



# **2020 OREGON PUBLIC FINANCE: BASIC FACTS**

**Research Report #1-20**

**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.

# 2020 Organizational Chart

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# Overview of Oregon's Revenue System

## *Comparative Analysis<sup>1</sup>*

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 2017.

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

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

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

Census data for Oregon's 2017 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.

On a total revenue basis, Oregon ranks 8<sup>th</sup> 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 \$10,539 per person during 2017. Oregon ranked 12<sup>th</sup> among the states in this category. Own source revenue (general revenue minus transfers from the federal government) totaled \$7,940 per person for a ranking of 17<sup>th</sup>.

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<sup>1</sup> This analysis is based on the available 2017 data and therefore does not include tax changes since that time.

**Table 1: All State and Local Government Revenue, Per Capita**

	\$ Per Person	State Ranking
<b>SUMMARY CATEGORIES</b>		
Total Revenue	\$14,023	8
General Revenue	\$10,539	12
Own-Source Revenue	\$7,940	17
<b>REVENUE SOURCES</b>		
Taxes	\$4,731	24
Federal	\$2,599	13
Charges	\$2,284	5
Miscellaneous	\$925	11
Government Enterprises	\$544	16
Insurance Trust Revenue	\$2,939	4

Table 1 also breaks down Oregon's revenue sources by category. Taxes comprise 45% of Oregon general state and local revenue. Oregon state and local governments collected \$4,731 per person in taxes in 2017, an increase of 3.4% from the prior year. This ranked the state 24<sup>th</sup> in overall per person tax burden. Oregon ranks 13<sup>th</sup> among the states with \$2,599 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 5<sup>th</sup> with \$2,284 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% of total charges) and higher education (21% of total charges). Oregon also ranks in the upper half of states in miscellaneous revenue 11<sup>th</sup>. The state's extensive use of lottery revenue contributes to this ranking. Oregon ranks 4<sup>th</sup> 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 focuses on the taxes portion of the Oregon revenue system. 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, Per Capita**

	\$ Per Person	State Ranking
Total Taxes	\$4,731	24
Personal Income Tax	\$2,021	7
Corporate Income Tax	\$173	13
General Sales Tax*	\$0	48
Selective Sales Taxes	\$525	29
Property Tax	\$1,487	28
Other Taxes	\$525	9

\* Tied with 3 other states

Oregon's overall state and local tax burden ranks 24<sup>th</sup> on a per person basis. However, the state personal income tax burden is among the highest in the nation at \$2,021 per person. The ranking for corporate income taxes is 13<sup>th</sup> at \$173 per person. This measure includes only corporate taxes based on income and excludes other business related taxes. The property tax burden in Oregon is right at the middle among the states at 28<sup>th</sup>. The state tax burden on consumption (general sales plus selective sales) is the lowest in the country at \$525 per person. In addition to being one of four states without any general sales tax, Oregon ranks 29<sup>th</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 (45<sup>th</sup>) of the states in tax collections per capita but above the median (ranked 17<sup>th</sup>) as a percentage of resident income because the state's per capita income is relatively low. Table 3 shows the Oregon 2017 total revenue data as a percentage of state personal income for 2017.

**Table 3: All State and Local Government Revenue, Percent of Income**

	% of Personal Income	State Ranking
<b><i>SUMMARY CATEGORIES</i></b>		
Total Revenue	29.0%	6
General Revenue	21.8%	11
Own-Source Revenue	16.4%	8
<b><i>REVENUE SOURCES</i></b>		
Taxes	9.8%	22
Federal	5.4%	13
Charges	4.7%	7
Miscellaneous	1.9%	8
Government Enterprises	1.1%	15
Insurance Trust Revenue	6.1%	1

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 was below the national average in 2017. Oregon's ranking in general revenue fell to 11<sup>th</sup>, while own source revenue increased to 8<sup>th</sup>. Oregon's ranking in overall taxes as a percentage of personal income is 22<sup>nd</sup> on a percentage of personal income basis compared to 24<sup>th</sup> on a per capita basis. Oregon generally ranks higher on a percentage of personal income basis in the other categories, though that difference has shrunk in recent years.

Table 4 is analogous to Table 2 but is based on the percentage of personal income for state and local taxes. Both the personal income tax and the property tax burden appear higher on a percentage of personal income basis. Personal income taxes at 4.2% of personal income ranks 2<sup>nd</sup> highest among the states. Personal income taxes are 7<sup>th</sup> highest among the states on a per capita basis. For

property taxes, Oregon ranks 21<sup>st</sup> on a percentage of personal income basis, up seven notches from its per capita ranking. The state ranks 13<sup>th</sup> in corporate income tax collections on a percentage of income basis.

**Table 4: Oregon's Tax Revenue, Percent of Income**

	% of Personal Income	State Ranking
Total Taxes	9.8%	22
Personal Income Tax	4.2%	2
Corporate Income Tax	0.4%	13
General Sales Tax*	0.0%	48
Selective Sales Taxes	1.1%	31
Property Tax	3.1%	21
Other Taxes	1.1%	9

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

- Oregon’s per capita revenue ranks above the median state as measured by general revenue and closer to the middle in terms of own source revenue. As a percentage of total state personal income, Oregon’s general revenue ranks 11<sup>th</sup>, while own source revenue ranks 8<sup>th</sup> among the states.
- Oregon’s taxes are near the national average. Taxes are 24<sup>th</sup> highest on a per capita basis and 22<sup>nd</sup> highest on a percentage of income basis.
- Oregon’s total revenue is 8<sup>th</sup> highest when measured on a per capita basis and 6<sup>th</sup> on a personal income 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<sup>th</sup> as measured on a per capita basis and 2<sup>nd</sup> 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. Oregon’s property tax ranking among the states, however, has declined as voter approved initiatives (Measures 5 and 50) limited revenue growth. (They did notch upward in 2017.) As a result, Oregon’s overall tax burden dropped from the upper half among the states (prior to 1995) to the lower half. Over the most recent years, the tax burden has been close to the middle of the states, edging its way back into the top 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**

Year	Total Taxes		Personal Income Taxes		Corporate Income Taxes		Property Taxes	
	% of Income	Per Capita	% of Income	Per Capita	% of Income	Per Capita	% of Income	Per Capita
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
2013-14	21	27	3	7	21	20	18	25
2014-15	21	25	2	8	17	20	18	25
2016	20	25	2	8	16	16	18	24
2017	22	24	2	7	13	13	21	28

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%
2015-16	7,598.6	3.7%	603.1	-3.0%	6,038.5	4.8%
2016-17	8,457.3	11.3%	607.7	0.8%	6,325.5	4.8%
2017-18	8,893.1	5.2%	755.0	24.2%	6,760.6	6.9%
2018-19	9,930.3	11.7%	997.8	32.2%	7,127.1	5.4%

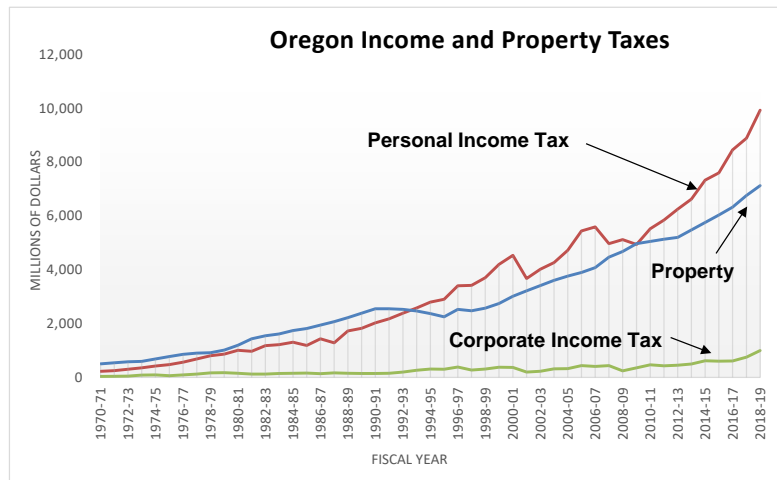


TABLE 7

## SUMMARY OF OREGON TAXES

STATE	2009-2010 COLLECTIONS	2017-2018 COLLECTIONS	2018-2019 COLLECTIONS**	y/y % change	% change since 2010
PERSONAL INCOME TAX	\$4,945,537,939	\$8,816,462,358	\$9,933,897,483	12.7%	100.9%
UNEMPLOYMENT INSURANCE TAXES	\$711,175,485	\$979,572,645	\$819,212,192	-16.4%	15.2%
GASOLINE AND USE FUEL TAXES	\$405,825,256	\$579,306,183	\$623,364,110	7.6%	53.6%
CORPORATE INCOME TAX	\$353,589,263	\$759,067,944	\$926,706,639	22.1%	162.1%
WEIGHT MILE TAX	\$209,752,519	\$335,451,984	\$382,794,961	14.1%	82.5%
CIGARETTE TAX	\$201,863,281	\$202,727,771	\$194,401,297	-4.1%	-3.7%
INSURANCE TAXES	\$43,235,265	\$27,567,583	\$28,547,773	3.6%	-34.0%
OTHER LABOR TAXES	\$68,437,516	\$84,880,070	\$82,646,560	-2.6%	20.8%
TIMBER SEVERANCE TAXES	\$215,134	\$726,812	\$1,284,621	76.7%	497.1%
ESTATE (INHERITANCE) TAX	\$98,034,497	\$176,453,216	\$204,733,827	16.0%	108.8%
WORKERS' COMP INSURANCE TAXES	\$31,057,070	\$64,263,208	\$69,297,191	7.8%	123.1%
PHONE EXCHANGE (911) ACCESS TAX	\$39,644,987	\$45,184,161	\$44,585,905	-1.3%	12.5%
OTHER TOBACCO PRODUCTS TAX	\$37,390,367	\$60,306,480	\$58,333,110	-3.3%	56.0%
REAL ESTATE RECORDING	\$28,319,320	\$35,518,580	\$52,553,798	48.0%	85.6%
SENIOR DEFERRED PROPERTY TAX	\$16,772,420	\$20,175,980	\$19,277,598	-4.5%	14.9%
BEER & WINE TAXES	\$16,584,500	\$18,240,739	\$19,260,146	5.6%	16.1%
FOREST PRODUCTS HARVEST TAXES	\$10,960,968	\$14,967,508	\$16,371,271	9.4%	49.4%
ELECTRIC COOP TAX	\$7,821,783	\$8,757,161	\$8,508,729	-2.8%	8.8%
PHONE ACCESS SURCHARGE (RSPF)	\$5,513,727	\$3,515,802	\$4,479,434	27.4%	-18.8%
AMUSEMENT DEVICE TAX	\$1,834,931	\$2,798,153	\$2,807,957	0.4%	53.0%
HAZARDOUS SUBSTANCE TAXES	\$2,619,770	\$3,115,452	\$2,885,960	-7.4%	10.2%
AVIATION GAS AND JET FUEL TAXES	\$1,876,912	\$6,066,381	\$6,698,368	10.4%	256.9%
PETROLEUM LOADING FEE	\$1,187,817	\$2,396,413	\$2,377,716	-0.8%	100.2%
BOXING TAX	\$187,351	\$86,711	\$69,999	-19.3%	-62.6%
PRIVATE RAIL CAR TAX	\$319,702	\$214,880	\$285,523	32.9%	-10.7%
OIL & GAS SEVERANCE TAX	\$295,410	\$21,001	\$7,103	0.0%	-97.6%
STATE LODGING TAX	\$10,445,735	\$38,404,704	\$40,656,843	5.9%	289.2%
COURT FEES, FINES & ASSESSMENTS	NA	\$59,871,883	\$60,188,694	0.5%	NA
MEDICAL PROVIDER/HOSPITAL TAXES	\$251,445,920	\$726,848,929	\$845,839,818	16.4%	236.4%
MARIJUANA TAX	NA	\$94,987,857	\$117,797,932	24.0%	NA
HEAVY EQUIPMENT RENTAL TAX	NA	NA	\$910,266	NA	NA
STATEWIDE TRANIST PAYROLL TAX	NA	NA	\$75,425,793	NA	NA
BICYCLE EXCISE TAX	NA	\$77,942	\$718,836	822.3%	NA
VEHICLE DEALER PRIVILEGE TAX	NA	\$6,217,017	\$27,995,201	350.3%	NA
VEHICLE USE TAX	NA	\$2,840,627	\$8,699,683	206.3%	NA
<b>LOCAL TAXES</b>	<b>2009-2010 COLLECTIONS</b>	<b>2017-2018 COLLECTIONS</b>	<b>2018-2019 COLLECTIONS**</b>	<b>y/y % change</b>	<b>% change since 2010</b>
PROPERTY TAXES*	\$4,939,266,903	\$6,760,580,781	\$7,127,069,689	5.4%	44.3%
TRANSIT PAYROLL & EMPLOYMENT TAXES	\$230,679,947	\$391,232,726	\$413,657,825	5.7%	79.3%
FRANCHISE TAXES***	\$183,180,260	\$313,572,000	\$316,715,559	1.0%	72.9%
HOTEL-MOTEL	\$92,368,129	\$189,223,389	\$200,289,370	5.8%	116.8%
PORTLAND BUSINESS LICENSE TAX**	\$56,531,784	\$134,322,893	\$148,543,294	10.6%	162.8%
MULTNOMAH COUNTY BUSINESS TAX	\$44,150,000	\$93,400,000	\$85,000,000	-9.0%	92.5%
MOTOR VEHICLE RENTAL TAX	\$20,105,000	\$35,018,286	\$30,911,997	-11.7%	53.8%
MOTOR FUEL TAXES	\$16,113,147	\$35,946,989	\$36,684,864	2.1%	127.7%
WASHINGTON COUNTY TRANSFER TAX	\$2,499,002	\$6,511,656	\$6,683,474	2.6%	167.4%
OTHER TAXES ***	\$420,021,970	\$880,464,045	\$898,161,372	2.0%	113.8%

\* includes tax imposed and urban renewal revenue

\*\* For tax year 2018 and beyond the City of Portland raised its tax rate from \$2.2% to 2.6%.

\*\*\* Estimates where actuals are not available

## 2% SURPLUS KICKER

Another unique feature of Oregon's revenue system is the 2% surplus kicker. The kicker was approved by the 1979 Legislature as part of an overall fiscal reform package. The package, which included property tax relief, was approved by voters in the spring of 1980. A complete listing of revenue related votes over the past 50 years can be found in section N1 - N3. In 2000, voters acting on a legislative referral put a large portion of the 2% surplus kicker statute into the state constitution (Article IX, Section 14). In 2012, voters modified the constitution (Measure 85), redirecting corporate kicker revenue to the General Fund for purposes of funding K-12 education.

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

The kicker law divides all General Fund 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 8 shows the history of the surplus kicker. A severe recession dropped revenues far short of the forecast in the first two biennia after enactment. The table actually understates the recession's effect. If the Legislature had not increased taxes in special session the shortfall would have been much larger than shown in the table.

Faced with 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 three biennia following the 1995-97 biennium. Corporate income tax collections exceeded the forecast by \$101 million in the 2003-05 biennium leading to a 35.9% credit on 2005 corporate income tax returns. The excess corporate revenue occurred despite the defeat of Measure 30 in January 2004. The revenue from Measure 30 was included in the close of session forecast and therefore part of the base for the kicker calculation.

Personal income tax kicker refunds were distributed four biennia in a row starting with the 1993-95 biennium. These refunds averaged 7.8% with the largest (14.4%) following the 1995-97 biennium. The 2001 recession depressed non-corporate General Fund revenue well below forecast in 2001-03 and the failure of Measure 30 held non-corporate revenue \$401 million below the close of session projection for the 2003-05 biennium.

**Table 8**  
**Surplus Refund / 2% Kicker**

Biennium	Tax Year	Personal		Corporate	
		Surplus/ Shortfall (\$ million)	Credit/ Refund (% of liability)	Surplus/ Shortfall (\$ million)	Credit (% of liability)
1979-81	1981	-\$141	None	-\$25	None
1981-83	1983	-\$115	None	-\$110	None
1983-85	1985	\$89	7.70%	\$13	10.60%
1985-87	1987	\$221	16.60%	\$7	6.20%
1987-89	1989	\$175	9.80%	\$36	19.70%
1989-91	1991	\$186	Suspended	-\$23	None
1991-93	1993	\$60	None	\$18	Suspended
1993-95	1994/5	\$163	6.27%	\$167	50.10%
1995-97	1996/7	\$432	14.40%	\$203	42.20%
1997-99	1998/9	\$167	4.60%	-\$69	None
1999-01	2000/1	\$254	6.00%	-\$44	None
2001-03	2002/03	-\$1,249	None	-\$439	None
2003-05	2004/05	-\$401	None	\$101	35.90%
2005-07	2006/07	\$1,071	18.60%	\$344	Suspended
2007-09	2008	-\$1,113	None	-\$236	None
2009-11	2010	-\$1,050	None	-\$4	None
2011-13	2012	\$124	None	-\$10	None
2013-15	2014	\$402	5.60%	\$79	To K-12
2015-17	2016	\$464	5.60%	\$111	To K-12
2017-19	2018	\$1,688	17.17%	\$675	To K-12

The 2007 Legislature made several statutory changes that affected the kicker. First, using the constitutional exception process that allows the estimate to be changed with a 2/3 vote, the Legislature redirected the corporate kicker credit to the newly established Rainy Day Fund. The Legislature also modified the personal income tax refund process by basing the calculation on 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, which directs the corporate kicker to the funding of K-12 public education.

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 have been triggered following the three most recent biennia. The 2013-15 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 received a kicker credit equal to 5.6% of their 2014 pre-credit liability. An estimated \$402.4 million was returned through the credit. Corporate income tax revenue also exceeded the 2013-15 close of session estimate by more than 2% resulting in \$79 million for the 2015-17 State School Fund allocation. The experience of the 2013-15 biennium was roughly mirrored in the 2015-17 biennium, both in dollar size and percentage. Following the 2017-19 biennium, the personal kicker reached a new dollar high and was the second highest percentage at just under \$1.7 billion and 17.2%. The corporate kicker also reached a new high, at \$675 million, which would be dedicated to the State School Fund for allocation during the 2019-21 biennium.

For the 20 biennia in which the kicker has been in effect (1979-81 through 2017-19), the personal income tax trigger has been exceeded twelve times. Kicker refunds/credits were distributed on eleven 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 eleven times and fallen below nine times. Of the eleven times in which the corporate trigger was exceeded, the kicker was credited to corporate taxpayers six times, suspended twice and allocated three times to the State School Fund under Measure 85.

## RESERVE FUNDS

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

### ***Education Stability Fund***

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

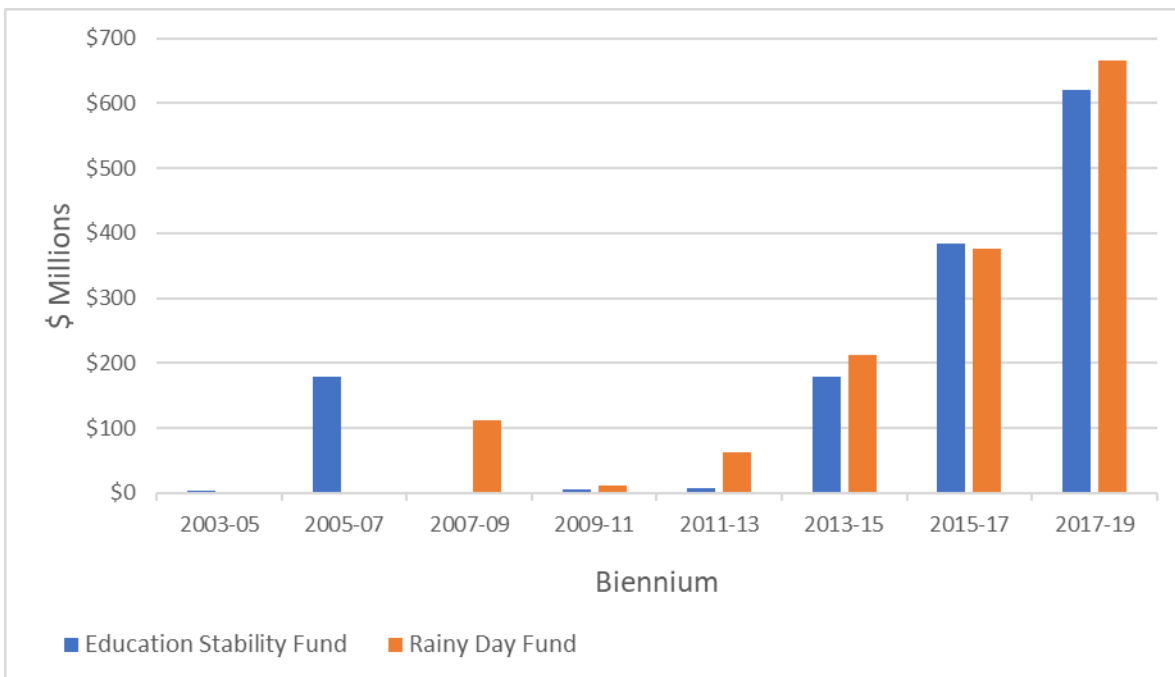
To access the fund, there are three different types of triggers: economic, budgetary, and political. The economic trigger is that there must be two or more consecutive quarters with a decline in seasonally adjusted non-farm payroll employment within the prior 12 months. The first budgetary trigger is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

### ***Rainy Day Fund***

The 2007 Legislature, by a 2/3 vote in each chamber, implemented a constitutional one-time exception to suspend the \$344 million corporate kicker credit and used the funds to create the Oregon Rainy Day Fund. As for ongoing contributions, the legislation required the deposit of the General Fund ending balance up to 1% of General Fund appropriations, beginning with the 2007-2009 biennium. The 2009 Legislature added another continuing source of deposits into the fund. As part of the corporation income tax increase passed -- and subsequently approved by voters -- a portion of that increase has been dedicated to this

fund. At the time, any corporation income tax collections due to a tax rate above 6.6% was deposited into the fund. That threshold has changed over the years and currently sits at 7.2%. The fund is capped at 7.5% of General Fund revenue in the prior biennium. If the cap is reached, the dedicated revenues revert to the General Fund until the fund falls back below the cap. To access the funds, the triggers are the same as those described above for the Education Stability Fund, except for an emergency declaration by the Governor. Withdrawals are not allowed to exceed 2/3 of the beginning balance for any biennium.

As of the end of the 2017-19 biennium, the Education Stability Fund had a balance of \$621 million and the Rainy Day Fund had a balance of roughly \$667 million. The chart below shows the balances at the end of each biennium since 2003-05.



## 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 2005-2021 period. The 2017-19 expenditure numbers are based on the Legislatively Approved Budget. The figures for 2019-21 are from the Governor’s 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: 2005-2021**

<b>GENERAL FUND BUDGET (IN MILLIONS)</b>								
<b>PROGRAM AREA</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>2017-19*</b>	<b>2019-21**</b>
EDUCATION	\$6,417.5	\$6,751.7	\$6,433.2	\$6,723.5	\$8,221.6	\$9,275.0	\$10,372.9	\$10,802.0
HUMAN RESOURCES	\$2,781.0	\$3,195.7	\$3,284.5	\$3,878.4	\$4,266.0	\$4,877.6	\$5,379.0	\$6,592.0
PUBLIC SAFETY	\$1,528.1	\$1,828.4	\$1,778.7	\$1,952.9	\$2,121.7	\$2,360.9	\$2,579.7	\$2,762.5
ECON. & COMM. DEV. + CONS & BUS. SERV.	\$33.7	\$46.7	\$38.9	\$37.6	\$49.6	\$75.4	\$136.0	\$220.2
NAT. RES.	\$142.6	\$164.9	\$141.3	\$133.8	\$233.4	\$248.0	\$300.0	\$274.5
TRANS.	\$8.6	\$4.5	\$16.9	\$2.0	\$12.7	\$22.1	\$23.5	\$25.3
ADMIN.	\$168.7	\$187.8	\$181.9	\$223.7	\$198.2	\$233.9	\$262.6	\$387.8
LEGISLATURE	\$63.2	\$77.9	\$70.5	\$77.4	\$83.7	\$89.2	\$127.6	\$142.3
JUDICIAL	\$465.8	\$521.9	\$495.6	\$595.8	\$650.5	\$717.4	\$764.8	\$862.4
MISC.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$340.8
<b>TOTAL</b>	<b>\$11,609.2</b>	<b>\$12,779.5</b>	<b>\$12,441.5</b>	<b>\$13,625.1</b>	<b>\$15,837.4</b>	<b>\$17,899.4</b>	<b>\$19,945.9</b>	<b>\$22,410.0</b>

\* Legislatively Approved Budget

\*\* Legislatively Adopted Budget

<b>GENERAL FUND RESOURCES (IN MILLIONS)</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>2017-19*</b>	<b>2019-21*</b>
<b>BEGINNING BALANCE</b>	\$ 308.5	\$ 1,436.7	\$ -	\$ -	\$ 475.7	\$ 528.8	\$ 1,000.4	\$ 2,650.5
PERSONAL INCOME TAXES	\$ 11,040.3	\$ 9,916.5	\$ 10,467.2	\$ 12,106.2	\$ 13,920.2	\$ 16,055.8	\$ 18,705.1	\$ 18,285.8
CORPORATE INCOME TAXES	\$ 844.1	\$ 602.8	\$ 827.6	\$ 883.9	\$ 1,116.5	\$ 1,210.7	\$ 1,752.7	\$ 1,325.9
OTHER TAXES	\$ 407.5	\$ 392.9	\$ 386.0	\$ 436.0	\$ 452.9	\$ 596.7	\$ 672.6	\$ 635.8
<b>OTHER REVENUE</b>	<b>\$ 450.1</b>	<b>\$ 800.7</b>	<b>\$ 840.6</b>	<b>\$ 728.8</b>	<b>\$ 577.3</b>	<b>\$ 692.6</b>	<b>\$ 666.7</b>	<b>\$ 921.5</b>
<b>TOTAL</b>	<b>\$ 13,050.5</b>	<b>\$ 13,149.6</b>	<b>\$ 12,521.4</b>	<b>\$ 14,155.0</b>	<b>\$ 16,542.5</b>	<b>\$ 19,084.7</b>	<b>\$ 22,797.5</b>	<b>\$ 23,819.5</b>

\*December 2019 Economic and Revenue Forecast

<b>ALL FUNDS BUDGET (IN MILLIONS)</b>								
<b>PROGRAM AREA</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>2017-19*</b>	<b>2019-21**</b>
EDUCATION	\$11,539.7	\$13,953.2	\$13,794.0	\$8,977.8	\$10,655.5	\$12,784.1	\$14,130.9	\$15,949.0
HUMAN RESOURCES	\$9,536.9	\$11,906.8	\$18,004.5	\$20,489.8	\$25,740.0	\$29,291.0	\$33,523.5	\$35,790.2
PUBLIC SAFETY	\$2,282.5	\$2,930.8	\$2,991.8	\$3,257.7	\$2,985.0	\$3,325.8	\$3,993.8	\$4,174.0
ECON. & COMM. DEV. + CONS & BUS. SERV.	\$4,875.8	\$6,118.1	\$8,608.4	\$5,604.7	\$3,895.5	\$3,764.6	\$5,490.1	\$6,595.0
NAT. RES.	\$1,324.4	\$1,496.7	\$1,523.5	\$1,517.7	\$1,632.7	\$1,684.9	\$2,298.2	\$2,140.5
TRANS.	\$2,886.1	\$3,132.5	\$3,862.1	\$3,251.2	\$4,645.8	\$3,401.0	\$4,283.5	\$4,551.6
ADMIN.	\$6,805.0	\$8,215.1	\$8,282.7	\$9,428.5	\$10,691.6	\$11,744.8	\$13,165.4	\$15,011.1
LEGISLATURE	\$69.7	\$116.5	\$78.8	\$82.1	\$139.1	\$104.0	\$162.4	\$162.2
JUDICIAL	\$434.3	\$578.2	\$589.8	\$648.8	\$717.8	\$853.3	\$1,034.1	\$1,085.6
MISC.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$340.8
<b>TOTAL</b>	<b>\$39,754.4</b>	<b>\$48,447.9</b>	<b>\$57,735.6</b>	<b>\$53,258.3</b>	<b>\$61,103.1</b>	<b>\$66,953.5</b>	<b>\$78,081.8</b>	<b>\$85,800.0</b>

\* Legislatively Approved Budget

\*\* Legislatively Adopted Budget

<b>ALL FUNDS REVENUE (IN MILLIONS)</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>2017-19*</b>	<b>2019-21*</b>
TAXES	\$16,870.2	\$15,437.7	\$16,827.7	\$19,075.3	\$21,044.3	\$21,600.0	\$29,022.6	\$28,214.9
FEDERAL FUNDS	\$10,060.3	\$11,896.3	\$18,900.9	\$16,141.8	\$20,578.2	\$22,561.3	\$23,454.3	\$24,981.6
INTEREST EARNINGS	\$21,545.2	\$272.7	\$8,327.5	\$8,213.1	\$12,378.9	\$9,759.9	\$14,948.7	\$10,786.7
DONATIONS&CONTRIB.	\$3,695.0	\$3,230.3	\$2,787.9	\$2,920.3	\$3,336.3	\$3,421.9	\$4,820.7	\$4,619.4
BOND SALES	\$2,902.8	\$2,700.5	\$2,476.3	\$1,884.8	\$2,778.1	\$3,013.9	\$2,218.2	\$2,795.0
LIQUOR & OTHER SALES	\$632.6	\$681.2	\$653.2	\$695.2	\$811.2	\$923.2	\$937.3	\$1,080.2
LOAN REPAYMENTS	\$570.5	\$568.7	\$641.5	\$959.7	\$630.2	\$709.7	\$491.1	\$659.1
CHARGES	\$2,432.6	\$2,825.3	\$5,138.7	\$1,793.0	\$3,112.6	\$3,775.2	\$5,722.7	\$5,335.9
LICENSES & FEES	\$1,331.7	\$1,336.8	\$1,454.4	\$1,539.2	\$1,564.9	\$1,768.9	\$1,906.9	\$2,150.5
LOTTERY	\$1,087.7	\$1,326.9	\$1,085.3	\$1,079.4	\$1,061.1	\$2,470.7	\$2,843.5	\$2,907.5
OTHER	\$1,537.2	\$2,822.8	\$2,767.9	\$3,115.3	\$3,195.0	\$3,526.8	\$3,328.7	\$4,373.5
<b>TOTAL</b>	<b>\$62,665.8</b>	<b>\$43,099.2</b>	<b>\$61,061.3</b>	<b>\$57,417.1</b>	<b>\$70,490.8</b>	<b>\$73,531.5</b>	<b>\$89,694.7</b>	<b>\$87,904.5</b>

\*Governor's Budget and December 2019 Economic and Revenue Forecast

<b>GROWTH MEASURES</b>								
	<b>2006</b>	<b>2008</b>	<b>2010</b>	<b>2012</b>	<b>2014</b>	<b>2016</b>	<b>2018*</b>	<b>2020*</b>
OREGON PERSONAL INC.(MILL.)	\$127,403	\$140,949	\$136,987	\$152,490	\$165,560	\$185,800	\$213,070	\$234,446
OREGON POPULATION(MILL.)	3.693	3.788	3.84	3.89	3.97	4.09	4.20	4.30
U.S. CONSUMER PRICE INDEX	201.6	215.2	218.1	229.6	236.7	240.0	251.1	261.2

\*December 2019 Economic and Revenue Forecast

## EFFECT OF TAX CHANGES

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

<b>TAX REDUCTIONS</b>	<b>Revenue Effect (in millions)</b>			
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
<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	-5.4	-5.5	-5.5	-5.5
<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	-29.5	-30.4	-32	-34
<b>Personal Income Tax</b>				
<b>Earned Income Credit (EIC)</b> - Current EIC is 9% & 12% (dependents < 3) of federal EIC				
Increase EIC to 10% and 13% (dependents < 3) of federal EIC	-5.8	-6.0	-6.1	-6.3
Increase EIC to 15% and 20% (dependents < 3) of federal EIC	-37.8	-38.8	-39.9	-41.0
<b>Rate Reductions</b> (current rates: 4.75%, 6.75%, 8.75%, 9.9%)				
Eliminate 9.9% rate (rates set at 4.75, 6.75, 8.75%)	-178.4	-188.0	-193.1	-202.9
Reduce rates to 4.25, 6.25, 8.25%	-742.0	-780.6	-810.6	-848.3
Reduce rates to 3.75, 5.75, 7.75%	-1,307.0	-1,374.6	-1,429.7	-1,495.5
<b>Tax Bracket Changes</b>				
Double width of 4.75% and 6.75% brackets	-558.4	-590.2	-624.1	-659.7
Widen 4.75% and 6.75% brackets by \$1,000 (\$2,000 joint return)	-141.4	-146.5	-151.0	-155.5
<b>Income Subtractions and Deductions</b>				
Double standard deduction (\$2,215 single; \$4,435 joint in 2018)	-235.6	-247.6	-260.0	-273.0
Increase Maximum Federal Tax Subtraction to \$10,000	-100.9	-105.4	-109.6	-113.9
No limit on maximum subtraction for federal income taxes	-1,242.3	-1,297.0	-1,332.4	-1,381.7
<b>Credits</b>				
Increase personal exemption credit \$10	-29.3	-30.3	-31.1	-31.9
<b>Capital Gains</b> (taxed at regular income tax rates)				
Reduce tax rate on capital gains to 4.75%	-212.3	-257.7	-239.4	-236.9
Reduce tax rate on capital gains to 3.75%	-268.9	-326.4	-303.2	-300.0
<b>Estate Taxes</b>				
Eliminate estate taxes in Oregon	-220	-248	-273	-300
<b>Corporate Income Tax</b>				
Reduce corporate tax rate 0.1 percentage point (to 6.5% & 7.5%)	-7.3	-6.6	-6.3	-7.5
Reduce corporate tax rate 1 percentage point (to 5.6% & 6.6%)	-72.6	-65.6	-63.1	-75.2
Reduce top tax rate to 6.6%	-57.4	-51.9	-49.9	-59.4
Reduce C-corp. min tax to \$150 / \$500	-32.1	-30.9	-36.8	-33.8



TAX INCREASES/NEW TAXES	Revenue Effect (in millions)			
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
<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	420	440	461	484
<b>Personal Income Tax</b>				
Increase all rates 5% (5, 7.1, 9.2, 10.4%)	480.2	504.5	525.0	548.4
Increase all rates 1 percentage point (5.75, 7.75, 9.75, 10.9%)	1,123.8	1,181.4	1,231.0	1,286.6
Reinstate top rates of 10.8% and 11%	155.7	164.0	168.1	176.6
Decrease maximum federal tax subtraction to \$3,000 (2018 federal tax subtraction was \$6,650)	209.4	221.8	232.7	244.2
1% Surtax	98.9	104.0	108.3	113.1
Reduce personal exemption credit by \$10	29.5	30.4	31.2	32.0
Reduce itemized deductions 5%	59.7	63.0	66.1	69.3
Reduce itemized deductions 10% if income above \$100,000 (single) or \$200,000 (joint)	38.2	40.6	42.7	45.2
Limit itemized deductions to \$50,000	143.2	152.9	162.0	172.0
<b>Corporate Income Tax</b>				
1% Surtax	7.5	5.8	6.2	6.7
Start 7.6% rate at \$250,000	10.4	9.4	9.0	10.7
Increase Rate One Percentage Point (to 7.6% & 8.6%)	72.6	65.6	63.1	75.2
<b>Sales Taxes (begin 2021)</b>				
Restricted Retail Sales Tax – Washington Base 1% Rate	\$348	\$901	\$932	\$985
Broad Retail Sales Tax – Washington Base + Services 1% Rate	\$453	\$1,174	\$1,217	\$1,282
Restricted Retail Sales Tax – 3% Rate	\$1,043	\$2,703	\$2,796	\$2,956
Broad Retail Sales Tax – 3% Rate	\$1,359	\$3,523	\$3,651	\$3,846
Restricted Retail Sales Tax – 5% Rate	\$1,738	\$4,506	\$4,661	\$4,926
Broad Retail Sales Tax – 5% Rate	\$2,264	\$5,871	\$6,084	\$6,410
Establish Restaurant 5% Meals Tax (Excluding Drinks)	155	315	323	325
Establish Soda Tax At 2 Cents Per 12 Ounces	5.8	13.7	13.6	13.6
<b>Excise Taxes (begin 2020)</b>				
Washington Real Estate Transfer Tax – 1% Rate	88	180	190	218
Increase 911 tax by 25 cents	15	15	15	15
Increase Beer Tax by \$5 per barrel (Currently \$2.60)	9	15.5	15.5	15.6
Increase Wine Tax by \$1 per gallon (Currently \$0.67)	6.5	13	13.4	13.5
Increase Tax on cannabis by 1% (Currently 17% point of sale)	3.5	7.6	7.8	7.9
Increase OLCC Mark-up by 5%	5.6	10.5	10.7	10.9
Increase Cigarette Tax by 10¢ per Pack	5.9	12.0	12.0	11.9
Increase OTP to 75% of wholesale price   33 cent /oz. increase for moist snuff   8 cent increase in cigar max	1.6	6.5	6.6	6.7

## OREGON INCOME TAXES

Oregon’s primary source of revenue is from income taxes – both personal and corporate. Together they account for roughly 94 percent of the General Fund. The personal income tax is imposed on all the income of residents (full-year filers) and the income earned in Oregon by non-residents (non-resident filers). The tax is also imposed on part-year residents for the portion of the year in which they lived in Oregon. Corporations doing business in Oregon are subject to the excise tax while those that only have income from Oregon sources are subject to the income tax. Nearly all corporations are excise tax filers.

