



2024 OREGON PUBLIC FINANCE: BASIC FACTS

Research Report #1-24

**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.

2024 Organizational Chart

Legislative Revenue Office

(Temp. location in Public Service Bldg)
900 Court Street N.E., Room 160
Salem, OR 97301
503-986-1266

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

**Senate Finance & Revenue
Chair
Senator Mark Meek**

**House Revenue Chair
Representative
Nancy Nathanson**

**LEGISLATIVE REVENUE OFFICER
Chris Allanach**
Expertise: Tax Reform, Kicker/Reserve Funds, Revenue
Forecast & Budget, Sales Tax, Timber Tax
503 986-1261
christopher.allanach@oregonlegislature.gov

Sr. Economist - Mazen Malik
Expertise: Transportation, Bonds, Court Fees,
Tourism, Alcohol
503-986-1260
mazen.g.malik@oregonlegislature.gov

Economist- Jon Hart
Expertise: Corporation Excise & Income Tax,
Tobacco Taxes, Estate Tax, Utilities & Telecom
503-986-1263
jonathan.hart@oregonlegislature.gov

Sr. Economist - Dae Baek
Expertise: School Finance, Gambling/Lottery
Medical Provider Taxes
503 986-1265
dae.h.baek@oregonlegislature.gov

Economist – Beau Olen
Expertise: Property Tax, Local Government Finance
503 986-1262
beau.olen@oregonlegislature.gov

Sr. Economist – Kyle Easton
Expertise: Personal Income Tax, Income Tax Credits,
503-986-1267
kyle.easton@oregonlegislature.gov

Economist- Michael Doughty
Expertise: Corporate Activity Tax, Marijuana
Unemployment/Paid Medical Leave Taxes
503-986-1270
michael.doughty@oregonlegislature.gov

Office Manager – Corinne Gavette
Expertise: Bill Process, Committee Scheduling
General Office Issues, Supervises Session Staff
LRO Budget, Staffs Interim Committees
503-986-1264
corinne.gavette@oregonlegislature.gov

Session Committee Assistants
House Revenue
Senate Finance and Revenue
Joint Tax Expenditures

OVERVIEW OF OREGON'S REVENUE SYSTEM

Comparative Analysis

The most comprehensive way to compare Oregon's current revenue system with other states is to examine the most recent U.S. Census Bureau statistics on state and local government finance. These data include all state and local revenue sources (and expenditures) collected on a consistent basis from all states. The most recent data are for 2021; they do not include the impact of any policy changes effective tax years 2022 or later.

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 2021 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 8th 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 \$13,641 per person during 2021. Oregon ranked 14th among the states in this category. Own source revenue (general revenue minus transfers from the federal government) totaled \$10,011 per person for a ranking of 11th.

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

	\$ Per Person	State Ranking
SUMMARY CATEGORIES		
Total Revenue	\$20,760	8
General Revenue	\$13,641	14
Own-Source Revenue	\$10,011	11
REVENUE SOURCES		
Taxes	\$6,485	17
Federal	\$3,630	22
Charges	\$2,431	7
Miscellaneous	\$1,095	9
Government Enterprises	\$730	8
Insurance Trust Revenue	\$6,390	8

Table 1 also breaks down Oregon's revenue sources by category. Taxes comprise 48% of Oregon general state and local revenue. Oregon state and local governments collected \$6,485 per person in taxes in 2021, an increase of 24.6% from the prior year, driven by large growth in income taxes and the introduction of the Corporate Activity Tax. These forces moved the state's ranking from 25th to 17th in overall per person tax burden. Oregon ranks 22nd among the states with \$3,630 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 7th with \$2,431 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 (31% of total charges) and higher education (17% of total charges). Oregon also ranks in the upper half of states in miscellaneous revenue at 9th. The state's extensive use of lottery revenue contributes to this ranking. Oregon ranks 8th 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 Oregon taxes. 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	\$6,485	17
Personal Income Tax	\$2,645	8
Corporate Income Tax	\$319	14
General Sales Tax*	\$0	48
Selective Sales Taxes	\$732	12
Property Tax	\$1,813	23
Other Taxes	\$977	6

* Tied with 3 other states

The state personal income tax burden is among the highest in the nation at \$2,645 per person, ranking 8th. The ranking for corporate income taxes is 14th at \$319 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 23rd. The state tax burden on consumption (general sales plus selective sales) is the fourth lowest in the country at \$732 per person, above only Montana, New Hampshire, and Delaware. In addition to being one of four states without any general sales tax, Oregon ranks 12nd 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 Taxes” category has grown more significant in recent years as it includes the Census Bureau appears to include the Corporate Activity Tax here; it also includes, for example, severance taxes and estate taxes.

Another way to look at this same comparative revenue data is to divide the revenue amounts 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 (46th) of the states in tax collections per capita but above the median (ranked 24th) as a percentage of resident income because the state’s per capita income is relatively low. Table 3 shows the Oregon 2021 total revenue data as a percentage of state personal income.

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

	% of Personal Income	State Ranking
SUMMARY CATEGORIES		
Total Revenue	33.7%	8
General Revenue	22.1%	13
Own-Source Revenue	16.2%	6
REVENUE SOURCES		
Taxes	10.5%	13
Federal	5.9%	22
Charges	3.9%	8
Miscellaneous	1.8%	8
Government Enterprises	1.2%	8
Insurance Trust Revenue	10.4%	9

Oregon usually ranks slightly higher in many revenue categories when percentage of personal income is used. This is not surprising, given that Oregon’s per capita income tends to be below the national average. Oregon’s ranking in general revenue remained at 13th, while own source revenue climbed to 6th. Oregon’s ranking in overall taxes as a percentage of personal income increased to 13th, four slots higher than the per capita basis.

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 4.3% of personal income ranks 3rd highest among the states. For property taxes, Oregon ranks 19th on a percentage of personal income basis,

up four notches from its per capita ranking. The state ranks 14th 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	10.5%	13
Personal Income Tax	4.3%	3
Corporate Income Tax	0.5%	14
General Sales Tax*	0.0%	48
Selective Sales Taxes	1.2%	16
Property Tax	2.9%	19
Other Taxes	1.6%	5

* Tied with 3 other states

The comparative analysis based on the 2021 U.S. Census data can be summarized as follows:

- On a per capita basis, Oregon's general revenue ranks 14th, while own-source revenue ranks 11th.
- As a percentage of total state personal income, Oregon's general revenue ranks 13th, while own source revenue ranks 6th.
- Oregon's taxes are higher than the national average. They are 17th highest on a per capita basis and 13th highest on a percentage of income basis.
- Oregon's total revenue is 8th highest when measured on either a per capita basis or as a percentage of personal income. 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 - 8th as measured on a per capita basis and 3rd as a percentage of personal income.
- Oregon's consumption tax burden (general sales plus selective sales taxes) is among the lowest in the country (50th).
- Oregon's property tax burden is just above the middle among states while the corporate income tax burden is in the top 15.

Oregon's Revenue System over Time

Table 5 displays Oregon's relative ranking among the states over time for total taxes and the major taxes 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 had consistently ranked near the middle in corporate income taxes, but that has increased in recent years. Oregon's property tax ranking among the states declined to the middle during the 1990s as voter approved initiatives (Measures 5 and 50) limited revenue growth. Since then they have stayed near the middle on a per capita basis but have been slightly above the middle when measured as a percent of income. Oregon's overall tax burden dropped from the upper half among the states (prior to 1995) to the lower half until roughly 2013. Over the most recent years, the tax burden has been close to or just above the middle of the states, edging its way back into the top half. In 2021, total taxes moved up in the rankings by 12 and 8 spots as a percentage of income and

per capita bases. Not shown on the table is the state's overall consumption tax burden (general sales taxes plus selective sales taxes), which currently ranks near 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
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
2018	22	26	2	7	10	13	19	28
2019	19	21	2	7	12	15	17	24
2020	25	25	4	7	12	13	19	22
2021	13	17	3	8	14	14	19	23

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
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%
2019-20	7,212.5	-27.4%	488.3	-51.1%	7,491.5	5.1%
2020-21	12,794.0	77.4%	1,478.6	202.8%	7,856.0	4.9%
2021-22	12,436.6	-2.8%	1,538.5	4.0%	8,265.1	5.2%
2022-23	13,246.9	6.5%	1,618.5	5.2%	8,698.2	5.2%

