.8	9.8	9.8	9.8	10.5	10.5
Youth Corrections & Detention	13.0	12.1	11.0	10.3	11.0	11.9	12.0	12.5	12.0	12.5	12.0	12.5	10.5	10.5
Quality Teaching Network													7.0	7.0
English Language Learners														
District Equalization Formula	3,286.3	3,081.9	3,520.3	3,331.9	3,630.3	3,869.0	4,099.7	4,119.1	4,205.3	4,106.5	4,098.8	4,225.5	4,593.3	4,895.6
Misc. & Prior Year Corrections*	0.2	6.4	6.0	5.4	7.6	6.9	8.2	6.2	5.0	5.5	5.0	5.5	4.3	4.2
<b>State</b>														
Over Cap for Lottery Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
<b>Total Allocation</b>	3,469.1	3,258.6	3,723.3	3,527.9	3,851.7	4,092.8	4,339.3	4,364.6	4,446.3	4,343.6	4,323.2	4,456.9	4,846.5	5,163.0
<b>Other State Revenue</b>														
K-12 Lottery-Backed Bonds	0.0	0.0	0	0	0	0	0	0	0	0	0	0	0	0
K-12 Other/School Improvement	108.0	0.0	0.0	0.0	0.0	0.0	126.6	124.7	0.0	0.0	0.0	0.0	0.0	0.0

Notes: Dollars in millions.

\*Including Quality Teaching and Learning Network and local option equalization grants, starting from 2013-14

## States Rank: Revenue Per Student FY 2013

Rank	Elementary-secondary revenue			
	Total	From federal sources	From state sources	From local sources
	<b>US..... 12,380</b>	<b>US..... 1,126</b>	<b>US..... 5,650</b>	<b>US..... 5,603</b>
1	DC..... 29,427	DC..... 2,940	VT..... 16,009	DC..... 26,487
2	NY..... 22,587	AK..... 2,448	AK..... 13,025	NY..... 12,332
3	NJ..... 20,191	LA..... 1,832	HI..... 10,624	NJ..... 11,541
4	CT..... 19,519	HI..... 1,682	WY..... 9,626	CT..... 11,205
5	AK..... 19,415	NM..... 1,587	DE..... 9,471	MA..... 9,463
6	WY..... 18,498	SD..... 1,495	NY..... 8,986	PA..... 9,368
7	VT..... 18,103	MT..... 1,475	MN..... 8,464	NH..... 9,013
8	MA..... 17,315	ND..... 1,444	AR..... 8,053	RI..... 8,990
9	PA..... 16,644	MS..... 1,436	NJ..... 7,812	IL..... 8,063
10	RI..... 16,580	RI..... 1,418	IN..... 7,483	MD..... 8,017
11	MD..... 16,072	WV..... 1,357	CT..... 7,475	WY..... 7,632
12	DE..... 15,837	VT..... 1,283	NM..... 7,341	ME..... 7,371
13	NH..... 15,320	DE..... 1,273	WV..... 7,182	NE..... 7,292
14	IL..... 14,200	NY..... 1,268	MI..... 7,155	OH..... 6,829
15	ME..... 14,101	KY..... 1,267	MD..... 7,092	VA..... 6,325
16	ND..... 13,478	CA..... 1,262	MA..... 6,966	WI..... 5,945
17	OH..... 13,467	PA..... 1,262	WA..... 6,814	MO..... 5,462
18	MN..... 13,340	AZ..... 1,251	ND..... 6,784	SD..... 5,461
19	HI..... 12,621	WY..... 1,240	KS..... 6,537	ND..... 5,250
20	MI..... 12,584	NE..... 1,208	IA..... 6,243	LA..... 5,192
21	NE..... 12,514	AR..... 1,198	RI..... 6,172	CO..... 5,161
22	WI..... 12,506	MI..... 1,185	PA..... 6,014	TX..... 5,099
23	WV..... 12,309	TN..... 1,175	NV..... 5,921	DE..... 5,092
24	IA..... 12,072	TX..... 1,163	KY..... 5,782	SC..... 4,996
25	LA..... 12,045	FL..... 1,129	ME..... 5,667	IA..... 4,910
26	IN..... 11,955	SC..... 1,127	CA..... 5,660	GA..... 4,794
27	VA..... 11,846	IL..... 1,117	WI..... 5,603	MT..... 4,571
28	KS..... 11,596	AL..... 1,090	OH..... 5,571	FL..... 4,549
29	MT..... 11,566	NC..... 1,076	MT..... 5,521	<b>OR..... 4,447</b>
30	WA..... 11,562	GA..... 1,073	NH..... 5,435	MI..... 4,244
31	SC..... 11,412	OH..... 1,067	<b>OR..... 5,393</b>	AZ..... 4,232
32	MO..... 11,179	OK..... 1,066	NC..... 5,375	KS..... 4,198
33	NM..... 10,753	ME..... 1,064	SC..... 5,288	MN..... 4,068
34	CA..... 10,702	MO..... 997	AL..... 5,236	AK..... 3,941
35	<b>OR..... 10,677</b>	WA..... 992	LA..... 5,022	CA..... 3,780
36	AR..... 10,573	IN..... 977	IL..... 5,021	WV..... 3,770
37	KY..... 10,533	MD..... 964	MO..... 4,721	WA..... 3,756
38	GA..... 10,370	WI..... 958	ID..... 4,698	TN..... 3,650
39	CO..... 10,319	IA..... 919	VA..... 4,644	IN..... 3,495
40	TX..... 10,191	NV..... 908	GA..... 4,503	KY..... 3,484
41	SD..... 10,087	MA..... 886	MS..... 4,491	OK..... 3,381
42	AL..... 9,607	ID..... 877	CO..... 4,340	AL..... 3,281
43	NV..... 9,566	VA..... 877	OK..... 4,304	MS..... 3,068
44	FL..... 9,207	NH..... 873	TN..... 4,129	UT..... 2,945
45	MS..... 8,995	KS..... 861	NE..... 4,014	NV..... 2,737
46	TN..... 8,953	CT..... 839	UT..... 3,976	NC..... 2,219
47	OK..... 8,751	NJ..... 837	TX..... 3,928	ID..... 1,833
48	NC..... 8,670	<b>OR..... 836</b>	FL..... 3,528	NM..... 1,826
49	AZ..... 8,599	CO..... 818	SD..... 3,131	AR..... 1,322
50	UT..... 7,650	MN..... 808	AZ..... 3,116	VT..... 812
51	ID..... 7,408	UT..... 729	DC..... (X)	HI..... 314

**SOURCE:** Public Education Finance 2013, Census Bureau.

## 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 30 cents per gallon. Motor Fuel Tax is paid by the wholesaler and is included in the price at the pump. Non-highway or exempt users can apply for refunds of the taxes they paid. Use-Fuel tax 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 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 4.98 cents per mile to 16.38 cents per mile for trucks below 80,000 pounds. The rates for trucks over 80,000 lb. increase while allowing a discount for a higher number of axles on the truck (table B). Over weight and dimensional vehicles pay additional fees. Log, sand, gravel, wood chip and other dump trucks may elect to pay monthly fees in lieu of weight-mile taxes (flat fees). These are based on gross vehicle weight and do not vary with miles traveled.

**Motor vehicle registration fees** are imposed on cars and trucks. Cars and other vehicles less than 8,000 pounds pay \$86 a biennium or \$172 for a new vehicle 4 year registration (HB 2001, effective on Oct, 1, 2009). Truck registration fees are based on gross weight. Fees for vehicles with weights below 26,000 lb. range from \$391 to \$764. Registrations for trucks heavier than 26,000 lb. range from \$375 to \$1,295. Nonprofit organizations, tow trucks, and farm vehicles pay reduced fees based on separate registration schedules.

**Vehicle Titling Fees** are imposed on cars and trucks. Vehicles under 26,000 pounds pay \$77 and vehicles over 26,000 pounds pay \$90. Salvage and duplicate titles are \$27.

**Bonding** started taking a bigger role in funding transportation with the introduction of the Oregon Transportation Improvement Act (OTIA) in 2001. OTIA I (HB 2142) dedicated \$71.2 million a biennium for debt service on \$400 million bonds for modernization projects. OTIA II (HB 4010 of 2002 first special session) took an advantage of lower interest rates and increased the limit on net proceeds to \$500 million. OTIA III (HB 2041 of the 2003 session) increased most fees and rates to provide debt service for \$1.6 billion in bond proceeds for bridge repair and replacement, and \$300 million in net proceeds for highway modernization. HB 2001 of the 2009 session (Jobs and Transportation Act) allowed new bonding for projects using \$70 million from the new revenue for annual debt service.

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

### **Highway Fund**

The Oregon Constitution requires all tax revenues levied 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 on the system by each vehicle class. Net revenues from the dedicated taxes

and fees are deposited in the Highway Fund. The Highway Fund is distributed among the state, cities and counties for road construction and maintenance. Moneys are distributed among Oregon counties in proportion to vehicle registrations, while city distributions are in proportion to population. As a result of the three OTIA legislations mentioned above, ODOT will have to track revenues separately before and after each of those legislations. Increases for various registration fees, license, and titles with their heavy vehicle equivalents and other fees need to be tracked before and after HB 2041. The different distribution formulas for the different revenue streams are shown in the table below. The Base includes all revenues from taxes and fees before the increases in HB 2142 and HB 2041. The distribution for OTIA is any excess of the \$71.2 million that is not required for debt service. In the case of the Bridge distribution (OTIA III), any revenue not used for debt service goes to the indicated jurisdiction. The 2003 session also allocated a small number of vehicle and driver transaction revenues to be distributed to cities and counties with 60% to 40% split. HB 2001 of the 2009 session is meant to raise \$300 million a year, and distributes \$3 million per year to the Travel Information Council, \$24 million per year to ODOT special plan programs. The balance (\$273 million) goes 20% (\$54.6 million) to city streets and 30% (\$81.9 million) to county roads, the remainder 50 percent (\$136.5 million) to state highways.

### **HIGHWAY FUND DISTRIBUTION**

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

\* 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, safety and rail in addition to revenue for highways.

<b>Total Transportation Revenue (millions of dollars)</b>									
Revenue Source	Actual Revenue								
	1999-01	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17
Beginning Balance	53.6	160.6	453.3	198.6	759.9	629.3	576.3	283	504
<b>Revenues</b>									
Fuel Taxes	808.6	824.8	839.8	863.2	842.9	886.9	1,105.8	1,066	1,087
Weight-Mile Taxes	429.8	390.3	436.9	476.2	449.2	454.1	610.7	593	608
Driver & Vehicle	228.7	304	446.5	490.3	453.6	581.5	676.5	661	677
General Fund	20.1	17.3	3.9	8.6	4.5	18.9	2	11	28
Federal Funds	584.8	671.6	748.1	749.7	910.1	1,371.7	1,092	812	858
Lottery	21.3	12.3	20.7	22.8	46.5	79.8	72.1	94	107
Bonds & COP	58.5	291.2	443	1,278.5	761.8	847	384.3	1619	481
All Other	198.2	215.7	243.2	248.5	302.0	245.2	305.6	436.0	294.0
<b>Total Revenue</b>	<b>2,350.0</b>	<b>2,727.2</b>	<b>3,182.1</b>	<b>4,137.7</b>	<b>3,770.6</b>	<b>4,485.0</b>	<b>4,662.2</b>	<b>5,292</b>	<b>4,140</b>
<b>Total Resources</b>	<b>2,403.6</b>	<b>2,887.8</b>	<b>3,635.4</b>	<b>4,336.3</b>	<b>4,530.5</b>	<b>5,114.3</b>	<b>5,238.5</b>	<b>5,575</b>	<b>4,644</b>

Source: ODOT Program Budget.