### **Personal Income Tax**

Oregon tax rates range from 4.75% to 9.9% of taxable income. Taxable income is adjusted gross income (AGI) plus Oregon additions less Oregon subtractions and deductions (standard or itemized). Because taxable income is generally less than AGI, the average effective tax rate is roughly 6% of AGI. All brackets, except the top income tax bracket, are indexed to inflation. The rate schedule for tax year 2020 is shown below:

#### 2020 TAX YEAR RATE SCHEDULE

SINGLE RETURNS		JOINT RETURNS	
Taxable Income	Tax Before Credits	Taxable Income	Tax Before Credits
Not over \$3,600	4.75% of taxable income	Not over \$7,200	4.75% of taxable income
\$3,600 to \$9,050	\$171 + 6.75% of income over \$3,550	\$7,200 to \$18,100	\$342 + 6.75% of income over \$7,100
\$9,050 to \$125,000	\$539 + 8.75% of income over \$8,900	\$18,100 to \$250,000	\$1,078 + 8.75% of income over \$17,800
Over \$125,000	\$10,685 + 9.9% of income over \$125,000	Over \$250,000	\$21,369 + 9.9% of income over \$250,000

In 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 that they actively participate in. This policy is optional and first took effect in 2015. The rate and bracket structure are shown in the table to the right. Changes made in the 2018 Special Session allow certain sole proprietorships to use the alternative rate structure as well. In 2019, as part of legislation creating Oregon’s Corporate Activity Tax and effective beginning tax year 2020, the Legislature reduced Oregon’s first three income tax brackets from 5%, 7% and 9% to 4.75%, 6.75% and 8.75% respectively.

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%

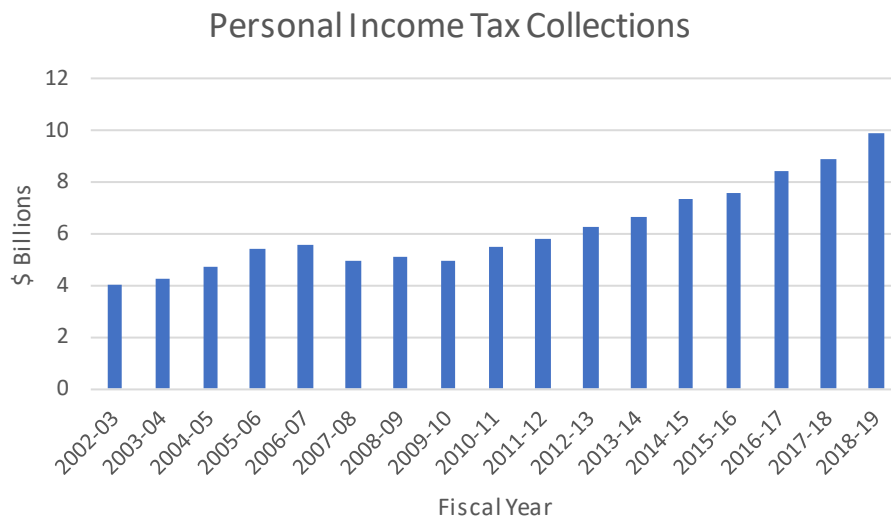
In 2017, all personal income tax returns reported a total adjusted gross income of \$134.2 billion. The average adjusted gross income for all returns was \$64,343, an increase of 4.5% from 2016. Oregon taxpayers had a total tax liability of \$8.2 billion, an increase of 8.7% from 2016. The average Oregon tax liability for full-year filers was \$4,219, up 6.5% from 2016.

The Oregon standard deductions for tax year 2020 are \$4,630 on joint returns, \$2,315 on single and married-filing-separate returns and \$3,725 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 2017, the average deduction amount per full-year tax return was \$9,564, an increase of 3.2% from 2016. A personal exemption credit is allowed for most taxpayers and dependents. This credit is indexed for inflation and is \$210 in 2020. The average amount of all credits taken per full year tax return in 2017 was \$439, a slight decrease from the 2016 average of \$440.

Oregon also taxes some business income through the personal income tax system. Owners and shareholders of small businesses, such as sole proprietors and S-corporations, pay personal income

taxes on the profits from these businesses. In 2017, the total number of full year returns reporting either income or a loss from a non-farm sole proprietorship was 270,247 an increase of 2.6% from the prior year, and the total number of S-corporations was 69,015. The net total amount of income that non-farm sole proprietors reported on 2017 full-year returns was \$4.2 billion. Recent trends in Oregon’s small businesses can be seen on pages C23 and C24. Between 2000 and 2007, the number of sole proprietor returns increased by 20.5%, or 42,786. Year over year declines then followed in years 2008 and 2009, followed by a five-year period of relative consistency in the number of returns. Years 2014 - 2017 have since seen year over year increases. The number of S-corporations increased by 35% (15,628) between 2000 and 2008, but declined slightly from 2009 to 2011. From 2011 to 2017, the number of S-corporations increased by about 10,000, an annualized average increase of 2.6 percent.

Personal income tax collections are the largest source of state tax revenue and are projected to comprise 86% of the total General Fund revenues in the 2019-21 biennium (identical percentage to 2017-19 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 statewide vote. The tax was collected for only one year. A successful initiative petition repealed it in 1924.

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

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, 2013.  
Crop donation credit reinstated
- 2015 Federal conformity was updated to December 31, 2014.  
Working Family Child Care and Child and Dependent Care tax credits combined into a single Working Family Child and Dependent Care tax credit for tax years 2016 through 2021.
- 2016 Federal conformity was updated to December 31, 2015.  
Increased the Earned Income Tax Credit (EITC) from 8% to 11% of the federal credit for taxpayers with a dependent under the age of three.  
Increased the annual program cap on the Film and Video tax credit from \$10 million to \$12 million in 2016 and to \$14 million in 2017.

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

2017 Federal conformity was updated to December 31, 2016.  
Extended or modified five tax credits (reservation enterprise zone, affordable housing lender's credit, rural medical providers, fish screening devices and working family dependent care credit).  
Created two new tax credits: bovine manure and employer training for eligible counties.  
Extended the Greenlight Oregon Labor Rebate program six years, including the related subtraction. Allows certain deductions from labor rebate amounts.  
Modifications made to Oregon Industrial Site Readiness Program.

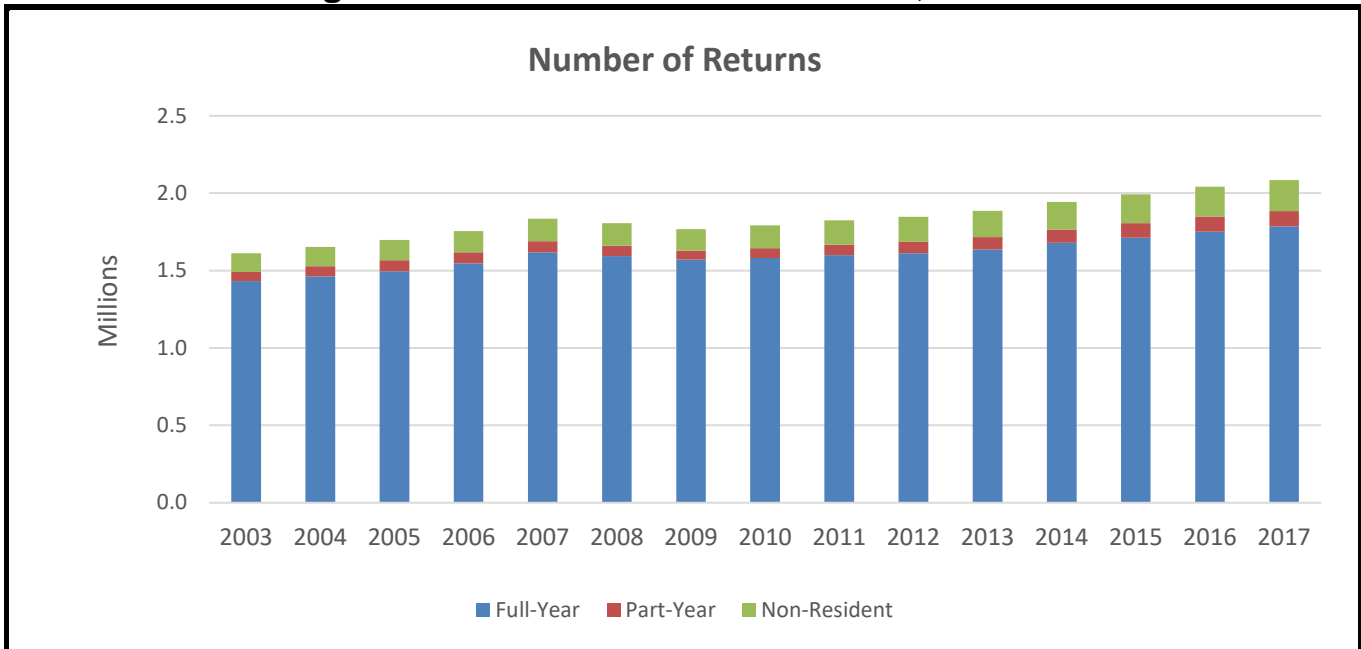
2018 Federal conformity was updated to December 31, 2017.  
Modified four tax credits (affordable housing, film production development contributions, bovine manure production or collection & working family household and dependent care).  
Created new credit (Opportunity Grant contributions) and new subtraction from taxable income (home buyer savings account).  
Requires addition to taxable income for amount allowable as a deduction under section 199A(a) of the Internal Revenue Code (i.e. 20% deduction for certain pass-throughs and proprietorships enacted as part of federal Tax Cuts and Jobs Act in December of 2017).

*Special Session:*

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

2019 Effective beginning tax year 2020, Oregon's first three income tax rates were reduced from 5%, 7% and 9% to 4.75%, 6.75% and 8.75% respectively.  
Federal conformity updated to December 31, 2018  
Thirteen tax credits/subtractions had sunsets extended and/or had policy parameters modified (cultural trust, manufactured dwelling park capital gain, manufactured dwelling park closure, certain retirement income, volunteer rural emergency medical services providers, employer provided scholarships, agriculture workforce housing construction, crop donation, rural medical provider, Oregon earned income tax credit, individual development account contributions, film production development and opportunity grant auctioned credits).  
Three credits were created (short line railroads and contributions to 529 higher education or ABLE account) while the subtractions for 529 higher education or ABLE account contributions were sunset and replaced by the aforementioned credits.

## Oregon Personal Income Tax Returns, 1991-2017

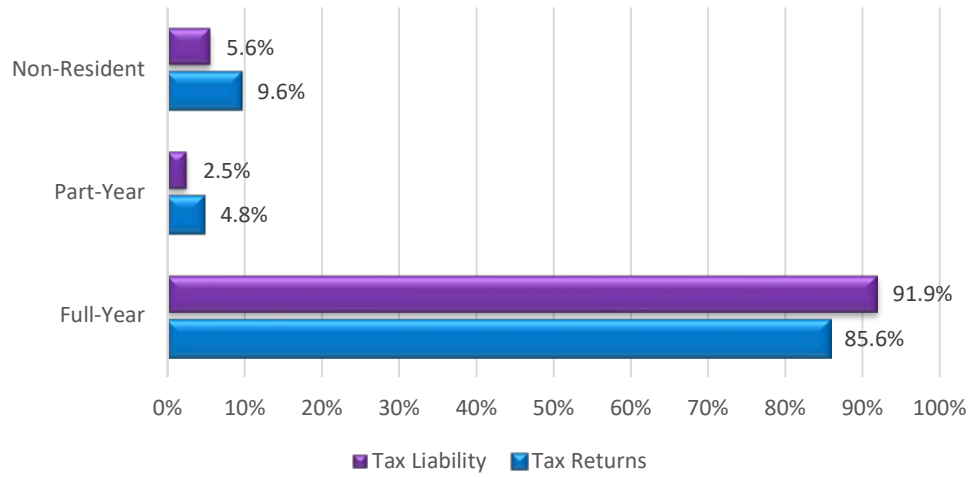


	Full-Year		Part-Year		Non-Resident		Total	
	Returns	Percent Change	Returns	Percent Change	Returns	Percent Change	Returns	Percent Change
1991	1,194,895		53,748		75,044		1,323,687	
1992	1,211,927	1.4%	54,073	0.6%	86,559	15.3%	1,352,559	2.2%
1993	1,235,970	2.0%	56,293	4.1%	89,569	3.5%	1,381,832	2.2%
1994	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%
2014	1,679,610	2.6%	85,499	7.7%	177,569	4.1%	1,942,678	3.0%
2015	1,711,177	1.9%	94,610	10.7%	187,783	5.8%	1,993,570	2.6%
2016	1,751,138	2.3%	97,291	2.8%	192,309	2.4%	2,040,738	2.4%
2017	1,785,350	2.0%	99,682	2.5%	200,121	4.1%	2,085,153	2.2%

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



## Oregon Tax Returns and Tax Liability Tax Year 2017, by Type of Return

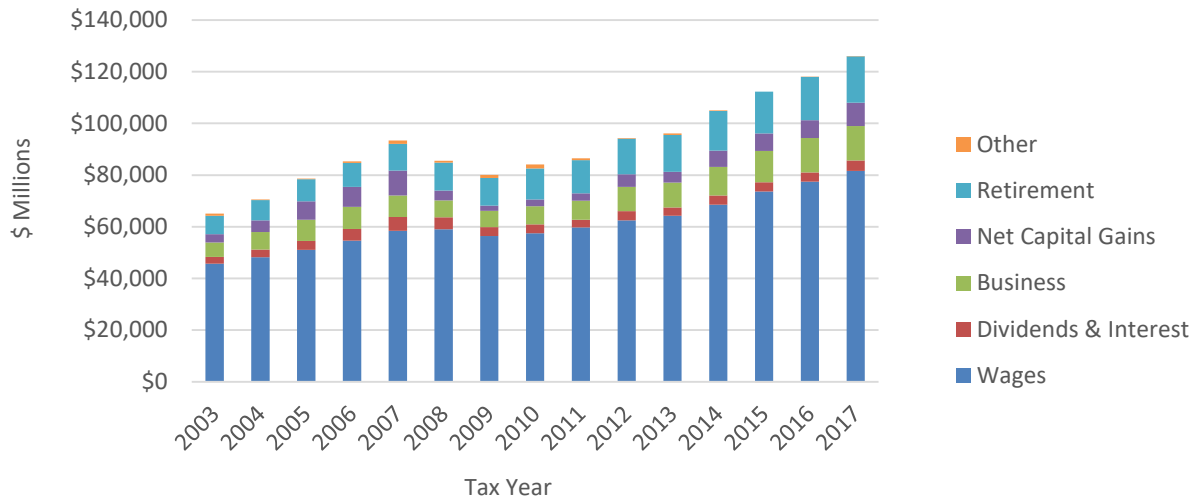


	Tax Returns		Tax Liability	
	Number	Share	Amount	Share
Full-Year	1,785,350	85.6%	\$7,565.4	91.9%
Part-Year	99,682	4.8%	\$208.9	2.5%
Non-Resident	200,121	9.6%	\$459.6	5.6%
	2,085,153	100%	\$8,233.9	100%

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

## Components of Income, 1990-2017

(Full-Year Returns) \$'s in Millions



	Wages	Dividends & Interest	Business	Net Capital Gains	Retirement	Other <sup>1</sup>	Gross Income
1990	\$22,993	\$3,023	\$2,859	\$1,183	\$2,164	\$810	\$33,031
1991	\$24,195	\$2,891	\$2,959	\$1,172	\$2,444	\$836	\$34,497
1992	\$25,867	\$2,547	\$3,503	\$1,450	\$2,654	\$971	\$36,992
1993	\$27,317	\$2,450	\$4,044	\$2,109	\$2,863	\$898	\$39,681
1994	\$29,004	\$2,418	\$4,418	\$1,970	\$3,223	\$1,014	\$42,046
1995	\$31,036	\$2,923	\$4,578	\$2,178	\$3,585	\$1,353	\$45,653
1996	\$33,546	\$3,142	\$4,936	\$2,913	\$3,944	\$1,452	\$49,934
1997	\$35,958	\$3,299	\$5,303	\$4,127	\$4,666	\$2,077	\$55,430
1998	\$38,072	\$3,336	\$5,301	\$4,747	\$5,190	\$1,839	\$58,485
1999	\$40,094	\$3,461	\$5,560	\$5,408	\$5,716	\$2,272	\$62,510
2000	\$43,294	\$3,733	\$5,370	\$5,987	\$6,304	\$2,295	\$66,983
2001	\$43,677	\$3,441	\$5,323	\$2,914	\$6,458	\$2,279	\$64,092
2002	\$43,926	\$2,724	\$5,413	\$2,494	\$6,620	\$2,136	\$63,313
2003	\$45,671	\$2,624	\$5,687	\$3,109	\$7,136	\$825	\$65,052
2004	\$48,222	\$2,949	\$6,796	\$4,502	\$7,849	\$291	\$70,609
2005	\$51,051	\$3,431	\$8,235	\$7,158	\$8,497	\$285	\$78,657
2006	\$54,698	\$4,466	\$8,579	\$7,650	\$9,330	\$570	\$85,292
2007	\$58,487	\$5,301	\$8,338	\$9,636	\$10,368	\$1,232	\$93,362
2008	\$59,050	\$4,607	\$6,586	\$3,834	\$10,822	\$663	\$85,562
2009	\$56,450	\$3,428	\$6,250	\$2,018	\$10,767	\$1,212	\$80,126
2010	\$57,545	\$3,387	\$7,076	\$2,510	\$12,121	\$1,490	\$84,129
2011	\$59,736	\$2,991	\$7,381	\$2,836	\$12,894	\$709	\$86,546
2012	\$62,466	\$3,599	\$9,440	\$4,874	\$13,755	\$226	\$94,360
2013	\$64,327	\$3,114	\$9,616	\$4,218	\$14,249	\$618	\$96,141
2014	\$68,611	\$3,554	\$11,045	\$6,225	\$15,364	\$224	\$105,023
2015	\$73,672	\$3,527	\$12,120	\$6,836	\$16,162	-\$148	\$112,169
2016	\$77,435	\$3,651	\$13,230	\$6,966	\$16,692	\$188	\$118,163
2017	\$81,599	\$4,070	\$13,339	\$8,964	\$17,956	\$140	\$126,070

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

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

**2017 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	19,391	30,822	-1,701,465	71,242	\$35,491	\$226,641	\$8,600	\$751	\$270	\$659	12,238	\$2,981	\$46
0-5	101,772	85,086	260,737	3,350	\$17,877	\$356,228	\$69,654	\$3,553	\$2,607	\$1,993	83,111	\$94,436	\$3,626
5-10	114,287	123,546	858,350	3,069	\$38,235	\$435,221	\$474,726	\$26,629	\$18,161	\$12,555	37,332	\$203,279	\$8,544
10-15	116,414	161,739	1,455,018	3,581	\$79,182	\$565,782	\$937,815	\$59,098	\$33,607	\$33,049	25,244	\$240,149	\$11,906
15-20	114,057	179,840	1,993,209	3,248	\$137,535	\$525,157	\$1,388,407	\$95,505	\$43,315	\$59,525	18,907	\$257,605	\$14,150
20-25	113,562	191,806	2,554,529	3,980	\$220,402	\$531,570	\$1,850,009	\$133,781	\$47,762	\$91,021	15,016	\$265,581	\$15,503
25-30	108,116	191,079	2,970,080	3,749	\$290,422	\$531,063	\$2,188,774	\$164,378	\$47,527	\$119,932	12,657	\$275,782	\$16,943
30-35	97,546	179,200	3,164,577	3,843	\$339,348	\$513,139	\$2,347,068	\$180,752	\$43,528	\$139,083	11,070	\$286,762	\$18,445
35-40	86,029	162,716	3,220,773	4,263	\$381,261	\$491,867	\$2,376,891	\$186,362	\$37,827	\$149,490	9,579	\$286,921	\$19,287
40-45	75,206	145,225	3,192,137	3,939	\$416,984	\$489,358	\$2,324,847	\$184,710	\$32,061	\$153,159	8,412	\$285,588	\$19,572
45-50	67,312	132,411	3,193,765	4,680	\$445,529	\$470,543	\$2,303,972	\$184,971	\$28,468	\$156,815	7,414	\$280,520	\$19,848
50-60	117,429	240,926	6,441,384	9,160	\$998,088	\$950,629	\$4,537,628	\$367,685	\$50,844	\$317,098	12,246	\$537,591	\$38,770
60-70	99,416	215,240	6,447,728	10,170	\$1,033,762	\$941,134	\$4,510,757	\$369,476	\$45,425	\$324,100	9,635	\$503,944	\$37,283
70-80	85,168	193,031	6,376,911	10,166	\$1,020,712	\$905,685	\$4,480,214	\$370,250	\$40,683	\$329,582	7,303	\$444,265	\$33,466
80-90	73,104	171,513	6,203,926	9,801	\$981,257	\$862,060	\$4,385,181	\$365,180	\$36,518	\$328,675	5,756	\$399,792	\$30,573
90-100	62,455	151,542	5,924,612	9,840	\$897,320	\$805,462	\$4,245,105	\$355,894	\$32,636	\$323,258	4,482	\$349,438	\$26,965
100-250	282,006	740,685	40,734,877	101,530	\$4,096,413	\$4,831,395	\$31,934,818	\$2,744,698	\$147,735	\$2,596,972	15,918	\$1,937,401	\$153,491
250-500	38,263	108,005	12,727,248	84,421	\$383,037	\$1,149,139	\$11,282,682	\$1,002,007	\$20,980	\$981,027	2,211	\$670,278	\$52,214
500 +	13,817	38,570	17,926,616	279,912	\$344,798	\$1,493,365	\$16,374,594	\$1,521,115	\$73,752	\$1,447,363	1,272	\$1,824,829	\$147,861
<b>Quintile Distribution</b>													
First 20%	357,072	409,129	951,332	81,439	\$175,360	\$1,608,917	\$1,543,890	\$93,559	\$56,493	\$50,325	59,965	\$27,992	\$1,186
Second 20%	357,068	602,837	8,252,323	11,572	\$728,709	\$1,698,565	\$5,976,011	\$436,141	\$148,592	\$303,195	59,959	\$196,277	\$8,270
Middle 20%	357,065	687,284	14,966,158	20,055	\$1,954,293	\$2,274,873	\$10,878,892	\$862,711	\$154,462	\$711,413	59,959	\$623,120	\$31,461
Fourth 20%	357,076	800,266	26,133,316	41,292	\$4,139,192	\$3,716,552	\$18,407,067	\$1,520,151	\$169,527	\$1,350,813	59,963	\$1,595,792	\$103,696
Next 15%	267,802	694,749	34,889,487	76,406	\$3,897,173	\$4,287,254	\$26,809,881	\$2,292,285	\$149,049	\$2,143,244	44,967	\$2,663,819	\$200,775
Next 4%	71,414	198,768	18,946,421	97,210	\$880,005	\$1,845,691	\$16,323,685	\$1,436,707	\$27,152	\$1,409,556	11,993	\$1,666,326	\$131,718
Top 1%	17,853	49,949	19,805,975	295,971	\$382,923	\$1,643,588	\$18,082,315	\$1,675,240	\$78,430	\$1,596,810	2,997	\$2,373,818	\$191,389
<b>Total</b>	<b>1,785,350</b>	<b>3,442,982</b>	<b>\$123,945,010</b>	<b>\$623,944</b>	<b>\$12,157,653</b>	<b>\$17,075,438</b>	<b>\$98,021,741</b>	<b>\$8,316,793</b>	<b>\$783,706</b>	<b>\$7,565,356</b>	<b>299,803</b>	<b>\$9,147,143</b>	<b>\$668,494</b>

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

## 2017 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	19,391	1.6	-\$87,745	\$3,674	\$1,830	\$11,688	\$444	\$39	\$14	\$34	12,238	\$244	\$4
0-5	101,772	0.8	\$2,562	\$33	\$176	\$3,500	\$684	\$35	\$26	\$20	83,111	\$1,136	\$44
5-10	114,287	1.1	\$7,511	\$27	\$335	\$3,808	\$4,154	\$233	\$159	\$110	37,332	\$5,445	\$229
10-15	116,414	1.4	\$12,499	\$31	\$680	\$4,860	\$8,056	\$508	\$289	\$284	25,244	\$9,513	\$472
15-20	114,057	1.6	\$17,476	\$29	\$1,206	\$4,604	\$12,173	\$837	\$380	\$522	18,907	\$13,625	\$748
20-25	113,562	1.7	\$22,495	\$35	\$1,941	\$4,681	\$16,291	\$1,178	\$421	\$802	15,016	\$17,687	\$1,032
25-30	108,116	1.8	\$27,471	\$35	\$2,686	\$4,912	\$20,245	\$1,520	\$440	\$1,109	12,657	\$21,789	\$1,339
30-35	97,546	1.8	\$32,442	\$39	\$3,479	\$5,261	\$24,061	\$1,853	\$446	\$1,426	11,070	\$25,904	\$1,666
35-40	86,029	1.9	\$37,438	\$50	\$4,432	\$5,718	\$27,629	\$2,166	\$440	\$1,738	9,579	\$29,953	\$2,013
40-45	75,206	1.9	\$42,445	\$52	\$5,545	\$6,507	\$30,913	\$2,456	\$426	\$2,037	8,412	\$33,950	\$2,327
45-50	67,312	2.0	\$47,447	\$70	\$6,619	\$6,991	\$34,228	\$2,748	\$423	\$2,330	7,414	\$37,837	\$2,677
50-60	117,429	2.1	\$54,853	\$78	\$8,500	\$8,095	\$38,642	\$3,131	\$433	\$2,700	12,246	\$43,899	\$3,166
60-70	99,416	2.2	\$64,856	\$102	\$10,398	\$9,467	\$45,373	\$3,717	\$457	\$3,260	9,635	\$52,303	\$3,870
70-80	85,168	2.3	\$74,875	\$119	\$11,985	\$10,634	\$52,604	\$4,347	\$478	\$3,870	7,303	\$60,833	\$4,583
80-90	73,104	2.3	\$84,864	\$134	\$13,423	\$11,792	\$59,986	\$4,995	\$500	\$4,496	5,756	\$69,457	\$5,312
90-100	62,455	2.4	\$94,862	\$158	\$14,368	\$12,897	\$67,971	\$5,698	\$523	\$5,176	4,482	\$77,965	\$6,016
100-250	282,006	2.6	\$144,447	\$360	\$14,526	\$17,132	\$113,242	\$9,733	\$524	\$9,209	15,918	\$121,711	\$9,643
250-500	38,263	2.8	\$332,626	\$2,206	\$10,011	\$30,033	\$294,872	\$26,187	\$548	\$25,639	2,211	\$303,156	\$23,616
500 +	13,817	2.8	\$1,297,432	\$20,259	\$24,955	\$108,082	\$1,185,105	\$110,090	\$5,338	\$104,752	1,272	\$1,434,614	\$116,243
<b>Quintile Distribution</b>													
First 20%	357,072	1.1	\$2,664	\$228	\$491	\$4,506	\$4,324	\$262	\$158	\$141	59,965	\$467	\$20
Second 20%	357,068	1.7	\$23,111	\$32	\$2,041	\$4,757	\$16,736	\$1,221	\$416	\$849	59,959	\$3,274	\$138
Middle 20%	357,065	1.9	\$41,914	\$56	\$5,473	\$6,371	\$30,468	\$2,416	\$433	\$1,992	59,959	\$10,392	\$525
Fourth 20%	357,076	2.2	\$73,187	\$116	\$11,592	\$10,408	\$51,549	\$4,257	\$475	\$3,783	59,963	\$26,613	\$1,729
Next 15%	267,802	2.6	\$130,281	\$285	\$14,553	\$16,009	\$100,111	\$8,560	\$557	\$8,003	44,967	\$59,239	\$4,465
Next 4%	71,414	2.8	\$265,304	\$1,361	\$12,323	\$25,845	\$228,578	\$20,118	\$380	\$19,738	11,993	\$138,942	\$10,983
Top 1%	17,853	2.8	\$1,109,392	\$16,578	\$21,449	\$92,062	\$1,012,845	\$93,835	\$4,393	\$89,442	2,997	\$792,065	\$63,860
<b>Total</b>	<b>1,785,350</b>	<b>1.9</b>	<b>\$69,423</b>	<b>\$350</b>	<b>\$6,810</b>	<b>\$9,564</b>	<b>\$54,903</b>	<b>\$4,658</b>	<b>\$439</b>	<b>\$4,238</b>	<b>299,803</b>	<b>\$30,511</b>	<b>\$2,230</b>

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

## 2017 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	19,391	\$132,732	\$85,648	-\$94,851	\$107,909	\$75,468	-\$448,808	-\$80,310	-\$1,439,321	-\$1,661,532	\$39,932	-\$1,701,464
0-5	101,772	\$230,890	\$18,139	\$20,809	-\$402	\$37,272	-\$2,734	-\$3,300	-\$24,135	\$276,539	\$15,801	\$260,737
5-10	114,287	\$627,220	\$32,561	\$70,851	\$8,594	\$125,578	\$7,044	-\$4,836	\$14,787	\$881,799	\$23,449	\$858,350
10-15	116,414	\$1,012,367	\$42,749	\$125,062	\$15,725	\$242,212	\$17,446	-\$5,213	\$32,440	\$1,482,788	\$27,770	\$1,455,018
15-20	114,057	\$1,465,753	\$44,223	\$140,011	\$19,980	\$294,656	\$21,372	-\$5,604	\$47,001	\$2,027,392	\$34,184	\$1,993,209
20-25	113,562	\$1,989,982	\$42,449	\$130,248	\$24,502	\$335,673	\$21,459	-\$6,161	\$54,757	\$2,592,909	\$38,380	\$2,554,529
25-30	108,116	\$2,361,717	\$43,661	\$125,653	\$24,711	\$372,805	\$28,634	-\$5,081	\$59,406	\$3,011,507	\$41,427	\$2,970,080
30-35	97,546	\$2,543,795	\$42,709	\$119,613	\$30,700	\$393,850	\$25,803	-\$5,171	\$58,635	\$3,209,934	\$45,358	\$3,164,577
35-40	86,029	\$2,575,854	\$42,688	\$117,252	\$29,841	\$417,823	\$32,398	-\$4,194	\$57,790	\$3,269,453	\$48,680	\$3,220,773
40-45	75,206	\$2,505,592	\$44,786	\$113,247	\$34,738	\$456,785	\$34,454	-\$4,772	\$55,661	\$3,240,490	\$48,353	\$3,192,137
45-50	67,312	\$2,468,199	\$47,549	\$107,922	\$36,219	\$489,602	\$39,851	-\$5,574	\$59,688	\$3,243,457	\$49,692	\$3,193,765
50-60	117,429	\$4,811,002	\$107,371	\$205,796	\$86,341	\$1,140,992	\$88,112	-\$13,448	\$117,802	\$6,543,967	\$102,584	\$6,441,384
60-70	99,416	\$4,688,896	\$110,805	\$199,463	\$98,850	\$1,245,916	\$99,308	-\$11,722	\$114,354	\$6,545,870	\$98,142	\$6,447,728
70-80	85,168	\$4,573,765	\$113,735	\$189,478	\$109,190	\$1,268,699	\$113,863	-\$10,907	\$111,264	\$6,469,086	\$92,176	\$6,376,911
80-90	73,104	\$4,379,188	\$110,917	\$177,690	\$116,200	\$1,302,574	\$113,853	-\$11,249	\$100,874	\$6,290,047	\$86,121	\$6,203,926
90-100	62,455	\$4,133,299	\$111,603	\$167,269	\$127,775	\$1,258,676	\$124,935	-\$9,777	\$93,681	\$6,007,462	\$82,850	\$5,924,612
100-250	282,006	\$27,804,400	\$1,025,270	\$1,317,719	\$1,728,148	\$7,062,994	\$1,974,622	-\$53,999	\$514,483	\$41,373,637	\$638,760	\$40,734,877
250-500	38,263	\$7,443,914	\$540,902	\$562,349	\$1,324,740	\$1,093,204	\$1,932,028	-\$11,008	\$127,755	\$13,013,884	\$286,636	\$12,727,248
500 +	13,817	\$5,850,666	\$1,462,477	\$377,509	\$5,040,684	\$341,503	\$4,942,120	-\$20,702	\$256,581	\$18,250,838	\$324,223	\$17,926,616

### Quintile Distribution

First 20%	357,072	\$2,058,742	\$181,102	\$128,449	\$132,841	\$492,952	-\$425,940	-\$93,909	-\$1,414,544	\$1,059,693	\$108,361	\$951,332
Second 20%	357,068	\$6,413,234	\$139,626	\$421,460	\$75,071	\$1,092,921	\$76,945	-\$18,378	\$175,507	\$8,376,386	\$124,063	\$8,252,323
Middle 20%	357,065	\$11,712,476	\$216,676	\$523,265	\$162,837	\$2,167,564	\$165,890	-\$24,803	\$270,579	\$15,194,484	\$228,326	\$14,966,157
Fourth 20%	357,076	\$18,750,971	\$462,162	\$778,817	\$450,021	\$5,224,047	\$446,737	-\$47,326	\$449,812	\$26,515,243	\$381,927	\$26,133,316
Next 15%	267,802	\$24,139,025	\$799,557	\$1,056,519	\$1,208,218	\$6,463,752	\$1,338,447	-\$50,776	\$456,118	\$35,410,860	\$521,373	\$34,889,487
Next 4%	71,414	\$11,656,105	\$722,541	\$806,934	\$1,658,394	\$2,061,594	\$2,247,952	-\$15,794	\$199,448	\$19,337,174	\$390,754	\$18,946,420
Top 1%	17,853	\$6,868,679	\$1,548,577	\$457,647	\$5,277,065	\$453,450	\$5,315,727	-\$22,042	\$276,585	\$20,175,687	\$369,713	\$19,805,974
<b>Total</b>	<b>1,785,350</b>	<b>\$81,599,233</b>	<b>\$4,070,241</b>	<b>\$4,173,091</b>	<b>\$8,964,447</b>	<b>\$17,956,280</b>	<b>\$9,165,759</b>	<b>-\$273,028</b>	<b>\$413,505</b>	<b>\$126,069,528</b>	<b>\$2,124,517</b>	<b>\$123,945,011</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.

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

**Corporate Income and Excise Taxes**

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

<b>C-Corporation Tax Rate Schedule</b>	
Taxable Income	Tax Before Credits
Not over \$1M	6.6% of taxable income
Over \$1M	\$66,000 + 7.6% of taxable income > \$1M

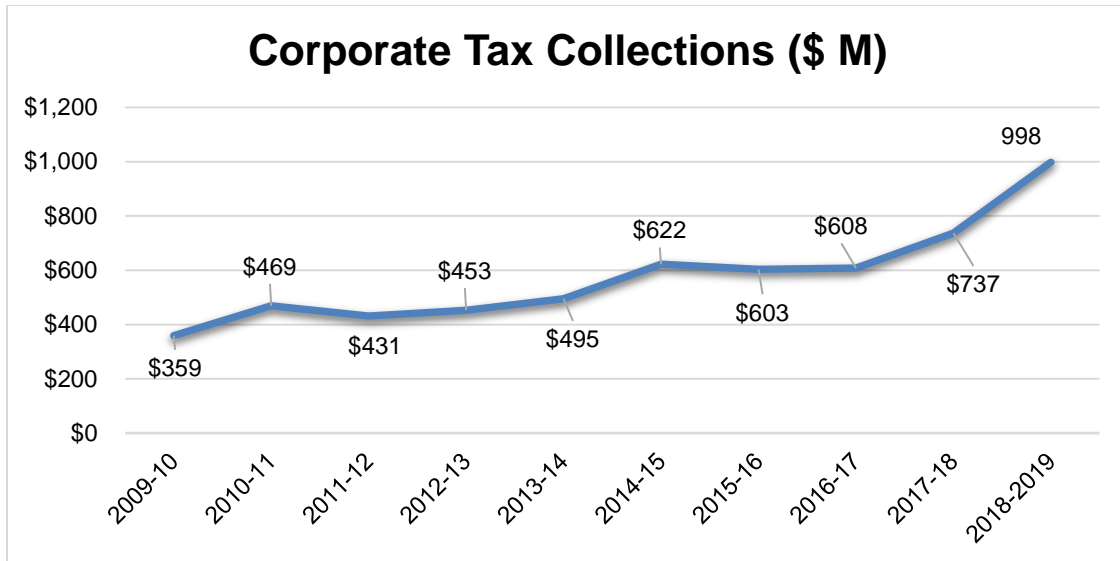
C-Corporations are required to pay the larger of their tax due under the rate schedule and the tax due under the minimum tax schedule. The minimum tax schedule, shown below, contains 12-tiers assigning minimum taxes to corporations based on the amount of Oregon sales the corporation had during that tax year.