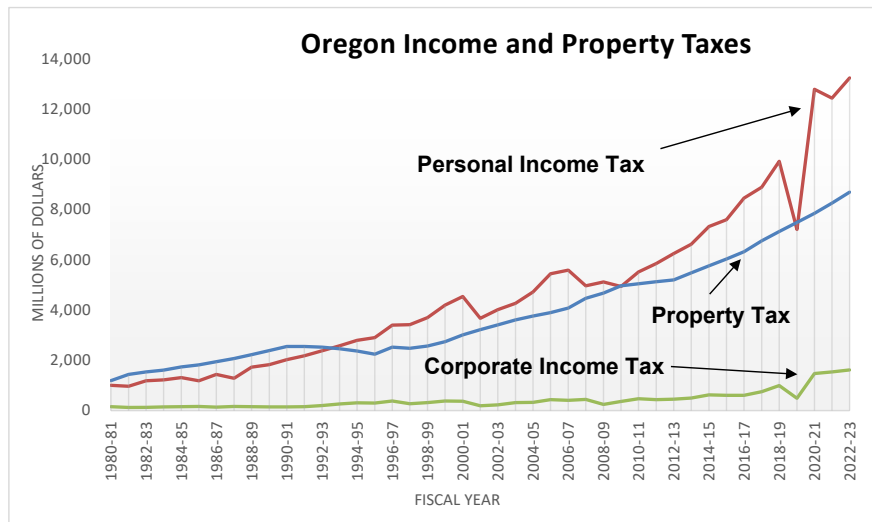


TABLE 7					
SUMMARY OF OREGON TAXES					
STATE	FY 2013	FY 2022	FY 2023	y/y % change	% change since 2013
PERSONAL INCOME TAX	\$6,258,703,426	\$12,354,562,424	\$13,283,804,318	7.5%	112.2%
UNEMPLOYMENT INSURANCE TAXES	\$1,041,205,209	\$1,168,338,432	\$1,110,245,034	-5.0%	6.6%
GASOLINE AND USE FUEL TAXES	\$486,134,061	\$654,945,569	\$669,523,637	2.2%	37.7%
CORPORATE INCOME TAX	\$452,888,190	\$1,621,859,675	\$1,743,391,356	7.5%	284.9%
WEIGHT MILE TAX	\$266,618,694	\$458,268,167	\$459,444,318	0.3%	72.3%
CIGARETTE TAX	\$198,548,451	\$372,893,164	\$325,087,407	-12.8%	63.7%
INSURANCE TAXES	\$53,066,995	\$36,676,167	\$40,558,191	10.6%	-23.6%
OTHER LABOR TAXES	\$72,102,306	\$68,653,030	\$70,512,566	2.7%	-2.2%
TIMBER SEVERANCE TAXES	\$531,848	\$470,275	\$579,190	23.2%	8.9%
ESTATE (INHERITANCE) TAX	\$101,862,939	\$325,074,569	\$325,470,240	0.1%	219.5%
WORKERS' COMP INSURANCE TAXES	\$49,712,523	\$87,345,441	\$95,608,731	9.5%	92.3%
PHONE EXCHANGE (911) ACCESS TAX	\$39,175,232	\$78,159,964	\$79,425,729	1.6%	102.7%
OTHER TOBACCO PRODUCTS TAX	\$56,690,359	\$94,003,240	\$88,536,656	-5.8%	56.2%
REAL ESTATE RECORDING	\$35,696,662	\$72,522,270	\$46,099,976	-36.4%	29.1%
SENIOR DEFERRED PROPERTY TAX		\$11,952,772	\$11,647,854	-2.6%	NA
BEER & WINE TAXES	\$16,419,394	\$21,939,061	\$17,286,957	-21.2%	5.3%
FOREST PRODUCTS HARVEST TAXES	\$14,148,783	\$14,175,450	\$20,827,830	46.9%	47.2%
ELECTRIC COOP TAX	\$8,569,627	\$9,993,691	\$10,919,766	9.3%	27.4%
PHONE ACCESS SURCHARGE (RSPF)	\$6,350,022	\$7,249,651	\$2,240,175	-69.1%	-64.7%
AMUSEMENT DEVICE TAX	\$1,924,133	\$3,154,190	\$2,736,173	-13.3%	42.2%
HAZARDOUS SUBSTANCE TAXES	\$2,510,906	\$2,924,391	\$3,156,764	7.9%	25.7%
AVIATION GAS AND JET FUEL TAXES	\$1,997,135	\$5,762,706	\$6,125,537	6.3%	206.7%
PETROLEUM LOADING FEE	\$1,133,013	\$2,999,736	\$2,935,240	-2.2%	159.1%
BOXING TAX	\$44,603	\$25,295	\$131,467	419.7%	194.7%
PRIVATE RAIL CAR TAX	\$258,058	\$215,663	\$267,584	24.1%	3.7%
OIL & GAS SEVERANCE TAX	\$64,227	\$510	\$0	-100.0%	-100.0%
STATE LODGING TAX	\$12,793,208	\$36,632,752	\$40,968,257	11.8%	220.2%
COURT FEES, FINES & ASSESSMENTS		\$45,679,944	\$48,678,665	6.6%	NA
CORPORATE ACTIVITY TAX	NA	\$1,209,610,736	\$1,224,933,499	1.3%	NA
MEDICAL PROVIDER/HOSPITAL TAXES	\$428,998,782	\$1,097,445,462	\$1,181,190,862	7.6%	175.3%
MARIJUANA TAX	NA	\$170,572,100	\$142,133,231	-16.7%	NA
HEAVY EQUIPMENT RENTAL TAX	NA	\$11,248,885	\$7,325,306	-34.9%	NA
STATEWIDE TRANSIT PAYROLL TAX	NA	\$118,553,909	\$127,931,876	7.9%	NA
BICYCLE EXCISE TAX	NA	\$821,420	\$1,113,281	35.5%	NA
VEHICLE DEALER PRIVILEGE TAX	NA	\$32,493,528	\$33,742,280	3.8%	NA
VEHICLE USE TAX	NA	\$8,913,127	\$9,071,775	1.8%	NA
OTHER DOR COLLECTIONS	NA	\$49,866,659	\$48,048,512	-3.6%	NA
LOCAL TAXES	2012-13	2021-22	2022-23	% change	since 2013
PROPERTY TAXES*	\$5,174,628,651	\$8,265,117,398	\$8,698,220,003	5.2%	68.1%
TRANSIT PAYROLL & EMPLOYMENT TAXES	\$278,925,838	\$496,225,754	\$526,127,246	6.0%	88.6%
FRANCHISE TAXES***	\$228,016,590	\$338,237,172	\$368,911,631	9.1%	61.8%
HOTEL-MOTEL	\$107,000,000	\$284,659,906	\$375,281,536	31.8%	250.7%
PORTLAND BUSINESS LICENSE TAX**	\$78,214,550	\$205,838,568	\$206,090,000	0.1%	163.5%
MULTNOMAH COUNTY BUSINESS TAX	\$58,750,000	\$169,300,000	\$162,200,000	-4.2%	176.1%
MOTOR VEHICLE RENTAL TAX	\$24,764,000	\$38,173,000	\$41,019,000	7.5%	65.6%
MOTOR FUEL TAXES	\$15,602,172	\$34,904,095	\$33,932,232	-2.8%	117.5%
WASHINGTON COUNTY TRANSFER TAX	\$3,409,272	\$9,734,246	\$6,827,410	-29.9%	100.3%
LOCAL MARIJUANA TAX	NA	\$26,876,865	\$22,389,558	-16.7%	NA
OTHER TAXES ***	\$542,140,730	\$1,150,810,365	\$1,235,722,156	7.4%	127.9%

* 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 revenue into two pots: (1) corporate income taxes and (2) personal income taxes plus all other (non-corporate) revenue. At the end of each biennium, a calculation is made for each pot. The latter pot is referred to as either the "all other" pot or the "personal pot". If the collections in the "all other" pot are more than 2% higher than was forecast at the close of the regular session, then a credit must be paid to personal income taxpayers. In these cases, 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. Voters passed Measure 85 in 2012 amending the constitution to require the corporate kicker to be allocated to the General Fund for purposes of funding K-12 education, instead of being returned to corporations. This allocation started 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 for the prior year. For example, if the kicker credit is 5% and the taxpayer had a liability of \$1,000, they 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 income 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 check 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
2019-21	2020	\$1,898	17.34%	\$851	To K-12
2021-23	2022	\$5,619	44.28%	\$1,810	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 gross tax liability (before credits) rather than net tax liability (after tax credits).¹ This change affected the distribution of the refund but did not affect the total 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.

¹ Technically the calculation is based on gross tax liability plus the allowance of one tax credit -- the credit for taxes paid to another state.

The personal kicker exceeded \$1 billion for the first time 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 last five biennia, as shown in the table above. Personal income taxpayers received kicker credits of 5.6% of their pre-credit liability for tax years 2014 and 2016. For the subsequent two biennia, the kicker percentage was just above 17%. For the 2021-23 biennium, a new record was set for surplus revenue, reaching just over \$5.6 billion; the tax credit was roughly 44.3 percent. Corporate income tax revenue has exceeded forecasted levels ranging from \$79 million for the 2013-15 biennium up to \$1.8 billion for the 2021-23 biennium, also setting a new record. These revenues were dedicated to education spending.

For the 22 biennia in which the kicker has been in effect (1979-81 through 2021-23), the personal income tax trigger was exceeded fourteen times. Kicker refunds/credits were distributed on thirteen occasions and suspended once. Eight times collections fell short of the 2% personal income tax trigger. For the corporate calculation, actual collections exceeded the trigger thirteen times and fell below nine times. Of the thirteen times in which the corporate trigger was exceeded, the kicker was credited to corporate taxpayers six times, suspended twice, and allocated five times to the State School Fund.

RESERVE FUNDS

Oregon currently has two reserve funds - The Education Stability Fund (ESF) and the Oregon Rainy Day Fund (RDF). 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.

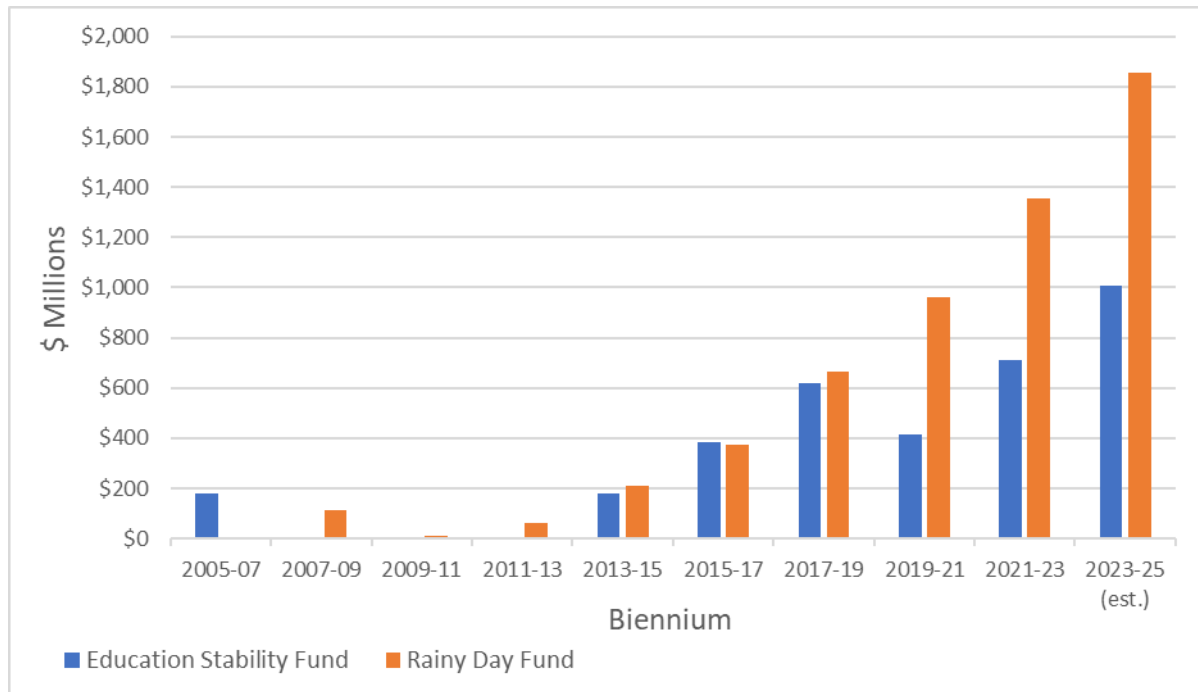
To access the fund, there are three different types of triggers: economic, budgetary, and political. The economic trigger is that there must be two or more consecutive quarters with a decline in seasonally adjusted non-farm payroll employment within the prior 12 months. The first budgetary trigger is 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.

At the end of the 2021-23 biennium, the ESF had a balance of \$711 million and the RDF had a balance of \$1,354 million. The chart below shows the balances at the end of each biennium since 2005-07. For 2023-25, the projection as of the December 2023 forecast is that the ESF will have \$1,008 million and the RDF will have roughly \$1,866 million.



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 2009-2023 period. The 2021-23 expenditure numbers are from the Legislatively Approved Budget; and the 2023-25 expenditure numbers are from the Legislatively Adopted Budget.² The table also shows values for total personal income of Oregon residents, total Oregon population and the consumer price index for comparison purposes.

² From the Legislative Fiscal Office's report [2023-25 Budget Highlights](#).