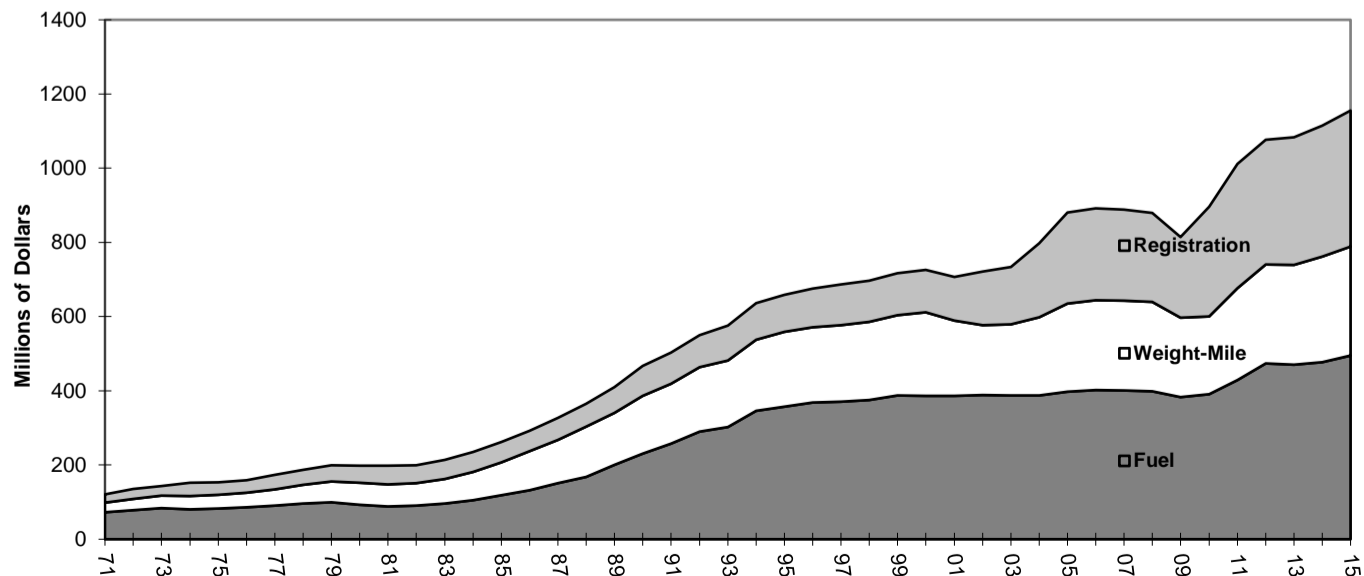
The following two tables show gross tax collections from state imposed highway user fees and the amounts distributed for expenditure on roads by the state, cities and counties. Page H-5 shows fuel tax rates by state and page H-6 shows motor carrier fees and taxes by state for an 80,000-pound vehicle,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

## MOTOR VEHICLE AND FUEL TAX REVENUES

Fiscal Year	Gross Tax Collections* (millions)							
	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	53.2%	225.4	31.0%	114.6	15.8%	726.4	1.4%
2000-01	386.2	54.7%	202.7	28.7%	117.6	16.6%	706.5	-2.7%
2001-02	388.8	53.9%	187.9	26.0%	144.7	20.1%	721.4	2.1%
2002-03	387.0	52.7%	192.4	26.2%	154.7	21.1%	734.1	1.8%
2003-04	387.3	48.6%	211.2	26.5%	199.0	25.0%	797.5	8.6%
2004-05	398.1	45.2%	237.0	26.9%	245.4	27.9%	880.5	10.4%
2005-06	401.6	45.0%	243.0	27.3%	247.0	27.7%	891.6	1.3%
2006-07	400.7	45.1%	242.0	27.3%	245.2	27.6%	887.9	-0.4%
2007-08	398.4	45.3%	241.6	27.5%	239.6	27.2%	879.6	-0.9%
2008-09	382.6	47.0%	214.4	26.3%	217.5	26.7%	814.5	-7.4%
2009-10	390.5	43.6%	209.8	23.4%	295.9	33.0%	896.2	10.0%
2010-11	429.0	42.4%	248.0	24.5%	334.7	33.1%	1,011.7	12.9%
2011-12	473.7	44.0%	267.2	24.8%	336.0	31.2%	1,076.9	6.4%
2012-13	470.9	43.5%	268.9	24.8%	343.8	31.7%	1,083.6	0.6%
2013-14	477.7	42.8%	284.1	25.5%	353.3	31.7%	1,115.1	2.9%
2014-15	494.8	42.8%	294.2	25.5%	366.4	31.7%	1,155.4	3.6%

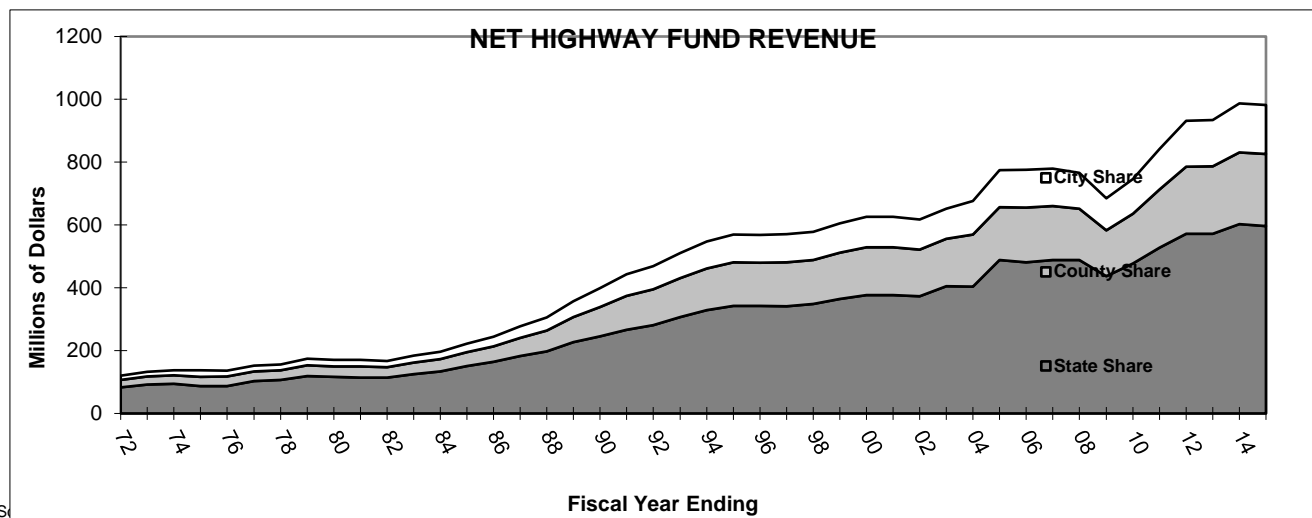
\* Exclusive of dedicated revenue such as recreational vehicle fees and custom license plates.

### MOTOR VEHICLE AND FUEL TAX REVENUE



**NET HIGHWAY FUND REVENUE**  
(millions)

Fiscal Year	Total Highway Fund	Less Transfers to		Net State Revenue	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%
2006-07	779.8	118.8	172.3	488.7	0.6%
2007-08	765.5	113.5	163.9	488.1	-1.8%
2008-09	685.5	102.0	146.7	436.9	-10.5%
2009-10	746.9	110.4	159.2	477.2	9.0%
2010-11	841.6	128.1	185.5	528.0	12.7%
2011-12	931.6	146.4	212.7	572.4	10.7%
2012-13	934.5	147.5	214.6	572.5	0.3%
2013-14	987.0	156.0	227.8	603.2	5.6%
2014-15	981.8	155.8	229.4	596.6	-0.5%





**Motor Fuel Tax Rates (cents per gallon)**

January 1, 2016

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 /1/10	16	2	18	43	19		19	41	16	2	18	43		Inspection fee /10
Alaska	8	1.0	8.95	51	8	0.95	8.95	51	8	0.95	8.95	51		Refining Surcharge
Arizona	18	1.0	19	39	26	1.0	27	25	18	1	19	39		/9 LUST Tax
Arkansas	21.5	0.3	21.8	34	22.5	0.3	22.8	34	21.5	0.3	21.8	33		Environmental fee
California	30	5.0	35	4	13	22.5	35.5	4	30	5	35	4	Y	Includes prepaid sales tax /8
Colorado	22		22	33	20.5		20.5	37	20		20	37		
Connecticut	25		25	24	50.3		50.3	2	25		25	24		Plus a 8.1% Petroleum tax (gas)
Delaware	23		23	31	22		22	36	23		23	31		Plus 0.9% GRT
Dist. of Columbia	23.5		23.5	30	23.5		23.5	29	23.5		23.5	30		
Florida /2	4	24.4	28.4	17	4	27.7	31.7	13	4	24.4	28.4	17	Y	Sales tax added to excise /2
Georgia /5	26		26	21	29		29	18	26		26	21	Y	/5 Local sales tax additional
Hawaii /1	17		17	46	17		17	46	17		17	46	Y	Sales tax additional
Idaho	32	1	33	7	32	1	33	10	32	1	33	7		Clean water tax /7
Illinois /1	19	1.1	20.1	37	21.5	1.1	22.6	35	19	1.1	20.1	36	Y	Sales tax add., env. & LUST fee /3
Indiana	18		18	43	16		16	48	18		18	43	Y	Sales tax additional /3
Iowa	30.8	1.0	31.8	10	32.5	1.0	33.5	7	29.3	1	30.3	11		Environmental fee
Kansas	24	1.0	25.03	23	26	1.0	27.03	24	24	1.03	25.03	23		Environmental & Inspection fees
Kentucky	24.6	1.4	26	21	21.6	1.4	23	31	24.6	1.4	26	21		Environmental fee /4 /3
Louisiana	20	0.1	20.125	36	20	0.1	20.125	39	20	0.125	20.125	35		Inspection fee
Maine	30		30	12	31.2		31.2	14	30		30	12		/5
Maryland /5	32.6		32.6	9	33.35		33.35	8	32.6		32.6	9		/5
Massachusetts	24		24	26	24		24	26	24		24	26		
Michigan	19		19	39	15		15	49	19		19	39	Y	Sales tax additional
Minnesota	28.5	0.1	28.6	16	28.5	0.1	28.6	19	28.5	0.1	28.6	16		Inspect fee
Mississippi	18	0.4	18.4	42	18	0.4	18.4	42	18	0.4	18.4	42		Environmental fee
Missouri	17	0.3	17.3	45	17	0.3	17.3	45	17	0.3	17.3	45		Inspection & Load fees
Montana	27		27	20	27.75		27.75	21	27		27	20		
Nebraska	26.8	0.9	27.7	19	26.8	0.3	27.1	23	26.8	0.9	27.7	19		Petroleum fee /5
Nevada /1	23	0.805	23.805	29	27	0.75	27.75	21	23	0.805	23.805	29		Inspection & cleanup fee
New Hampshire	22.2	1.625	23.825	28	22.2	1.625	23.825	28	22.2	1.625	23.825	28		Oil discharge cleanup fee
New Jersey	10.5	4	14.5	50	13.5	4	17.5	44	10.5	4	14.5	50		Petroleum fee
New Mexico	17	1.875	18.875	41	21	1.875	22.875	33	17	1.875	18.875	41		Petroleum loading fee
New York	8	17.0	25	24	8	15.25	23.25	30	8	17	25	24	Y	Petroleum Tax, Sales tax additional
North Carolina	35	0.25	35.25	3	35	0.25	35.25	5	35	0.25	35.25	3		/5 /10 Inspection tax
North Dakota	23		23	31	23		23	31	23		23	31		
Ohio	28		28	18	28		28	20	28		28	18		
Oklahoma	16	1	17	46	13	1	14	50	16	1	17	46		Environmental fee
<b>Oregon /1</b>	<b>30</b>		<b>30</b>	<b>12</b>	<b>30</b>		<b>30</b>	<b>15</b>	<b>30</b>		<b>30</b>	<b>12</b>		
Pennsylvania	50.3		50.3	1	64		64	1	50.3		50.3	1		Oil franchise tax only
Rhode Island	33	1	34	5	33	1	34	6	33	1	34	5		LUST tax
South Carolina	16	0.8	16.75	48	16	0.8	16.75	47	16	0.75	16.75	48		Inspection fee & LUST tax
South Dakota /1	28	2.0	30	12	28	2.0	30	15	28	2	30	12		Inspection fee
Tennessee /1	20	1.4	21.4	35	17	1.4	18.4	42	20	1.4	21.4	34		Petroleum Tax & Envir. Fee
Texas	20		20	38	20		20	40	20		20	37		
Utah	29.4		29.4	15	29.4		29.4	17	29.4		29.4	15		
Vermont /5	12.1	18.36	30.46	11	28	4	32	12	12.1	18.36	30.46	10		Cleanup Fee & Trans. Fee
Virginia /1	16.2		16.2	49	20.2		20.2	38	16.2		16.2	49		/6
Washington /10	44.5		44.5	2	44.5		44.5	3	44.5		44.5	2		0.5% privilege tax /10
West Virginia	20.5	12.7	33.2	6	20.5	12.7	33.2	9	20.5	12.7	33.2	6	Y	Sales tax added to excise
Wisconsin	30.9	2	32.9	8	30.9	2	32.9	11	30.9	2	32.9	8		Petroleum Insp. Fee
Wyoming	23	1	24	26	23	1	24	26	23	1	24	26		License tax
Federal	18.3	0.1	18.4		24.3	0.1	24.4		13	0.1	13.1			