<b>C-Corp. Minimum Tax Schedule</b>	
Oregon Sales (\$)	Min. Tax (\$)
< \$500,000	\$150
\$500,000 to \$1 Million	\$500
\$1 Million to \$2 Million	\$1,000
\$2 Million to \$3 Million	\$1,500
\$3 Million to \$5 Million	\$2,000
\$5 Million to \$7 Million	\$4,000
\$7 Million to \$10 Million	\$7,500
\$10 Million to \$25 Million	\$15,000
\$25 Million to \$50 Million	\$30,000
\$50 Million to \$75 Million	\$50,000
\$75 Million to \$100 Million	\$75,000
\$100 Million or more	\$100,000

In 2013, the Oregon Tax Court ruled that tax credits may be applied to the minimum tax. Thus, conceptually for tax years 2009 through 2014, the minimum tax is better described as a “Minimum Gross Tax”. In 2015, the Legislature modified the law so that credits could not be used against the minimum tax for tax years 2015 through 2020; legislation in 2017 made this change permanent.

The corporate excise tax is the second largest tax source for the state General Fund. The corporate tax revenue is projected to provide 6.3% of General Fund revenue in the 2017-19 biennium. (It was 6.3% of the total General Fund revenues in the 2017-19 biennium.) Oregon uses federal taxable income, with some modifications, as its tax base.<sup>1</sup> The following chart shows Oregon’s corporate tax collections since fiscal year 2009-10.

<sup>1</sup> For more information on how Oregon corporate taxation works, please see the Department of Revenue’s Corporate Excise and Income Tax Report.



Corporations pay taxes only on income attributable to Oregon. For multi-state C-corporations, a three-factor formula using property, payroll and sales was historically used to apportion income to Oregon. Over the past 30 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>2</sup> The following table contains the corporate apportionment formula weights for each factor and their effective dates.

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

C-corporations can be divided into two groups: corporations that do business only in Oregon and those that do business in multiple states and/or abroad. In 2017, the total number of Oregon only corporate returns was 13,907 (45.6% of all 30,489 C-corporations) and the total number of multi-state corporations was 16,582 (54.4% of all 30,489 C-corporations). The total tax of multi-state corporations was \$561.9 million (92.4% of total C-corporation tax) and the total tax of Oregon-only corporations was \$46.2 million (7.6% of total C-corporation tax). Page C19 illustrates the trends in the Oregon only and multi-state corporations between 2007 and 2017. During this period, the number of Oregon-only corporations declined from 62.8% of all C-corporations in 2007 to 45.6% of all C-Corporations in 2017. During the same period, the number of multi-state corporations increased from 37.2% in 2007 to 54.4% in 2017.

S-corporations do not generally pay tax at the entity level but are required to file a corporate tax return. Roughly 69,015 S-corporations currently file tax returns, with the vast majority (98%) paying

<sup>2</sup> The two exceptions are utilities & telecommunications corporations, which may elect to use the double-weighted sales formula, and interstate broadcasters who for tax years 2014-2016, apportioned their income based on their Oregon domiciled customers. For more information on the exceptions, please see the *State of Oregon 2017-2019 Tax Expenditure Report*, available at <http://www.oregon.gov/DOR/Stats>.

the minimum tax. The remaining 2% 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 it was intended to raise revenues to alleviate the State Property Tax and provide a means of imposing a state tax on national banks, which had been declared exempt from state property taxes in 1925.<sup>3</sup> Below, major tax changes in Oregon related to the corporate excise tax are listed.<sup>4</sup>

<b>Major Historical Changes to Corporate Taxation in Oregon<sup>5</sup></b>	
1929	Corporate excise tax enacted with a tax rate set at 5%, a minimum tax of \$25, and an equally weighted three factor apportionment factor.
1931	Excise tax rate increased to 8% and minimum tax reduced to \$10.
1939	Segregated accounting methods allowed.
1951	Revenues directed specifically to the General Fund.
1955	Corporate <i>income</i> tax was enacted at a rate of 8% to tax corporations benefitting from Oregon's economy but not subject to the excise tax.
1957	Corporate excise tax rate decreased to 6%.
1959	Federal Public Law 86-272 enacted.
1965	Uniform Division of Income for Tax Purposes Act was adopted.
1967	Multistate Tax Compact was adopted to ensure consistent tax policy among states.
1973	Semi-annual estimated tax payments required for corporations beginning Jan. 1, 1974.
1975	In <i>Coca-Cola</i> , Oregon's Supreme Court ruled that the tax commission had authority to permit or require corporations to use segregated accounting or apportionment. Legislature adopted combined reporting statutes to codify current practices by Dept. of Revenue.
1976	Corporate tax rate changes to 6.5% and applies to corporations in all industries.
1977	All corporations taxed at the same rate, 7% for 1977 and 7.5% for subsequent years.
1982	Quarterly estimated tax payments required beginning Jan. 1, 1982.
1984	"Waters Edge" unitary reporting requirement adopted, requiring only businesses in the U.S. be reported on a consolidated return.
1987	Reduced the corporate tax rate from 7.5% to 6.6% beginning Jan. 1, 1987.
1989	S-corporations required to pay minimum tax. Double weighted sales apportionment formula beginning tax years on or after Jan.1,1991.
1997	Oregon establishes "rolling reconnect" for federal changes made after April 15, 1997.
2001	Adopted apportionment formula heavily weighted towards sales for tax years on or after May 1, 2003.
2005	Adopted corporate single-sales apportionment formula.
2009	Second tax bracket for taxable income above \$250,000 added at an initial rate of 7.9%, declining slightly through 2012. As of tax year 2013, the top rate of 7.6% applies to income exceeding \$10 million. C-corporation min. tax changed from \$10 to an amount ranging between \$150 and \$100,000, depending on the level of Oregon sales.
2013	Oregon's listed jurisdiction law takes effect. Modifies tax brackets by applying the top tax rate of 7.6% to taxable income above \$1 million.
2017	Cost-of-Performance apportionment method replaced with a market-based approach.
2018	Required addback of federal dividends related to repatriation. Repeal of Oregon's listed jurisdiction law.
2019	Required addback of amounts deducted as GILTI.

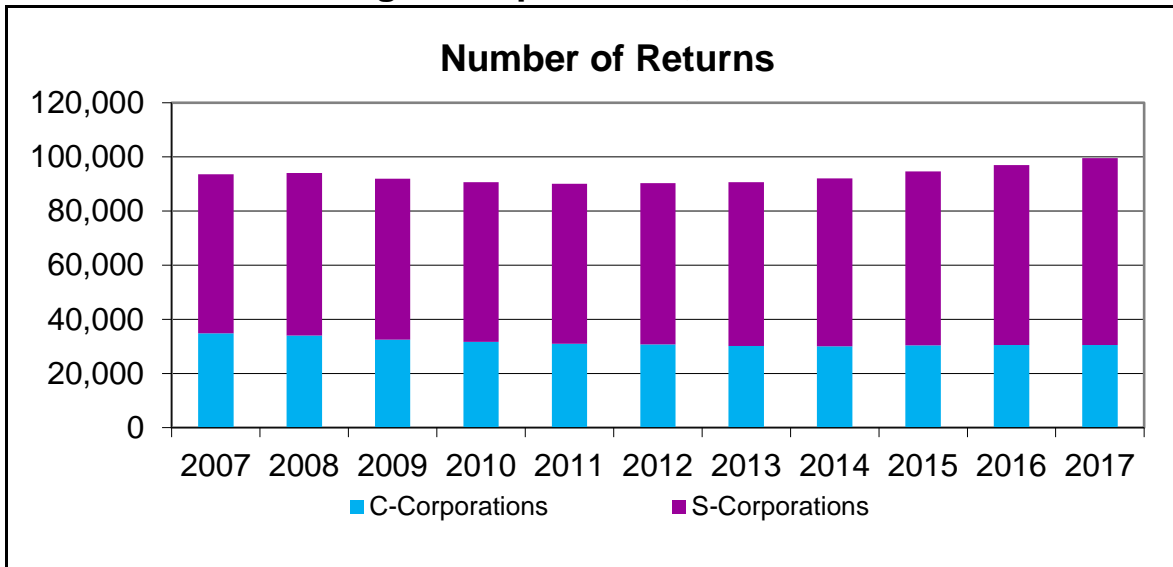
<sup>3</sup> Handbook of Oregon State Taxes, Oregon Tax Foundation, May 1983

<sup>4</sup> This list represents only major changes to corporate taxation and is not an exhaustive history. For a more detailed history please see previous basic facts reports and/or measures passed reports from previous years.

<sup>5</sup> Unless otherwise noted, the events in this table pertain to the corporate excise tax. For simplicity, "corporate excise tax" is not mentioned in every instance.



## Oregon Corporations, 2007-2017

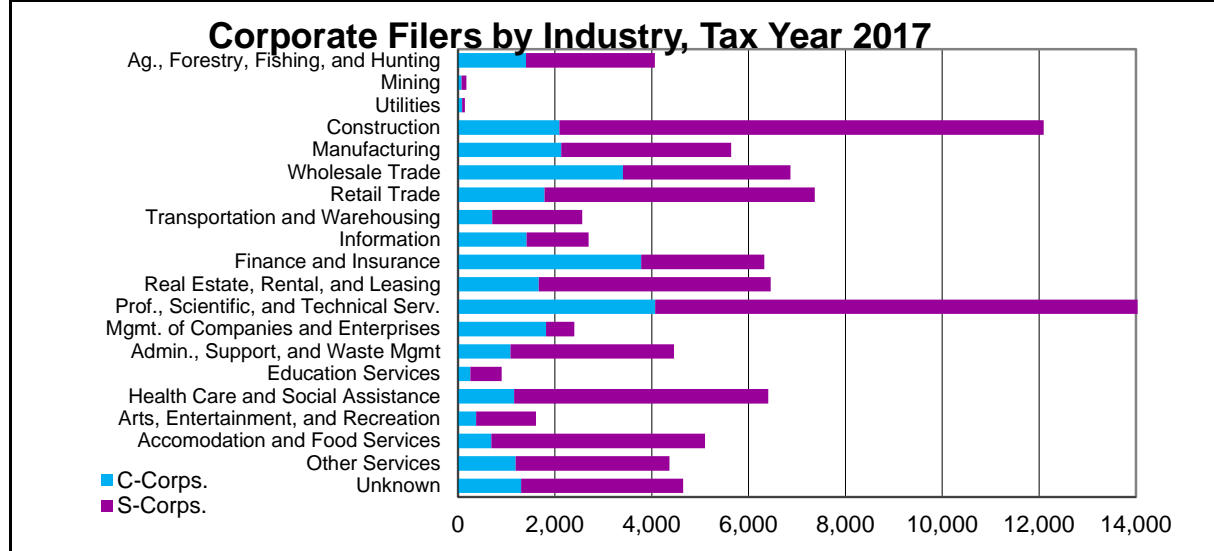


## Oregon Corporations, 1990-2017

	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	34,052	-2.3%	59,942	2.0%	93,994	0.4%
2009	32,501	-4.6%	59,388	-0.9%	91,889	-2.2%
2010	31,681	-2.5%	59,031	-0.6%	90,712	-1.3%
2011	31,013	-2.1%	59,033	0.0%	90,046	-0.7%
2012	30,700	-1.0%	59,619	1.0%	90,319	0.3%
2013	30,198	-1.6%	60,467	1.4%	90,665	0.4%
2014	30,081	-0.4%	61,992	2.5%	92,073	1.6%
2015	30,384	1.0%	64,247	3.6%	94,631	2.8%
2016	30,472	0.3%	66,559	3.6%	97,031	2.5%
2017	30,489	0.1%	69,015	3.7%	99,504	2.5%

### Corporate Filers by Industry, Tax Year 2017

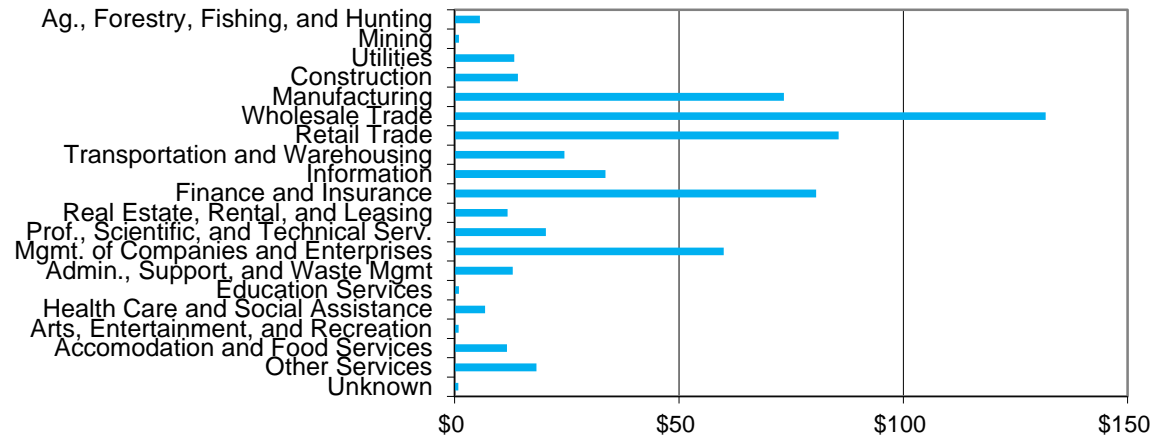
Industry	C-Corporations	S-Corporations
Agriculture & Forestry	1,405	2,657
Mining	71	99
Utilities	84	55
Construction	2,095	9,997
Manufacturing	2,130	3,509
Wholesale Trade	3,409	3,459
Retail Trade	1,785	5,583
Transportation & Warehousing	705	1,862
Information	1,413	1,282
Finance & Insurance	3,782	2,543
Real Estate	1,669	4,789
Professional, Scientific & Tech Services	4,070	11,146
Management of Companies and Enterprises	1,819	585
Administration, Supply & Waste Management	1,086	3,377
Education Services	256	646
Health Care & Social Assistance	1,158	5,249
Arts, Entertainment, & Recreation	374	1,235
Accommodation & Food Services	688	4,415
Other Services	1,189	3,175
Unknown	1,302	3,347
<b>Total</b>	<b>30,490</b>	<b>69,010</b>



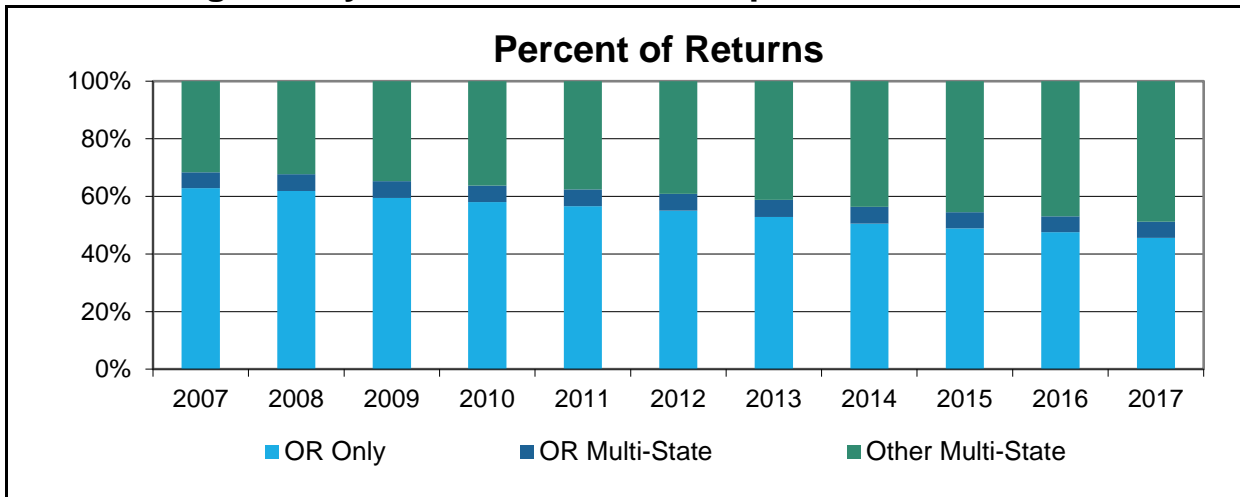
### Corporate Net Tax by Industry, Tax Year 2017 (\$M)

Industry	C-Corporations	S-Corporations
Agriculture & Forestry	\$5.66	\$0.41
Mining	\$0.99	\$0.01
Utilities	\$13.31	\$0.01
Construction	\$14.14	\$1.50
Manufacturing	\$73.43	\$0.55
Wholesale Trade	\$131.72	\$0.56
Retail Trade	\$85.61	\$0.91
Transportation & Warehousing	\$24.46	\$0.29
Information	\$33.61	\$0.22
Finance & Insurance	\$80.58	\$0.41
Real Estate	\$11.81	\$0.72
Professional, Scientific & Tech Services	\$20.36	\$1.64
Management of Companies and Enterprises	\$59.97	\$0.09
Administration, Supply & Waste Management	\$12.95	\$0.51
Education Services	\$0.98	\$0.10
Health Care & Social Assistance	\$6.82	\$0.79
Arts, Entertainment, & Recreation	\$0.93	\$0.18
Accommodation & Food Services	\$11.70	\$0.73
Other Services	\$18.24	\$0.47
Unknown	\$0.80	\$0.47
<b>Total</b>	<b>\$608.07</b>	<b>\$10.55</b>

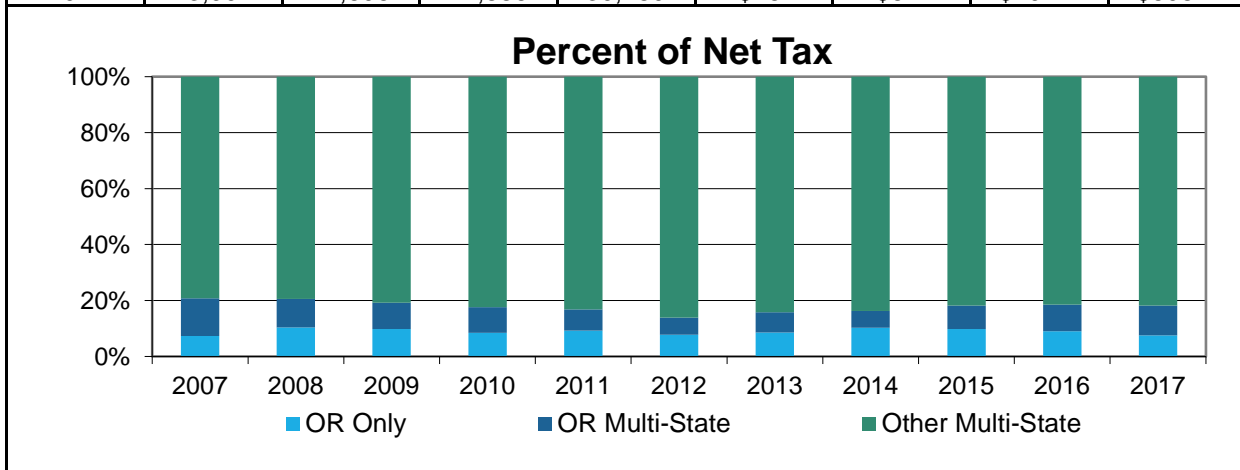
### C-Corporations Net Tax, Tax Year 2017 (\$M)



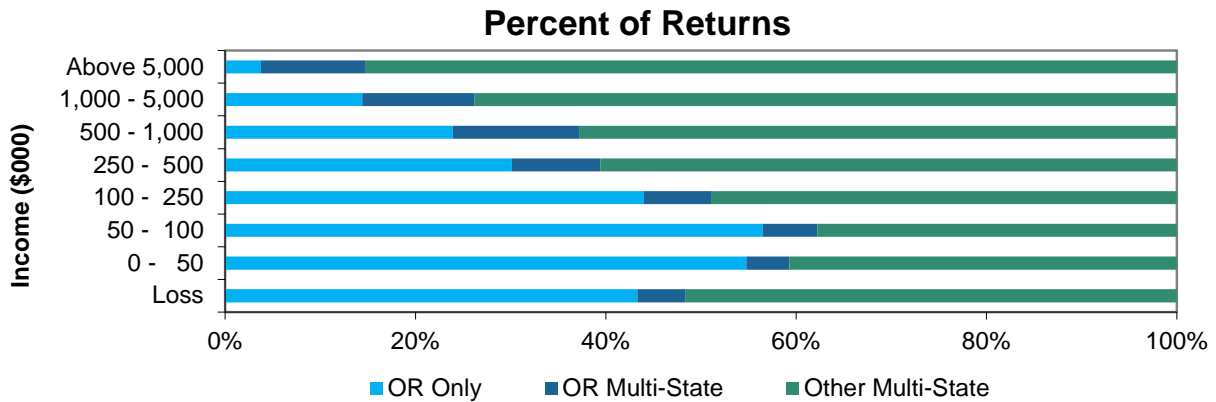
## Oregon Only and Multi-State C-Corporations, 2007-2017



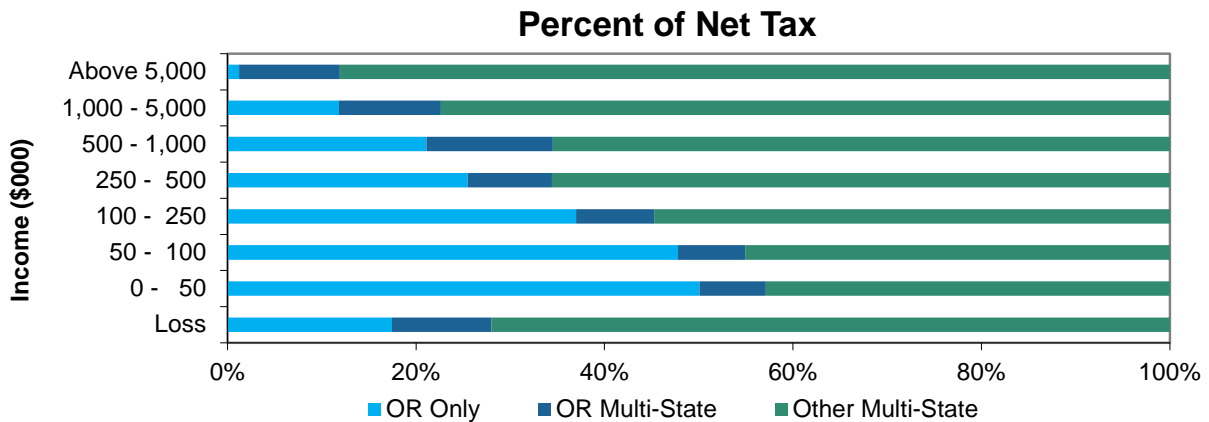
	Number of C-Corporation Returns				Net Tax (\$M)			
	OR Only	OR Multi-State	Other Multi-State	Total	OR Only	OR Multi-State	Other Multi-State	Total
2007	21,882	1,951	11,008	34,841	\$31.1	\$57.8	\$339.7	\$428.7
2008	21,065	1,983	11,004	34,052	\$31.0	\$30.5	\$238.1	\$299.6
2009	19,312	1,895	11,294	32,501	\$38.6	\$37.2	\$317.5	\$393.2
2010	18,384	1,816	11,481	31,681	\$37.1	\$40.3	\$360.9	\$438.3
2011	17,548	1,802	11,663	31,013	\$35.3	\$28.7	\$316.4	\$380.3
2012	16,904	1,784	12,012	30,700	\$34.3	\$26.7	\$377.6	\$438.6
2013	15,962	1,803	12,433	30,198	\$40.7	\$34.7	\$402.7	\$478.1
2014	15,211	1,745	13,125	30,081	\$54.3	\$31.8	\$443.1	\$529.2
2015	14,847	1,716	13,821	30,384	\$51.5	\$44.0	\$428.4	\$523.8
2016	14,503	1,683	14,286	30,472	\$49.1	\$51.5	\$441.9	\$542.5
2017	13,907	1,696	14,886	30,489	\$46.2	\$64.4	\$497.4	\$608.1



## 2017 Oregon Only and Multi-State C-Corporations



Income Before Net Loss (\$000)	Number of Returns				Oregon Tax (\$M)			
	OR Only	OR Multi-State	Other Multi-State	Total	OR Only	OR Multi-State	Other Multi-State	Total
Loss	6,509	753	7,759	15,021	\$ 5.2	\$ 3.2	\$ 21.5	\$ 29.9
0 - 50	5,164	429	3,838	9,431	\$ 5.2	\$ 0.7	\$ 4.4	\$ 10.3
50 - 100	966	99	646	1,711	\$ 3.6	\$ 0.5	\$ 3.4	\$ 7.6
100 - 250	723	116	804	1,643	\$ 5.6	\$ 1.2	\$ 8.2	\$ 15.1
250 - 500	273	84	549	906	\$ 4.5	\$ 1.6	\$ 11.6	\$ 17.7
500 - 1,000	139	77	365	581	\$ 4.7	\$ 3.0	\$ 14.6	\$ 22.3
1,000 - 5,000	119	97	609	825	\$ 12.5	\$ 11.5	\$ 82.1	\$ 106.2
Above 5,000	14	41	317	372	\$ 4.9	\$ 42.7	\$ 351.5	\$ 399.1
<b>Total</b>	<b>13,907</b>	<b>1,696</b>	<b>14,887</b>	<b>30,490</b>	<b>\$ 46.2</b>	<b>\$ 64.4</b>	<b>\$ 497.4</b>	<b>\$ 608.1</b>



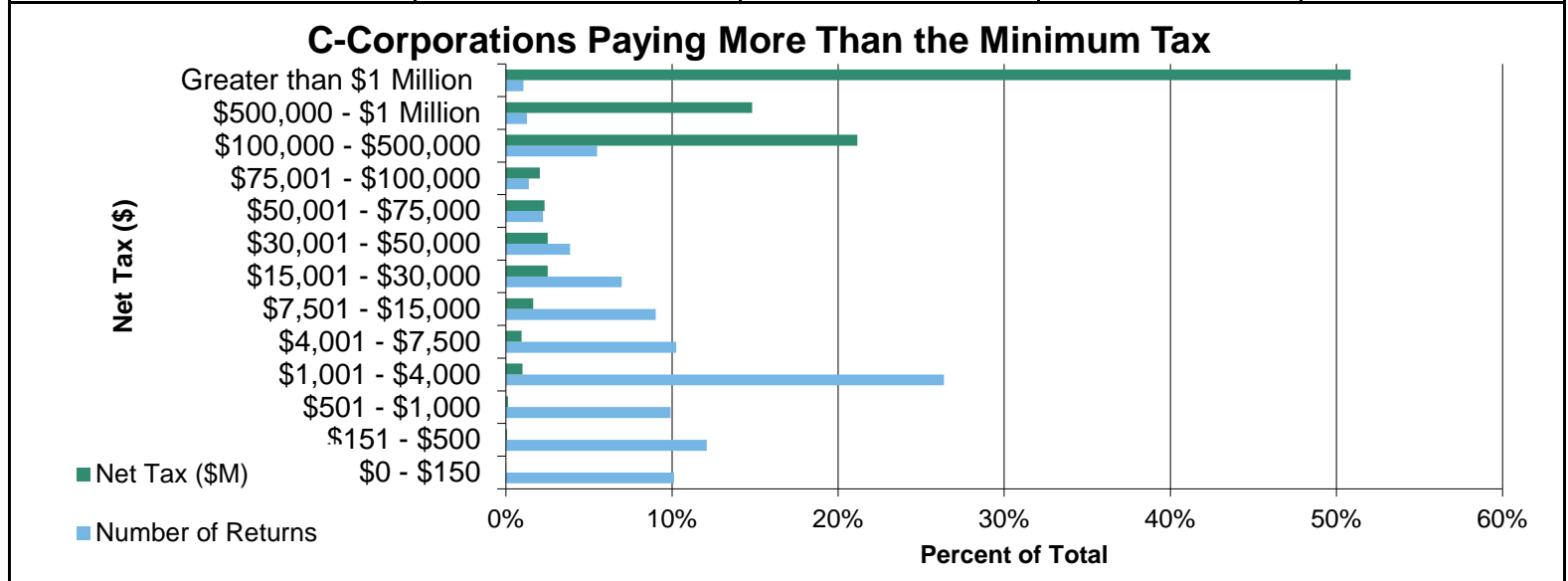
**C-Corporations Affected by the Minimum Tax or Tax Rates, Tax Year 2017**

Oregon Sales	Min. Tax Schedule	Affected by Minimum Tax		Affected by Tax Rates		All Returns	
		Returns	Net Tax	Returns	Net Tax	Returns	Net Tax
< \$500,000	\$150	13,760	\$2.1	4,507	\$12.3	18,267	\$14.4
\$500,000 to \$1 Million	\$500	1,916	\$1.0	1,093	\$5.0	3,009	\$6.0
\$1 to \$2 Million	\$1,000	1,567	\$1.6	1,027	\$9.5	2,594	\$11.0
\$2 to \$3 Million	\$1,500	800	\$1.2	502	\$10.3	1,302	\$11.5
\$3 to \$5 Million	\$2,000	832	\$1.7	567	\$12.0	1,399	\$13.6
\$5 to \$7 Million	\$4,000	459	\$1.8	338	\$10.8	797	\$12.7
\$7 to \$10 Million	\$7,500	401	\$3.0	275	\$13.3	676	\$16.3
\$10 to \$25 Million	\$15,000	751	\$11.3	490	\$49.8	1,241	\$61.1
\$25 to \$50 Million	\$30,000	316	\$9.5	257	\$62.8	573	\$72.3
\$50 to \$75 Million	\$50,000	104	\$5.2	104	\$49.6	208	\$54.8
\$75 to \$100 Million	\$75,000	52	\$3.9	60	\$31.0	112	\$34.9
> \$100 Million	\$100,000	147	\$14.7	164	\$284.8	311	\$299.5
Total		21,105	\$56.9	9,384	\$551.2	30,489	\$608.1

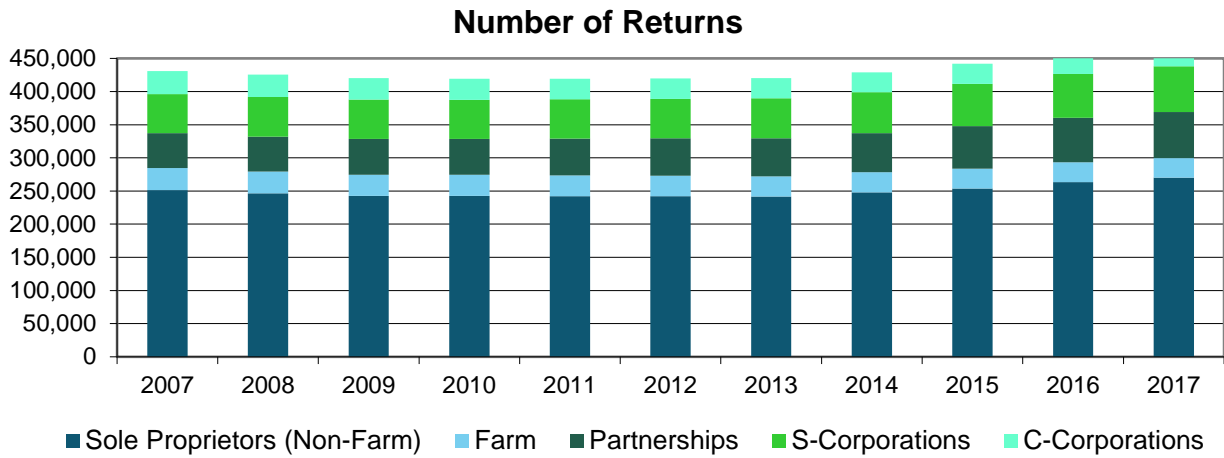
Industry Sector	Affected by Minimum Tax		Affected by Tax Rates		All Returns	
	Returns	Net Tax	Returns	Net Tax	Returns	Net Tax
Agriculture & Forestry	974	\$1.1	431	\$4.6	1,405	\$5.7
Mining	53	\$0.0	18	\$1.0	71	\$1.0
Utilities	59	\$0.4	25	\$12.9	84	\$13.3
Construction	1,463	\$2.1	632	\$12.0	2,095	\$14.1
Manufacturing	1,397	\$7.3	733	\$66.1	2,130	\$73.4
Wholesale Trade	2,087	\$9.3	1,322	\$122.4	3,409	\$131.7
Retail Trade	1,222	\$4.3	563	\$81.3	1,785	\$85.6
Transportation & Warehousing	487	\$1.8	218	\$22.7	705	\$24.5
Information	1,162	\$2.6	251	\$31.0	1,413	\$33.6
Finance & Insurance	2,225	\$7.9	1,557	\$72.6	3,782	\$80.6
Real Estate	1,192	\$2.6	477	\$9.2	1,669	\$11.8
Professional, Scientific & Tech Services	3,080	\$3.4	990	\$17.0	4,070	\$20.4
Management of Companies and Enterprises	1,247	\$7.9	572	\$52.1	1,819	\$60.0
Administration, Supply & Waste Management	775	\$1.3	311	\$11.6	1,086	\$12.9
Education Services	195	\$0.3	61	\$0.7	256	\$1.0
Health Care & Social Assistance	944	\$2.8	214	\$4.0	1,158	\$6.8
Arts, Entertainment, & Recreation	284	\$0.2	90	\$0.8	374	\$0.9
Accommodation & Food Services	439	\$0.7	249	\$11.0	688	\$11.7
Other Services	822	\$0.6	367	\$17.7	1,189	\$18.2
Unknown	999	\$0.3	303	\$0.5	1,302	\$0.8
Total	21,106	\$56.9	9,384	\$551.2	30,490	\$608.1

### Corporations Paying More than the Minimum Tax, Tax Year 2017

Tax Category (Net Tax, \$)	Number of Returns	Percent of Total	Net Tax (\$M)	Percent of Total
\$0 - \$150	949	10.1%	\$ 0.0	0.0%
\$151 - \$500	1,134	12.1%	\$ 0.3	0.1%
\$501 - \$1,000	930	9.9%	\$ 0.7	0.1%
\$1,001 - \$4,000	2,474	26.4%	\$ 5.5	1.0%
\$4,001 - \$7,500	962	10.3%	\$ 5.2	0.9%
\$7,501 - \$15,000	846	9.0%	\$ 9.0	1.6%
\$15,001 - \$30,000	654	7.0%	\$ 13.9	2.5%
\$30,001 - \$50,000	363	3.9%	\$ 13.9	2.5%
\$50,001 - \$75,000	210	2.2%	\$ 12.8	2.3%
\$75,001 - \$100,000	130	1.4%	\$ 11.2	2.0%
\$100,000 - \$500,000	515	5.5%	\$ 116.6	21.2%
\$500,000 - \$1 Million	118	1.3%	\$ 81.7	14.8%
Greater than \$1 Million	99	1.1%	\$ 280.3	50.9%
<b>Total</b>	<b>9,384</b>	<b>100.0%</b>	<b>\$551.2</b>	<b>100.0%</b>