TABLE 9
STATE BUDGET HISTORY: 2009-11 through 2023-25

GENERAL FUND BUDGET (IN MILLIONS)								
PROGRAM AREA	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	2021-23*	2023-25**
EDUCATION	\$6,433.2	\$6,723.5	\$8,221.6	\$9,275.0	\$10,317.4	\$10,693.3	\$11,835.2	\$12,965.5
HUMAN RESOURCES	\$3,284.5	\$3,878.4	\$4,266.0	\$4,877.6	\$5,304.9	\$6,066.9	\$7,967.4	\$11,244.9
PUBLIC SAFETY	\$1,778.7	\$1,952.9	\$2,121.7	\$2,360.9	\$2,574.5	\$2,786.7	\$2,307.0	\$3,449.1
ECON. & COMM. DEV. + CONS & BUS. SERV.	\$38.9	\$37.6	\$49.6	\$75.4	\$133.5	\$521.4	\$1,506.8	\$840.0
NAT. RES.	\$141.3	\$133.8	\$233.4	\$248.0	\$299.0	\$341.3	\$956.9	\$606.1
TRANS.	\$16.9	\$2.0	\$12.7	\$22.1	\$23.5	\$63.5	\$79.8	\$33.9
ADMIN.	\$181.9	\$223.7	\$198.2	\$233.9	\$256.4	\$524.0	\$987.9	\$405.5
LEGISLATURE	\$70.5	\$77.4	\$83.7	\$89.2	\$113.0	\$138.8	\$417.4	\$215.6
JUDICIAL	\$495.6	\$595.8	\$650.5	\$717.4	\$761.4	\$868.8	\$1,072.2	\$1,282.6
MISC.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$830.4
TOTAL	\$12,441.5	\$13,625.1	\$15,837.4	\$17,899.4	\$19,783.6	\$22,004.8	\$27,130.6	\$31,873.6

* Legislatively Approved Budget

** Legislatively Adopted Budget

GENERAL FUND RESOURCES (IN MILLIONS)								
	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	2021-23*	2023-25*
BEGINNING BALANCE	\$ -	\$ -	\$ 475.7	\$ 528.8	\$ 1,000.4	\$ 2,709.4	\$ 4,082.5	\$ 7,636.2
PERSONAL INCOME TAXES	\$ 10,467.2	\$ 12,106.2	\$ 13,920.2	\$ 16,055.8	\$ 18,823.3	\$ 20,006.5	\$ 25,683.5	\$ 21,164.6
CORPORATE INCOME TAXES	\$ 827.6	\$ 883.9	\$ 1,116.5	\$ 1,210.7	\$ 1,752.7	\$ 1,966.9	\$ 3,157.0	\$ 2,647.2
OTHER TAXES	\$ 386.0	\$ 436.0	\$ 452.9	\$ 596.7	\$ 672.6	\$ 800.6	\$ 912.7	\$ 764.4
OTHER REVENUE	\$ 840.6	\$ 728.8	\$ 577.3	\$ 692.6	\$ 666.7	\$ 880.5	\$ 1,025.9	\$ 1,242.9
TOTAL	\$ 12,521.4	\$ 14,155.0	\$ 16,542.5	\$ 19,084.7	\$ 22,915.7	\$ 26,363.9	\$ 34,861.6	\$ 33,455.4

*December 2023 Economic and Revenue Forecast

ALL FUNDS BUDGET (IN MILLIONS)								
PROGRAM AREA	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	2021-23*	2023-25**
EDUCATION	\$13,794.0	\$8,977.8	\$10,655.5	\$12,784.1	\$13,743.2	\$16,330.7	\$20,843.6	\$21,554.4
HUMAN RESOURCES	\$18,004.5	\$20,489.8	\$25,740.0	\$29,291.0	\$31,620.6	\$37,596.2	\$52,186.0	\$54,364.6
PUBLIC SAFETY	\$2,991.8	\$3,257.7	\$2,985.0	\$3,325.8	\$3,564.6	\$4,880.5	\$6,155.8	\$6,177.8
ECON. & COMM. DEV. + CONS & BUS. SERV.	\$8,608.4	\$5,604.7	\$3,895.5	\$3,764.6	\$4,289.5	\$14,686.2	\$15,066.1	\$10,179.8
NAT. RES.	\$1,523.5	\$1,517.7	\$1,632.7	\$1,684.9	\$1,852.3	\$2,068.4	\$3,494.5	\$3,325.0
TRANS.	\$3,862.1	\$3,251.2	\$4,645.8	\$3,401.0	\$3,590.3	\$5,392.0	\$6,072.9	\$6,169.0
ADMIN.	\$8,282.7	\$9,428.5	\$10,691.6	\$11,744.8	\$12,291.2	\$15,646.9	\$20,104.1	\$16,720.3
LEGISLATURE	\$78.8	\$82.1	\$139.1	\$104.0	\$144.6	\$231.6	\$457.0	\$451.0
JUDICIAL	\$589.8	\$648.8	\$717.8	\$853.3	\$1,009.4	\$994.5	\$1,375.1	\$1,489.1
MISC.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$830.4
TOTAL	\$57,735.6	\$53,258.3	\$61,103.1	\$66,953.5	\$72,105.6	\$97,827.0	\$125,755.1	\$121,261.4

* Legislatively Approved Budget

** Legislatively Adopted Budget

ALL FUNDS REVENUE (IN MILLIONS)								
	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21*	2021-23*	2023-25*
TAXES	\$16,827.7	\$19,075.3	\$21,044.3	\$21,600.0	\$27,116.0	\$29,895.4	\$42,229.4	\$40,293.4
FEDERAL FUNDS	\$18,900.9	\$16,141.8	\$20,578.2	\$22,561.3	\$22,755.3	\$35,352.5	\$42,327.9	\$39,730.5
INTEREST EARNINGS	\$8,327.5	\$8,213.1	\$12,378.9	\$9,759.9	\$11,363.3	\$22,499.1	\$10,442.1	\$16,109.8
DONATIONS&CONTRIB.	\$2,787.9	\$2,920.3	\$3,336.3	\$3,421.9	\$4,731.5	\$6,187.3	\$6,205.6	\$9,311.8
BOND SALES	\$2,476.3	\$1,884.8	\$2,778.1	\$3,013.9	\$2,280.2	\$4,372.3	\$3,735.7	\$3,420.7
LIQUOR & OTHER SALES	\$653.2	\$695.2	\$811.2	\$923.2	\$1,038.9	\$1,125.4	\$1,141.2	\$1,332.2
LOAN REPAYMENTS	\$641.5	\$959.7	\$630.2	\$709.7	\$595.5	\$929.3	\$639.8	\$643.1
CHARGES	\$5,138.7	\$1,793.0	\$3,112.6	\$3,775.2	\$3,745.4	\$4,207.1	\$5,971.1	\$6,611.6
LICENSES & FEES	\$1,454.4	\$1,539.2	\$1,564.9	\$1,768.9	\$2,090.7	\$2,210.1	\$2,362.0	\$2,538.0
LOTTERY	\$1,085.3	\$1,079.4	\$1,061.1	\$1,265.3	\$1,456.2	\$1,201.8	\$1,735.9	\$1,778.8
OTHER	\$2,767.9	\$3,115.3	\$3,195.0	\$3,526.8	\$4,140.1	\$4,843.2	\$5,297.3	\$4,671.9
TOTAL	\$61,061.3	\$57,417.1	\$70,490.8	\$72,326.0	\$81,313.0	\$112,823.3	\$122,087.9	\$126,441.7

*Governor's Budget, December 2023 Economic and Revenue Forecast

GROWTH MEASURES								
	2010	2012	2014	2016	2018	2020	2022	2024
OREGON PERSONAL INC.(MILL.)	\$138,292	\$153,548	\$167,077	\$188,283	\$211,542	\$239,862	\$264,174	\$295,973
OREGON POPULATION(MILL.)	3.837	3.879	3.953	4.062	4.176	4.244	4.282	4.317
U.S. CONSUMER PRICE INDEX	218.1	229.6	236.7	240.0	251.1	258.9	292.6	311.9

December 2023 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.

TAX REDUCTIONS	Revenue Effect (in millions)			
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Property Tax				
Personal Property Tax Threshold (current law: accounts under \$20,000 in Total Assessed Value have taxes cancelled) Increase the cancellation threshold to \$25,000 of assessed value	-1.3	-1.0	-0.8	-0.6
Senior Homeowner Property Tax Freeze: Freeze property taxes of owner occupied residents who are over the age of 65 and have income ≤ \$35,000	-35.2	-70.8	-106.3	-141.3
Personal Income Tax				
Earned Income Credit (EIC) - Current EIC is 9% & 12% (dependents < 3) of federal EIC				
Increase EIC to 10% and 13% (dependents < 3) of federal EIC	-5.8	-5.9	-5.9	-6.0
Increase EIC to 15% and 20% (dependents < 3) of federal EIC	-37.5	-38.0	-38.5	-39.0
Rate Reductions (current rates: 4.75%, 6.75%, 8.75%, 9.9%)				
Eliminate 9.9% rate (rates set at 4.75, 6.75, 8.75%)	-290.1	-311.3	-337.6	-380.9
Reduce rates to 4.25, 6.25, 8.25%	-1,081.2	-1,153.1	-1,235.3	-1,350.8
Reduce rates to 3.75, 5.75, 7.75%	-1,873.3	-1,996.1	-2,134.2	-2,322.1
Tax Bracket Changes				
Double width of 4.75% and 6.75% brackets	-764.2	-810.6	-860.2	-914.5
Widen 4.75% and 6.75% brackets by \$1,000 (\$2,000 joint return)	-160.6	-166.4	-172.6	-179.0
Income Subtractions and Deductions				
Double standard deduction (\$2,350 single; \$4,700 joint in 2021)	-330.7	-342.2	-351.0	-368.1
Increase Maximum Federal Tax Subtraction to \$10,000	-71.4	-80.8	-92.1	-96.5
No limit on maximum subtraction for federal income taxes	-1,707.6	-1,842.1	-2,005.9	-2,215.1
Credits				
Increase personal exemption credit \$10	-30.0	-30.6	-31.1	-31.4
Capital Gains (Currently taxed at regular income tax rates)				
Reduce tax rate on capital gains to 4.75%	-323.6	-316.3	-292.9	-359.3
Reduce tax rate on capital gains to 3.75%	-410.5	-404.0	-377.8	-463.4
Estate Taxes				
Eliminate estate taxes in Oregon	-274.3	-278.4	-285.3	-288.1
Corporate Income Tax				
Reduce corporate tax rate 0.1 percentage point (to 6.5% & 7.5%)	-17.2	-17.9	-19.0	-20.4
Reduce corporate tax rate 1 percentage point (to 5.6% & 6.6%)	-161.8	-168.3	-178.6	-186.0
Reduce top tax rate to 6.6%	-149.9	-156.0	-165.5	-172.3
Reduce C-corp. min tax to \$150 / \$500	-54.4	-55.4	-56.5	-57.5
Corporate Activity Tax				
Increase tax filing and taxability threshold to \$2 million	-107.7	-114.1	-120.7	-127.5
Reduce tax rate to 0.52%	-122.8	-130.2	-137.6	-145.4