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

/2 Local taxes for gasoline and gasohol vary from 11.1 cents to 19.1 cents. Includes Inspection Fee, SCETS, & Additional Local Tax.

/3 Carriers pay an additional surcharge equal to IL-19.3 cents (g) 20.1 cents (d), IN-11 cents, KY-2% (g) 4.7% (d).

/4 Tax rate is based on the average wholesale price and is adjusted annually The actual rates are: KY, 9%; and UT, 12%.

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

/6 Large trucks pay an additional (d) 3.5 cents (g) 12.6 cents. Actual rates (g) 5.1%, (d) 6%.

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

/8 California Gasoline subject to 2.25% sales tax. Diesel subject to a 9.25% sales tax.

/9 Diesel rate specified is the fuel use tax rate on large trucks. Small vehicles are subject to 18 cent tax rate.

/10 Tax rates scheduled to increase to 49.4 cents in WA, 7/1/16, 18 cents in AL (g), 10/1/16. Decrease to 34 cents in NC, 7/1/15.

**2014**  
**State Motor Carrier Registration Fees**  
80,000 Pound Vehicle (GVW)

State	Dollars per Vehicle	State Ranking
Alabama	\$835	45
Alaska	\$619	48
Arizona	\$4,006	1
Arkansas	\$1,573	23
California	\$2,832	5
Colorado	\$2,799	6
Connecticut	\$1,591	22
Delaware	\$1,390	28
Florida	\$1,369	30
Georgia	\$1,005	40
Hawaii	\$1,459	24
Idaho	\$3,371	2
Illinois	\$3,193	3
Indiana	\$1,977	12
Iowa	\$1,725	18
Kansas	\$2,318	9
Kentucky	\$1,430	27
Louisiana	\$511	49
Maine	\$1,270	34
Maryland	\$1,838	15
Massachusetts	\$1,660	21
Michigan	\$1,690	20
Minnesota	\$1,760	16
Mississippi	\$2,885	4
Missouri	\$1,755	17
Montana	\$983	42
Nebraska	\$1,286	33
Nevada	\$1,914	13
New Hampshire	\$800	47
New Jersey	\$1,244	36
New Mexico	\$205	50
New York	\$1,223	37
North Carolina	\$1,254	35
North Dakota	\$1,079	38
Ohio	\$1,448	26
Oklahoma	\$959	43
<b>Oregon</b>	<b>\$999</b>	<b>41</b>
Pennsylvania	\$1,715	19
Rhode Island	\$1,061	39
South Carolina	\$810	46
South Dakota	\$1,458	25
Tennessee	\$1,371	29
Texas	\$896	44
Utah	\$2,265	10
Vermont	\$2,257	11
Virginia	\$1,338	32
Washington	\$1,852	14
West Virginia	\$2,345	8
Wisconsin	\$2,583	7
Wyoming	\$1,356	31

**2016**  
**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
<b>Oregon*</b>	<b>\$0.1638</b>	<b>1</b>

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

Source: Individual state internet sites  
(see Weight-Mile Tax Rates tab)

**2016**  
**State Diesel Tax Rates**  
(per gallon)

State	Tax Rate	State Ranking
Alabama	\$0.2075	38
Alaska	\$0.0895	49
Arizona	\$0.2700	25
Arkansas	\$0.2280	35
California	\$0.4470	3
Colorado	\$0.2050	39
Connecticut	\$0.5030	2
Delaware	\$0.2200	36
Florida	\$0.3367	9
Georgia	\$0.2900	20
Hawaii	\$0.1526	47
Idaho	\$0.3200	15
Illinois	\$0.4380	5
Indiana	\$0.2700	25
Iowa	\$0.3350	10
Kansas	\$0.2700	25
Kentucky	\$0.3320	11
Louisiana	\$0.2000	40
Maine	\$0.3187	17
Maryland	\$0.3285	14
Massachusetts	\$0.2400	32
Michigan	\$0.2908	19
Minnesota	\$0.2850	21
Mississippi	\$0.1840	42
Missouri	\$0.1700	45
Montana	\$0.2850	21
Nebraska	\$0.2640	28
Nevada	\$0.2781	24
New Hampshire	\$0.2383	33
New Jersey	\$0.1750	44
New Mexico	\$0.2200	36
New York	\$0.4035	6
North Carolina	\$0.3600	7
North Dakota	\$0.2300	34
Ohio	\$0.2800	23
Oklahoma	\$0.1300	48
<b>Oregon</b>	<b>\$0.0000</b>	<b>50</b>
Pennsylvania	\$0.6420	1
Rhode Island	\$0.3300	12
South Carolina	\$0.1675	46
South Dakota	\$0.3000	18
Tennessee	\$0.1840	42
Texas	\$0.2000	40
Utah	\$0.2450	29
Vermont	\$0.3200	15
Virginia	\$0.2430	31
Washington	\$0.4450	4
West Virginia	\$0.3460	8
Wisconsin	\$0.3290	13
Wyoming	\$0.2440	30

Primary source: International Registration Plan, Inc., Information Exchange internet site  
Note: Based on intrastate for-hire carrier registering 2007 model year 5-axle (3-S2) tractor-semitrailer combination with GVW of 80,000 lbs.

Primary source: American Trucking Associations,  
*The State Laws Newsletter* (see Diesel Fuel Tax Rates tab)

# TIMBER TAXATION

## ***A Brief History***

Prior to 1929, all private forestland in Oregon (8 million acres) was taxed based on the value of standing timber and the land beneath it. At the time, it was common for landowners to log old growth, and to not invest further in replanting. Lands would often revert to farm or urban uses after being logged. Some lands even reverted to county ownership, as private landowners stopped paying property taxes on logged lands that were viewed as worthless. In response to these foreclosures, the 1929 Legislature implemented an optional Forest Fee and Yield tax.

The tax applied to reforestation lands (860,000 acres) and allowed taxation on the value of timber upon the cutting of trees rather than a property tax each year as the trees grew. Forests that qualified as reforestation lands were subject to a 5 cents per acre "forest fee" annually as well as a 12.5% "Yield Tax" on the value of timber that was harvested. This system continued until it was repealed in 1977. In 1947, a Forest Products Harvest Tax was imposed per thousand board feet on all merchantable harvests from both public and private land (first 25,000 bf exempt). Under 1961 legislation, most Western Oregon land was subject to partial property tax exemption where all timber under 12" in diameter was exempt from property tax due to its designation as "reproduction timber." Larger trees were placed on the property tax roll at a percentage of their immediate harvest value. In the year of harvest, the local property tax rate was applied to 70% of the value of the harvested timber. For small tracts, the Western Oregon Small Tract Optional Tax (WOSTOT) allowed small forestland owners to pay property tax on the productivity value of qualified forestland (200,000 acres). Forest land's productivity value was categorized by site class ranked I (most productive) through V (least productive) and values were set accordingly. Eastern Oregon began a severance tax during this time, where owners paid 5% of the market value of all private timber harvested.

Beginning in 1962 (eastern Oregon) and in 1978 (western Oregon), severance taxes on timber harvest were imposed on the value of timber harvested in lieu of property tax on the value of standing timber (not applicable to forestland under WOSTOT). The 1977 Legislature repealed the Forest Fee and Yield Tax, returning the reforestation lands to the regular program phased in over the next 20 years. State collected severance taxes were distributed to local taxing districts as an offset to property taxes.

In 1991, in response to Measure 5 (1990), 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. Privilege taxes were imposed in lieu of property tax on 80% of forestland value.

Under Measure 50 (1997), WOSTOT 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. Forestland was assessed at 100% of the lesser of its maximum specially assessed value or its specially assessed value as determined by the Department of Revenue (Department). Privilege taxes were 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 forestland 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 (STF) program. Under the Oregon Forestland program, forestland is assessed for property tax at the lesser of either its maximum specially 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 annually.

Under the STF program, forestland has an assessed value equal to 20% of the specially assessed forestland values determined by the Department. The 2014-15 values are shown in the table below. The amount of tax that is not imposed due to the 80% reduction is recovered when a severance tax is applied to harvested timber. The severance tax applies to the net volume of logs from harvested timber. The Forest Products Harvest Tax also applies to this volume. The severance tax rates for calendar year 2014 are \$5.18 (Western Oregon) and \$4.03 (Eastern Oregon) per 1,000 board feet harvested. These rates are indexed annually in proportion to the increase in value of forestland in the Program in each area.

For a parcel of forestland to qualify for the STF program, it must be held in common ownership of at least 10 acres but less than 5,000 acres of Oregon forestland and meet minimum stocking and species requirements. The owner must apply to the relevant county assessor(s) and the application must include all forestland owned in contiguous parcels. Assessors must disqualify forestland from the STF program if it fails to meet minimum stocking and species requirements or becomes part of an ownership of less than 10 acres or more than 5,000 acres. Disqualification from the program is subject to additional taxes equal to the tax on the 80% of value not assessed while in the program to a maximum of 10 years.

The values per acre shown in the table below are the maximum assessed values for forest land in the Oregon Forestland program (OFP) and the value limits for forest land in the Small Tract Forestland program (STF).