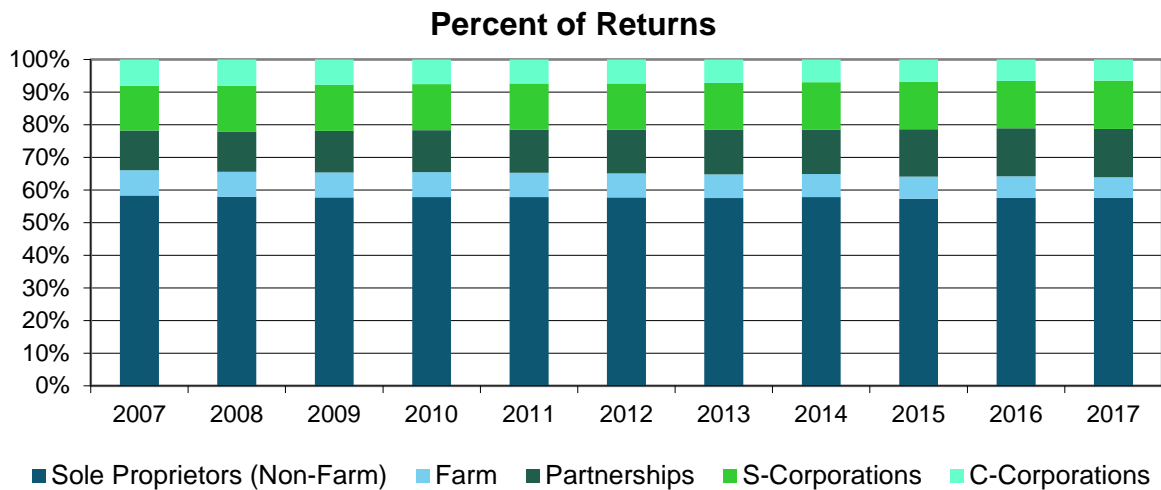


## Oregon Tax Returns with Business Income, 2007-2017



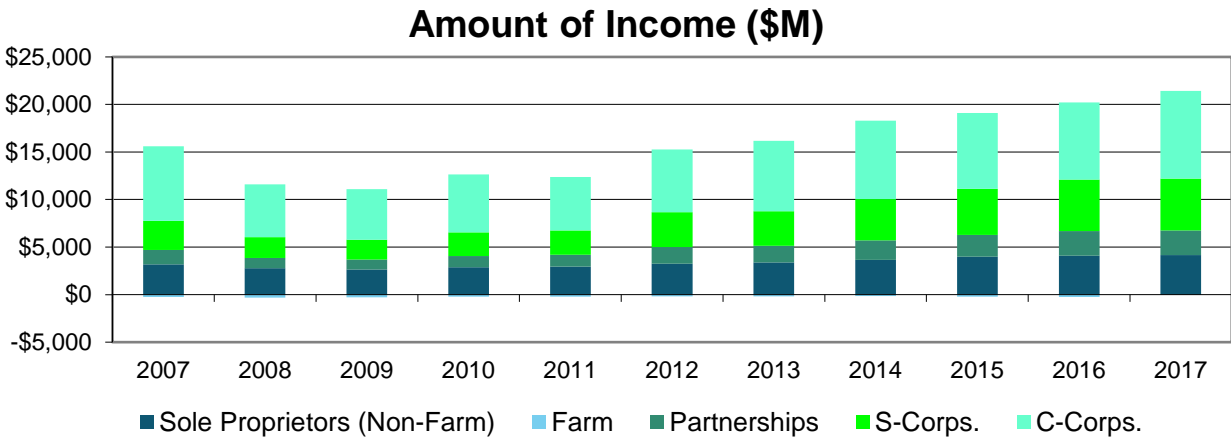
### Number of Business Tax Returns

Tax Year	Sole Proprietors		Partnerships	S-Corporations	C-Corporations	Total
	Non-Farm	Farm				
2007	251,267	33,567	52,585	58,791	34,841	431,051
2008	246,527	32,753	52,496	59,942	34,052	425,770
2009	242,602	32,154	53,815	59,388	32,501	420,460
2010	242,506	31,836	54,126	59,031	31,681	419,180
2011	242,433	31,260	55,618	59,033	31,013	419,357
2012	242,262	30,915	56,279	59,571	30,653	419,680
2013	241,839	30,442	57,356	60,380	30,101	420,118
2014	248,112	30,236	58,881	61,926	30,024	429,179
2015	253,610	30,036	64,051	64,134	30,271	442,102
2016	263,486	29,802	67,127	66,227	30,110	456,752
2017	270,247	29,359	69,502	69,015	30,489	468,612



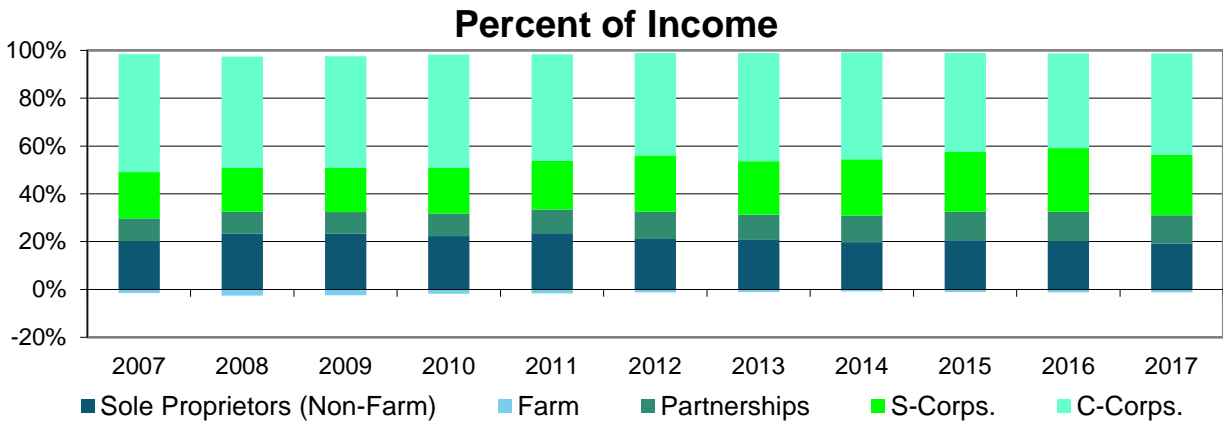


## Business Income on Oregon Tax Returns, 2007-2017



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

Tax Year	Sole Proprietors		Partnerships	S-Corps.	C-Corps.	Total
	Non-Farm	Farm				
2007	\$3,174	-\$241	\$1,531	\$3,068	\$7,826	\$15,358
2008	\$2,789	-\$300	\$1,082	\$2,184	\$5,536	\$11,291
2009	\$2,653	-\$272	\$1,030	\$2,094	\$5,316	\$10,822
2010	\$2,869	-\$227	\$1,204	\$2,466	\$6,105	\$12,417
2011	\$2,958	-\$203	\$1,241	\$2,562	\$5,607	\$12,164
2012	\$3,261	-\$180	\$1,754	\$3,646	\$6,606	\$15,087
2013	\$3,381	-\$178	\$1,746	\$3,657	\$7,397	\$16,003
2014	\$3,651	-\$159	\$2,061	\$4,351	\$8,240	\$18,143
2015	\$3,985	-\$206	\$2,284	\$4,860	\$7,972	\$18,894
2016	\$4,105	-\$252	\$2,564	\$5,448	\$8,109	\$19,973
2017	\$4,173	-\$273	\$2,575	\$5,472	\$9,217	\$21,165



# 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 properties, where Oregon Department of Revenue plays a major role.

The property tax calculation for each property depends on two major components and then is capped by a separate component. The property tax extended, or the first calculation is the product of the rate, and the assessed value.

$$\text{property tax extended} = AV \times \text{property tax rate}$$

That number is then checked against the Measure 5 value or M5V, which for most properties, is equal to the real market value (RMV) times the measure 5 limit<sup>i</sup>

$$\begin{aligned} \text{school portion M5 limit} &= M5V \times \$5/\$1,000 \\ \text{non - school portion M5 limit} &= M5V \times \$10/\$1,000 \end{aligned}$$

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 2018-19, the total M5V<sup>1</sup> Value of taxable property in Oregon was \$676 billion, an increase of 8.3% from 2017-18. The total Net Assessed Value of \$406 billion reflects a 4% increase over 2017-18. Taxing districts imposed \$6.8 billion in 2018-19. This reflects an overall 5.3% increase from the prior year. In addition, Urban Renewal Districts imposed \$274 million in taxes from excess value and \$18.5 million from Urban Renewal special levies.

## **Exemptions**

Not all properties are taxable. Major exemptions include: 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 charitable or religious purposes. Electric cooperatives, rural telephone exchanges and some other

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<sup>1</sup> \* Measure 5 Value (M5V) is the property value to which Measure 5 tax rate limits are applied. For properties that are not partially exempt or specially assessed, Measure 5 value is equal to Real Market Value (RMV). Previous editions of this report have reported the M5V as the RMV, but the description has been changed to more clearly indicate what values are being reported. - Oregon Department of Revenue

property are exempt from property taxation because other taxes are paid *in lieu of* property tax, or for intangible property, there is a maximum tax imposed.

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 constitutional tax limitation approved by Oregon voters in 1990. It functions on a property by property basis. It restricts taxes on 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 extended 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 subject to 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.

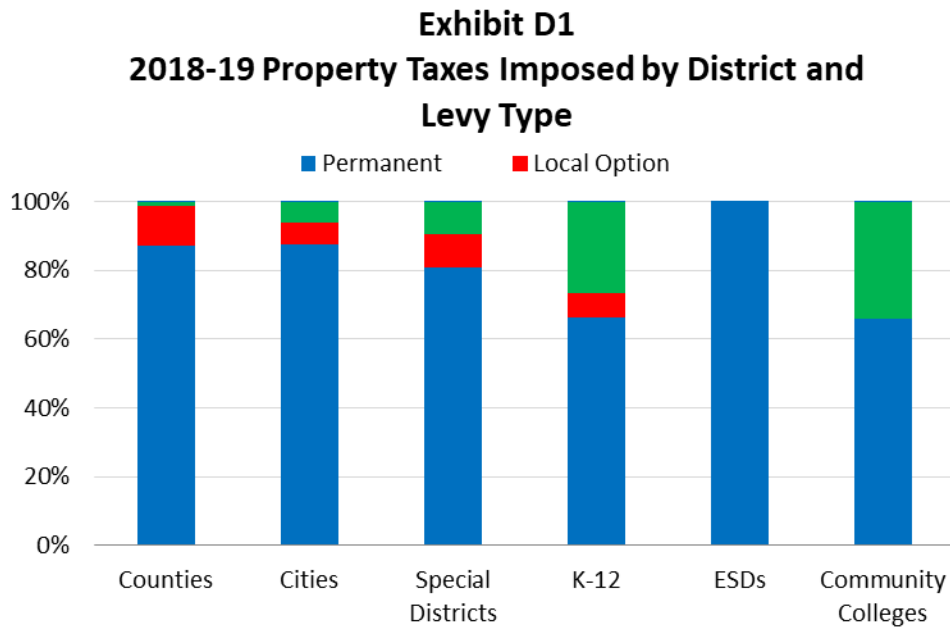
Measure 50 also defined the concept of Assessed Value (AV). The 1997-98 Maximum Assessed Value (MAV) for each property was set at 90% of its 1995-96 real market value (RMV). If no new construction occurs on the property, then the growth in maximum assessed value is capped at 3% a year. However, assessed value cannot exceed real market value. The ratio of MAV to RMV is known as the Changed Property Ratio (CPR). 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. 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 reached an interim high of 78.4% in 2013. As the real estate market has recovered, the ratio has fallen to its current level of 62% in 2018-19

The table on the following page breaks down 2018-19 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 \$5.117 billion in 2018-19, accounting for 75% of all property taxes imposed. The 2018-19 tax revenue attributable to the permanent rate registered an annual growth rate of 4.1%. Total tax revenues from K-12 districts, Education Service and Community College districts, increased from the prior year by 5.4%, 4.0%, and 8.1%, respectively. County taxing districts, City districts and Special Districts total revenues grew over the prior year by 4.1%, 4.7% and 6.4%, respectively.

General obligation bond revenue in 2018-19 totaled \$1.044 billion or 15% of all taxes listed in the table. Across all taxing districts bond revenues increased 9.3% in 2018-19, with 72% 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 2003 the average growth in K-12 bond revenue has been 5.6%. In 2018-19, K-12 bond revenue increased 8.2% 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 16.3% over the prior year. Bond revenues for cities increased 8.1% from a year ago. In 2018-19, county taxing district's bonds decreased 13.8%<sup>2</sup> and special district's bond revenues increased 18.3% from the previous year.



**Tax Imposed by District and Levy Type, (\$'s in Millions)**

FYs	17-18		18-19										
	17-18	18-19	% CH.	17-18	18-19	% CH.	17-18	18-19	% CH.	17-18	18-19	% CH.	
Type of District	Permanent <sup>1</sup>			Local Option			Bond			Total			
General Government													
Counties	967	1,005	3.9%	120	130	8.7%	18	16	-13.8%	1,105	1,151	4.1%	
Cities	1,224	1,273	4.0%	82	92	12.0%	82	89	8.1%	1,388	1,454	4.7%	
Special Districts	757	795	5.0%	88	95	7.8%	78	92	18.3%	922	981	6.4%	
Education													
K-12	1,810	1,884	4.1%	186	200	7.7%	696	753	8.2%	2,691	2,837	5.4%	
ESDs	128	133	4.0%	0	0	N/A	0	0	N/A	128	133	4.0%	
Community Colleges	177	184	4.2%	0	0	N/A	81	95	16.3%	258	279	8.1%	
Non-UR Subtotal	5,062	5,274	4.2%	476	517	8.7%	955	1,044	9.3%	6,493	6,834	5.3%	
Urban Renewal Agencies													
Division of Tax										249	249	0.0%	
Special Levies										21	21	1.3%	
<b>Total</b>	<b>5,062</b>	<b>5,274</b>	<b>4.2%</b>	<b>476</b>	<b>517</b>	<b>8.7%</b>	<b>955</b>	<b>1,044</b>	<b>9.3%</b>	<b>6,763</b>	<b>7,105</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 taxing districts in 2018-19, local option tax revenues increased 8.7% over the prior year, totaling \$517 million. In FY 2018-19, Cities and county taxing districts accounted for 42.9% of local option tax revenue, and the share of local option revenues generated for K-12 education was 38.7%. Special taxing districts accounted for 18.4% of local option taxes.

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>3</sup> Districts are not in compression per se, rather specific 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". As illustrated when comparing 2011-12 with 2018-19, a widening RMV:AV ratio will decrease the overall level of compression whereas a contracting ratio will increase compression reduction. In 2011-12, residential compression reduction as a percent of tax extended was 2.8% as compared to 2.0% in 2018-19, corresponding with statewide average CPRs of .79 and .66 respectively.

In 2018-19, many taxing districts were affected to some degree by compression limits which is the difference between extended taxes and the lesser amount that can actually be imposed on an individual property because of Oregon's Constitutional limitations. Compression rates were relatively high during the great recession. However, appreciation of property values in recent years helped lower compression reductions. Compression reduction reached from \$144 million between in 2011-2012 and has dropped to \$119 million in 2018-19. 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 2018-19, compression reduction statewide totaled 2.0% of taxes extended, 53.8% (totaling \$64 million) of total loss occurred in Multnomah County.<sup>4</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 Wheeler County, the compression reduction totaled \$ 152 thousand but accounted for 6.1% 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 revenue from logging severance taxes and federal forest timber payments. Severance taxes have largely been eliminated and the federal forest payments have declined or evaporated since the permanent rates were established. Compression may 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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<sup>3</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 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>4</sup> Tax extended relating to bond levies is not included as bonds are not subject to measure 5 compression limits.

## Exhibit D2

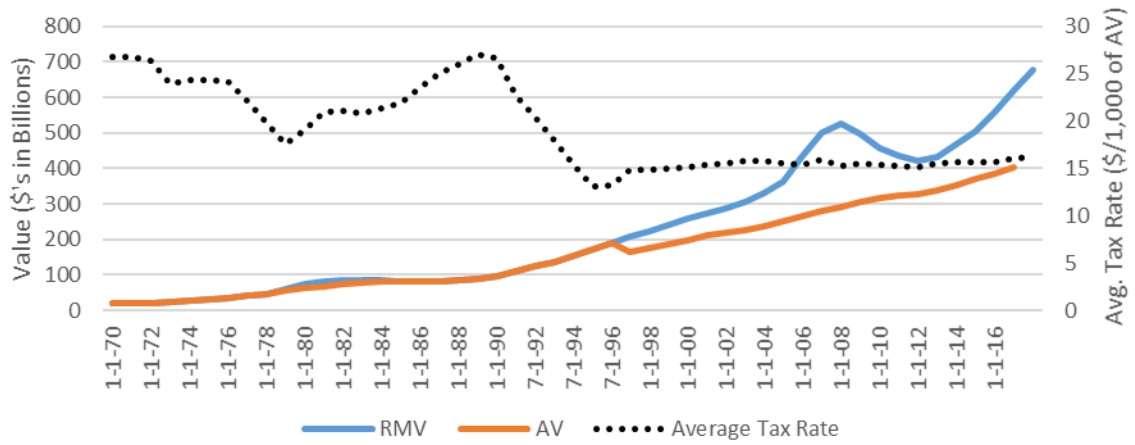
Value of Taxable Property, Assessment Ratio & Average Tax Rate								
Assessment Date	MSV & Assessed Values (\$ Millions)				Assessment Ratio		Average Tax Rate	
	RMV	% CH	AV	% CH	Home	Other	\$/1,000	% CH
1-1-70	18,797	9.0%	18,795	9.0%	100.0%		26.78	2.0%
1-1-71	20,261	7.8%	20,258	7.8%	100.0%		26.72	-0.2%
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%
1-1-15	506,152	7.8%	370,564	4.6%	73.2%		15.70	0.4%
1-1-16	559,107	10.5%	386,412	4.3%	69.1%		15.74	0.2%
1-1-17	620,889	11.1%	403,984	4.5%	65.1%		16.07	2.1%
1-1-18	676,852	9.0%	421,102	4.2%	62.2%		16.23	1.0%
<b>Avg. Growth Rate 1970-2017</b>		<b>7.7%</b>		<b>6.7%</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

### Exhibit D3

Property Value & Avg. Tax Rate  
1970 - 2018



### Exhibit D4

Total Net Assessed Value (NAV)   Real Market Values (RMV)   Ratio of NAV:RMV									
FYs 2017-18 & 2018-19									
County	Total M5V (\$000s)			Total NAV (\$000s)			Ratio - NAV:M5V		
	2017-18	2018-19	% CH	2017-18	2018-19	% CH	2017-18	2018-19	% CH
Baker	1,858,344	2,045,976	10.1%	1,484,231	1,644,417	10.8%	79.9%	80.4%	0.5%
Benton	11,563,251	12,653,879	9.4%	8,282,832	8,659,164	4.5%	71.6%	68.4%	-3.2%
Clackamas	69,873,614	76,424,246	9.4%	46,783,062	48,860,032	4.4%	67.0%	63.9%	-3.0%
Clatsop	8,326,584	8,953,187	7.5%	5,925,407	6,147,037	3.7%	71.2%	68.7%	-2.5%
Columbia	7,123,386	7,286,278	2.3%	4,814,542	5,007,024	4.0%	67.6%	68.7%	1.1%
Coos	7,062,171	7,307,012	3.5%	5,163,259	5,301,316	2.7%	73.1%	72.6%	-0.6%
Crook	2,792,961	3,212,673	15.0%	2,057,921	2,194,167	6.6%	73.7%	68.3%	-5.4%
Curry	3,670,497	3,875,387	5.6%	2,951,590	3,048,727	3.3%	80.4%	78.7%	-1.7%
Deschutes	36,739,204	41,179,234	12.1%	22,893,162	24,215,312	5.8%	62.3%	58.8%	-3.5%
Douglas	10,848,612	11,775,385	8.5%	8,876,777	9,221,099	3.9%	81.8%	78.3%	-3.5%
Gilliam	911,076	916,948	0.6%	768,873	786,060	2.2%	84.4%	85.7%	1.3%
Grant	686,946	736,029	7.1%	562,534	595,928	5.9%	81.9%	81.0%	-0.9%
Harney	802,359	841,161	4.8%	553,431	584,546	5.6%	69.0%	69.5%	0.5%
Hood River	3,910,708	4,479,972	14.6%	2,296,258	2,425,204	5.6%	58.7%	54.1%	-4.6%
Jackson	27,048,790	30,027,150	11.0%	19,773,999	20,603,678	4.2%	73.1%	68.6%	-4.5%
Jefferson	2,504,870	2,842,924	13.5%	1,661,317	1,736,899	4.5%	66.3%	61.1%	-5.2%
Josephine	10,049,780	10,866,048	8.1%	7,469,659	7,764,297	3.9%	74.3%	71.5%	-2.9%
Klamath	7,738,636	8,136,679	5.1%	5,722,608	5,835,949	2.0%	73.9%	71.7%	-2.2%
Lake	1,239,802	1,178,944	-4.9%	1,019,307	977,658	-4.1%	82.2%	82.9%	0.7%
Lane	47,808,081	51,776,799	8.3%	32,267,182	33,605,780	4.1%	67.5%	64.9%	-2.6%
Lincoln	9,034,731	9,599,006	6.2%	7,340,603	7,607,268	3.6%	81.2%	79.3%	-2.0%
Linn	12,597,036	14,058,786	11.6%	9,384,047	9,750,508	3.9%	74.5%	69.4%	-5.1%
Malheur	2,610,710	2,529,087	-3.1%	2,169,853	2,117,295	-2.4%	83.1%	83.7%	0.6%
Marion	33,118,130	36,674,467	10.7%	23,579,231	24,602,310	4.3%	71.2%	67.1%	-4.1%
Morrow	4,298,800	4,678,185	8.8%	2,069,396	2,248,143	8.6%	48.1%	48.1%	-0.1%
Multnomah	158,588,506	172,686,796	8.9%	72,112,934	74,381,084	3.1%	45.5%	43.1%	-2.4%
Polk	7,818,064	8,611,935	10.2%	5,749,512	5,968,982	3.8%	73.5%	69.3%	-4.2%
Sherman	532,422	525,108	-1.4%	448,634	460,887	2.7%	84.3%	87.8%	3.5%
Tillamook	6,208,160	6,645,216	7.0%	4,778,070	4,994,868	4.5%	77.0%	75.2%	-1.8%
Umatilla	7,850,726	8,068,769	2.8%	5,623,183	5,878,294	4.5%	71.6%	72.9%	1.2%
Union	2,624,697	2,676,643	2.0%	1,899,104	1,962,964	3.4%	72.4%	73.3%	1.0%
Wallowa	1,162,688	1,249,526	7.5%	786,061	821,012	4.4%	67.6%	65.7%	-1.9%
Wasco	3,380,290	4,096,127	21.2%	2,249,786	2,349,008	4.4%	66.6%	57.3%	-9.2%
Washington	95,537,484	104,359,328	9.2%	61,647,667	64,111,921	4.0%	64.5%	61.4%	-3.1%
Wheeler	223,069	219,893	-1.4%	137,379	145,858	6.2%	61.6%	66.3%	4.7%
Yamhill	12,744,339	13,656,881	7.2%	8,619,949	8,989,246	4.3%	67.6%	65.8%	-1.8%
<b>Statewide</b>	<b>620,889,524</b>	<b>676,851,664</b>	<b>-8.3%</b>	<b>389,923,360</b>	<b>405,603,942</b>	<b>-3.9%</b>	<b>62.8%</b>	<b>59.9%</b>	<b>-2.9%</b>

Source: Oregon Property Tax Statistics FY 2018-19 / 2017-18



### Exhibit D5

Net Assessed Value and Average Tax Rate (\$/1,000 of AV)						
County	Net Assessed Value (\$000s)			Average Tax Rate		
	2017-18	2018-19	% CH.	2017-18	2018-19	% CH.
Baker	1,484,231	1,644,417	10.8%	13.09	13.09	0.0%
Benton	8,282,832	8,659,164	4.5%	16.35	16.35	0.0%
Clackamas	46,783,062	48,860,032	4.4%	16.63	16.63	0.0%
Clatsop	5,925,407	6,147,037	3.7%	12.97	12.97	0.0%
Columbia	4,814,542	5,007,024	4.0%	14.14	14.14	0.0%
Coos	5,163,259	5,301,316	2.7%	12.28	12.28	0.0%
Crook	2,057,921	2,194,167	6.6%	14.01	14.01	0.0%
Curry	2,951,590	3,048,727	3.3%	8.78	8.78	0.0%
Deschutes	22,893,162	24,215,312	5.8%	15.29	15.29	0.0%
Douglas	8,876,777	9,221,099	3.9%	11.11	11.12	0.1%
Gilliam	768,873	786,060	2.2%	11.70	11.55	-1.3%
Grant	562,534	595,928	5.9%	14.24	14.16	-0.6%
Harney	553,431	584,546	5.6%	13.79	13.70	-0.7%
Hood River	2,296,258	2,425,204	5.6%	13.85	13.74	-0.8%
Jackson	19,773,999	20,603,678	4.2%	14.51	14.47	-0.3%
Jefferson	1,661,317	1,736,899	4.5%	16.15	16.30	0.9%
Josephine	7,469,659	7,764,297	3.9%	10.20	9.96	-2.4%
Klamath	5,722,608	5,835,949	2.0%	11.86	11.92	0.5%
Lake	1,019,307	977,658	-4.1%	13.03	13.02	-0.1%
Lane	32,267,182	33,605,780	4.1%	15.66	15.96	1.9%
Lincoln	7,340,603	7,607,268	3.6%	14.99	14.98	-0.1%
Linn	9,384,047	9,750,508	3.9%	16.89	17.15	1.5%
Malheur	2,169,853	2,117,295	-2.4%	13.16	13.32	1.2%
Marion	23,579,231	24,602,310	4.3%	16.08	17.00	5.7%
Morrow	2,069,396	2,248,143	8.6%	15.33	15.35	0.1%
Multnomah	72,112,934	74,381,084	3.1%	22.19	22.53	1.5%
Polk	5,749,512	5,968,982	3.8%	14.99	15.49	3.3%
Sherman	448,634	460,887	2.7%	15.66	15.69	0.2%
Tillamook	4,778,070	4,994,868	4.5%	11.05	11.25	1.8%
Umatilla	5,623,183	5,878,294	4.5%	16.23	16.15	-0.5%
Union	1,899,104	1,962,964	3.4%	13.92	13.99	0.5%
Wallowa	786,061	821,012	4.4%	11.43	11.42	-0.1%
Wasco	2,249,786	2,349,008	4.4%	16.21	16.10	-0.7%
Washington	61,647,667	64,111,921	4.0%	17.26	17.43	1.0%
Wheeler	137,379	145,858	6.2%	16.85	16.60	-1.5%
Yamhill	8,619,949	8,989,246	4.3%	15.26	14.86	-2.6%
<b>Total</b>	<b>389,923,360</b>	<b>405,603,941</b>	<b>4.0%</b>	<b>16.65</b>	<b>16.85</b>	<b>1.2%</b>
Urban Renewal	14,152,678	15,589,744	10.2%	17.61	17.58	-0.1%
<b>Statewide</b>	<b>404,076,038</b>	<b>421,193,685</b>	<b>4.2%</b>	<b>16.69</b>	<b>16.88</b>	<b>1.1%</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						

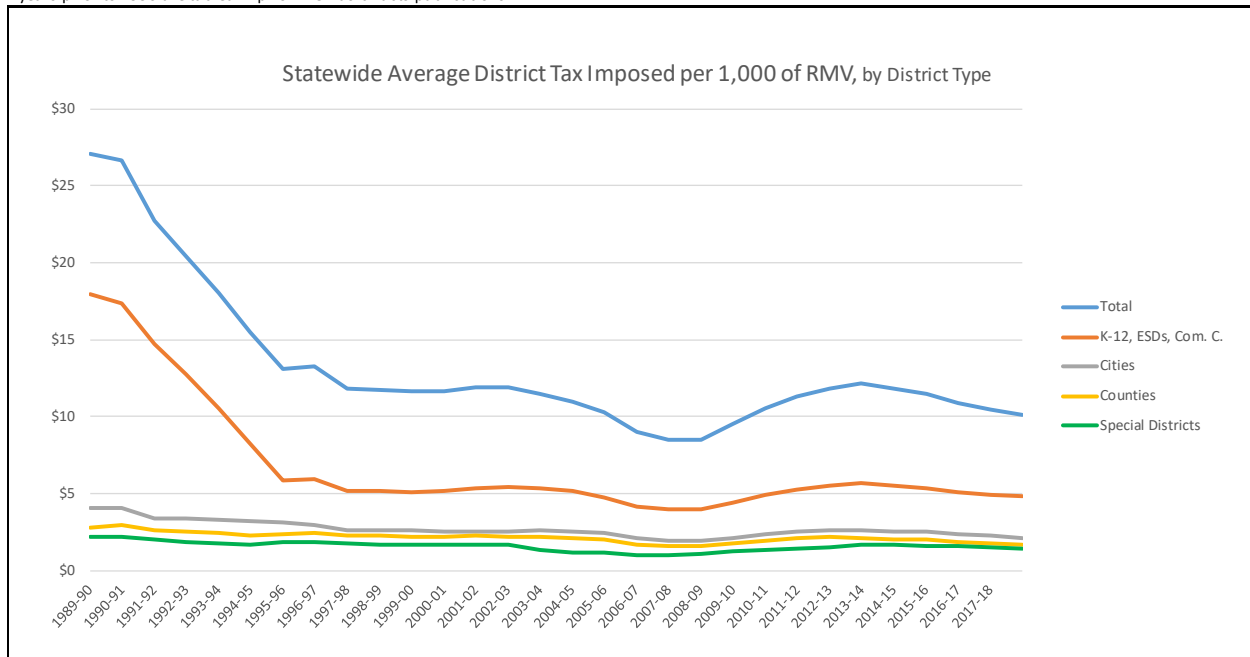
## Exhibit D6

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.
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%
2015-16	1,010.5	4.7%	1,267.5	4.8%	2,480.8	5.6%	233.2	-0.7%	825.4	5.4%	6,038.5	4.8%
2016-17	1,050.4	3.9%	1,318.3	4.0%	2,586.3	4.3%	255.9	9.7%	870.2	5.4%	6,081.1	0.7%
2017-18	1,105.1	5.2%	1,388.4	5.3%	2,819.1	9.0%	258.0	0.8%	922.4	6.0%	6,492.9	6.8%
2018-19	1,150.9	4.1%	1,453.8	4.7%	2,969.6	5.3%	278.8	8.1%	981.0	6.4%	6,834.1	5.3%
<b>Average Growth Rates</b>												
1970-2019		6.7%		6.5%		4.6%		5.8%		8.2%		5.6%
1990-2018		5.1%		4.8%		2.3%		3.2%		5.6%		3.6%

Note: Special Districts do not include urban renewal imposed amounts

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

\*years prior to 1990 are tabled in prior LRO Basic Facts publications.



### Exhibit D7

Property Taxes Imposed by County and District Type														FY	2018-19	
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	21,195,324	9.1%	6,127,754	10.9%	3,893,361	4.5%	7,930,157	9.5%	1,079,742	14.9%	2,164,310	8.4%	0	N/A		
Benton	150,435,017	10.1%	26,868,693	4.8%	40,018,236	4.9%	67,013,373	17.5%	5,780,646	4.4%	9,507,581	4.2%	1,246,488	5.2%		
Clackamas	845,589,512	5.0%	147,968,548	4.4%	104,325,550	5.9%	374,749,708	4.8%	34,647,934	6.4%	155,292,551	5.1%	28,605,221	6.6%		
Clatsop	83,080,899	5.6%	9,724,866	3.7%	15,301,291	5.7%	38,055,398	4.1%	5,713,873	3.7%	12,290,641	12.3%	1,994,830	9.0%		
Columbia	73,713,020	3.5%	9,943,701	-7.1%	7,528,437	4.8%	31,369,926	4.4%	2,597,142	18.4%	18,722,183	4.4%	3,551,631	12.9%		
Coos	72,021,076	7.5%	7,005,625	1.5%	14,335,228	3.3%	29,898,027	15.3%	3,627,808	2.6%	13,544,375	2.8%	3,610,013	0.0%		
Crook	30,353,400	5.3%	9,017,242	3.9%	2,232,503	6.5%	12,467,462	5.8%	1,584,135	5.6%	5,052,058	5.8%	0	N/A		
Curry	27,571,379	3.8%	1,828,099	3.3%	3,990,546	3.4%	13,830,906	3.1%	2,137,803	3.3%	5,115,439	6.3%	668,586	6.3%		
Deschutes	375,457,099	5.9%	29,496,403	3.2%	47,710,669	5.6%	166,230,835	5.7%	17,661,682	4.5%	109,136,913	6.8%	5,220,597	13.1%		
Douglas	106,967,671	4.2%	10,219,758	4.0%	22,804,592	4.7%	48,605,186	3.0%	4,229,905	4.3%	16,665,856	5.9%	4,442,374	9.6%		
Gilliam	9,081,886	1.0%	3,008,042	2.3%	550,152	3.4%	4,205,769	-0.6%	0	N/A	1,317,923	2.2%	0	N/A		
Grant	8,435,660	5.3%	1,715,747	5.9%	874,241	3.0%	3,169,891	6.2%	0	N/A	2,675,781	4.7%	0	N/A		
Harney	8,008,515	4.9%	2,551,065	5.7%	962,092	4.5%	3,289,503	4.2%	0	N/A	1,205,855	5.6%	0	N/A		
Hood River	35,406,457	5.0%	3,437,058	5.6%	3,442,194	6.2%	19,686,532	5.5%	1,457,664	4.6%	5,286,945	0.6%	2,096,064	9.1%		
Jackson	304,926,109	4.6%	43,994,491	3.2%	63,995,056	3.6%	129,632,647	3.6%	13,448,901	2.5%	47,028,137	6.3%	6,826,877	51.6%		
Jefferson	28,824,364	5.7%	8,228,983	5.1%	1,931,079	6.2%	12,305,554	5.7%	1,251,068	3.3%	4,592,464	6.3%	515,216	14.3%		
Josephine	78,071,673	1.6%	12,469,238	-4.3%	20,124,183	1.2%	36,245,405	3.3%	4,334,835	2.5%	4,150,092	4.8%	747,920	21.8%		
Klamath	69,824,863	2.5%	10,203,210	2.1%	8,090,912	5.2%	29,183,997	1.6%	2,525,283	1.8%	19,561,340	3.2%	260,121	3.8%		
Lake	12,728,840	-4.1%	3,589,560	-4.7%	878,118	-0.1%	4,796,631	-4.4%	138,151	8.7%	3,326,380	-4.6%	0	N/A		
Lane	544,745,240	6.2%	60,954,877	12.5%	175,048,642	6.3%	231,095,535	5.0%	28,245,378	4.1%	40,857,744	3.8%	8,543,064	12.7%		
Lincoln	118,264,933	3.9%	21,454,155	3.6%	21,134,451	2.8%	45,169,226	4.6%	3,240,428	0.5%	22,961,000	2.5%	4,305,673	13.3%		
Linn	173,558,300	5.4%	40,367,197	6.9%	39,905,075	7.9%	66,282,683	4.2%	6,719,021	3.8%	13,913,042	1.5%	6,371,282	4.4%		
Malheur	28,203,716	-1.2%	5,444,963	-2.4%	4,872,843	1.2%	11,006,725	-1.3%	2,367,603	-2.9%	4,511,582	-1.3%	0	N/A		
Marion	432,266,799	10.4%	74,128,486	4.3%	98,716,211	5.5%	179,041,118	18.8%	22,160,124	4.4%	44,311,411	3.9%	13,909,449	13.9%		
Morrow	34,641,713	8.8%	8,983,426	8.5%	3,550,070	5.3%	12,213,156	7.5%	1,912,554	8.6%	7,848,504	12.8%	134,003	30.9%		
Multnomah	1,854,536,688	5.0%	314,654,919	3.4%	500,058,880	4.6%	675,616,949	4.1%	46,795,820	13.6%	138,315,764	8.3%	179,094,356	7.7%		
Polk	95,845,028	7.4%	12,267,988	1.4%	24,153,365	4.1%	43,348,991	12.4%	5,342,881	3.7%	7,362,728	2.9%	3,369,075	10.1%		
Sherman	7,229,195	2.9%	3,874,826	2.9%	201,921	4.9%	2,423,201	2.8%	0	N/A	729,247	2.7%	0	N/A		
Tillamook	56,747,635	6.6%	12,653,548	4.0%	2,335,254	6.5%	28,908,214	9.2%	2,001,388	1.9%	10,295,125	3.2%	554,106	23.6%		
Umatilla	96,032,589	4.2%	16,571,283	4.5%	16,508,972	5.6%	45,149,450	3.7%	4,887,626	4.6%	11,836,237	2.2%	1,079,021	22.1%		
Union	28,115,684	3.5%	5,985,172	3.5%	6,149,741	6.0%	13,127,270	3.2%	0	N/A	2,200,747	4.0%	652,754	-11.8%		
Wallowa	9,379,004	4.3%	2,238,481	4.4%	1,128,861	3.8%	4,356,789	4.9%	0	N/A	1,654,873	3.3%	0	N/A		
Wasco	39,509,891	3.9%	9,780,229	4.9%	3,780,609	6.0%	14,661,165	1.7%	1,393,624	3.6%	8,207,444	4.9%	1,686,820	8.8%		
Washington	1,129,941,648	5.1%	189,789,209	4.0%	166,435,716	4.4%	502,394,610	3.9%	44,199,080	18.5%	214,386,078	6.7%	12,736,955	16.6%		
Wheeler	2,421,891	4.6%	1,186,373	5.2%	205,291	1.8%	861,139	4.6%	0	N/A	169,088	4.7%	0	N/A		
Yamhill	133,997,059	1.6%	23,169,987	4.3%	26,667,666	-7.2%	61,232,783	-5.2%	7,319,332	8.6%	15,154,170	64.3%	453,121	34.3%		
<b>Total</b>	<b>7,127,129,777</b>	<b>5.4%</b>	<b>1,150,903,202</b>	<b>4.1%</b>	<b>1,453,842,008</b>	<b>4.7%</b>	<b>2,969,555,911</b>	<b>5.3%</b>	<b>278,801,431</b>	<b>8.1%</b>	<b>981,351,608</b>	<b>6.4%</b>	<b>292,675,617</b>	<b>9.35%</b>		