TAX INCREASES/NEW TAXES	Revenue Effect (in \$millions)			
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Statewide Property Tax for School Districts				
Establish an additional tax rate of \$1 per \$1,000 of assessed value for all school districts that is outside the Measure 5 limit	525.3	546.5	568.6	591.7
Personal Income Tax				
Increase all rates 5% (5, 7.1, 9.2, 10.4%)	679.4	723.2	771.8	835.8
Increase all rates 1 percentage point (5.75, 7.75, 9.75, 10.9%)	1,578.7	1,679.8	1,791.3	1,935.8
Increase 9.9% rate to 10.8, create new 11% rate on income above \$250,000 (single) or \$500,000 (joint)	253.6	271.4	294.1	332.2
Decrease maximum federal tax subtraction to \$3,000 (2024 subtraction is \$8,250)	327.7	363.1	408.3	430.9
1% Surtax	136.8	145.5	155.2	168.0
Reduce personal exemption credit by \$10	30.1	30.7	31.2	31.5
Reduce itemized deductions 5%	73.2	81.2	91.6	97.5
Reduce itemized deductions 10% if income above \$100,000 (single) or \$200,000 (joint)	68.3	78.7	92.2	102.3
Limit itemized deductions to \$50,000	184.0	221.7	274.5	300.8
Corporate Income Tax				
1% Surtax	13.0	13.5	14.4	15.0
Start 7.6% rate at \$250,000	9.3	9.7	10.3	10.7
Increase Rate One Percentage Point (to 7.6% & 8.6%)	173.0	180.0	191.0	198.9
Sales Taxes (begin 2025)				
Retail Sales Tax (Washington Base) 1% Rate	551	1,139	1,178	1,237
Retail Sales Tax (Washington Base) 3% Rate	1,653	3,417	3,534	3,712
Retail Sales Tax (Washington Base) 5% Rate	2,755	5,695	5,890	6,187
Establish Restaurant 5% Meals Tax (Excluding Drinks)	115	322	330	339
Establish Soda Tax at 2 Cents Per 12 Ounces	4.2	11	11.1	11.3
Excise Taxes (begin 2025)				
Washington Real Estate Transfer Tax – 1% Rate	72	160	185	190
Increase 911 tax by 25 cents	16.1	16.4	16.8	17.1
Increase Beer Tax by \$1 per barrel (Currently \$2.60)	2.1	2.7	2.8	2.8
Increase Wine Tax by \$1 per gallon (Currently \$0.67)	10.5	15	15.6	15.9
Increase Tax on cannabis by 1% (Currently 17% point of sale)	3.8	8.4	0.1	10.5
Increase OLCC Mark-up by 5%	6.1	13.3	13.8	13.9
Increase Cigarette Tax by 10¢ per Pack	3.3	6.6	6.4	6.3
Increase OTP to 70% of wholesale price (with proportional increase in caps)	2.9	5.8	5.8	5.8
Corporate Activity Tax				
Increase base tax from \$250 to \$500	6.1	6.3	6.6	6.9
Increase tax rate to 0.62%	122.8	130.2	137.6	145.4

OREGON INCOME TAXES

Oregon's primary source of revenue is from income taxes, both personal and corporate. Together, the personal and corporate taxes 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's personal income tax is based on the federal personal income tax. Oregon statutorily connects to the federal definition of taxable income, though for administrative purposes, Oregon's personal income tax return begins with a taxpayer's federal adjusted gross income. Oregon's connection to federal taxable income simplifies Oregon taxation in that Oregon effectively adopts the provisions of the federal tax code controlling the determination of taxable income. Oregon tax policy can differ from the federal definition of taxable income by what's known as a selective "disconnect" from provisions of the federal tax code. For example, Oregon standard deduction amounts differ from those used at the federal level.

Oregon's connection to federal taxable income began in 1969 and has varied over the years. From 1981 to 1997, the Oregon Legislature regularly updated Oregon's connection via legislation. Beginning in 1997, the Legislature instituted a "rolling connection" to federal taxable income which, absent Oregon legislation, automatically maintains Oregon's connection. This rolling connection results in Oregon implicitly adopting federal statutory changes regarding the definition of taxable income and requires Oregon legislation to disconnect from federal provisions. While Oregon has also temporarily suspended rolling connection in past years, Oregon has consistently had a rolling connection since 2011. As Oregon's rolling connection is to federal taxable income, Oregon is not automatically connected to federal tax law provisions unrelated to taxable income (e.g., federal tax rates and tax credits). In addition to Oregon's rolling connection, Oregon maintains a point-in-time connection to specific federal tax provisions (e.g., definitions, such as 501(c)(3) nonprofit) where Oregon connects to federal tax law as of a specific past date. This specific date is generally updated annually through Oregon legislation.

The formulas below illustrate how Oregon personal income tax liability is determined. Income and adjustments are based on federal tax law due to Oregon's rolling connection. While Oregon's standard deduction amounts differ from federal, itemized deductions are based on federal tax law.

$$\text{Income} - \text{Adjustments} = \text{Adjusted Gross Income (AGI)}$$

$$\text{AGI} + \text{OR Additions} - \text{OR Subtractions} - \text{OR Deductions} = \text{OR Taxable Income}$$

$$\text{OR Taxable Income} * \text{OR Tax Rates} - \text{OR Credits} = \textbf{OR Tax Liability}$$

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 about 6.6% of AGI. All brackets, except the top income tax bracket, are indexed to inflation. The rate schedule for tax year 2024 is shown below:

2024 TAX YEAR RATE SCHEDULE

SINGLE RETURNS		JOINT RETURNS	
Taxable Income	Tax Before Credits	Taxable Income	Tax Before Credits
Not over \$4,300	4.75% of taxable income	Not over \$8,600	4.75% of taxable income
\$4,300 to \$10,750	\$204 + 6.75% of income over \$4,300	\$8,600 to \$21,500	\$409 + 6.75% of income over \$8,600
\$10,750 to \$125,000	\$640 + 8.75% of income over \$10,750	\$21,500 to \$250,000	\$1,279 + 8.75% of income over \$21,500
Over \$125,000	\$10,637 + 9.9% of income over \$125,000	Over \$250,000	\$21,273 + 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 C6, 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. Changes made in the 2018 Special Session allow certain sole proprietorships to use the alternative rate structure as well. Modifications to the reduced rate program made in 2021 reduced two of the rates, enhanced the business employee requirement, and excluded highly profitable partnerships and S corps from program participation. The reduced rate and bracket structure are shown in the table to the right.

Non-Passive Income Tax Rates	
Taxable Income (\$)	Tax Rate
≤ \$500,000	7.0%
\$500,001 to \$1 Million	7.5%
\$1 Million to \$2.5 Million	8.0%
\$2.5 Million to \$5 Million	9.0%
Over \$5 Million	9.9%

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 bracket rates from 5%, 7% and 9% to 4.75%, 6.75% and 8.75% respectively.

In 2021, all personal income tax returns reported a total adjusted gross income of \$167.5 billion. The average adjusted gross income for all returns was \$81,673, an increase of 17.7% from 2020. Oregon taxpayers had a tax liability of \$11.0 billion,¹ an increase of 21.9% from 2020. The average Oregon tax liability for full-year filers was \$5,798, up 23.2% from 2020.

The Oregon standard deductions for tax year 2024 are \$5,495 on joint returns, \$2,745 on single and married-filing-separate returns and \$4,420 for head-of-household returns. Blind or elderly (65+) taxpayers receive an extra \$1,200 standard deduction on a single or head of household return and an extra \$1,000 per eligible person on a joint return. In 2021, the average deduction amount per full-year tax return was \$9,372, an increase of 2.2% from 2020. A personal exemption credit is allowed for most taxpayers and dependents. This credit is indexed for inflation and is \$249 in 2024. The average amount of all credits taken per full-year tax return in 2021 was \$438, an increase of 5.9% from the 2019 average of \$414.

Oregon also taxes some business income through the personal income tax system. For example, owners and shareholders of businesses, such as sole proprietors, partnerships, and S-corporations, pay personal income taxes on the profits from these businesses. Recent trends in Oregon's small businesses can be seen on pages C23 and C24.

Personal income tax collections are the largest source of state tax revenue and are projected to comprise 82% of the total General Fund revenues in the 2023-25 biennium (down slightly from 83% for the 2021-23 biennium). The following chart shows the personal income tax collections since fiscal year 2002-03. Two prominent factors contributed to the precipitous decline in PIT collections in fiscal

¹ Excludes "kicker" credit.

year 2019-20 followed by the significant increase in 2020-21 fiscal year. First, a nearly \$1.7 billion kicker was certified for tax year 2019. Second, the COVID-19 pandemic began which not only affected Oregon's economic environment but also led to the extension of the 2019 tax return filing deadline from April 15th to July 15th (shifting the 2019 return filing deadline to fiscal year 2020-21).



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.

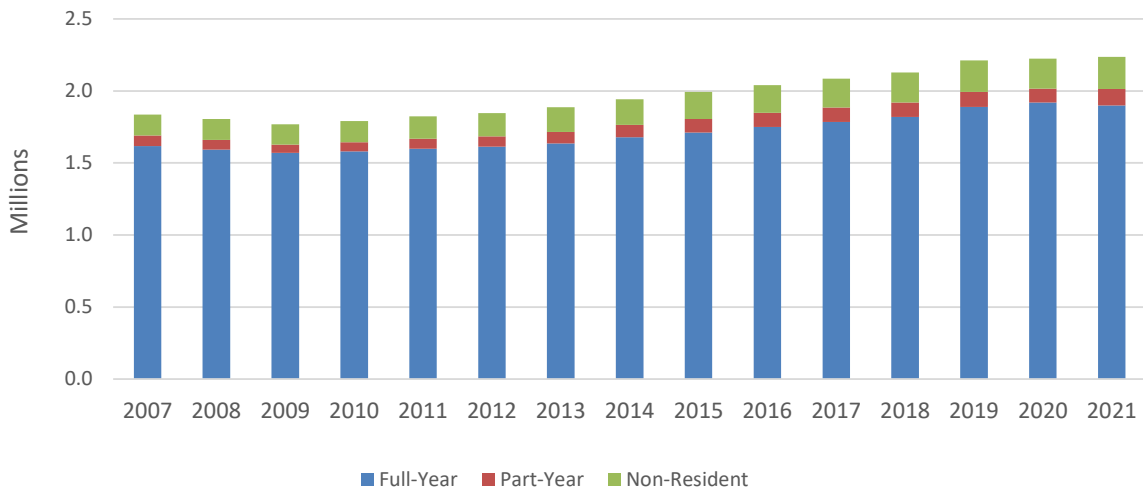
2017 Federal conformity was updated to December 31, 2016.