2015-16 Limit on Per Acre Forestland Value		
Site Class by Region	OFP	STF
Western Oregon		
FA	\$641.54	\$127.28
FB	\$508.95	\$101.00
FC	\$426.24	\$84.37
FD	\$362.08	\$71.92
FE	\$240.89	\$47.01
FF	\$173.87	\$34.54
FG	\$72.66	\$13.76
FX	\$8.50	\$1.33
Eastern Oregon	\$72.66	\$13.76

The historically complex distribution system for privilege taxes has been eliminated. Property taxes on forestland are treated like any other property taxes. The severance taxes under the STF program are deposited to the appropriate Eastern or Western Oregon Timber Severance Tax Fund. After payment of administrative expenses, the balance in each fund is distributed to the State School Fund (60.5%), the Community College Support Fund (4.5%) on May 1<sup>st</sup> of each year, and to the counties in either eastern or western Oregon (35%) on August 15<sup>th</sup> 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 OSU forestry research, fire protection fund, and administration of the Forest Practices Act and forest monitoring funded by the Department of

Forestry. The 'Other' rates include \$1.75 (11 months) for salmon reclamation in 1998, \$0.15 for assistance to nonindustrial landowners in 2001 and 2001, and most recently, \$0.10 to support Professional Forestry Education at the Oregon State College of Forestry. Rates shown for the Oregon Forest Research Institute (OFRI) are subject to change by the governing board of the institute. The statutory rate for fire suppression is \$0.625 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	OSU Research	Protection Fund	Forest Practices	OFRI	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	
2008	0.92	0.625	1.1456	0.89	
2009	0.92	0.625	1.1456	0.89	
2010	0.92	0.625	1.14	0.89	
2011	0.92	0.625	1.14	0.89	
2012	0.8739	0.625	1.2952	0.89	
2013	0.8739	0.625	1.2952	0.89	
2014	0.8439	0.625	0.9727	0.89	
2015	0.8439	0.625	0.9727	0.99	0.10
2016	0.90	0.625	1.1037	1.00	0.10

### ***Local Revenues from Federally-Owned Forest Lands***

Notwithstanding the importance of the Forest Products Harvest Tax and Severance Tax revenues to the state and to local taxing districts, among certain counties primarily located in southwest Oregon, federally-owned forestlands are a critical revenue source. Under federal law, harvested timber from federally-owned lands must be shared with the state and counties in which the federally-owned forestlands are located. On October 30, 2000, Congress passed Public Law 106-393 (the Secure Rural Schools and Community Self-Determination Act of 2000, commonly known as "Payments to States") in order to offset the effect of decreased revenues available to counties from declining timber harvests on federal lands. In FY 2010-11, estimated federal forest payments totaled \$116 million. The act was reauthorized for FY 2013 for 1 year at a rate of 95 percent of the FY 2012 amount. Oregon received \$65.2 million in FY 2014.

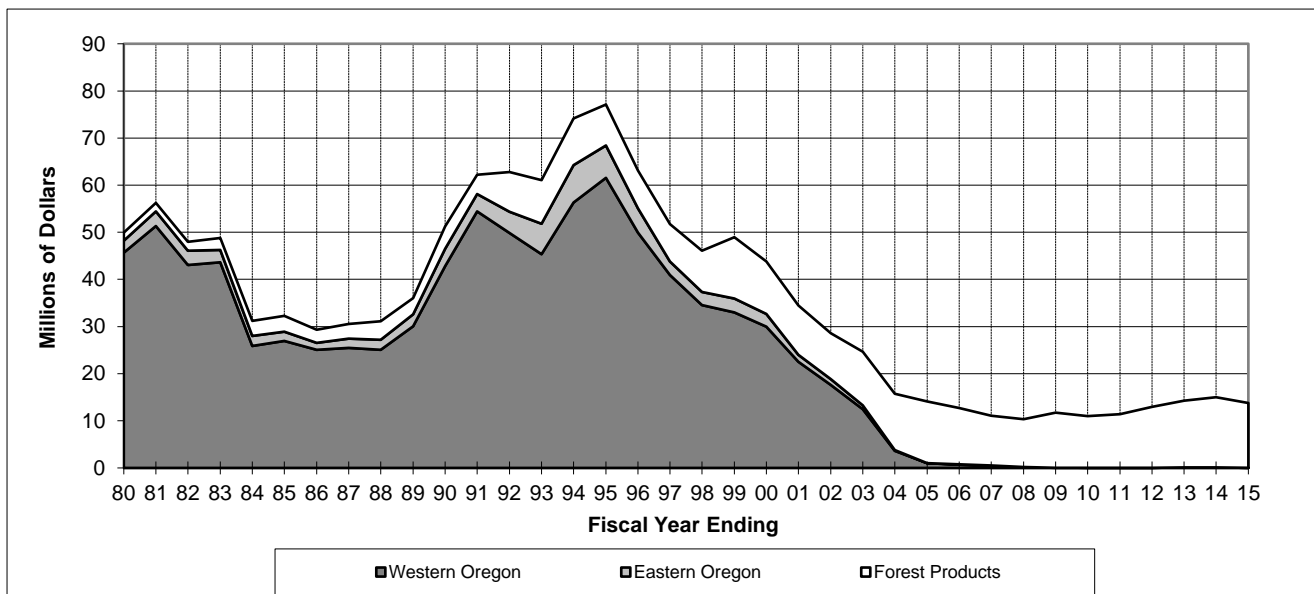
## TIMBER TAX COLLECTIONS

(Millions of Dollars)

Fiscal Year	Privilege Taxes				Forest Products		Small Tract Forestland	
	Eastern Oregon		Western Oregon		Harvest Tax		Tax	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
1980-81	3.10		51.36		1.81			
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%	0.33	
2005-06	0.03	-25.0%	0.70	-30.0%	12.00	-7.8%	0.32	-3.1%
2006-07	0.08	166.7%	0.44	-37.1%	10.53	-12.3%	0.37	17.0%
2007-08	0.01	-92.0%	0.19	-57.5%	10.18	-3.3%	0.31	-16.0%
2008-09	(0.05)	-600.0%	0.08	-57.2%	11.68	14.7%	0.18	-42.5%
2009-10	0.00	109.6%	0.06	-25.0%	10.96	-6.2%	0.15	-15.0%
2010-11	0.00	15.7%	0.04	-30.8%	11.33	3.3%	0.21	37.5%
2011-12	0.00	-66.8%	0.03	-18.7%	12.90	13.9%	0.35	64.0%
2012-13	0.00	-83.4%	0.14	308.4%	14.15	9.7%	0.39	14.1%
2013-14	0.00	-92.8%	0.08	-42.5%	14.92	5.5%	0.53	34.3%
2014-15	0.00	-68.8%	0.05	-37.5%	13.71	-8.1%	0.59	12.4%

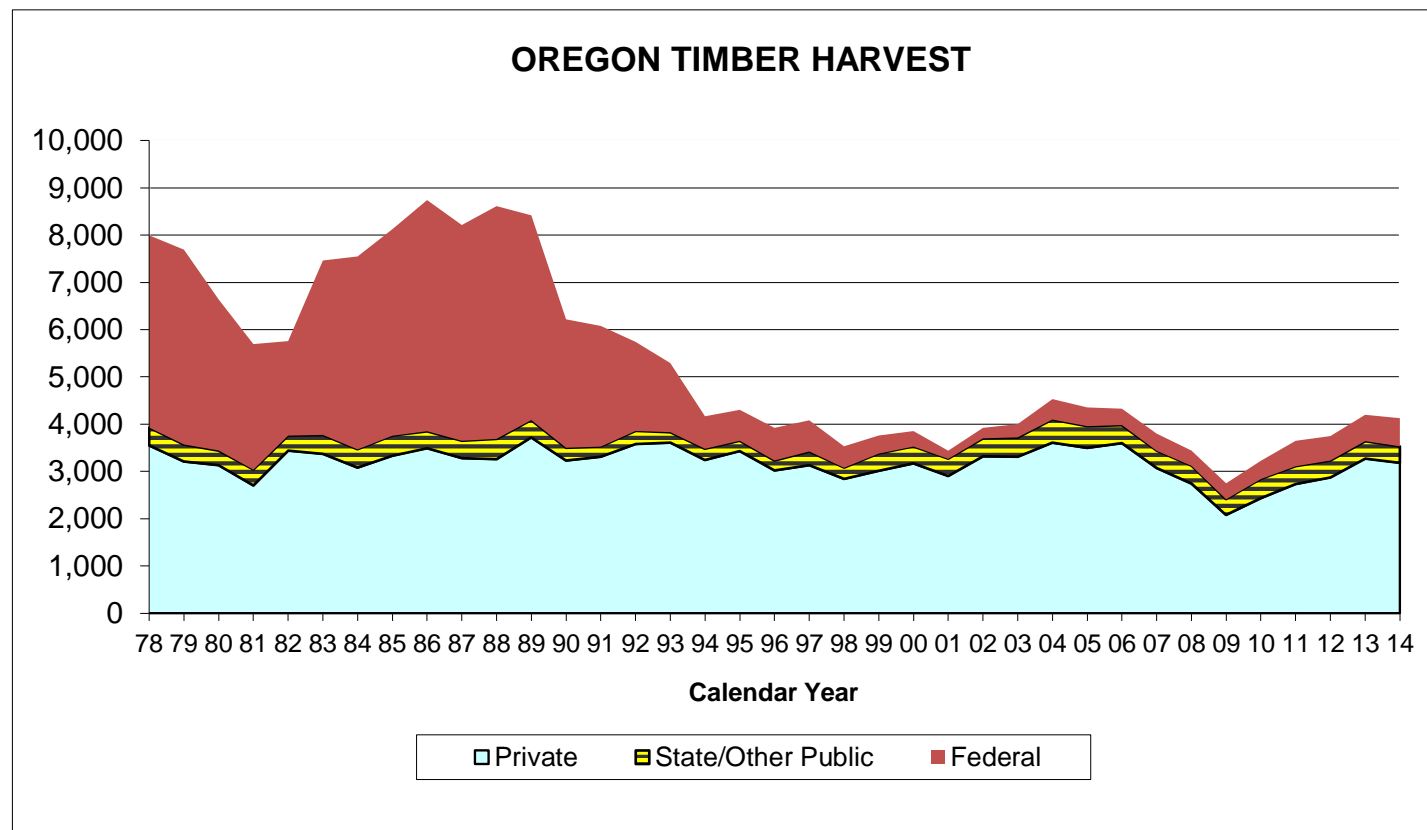
Source: Oregon Department of Revenue, Monthly Receipts Statement.

### 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
1979	3,208		4,123		363		7,694	
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%
2006	3,596	2.9%	346	-12.8%	386	-16.6%	4,327	-0.6%
2007	3,070	-14.6%	364	5.2%	366	-5.1%	3,800	-12.2%
2008	2,740	-10.7%	323	-11.3%	379	3.6%	3,441	-9.4%
2009	2,079	-24.1%	339	4.9%	331	-12.8%	2,748	-20.1%
2010	2,432	17.0%	387	14.3%	407	23.1%	3,227	17.4%
2011	2,733	12.4%	539	39.2%	376	-7.6%	3,648	13.1%
2012	2,873	5.1%	517	-4.1%	358	-4.8%	3,748	2.7%
2013	3,273	13.9%	557	7.8%	368	2.9%	4,199	12.0%
2014	3,183	-2.7%	596	6.9%	348	-5.5%	4,127	-1.7%