**Exhibit D8**

<b>Property Tax Compression Reduction - FY 2018-19</b>									
<b>County</b>	<b>School Levies</b>			<b>Non-School Levies</b>			<b>Total (Excludes Urban Renewal)</b>		
	<b>Reduction \$000s</b>	<b>% of Tax</b>	<b>% Change</b>	<b>Reduction \$000s</b>	<b>% of Tax</b>	<b>% Change</b>	<b>Reduction \$000s</b>	<b>% of Tax</b>	<b>% Change</b>
Baker	861	8.8%	5.6%	384	3.1%	-10.8%	1,245	5.6%	0.5%
Benton	3,205	5.7%	-24.6%	77	0.1%	-61.6%	3,282	2.5%	-26.3%
Clackamas	6,252	2.1%	-14.1%	438	0.1%	17.2%	6,690	1.0%	-12.7%
Clatsop	911	2.6%	-13.2%	116	0.3%	34.9%	1,027	1.5%	-11.1%
Columbia	448	1.7%	26.5%	498	1.4%	-6.2%	945	1.5%	6.9%
Coos	357	1.2%	3.7%	67	0.2%	-17.6%	423	0.7%	-0.5%
Crook	191	1.6%	-20.6%	1	0.0%	-36.3%	192	0.7%	-20.6%
Curry	11	0.1%	-20.1%	0	0.0%	N/A	11	0.0%	-20.7%
Deschutes	1,122	0.8%	-15.0%	56	0.0%	-2.3%	1,177	0.4%	-14.6%
Douglas	949	1.9%	-17.2%	376	0.8%	-26.0%	1,326	1.3%	-20.1%
Gilliam	120	2.9%	-39.6%	46	1.0%	-8.4%	166	1.9%	-34.4%
Grant	77	2.4%	-8.6%	6	0.1%	-0.2%	83	1.1%	-8.0%
Harney	184	5.6%	3.7%	203	4.1%	-2.2%	387	4.7%	0.5%
Hood River	758	4.5%	-13.2%	0	0.0%	-5.4%	758	2.7%	-13.2%
Jackson	1,101	1.0%	-26.3%	148	0.1%	-27.1%	1,249	0.5%	-26.6%
Jefferson	213	2.3%	-3.9%	211	1.5%	-20.5%	424	1.8%	-13.0%
Josephine	199	0.5%	-8.0%	0	0.0%	-59.9%	199	0.3%	-7.9%
Klamath	21	0.1%	909.2%	1,147	3.0%	-7.9%	1,167	1.8%	-6.0%
Lake	88	1.8%	-1.3%	308	4.1%	36.5%	396	3.2%	25.9%
Lane	8,212	3.9%	-20.9%	612	0.2%	86.5%	8,825	1.9%	-19.0%
Lincoln	508	1.2%	-13.3%	1	0.0%	2.7%	509	0.5%	-13.2%
Linn	802	1.5%	-11.0%	4,329	4.6%	-28.9%	5,132	3.4%	-26.4%
Malheur	482	4.2%	4.7%	90	0.6%	-9.4%	572	2.2%	1.7%
Marion	960	0.7%	-5.7%	1,012	0.5%	1.3%	1,973	0.6%	-2.2%
Morrow	442	3.7%	0.8%	1,242	6.3%	2.7%	1,684	5.3%	2.2%
Multnomah	20,574	3.7%	-10.3%	43,572	4.6%	-5.9%	64,146	4.2%	-7.4%
Polk	255	0.8%	-13.5%	0	0.0%	-11.3%	255	0.4%	-13.1%
Sherman	84	3.3%	-3.3%	216	4.3%	-3.5%	300	4.0%	-3.4%
Tillamook	219	0.8%	-28.5%	1	0.0%	0.9%	220	0.5%	-28.4%
Umatilla	2,695	7.6%	-0.5%	687	1.6%	-4.8%	3,382	4.2%	-1.3%
Union	139	1.3%	6.3%	253	1.7%	-10.5%	392	1.6%	-5.1%
Wallowa	43	1.0%	-28.2%	0	0.0%	-18.1%	43	0.5%	-27.9%
Wasco	268	2.0%	-30.5%	560	2.6%	-20.1%	827	2.3%	-23.8%
Washington	8,467	2.2%	-9.0%	881	0.2%	17.8%	9,348	1.0%	-7.0%
Wheeler	51	5.6%	28.9%	102	6.4%	24.0%	152	6.1%	25.6%
Yamhill	416	0.9%	-9.7%	0	0.0%	-44.1%	416	0.4%	-11.2%
<b>Total</b>	<b>61,682</b>	<b>2.5%</b>	<b>-12.8%</b>	<b>57,642</b>	<b>1.7%</b>	<b>-8.0%</b>	<b>119,323</b>	<b>2.0%</b>	<b>-10.6%</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

<sup>i</sup> The limits do not restrict local options that are applied to the rate

## 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 - pre 2017)***

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 continued through 2016, with 1,754 participants and an average refund of \$331.

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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.

## ***Elderly Rental Assistance (ERA - after 2017)***

SB 296 (2015) transferred 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 took place in July and November 2016. After which, OHCS integrated the ERA program into existing rent relief programs. The OHCS describes the program as assisting very low income seniors who are homeless or are unstably housed and at risk of being homeless. With the OHCS administration of the program, individuals are no longer assisted through a tax refund but are financially assisted with various costs related to housing, by OHCS. These various costs may be related to transitional housing, rapid re-housing, homelessness prevention, supportive in-home services, data collection, case management and housing stabilization services.

## ***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.

2019 – HB 2587

- Allowed homeowners with a reverse mortgage into the senior deferral program if reverse mortgage was executed between 2011-2017

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.

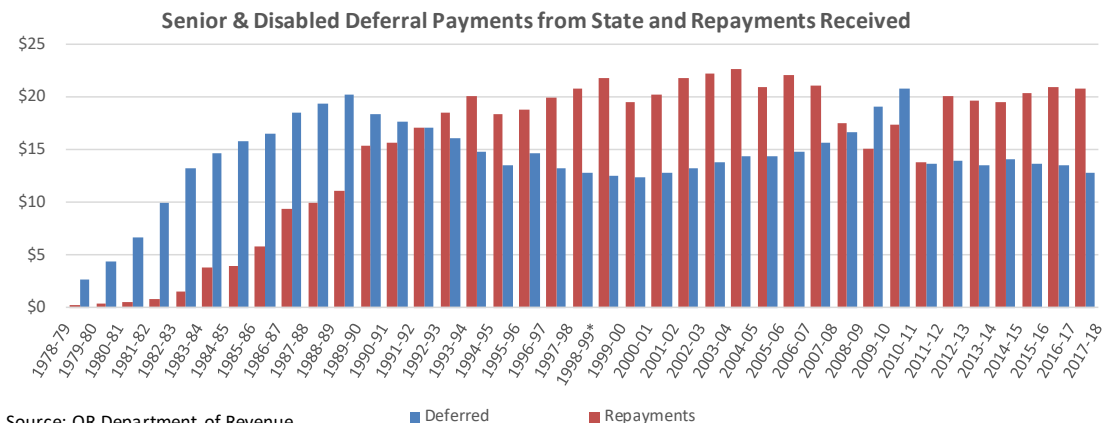
#### *Operation Project Independence*

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.



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	\$19,461	\$145,090
2014-15	6,053	\$2,077	N/A	N/A	858	\$1,681	\$14,048	\$20,365	\$142,384
2015-16	5,646	\$2,159	N/A	N/A	803	\$1,731	\$13,603	\$20,964	\$143,311
2016-17	5,166	\$2,354	N/A	N/A	665	\$1,922	\$13,440	\$20,754	\$142,119
2017-18	4,659	\$2,485	N/A	N/A	625	\$2,053	\$12,861	\$20,714	\$139,926

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.



Source: OR Department of Revenue

# OREGON ESTATE TAX

## **Overview of Oregon's Estate Tax**

Estate, Inheritance, Gift, and Generation Skipping taxes are different forms of taxes on the transfer of wealth. Estate tax is imposed when the property transfer is caused by death and is levied on the value of property left by the deceased. Inheritance tax is also imposed after death, but levied on the amounts that each relative receives depending on their income and relationships to the deceased. Gift taxes are imposed when the property owner is still living and transfers property to different relatives. Generation Skipping tax can be imposed either at time of death or at time of shift in property rights by gift. Gift and generation skipping taxes are often administered as compliments to estate or inheritance taxes. House Bill 2541 (2011) replaced the federally connected tax to an Oregon specific estate tax. Oregon's estate tax currently is connected only to the definitions used in many of the tax forms as the federal estate tax that was in effect on December 31, 2010.

Estates with gross values (total estate value both inside and outside of Oregon) greater than or equal to \$1 million are required to file estate tax returns while estates valued less than \$1 million are not subject to the tax and no return is required. Calculation of Oregon's estate tax is determined by applying the rates listed at the bottom of the page to the Oregon taxable estate value.

$$\begin{aligned}
 \text{Oregon Taxable Estate Value} &= \text{Federal Taxable Estate (as in effect on 12/31/2010)} \\
 &+ \text{Federal state deduction} \\
 &\pm \text{Marital property deduction (if applicable)} \\
 &- \text{Any other exclusions or deductions}
 \end{aligned}$$

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

**Estate Tax Table**

Column 1	Column 2	Column 3	Column 4
Taxable estate equal to or greater than:	Taxable estate less than:	Tax on amount in column 1:	Tax rate percentage applied to taxable estate value greater than amount in column 1:
\$1,000,000	\$1,500,000	\$0	10.0%
1,500,000	2,500,000	50,000	10.3%
2,500,000	3,500,000	152,500	10.5%
3,500,000	4,500,000	257,500	11.0%
4,500,000	5,500,000	367,500	11.5%
5,500,000	6,500,000	482,500	12.0%
6,500,000	7,500,000	602,500	13.0%
7,500,000	8,500,000	732,500	14.0%
8,500,000	9,500,000	872,500	15.0%
9,500,000		1,022,500	16.0%

<sup>1</sup> Calculated as \$367,500+(5,000,000-4,500,000) x 11.5%

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

#### *Oregon Resident Ratio*

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

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

An optional natural resource credit (NRC) is available for natural resource property (NRP) which includes farm use and forestland use in addition to property used in commercial fishing business operations. The credit 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 a 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 credit allowed federally.

<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.

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.

### Exhibit F1

Payable Tax by OR Estate Size -Tax year 2017					
Oregon Taxable Estate	Number of Estates	Payable Tax (i.e. tax owed, based on returns)	percent of total # of returns by estate		percent of total tax \$ by estate
Less than \$1 million	546	\$0	26.94%		0.00%
1m – 1.5m	747	\$11,594,276	36.85%		5.64%
1.5m – 2.5m	389	\$31,574,665	19.19%		15.37%
2.5m – 3.5m	157	\$27,422,784	7.75%		13.35%
3.5m – 4.5m	62	\$15,683,738	3.06%		7.64%
4.5m-5.5m	40	\$11,412,724	1.97%		5.56%
5.5m-6.5m	26	\$12,751,631	1.28%		6.21%
6.5m-7.5m	13	\$8,470,644	0.64%		4.12%
7.5m-9.5m	18	\$10,694,924	0.89%		5.21%
more than 9.5m	29	\$75,793,129	1.43%		36.90%
<b>Total</b>	<b>2,027</b>	<b>\$205,398,515</b>	<b>100.00%</b>		<b>100.00%</b>
*Estates worth \$1 million or more are required to file, but may not owe any taxes, after considering deductions, credits and allowances.					

## Exhibit F2

Estate / Inheritance Tax Returns, Tax Years 2007-2017				
Tax year	Returns	Payable Tax	Claiming NRC Credit	Natural Resource Credit (NRC) Claimed
2007 *	1,355	118,705,672	42	2,494,644
2008	1,292	75,950,100	31	1,676,046
2009	1,144	84,133,558	31	1,816,780
2010	1,296	80,556,556	23	1,605,202
2011	1,322	93,331,726	27	3,288,147
2012	1,385	94,219,000	25	4,321,000
2013	1,599	106,597,000	32	3,657,000
2014	1,563	113,024,000	31	3,317,000
2015	1,776	157,579,000	51	5,655,000
2016	1,857	175,417,421	44	6,078,918
2017**	2,027	205,398,515	50	5,681,821

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

\*\* 2017 has been updated to included returns filed within the extension period

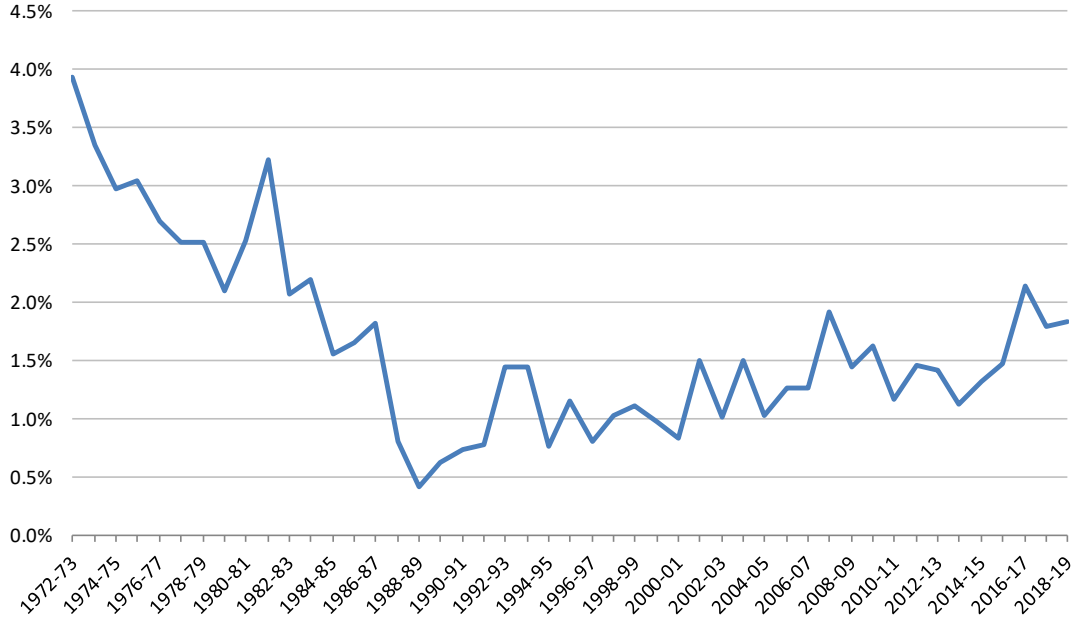
An Estate has 450 days from the date of death to file to file an Oregon Estate Tax Return. Therefore, in order to provide accurate and consistent numbers, there is a 2 year lag in detailed reporting.

## Exhibit F3

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%
2015-16	126	14%
2016-17	196.9	56%
2017-18	176.5	-10%
2018-19	204.7	16%

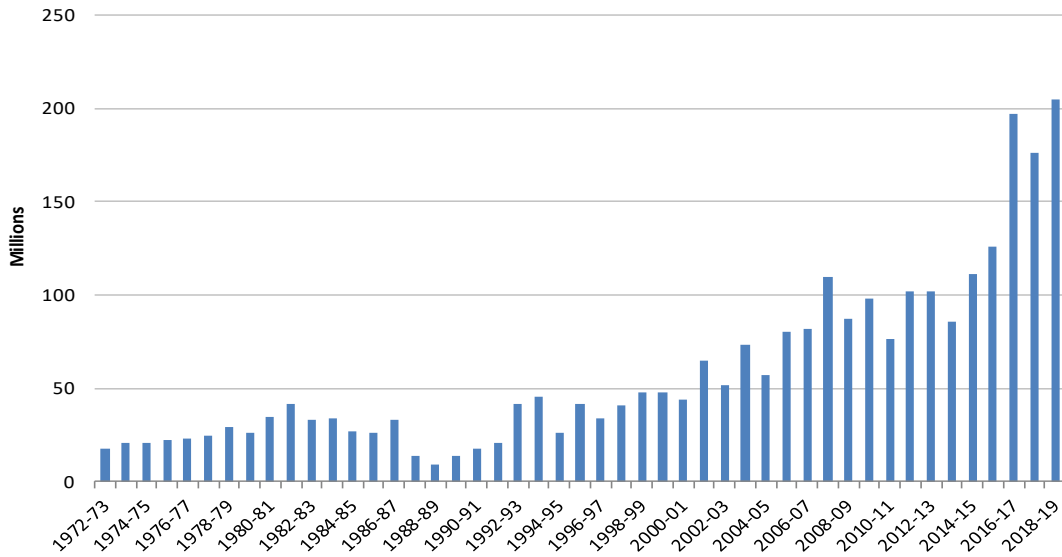
**Exhibit F4**

**Inheritance / Estate Tax Receipts as % of General Fund**  
**FYs 1973 - 2019**



**Exhibit F5<sup>5</sup>**

**Inheritance / Estate Tax Receipts**  
**FYs 1973 - 2019**



<sup>5</sup> Source: Oregon Department of Revenue Comparative Balance Sheet

# OREGON ESTATE TAX

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 &+ \text{Federal state deduction} \\
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 &- \text{Any other exclusions or deductions}
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If the Oregon taxable estate is at least the amount in column 1 below, but less than the amount in column 2, the tax is the amount in column 3, increased by the excess above the amount in column 1 multiplied by the percentage in column 4. For example, the tax imposed on an Oregon taxable estate worth 5,000,000 would be \$425,000.<sup>1</sup>

**Estate Tax Table**

Column 1	Column 2	Column 3	Column 4
Taxable estate equal to or greater than:	Taxable estate less than:	Tax on amount in column 1:	Tax rate percentage applied to taxable estate value greater than amount in column 1:
\$1,000,000	\$1,500,000	\$0	10.0%
1,500,000	2,500,000	50,000	10.3%
2,500,000	3,500,000	152,500	10.5%
3,500,000	4,500,000	257,500	11.0%
4,500,000	5,500,000	367,500	11.5%
5,500,000	6,500,000	482,500	12.0%
6,500,000	7,500,000	602,500	13.0%
7,500,000	8,500,000	732,500	14.0%
8,500,000	9,500,000	872,500	15.0%
9,500,000		1,022,500	16.0%

<sup>1</sup> Calculated as \$367,500+(5,000,000-4,500,000) x 11.5%

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

#### *Oregon Resident Ratio*

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

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

An optional natural resource credit (NRC) is available for natural resource property (NRP) which includes farm use and forestland use in addition to property used in commercial fishing business operations. The credit 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 a 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 credit allowed federally.

<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.



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.

### Exhibit F1

Payable Tax by OR Estate Size -Tax year 2017					
Oregon Taxable Estate	Number of Estates	Payable Tax (i.e. tax owed, based on returns)	percent of total # of returns by estate		percent of total tax \$ by estate
Less than \$1 million	546	\$0	26.94%		0.00%
1m – 1.5m	747	\$11,594,276	36.85%		5.64%
1.5m – 2.5m	389	\$31,574,665	19.19%		15.37%
2.5m – 3.5m	157	\$27,422,784	7.75%		13.35%
3.5m – 4.5m	62	\$15,683,738	3.06%		7.64%
4.5m-5.5m	40	\$11,412,724	1.97%		5.56%
5.5m-6.5m	26	\$12,751,631	1.28%		6.21%
6.5m-7.5m	13	\$8,470,644	0.64%		4.12%
7.5m-9.5m	18	\$10,694,924	0.89%		5.21%
more than 9.5m	29	\$75,793,129	1.43%		36.90%
<b>Total</b>	<b>2,027</b>	<b>\$205,398,515</b>	<b>100.00%</b>		<b>100.00%</b>

\*Estates worth \$1 million or more are required to file, but may not owe any taxes, after considering deductions, credits and allowances.

## Exhibit F2

Estate / Inheritance Tax Returns, Tax Years 2007-2017				
Tax year	Returns	Payable Tax	Claiming NRC Credit	Natural Resource Credit (NRC) Claimed
2007 *	1,355	118,705,672	42	2,494,644
2008	1,292	75,950,100	31	1,676,046
2009	1,144	84,133,558	31	1,816,780
2010	1,296	80,556,556	23	1,605,202
2011	1,322	93,331,726	27	3,288,147
2012	1,385	94,219,000	25	4,321,000
2013	1,599	106,597,000	32	3,657,000
2014	1,563	113,024,000	31	3,317,000
2015	1,776	157,579,000	51	5,655,000
2016	1,857	175,417,421	44	6,078,918
2017**	2,027	205,398,515	50	5,681,821

\*2007 total includes the Natural Resource Exclusion which was replaced by the NRC in 2008 but was applied retroactively  
 \*\* 2017 has been updated to included returns filed within the extension period

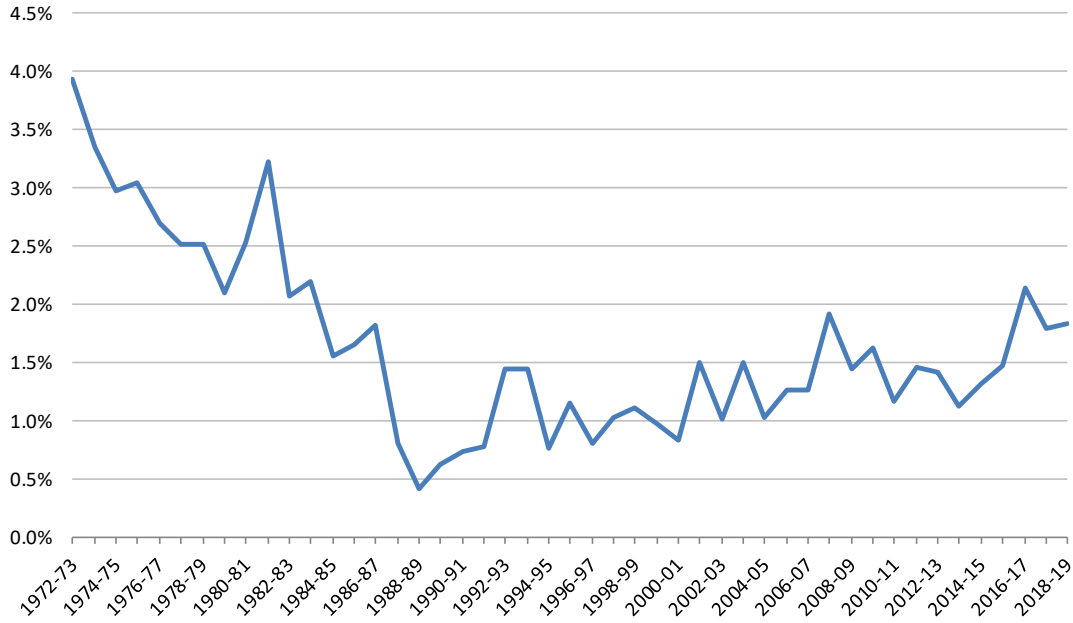
An Estate has 450 days from the date of death to file to file an Oregon Estate Tax Return. Therefore, in order to provide accurate and consistent numbers, there is a 2 year lag in detailed reporting.

## Exhibit F3

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%
2015-16	126	14%
2016-17	196.9	56%
2017-18	176.5	-10%
2018-19	204.7	16%

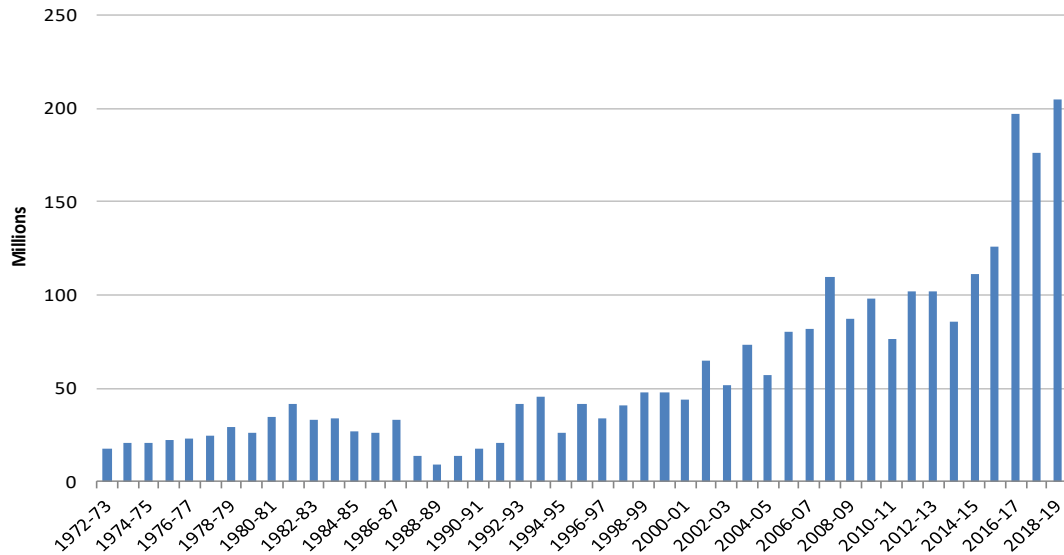
**Exhibit F4**

**Inheritance / Estate Tax Receipts as % of General Fund**  
**FYs 1973 - 2019**



**Exhibit F5<sup>5</sup>**

**Inheritance / Estate Tax Receipts**  
**FYs 1973 - 2019**



<sup>5</sup> Source: Oregon Department of Revenue Comparative Balance Sheet

# SCHOOL FINANCE

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

Oregon has 197 school districts serving about 581,000 students in kindergarten through high school. These districts operate with relative autonomy within guidelines specified by both the Legislature and the State Department of Education. The federal government also requires certain mandated programs.

## **Local Revenue**

School districts receive general operating revenue from various sources. Property taxes are the primary source. Other sources include federal forest payments, county school funds, the state Common School Fund and state timber sales. These local revenues are included in the school distribution formula and are about 32% of state and local formula operating revenue.

## **State Support**

The Legislature through the State School Fund (SSF) provides about 68% of school formula operating revenue. This revenue is mostly from state income taxes and lottery revenue. The state's share increased from about 30% before Measure 5 (1990) to about 70% after Measure 50 (1997). State revenue replaced reduced local revenue because of these property tax limitations. Along with increased state aid, the school finance distribution method for state support changed dramatically.

## **Funding Equity**

The 1991 Legislature adopted the school equalization formula and phased in its implementation. Equity as measured by the equalization formula applied to all school districts beginning in 1992-93. Past Legislatures have also provided some funding outside the equalization formula. The 2007 Legislature provided funds for small high schools, special education and other programs from the SSF outside the formula. Currently state aid and local revenue for school districts equals 95.5% of the statewide K-12 school and education service district (ESD) formula revenue for general operating purposes. The remaining 4.5% goes to ESDs.

## **Equalization Formula**

The SSF equalization formula allocates an amount to each school district based primarily on number of students. The state grant is this formula amount reduced by local revenues. The formula equalizes revenues per student by removing past differentials caused by widely varying local tax rates and property wealth per student. To recognize that some students need more school services and that their schools may face higher costs, the formula assigns weights to certain students. For example, special education students count as 2.0 students to recognize their need for special programs. Additional student weights are for English as a second language programs, students from families in poverty, remote small schools and others. A general purpose grant per weighted student is adjusted for the experience level of teachers and set at a level that allocates available funding. The formula also funds 70-90% of eligible transportation costs, costs above \$30,000 per high cost disability student (limited to \$35 million per year statewide), up to 8% of classroom construction costs (limited \$7 million per biennium), and \$2 million toward healthy school facilities.

## **Local Property Tax Option**

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

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

### **Construction Tax Option**

The 2007 Legislature granted school districts new taxing authority. School districts may impose a tax on new construction in the district. The tax rate cannot exceed \$1 per square foot for residential use and \$0.50 for nonresidential use. The maximum rates are indexed beginning in 2009. The tax on nonresidential use is also restricted to \$25,000 per structure or building permit, whichever is less. The legislation exempts certain properties from this tax. In the school year 2017-18, 63 school districts used this option, raising a total of \$27.9 million.

### **Education Service Districts**

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

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

In the 2013 regular session, the Legislature created the Network of Quality Teaching and Learning (NQTL). NQTL is the predecessor to the Educator Advancement (EA) program created by the 2017 legislature. For the 2017-19 biennium, EA Fund was provided by \$6 million from the SSF, and \$16.75 million each from SDs and ESDs out of their respective formula revenues. EA Fund fluctuates proportionately with the SSF.

### **Fund from Student Success Act**

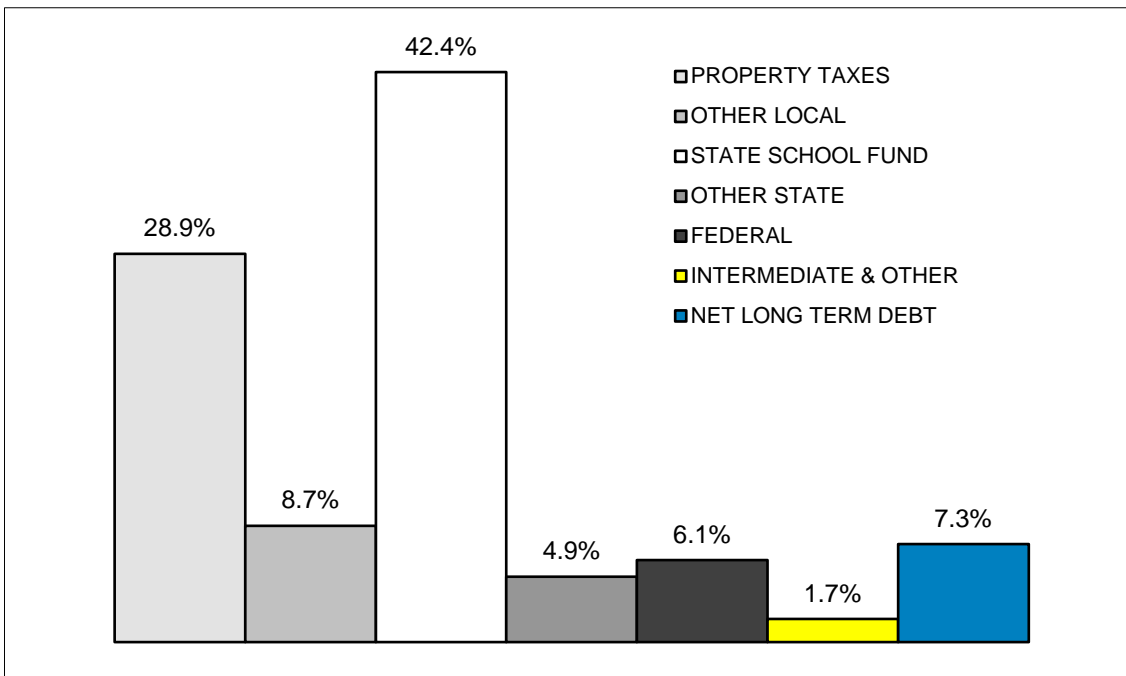
The 2019 Legislature created a corporate activity tax (CAT) based on commercial activity conducted by businesses, and dedicated the tax revenues to the programs initiated in the Student Success Act (HB 3427). After adjusting for legislative changes in relation to the Act, the remainder of revenues from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

### **Education Stability Fund**

Voters approved a constitutional amendment converting the Education Endowment Fund to the Education Stability Fund in 2002 allowing the principal to be used to fund education. The fund receives 18% of lottery net proceeds. The size is limited to 5% of General Fund revenue. Use of the principal requires meeting criteria reflective of an economic recession and approval by a 3/5 majority vote in each legislative chamber. The principal can also be used if the Governor declares an emergency and both chambers approve by a 3/5 majority vote. The principal can only be used to fund pre-kindergarten through higher education, continuing education and workforce training. Fund earnings currently are used to pay education lottery bond debt (75%) and provide scholarships (25%).

## SCHOOL RESOURCES 2017-18 Audited (\$000)

	K-12	ESD	TOTAL
PROPERTY TAXES	2,616,036	124,522	2,740,558
OTHER LOCAL REVENUES	701,902	118,785	820,687
STATE SCHOOL FUND	3,885,865	136,923	4,022,788
COMMON SCHOOL FUND	58,117	0	58,117
OTHER STATE REVENUE	284,202	118,208	402,409
FEDERAL FOREST FEES	10,086	0	10,086
OTHER FEDERAL REVENUE	515,950	51,740	567,689
INTERMEDIATE & OTHER	158,951	3,878	162,828
NET LONG TERM DEBT	<u>702,407</u>	<u>-10,086</u>	<u>692,321</u>
TOTAL REVENUE	8,933,514	543,970	9,477,484
PLUS BEGINING BALANCE	<u>3,587,833</u>	<u>87,421</u>	<u>3,675,254</u>
TOTAL RESOURCES	12,521,347	631,391	13,152,738
LESS TOTAL EXPENDITURES	<u>-8,818,998</u>	<u>-480,610</u>	<u>-9,299,607</u>
ENDING BALANCE	3,702,349	150,782	3,853,130



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%
2014-15	5,170,042	6.7%	3,440,704	7.2%	66.6%
2015-16	5,437,147	5.2%	3,629,130	5.5%	66.7%
Revised 2016-17	5,603,652	3.1%	3,744,972	3.2%	66.8%
2017-18	6,060,719	8.2%	4,100,000	9.5%	67.6%
Estimates 2018-19	6,101,127	0.7%	4,100,000	0.0%	67.2%
Estimates 2019-20	6,452,146	5.8%	4,410,000	7.6%	68.3%

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 Language Learner	0.50	1.50
Pregnant and Parenting	1.00	2.00
Students in Poverty Adjusted	0.25	1.25
Neglected and Delinquent	0.25	1.25
Students in Foster Care	0.25	1.25
<b>Grade and School</b>		
Kindergarten (Half-day)	-0.50	0.50
Elementary District	-0.10	0.90
Union High District	0.20	1.20
Remote Small School	Varies	

#### Individual Education Program Weight

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

#### Remote Small School Weight

A school site qualifies for additional ADMw if

	<u>Elementary</u>	<u>High</u>
ADM less than (varies with grades)	252 (9gr)	350 (4gr)
Distance to nearest same district school more than	8 miles	

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

#### Teacher Experience and Balance to Funding

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

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

A calculated multiplier balances funds available to funds allocated. The multiplier modifies the adjusted target amount to distribute the available state appropriation. The multiplier changes over time and is estimated to be 1.8864 using \$4,500 per ADMw in 2019-20. The equivalent amount is \$8,860 per ADMw.



**Transportation Revenue**

**Transportation Grant** = **70% to 90% of Transportation Costs**

Districts are ranked by approved transportation costs per student from highest to lowest. The district grant depends on the following ranking:

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

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

Approved transportation costs are the following:

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

**High Cost Disability Revenue**

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

For a student with approved disability costs above \$30,000, the grant is the cost minus \$30,000. The district grant is the sum of the grants for each student with disability costs above \$30,000. ESD costs for each student can be included in the student total. Total district grants cannot exceed \$35 million per year. If total grants initially exceed this amount, the grants are reduced proportionally.

**Facility Revenue**

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

Districts adding new classroom space receive up to 8% of construction (excluding land) and portable unit costs for furnishings and equipment. Total grants are limited to \$7 million per biennium. If grants at 8% exceed the limit, the reimbursement 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 2019 Legislature allocated \$7.6 million of the State School Fund for special programs and grants for the 2019-21 biennium. The largest were \$5 million to small districts with small high schools (of which 2020-21 allocation is subject to a legislative approval) and \$1.6 million for the purposes of the Oregon virtual school district.

The 2019 legislature appropriated \$39.5 million from the SSF to the Educator Advancement Fund for the biennium. The Network is funded by \$6 million carve-out and \$16.75 million each from the school districts and education service districts. The 2019 Legislature also decided to provide Local Option Equalization Grants \$3.86 million from the SSF.