	<p>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).</p> <p>Created two new tax credits: bovine manure and employer training for eligible counties.</p> <p>Extended the Greenlight Oregon Labor Rebate program six years, including the related subtraction. Allows certain deductions from labor rebate amounts.</p> <p>Modifications made to Oregon Industrial Site Readiness Program.</p>
2018	<p>Federal conformity was updated to December 31, 2017.</p> <p>Modified four tax credits (affordable housing, film production development contributions, bovine manure production or collection & working family household and dependent care).</p> <p>Created new credit (Opportunity Grant contributions) and new subtraction from taxable income (home buyer savings account).</p> <p>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).</p> <p><i>Special Session:</i></p> <p>Extended to sole proprietorship income, existing-law preferential tax rates for non-passive income from a partnership or S-corporation.</p>
2019	<p>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.</p> <p>Federal conformity updated to December 31, 2018</p> <p>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).</p> <p>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.</p>
2021	<p>Thirteen tax credits/subtractions/rebates had sunsets extended and/or had policy parameters modified. A new subtraction was created for recipients of AmeriCorps national service educational awards.</p> <p>Federal conformity updated to April 1, 2021.</p> <p>Modified tax rates and income eligible for elective reduced personal income tax rates allowed for qualified pass-through income.</p>
2022	<p>Created a refundable tax credit available to eligible employers that provide overtime compensation to agricultural workers.</p> <p>Federal conformity updated to December 31, 2021.</p>

2023 Sixteen tax credits/subtractions had sunsets extended and/or had policy parameters modified. Three new credits were enacted relating to research and development, retention of publicly supported housing, and young children.
Federal conformity updated to December 31, 2022.

Oregon Personal Income Tax Returns, 1991-2021

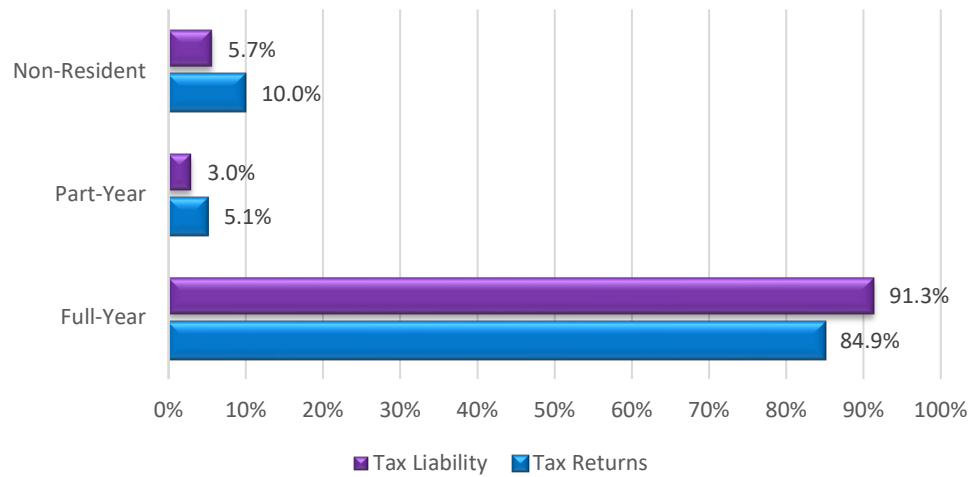
Number of Returns - Previous 15 Years



	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%
2018	1,819,167	1.9%	101,387	1.7%	208,191	4.0%	2,128,745	2.1%
2019	1,889,720	3.9%	104,320	2.9%	218,650	5.0%	2,212,690	3.9%
2020	1,919,412	1.6%	96,873	-7.1%	207,739	-5.0%	2,224,024	0.5%
2021	1,898,663	-1.1%	114,510	18.2%	222,963	7.3%	2,236,136	0.5%

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

Oregon Tax Returns and Tax Liability Tax Year 2021, by Type of Return

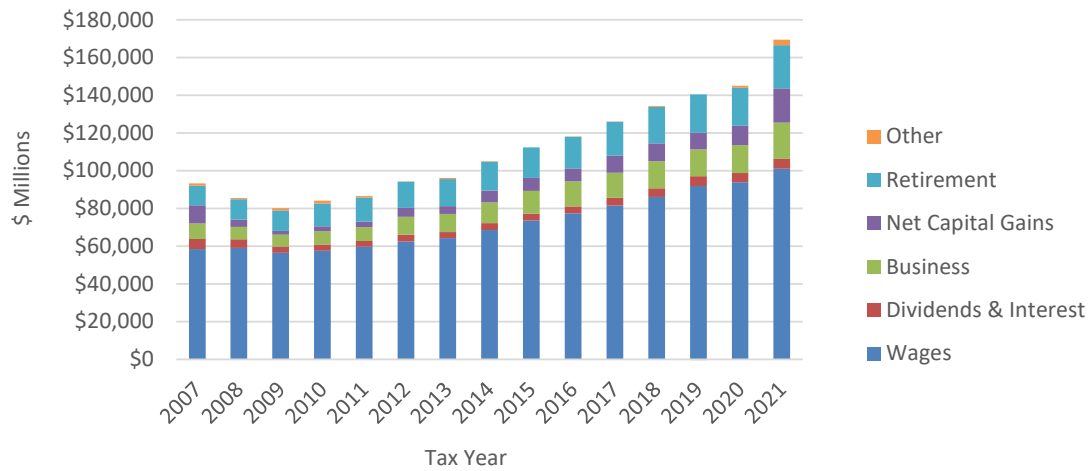


	Tax Returns		Tax Liability	
	Number	Share	Amount	Share
Full-Year	1,898,663	84.9%	\$11,009.1	91.3%
Part-Year	114,510	5.1%	\$361.8	3.0%
Non-Resident	222,963	10.0%	\$684.3	5.7%
	2,236,136	100%	\$12,055.2	100%

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

Components of Income, 1991-2021

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



Tax Year	Wages	Dividends & Interest	Business	Net Capital Gains	Retirement	Other ¹	Gross Income
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
2018	\$86,109	\$4,657	\$14,217	\$9,483	\$19,419	\$507	\$134,392
2019	\$91,857	\$5,225	\$14,274	\$8,734	\$20,305	-\$418	\$139,976
2020	\$93,937	\$4,841	\$14,833	\$10,265	\$20,169	\$974	\$145,018
2021	\$101,074	\$5,124	\$19,234	\$18,235	\$22,859	\$2,865	\$169,392

¹ A technical change in 2003 resulted in the majority of "other" income being assigned to the listed categories. Other income includes unemployment compensation.

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

2021 TOTAL INCOME AND TAX (\$000)													
AGI Distribution	Full-Year Returns										Part-Year and Nonresident Returns		
AGI Level (\$000)	Number of Returns	Number of Exemptions	Adjusted Gross Income	Additions	Subtractions	Deductions	Taxable Income	Gross Tax	Credits	Net Tax	Number of Returns	Taxable Income	Net Tax
Less than zero	16,211	27,419	-\$1,320,995	\$48,059	\$83,820	\$157,997	\$2,816	\$248	\$416	-\$168	11,751	\$4,081	\$353
0-5	97,761	106,417	\$210,337	\$2,559	\$17,159	\$372,236	\$47,879	\$2,308	\$3,859	-\$1,551	94,865	\$98,720	\$3,511
5-10	92,672	96,130	\$696,432	\$2,706	\$25,915	\$370,022	\$376,331	\$19,893	\$16,434	\$3,459	36,066	\$211,714	\$8,379
10-15	97,459	119,063	\$1,218,819	\$2,662	\$47,704	\$442,352	\$800,441	\$48,108	\$28,176	\$19,932	26,258	\$269,032	\$12,974
15-20	101,683	141,062	\$1,779,968	\$2,995	\$79,579	\$471,903	\$1,291,197	\$85,952	\$36,162	\$49,790	21,017	\$309,156	\$16,987
20-25	98,025	145,614	\$2,206,827	\$2,935	\$131,683	\$455,563	\$1,663,283	\$116,617	\$36,824	\$79,793	16,965	\$322,911	\$19,311
25-30	101,832	158,306	\$2,801,109	\$2,767	\$185,114	\$476,444	\$2,173,666	\$158,597	\$40,044	\$118,553	14,514	\$339,505	\$21,294
30-35	101,742	163,227	\$3,305,900	\$3,639	\$237,457	\$476,736	\$2,620,266	\$196,550	\$41,039	\$155,511	12,725	\$353,695	\$23,157
35-40	96,290	158,646	\$3,606,504	\$2,802	\$288,506	\$474,368	\$2,867,618	\$219,210	\$38,776	\$180,434	10,963	\$351,828	\$23,736
40-45	84,587	142,547	\$3,590,887	\$3,559	\$324,780	\$455,227	\$2,833,869	\$219,594	\$33,444	\$186,150	9,520	\$346,510	\$24,024
45-50	74,807	129,982	\$3,549,157	\$3,933	\$357,783	\$439,478	\$2,775,990	\$217,303	\$29,445	\$187,858	8,311	\$338,321	\$23,732
50-60	128,583	232,844	\$7,050,514	\$6,879	\$803,887	\$857,582	\$5,426,326	\$429,256	\$51,459	\$377,797	13,983	\$657,547	\$47,319
60-70	107,686	205,225	\$6,985,895	\$6,956	\$912,264	\$849,719	\$5,256,607	\$419,932	\$45,232	\$374,700	11,202	\$622,655	\$45,560
70-80	92,880	189,273	\$6,956,320	\$7,690	\$939,667	\$827,743	\$5,216,583	\$419,941	\$41,796	\$378,145	8,552	\$551,723	\$40,866
80-90	80,582	171,760	\$6,839,663	\$7,448	\$907,323	\$798,731	\$5,156,533	\$418,104	\$37,913	\$380,191	6,811	\$501,436	\$37,801
90-100	69,372	154,456	\$6,581,133	\$7,476	\$867,755	\$751,822	\$4,981,332	\$406,102	\$34,441	\$371,661	5,437	\$450,516	\$34,297
100-125	133,904	313,649	\$14,954,479	\$18,772	\$1,827,836	\$1,618,992	\$11,544,514	\$949,666	\$62,586	\$887,080	9,012	\$882,393	\$67,937
125-150	88,614	218,804	\$12,108,254	\$16,943	\$1,247,227	\$1,222,103	\$9,669,211	\$804,503	\$46,835	\$757,668	5,062	\$618,150	\$48,229
150-200	98,284	251,106	\$16,871,377	\$28,653	\$1,435,411	\$1,552,123	\$13,921,988	\$1,173,587	\$57,171	\$1,116,416	5,179	\$808,007	\$63,645
200-250	46,187	120,202	\$10,267,565	\$21,331	\$693,259	\$853,294	\$8,749,463	\$745,272	\$6,457	\$738,815	2,604	\$535,664	\$42,181
250-500	64,301	171,999	\$21,568,063	\$55,923	\$689,557	\$1,475,689	\$19,470,991	\$1,706,510	\$19,547	\$1,686,963	4,154	\$1,324,216	\$104,023
500 +	25,201	68,579	\$35,717,308	\$130,656	\$641,228	\$2,394,026	\$32,839,686	\$3,083,707	\$123,840	\$2,959,867	2,522	\$4,203,213	\$336,779
Quintile Distribution													
First 20%	379,735	452,708	\$2,080,646	\$58,206	\$230,173	\$1,696,468	\$2,146,236	\$131,165	\$75,458	\$55,707	67,493	\$33,127	\$1,599
Second 20%	379,728	589,794	\$10,708,416	\$11,501	\$724,447	\$1,778,834	\$8,334,889	\$611,738	\$148,491	\$463,247	67,495	\$255,263	\$11,151
Middle 20%	379,731	668,026	\$18,858,049	\$18,814	\$2,004,084	\$2,335,129	\$14,628,659	\$1,148,400	\$151,901	\$996,499	67,495	\$847,106	\$45,127
Fourth 20%	379,737	808,817	\$32,574,270	\$37,311	\$4,273,568	\$3,768,149	\$24,643,270	\$2,000,166	\$174,437	\$1,825,729	67,496	\$2,125,989	\$142,428
Next 15%	284,799	712,151	\$44,702,450	\$72,401	\$4,098,809	\$4,239,674	\$36,472,937	\$3,061,160	\$137,366	\$2,923,794	50,621	\$3,661,960	\$275,650
Next 4%	75,947	203,141	\$26,262,445	\$69,936	\$847,133	\$1,773,641	\$23,726,678	\$2,084,815	\$24,481	\$2,060,334	13,499	\$2,622,068	\$204,312
Top 1%	18,986	51,673	\$32,359,240	\$119,173	\$566,701	\$2,202,255	\$29,733,921	\$2,803,514	\$119,763	\$2,683,751	3,374	\$4,555,479	\$365,828
Total	1,898,663	3,486,310	\$167,545,515	\$387,342	\$12,744,914	\$17,794,151	\$139,686,591	\$11,840,959	\$831,898	\$11,009,061	337,473	\$14,100,992	\$1,046,095
Source: DOR's annual income tax statistics publication and associated tables.													