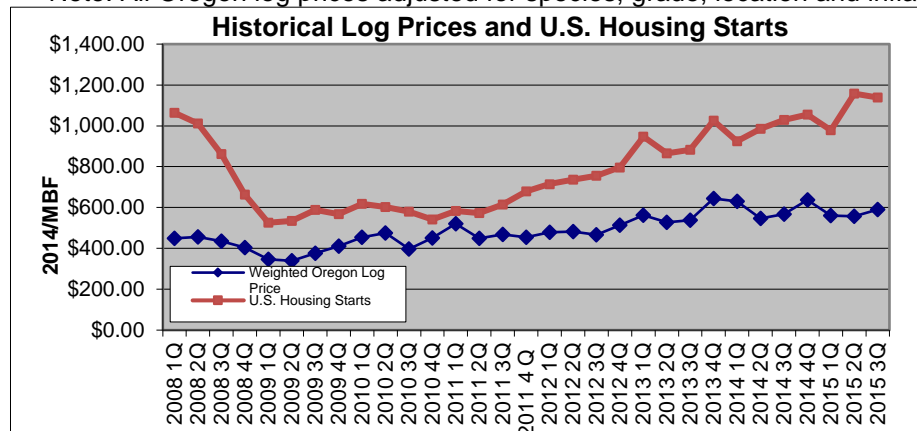




### Historical Log Prices and U.S. Housing Starts

Harvest Year and Quarter	Weighted Oregon Log Price 2014\$, \$/MBF	U.S. Housing Starts Thousands of Units
2005 1Q	\$761.96	2071.70
2005 2Q	\$777.18	2051.30
2005 3Q	\$734.83	2100.00
2005 4Q	\$694.82	2068.70
2006 1Q	\$746.06	2120.30
2006 2Q	\$701.01	1855.00
2006 3Q	\$632.52	1702.30
2006 4Q	\$596.25	1570.00
2007 1Q	\$645.68	1461.30
2007 2Q	\$592.48	1451.00
2007 3Q	\$558.91	1289.00
2007 4Q	\$502.92	1166.00
2008 1Q	\$449.06	1064.00
2008 2Q	\$455.74	1010.70
2008 3Q	\$434.65	862.30
2008 4Q	\$404.32	663.00
2009 1Q	\$346.83	525.70
2009 2Q	\$339.21	534.30
2009 3Q	\$375.42	588.30
2009 4Q	\$410.37	567.70
2010 1Q	\$454.94	618.00
2010 2Q	\$475.42	602.00
2010 3Q	\$397.70	579.70
2010 4Q	\$450.81	542.30
2011 1Q	\$519.88	583.30
2011 2Q	\$449.90	572.70
2011 3Q	\$468.06	614.00
2011 4 Q	\$455.04	678.30
2012 1Q	\$479.49	714.70
2012 2Q	\$482.04	735.70
2012 3Q	\$465.99	755.20
2012 4Q	\$513.52	796.50
2013 1Q	\$562.34	947.00
2013 2Q	\$527.65	865.00
2013 3Q	\$538.51	882.00
2013 4Q	\$644.20	1025.00
2014 1Q	\$630.56	925.00
2014 2Q	\$546.56	985.00
2014 3Q	\$567.42	1029.00
2014 4Q	\$636.50	1055.33
2015 1Q	\$560.38	978.00
2015 2Q	\$557.98	1157.67
2015 3Q	\$589.69	1138.33

Note: All Oregon log prices adjusted for species, grade, location and inflation.



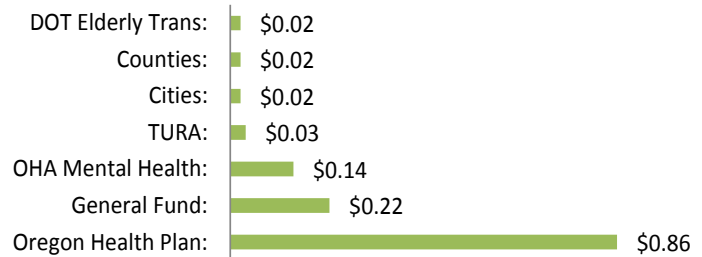
# EXCISE TAXES

## 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. As of January 1, 2016 the tax rate on cigarettes is 66 mills per cigarette or \$1.32 per pack of 20 cigarettes. Under current law the tax is scheduled to increase to \$1.33 beginning January 1, 2018. The distribution of tax revenue per pack of cigarettes is shown at right. Note that the numbers do not sum to \$1.32 due to rounding and TURA refers to the Tobacco Use Reduction Account. Distributions to cities and counties are based on their respective populations.

## Cigarette Tax Distribution

as of 1/1/2016



Note: Numbers do not add up to \$1.32 due to rounding

The Other Tobacco Products (OTP) tax is applied slightly differently depending upon the product. Moist snuff is taxed at \$1.78 per ounce with a minimum tax of \$2.14 per retail container.<sup>1</sup> Cigars are taxed at 65% of their wholesale sales price but the tax is capped at \$0.50 per individual cigar. All other tobacco products not taxed as moist snuff or cigars are taxed at 65% of their wholesale sales price. Distributions of revenues from the Other Tobacco Products tax are displayed in the table to the right.

## Distribution of Other Tobacco Products Tax (1/1/2016)

General Fund:	53.84%
OR Health Plan:	41.54%
TURA:	4.62%

Additional tobacco revenue is received under the Master Settlement Agreement (MSA). Through June 30, 2015, Oregon has received over \$1.3 billion in total payments and expects to receive about \$150 million for the 2015-17 biennium. MSA revenue has often been pledged to repay bonded indebtedness.

Cigarette and Other Tobacco Products Taxes (\$ Millions)							
Fiscal Year	Cigarette Tax Rate	Cigarettes		Other Tobacco		Total	
		Revenue	Change	Revenue	Change	Revenue	Change
2004-05	\$1.18	217.8	-9.3%	26.0	2.8%	243.8	-8.1%
2005-06	\$1.18	238.7	9.6%	31.2	20.0%	269.9	10.7%
2006-07	\$1.18	240.2	0.6%	30.9	-0.8%	271.1	0.4%
2007-08	\$1.18	222.2	-7.5%	32.8	5.9%	255.0	-6.0%
2008-09	\$1.18	215.3	-3.1%	32.9	0.4%	248.2	-2.6%
2009-10	\$1.18	201.9	-6.3%	37.4	13.7%	239.3	-3.6%
2010-11	\$1.18	211.6	4.8%	51.2	36.8%	262.8	9.8%
2011-12	\$1.18	203.5	-3.9%	52.2	2.0%	255.7	-2.7%
2012-13	\$1.18	198.5	-2.4%	56.7	8.7%	255.2	-0.2%
2013-14	\$1.31	200.6	1.1%	56.2	-0.9%	256.8	0.6%
2014-15	\$1.31	206.1	2.7%	55.7	-0.8%	261.8	1.9%

Combined Distribution of Tobacco Taxes (\$ Millions)						
Fiscal Year	General Fund	Health Plan	Mental Health	TURA	Special Transit	Local Govt's
2004-05	52.5	168.5		7.3	4.3	8.6
2005-06	59.4	180.7		8.1	4.1	8.9
2006-07	60.6	185.3		8.3	4.6	9.2
2007-08	59.0	176.1		8.0	4.6	9.2
2008-09	57.1	168.5		7.7	4.1	8.3
2009-10	57.4	161.9		7.4	3.5	7.8
2010-11	66.3	173.2		7.9	4.0	8.1
2011-12	66.1	170.8		7.7	3.9	7.9
2012-13	67.5	168.0		8.4	3.8	7.7
2013-14	66.3	163.5	7.7	8.3	3.7	7.4
2014-15	67.1	160.1	15.7	8.2	3.6	7.2

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

<sup>1</sup> Under current law, moist snuff rates are scheduled to be indexed to inflation for reporting periods beginning on or after July 1, 2022. Rates are indexed to one quarter of the change in U.S. City Average Consumer Price Index.

**Oregon Liquor Control  
Commission (OLCC)  
Revenue: (Alcohol)**

**OLCC REVENUE (Millions)**

Taxes are imposed on beer and wine manufactured or distributed in Oregon. The current rates are \$2.60 per 31 gallon barrel (8.4¢ per gallon) of beer, Tax on wine is 67¢ per gallon, and 77¢ per gallon for dessert wine (14% to 21% alcohol content). Two cents of the wine tax 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 104% above cost (including shipping, and federal taxes). The net revenue from these operations goes into the OLCC account. Available revenue in the OLCC account is distributed 56% to state General Fund, 10% to counties by population, 20% to cities by population, and 14% to cities by formula. A surcharge of 50¢ is a temporary add on for the last three budget periods, and generates approximately \$30.0 million a biennium.

Fiscal Year	Beer & Wine Tax		Liquor		Net Liquor	
	Revenue	Change	Sales	Change	Revenue	Change
1991-92	10.7		83.3		61.6	
1992-93	11.0	2.2%	85.2	2.3%	62.2	1.0%
1993-94	10.6	-3.6%	89.7	5.3%	65.2	4.8%
1994-95	10.6	0.2%	90.1	0.4%	65.9	1.1%
1995-96	11.2	6.0%	93.4	3.7%	67.7	2.7%
1996-97	11.8	4.7%	97.1	4.0%	70.9	4.7%
1997-98	12.0	2.4%	102.4	5.5%	73.8	4.1%
1998-99	12.1	0.4%	107.8	5.3%	76.5	3.7%
1999-00	12.4	2.4%	116.1	7.7%	84.8	10.8%
2000-01	12.5	0.9%	121.7	4.8%	85.8	1.2%
2001-02	12.7	1.5%	127.8	5.0%	93.0	8.4%
2002-03	13.3	5.0%	134.4	5.2%	97.1	4.4%
2003-04	13.7	2.6%	145.1	7.9%	107.3	10.4%
2004-05	14.0	2.2%	155.0	6.8%	111.1	3.5%
2005-06	14.8	6.3%	172.2	11.1%	126.1	13.5%
2006-07	15.2	2.3%	187.1	8.7%	130.8	3.8%
2007-08	16.1	6.2%	199.2	6.5%	141.1	7.9%
2008-09	16.1	-0.4%	207.9	4.4%	151.9	7.6%
2009-10	16.6	3.3%	215.6	3.7%	159.8	5.2%
2010-11	16.2	-2.4%	224.1	4.0%	162.2	1.5%
2011-12	17.3	7.0%	238.5	6.4%	180.0	11.0%
2012-13	16.4	-5.2%	254.9	6.9%	189.1	5.1%
2013-14	17.5	6.4%	264.0	3.6%	196.3	3.8%
2014-15	17.7	1.3%	278.0	5.3%	206.1	5.0%

**OLCC REVENUE DISTRIBUTIONS (Millions)**

The OLCC is also tasked to implement the Marijuana legalization initiative (Measure 91) that was passed

Fiscal Year	Wine Board	Mental Health	General Fund	Counties	Cities
1991-92	0.10	5.20	36.30	6.50	22.00
1992-93	0.20	5.40	38.00	6.80	23.10
1993-94	0.10	5.20	40.60	7.10	24.10
1994-95	0.10	5.20	41.30	7.40	25.10
1995-96	0.20	5.50	37.30	6.70	22.70
1996-97	0.20	5.80	48.90	8.70	29.70
1997-98	0.20	6.00	45.30	8.10	27.50
1998-99	0.20	5.90	45.70	8.20	27.70
1999-00	0.20	6.00	51.40	9.20	31.20
2000-01	0.20	6.17	52.49	9.37	31.87
2001-02	0.20	6.25	54.75	9.77	33.23
2002-03	0.20	6.56	60.11	10.20	34.68
2003-04	0.21	6.73	62.85	11.22	38.16
2004-05	0.22	6.87	65.59	11.64	39.59
2005-06	0.23	7.31	74.01	13.22	44.93
2006-07	0.24	7.47	75.09	13.38	45.61
2007-08	0.26	7.93	82.66	14.76	50.19
2008-09	0.26	7.98	93.93	15.86	53.92
2009-10	0.27	8.28	97.32	15.02	51.06
2010-11	0.27	7.97	101.25	15.64	53.17
2011-12	0.28	8.30	110.20	17.12	58.20
2012-13	0.28	8.05	115.36	17.94	60.98
2013-14	0.29	8.63	121.43	18.97	64.49
2014-15	0.29	8.72	125.96	19.71	67.00

in 2014. That implementation was redesigned by HB3400 of the 2015 session. The tax was changed to a 17% point of sale with 3% optional tax for local governments starting in 2017. The early start period of 2016 will be implemented through the medical dispensaries with a 25% tax. When fully implemented the revenue is likely to reach \$ 40 million in an average biennium. After collection and administration costs. Drug abuse and prevention will get 5% of funds distribution, cities and counties at 10% each, 15% to the state police, 20% to mental health account, and 40% to the common school fund.