FORMULA GRANT PERCENTAGE by DISTRICT SIZE					
2018-19					
District Size by ADM	# of Districts	General Purpose	Transportation	High Cost Disability	Facility
0- 500	76	94.05%	5.85%	0.10%	0.00%
500- 1,000	31	95.08%	4.59%	0.24%	0.09%
1,000- 3,000	43	95.69%	4.03%	0.23%	0.06%
3,000- 5,000	17	95.70%	3.70%	0.59%	0.01%
5,000-10,000	18	95.74%	3.76%	0.49%	0.01%
10,000 and Greater	12	95.37%	3.66%	0.85%	0.12%

# ESD EQUALIZATION

## STATE SCHOOL FUND DISTRIBUTION

General Services Revenue	=	Higher of	(1) Base Revenue X Percent to Balance (2) \$1.165 million (proportional change with SSF)
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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 \$16.5 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.

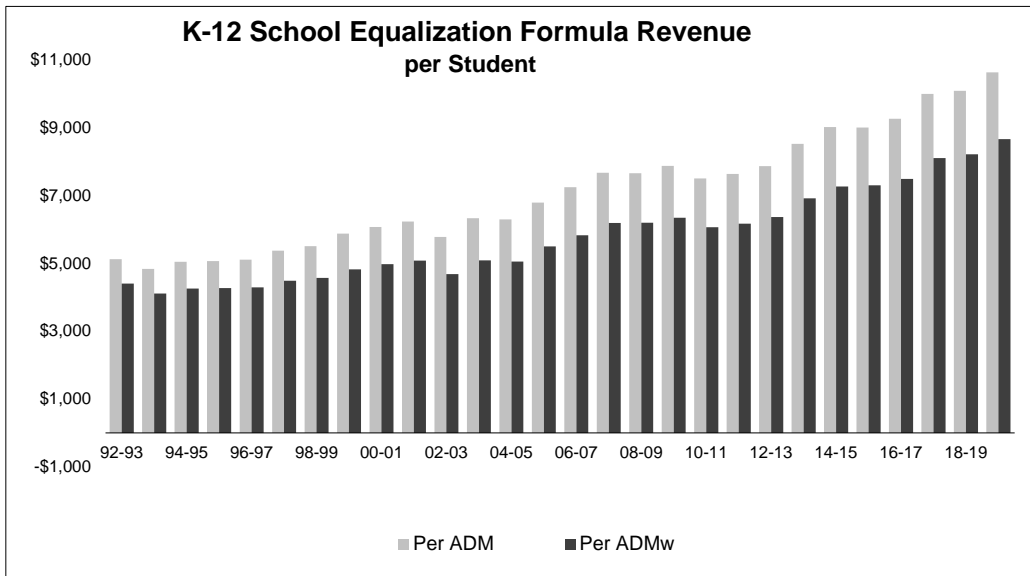
### ESD Students

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	1.01%	578,602	2.20%	4,834	-5.5%	4,110	-6.6%
1994-95	495,315	0.68%	586,859	1.43%	5,041	4.3%	4,255	3.5%
1995-96	501,929	1.34%	595,070	1.40%	5,064	0.5%	4,272	0.4%
1996-97	508,819	1.37%	605,675	1.78%	5,107	0.8%	4,290	0.4%
1997-98	514,094	1.04%	616,035	1.71%	5,371	5.2%	4,482	4.5%
1998-99	517,348	0.63%	623,169	1.16%	5,502	2.4%	4,567	1.9%
1999-00	519,545	0.42%	632,895	1.56%	5,876	6.8%	4,823	5.6%
2000-01	522,752	0.62%	638,007	0.81%	6,072	3.3%	4,975	3.1%
2001-02	528,346	1.07%	647,959	1.56%	6,232	2.6%	5,082	2.1%
2002-03	530,694	0.44%	654,862	1.07%	5,779	-7.3%	4,683	-7.8%
2003-04	528,186	-0.47%	657,110	0.34%	6,330	9.5%	5,088	8.6%
2004-05	528,139	-0.01%	657,820	0.11%	6,291	-0.6%	5,051	-0.7%
2005-06	533,311	0.98%	658,860	0.16%	6,792	7.9%	5,497	8.8%
2006-07	533,216	-0.02%	662,736	0.59%	7,240	6.6%	5,825	6.0%
2007-08	533,405	0.04%	660,918	-0.27%	7,671	6.0%	6,191	6.3%
2008-09	535,089	0.32%	661,507	0.09%	7,656	-0.2%	6,193	0.0%
2009-10	534,217	-0.16%	662,867	0.21%	7,869	2.8%	6,342	2.4%
2010-11	533,160	-0.20%	660,182	-0.40%	7,504	-4.6%	6,060	-4.4%
2011-12	534,886	0.32%	662,303	0.32%	7,633	1.7%	6,165	1.7%
2012-13	533,787	-0.21%	659,846	-0.37%	7,862	3.0%	6,360	3.2%
2013-14	538,234	0.83%	663,123	0.50%	8,520	8.4%	6,916	8.7%
2014-15	541,419	0.59%	671,863	1.32%	9,018	5.8%	7,267	5.1%
2015-16	568,642	5.03%	701,304	4.38%	9,003	-0.2%	7,300	0.5%
2016-17	571,523	0.51%	707,233	0.85%	9,263	2.9%	7,486	2.5%
2017-18	572,738	0.21%	706,296	-0.13%	9,991	7.9%	8,102	8.2%
2018-19 Est	573,238	0.09%	703,747	0.09%	10,081	0.9%	8,211	1.4%
2019-20 Est	575,292	0.36%	706,000	0.36%	10,625	5.4%	8,658	5.4%

Green = estimate from SSF formula  
Yellow = forecast



**Notes:**

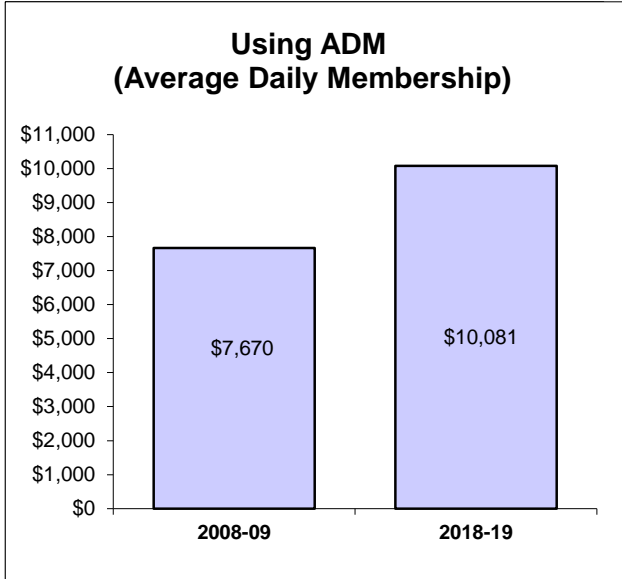
Excludes revenue outside the school formula like school improvement funds, lottery revenue bonds and federal funds.

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

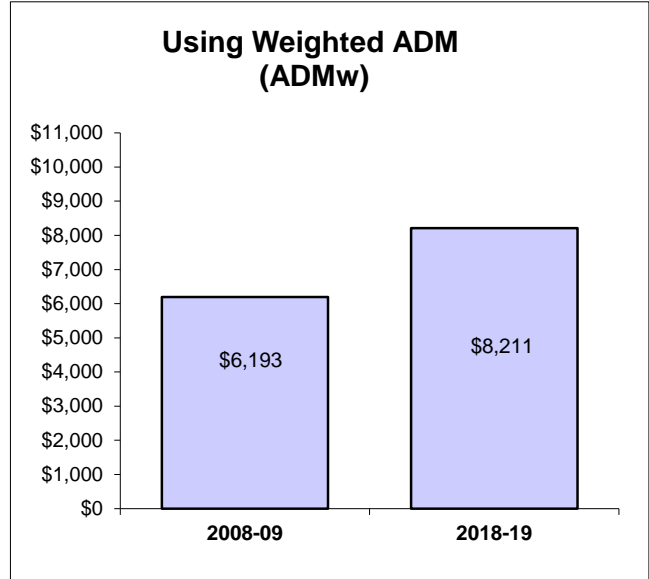
Includes students in the state youth corrections program beginning in 1997-98.

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

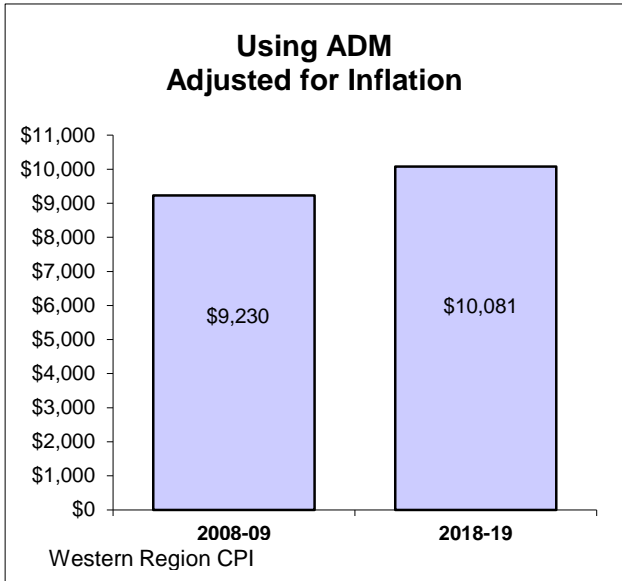
## K-12 SCHOOL FINANCIAL TRENDS STATE AND LOCAL FORMULA REVENUE PER STUDENT 10 Year Comparison



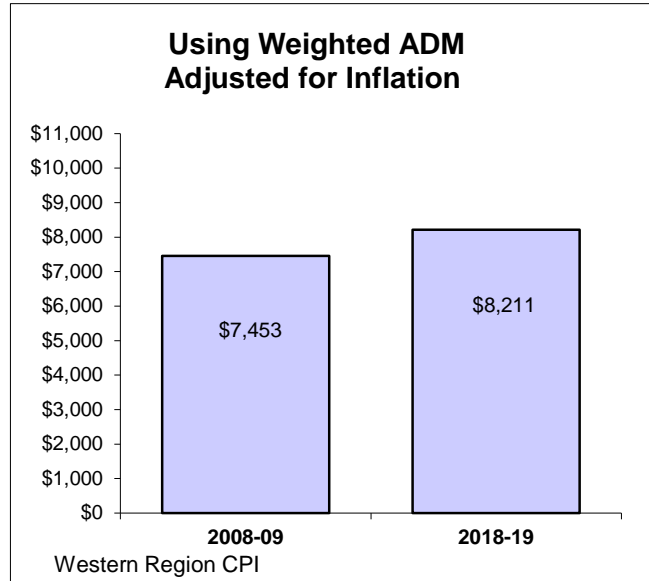
Revenue per student increases about 31%.



Revenue per weighted student increases about 33%.



Revenue per student adjusted for inflation increases about 9%.



Revenue per weighted student adjusted for inflation increases about 10%.

## K-12 and ESD Revenue History

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Revenue Source</b>													Estimates/Forecast*		Forecast**	
<b>State (A)</b>																
State School Fund	\$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	\$3,627.5	\$3,745.5	\$4,101.9	\$4,101.9	\$4,500.0	\$4,500.0
<b>Local K-12 (B)*</b>																
Property and Timber Taxes	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	1,616.5	1,685.8	1,753.3	1,819.0	1,904.5	1,975.9
Other Local	112.2	120.2	127.5	102.1	97.9	97.6	86.6	95.8	86.8	92.6	99.2	90.5	98.9	100.5	93.7	95.9
Excluded from Formula	<u>0.0</u>	<u>-15.5</u>	<u>-16.5</u>	<u>-17.3</u>	<u>-17.9</u>	<u>-18.1</u>	<u>-18.7</u>	<u>-19.3</u>	<u>-19.9</u>	<u>-20.5</u>	<u>-22.6</u>	<u>-23.6</u>	<u>-24.5</u>	<u>-25.4</u>	<u>-31.5</u>	<u>-32.5</u>
	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	1,693.2	1,752.8	1,827.6	1,894.1	1,966.7	2,039.2
<b>Local ESD (C)*</b>																
Property Tax and other Local	79.4	83.3	87.1	90.5	94.9	98.0	100.9	102.3	103.3	108.6	113.8	118.6	121.3	125.9	135.7	140.7
Shared with K-12	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>-4.0</u>	<u>-4.0</u>	<u>-4.0</u>	<u>-4.0</u>
	79.4	83.3	87.1	90.5	94.9	98.0	100.9	102.3	103.3	108.6	113.8	118.6	117.3	121.9	131.7	136.7
<b>Total Sources (A+B+C)</b>	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	5,434.5	5,616.9	6,046.8	6,117.9	6,598.4	6,675.9

Notes: Dollars in millions.

\*Due to timing of data collection, local revenues here may be different from audited figures.

\*\*forecast as of February, 2019

**States Rank: Revenue Per Student FY 2017 (\$)**

Rank	Elementary-secondary revenue							
	Total		Federal Sources		State Sources		Local Sources	
	US.....	14,273	US.....	1,137	US.....	6,726	US.....	6,410
1	DC.....	31,382	DC.....	3,463	VT.....	18,597	DC.....	27,919
2	NY.....	26,954	AK.....	2,638	HI.....	13,959	NY.....	14,529
3	CT.....	22,324	NM.....	1,716	WY.....	12,154	CT.....	12,882
4	NJ.....	21,603	LA.....	1,593	AK.....	12,058	NJ.....	11,870
5	VT.....	20,594	MT.....	1,493	NY.....	11,008	MA.....	11,173
6	WY.....	20,549	ND.....	1,490	DE.....	10,746	NH.....	10,917
7	PA.....	19,780	WV.....	1,478	MN.....	9,865	PA.....	10,860
8	MA.....	19,609	SD.....	1,470	ND.....	9,377	RI.....	9,573
9	AK.....	18,868	NY.....	1,418	WA.....	8,944	IL.....	9,169
10	RI.....	18,330	MS.....	1,393	NJ.....	8,847	ME.....	8,543
11	DE.....	18,157	HI.....	1,389	AR.....	8,639	MD.....	8,536
12	IL.....	17,489	KY.....	1,332	CT.....	8,486	NE.....	8,278
13	NH.....	17,475	RI.....	1,328	MI.....	8,286	OH.....	7,788
14	MD.....	16,835	CA.....	1,273	CA.....	8,239	WY.....	7,141
15	ND.....	16,172	PA.....	1,271	KS.....	8,130	VA.....	6,864
16	HI.....	15,666	AZ.....	1,259	IN.....	7,923	TX.....	6,276
17	ME.....	15,534	VT.....	1,257	NM.....	7,891	DE.....	6,273
18	MN.....	15,193	WY.....	1,254	PA.....	7,650	MO.....	6,180
19	OH.....	14,818	AR.....	1,247	MA.....	7,595	SD.....	6,126
20	CA.....	14,383	TX.....	1,173	RI.....	7,428	LA.....	5,907
21	WA.....	14,248	TN.....	1,157	MD.....	7,338	CO.....	5,880
22	MI.....	14,132	MI.....	1,147	IA.....	7,321	SC.....	5,681
23	NE.....	13,898	IL.....	1,145	WI.....	7,240	WI.....	5,475
24	WI.....	13,653	FL.....	1,143	IL.....	7,176	GA.....	5,376
25	IA.....	13,531	SC.....	1,142	OR.....	6,966	OR.....	5,335
26	OR.....	13,268	DE.....	1,139	WV.....	6,853	ND.....	5,304
27	SC.....	13,006	AL.....	1,089	NV.....	6,666	IA.....	5,272
28	VA.....	12,846	KS.....	1,087	KY.....	6,332	FL.....	5,156
29	LA.....	12,810	NC.....	1,072	SC.....	6,183	MT.....	5,124
30	WV.....	12,726	NE.....	1,070	OH.....	5,975	CA.....	4,870
31	KS.....	12,712	GA.....	1,066	ME.....	5,956	MI.....	4,700
32	IN.....	12,657	OH.....	1,055	NC.....	5,898	MN.....	4,530
33	MO.....	12,492	MO.....	1,043	MT.....	5,845	WV.....	4,394
34	MT.....	12,463	ME.....	1,035	AL.....	5,840	WA.....	4,331
35	NM.....	11,886	OK.....	1,025	NH.....	5,615	TN.....	4,280
36	GA.....	11,758	WA.....	973	ID.....	5,584	AZ.....	4,248
37	CO.....	11,727	OR.....	967	GA.....	5,317	AK.....	4,172
38	KY.....	11,578	NV.....	963	LA.....	5,309	KY.....	3,913
39	TX.....	11,576	MD.....	962	MO.....	5,269	OK.....	3,897
40	SD.....	11,523	CT.....	957	VA.....	5,103	IN.....	3,804
41	AR.....	11,404	NH.....	943	CO.....	5,059	AL.....	3,689
42	AL.....	10,618	IA.....	938	MS.....	5,007	UT.....	3,508
43	NV.....	10,544	WI.....	938	TN.....	4,622	KS.....	3,495
44	FL.....	10,349	IN.....	931	NE.....	4,550	MS.....	3,457
45	TN.....	10,059	NJ.....	886	UT.....	4,548	NV.....	2,915
46	MS.....	9,858	VA.....	880	OK.....	4,288	NC.....	2,618
47	NC.....	9,588	ID.....	845	TX.....	4,127	NM.....	2,279
48	OK.....	9,210	MA.....	840	FL.....	4,050	ID.....	2,159
49	AZ.....	9,188	MN.....	798	SD.....	3,927	AR.....	1,518
50	UT.....	8,775	CO.....	788	AZ.....	3,681	VT.....	739
51	ID.....	8,587	UT.....	720	DC.....	(X)	HI.....	319

SOURCE: Public Education Finance 2017, 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 10,000 pounds pay \$86 a biennium or \$172 for a new vehicle 4-year registration (HB 2001, effective on Oct. 1, 2009). Truck registration fees are based on gross weight. Fees for vehicles with weights below 26,000 lb. range from \$391 to \$764. Registrations for trucks heavier than 26,000 lb. range from \$375 to \$1,295. Nonprofit organizations, tow trucks, and farm vehicles pay reduced fees based on separate registration schedules. HB 2017 changed most registration fees as shown on the next page.

**Vehicle Titling Fees** are imposed on cars and trucks. Vehicles under 26,000 pounds pay \$77 and vehicles over 26,000 pounds pay \$90. Salvage and duplicate titles are \$27. HB 2017 further changed the title fees as shown on the next page.

**Bonding** started taking a bigger role in funding transportation with the introduction of the Oregon Transportation Improvement Act (OTIA) in 2001. OTIA I (HB 2142) dedicated \$71.2 million a biennium for debt service on \$400 million bonds for modernization projects. OTIA II (HB 4010 of 2002 first special session) took an advantage of lower interest rates and increased the limit on net proceeds to \$500 million. OTIA III (HB 2041 of the 2003 session) increased most fees and rates to provide debt service for \$1.6 billion in bond proceeds for bridge repair and replacement, and \$300 million in net proceeds for highway modernization. HB 2001 of the 2009 session (Jobs and Transportation Act) allowed new bonding for projects using \$70 million from the new revenue for annual debt service. Additional bonding was authorized by HB 2017.

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, was financed mostly by Lottery backed bonding. Expect for the fourth act which was \$40 million in bonds, the first three acts were all \$100 million.

## HB 2017, Transportation Funding Package of the 2017 session:

The 2017 session adopted a historic funding package. The increases in rates and revenue raised ranged from the traditional, to somewhat new, to innovative.

The traditional increases included a **total of 10 cents in Gas Tax** and Use Fuel increase, 4 cents on January 2018, moving from 30 to 34. In January 2020, a 2-cent (34 to 36) increase, conditional on OTC report (sec 45) will take place. In January 2022, a 2-cent increase from 36 to 38 will occur, conditional on an OTC report. Finally, during January 2024, another 2-cent increase is scheduled (38 to 40), conditional on OTC report.

**Vehicle Registration Fee** increased \$13 on January 1, 2018 to December 31st, 2019 (current \$43).

Many other fixed fees changed. Example fixed load, for hire, Antique, special-use, motorcycle, racing and government owned. (Sections 34-36 of HB 2017)

**Title Fees Surcharge** adds a surcharge of \$16 to the current title fee of \$77 on January 1st, 2018 to December 31st, 2019.

**On January 1st, 2020**, a new way of treating Vehicle fees that is based on MPG rating (tiered) will take place. Also, a change in the recovery (registration) fee in alignment to use (responsibility) of the road (sec 32-37) will occur. The fee is variable and based on MPG rating.

0-19 MPG, \$18      20-39 MPG, \$23      Over 40 MPG, \$33  
Electric vehicles, \$110 unless the owner has registered the vehicle in the OReGO program.

The variable MPG fee is increased again on January 1st, 2022. The fee schedule is listed below.

0-19 MPG, \$20      20-39 MPG, \$25      Over 40 MPG, \$35  
Electric vehicles, \$115 unless the owner has registered the vehicle in the OReGO program.

**Title fees** also changed in alignment with (potential) use of the road. The fee is variable (tiered) and based on MPG rating starting on January 1st, 2020.

0-19 MPG, \$21      20-39 MPG, \$26      Over 40 MPG, \$36      Electric vehicles, \$110  
The variable MPG Title surcharge is increased one more time on January 1st, 2022. The fee schedule is listed below.

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

The OTC Transportation commission is tasked with studies and reports on the different vehicles contributions to cost by 2023 to find the right level for the MPG tiered fee.

The new package also increases the weight mile and flat fees to 53.3% in four increments, 2018, 2020, 2022, and 2024. Additionally, cost responsibility is aligned at 62.87% light, 37.13% heavy.

The bill also had changes in distribution and other innovations.

- State wide importance projects (off the top and before distributions)
- 30 million a year to rose quarter bonding (\$400-\$500 million)
- \$10 million/year, going to \$15 million by 2022 to Safe routes to school
- The balance is distributed 50,30,20



Small cities program gets \$4 million a year off the top of city distributions. Keeping the current \$1 million to become \$2.5 million contribution from ODOT, and \$2.5 million contribution from cities. Special County distribution gets \$5 million a year to counties with less than 200,00 vehicles with proportion of lane miles over vehicles. Special counties receive \$750,000 distributed to the small 4 counties.

Other distributions from the state share of the revenue

State Share Pays the OTIC for Rest Areas specified in sec (125-131)

Special projects are funded through a \$450 million bond from revenue of the earlier stream Safety dedication of \$10 million a year increasing to \$15 by 2022.

The remainder of the revenue stream going to the state is to be spent per the following percentages: 40% bridge, 30% seismic, 24% maintenance and culvert, 6% preservation & safety

HB 2017 also instituted several new revenue sources dedicated to transportation modes other than highway.

**Dealer Privilege Tax:** A tax on dealer's sales of New vehicles in Oregon at the rate of 0.5% of the vehicle's retail price. Not being a highway fund source, this revenue can be used to achieve other transportation policy endeavors. Dealers have the choice to show it on sales receipt. 1/1/18

The Department of Revenue to deposit proceeds of the privilege tax, net of administrative and enforcement expenses, until December 31, 2023, as follows:

\$12 million to the **Zero-Emission Incentive Fund** to provide rebates for the purchase of light-duty zero-emission or plug-in hybrid electric vehicles, and the balance to the **Connect Oregon Fund**.

All privilege tax Revenue, net of administrative and enforcement expenses to the multimodal transportation **Connect Oregon Fund**, after January 1, 2024.

**Use Tax:** a tax equivalent to the privilege tax on vehicles bought outside of Oregon. This is considered highway Fund revenue and goes to the highway fund. 1/1/18

**Payroll Tax:** Employee paid payroll tax of 0.1% of wages earned in Oregon 07/1/18

Uses and distributions of the payroll Tax are prescribed by formula for distribution of money from the Statewide Transportation Improvement Fund (STIF):

90% to mass transit and transportation districts in proportion to the amount of tax paid, with a minimum of \$100,000. 5% to transportation districts, 4% for intercity public transportation service providers, and 1% for a public transportation technical resource center to assist rural areas.

**Bicycle Excise tax:** a \$15 flat fee imposed on new bicycles at the point of sale with price higher than \$200. Net proceeds of the excise tax on bicycles go to Connect Oregon Fund for the purposes of grants for bicycle and pedestrian transportation projects.

## **Highway Fund**

The Oregon Constitution requires all tax revenues levied upon ownership or operation of motor vehicles (except recreational vehicles) be used for road related expenditures. In 1999, the cost responsibility clause was added to require that light and heavy vehicles pay fees in proportion to the costs exacted on the system by each vehicle class. 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. HB 2017 is distributed at 50,30,20 percentages after the deduction for the off the top programs.

### **HIGHWAY FUND DISTRIBUTION**

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

Total Transportation Revenue (millions of dollars)										
Revenue Source	Actual Revenue								Legislatively Adopted	
	2003-05	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	
Beginning Balance	453	199	760	629	576	531	585	487	356	
<b>Revenues</b>										
Fuel Taxes	840	863	843	887	1,106	1,003	1,078	1,274	1,332	
Weight-Mile Taxes	437	476	449	454	611	555	591	743	815	
Driver & Vehicle	447	490	454	582	677	676	723	837	969	
General Fund	4	9	5	19	2	13	22	23	35	
Federal Funds	748	750	910	1,372	1,092	989	1,077	1,225	1,424	
Lottery	21	23	47	80	72	93	108	114	115	
Bonds & COP	443	1,279	762	847	384	1,939	1,001	37	487	
All Other	243	249	302	245	306	288	299	570	551	
<b>Total Revenue</b>	<b>3,182</b>	<b>4,138</b>	<b>3,771</b>	<b>4,485</b>	<b>4,662</b>	<b>5,555</b>	<b>4,898</b>	<b>4,823</b>	<b>5,728</b>	
<b>Total Resources</b>	<b>3,635</b>	<b>4,336</b>	<b>4,531</b>	<b>5,114</b>	<b>5,239</b>	<b>6,086</b>	<b>5,483</b>	<b>5,310</b>	<b>6,084</b>	

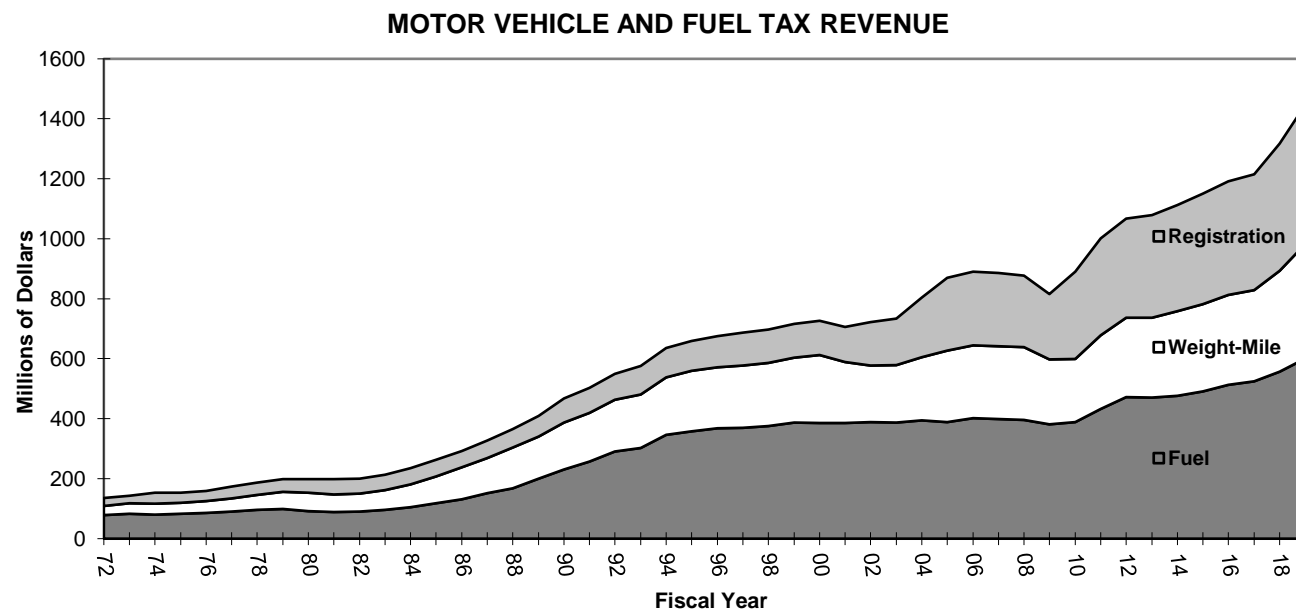
Source: ODOT Program Budget.

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-7 shows fuel tax rates by state and page H-8 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

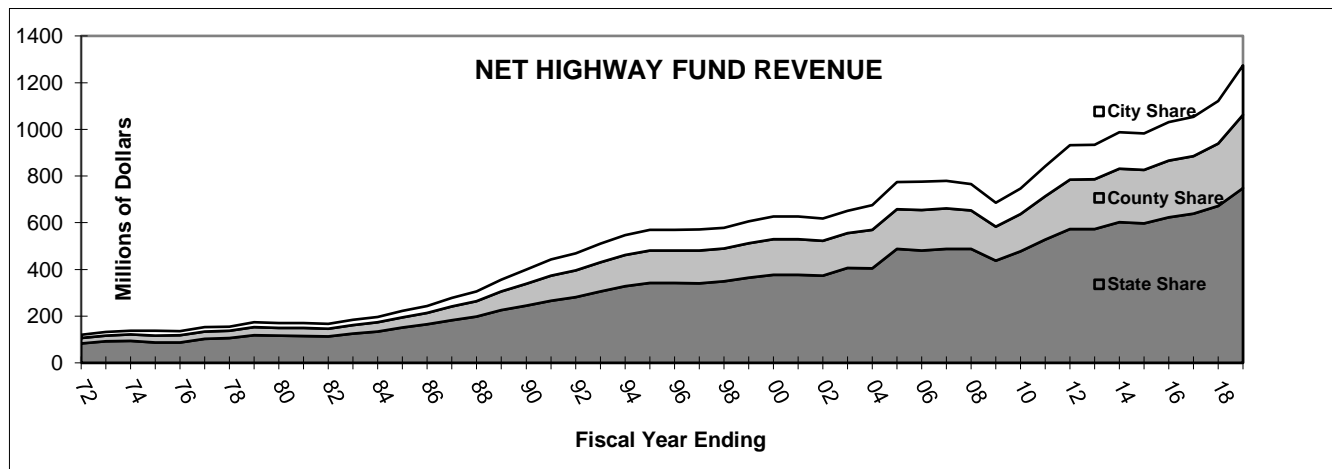
Fiscal Year	Gross Tax Collections* (millions)						Total Collections	
	Fuel Tax		Weight-Mile Tax		Registration & License		Amount	Growth
	Amount	% of Total	Amount	% of Total	Amount	% of Total		
1971-72	78.6	58.1%	30.4	22.5%	26.3	19.4%	135.3	12.0%
1972-73	83.4	58.1%	34.1	23.8%	26.0	18.1%	143.5	6.1%
1973-74	80.4	52.7%	36.2	23.7%	36.0	23.6%	152.6	6.3%
1974-75	82.7	54.1%	37.0	24.2%	33.1	21.7%	152.8	0.1%
1975-76	86.1	54.2%	39.3	24.7%	33.5	21.1%	158.9	4.0%
1976-77	90.6	52.1%	43.3	24.9%	40.0	23.0%	173.9	9.4%
1977-78	95.7	51.1%	50.8	27.1%	40.7	21.7%	187.2	7.6%
1978-79	99.2	49.8%	56.5	28.4%	43.3	21.8%	199.0	6.3%
1979-80	92.4	46.6%	60.1	30.3%	45.9	23.1%	198.4	-0.3%
1980-81	88.8	44.8%	58.8	29.6%	50.8	25.6%	198.4	0.0%
1981-82	90.6	45.4%	60.0	30.1%	48.9	24.5%	199.5	0.6%
1982-83	96.6	45.2%	65.2	30.5%	51.9	24.3%	213.7	7.1%
1983-84	104.9	44.6%	76.4	32.5%	54.1	23.0%	235.4	10.2%
1984-85	118.6	45.2%	89.1	34.0%	54.7	20.8%	262.4	11.5%
1985-86	132.0	45.1%	105.6	36.1%	55.1	18.8%	292.7	11.5%
1986-87	151.5	46.3%	116.6	35.6%	59.0	18.0%	327.1	11.8%
1987-88	168.3	46.1%	135.0	37.0%	61.6	16.9%	364.9	11.6%
1988-89	200.6	48.9%	139.5	34.0%	69.7	17.0%	409.9	12.3%
1989-90	231.1	49.5%	155.3	33.3%	80.5	17.2%	467.0	13.9%
1990-91	257.6	51.2%	161.1	32.0%	84.5	16.8%	503.2	7.8%
1991-92	290.2	52.8%	173.2	31.5%	86.2	15.7%	549.6	9.2%
1992-93	302.3	52.5%	179.1	31.1%	94.5	16.4%	575.9	4.8%
1993-94	345.9	54.4%	191.4	30.1%	98.6	15.5%	635.9	10.4%
1994-95	357.8	54.3%	201.3	30.6%	99.5	15.1%	658.6	3.6%
1995-96	368.1	54.5%	203.3	30.1%	104.1	15.4%	675.6	2.6%
1996-97	370.2	53.9%	206.9	30.1%	109.3	15.9%	686.4	1.6%
1997-98	375.6	53.9%	209.9	30.1%	111.3	16.0%	696.9	1.5%
1998-99	387.9	54.1%	215.7	30.1%	113.1	15.8%	716.7	2.8%
1999-00	386.4	53.2%	225.4	31.0%	114.6	15.8%	726.4	1.4%
2000-01	386.2	54.7%	202.7	28.7%	117.6	16.6%	706.5	-2.7%
2001-02	388.8	53.9%	187.9	26.0%	144.7	20.1%	721.4	2.1%
2002-03	387.0	52.7%	192.4	26.2%	154.7	21.1%	734.1	1.8%
2003-04	394.0	49.0%	211.0	26.3%	198.5	24.7%	803.5	9.5%
2004-05	388.8	44.7%	237.9	27.3%	243.4	28.0%	870.1	8.3%
2005-06	401.4	45.1%	243.9	27.4%	245.0	27.5%	890.3	2.3%
2006-07	398.8	45.0%	243.1	27.4%	244.0	27.5%	885.9	-0.5%
2007-08	395.6	45.1%	243.4	27.7%	238.4	27.2%	877.4	-1.0%
2008-09	382.0	46.9%	215.8	26.5%	217.5	26.7%	815.3	-7.1%
2009-10	389.3	43.8%	210.1	23.6%	290.3	32.6%	889.7	9.1%
2010-11	432.2	43.2%	245.4	24.5%	323.1	32.3%	1,000.7	12.5%
2011-12	472.6	44.3%	264.5	24.8%	330.8	31.0%	1,067.9	6.7%
2012-13	469.9	43.5%	267.0	24.7%	342.6	31.7%	1,079.5	1.1%
2013-14	476.0	42.8%	282.8	25.4%	353.3	31.8%	1,112.1	3.0%
2014-15	491.7	42.7%	291.0	25.3%	367.7	32.0%	1,150.4	3.4%
2015-16	512.5	43.0%	300.5	25.2%	378.5	31.8%	1,191.5	3.6%
2016-17	524.8	43.2%	304.7	25.1%	385.6	31.7%	1,215.1	2.0%
2017-18	557.2	42.3%	335.5	25.5%	424.7	32.2%	1,317.4	8.4%
2018-19	600.0	41.5%	382.8	26.5%	463.8	32.1%	1,446.6	9.8%

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



**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%
2015-16	1,030.8	164.2	243.9	622.7	5.0%
2016-17	1,054.0	168.1	247.8	638.1	2.3%
2017-18	1,120.4	181.3	266.6	672.5	6.3%
2018-19	1,273.89	211.70	313.55	748.6	13.7%