2021 AVERAGE INCOME AND TAX													
AGI Distribution	Full-Year Returns										Part-Year and Nonresident Returns		
AGI Level (\$000)	Number of Returns	Number of Exemptions	Adjusted Gross Income	Additions	Subtractions	Deductions	Taxable Income	Gross Tax	Credits	Net Tax	Number of Returns	Taxable Income	Net Tax
Less than zero	16,211	1.7	-\$81,488	\$2,965	\$5,171	\$9,746	\$174	\$15	\$26	-\$10	11,751	\$347	\$30
0-5	97,761	1.1	\$2,152	\$26	\$176	\$3,808	\$490	\$24	\$40	-\$16	94,865	\$1,041	\$37
5-10	92,672	1.0	\$7,515	\$29	\$280	\$3,993	\$4,061	\$215	\$177	\$37	36,066	\$5,870	\$232
10-15	97,459	1.2	\$12,506	\$27	\$489	\$4,539	\$8,213	\$494	\$289	\$205	26,258	\$10,246	\$494
15-20	101,683	1.4	\$17,505	\$30	\$783	\$4,641	\$12,698	\$845	\$356	\$490	21,017	\$14,710	\$808
20-25	98,025	1.5	\$22,513	\$30	\$1,343	\$4,647	\$16,968	\$1,190	\$376	\$814	16,965	\$19,034	\$1,138
25-30	101,832	1.6	\$27,507	\$27	\$1,818	\$4,679	\$21,346	\$1,557	\$393	\$1,164	14,514	\$23,392	\$1,467
30-35	101,742	1.6	\$32,493	\$36	\$2,334	\$4,686	\$25,754	\$1,932	\$403	\$1,528	12,725	\$27,795	\$1,820
35-40	96,290	1.6	\$37,455	\$29	\$2,996	\$4,926	\$29,781	\$2,277	\$403	\$1,874	10,963	\$32,092	\$2,165
40-45	84,587	1.7	\$42,452	\$42	\$3,840	\$5,382	\$33,502	\$2,596	\$395	\$2,201	9,520	\$36,398	\$2,524
45-50	74,807	1.7	\$47,444	\$53	\$4,783	\$5,875	\$37,109	\$2,905	\$394	\$2,511	8,311	\$40,708	\$2,855
50-60	128,583	1.8	\$54,832	\$54	\$6,252	\$6,670	\$42,201	\$3,338	\$400	\$2,938	13,983	\$47,025	\$3,384
60-70	107,686	1.9	\$64,873	\$65	\$8,472	\$7,891	\$48,814	\$3,900	\$420	\$3,480	11,202	\$55,584	\$4,067
70-80	92,880	2.0	\$74,896	\$83	\$10,117	\$8,912	\$56,165	\$4,521	\$450	\$4,071	8,552	\$64,514	\$4,779
80-90	80,582	2.1	\$84,878	\$92	\$11,260	\$9,912	\$63,991	\$5,189	\$471	\$4,718	6,811	\$73,621	\$5,550
90-100	69,372	2.2	\$94,867	\$108	\$12,509	\$10,838	\$71,806	\$5,854	\$497	\$5,358	5,437	\$82,861	\$6,308
100-125	133,904	2.3	\$111,681	\$140	\$13,650	\$12,091	\$86,215	\$7,092	\$467	\$6,625	9,012	\$97,913	\$7,539
125-150	88,614	2.5	\$136,640	\$191	\$14,075	\$13,791	\$109,116	\$9,079	\$529	\$8,550	5,062	\$122,116	\$9,528
150-200	98,284	2.6	\$171,659	\$292	\$14,605	\$15,792	\$141,651	\$11,941	\$582	\$11,359	5,179	\$156,016	\$12,289
200-250	46,187	2.6	\$222,304	\$462	\$15,010	\$18,475	\$189,436	\$16,136	\$140	\$15,996	2,604	\$205,708	\$16,199
250-500	64,301	2.7	\$335,423	\$870	\$10,724	\$22,950	\$302,810	\$26,539	\$304	\$26,235	4,154	\$318,781	\$25,042
500 +	25,201	2.7	\$1,417,297	\$5,185	\$25,445	\$94,997	\$1,303,110	\$122,365	\$4,914	\$117,450	2,522	\$1,666,619	\$133,536
Quintile Distribution													
First 20%	379,735	1.2	\$5,479	\$153	\$606	\$4,468	\$5,652	\$345	\$199	\$147	67,493	\$491	\$24
Second 20%	379,728	1.6	\$28,200	\$30	\$1,908	\$4,685	\$21,950	\$1,611	\$391	\$1,220	67,495	\$3,782	\$165
Middle 20%	379,731	1.8	\$49,662	\$50	\$5,278	\$6,149	\$38,524	\$3,024	\$400	\$2,624	67,495	\$12,551	\$669
Fourth 20%	379,737	2.1	\$85,781	\$98	\$11,254	\$9,923	\$64,896	\$5,267	\$459	\$4,808	67,496	\$31,498	\$2,110
Next 15%	284,799	2.5	\$156,961	\$254	\$14,392	\$14,887	\$128,066	\$10,749	\$482	\$10,266	50,621	\$72,341	\$5,445
Next 4%	75,947	2.7	\$345,800	\$921	\$11,154	\$23,354	\$312,411	\$27,451	\$322	\$27,129	13,499	\$194,242	\$15,135
Top 1%	18,986	2.7	\$1,704,374	\$6,277	\$29,848	\$115,994	\$1,566,097	\$147,662	\$6,308	\$141,354	3,374	\$1,350,172	\$108,426
Total	1,898,663	1.8	\$88,244	\$204	\$6,713	\$9,372	\$73,571	\$6,237	\$438	\$5,798	337,473	\$41,784	\$3,100

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

2021 SOURCES OF INCOME (\$000)

AGI Distribution	Full-Year Returns											
AGI Level (\$000)	Number of Returns	Wages, Salaries, Tips	Taxable Dividends and Interest	Schedule C Income/Loss	Capital Gains / Loss	Taxable Pensions	Schedule E Income/Loss ¹	Schedule F Income/Loss	All Other Income ²	Gross Income	Adjustments	Adjusted Gross Income
Less than zero	16,211	\$190,856	\$49,472	-\$204,003	\$25,915	\$56,312	-\$565,929	-\$86,354	-\$761,112	-\$1,294,843	\$26,155	-\$1,320,995
0-5	97,761	\$187,377	\$14,096	\$15,622	\$5,858	\$35,475	-\$9,899	-\$6,574	-\$21,824	\$220,131	\$9,796	\$210,337
5-10	92,672	\$477,553	\$23,845	\$54,694	\$17,512	\$114,145	-\$4,426	-\$7,672	\$33,956	\$709,607	\$13,175	\$696,432
10-15	97,459	\$783,486	\$32,134	\$94,304	\$24,181	\$215,832	\$5,411	-\$8,265	\$90,602	\$1,237,685	\$18,867	\$1,218,819
15-20	101,683	\$1,106,299	\$33,248	\$113,344	\$29,393	\$261,054	\$10,463	-\$6,381	\$255,696	\$1,803,116	\$23,146	\$1,779,968
20-25	98,025	\$1,476,683	\$34,651	\$116,308	\$34,286	\$308,592	\$14,158	-\$7,859	\$254,337	\$2,231,156	\$24,332	\$2,206,827
25-30	101,832	\$2,019,195	\$35,069	\$124,408	\$39,050	\$357,774	\$12,591	-\$7,338	\$249,353	\$2,830,102	\$28,993	\$2,801,109
30-35	101,742	\$2,514,068	\$35,861	\$121,700	\$41,592	\$377,104	\$15,266	-\$6,959	\$237,749	\$3,336,381	\$30,482	\$3,305,900
35-40	96,290	\$2,793,698	\$36,777	\$123,303	\$49,602	\$408,505	\$21,763	-\$9,548	\$216,678	\$3,640,778	\$34,274	\$3,606,504
40-45	84,587	\$2,777,892	\$38,388	\$117,489	\$49,063	\$449,371	\$25,426	-\$7,925	\$174,805	\$3,624,509	\$33,623	\$3,590,887
45-50	74,807	\$2,712,466	\$41,307	\$113,455	\$53,341	\$484,789	\$32,548	-\$7,788	\$152,958	\$3,583,076	\$33,920	\$3,549,157
50-60	128,583	\$5,242,778	\$90,405	\$229,088	\$130,016	\$1,116,846	\$65,595	-\$12,041	\$258,575	\$7,121,262	\$70,748	\$7,050,514
60-70	107,686	\$5,015,126	\$97,522	\$227,693	\$144,699	\$1,293,767	\$80,336	-\$13,293	\$212,056	\$7,057,906	\$72,011	\$6,985,895
70-80	92,880	\$4,910,982	\$103,687	\$214,185	\$163,478	\$1,355,523	\$98,312	-\$12,372	\$190,793	\$7,024,588	\$68,269	\$6,956,320
80-90	80,582	\$4,766,881	\$107,649	\$202,991	\$171,839	\$1,390,823	\$108,274	-\$11,714	\$168,620	\$6,905,363	\$65,700	\$6,839,663
90-100	69,372	\$4,505,528	\$108,196	\$198,829	\$184,143	\$1,396,417	\$118,582	-\$10,711	\$145,851	\$6,646,835	\$65,702	\$6,581,133
100-125	133,904	\$10,160,713	\$269,386	\$452,858	\$497,516	\$3,153,526	\$306,274	-\$27,069	\$288,986	\$15,102,190	\$147,711	\$14,954,479
125-150	88,614	\$8,250,221	\$244,173	\$362,336	\$505,117	\$2,349,679	\$358,972	-\$20,845	\$185,431	\$12,235,084	\$126,830	\$12,108,254
150-200	98,284	\$11,297,293	\$395,131	\$556,439	\$965,499	\$2,959,098	\$728,711	-\$27,927	\$193,090	\$17,067,334	\$195,957	\$16,871,377
200-250	46,187	\$6,538,972	\$306,537	\$374,609	\$896,955	\$1,537,983	\$639,626	-\$9,743	\$110,036	\$10,394,975	\$127,407	\$10,267,565
250-500	64,301	\$12,343,835	\$815,012	\$881,560	\$2,913,342	\$2,287,739	\$2,517,710	-\$21,088	\$164,092	\$21,902,202	\$334,138	\$21,568,063
500 +	25,201	\$11,002,211	\$2,211,809	\$767,982	\$11,292,580	\$948,605	\$9,395,181	-\$40,855	\$434,851	\$36,012,364	\$295,055	\$35,717,308
Quintile Distribution												
First 20%	379,735	\$2,422,912	\$144,650	\$43,753	\$95,287	\$612,661	-\$567,225	-\$113,765	-\$473,155	\$2,165,118	\$84,476	\$2,080,646
Second 20%	379,728	\$7,798,612	\$133,145	\$456,791	\$145,792	\$1,322,547	\$56,176	-\$27,557	\$931,624	\$10,817,130	\$108,716	\$10,708,416
Middle 20%	379,731	\$14,198,627	\$226,829	\$618,470	\$315,276	\$2,777,497	\$167,504	-\$38,708	\$777,535	\$19,043,030	\$184,981	\$18,858,049
Fourth 20%	379,737	\$22,597,972	\$523,608	\$990,612	\$864,369	\$6,659,386	\$531,583	-\$58,719	\$786,473	\$32,895,284	\$321,014	\$32,574,270
Next 15%	284,799	\$29,884,619	\$1,029,131	\$1,444,863	\$2,472,029	\$8,065,483	\$1,770,946	-\$68,570	\$603,431	\$45,201,932	\$499,480	\$44,702,450
Next 4%	75,947	\$14,870,774	\$1,008,139	\$1,063,930	\$3,631,794	\$2,697,317	\$3,220,512	-\$25,606	\$201,272	\$26,668,132	\$405,686	\$26,262,445
Top 1%	18,986	\$9,300,596	\$2,058,852	\$640,775	\$10,710,427	\$724,065	\$8,795,450	-\$37,395	\$408,406	\$32,601,176	\$241,937	\$32,359,240
Total	1,898,663	\$101,074,113	\$5,124,356	\$5,259,193	\$18,234,974	\$22,858,958	\$13,974,946	-\$370,320	\$3,235,585	\$169,391,805	\$1,846,291	\$167,545,515