**EXCISE TAX RATES AS OF JANUARY 1, 2016**

**Ranked by Sum of Excise and Sales Tax Rates (Dollars)**

Rank	Malt Liquor (Beer) per Gallon			Table Wine (14% alcohol) per Gallon			Cigarette Taxes (\$'s per Pack)		
	State	Excise	Sales	State	Excise	Sales	State	Excise	Sales
1	Tennessee	1.287	0.700	Florida	2.25	2.40	New York	4.35	0.40
2	South Carolina	0.768	0.600	Rhode Island	1.40	2.80	Rhode Island	3.75	0.58
3	Hawaii	0.930	0.400	Iowa	1.75	2.40	Connecticut	3.65	0.52
4	Mississippi	0.427	0.700	Tennessee	1.21	2.80	Massachusetts	3.51	0.55
5	North Carolina	0.617	0.475	Illinois	1.39	2.50	Hawaii	3.20	0.35
6	Florida	0.480	0.600	New Mexico	1.70	2.00	Vermont	3.08	0.46
7	Alaska	1.070	0.000	New Jersey	0.88	2.80	Washington	3.03	0.51
8	California	0.200	0.825	Virginia	1.51	2.00	New Jersey	2.70	0.52
9	Alabama	0.533	0.400	California	0.20	3.30	Minnesota	3.00	0.00
10	Washington	0.261	0.650	Washington	0.87	2.60	Wisconsin	2.52	0.38
11	New Mexico	0.410	0.500	Nevada	0.70	2.74	Dist. of Columbia	2.50	0.00
12	Utah	0.413	0.470	West Virginia	1.00	2.40	Illinois	1.98	0.45
13	Nebraska	0.310	0.550	Alabama	1.70	1.60	Michigan	2.00	0.39
14	Illinois	0.231	0.625	South Carolina	0.90	2.40	Maryland	2.00	0.39
15	Oklahoma	0.403	0.450	Indiana	0.47	2.80	Arizona	2.00	0.38
16	Maine	0.350	0.500	Mississippi	0.35	2.80	Maine	2.00	0.36
17	Nevada	0.160	0.685	Nebraska	0.95	2.20	Nevada	1.80	0.37
18	Connecticut	0.240	0.600	Arkansas	0.75	2.40	Utah	1.70	0.38
19	Minnesota	0.148	0.688	Connecticut	0.72	2.40	Alaska	2.00	0.00
20	Arkansas	0.234	0.600	Georgia	1.51	1.60	Pennsylvania	1.60	0.39
21	Texas	0.200	0.625	Arizona	0.84	2.24	New Mexico	1.66	0.33
22	New Jersey	0.120	0.700	Minnesota	0.30	2.75	Ohio	1.60	0.33
23	Indiana	0.115	0.700	Hawaii	1.38	1.60	New Hampshire	1.78	0.00
24	Michigan	0.203	0.600	Vermont	0.55	2.40	Texas	1.41	0.36
25	Rhode Island	0.097	0.700	Michigan	0.51	2.40	South Dakota	1.53	0.24
26	Iowa	0.190	0.600	North Carolina	1.00	1.90	Iowa	1.36	0.35
27	West Virginia	0.177	0.600	Idaho	0.45	2.40	Montana	1.70	0.00
28	Virginia	0.256	0.500	Maryland	0.40	2.40	Florida	1.34	0.33
29	Idaho	0.150	0.600	Texas	0.20	2.50	Kansas	1.29	0.34
30	Ohio	0.180	0.550	Dist. of Columbia	0.30	2.40	Delaware	1.60	0.00
31	Georgia	0.323	0.400	Maine	0.60	2.00	Arkansas	1.15	0.36
32	Louisiana	0.323	0.400	South Dakota	0.93	1.60	Indiana	1.00	0.38
33	Arizona	0.160	0.560	Ohio	0.32	2.20	<b>Oregon</b>	<b>1.32</b>	<b>0.00</b>
34	Kansas	0.180	0.530	Oklahoma	0.72	1.80	California	0.87	0.41
35	Dist. of Columbia	0.090	0.600	Alaska	2.50	0.00	Louisiana	0.86	0.19
36	Maryland	0.090	0.600	North Dakota	0.50	2.00	Mississippi	0.68	0.36
37	Pennsylvania	0.080	0.600	Pennsylvania	0.00	2.40	Oklahoma	1.03	0.00
38	South Dakota	0.274	0.400	Wisconsin	0.25	2.00	Colorado	0.84	0.16
39	North Dakota	0.160	0.500	Missouri	0.42	1.69	Tennessee	0.62	0.35
40	Wisconsin	0.065	0.500	New York	0.30	1.60	Nebraska	0.64	0.29
41	New York	0.140	0.400	Utah		1.88	Kentucky	0.60	0.29
42	Missouri	0.060	0.423	Louisiana	0.11	1.60	Alabama	0.68	0.20
43	Wyoming	0.019	0.400	Wyoming	0.00	1.60	Idaho	0.57	0.30
44	Colorado	0.080	0.290	Colorado	0.28	1.16	South Carolina	0.57	0.30
45	New Hampshire	0.300	0.000	Montana	1.06	0.00	West Virginia	0.55	0.29
46	Vermont	0.265	0.000	Delaware	0.97	0.00	Wyoming	0.60	0.20
47	Delaware	0.156	0.000	<b>Oregon</b>	<b>0.67</b>	<b>0.00</b>	North Dakota	0.44	0.24
48	Montana	0.139	0.000	Massachusetts	0.55	0.00	North Carolina	0.45	0.23
49	Massachusetts	0.106	0.000	Kentucky	0.50	0.00	Georgia	0.37	0.19
50	Oregon	0.084	0.000	Kansas	0.30	0.00	Virginia	0.30	0.26
51	<b>Kentucky</b>	<b>0.081</b>	<b>0.000</b>	New Hampshire	0.00	0.00	Missouri	0.17	0.19

Source: Excise tax rates from Federation of Tax Administrators (web).  
 Tax Burden on Tobacco, Orzechowski and Walker  
 Sales tax rates assume \$11 per gallon for beer, \$40 a gallon for wine.

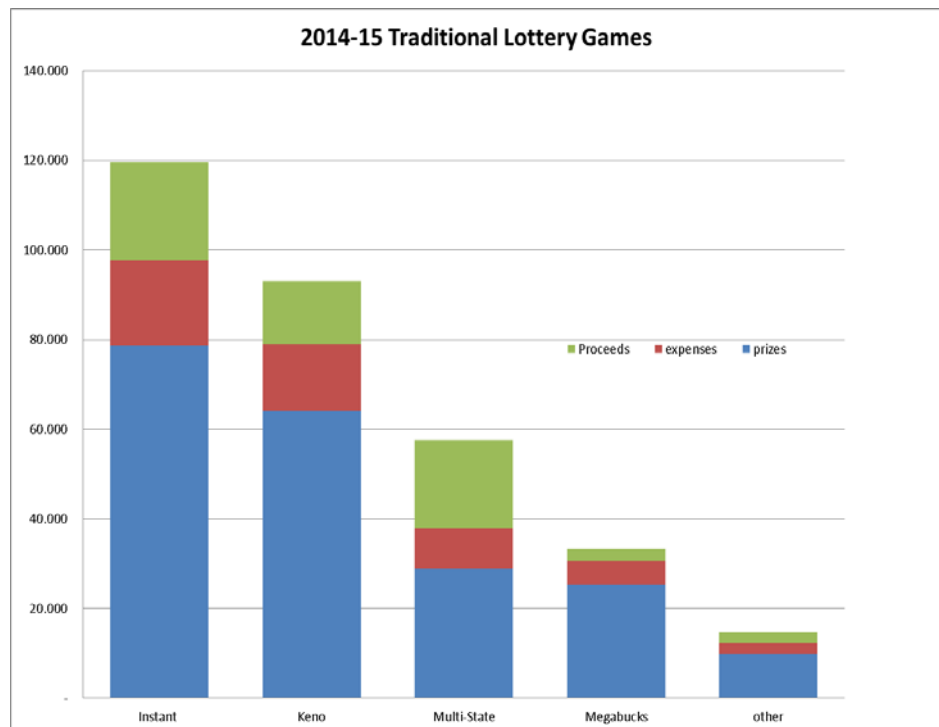
# LOTTERY

## History

The Oregon State Lottery and the five members State Lottery Commission were created by an initiative petition in 1984. Commission members are appointed by the governor and charged to produce the maximum amount of net revenue to benefit the public purpose. The lottery currently offers 8 traditional games through 3,907 retailers, which are allowed to persons age 18 or older. Video lottery (poker and line games) is played on approximately 12,200 machines in more than 2,200 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 Stability 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. Measure 76 (Nov. 2010) made the 15% dedication to parks and natural resources permanent and allocated 12% to regional parks and grants.

## Traditional Games

The chart at right shows prizes, expenses and net proceeds for the 2010-11 traditional games. The "other" group includes Raffles, Pick 4, Win for Life and Lucky lines. Lottery initial game in 1985 started with the Instant game (Scratch-it), which was followed by a number of games, some of which have been discontinued or modified. Multi-State includes power ball and Mega millions. The 1989 Legislature initiated Sports Action as a separate lottery game. Proceeds of this game were dedicated to intercollegiate athletics



in Higher Education. However, the 2005 legislature repealed sports games as of July 2007. The intercollegiate athletic funding was allocated a 1% of the lottery net proceeds. This amount has pushed funding of university athletic programs to about \$10 million a biennium.

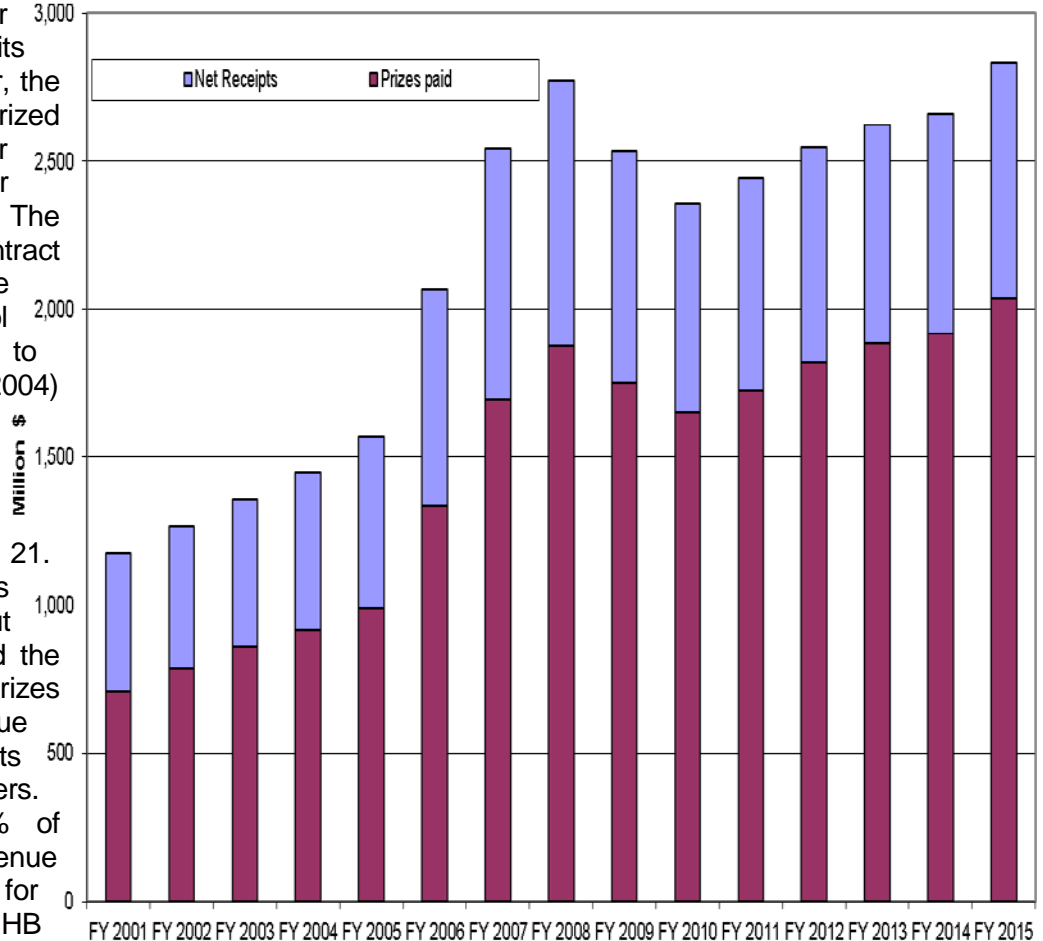


**Video Lottery**

The 1989 Legislature authorized lottery but the Governor suspended its implementation. However, the 1991 Legislature reauthorized the commission to offer video lottery. 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 over the age of 21. 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

**Total Dollars Played  
Video Lottery**

video



2148 amended the dedication to counties "not to exceed" 2.5% of net receipts. Beginning July 1, 2001, 1% of net proceeds 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 and, Lottery revenue grew significantly. The 2008 recession coupled with the smoking ban reduced lottery revenue by double digits, however revenue resumed growth and currently generating a billion dollars each biennium for the state budget.