Source: Oregon Department of Transportation

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

January 1, 2020

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	24.0	0.0	24.0	32	25.0	0.0	25.0	32	24.0	0.0	24.0	32.0		
Alaska	8.0	1.0	9.0	51	8.0	1.0	9.0	51	8.0	1.0	9.0	51.0		Refining Surcharge
Arizona	18.0	1.0	19.0	45	26.0	1.0	27.0	29	18.0	1.0	19.0	45		/8 LUST Tax
Arkansas	21.5	3.3	24.8	30	22.5	6.3	28.8	25	21.5	3.3	24.8	30		Environmental fee, W. Sales Tax
California	47.3	6.0	53.3	2	36.0	32.0	68.0	2	47.3	6.0	53.3	2	Y	Includes prepaid sales tax /7
Colorado	22.0	0.0	22.0	41	20.5	0.0	20.5	43	22.0	0.0	22.0	41		
Connecticut	25.0	0.0	25.0	29	46.5	0.0	46.5	8	25.0	0.0	25.0	29		Plus a 8.1% Petroleum tax (gas)
Delaware	23.0	0.0	23.0	38	22.0	0.0	22.0	42	23.0	0.0	23.0	38		Plus 0.9% GRT
Dist. of Columbia	23.5	0.0	23.5	37	23.5	0.0	23.5	37	23.5	0.0	23.5	37		
Florida /2	18.3	16.1	34.4	12	19.3	13.9	33.2	14	18.3	16.1	34.4	12	Y	Sales tax added to excise /2
Georgia /5	27.9	0.0	27.9	24	31.3	0.0	31.3	19	27.9	0.0	27.9	24	Y	/5 Local sales tax additional
Hawaii /1	16.0	0.0	16.0	50	16.0	0.0	16.0	50	16.0	0.0	16.0	50	Y	Sales tax additional
Idaho	32.0	1.0	33.0	13	32.0	1.0	33.0	15	32.0	1.0	33.0	13		Clean Water Fee
Illinois /1	38.0	1.1	39.1	5	45.5	1.1	46.6	7	38.0	1.1	39.1	5	Y	Sales tax add., env. & LUST fee /3
Indiana	30.0	0.0	30.0	20	49.0	0.0	49.0	4	30.0	0.0	30.0	19	Y	Sales tax additional
Iowa	30.5	0.0	30.5	18	32.5	0.0	32.5	17	29.0	0.0	29.0	21		0
Kansas	24.0	0.0	24.0	31	26.0	0.0	26.0	31	24.0	0.0	24.0	31		Environmental & Inspection fees
Kentucky	24.6	1.4	26.0	27	21.6	1.4	23.0	38	24.6	1.4	26.0	27		Environmental fee /4 /3
Louisiana	20.0	0.0	20.0	42	20.0	0.0	20.0	45	20.0	0.0	20.0	42		Inspection fee
Maine	30.0	0.0	30.0	20	31.2	0.0	31.2	20	30.0	0.0	30.0	19		/5
Maryland /5	36.7	0.0	36.7	7	37.5	0.0	37.5	9	36.7	0.0	36.7	7		/5
Massachusetts	24.0	0.0	24.0	32	24.0	0.0	24.0	33	24.0	0.0	24.0	32		
Michigan	26.3	0.0	26.3	26	26.3	0.0	26.3	30	26.3	0.0	26.3	26	Y	Sales tax additional
Minnesota	28.5	0.1	28.6	23	28.5	0.1	28.6	26	28.5	0.1	28.6	22		Inspect fee
Mississippi	18.0	0.4	18.4	47	18.0	0.4	18.4	48	18.0	0.4	18.4	47		Environmental fee
Missouri	17.0	0.4	17.4	48	17.0	0.4	17.4	49	17.0	0.3	17.3	48		Inspection & Load fees
Montana	32.0	0.0	32.0	15	29.5	0.0	29.5	24	32.0	0.0	32.0	15		
Nebraska	29.3	0.9	30.2	19	29.3	0.3	29.6	23	29.3	0.9	30.2	18		Petroleum fee /5
Nevada /1	23.0	0.8	23.8	36	27.0	0.8	27.8	28	23.0	0.8	23.8	36		Inspection & cleanup fee
New Hampshire	22.2	1.6	23.8	35	22.2	1.6	23.8	35	22.2	1.6	23.8	35		Oil discharge cleanup fee
New Jersey	10.5	30.9	41.4	4	13.5	35.0	48.5	5	10.5	30.9	41.4	4		Petroleum fee
New Mexico	17.0	1.9	18.9	46	21.0	1.9	22.9	40	17.0	1.9	18.9	46		Petroleum loading fee
New York	8.1	17.4	25.5	28	8.0	15.7	23.7	36	8.1	17.4	25.5	28	Y	Petroleum Tax, Sales tax additional
North Carolina	36.1	0.3	36.4	8	36.1	0.3	36.4	10	36.1	0.3	36.4	8		/5 Inspection tax
North Dakota	23.0	0.0	23.0	38	23.0	0.0	23.0	38	23.0	0.0	23.0	38		
Ohio	38.5	0.0	38.5	6	47.0	0.0	47.0	6	38.5	0.0	38.5	6		
Oklahoma	19.0	1.0	20.0	43	19.0	1.0	20.0	46	19.0	1.0	20.0	43		Environmental fee
Oregon /1	36.0	0.0	36.0	9	36.0	0.0	36.0	11	36.0	0.0	36.0	9		
Pennsylvania	57.6	0.0	57.6	1	74.1	0.0	74.1	1	57.6	0.0	57.6	1		Oil franchise tax only /5
Rhode Island	34.0	1.0	35.0	11	34.0	1.0	35.0	13	34.0	1.0	35.0	11		LUST tax
South Carolina	22.0	0.8	22.8	40	22.0	0.8	22.8	41	22.0	0.8	22.8	40		Inspection fee & LUST tax
South Dakota /1	28.0	2.0	30.0	20	28.0	2.0	30.0	22	26.6	2.0	28.6	23		Inspection fee (gasohol E10)
Tennessee /1	26.0	1.4	27.4	25	27.0	1.4	28.4	27	26.0	1.4	27.4	25		Petroleum Tax & Envir. Fee
Texas	20.0	0.0	20.0	43	20.0	0.0	20.0	46	20.0	0.0	20.0	43		
Utah	31.1	0.0	31.1	16	31.1	0.0	31.1	21	31.1	0.0	31.1	16		
Vermont /5	12.1	18.7	30.8	17	28.0	4.0	32.0	18	12.1	18.7	30.8	17		Cleanup Fee & Trans. Fee
Virginia /1	16.2	0.0	16.2	49	20.2	0.0	20.2	44	16.2	0.0	16.2	49		/6
Washington /10	49.4	0.0	49.4	3	49.4	0.0	49.4	3	49.4	0.0	49.4	3		0.5% privilege tax
West Virginia	20.5	15.2	35.7	10	20.5	15.2	35.7	12	20.5	15.2	35.7	10	Y	Sales tax added to excise
Wisconsin	30.9	2.0	32.9	14	30.9	2.0	32.9	16	30.9	2.0	32.9	14		Petroleum Insp. Fee
Wyoming	23.0	1.0	24.0	32	23.0	1.0	24.0	33	23.0	1.0	24.0	32		License tax
Federal	18.3	0.1	18.4		24.3	0.1	24.4		18.3	0.1	18.4			LUST tax

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

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

(gasoline only); NV, 4.0 to 9.0 cents; OR, 1 to 5 cents; SD and TN, one cent; and VA 2.1%.

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

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

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

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

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

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

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

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

**2019  
State Motor Carrier Registration Fees  
80,000 Pound Vehicle (GVW)**

State	Dollars per Vehicle	State Ranking
Alabama	\$835	46
Alaska	\$513	48
Arizona	\$4,069	1
Arkansas	\$1,573	26
California	\$2,937	6
Colorado	\$2,964	5
Connecticut	\$1,601	25
Delaware	\$1,390	32
Florida	\$1,369	33
Georgia	\$1,005	42
Hawaii	\$2,848	8
Idaho	\$3,396	3
Illinois	\$3,193	4
Indiana	\$2,417	11
Iowa	\$1,725	22
Kansas	\$2,318	14
Kentucky	\$1,430	30
Louisiana	\$511	49
Maine	\$1,324	34
Maryland	\$1,838	19
Massachusetts	\$1,660	23
Michigan	\$2,022	16
Minnesota	\$1,760	20
Mississippi	\$2,885	7
Missouri	\$1,755	21
Montana	\$983	44
Nebraska	\$1,286	36
Nevada	\$1,984	17
New Hampshire	\$800	47
New Jersey	\$1,244	37
New Mexico	\$205	50
New York	\$1,223	38
North Carolina	\$1,628	24
North Dakota	\$1,079	39
Ohio	\$1,469	28
Oklahoma	\$1,059	41
<b>Oregon</b>	<b>\$999</b>	<b>43</b>
Pennsylvania	\$2,361	13
Rhode Island	\$1,061	40
South Carolina	\$3,543	2
South Dakota	\$1,458	29
Tennessee	\$1,391	31
Texas	\$896	45
Utah	\$1,316	35
Vermont	\$2,388	12
Virginia	\$1,898	18
Washington	\$2,125	15
West Virginia	\$2,741	9
Wisconsin	\$2,583	10
Wyoming	\$1,526	27

**2019  
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>\$0.2150</b>	<b>1</b>

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

**2019  
State Diesel Tax Rates  
(per gallon)**

State	Tax Rate	State Ranking
Alabama	\$0.282	31
Alaska	\$0.143	49
Arizona	\$0.270	32
Arkansas	\$0.288	27
California	\$0.872	1
Colorado	\$0.205	43
Connecticut	\$0.465	9
Delaware	\$0.220	42
Florida	\$0.350	17
Georgia	\$0.393	12
Hawaii	\$0.505	5
Idaho	\$0.330	18
Illinois	\$0.619	3
Indiana	\$0.590	4
Iowa	\$0.325	20
Kansas	\$0.260	34
Kentucky	\$0.230	38
Louisiana	\$0.200	44
Maine	\$0.312	22
Maryland	\$0.375	13
Massachusetts	\$0.265	33
Michigan	\$0.433	11
Minnesota	\$0.286	28
Mississippi	\$0.184	47
Missouri	\$0.174	48
Montana	\$0.302	23
Nebraska	\$0.300	26
Nevada	\$0.286	29
New Hampshire	\$0.238	37
New Jersey	\$0.485	7
New Mexico	\$0.229	40
New York	\$0.451	10
North Carolina	\$0.365	14
North Dakota	\$0.230	38
Ohio	\$0.470	8
Oklahoma	\$0.200	45
<b>Oregon</b>	<b>\$0.000</b>	<b>50</b>
Pennsylvania	\$0.752	2
Rhode Island	\$0.350	16
South Carolina	\$0.228	41
South Dakota	\$0.300	25
Tennessee	\$0.284	30
Texas	\$0.200	45
Utah	\$0.300	24
Vermont	\$0.320	21
Virginia	\$0.260	35
Washington	\$0.494	6
West Virginia	\$0.357	15
Wisconsin	\$0.329	19
Wyoming	\$0.240	36

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

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

Diesel Fuel Tax Rates is updated using data from International Fuel Tax Association "IFTA"

# TIMBER TAXATION

## *A Brief History*

Prior to 1929, all private forestland in Oregon (approximately 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.

This new 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). 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 timber harvest is subject to the Forest Products Harvest Tax and all private forestland is assessed property tax 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 of Revenue. 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 bi-annually by statute.

Under the STF program, forestland has an assessed value equal to 20% of the specially assessed forestland values determined by the Department. The 2015-16 values are shown in the table below. Small tract owners pay a severance tax upon harvest, intended to recover tax not imposed due to the 80% reduction. 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 2019 are \$5.98 (Western Oregon) and \$4.65 (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).

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. <sup>1</sup>

**Exhibit I1**

**OREGON FORESTLAND VALUES**

FOR

**JULY 1, 2019 – JUNE 30, 2020**

**WESTERN OREGON**

Forestland Class	Forestland Program		Small Tract Forestland Program	
	MSAV	SAV	20% MSAV	20% SAV
FA	\$722.04	\$1102.30	\$143.24	\$220.46
FB	\$572.80	\$872.92	\$113.67	\$174.58
FC	\$479.72	\$732.74	\$94.94	\$146.54
FD	\$407.50	\$624.42	\$80.92	\$124.88
FE	\$271.10	\$414.16	\$52.90	\$82.83
FF	\$195.67	\$299.46	\$38.85	\$59.89
FG	\$81.76	\$127.43	\$15.47	\$25.48
FX	\$9.55	\$12.74	\$1.48	\$2.54

**EASTERN OREGON**

Forestland Class	Forestland Program		Small Tract Forestland Program	
	MSAV	SAV	20% MSAV	20% SAV
Eastern Oregon	\$81.76	\$137.80	\$15.47	\$27.56

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

<sup>1</sup> <http://www.oregon.gov/DOR/programs/property/Documents/specially-assessed-forestland-values.pdf>

## Exhibit I2

FOREST PRODUCTS HARVEST TAX						
Year	OSU Research	Protection Fund	Forest Practices	OFRI	Other	
1990-91	\$0.2100	\$0.300	\$0.1600	-		
1991-92	\$0.3000	\$0.500	\$0.5300	\$0.31	-	
1992-93	\$0.3000	\$0.660	\$0.5300	\$0.31	-	
1993.2,3	\$0.4000	\$0.660	\$0.7700	\$0.31	-	
1994	\$0.4000	\$0.660	\$0.7700	\$0.31	-	
1995	\$0.4000	\$0.660	\$0.7700	\$0.31	-	
1996	\$0.5000	\$0.500	\$0.6000	\$0.51	-	
1997	\$0.5000	\$0.500	\$0.6000	\$0.51	-	
1998	\$0.5500	\$0.500	\$0.7000	\$0.51	\$1.75	
1999	\$0.5500	\$0.500	\$0.7000	\$0.79	-	
2000	\$0.6700	\$0.500	\$1.0800	\$0.79	\$0.15	
2001	\$0.6700	-	\$1.0800	\$0.79	\$0.15	
2002	\$0.6700	\$0.500	\$0.9100	\$0.79	-	
2003	\$0.6700	\$0.500	\$0.9100	\$0.79	-	
2004	\$0.6700	\$0.500	\$0.7900	\$0.99	-	
2005	\$0.6700	\$0.500	\$0.7900	\$0.89	-	
2006	\$0.6700	\$0.500	\$0.5500	\$0.89	-	
2007	\$0.6700	\$0.500	\$0.5500	\$0.89	-	
2008	\$0.9200	\$0.625	\$1.1456	\$0.89	-	
2009	\$0.9200	\$0.625	\$1.1456	\$0.89	-	
2010	\$0.9200	\$0.625	\$1.1400	\$0.89	-	
2011	\$0.9200	\$0.625	\$1.1400	\$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	\$0.9000	\$0.625	\$1.1037	\$1.00	\$0.10	
2017	\$0.9000	\$0.625	\$1.5661	\$1.04	\$0.10	
2018	\$0.9000	\$0.625	\$1.5700	\$1.04	\$0.10	
2019	\$0.9000	\$0.625	\$1.3720	\$1.04	\$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 \$96.8 million in FY 2014 from the SRS funds as well as BLM payments to counties for harvest on the Oregon and California Railroad lands and the Coos Bay

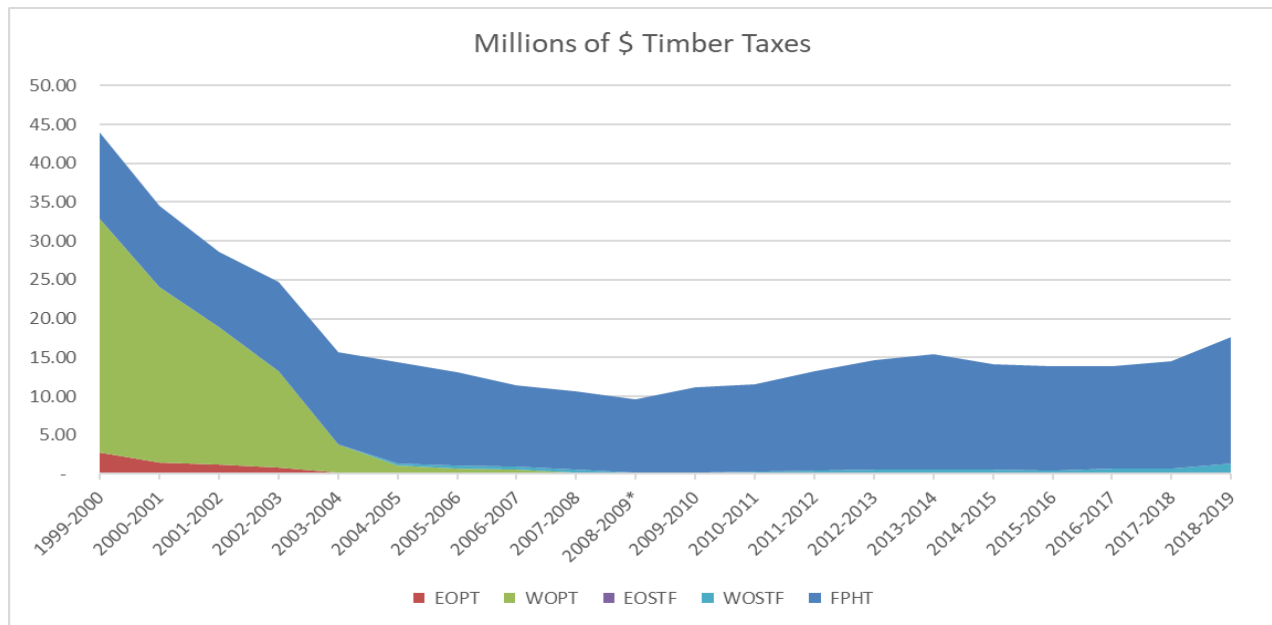
Wagon Road Lands. In FY 2015<sup>2</sup>, these payments were \$89.4 million. O&C funds to the 18 counties were \$24 million in 2016<sup>3</sup>.

### Exhibit I3

YEAR	FPHT		EOPT		WOPT		EOSTF		WOSTF	
	\$ millions	%change	\$ millions	%change	\$ millions	%change	\$ millions	%change	\$ millions	%change
1999-2000	11.11		2.74		30.10		-		-	
2000-2001	10.48	-6%	1.50	-45%	22.53	-25%	-	N/A	-	N/A
2001-2002	9.67	-8%	1.28	-15%	17.60	-22%	-	N/A	-	N/A
2002-2003	11.42	18%	0.78	-39%	12.49	-29%	-	N/A	-	N/A
2003-2004	11.94	5%	0.18	-76%	3.60	-71%	-	N/A	-	N/A
2004-2005	13.02	9%	0.04	-79%	1.01	-72%	0.01	N/A	0.29	N/A
2005-2006	12.02	-8%	0.03	-14%	0.71	-30%	0.01	8%	0.30	6%
2006-2007	10.53	-12%	0.08	148%	0.44	-38%	0.03	85%	0.35	14%
2007-2008	10.18	-3%	0.01	-92%	0.19	-58%	0.01	-62%	0.30	-13%
2008-2009*	9.40	-8%	0.00	-61%	0.06	-67%	0.01	-34%	0.17	-43%
2009-2010	10.96	17%	0.00	88%	0.06	-6%	0.02	159%	0.14	-21%
2010-2011	11.33	3%	0.00	-83%	0.04	-28%	0.00	-76%	0.21	52%
2011-2012	12.90	14%	0.00	63%	0.03	-19%	0.01	72%	0.34	64%
2012-2013	14.15	10%	0.00	-83%	0.14	308%	0.01	-16%	0.39	15%
2013-2014	14.92	5%	0.00	-92%	0.08	-42%	0.01	-6%	0.42	8%
2014-2015	13.48	-10%	0.00	-83%	0.02	-71%	0.01	37%	0.58	38%
2015-2016	13.36	-1%	0.00	6431%	0.06	175%	0.01	21%	0.42	-28%
2016-2017	13.28	-1%	0.00	-45%	0.09	38%	0.02	147%	0.52	25%
2017-2018	13.79	4%	0.00	144%	0.13	47%	0.02	-32%	0.57	8%
2018-2019	16.37	19%	0.00	518%	0.04	-67%	0.06	271%	1.18	108%

FPHT= FOREST PRODUCTS HARVEST TAX - ORS 321.005 to 321.185  
 EOPT= EASTERN OREGON PRIVILEGE TAX - sunset (current collections on prior assessments)  
 WOPT= WESTERN OREGON PRIVILEGE TAX - sunset (current collections on prior assessments)  
 EOSTF= EASTERN OREGON SMALL TRACT FORESTLAND - ORS 321.700 to 321.754  
 WOSTF= WESTERN OREGON SMALL TRACT FORESTLAND - ORS 321.700 to 321.754

### Exhibit I4



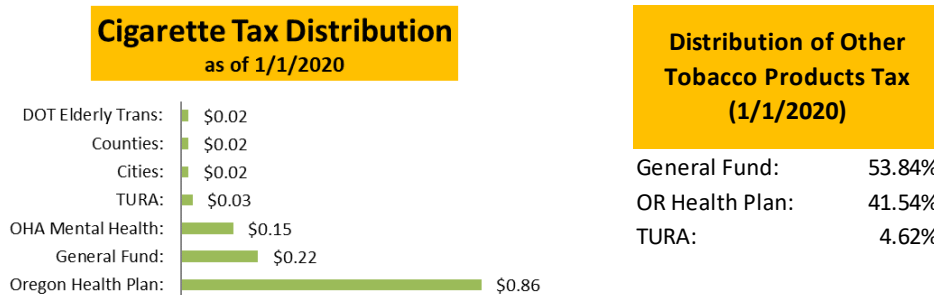
<sup>2</sup> SRS Act was suspended, and then reauthorized on 4/16/2015. Revenue data for most recent two years was not available at time of publication <https://www.fs.usda.gov/main/pts/home>

<sup>3</sup> <http://www.oandc.org/>

# 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, 2019 the tax rate on cigarettes is 66.5 mills per cigarette or \$1.33 per pack of 20 cigarettes. The distribution of tax revenue per pack of cigarettes is shown at right. Note that the numbers do not sum to \$1.33 due to rounding. TURA refers to the Tobacco Use Reduction Account. Distributions to cities and counties are based on their respective populations.



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>1,2</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. Over 75% of the OTP tax comes from moist snuff and roughly 15% from cigars.

Under current law, inhalant deliver systems (e-cigarettes and other vapor products) are not subject to established cigarette or other tobacco products taxes.

Cigarette and Other Tobacco Products Taxes (\$ Millions)							Combined Distribution of Tobacco Taxes (\$ Millions)							
Fiscal Year	Cigarette Tax Rate	Cigarettes Revenue	Cigarettes Change	Other Tobacco Revenue	Other Tobacco Change	Total Revenue	Total Change	Fiscal Year	General Fund	Health Plan	Mental Health	TURA	Special Transit	Local Govt's
2005-06	\$1.18	238.7	9.6%	31.2	20.0%	269.9	10.7%	2005-06	59.4	180.7		8.1	4.1	8.9
2006-07	\$1.18	240.2	0.6%	30.9	-0.8%	271.1	0.4%	2006-07	60.6	185.3		8.3	4.6	9.2
2007-08	\$1.18	222.2	-7.5%	32.8	5.9%	255.0	-6.0%	2007-08	59.0	176.1		8.0	4.6	9.2
2008-09	\$1.18	215.3	-3.1%	32.9	0.4%	248.2	-2.6%	2008-09	57.1	168.5		7.7	4.1	8.3
2009-10	\$1.18	201.9	-6.3%	37.4	13.7%	239.3	-3.6%	2009-10	57.4	161.9		7.4	3.5	7.8
2010-11	\$1.18	211.6	4.8%	51.2	36.8%	262.8	9.8%	2010-11	66.3	173.2		7.9	4.0	8.1
2011-12	\$1.18	203.5	-3.9%	52.2	2.0%	255.7	-2.7%	2011-12	66.1	170.8		7.7	3.9	7.9
2012-13	\$1.18	198.5	-2.4%	56.7	8.7%	255.2	-0.2%	2012-13	67.5	168.0		8.4	3.8	7.7
2013-14	\$1.31	200.6	1.1%	56.2	-0.9%	256.8	0.6%	2013-14	66.3	163.5	7.7	8.3	3.7	7.4
2014-15	\$1.31	206.1	2.7%	55.7	-0.8%	261.8	1.9%	2014-15	67.1	160.1	15.7	8.2	3.6	7.2
2015-16	\$1.32	209.9	1.9%	57.5	3.2%	267.5	2.2%	2015-16	67.2	162.2	19.0	8.3	3.6	7.3
2016-17	\$1.32	209.6	-0.2%	58.9	2.3%	268.5	0.4%	2016-17	65.6	161.4	22.3	8.2	3.6	7.3
2017-18	\$1.33	203.0	-3.2%	60.6	3.0%	263.6	-1.8%	2017-18	66.2	156.8	22.1	8.1	3.5	7.0
2018-19	\$1.33	202.0	-0.5%	61.3	1.1%	263.2	-0.1%	2018-19	66.4	155.7	22.8	8.0	3.5	7.0

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

## Master Settlement Agreement

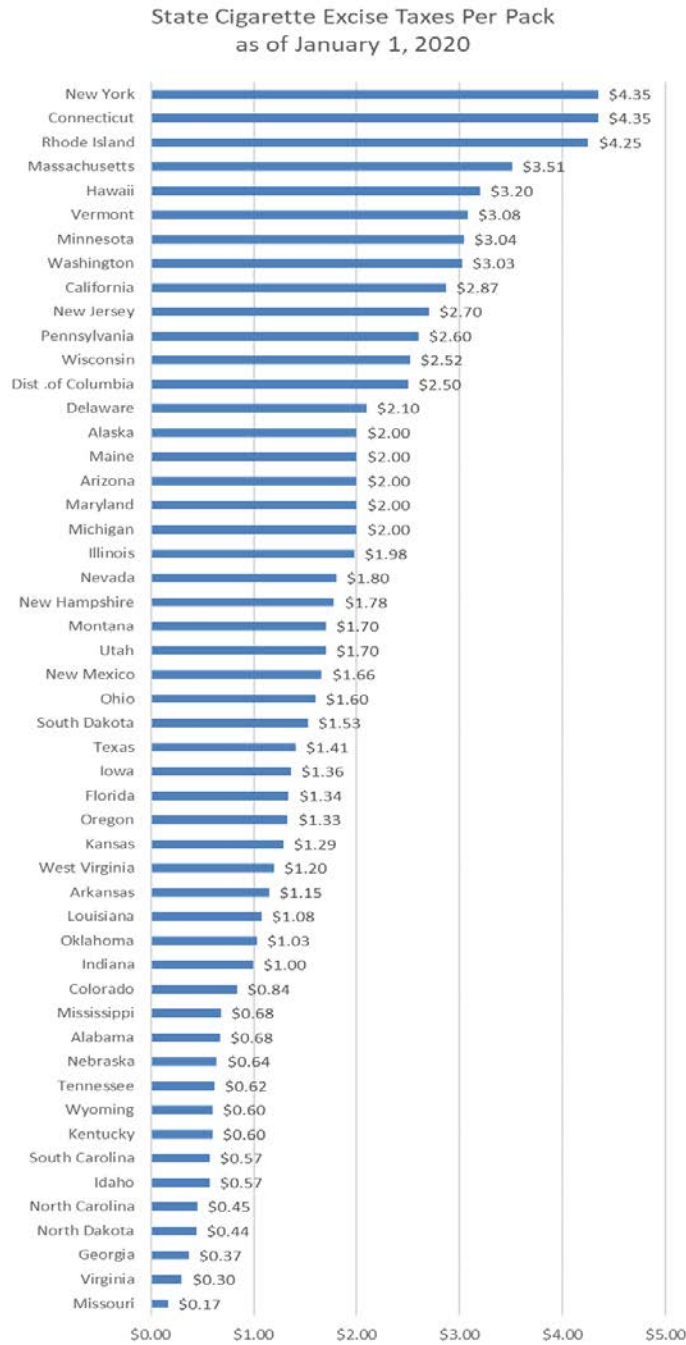
Additional tobacco revenue is received under the Master Settlement Agreement (MSA). Through June 30, 2017, Oregon has received over \$1.5 billion in total payments and expects to receive about \$136.7 million for

<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.

<sup>2</sup> HB 2672 (2009) changed the method of taxation for moist snuff. Prior to HB 2672, moist snuff was taxed at 65% of the product's wholesale sales price. HB 2672 (2009) changed the method of taxation from wholesale sales price to the current law weight based approach.

the 2017-19 biennium. MSA revenue has often been pledged to repay bonded indebtedness. MSA does not cover OTP such as cigars and moist snuffs.

**Cigarette Tax Rates as of January 1, 2020 - Rankings by Cigarette Excise Tax**



Sources: Excise tax rates from Federation of Tax Administrators <http://www.taxadmin.org/tax-rates>  
Tax Burden on Tobacco, Orzechowski and Walker

# Oregon Liquor Control Commission (OLCC)

## OLCC ALCOHOL 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 go 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 108% 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.

### OLCC REVENUE DISTRIBUTIONS (Millions)

Fiscal Year	Wine Board	Mental Health	General Fund	Counties	Cities
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
2015-16	0.31	8.99	127.42	19.87	67.55
2016-17	0.32	9.25	137.02	21.48	73.04
2017-18	0.31	9.03	143.89	22.59	76.82
2018-19	0.33	9.40	151.88	23.87	81.17

Fiscal Year	Beer & Wine Tax		Liquor		Net Liquor	
	Revenue	Change	Sales	Change	Revenue	Change
1992-93	11.0	2.8%	85.2	2.3%	62.2	1.0%
1993-94	10.6	-3.6%	89.7	5.3%	65.2	4.8%
1994-95	10.6	0.0%	90.1	0.4%	65.9	1.1%
1995-96	11.2	5.7%	93.4	3.7%	67.7	2.7%
1996-97	11.8	5.4%	97.1	4.0%	70.9	4.7%
1997-98	12.0	1.7%	102.4	5.5%	73.8	4.1%
1998-99	12.1	0.8%	107.8	5.3%	76.5	3.7%
1999-00	12.4	2.5%	116.1	7.7%	84.8	10.8%
2000-01	12.5	0.8%	121.7	4.8%	85.8	1.2%
2001-02	12.7	1.6%	127.8	5.0%	93.0	8.4%
2002-03	13.3	4.7%	134.4	5.2%	97.1	4.4%
2003-04	13.7	2.7%	145.1	7.9%	107.3	10.4%
2004-05	14.0	2.2%	155.0	6.8%	111.1	3.5%
2005-06	14.8	6.3%	172.2	11.1%	126.1	13.5%
2006-07	15.2	2.4%	187.1	8.7%	130.8	3.8%
2007-08	16.1	5.9%	199.2	6.5%	141.1	7.9%
2008-09	16.3	1.5%	207.9	4.4%	151.9	7.6%
2009-10	16.8	2.6%	215.6	3.7%	159.8	5.2%
2010-11	16.2	-3.3%	224.1	4.0%	162.2	1.5%
2011-12	16.9	4.3%	238.5	6.4%	180.0	11.0%
2012-13	16.4	-3.0%	254.9	6.9%	189.1	5.1%
2013-14	17.6	7.3%	264.0	3.6%	196.3	3.8%
2014-15	17.7	0.6%	278.0	5.3%	207.1	5.5%
2015-16	18.3	3.4%	292.4	5.2%	215.1	3.8%
2016-17	18.8	2.9%	301.9	3.2%	218.2	1.5%
2017-18	18.4	-2.3%	319.1	5.7%	235.7	8.0%
2018-19	19.2	4.2%	336.9	5.6%	246.8	4.7%

The OLCC is also tasked to implement the **Marijuana** legalization initiative (Measure 91) that was passed 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. Gross revenue from the Tax on Marijuana is approaching \$135 million in an average fiscal year. The early start program allowed for marijuana to be sold and taxed during the 2016 calendar year. Early start allowed medical dispensaries to sell to the public with a 25% tax rate. The early start program brought in about \$65 million in tax proceeds. After deductions for collection and administration costs, marijuana revenue will be divided among six statutorily specified distributions. Drug abuse and prevention will get 5% of funds, cities and counties will each get 10% and then distributed among different cities and counties that don't prohibit marijuana based on statutory specified formula, 15% goes the state police, 20% to mental health account, and 40% to the state school fund.



EXCISE TAX RATES AS OF JANUARY 1, 2020

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

Rank	Malt Liquor (Beer) per Gallon			Table Wine (14% alcohol) per Gallon			State Tax Rates On Distilled Spirits		
	State	Excise	Sales	State	Excise	Sales	State	Excise	Sales
1	Tennessee	1.287	0.875	Florida	2.25	2.70	Alabama	note (1)	Yes
2	South Carolina	0.768	0.750	Rhode Island	1.40	3.15	Alaska	12.80	n.a.
3	Hawaii	0.930	0.500	Iowa	1.75	2.70	Arizona	3.00	Yes
4	Mississippi	0.427	0.875	Tennessee	1.21	3.15	Arkansas	2.50	Yes
5	Florida	0.480	0.750	Illinois	1.39	2.81	California	3.30	Yes
6	North Carolina	0.617	0.594	New Mexico	1.70	2.31	Colorado	2.28	Yes
7	Utah	0.423	0.763	Virginia	1.51	2.39	Connecticut	5.94	Yes
8	California	0.200	0.906	New Jersey	0.88	2.98	Delaware	4.50	n.a.
9	Washington	0.261	0.813	Washington	0.87	2.93	Florida	6.50	Yes
10	Alaska	1.070	0.000	Nevada	0.70	3.08	Georgia	3.79	Yes
11	New Mexico	0.410	0.641	West Virginia	1.00	2.70	Hawaii	5.98	Yes
12	Arkansas	0.234	0.813	Arkansas	0.75	2.93	Idaho	note (1)	Yes
13	Maine	0.350	0.688	Connecticut	0.79	2.86	Illinois	8.55	Yes
14	Connecticut	0.240	0.794	Indiana	0.47	3.15	Indiana	2.68	Yes
15	Alabama	0.533	0.500	South Carolina	0.90	2.70	Iowa	note (1)	Yes
16	Nevada	0.160	0.856	Mississippi	0.35	3.15	Kansas	2.50	--
17	Vermont	0.265	0.750	Alabama	1.70	1.80	Kentucky	1.92	Yes
18	Illinois	0.231	0.781	California	0.20	3.26	Louisiana	3.03	Yes
19	Minnesota	0.148	0.859	Nebraska	0.95	2.48	Maine	note (1)	Yes
20	Nebraska	0.310	0.688	Minnesota	0.30	3.09	Maryland	1.50	Yes
21	Kansas	0.180	0.813	Massachusetts	0.55	2.81	Massachusetts	4.05	--
22	Indiana	0.115	0.875	Arizona	0.84	2.52	Michigan	note (1)	Yes
23	Rhode Island	0.106	0.875	Georgia	1.51	1.80	Minnesota	5.03	--
24	Texas	0.194	0.781	Vermont	0.55	2.70	Mississippi	note (1)	Yes
25	Oklahoma	0.403	0.563	Kansas	0.30	2.93	Missouri	2.00	Yes
26	Louisiana	0.403	0.556	Michigan	0.51	2.70	Montana	note (1)	n.a.
27	Michigan	0.203	0.750	Kentucky	0.50	2.70	Nebraska	3.75	Yes
28	New Jersey	0.120	0.828	Hawaii	1.38	1.80	Nevada	3.60	Yes
29	Iowa	0.190	0.750	Idaho	0.45	2.70	New Hampshire	note (1)	n.a.
30	West Virginia	0.177	0.750	North Carolina	1.00	2.14	New Jersey	5.50	Yes
31	Virginia	0.256	0.663	Maryland	0.40	2.70	New Mexico	6.06	Yes
32	Idaho	0.150	0.750	Maine	0.60	2.48	New York	6.44	Yes
33	Ohio	0.180	0.719	Texas	0.20	2.81	North Carolina	note (1)	Yes (2)
34	Massachusetts	0.106	0.781	Dist. of Columbia	0.30	2.70	North Dakota	2.50	--
35	Arizona	0.160	0.700	South Dakota	0.93	2.03	Ohio	note (1)	Yes
36	Dist. of Columbia	0.090	0.750	Ohio	0.30	2.59	Oklahoma	5.56	Yes
37	Maryland	0.090	0.750	Louisiana	0.76	2.00	Oregon	note (1)	n.a.
38	South Dakota	0.274	0.563	North Dakota	0.50	2.25	Pennsylvania	note (1)	Yes
39	Kentucky	0.081	0.750	Oklahoma	0.72	2.03	Rhode Island	5.40	Yes
40	Pennsylvania	0.080	0.750	Utah		2.75	South Carolina	2.72	Yes
41	Georgia	0.323	0.500	Pennsylvania	0.00	2.70	South Dakota	3.93	Yes
42	North Dakota	0.160	0.625	Alaska	2.50	0.00	Tennessee	4.40	Yes
43	Wisconsin	0.065	0.625	Wisconsin	0.25	2.25	Texas	2.40	Yes
44	New York	0.140	0.500	Missouri	0.42	1.90	Utah	note (1)	Yes
45	Missouri	0.060	0.528	New York	0.30	1.80	Vermont	note (1)	no
46	Wyoming	0.019	0.500	Wyoming	0.00	1.80	Virginia	note (1)	Yes
47	Colorado	0.080	0.363	Delaware	1.63	0.00	Washington (3)	14.27	--
48	New Hampshire	0.300	0.000	Colorado	0.28	1.31	West Virginia	note (1)	Yes
49	Delaware	0.263	0.000	Montana	1.02	0.00	Wisconsin	3.25	Yes
50	Montana	0.139	0.000	<b>Oregon</b>	<b>0.67</b>	<b>0.00</b>	Wyoming	note (1)	Yes
51	<b>Oregon</b>	<b>0.084</b>	<b>0.000</b>	New Hampshire	0.30	0.00	Dist. of Columbia	1.50	--

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

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

# LOTTERY

## ***History***

The Oregon State Lottery and the five-member State Lottery Commission were created by an initiative petition in 1984. Commission members are appointed by the governor and charged to produce the maximum amount of net revenue to benefit the public purposes listed in the Constitution.