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

²All other income includes income (or loss) from: taxable state income tax refunds, alimony received, unemployment compensation, other income, and net operating loss carryforwards.

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

Corporate Excise Tax

Oregon taxes Corporations using a two-bracket rate structure, depicted 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%.

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

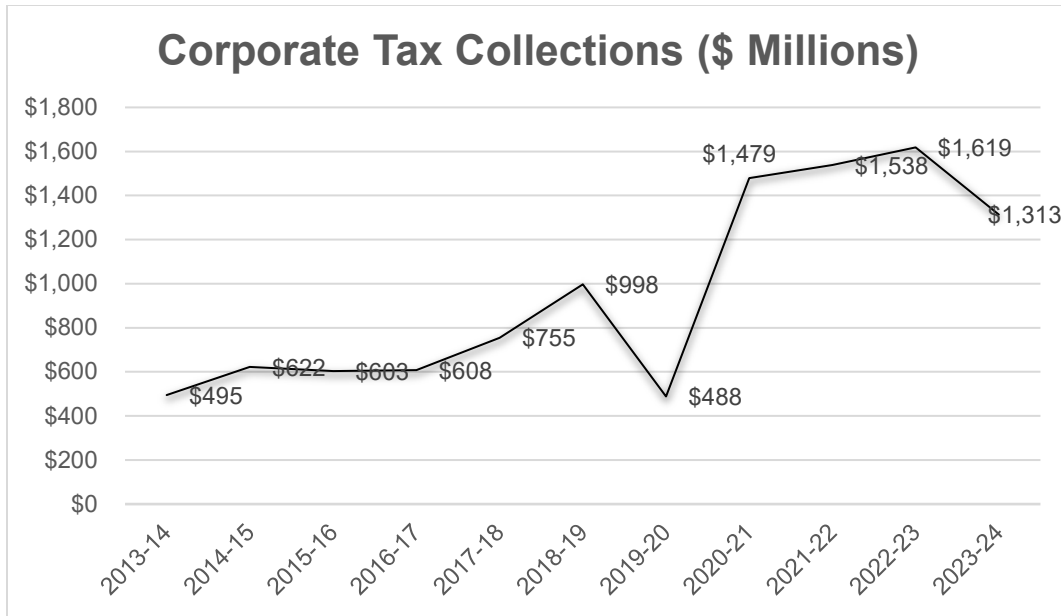
Oregon uses federal taxable income before loss carryforward, with some modifications, as its tax base.¹ C Corporations are required to pay the larger of their tax due under the rate schedule and the tax due under the minimum tax schedule. The minimum tax schedule, shown below, contains 12-tiers assigning minimum taxes to corporations based on the amount of Oregon sales the corporation had during that tax year.

C corp. Minimum Tax Schedule	
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

Oregon's corporate excise tax is the second largest tax source for the state General Fund. The corporate tax revenue is projected to provide \$2.65 billion for the 2023-25 biennium, which would be 10.2% of projected gross General Fund revenue.

The following chart shows Oregon's corporate tax collections for ten years, with the 2022-2023 year showing expected collections from Oregon's Office of Economic Analysis (OEA) Revenue Forecast.

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



Corporations pay the corporate excise tax 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 formula² (for tax years beginning on or after July 1, 2005). 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. For tax year 2021, the number of Oregon-only C-Corporation tax returns was 12,550 (about 35% of all 35,740 C corporation returns) and the total number of multi-state corporations was 23,190 (about 65%). The total tax of multi-state corporations was \$1,155 million (93% of total C corporation tax) and the total tax of Oregon-only corporations was \$86.1 million (7%). Page C19 illustrates the trend in the Oregon only and multi-state corporations.

S Corporations do not generally pay tax at the entity level in Oregon but are required to file a corporate tax return. More than 77 thousand S Corporations currently file tax returns in Oregon, with the vast majority (98%) paying 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.

² There is one exception, as utilities & telecommunication corporations may elect to use the double-weighted sales formula (ORS 314.280).

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..³ Below, major tax changes in Oregon related to the corporate excise tax are listed..⁴

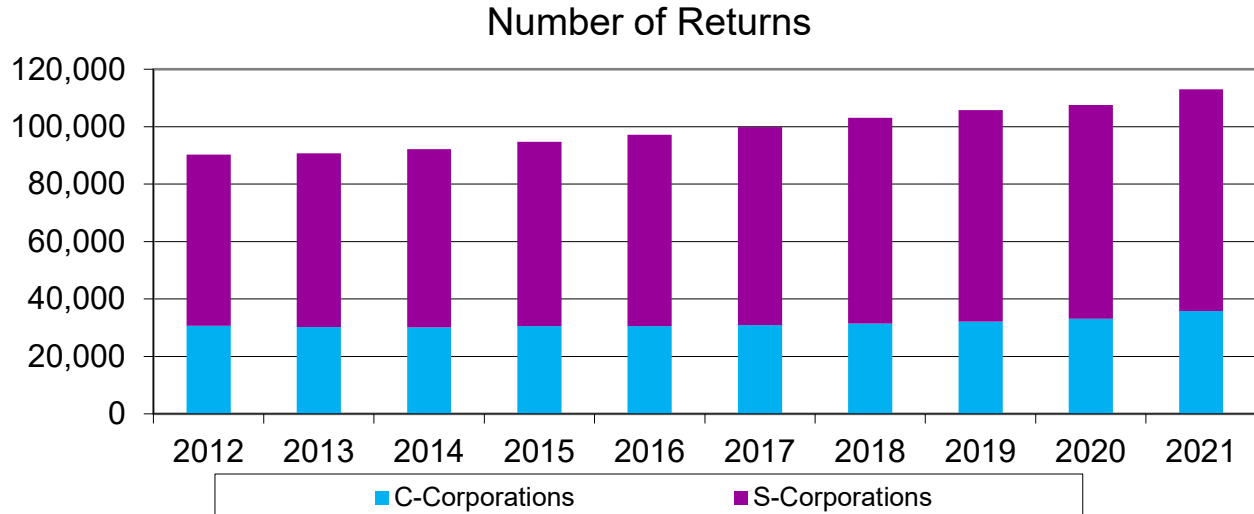
Major Historical Changes to Corporate Taxation in Oregon ⁵	
1929	Corporate excise tax enacted with a tax rate set at 5%, a minimum tax of \$25, and an equally weighted three factor apportionment factor.
1931	Excise tax rate increased to 8% and minimum tax reduced to \$10.
1939	Segregated accounting methods 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	"Water's 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.

³ Handbook of Oregon State Taxes, Oregon Tax Foundation, May 1983

⁴ 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.