**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 below shows the history of traditional and video lottery game revenues for 25 years. The introduction of video lottery games in 1992-93 quickly enhanced the revenue stream, and during the same period Traditional games also grew reaching \$78.1 million in 1994-95. Traditional games net revenue average about \$60 million a year and comprise about 10% of total revenue, while video lottery is about 90% of total. Lottery sales have declined during the 2009 economic recession, However, Overall Video lottery net revenue has grown 10% per year on average since 1996. The introduction of Line games in 2006 generated another spurt of growth in total lottery revenue, but its rapid growth stabilized in a couple of years, and was further affected by the slow economy of the 2009-10. Since the introduction of line games, Lottery proceeds are approaching a billion dollars a biennium. The clean door act of 2007 (Smoking ban) which took effect on 2009 combined with the economic recession resulted in the greatest reduction of lottery revenue growth ever witnessed. Net revenue declined by a combined

20% in the recession years. However, Revenue recovered most of its declines and is forecast to grow at a sustainable long term average of about 2%.

### Lottery Transfers

Fiscal year lottery revenues don't exactly map into lottery transfers because there is a one-quarter lag in transfers. There are also revenues transferred 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.

Fiscal Year	LOTTERY REVENUE							
	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	504.4
2006-07	354.6	233.6	60.1	61.0	12,093.0	11,239.5	271.8	581.7
2007-08	338.7	220.0	56.9	61.8	12,118.4	11,223.3	289.8	605.3
2008-09	313.8	205.3	55.1	53.3	10,582.9	9,796.2	277.0	509.8
2009-10	320.7	206.0	52.9	61.8	9,402.8	8,695.9	249.7	457.3
2010-11	317.5	206.4	51.9	59.2	9,550.5	8,830.0	254.0	466.6
2011-12	323.2	221.9	50.9	50.4	9,704.3	8,977.2	251.9	475.2
2012-13	330.5	211.4	51.0	68.0	9,915.0	9,177.6	238.9	498.4
2013-14	310.1	202.0	50.6	57.5	9,975.3	9,232.6	245.2	497.6
2014-15	318.3	206.4	51.7	60.2	10,733.8	9,935.2	263.4	535.2

The table below shows the amounts transferred since 1999-2001. 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. After that comes the statutory dedication 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 transfers will be used by the legislature in any of the areas allowed by the constitution. Amounts available for legislative allocation do not include beginning balances, reversions, or interest earned on the Economic Development Fund. The table shows the distribution of lottery transfers through the 2013-15 Biennium. The allocation of \$3.3 million to County Fairs is not shown separately, but is reflected in the amount available for counties.

### Allocation of Lottery Transfers

Biennium	Revenue Bonds	Education Stability	Parks & Recreation	Counties	College Athletics	Gambling Addiction	Leg./Other Approp.
1999-01	26.8	87.1	87.1	22.2	4.8	5.8	362
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	133.73	195.78	163.15	45.51	3.62	8.34	486.44
2007-09	161.73	238.84	199.03	43.55	11.74	12.07	732.91
2009-11	225.18	194.76	162.30	32.99	9.67	8.66	443.10
2011-13	248.24	194.34	161.95	39.6	8.41	10.35	420.92
2013-15	240.22	191.03	159.17	37.51	8.0	10.59	419.52

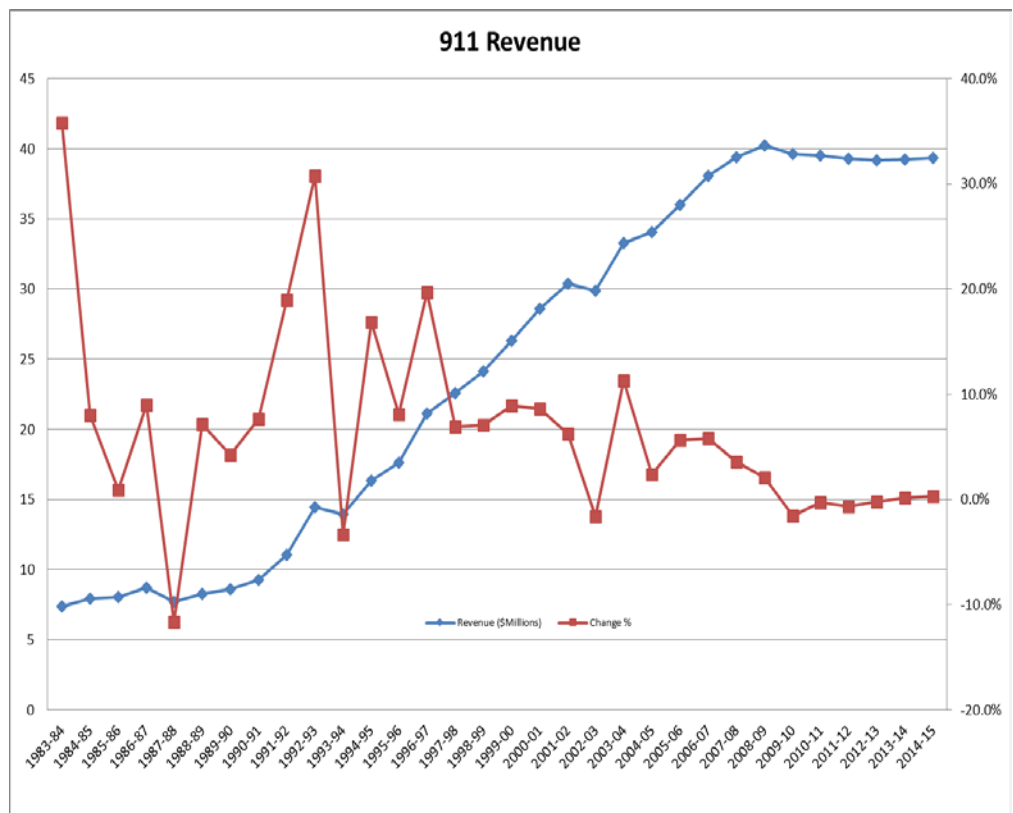
# OTHER TAXES

## EMERGENCY COMMUNICATIONS (911) TAX

### **Background:**

The tax is collected by phone companies and wireless providers each month and then remitted to the Department of Revenue. There is presently a 75 cent per month tax on every subscriber who has telecommunication services with access to the 9-1-1 emergency reporting system with the exception that federal, state, and local governments are tax exempt. This tax is collected by the service provider from the subscriber. The tax started in 1981: as 3% of Access Charge, then in 1991 it became temporarily 5% of Access Charge. In 1995: it was imposed as \$0.75 per Month per circuit, which included cellular phones. There have been six sunset extensions of this tax since 1981. The program collects about \$39 million a year but is set to expire every eight years or so, currently it is scheduled to sunset on 2022. HB 4055 of the 2014 session extended the tax to prepaid telecommunications service customers and interconnected Voice over Internet Protocol service. The measure extends the current tax (provider pay method) to prepaid subscribers from 1/1/2015 to 10/1/2015 using two different methods, following that it establishes a \$0.75 tax on each prepaid transaction. It allowed 2% for retailers for collection costs and increases the Department of Revenue administration allowance to 1%.

The tax is used to pay the Military Department's - Office of Emergency Management program's administrative costs and 9-1-1 training conducted by the Department of Public Safety Standards and Training (up to 4%); and statewide equipment and circuit charges (35%). The remaining revenue is distributed primarily to cities and counties on a quarterly basis to fund over 45 Public Safety Answering Points across the state (60.5%). Funds are distributed on a per capita basis; however, each county must receive a minimum of one percent of the net account balance.





## TRANSIENT LODGING (HOTEL/MOTEL) TAX

The legislature created Oregon's state transient lodging tax program in 2003 to provide core funding to the statewide tourism marketing agency (Travel Oregon).

### **Background:**

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

Annual Lodging Tax Receipts by Accommodation Type (dollars)									Source Department of Revenue
Calendar Year	Bed & Breakfast	Campgrounds & RV Sites	Hotel	Motel	Vacation Home	Other Include Internet	Multiple	Total	
2004	163,824	259,588	4,316,833	2,802,290	244,019	146,085	423,398	<b>8,356,036</b>	
2005	169,607	270,232	4,726,334	3,045,934	264,378	139,191	469,270	<b>9,084,945</b>	
2006	190,514	339,997	5,185,752	3,408,192	793,614	154,748	652,608	<b>10,725,425</b>	
2007	211,492	354,801	5,720,747	3,662,718	899,895	131,452	715,497	<b>11,696,601</b>	
2008	220,747	332,310	5,950,927	3,445,523	993,768	90,305	695,633	<b>11,729,213</b>	
2009	194,143	338,320	5,274,978	3,088,432	958,620	64,603	612,985	<b>10,532,082</b>	
2010	203,041	392,902	5,755,061	3,198,720	1,042,332	37,846	530,194	<b>11,160,096</b>	
2011	203,072	365,802	6,240,259	3,270,698	1,124,581	19,209	576,278	<b>11,799,900</b>	
2012	244,496	385,449	6,760,864	3,352,678	1,265,794	6,790	622,711	<b>12,638,782</b>	
2013	248,852	440,311	7,438,364	3,578,844	1,265,522	17,971	662,344	<b>13,652,207</b>	
2014	254,236	442,060	8,123,506	3,814,145	1,404,931	86,589	705,896	<b>14,831,363</b>	

The 2005 Legislative Assembly (HB 2197) expanded the definition of transient lodging to include dwelling units used for temporary human occupancy. Temporary is defined as fewer than 30 days at a time. The 2005 law explicitly exempted certain other temporary overnight dwelling units, such as hospitals and nonprofit summer camps.

Most recently, the 2013 Legislative Assembly (HB 2656) clarified circumstances under which a transient lodging intermediary rather than a lodging provider would be the entity responsible for collecting and remitting transient lodging taxes. A transient lodging intermediary is defined as "a person other than a transient lodging provider that facilitates the retail sale of transient lodging and charges for occupancy of the transient lodging." Transient lodging intermediaries include online travel companies, travel agents, and tour outfitter companies, among others. The Legislature determined that the entity collecting the payment from the customer is the entity required to collect and remit the tax. Further, the law emphasizes that the tax is computed on the total retail price paid by the customer, regardless of whether an intermediary has first paid a lower wholesale price to the provider. The retail price (as the bill enforces existing law) will be inclusive of all (non-optional) fees and services included in the rental price. Eighty four cities and fifteen counties in Oregon levy a locally administered transient lodging tax and are also included in that definition. Online Travel Companies (OTC) will have to collect the tax based on the final price that the consumer pays.