The Lottery currently offers 10 games through approximately 3,900 retailers including online sports betting. The traditional lottery games (i.e., Scratch-its, Powerball, etc.) are allowed to persons of age 18 or older. Video Lottery (poker and line games) is played on approximately 11,600 machines in approximately 2,200 licensed premises. Persons aged 21 or older can play Video Lottery and participate in sports betting.

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

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

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

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

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

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

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

## ***Traditional Games***

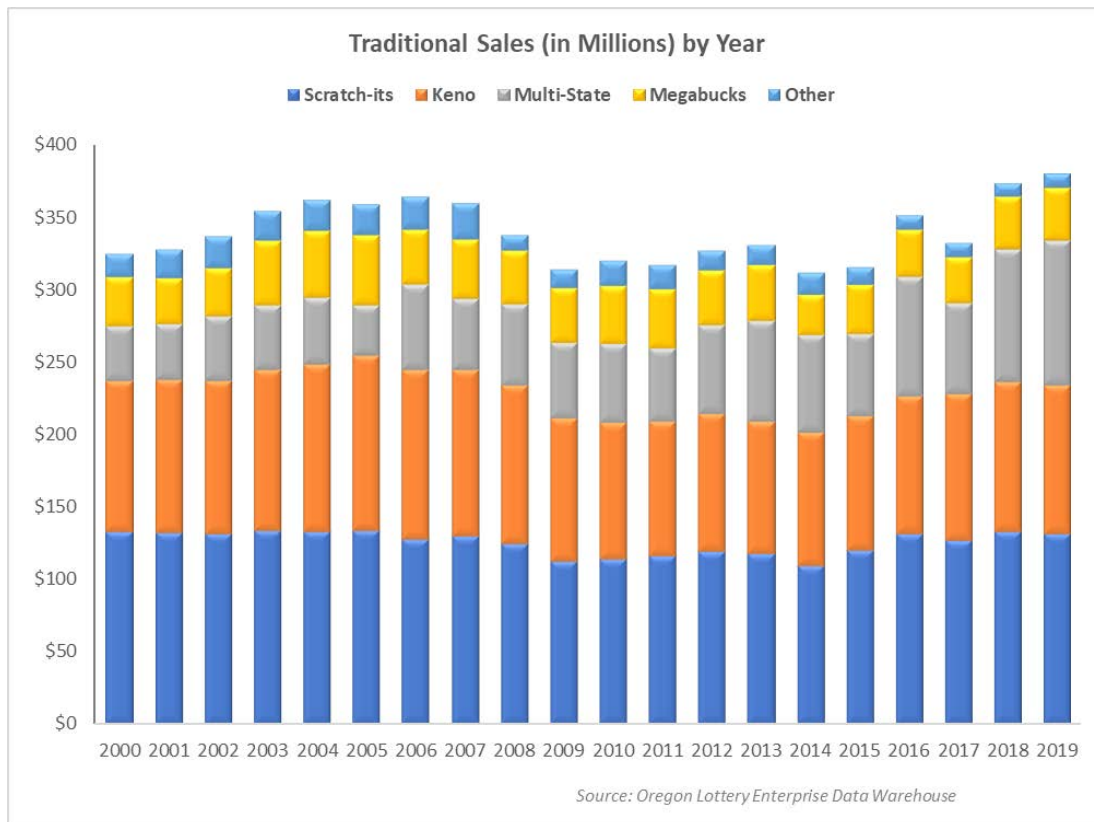
The first Traditional games were instant games (Scratch-its) in 1985. A number of other games followed, some of which have been discontinued or modified. Multi-State includes Powerball and Mega Millions.

Legislation in 1989 initiated Sports Action as an additional lottery game with the proceeds of the game dedicated to intercollegiate athletics in Higher Education. However, 2005 legislation repealed sports



games as of July 2007 and the intercollegiate athletic funding was revised to be 1% of total lottery proceeds. This amount has pushed funding of university athletic programs to approximately \$10 million per biennium.

The following chart shows the gross sales for Traditional games since 2001. The “Other” group includes Breakopens, Sports Action, Scoreboard, Raffles, Pick 4, Win for Life, and Lucky Lines.



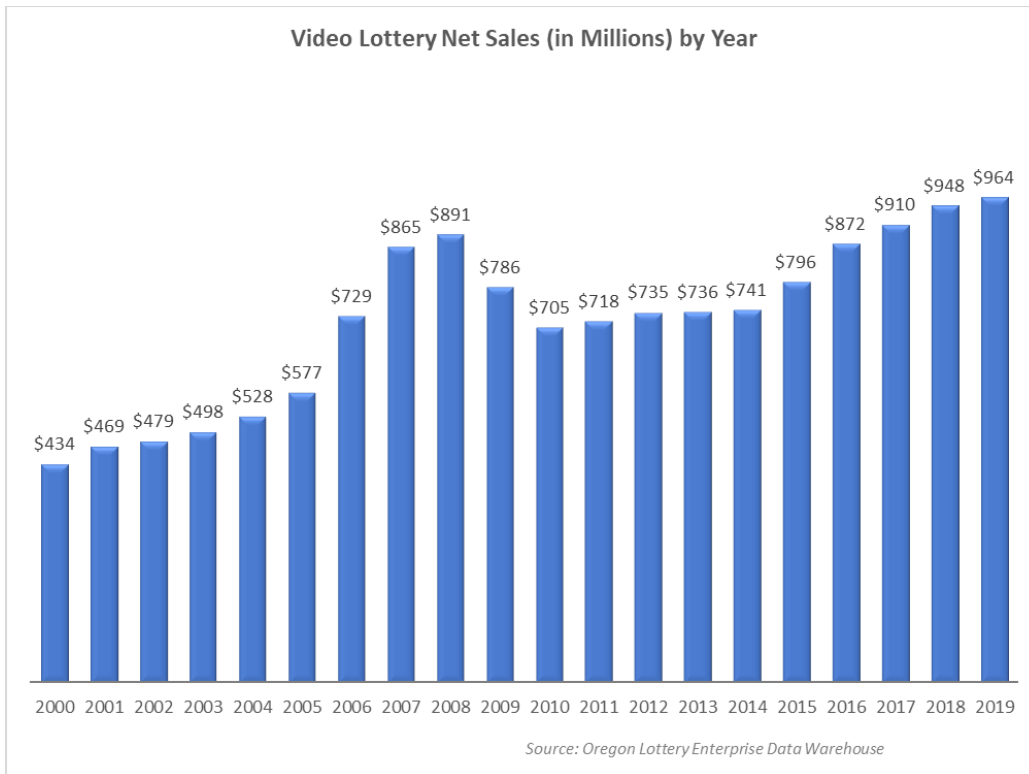
### Video Lottery

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

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

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

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



### **Lottery Revenues from Traditional Games and Video Lottery**

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

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

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

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

### **Sports Betting**

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

LOTTERY REVENUE (\$ millions)								
Fiscal Year	Traditional Games				Video Games			
	Gross			Net	Gross			Net
	Revenue	Prizes	Expense	Revenue	Revenue	Prizes	Expense	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
2015-16	353.0	225.6	58.7	68.7	11,503.4	10,626.9	303.3	573.1
2016-17	332.2	212.6	55.6	64.0	11,782.7	10,868.6	312.8	601.3
2017-18	368.4	227.4	61.4	79.5	11,991.5	11,057.5	323.2	610.8
2018-19	380.1	235.0	63.5	81.6	12,615.2	11,648.7	343.6	622.8

Source: Oregon Lottery

### **Lottery Transfers and Distributions**

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

The table below shows the amounts expected to be transferred in 2017-19 according to the December 2018 Oregon Economic and Revenue Forecast. The purpose of presenting this table is to show details of voter approved constitutional distributions, statutory distributions and other mandatory and discretionary distributions. Two voter-approved distributions have been added in November 2016.

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

development (2.5% of video lottery net receipts), the Higher Education Coordinating Commission (1% of lottery transfers), the Gambling Addiction Fund (1% of lottery transfers), and the County Fair Account.

Any balance available after these transfers will be used by the legislature in any of the areas allowed by the constitution. Amounts available for legislative allocation do not include beginning balances, reversions, or interest earned on the Economic Development Fund.

<b>Lottery Transfers and Distributions</b>	
<b>(December 2019 Oregon Economic and Revenue Forecast)</b>	
(in millions of dollars)	2019-21 Current Forecast
<b>LOTTERY EARNINGS</b>	
Traditional Lottery	146.300
Video Lottery	1,321.015
Scoreboard (Sports Betting) <sup>1</sup>	8.252
Administrative Actions	0.000
<b>Total Available to Transfer</b>	<b>1,475.567</b>
<b>ECONOMIC DEVELOPMENT FUND</b>	
Beginning Balance	65.340
Transfers from Lottery	1,475.567
Other Resources <sup>2</sup>	5.731
<b>Total Available Resources</b>	<b>1,546.638</b>
<b>ALLOCATION OF RESOURCES</b>	
Constitutional Distributions	
Education Stability Fund <sup>3</sup>	265.602
Parks and Natural Resources Fund <sup>4</sup>	221.335
Veterans' Services Fund <sup>5</sup>	22.134
Other Distributions	
Outdoor School Education Fund <sup>5</sup>	45.306
County Economic Development	50.231
HECC Collegiate Athletic & Scholarships <sup>6</sup>	14.100
Gambling Addiction <sup>7</sup>	14.593
County Fairs	3.828
Other Legislatively Adopted Allocations <sup>8</sup>	879.210
Employer Incentive Fund (PERS) <sup>1</sup>	8.252
<b>Total Distributions</b>	<b>1,524.591</b>
<b>Ending Balance/Discretionary Resources</b>	<b>22.047</b>

1. Per SB 1049 (2019), Sports Betting revenues are transferred to Economic Development Fund making them subject to the constitutional distributions, then an equal allocation to the County Fair Account.

2. Includes interest earnings on Economic Development Fund and reversions.

3. Eighteen percent of proceeds accrue to the Education Stability Fund, until the balance equals 5% of General Fund Revenues. Thereafter, 15% of proceeds accrue to the School Capital Construction Fund.

4. The Parks and Natural Resources Fund Constitutional amendment requires 15% of net proceeds be transferred to this fund.

5. Per Ballot Measure 96 (2016), 1.5% of net lottery proceeds are dedicated to the Veterans' Services Fund

6. Per Ballot Measure 99 (2016), the lesser of 4% of Lottery transfers or \$22 million per year is transferred to the Outdoor Education Account. Adjusted annually for inflation.

7. Approximately one percent of net lottery proceeds are dedicated to each program. Certain limits are imposed by the Legislature.

8. Includes Debt Service Allocations, Allocations to State School Fund and Other Agency Allocations

**Source:** December 2019 Oregon Economic and Revenue Forecast, Oregon Office of Economic Analysis

# OTHER TAXES

## EMERGENCY COMMUNICATIONS (911) TAX

### Current Tax Base (Tax sunsets 12/31/2030)

The Emergency Communications Tax is imposed upon each consumer or paying retail subscriber with access to the 911 emergency reporting system. Liability for the tax rests with the consumer or subscriber but providers and sellers of taxed communication service are responsible for collecting the tax. Returns and tax receipts are submitted quarterly by providers and sellers to the Department of Revenue. Any consumer subject to the tax and from whom the tax was not collected, is required to file and remit tax annually.

### Highlights of Recent Legislative Change - HB 2449 (2019)

With the passage of HB 2449:

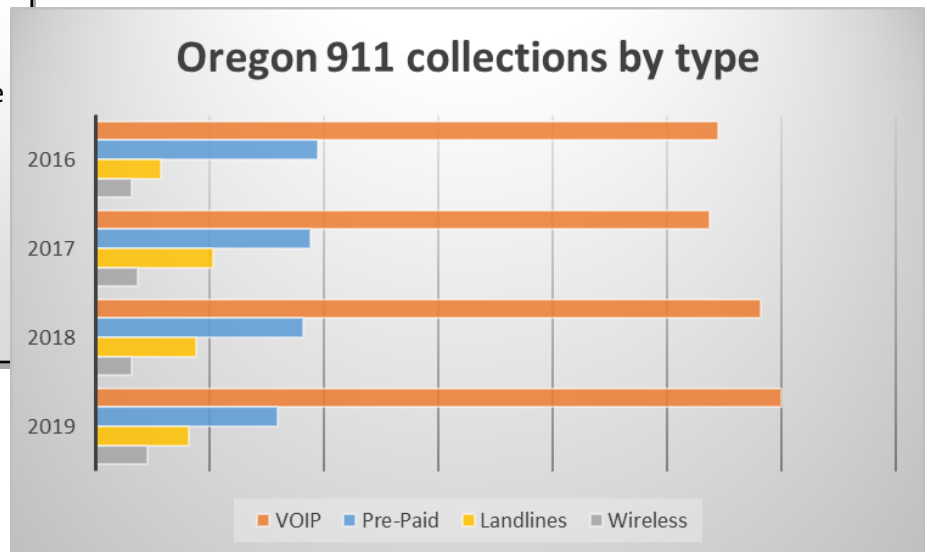
- The sunset for the 911 fee was extended from 2021 to 2030
- The fee increased from \$.75 to \$1.00 with a subsequent increase to \$1.25 on January 1st, 2021
- Administrative cost allocations were adjusted for the Department of Revenue.

#### Non-Prepaid Wireless, Wireline & Voice over Internet Protocol (VoIP)

\$1.00 per month per subscriber line

#### Prepaid Wireless Telecommunications

- \$1.00 per retail transaction



### Tax Distribution

Prior to distribution, Department of Revenue may receive up to .6% of E911 receipts for administrative cost purposes, Office of Emergency Management may receive up to 4%. After deductions for the administrative expenses, 35% is transferred into the Enhanced 911 subaccount with the remaining funds distributed to cities and counties on a per capita basis. Funds in the Enhanced 911 subaccount are primarily used to make direct payments to vendors for Public Safety Answering Points (PSAPs) circuit charges and software upgrades. Local governments use the revenue to partially fund the expense of PSAPs across city and county governments.

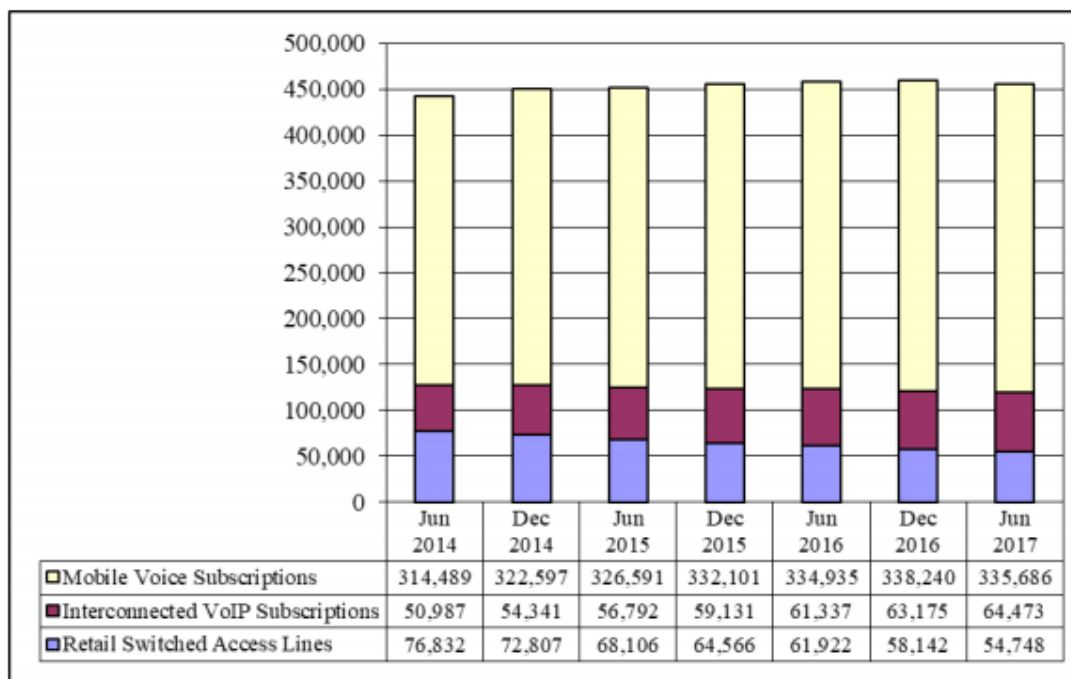
### History

The tax was enacted in 1981 to aid local governments in establishing, operating or improving an emergency 911 reporting system. From enactment in 1981 to 1991, the tax imposed was 3 percent

of the monthly rate charged for basic telephone exchange access services. In 1991 the rate was increased to 5 percent. Beginning in 1995, the tax imposed changed to \$0.75 per month per circuit applied to all forms of wired and wireless telecommunications services. HB 4055 (2014) made further changes which are described on the previous page. There have been six sunset extensions of this tax since 1981.

### National Subscriptions:

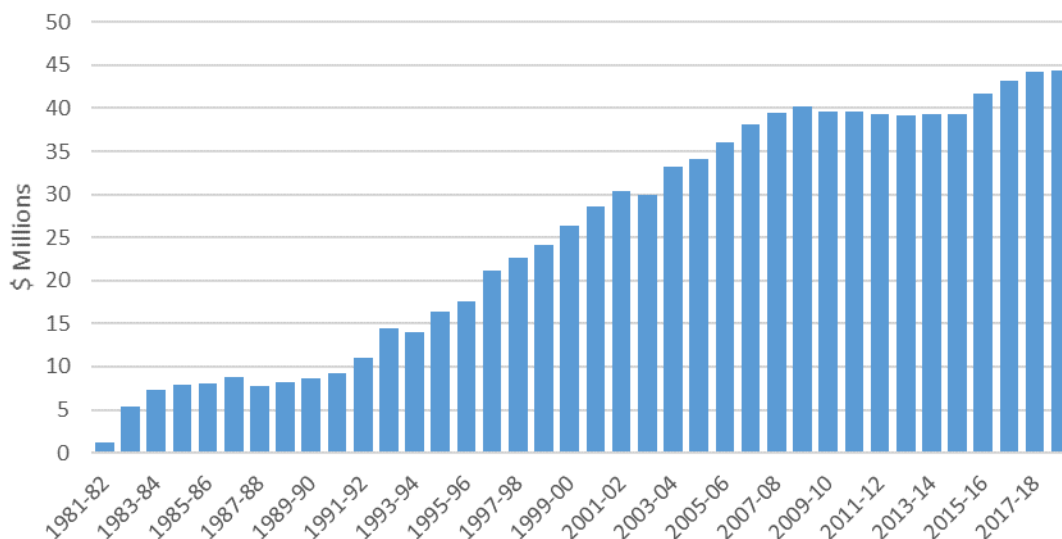
**Retail Voice Telephone Service Connections, 2014-2017**  
(in Thousands)



Some previously published data have been revised.

1

### E911 Tax Receipts by Fiscal Year



<sup>1</sup> <https://docs.fcc.gov/public/attachments/DOC-355165A1.pdf>

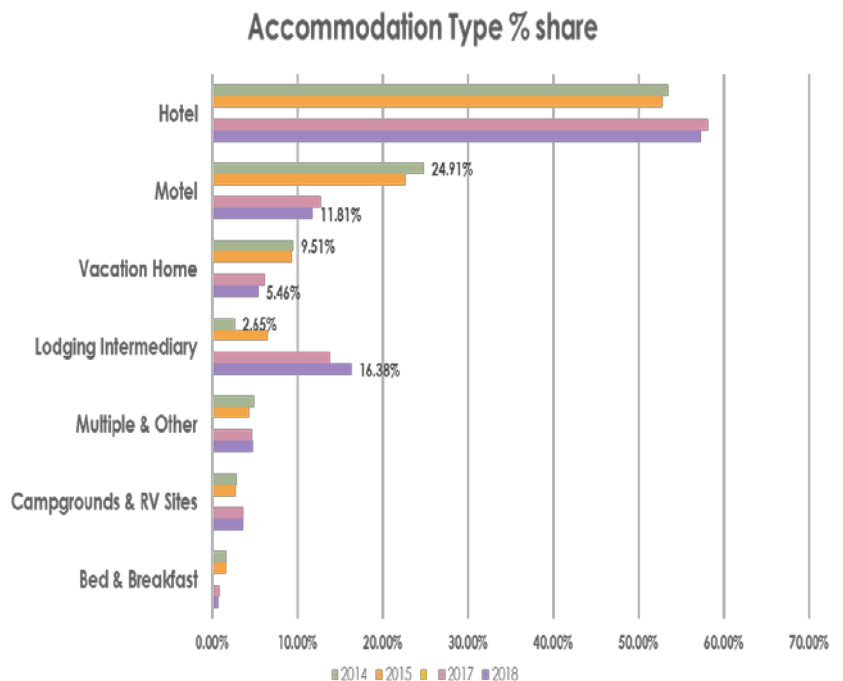
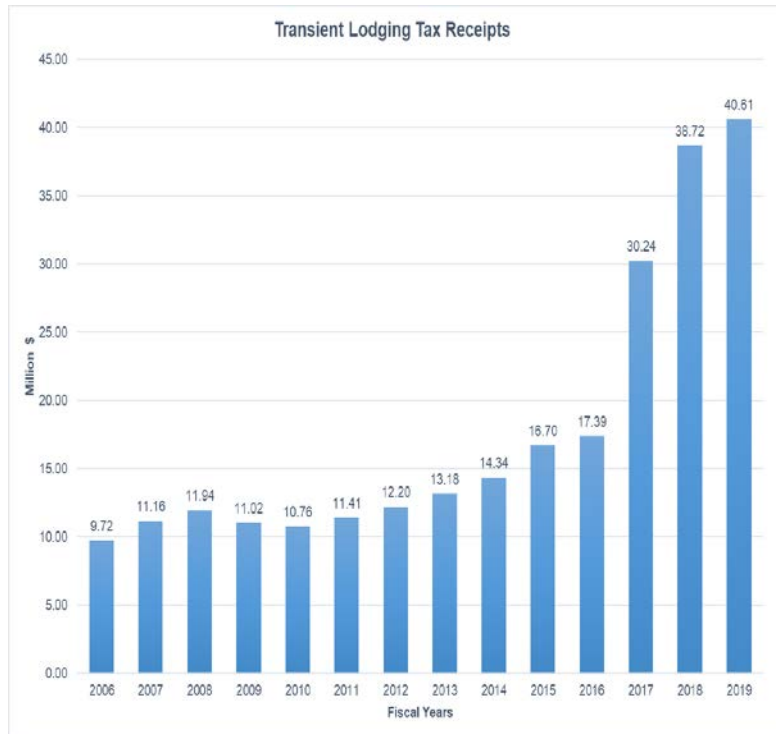
## TRANSIENT LODGING (HOTEL/MOTEL) TAX

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 State Highway Commission. Later, the tourism office joined the Oregon Economic Development Department. By 2003, the Legislative Assembly (HB 2267) decided to make the Oregon Tourism Commission an independent agency. 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 constrained increases or new lodging taxes by local governments. Any new or increased local taxes after 2003 requires that 70 percent of net revenue be spent to fund tourism promotion or tourism-related facilities. Eighty-four cities and fifteen counties in Oregon levy a locally administered transient lodging tax and are also included in that definition.

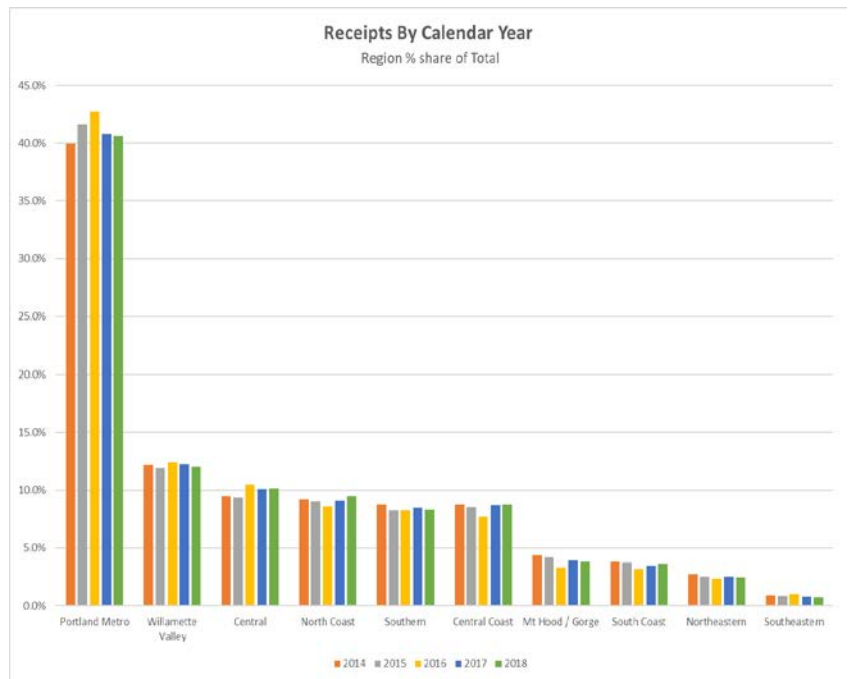
The 2005 Legislative Assembly expanded the definition of transient lodging (HB 2197) to include dwelling units used for temporary human occupancy, where temporary was defined as fewer than 30 days. The 2005 law explicitly exempted certain other temporary overnight dwelling units, such as hospitals and nonprofit summer camps. The 2013 Legislative Assembly clarified circumstances under which a transient lodging intermediary (HB 2656) rather than a lodging provider would be the entity responsible for collecting and remitting transient lodging taxes. Transient lodging intermediaries include Online





Travel Companies (OTC), travel agents, and tour outfitter companies, among others. The law specifies that the entity collecting the payment from the customer is the entity required to collect and remit the tax based on the total retail price paid by the customer.

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



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

FY 2019 State tax collection reached \$41 million. Out of that amount, the Portland metro area generated more than \$16 million, while the Willamite valley brought in about \$5 million. Together those two reigns are responsible for about 53% of the total tax collections. As could be seen in the graph above the remaining eight regions bring about 47% of the total. However, the Regions of Mount Hood/Gorge, the South Coast, and the south and North Eastern regions are contributing less in percentage terms to the total collection picture. Total collections are expected to go down by about \$6.8 million a year when the rate is reduced to 1.5% after July 2020.



# HEALTH CARE PROVIDER TAX

## ***Health Care Provider Taxes***

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

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

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

Most recently, the 2017 legislature extended existing hospital assessments through 2021. It also expanded hospital assessment to include rural hospitals. The legislature also decided to impose assessment on certain health insurance plan premiums for two years, starting from 2018. These changes were stipulated in HB 2391. The long term care facility assessment has been extended through 2026 by the 2018 legislature.

## ***Health Care Provider Taxes Collection History***

The following table shows collection history of provider taxes since the inception. With an expansion of OHP and commensurate caseload increase, provider taxes have been going up quite substantially. Among all provider taxes, hospital assessment has seen the most increase over the years. The tax rates, jointly determined by the Oregon Department of Human Services (DHS) and health care providers, have often reflected funding needs.

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

<sup>2</sup> Rural hospitals have lower assessment rates than Diagnostic Related Group (DRG) hospitals.

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

## Health Care Provider Taxes (\$ millions)

(as of January 2020)

	Hospital Assessment	Managed Care Organization (MCO) Tax	Insurers Tax	Long Term Care Facility Assessment	Combined Total
FY 2004		\$8.1		\$24.2	\$32.3
FY 2005	\$37.6	\$61.3		\$29.2	\$128.1
FY 2006	\$34.6	\$59.9		\$32.7	\$127.2
FY 2007	\$44.8	\$56.9		\$35.2	\$136.9
FY 2008	\$43.0	\$61.3		\$37.8	\$142.1
FY 2009	\$40.0	\$72.2		\$37.1	\$149.3
FY 2010	\$146.0	\$29.5	\$39.4	\$36.6	\$251.4
FY 2011	\$165.4	\$19.4	\$53.5	\$37.7	\$276.0
FY 2012	\$354.0	\$19.4	\$54.8	\$40.1	\$468.4
FY 2013	\$350.6	\$22.6	\$55.8	\$41.8	\$470.8
FY 2014	\$434.7	\$6.0	\$13.7	\$50.7	\$505.1
FY 2015	\$514.2			\$51.5	\$565.7
FY 2016	\$544.0			\$59.6	\$603.5
FY 2017	\$517.4			\$60.1	\$577.5
FY2018	\$589.8		\$76.0	\$61.0	\$726.8
FY2019	\$624.9		\$158.2	\$62.8	\$845.8

Source: Oregon Health Authority, January 2020

### ***Health Care Provider Taxes and the Oregon Health Plan***

Health care provider taxes and matching funds from the federal government have played a key role in financing the Oregon Health Plan or OHP. The OHP is the state's Medicaid program. It provides health care coverage for Oregonians with limited income and resources, including working families, children, pregnant women, single adults, and seniors. In the 2019-21 biennium, a little over one million Oregonians are covered by the OHP.

Total OHP funding (Legislatively Adopted Budget) in 2019-21 is approximately \$16.7 billion. 27.7% (\$4.6 billion) of the total funding comes from state sources and the remaining 72.3% from the federal government. About 40% of the state sources are derived from health care provider taxes. Of the remaining state sources, about one half comes from General Fund.

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

## Health Care Provider Taxes and Funding of OHP

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

### Oregon Health Plan: Caseloads and Funding Sources

	Biennium						
	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21*
<b>OHP-Covered Oregonians</b>	401,525	520,194	621,740	924,268	1,120,202	1,054,707	1,070,139

Source of Funds (millions)	Biennium						
	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21*
<b>State Funds</b>	<b>\$1,549</b>	<b>\$1,688</b>	<b>\$3,122</b>	<b>\$3,417</b>	<b>\$3,302</b>	<b>\$3,674</b>	<b>\$4,638</b>
<i>Health Care Provider Taxes</i>	\$156	\$458	\$772	\$826	\$1,058	\$1,541	\$1,750
General Fund	\$896	\$708	\$853	\$994	\$1,126	\$1,035	\$1,512
All Other State Funds	\$497	\$522	\$1,497	\$1,597	\$1,118	\$1,098	\$1,375
<b>Federal Funds</b>	<b>\$2,681</b>	<b>\$3,780</b>	<b>\$3,721</b>	<b>\$8,000</b>	<b>\$10,378</b>	<b>\$11,137</b>	<b>\$12,080</b>
<b>Total Funds</b>	<b>\$4,230</b>	<b>\$5,469</b>	<b>\$6,843</b>	<b>\$11,418</b>	<b>\$13,680</b>	<b>\$14,810</b>	<b>\$16,718</b>

Contribution to the Total Funds (%)							
<b>State Funds</b>	<b>36.6%</b>	<b>30.9%</b>	<b>45.6%</b>	<b>29.9%</b>	<b>24.1%</b>	<b>24.8%</b>	<b>27.7%</b>
<i>Health Care Provider Taxes</i>	3.7%	8.4%	11.3%	7.2%	7.7%	10.4%	10.5%
General Fund	21.2%	12.9%	12.5%	8.7%	8.2%	7.0%	9.0%
All Other State Funds	11.7%	9.5%	21.9%	14.0%	8.2%	7.4%	8.2%
<b>Federal Funds</b>	<b>63.4%</b>	<b>69.1%</b>	<b>54.4%</b>	<b>70.1%</b>	<b>75.9%</b>	<b>75.2%</b>	<b>72.3%</b>
<b>Total Funds</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\*Legislative Adopted Budget

Source: Oregon Health Authority, January 2020

## CORPORATE ACTIVITY TAX

The 2019 Legislature passed the Student Success Act thereby creating the Corporate Activity Tax as a dedicated source of education funding. It is based on commercial activity in Oregon conducted by businesses. The tax is \$250 plus 0.57% on taxable commercial activity above \$1 million. Taxpayers are allowed a subtraction equal to 35 percent of the greater of input costs or labor costs. Some products, such as the wholesale and retail sale of groceries and motor fuel are exempt from the tax. General contractors building single-family residential homes are allowed a 15 percent exclusion of qualified labor payments made to subcontractors. The tax changes first take effect with tax year 2020. It is projected to raise \$1.6 billion during the 2019-21 biennium and then \$2.8 billion and \$3.1 billion in 2021-23 and 23-25, respectively.

### ***What is Commercial Activity?***

“...the total amount realized by a person, arising from transactions and activity in the regular course of the person’s trade or business...”

### ***Key Parameters***

- Threshold: \$1 million
- Subtraction: 35% of either Cost-of-goods-Sold or Employee Labor Costs
- Selected Exclusions: wholesale and retail sale of groceries, motor fuel
- Tax: \$250 + 0.57% of commercial activity above \$1 million

### ***Estimated Revenue Impact***

	Biennium (\$M)		
	2019-21	2021-23	2023-25
<b>Student Success Account</b>	<b>\$1,596</b>	<b>\$2,806</b>	<b>\$3,063</b>

### ***Spending Accounts***

- Student Investment Account: (at least) 50%
- Statewide Education Initiatives Account: (up to) 30%
- Early Learning Account: (at least) 20%

## 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>Primary</b>	<b>Leg. referral</b>	<b>Advisory</b>	<b>222,611</b>	<b>374,466</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>
	Creates An Unlimited Deduction For Federal Income Taxes On Individual Taxpayers' Oregon Income-Tax Returns(M59)	General	Initiative	Failed	615,894	1,084,422

## RECENT TAX VOTES

Year	Tax Change	Election	Proposed by	Outcome	Yes	No
	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>
2016	<b>Amends Constitution: Dedicates 1.5% of state lottery net proceeds to funding support services for Oregon veterans (M96)</b>	<b>General</b>	<b>Leg. referral</b>	<b>Passed</b>	<b>1,611,367</b>	<b>312,526</b>
	Increases corporate minimum tax when sales exceed \$25 million; funds education, healthcare, senior services (M97)	General	Initiative	Failed	808,310	1,164,658
	<b>Creates "Outdoor School Education Fund," continuously funded though Lottery, to provide outdoor school programs statewide (M99)</b>	<b>General</b>	<b>Initiative</b>	<b>Passed</b>	<b>1,287,095</b>	<b>630,735</b>
2017	<b>Approves Temporary Assessments to Fund Health Care for Low-Income Individuals and Families, and to Stabilize Health Insurance Premiums</b>	<b>Special</b>	<b>Initiative</b>	<b>Passed</b>	<b>657,117</b>	<b>408,387</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*

- “Revenue Measures Passed by the 80th Legislature - 2019 Session” (Report #3-19)
- “Revenue Measures Passed by the 79th Legislature - 2018 Session and 2018 1st Special Session” (Report #5-17)
- “Revenue Measures Passed by the 79th Legislature - 2017 Session” (Report #5-17)
- “Revenue Measures Passed by the 78th Legislature - 2016 Session” (Report #2-16)
- “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**

- “2019 Oregon Public Finance Basic Facts” (Report #1-19)
- “2018 Oregon Public Finance Basic Facts” (Report #1-18)
- “2017 Oregon Public Finance Basic Facts” (Report #1-17)
- “2016 Oregon Public Finance Basic Facts” (Report #1-16)
- “Measure 97 Description and Analysis” (Report #3-16)
- “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**

- “Review of Oregon’s Property Tax Exemption for Literary, Charitable and Scientific Institutions (Report #3-17)
- “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**

- “Interstate Broadcasters and Tax Policy in Oregon” (Report #4-19)
- “Tax Credit Review: 2019 Session” (Report #2-19)
- “An Assessment of Oregon’s Listed Jurisdiction Policy and its Cost Effectiveness” (Report #4-17)
- “Tax Credit Review: 2017 Session” (Report #2-17)
- “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**

- “Updated Marijuana Tax Revenue Estimates” (Report #4-16)
- “HB 4146 Transient Lodging Tax Work Group report” (Report #5-16)
- “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)