## RECENT TAX VOTES

Year	Tax Change	Election	Proposed by	Outcome	Yes	No
1973	McCall Plan	Special	Leg. referral	Failed	253,682	358,210
1974	New school tax bases	Primary	Leg. referral	Failed	166,363	371,897
	Higher income taxes for schools	Primary	Leg. referral	Failed	136,851	410,733
	Use Highway Fund for mass transit	Primary	Leg. referral	Failed	190,899	369,038
	Include revenue sharing in tax base	General	Leg. referral	Failed	322,023	329,858
1976	Allow local vehicle tax for transit	Primary	Leg. referral	Failed	170,331	531,219
	1¢ gas tax & 26% truck tax increase	General	Pet. referral	Failed	465,143	505,124
1977	School "safety net"	Primary	Leg. referral	Failed	112,570	252,061
1978	2¢ gas tax increase	Primary	Leg. referral	Failed	190,301	365,170
	1.5% property tax limit	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	<b>Continue 30% home property relief</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>636,565</b>	<b>64,979</b>
	<b>Limits use of Highway Fund</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>451,695</b>	<b>257,230</b>
	1% property tax limit	General	Initiative	Failed	412,781	722,089
	2¢ gas tax increase	General	Leg. referral	Failed	320,613	823,025
	<b>Dedicates oil taxes to schools</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>604,188</b>	<b>494,657</b>
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
	<b>Establish state lottery</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>794,441</b>	<b>412,341</b>
	<b>Lottery statute</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>786,933</b>	<b>399,231</b>
1985	5% sales tax	Special	Leg. referral	Failed	189,733	664,365
1986	<b>Prohibit tax on social security</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>534,476</b>	<b>118,766</b>
	<b>Adjust tax bases for merger</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>333,277</b>	<b>230,866</b>
	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	<b>School "safety net"</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>223,417</b>	<b>178,839</b>
1988	1¢ cig. & beer tax for sports	General	Initiative	Failed	449,797	759,360
1989	New school tax bases	Primary	Leg. referral	Failed	183,818	263,283
1990	Change Oregon school finances	Primary	Leg. referral	Advisory	462,090	140,747
	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
	<b>Combines tax bases: school mergers</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>680,463</b>	<b>354,288</b>
	Taxes public pensions	General	Leg. referral	Failed	406,372	617,586
	<b>1.5% property tax limit (M5)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>574,833</b>	<b>522,022</b>
	Tax credit for private education	General	Initiative	Failed	351,977	741,863
1992	Gas tax for highway police	Primary	Leg. referral	Failed	244,173	451,715
	Gas tax for parks	General	Leg. referral	Failed	399,259	1,039,322
	Split-roll property tax limit	General	Initiative	Failed	362,621	1,077,206
1993	5% Sales Tax for Education	General	Leg. referral	Failed	240,991	721,930

**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	<b>Lottery revenue for education</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>671,027</b>	<b>99,728</b>
1996	<b>3/5 vote to raise revenue</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>349,918</b>	<b>289,930</b>
	<b>State pays for local mandates</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>731,127</b>	<b>566,168</b>
	<b>Tobacco taxes for Health Plan</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>759,048</b>	<b>598,543</b>
	Counts non-voters as "no" votes	General	Initiative	Failed	158,555	1,180,148
	<b>Cut and Cap property tax limit (M47)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>704,554</b>	<b>642,613</b>
1997	<b>Replace cut and cap (M50)</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>429,943</b>	<b>341,781</b>
1998	<b>Authorize Lottery-backed school bonds (M54)</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>569,982</b>	<b>474,727</b>
	<b>Dedicate 15% of Lottery to parks &amp; salmon (M66)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>742,038</b>	<b>362,247</b>
1999	<b>Vehicle cost responsibility (M76)</b>	<b>Special</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>372,613</b>	<b>314,351</b>
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
	<b>Kicker Refunds in Constitution (M86)</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>898,793</b>	<b>550,304</b>
	<b>Increases federal tax subtraction to \$5,000 (M88)</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>739,270</b>	<b>724,097</b>
	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
	<b>Funding of school equity goals (M1)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>940,223</b>	<b>477,461</b>
	<b>Property value reduced by regulation (M7)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>Court Ruled Unconstitutional</b>	
	State growth limit (M8)	General	Initiative	Failed	608,090	789,699
2002	Establishes Ed. Stability Fund and Transfers \$220 million (M13)	Primary	Leg. referral	Failed	376,605	411,923
	<b>General Obligation Bond Financing for OHSU Research (M11)</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>589,869</b>	<b>190,226</b>
	<b>Establishes Ed. Stability Fund and Transfers \$150 million (M19)</b>	<b>Special</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>496,815</b>	<b>306,440</b>
	<b>Increases Cigarette Tax (M20)</b>	<b>Special</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>522,613</b>	<b>289,119</b>
	<b>General Obligation Bond Financing for Ed. Buildings (M15)</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>624,789</b>	<b>505,797</b>
	<b>General Obligation Bond Financing for Emergency Buildings (M16)</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>622,914</b>	<b>501,210</b>
	Allows Different Permanent Property Tax Rates Within Tax Zones (M18)	General	Leg. referral	Failed	420,135	662,084
	Tax Funded Universal Health Care (M23)	General	Initiative	Failed	254,280	936,753
2003	Personal Income Tax Rate Increase (Top Tax Rate to 9.5%) (M 28)	Special	Leg. referral	Failed	545,846	676,312
	<b>Authorizes G O Debt for Savings on Pension Liabilities (M29)</b>	<b>Special</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>360,209</b>	<b>291,778</b>
2004	Temp Personal Income Tax increase & misc. tax changes (M30)	Special	Referendum	Failed	481,315	691,462
	<b>Property value reduced by regulation (M37)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>1,054,589</b>	<b>685,079</b>
2006	Allows Income Tax Deduction Equal to Federal Exemptions (M41)	General	Initiative	Failed	483,443	818,452
	Amends Constitution: Limits Biennial Increase in State Spending (M48)	General	Initiative	Failed	379,971	923,629
2007	<b>Right To Build Homes; Limits Large Developments (M49)</b>	<b>Special</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>718,023</b>	<b>437,351</b>
	Dedicates Funds To Provide Health Care For Children, Fund Tobacco Prevention, Through Increased Tobacco Tax (M50)	Special	Leg. referral	Failed	472,063	686,470
2008	<b>Eliminates double majority vote requirement for all May &amp; November property tax elections (M56)</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>959,118</b>	<b>735,500</b>

### RECENT TAX VOTES

Year	Tax Change	Election	Proposed by	Outcome	Yes	No
	Creates An Unlimited Deduction For Federal Income Taxes On Individual Taxpayers' Oregon Income-Tax Returns(M59)	General	Initiative	Failed	615,894	1,084,422
	Exempts Specified Property Owners From Building Permit Requirements For Improvements Valued At/Under 35,000 Dollars (M63)	General	Initiative	Failed	784,376	928,721
2009	<b>Allows state to issue bonds to match school capital bonds (M68)</b>	<b>Primary</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>498,073</b>	<b>267,052</b>
2010	<b>Raises personal income tax rate for high income taxpayers (M66)</b>	<b>Special</b>	<b>Referendum</b>	<b>Passed</b>	<b>692,687</b>	<b>583,707</b>
	<b>Raises corp tax rates and establishes new corp minimum tax (M67)</b>	<b>Special</b>	<b>Referendum</b>	<b>Passed</b>	<b>682,720</b>	<b>591,188</b>
	Authorizes Multnomah County casino (M75)	General	Initiative	Failed	448,162	959,342
	<b>Continues Lottery dedication to parks &amp; natural resources (M76)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>972,825</b>	<b>432,552</b>
2012	<b>Prohibits real estate transfer taxes, fees, other assessments (M79)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>976,587</b>	<b>679,710</b>
	Authorizes establishment of privately owned casinos (M82)	General	Initiative	Failed	485,240	1,226,331
	Authorizes privately-owned Wood Village casino (M83)	General	Initiative	Failed	500,123	1,207,508
	Phases out existing inheritance taxes on large estates (M84)	General	Initiative	Failed	776,143	912,541
	<b>Allocates corporate income/excise tax "kicker" refund to fund k-12 (M85)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>1,007,122</b>	<b>672,586</b>
2014	<b>Allows possession, manufacture, sale of marijuana by/to adults, subject to state licensing, regulation, taxation (M91)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>847,865</b>	<b>663,346</b>

## OTHER REPORTS AVAILABLE

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

### **GENERAL**

#### *SUMMARY OF LEGISLATIVE SESSIONS AND COMMITTEE REPORTS*

"Analysis of Options for Restructuring Oregon's State and Local Revenue System (HB 2171)" (Report #4-15)

"Revenue Measures Passed by the 77th Legislature - 2015 Session" (Report #3-15)

"2016 Expiring Tax Credits (2013 HB 2002)" (Report #2-15)

"Revenue Measures Passed by the 77th Legislature - 2014 Session" (Report #2-14)

"Revenue Measures Passed by the 77th Legislature - 2013 Session" (Report #3-13)

"Revenue Measures Passed by the 76th Legislature - 2012 Session" (Report #3-12)

"Revenue Measures Passed by the 76th Legislature 2011" (Report #2-11)

"Revenue Measures Passed by the 75th Legislature- Feb 2010 Special Session" (Report #1-10)

"Revenue Measures Passed by the 75th Legislature 2009" (Report #5-09)

"Revenue Measures Passed by the 74th Legislature- Feb 2008 Special Session" (Report #1-08)

"Revenue Measures Passed by the 74th Legislature 2007" (Report #3-07)

"Revenue Measures Passed by the 2005 Legislative Session" (Report #2-05)

### **ALL TAXES**

"2015 Oregon Public Finance Basic Facts" (Report #1-15)

"2014 Oregon Public Finance Basic Facts" (Report #1-14)

"2013 Special Session Summary Tax Policy Changes" (Report #4-13)

"2013 Oregon Public Finance: Basic Facts" (Report #1-13)

"2012 Oregon Public Finance: Basic Facts" (Report #1-12)

"2011 Oregon Public Finance: Basic Facts" (Report #1-11)

"Task Force on Comprehensive Revenue Restructuring: Final Report" (Report #2-09)

"2009 Oregon Public Finance: Basic Facts" (Report #1-09)

"Oregon's 2% Surplus Kicker" (Report #2-07)

"2007 Oregon Public Finance: Basic Facts" (Report #1-07)

"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)

### **PROPERTY TAX**

"Oregon's Property Tax System: Horizontal Inequities under Measure 50" (Report #4-10)

"Enterprise Zones Study" (Report #4-09)

"Oregon's Property Tax System: Horizontal Inequities under Measure 50" (Report #4-10)

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

### **INCOME TAX**

"Measures 85" (Report #4-12)

"Measures 66 & 67 FAQ" (Report #7-09)

"Measures 66 & 67" (Report #6-09)

“Measure 41: Changing Oregon’s Treatment of Personal Exemptions” (Report #6-06)

### **SCHOOL FINANCE**

“School Property Tax Rates” (Report #3-10)

“K-12 and ESD School Finance” (Report #2-10)

“2009 School Finance Legislation: Funding and Distribution” (Report #8-09)

“Small School District Funding” (Report #4-08)

“Student Weights for small Schools” (Report #3-08)

“2007 School Finance Legislation: Funding and Distribution” (Report #4-07)

“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)

### **MISCELLANEOUS**

“Economic and Emissions Impacts of a Clean Air Tax or Fee in Oregon (SB 306)” (Report #4-14)

“The Revenue Impact of Marijuana Legalization under Measure 91” (Report #3-14)

“Revenues from Timber in Oregon” (Report #2-13)

“Taxation and Oregon’s Interstate Competitiveness” (Report #6-12)

“Measure 84” (Report #5-12)

“Estimating Potential Sales Tax Revenue in Curry County” (Report #2-12)

“The American Recovery and Reinvestment Act of 2009: The Impact on Oregon” (Report #3-09)