⁵ 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 Corporation Tax Returns by Tax Year



Oregon Corporation Tax Returns

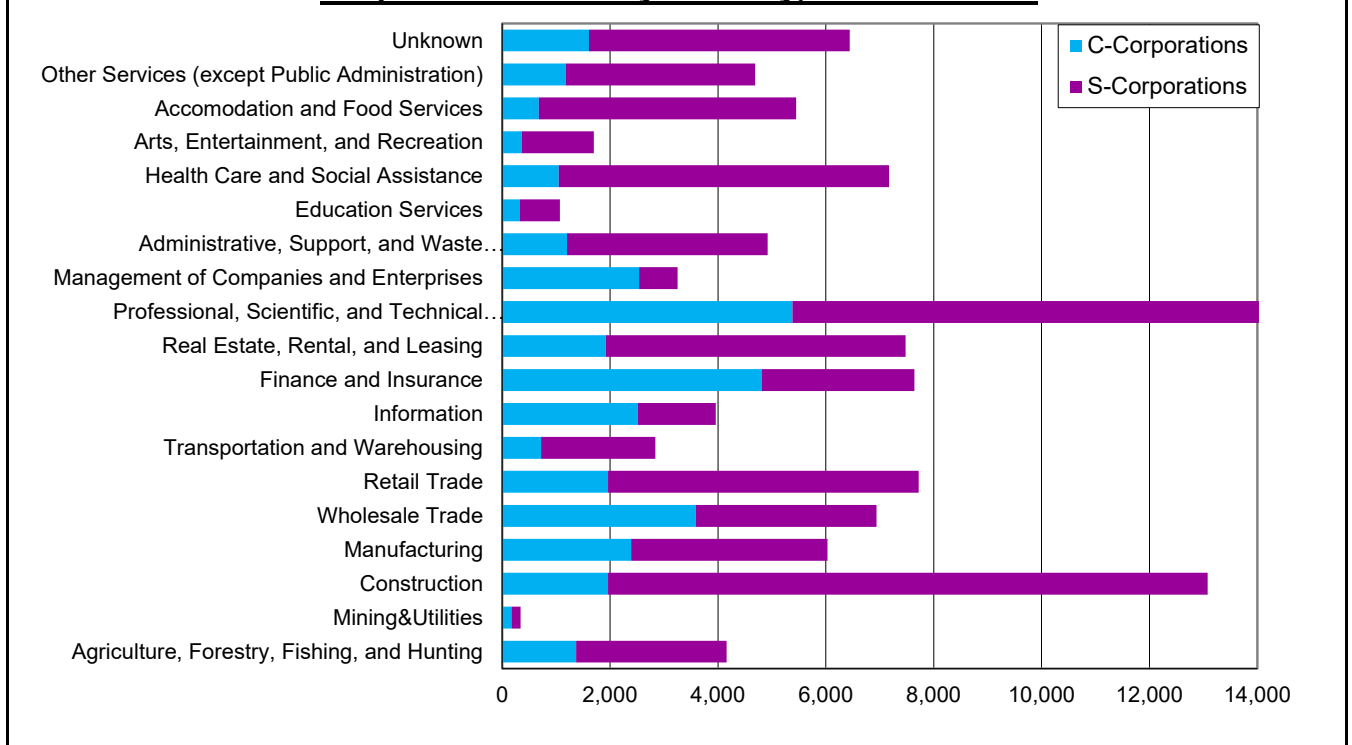
	C-Corporations		S-Corporations		Total	
	Returns	% Change	Returns	% Change	Returns	% Change
1992	35,660	1.3%	23,731	12.5%	59,391	5.5%
1993	36,879	3.4%	26,751	12.7%	63,630	7.1%
1994	38,344	4.0%	29,752	11.2%	68,096	7.0%
1995	39,496	3.0%	32,689	9.9%	72,185	6.0%
1996	38,867	-1.6%	35,337	8.1%	74,204	2.8%
1997	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	30,140	-0.2%	61,992	2.5%	92,132	1.6%
2015	30,497	1.2%	64,247	3.6%	94,744	2.8%
2016	30,585	0.3%	66,559	3.6%	97,144	2.5%
2017	30,893	1.0%	69,015	3.7%	99,908	2.8%
2018	31,412	1.7%	71,713	3.9%	103,125	3.2%
2019	32,160	2.4%	73,616	2.7%	105,776	2.6%
2020	33,141	5.5%	74,444	3.8%	107,585	4.3%
2021	35,740	13.8%	77,210	7.7%	112,950	9.5%

Corporation Filers by Industry, Tax Year 2021

Industry	C-Corporations	S-Corporations
Agriculture, Forestry, Fishing, and Hunting	1,370	2,790
Mining&Utilities	170	170
Construction	1,960	11,120
Manufacturing	2,390	3,640
Wholesale Trade	3,590	3,350
Retail Trade	1,960	5,760
Transportation and Warehousing	720	2,120
Information	2,510	1,450
Finance and Insurance	4,810	2,830
Real Estate, Rental, and Leasing	1,920	5,560
Professional, Scientific, and Technical Services	5,380	12,670
Management of Companies and Enterprises	2,540	710
Administrative, Support, and Waste Management	1,200	3,720
Education Services	330	740
Health Care and Social Assistance	1,050	6,120
Arts, Entertainment, and Recreation	360	1,340
Accommodation and Food Services	680	4,770
Other Services (except Public Administration)	1,180	3,510
Unknown	1,610	4,830
Total	35,740	77,210

Note: Total counts may not equal sum of categories due to rounding in source data.

Corporation Filers by Industry, Tax Year 2021

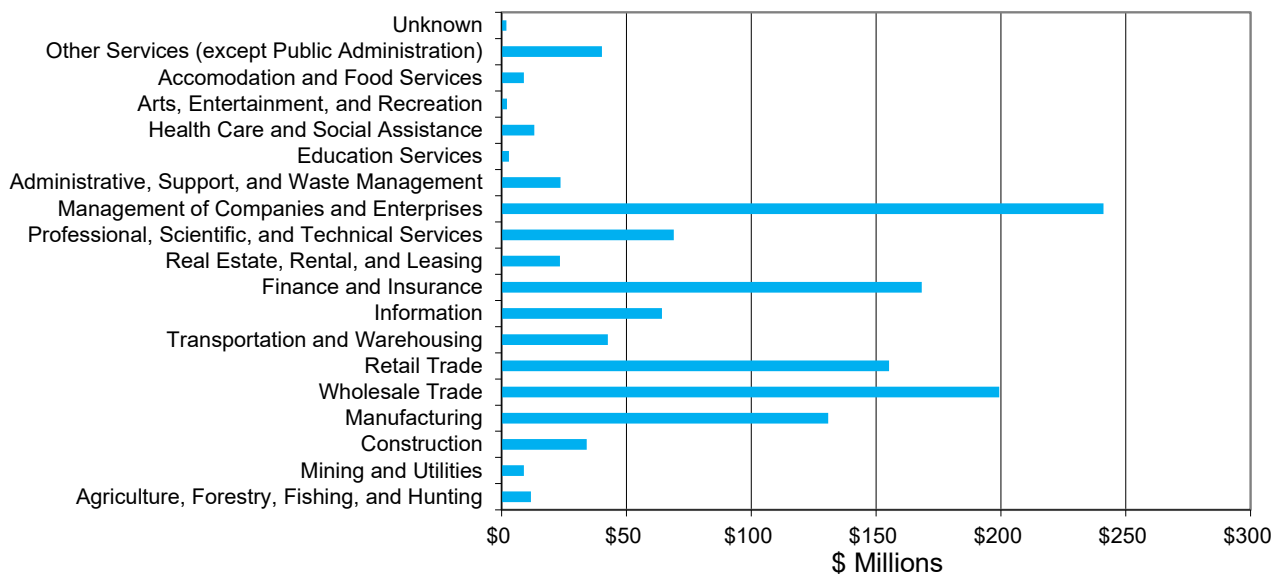


Corporation Net Tax by Industry, Tax Year 2021

(\$millions)

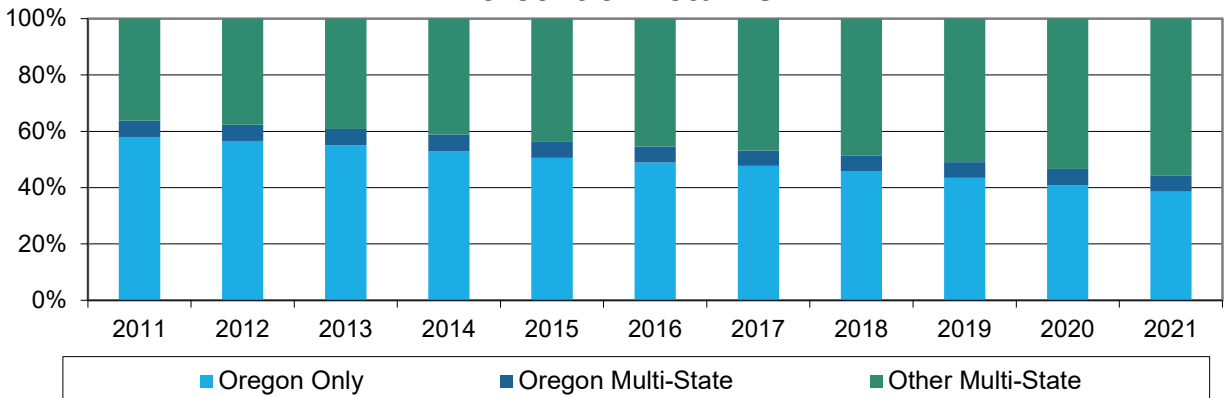
Industry	C-Corporations	S-Corporations
Agriculture, Forestry, Fishing, and Hunting	\$11.7	\$0.5
Mining and Utilities	\$8.9	\$1.1
Construction	\$34.1	\$1.8
Manufacturing	\$130.8	\$1.1
Wholesale Trade	\$199.4	\$0.8
Retail Trade	\$155.2	\$1.1
Transportation and Warehousing	\$42.6	\$0.3
Information	\$64.2	\$0.2
Finance and Insurance	\$168.3	\$0.5
Real Estate, Rental, and Leasing	\$23.3	\$0.9
Professional, Scientific, and Technical Services	\$68.9	\$1.9
Management of Companies and Enterprises	\$241.1	\$0.1
Administrative, Support, and Waste Management	\$23.6	\$0.6
Education Services	\$2.9	\$0.1
Health Care and Social Assistance	\$13.1	\$1.0
Arts, Entertainment, and Recreation	\$2.1	\$0.2
Accommodation and Food Services	\$9.0	\$0.7
Other Services (except Public Administration)	\$40.1	\$0.5
Unknown	\$1.9	\$0.7
Total	\$1,241.2	\$13.9

C-Corporation Net Tax by Industry, Tax Year 2021



Tax Year 2021 Oregon Only and Multi-State C-Corporations

Percent of Returns

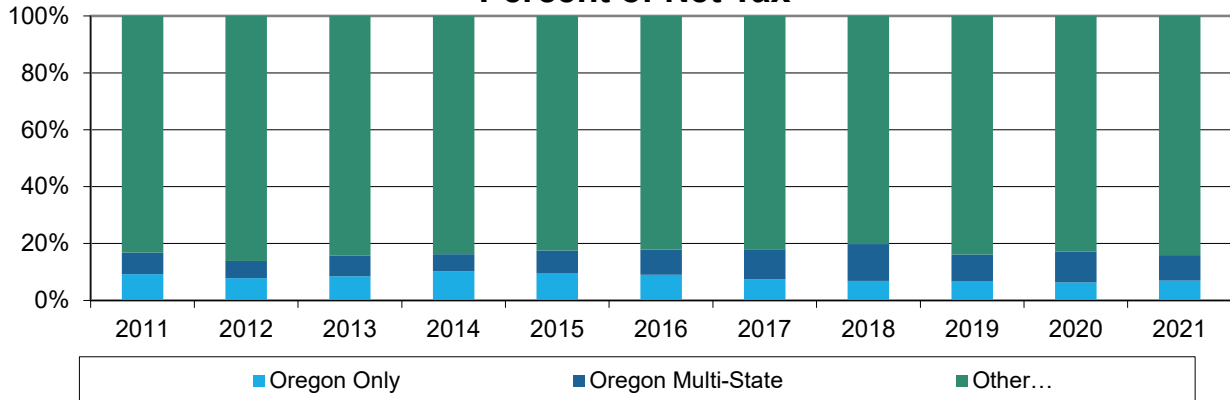


Number of C-Corporation Returns

Net Tax (\$ Million)

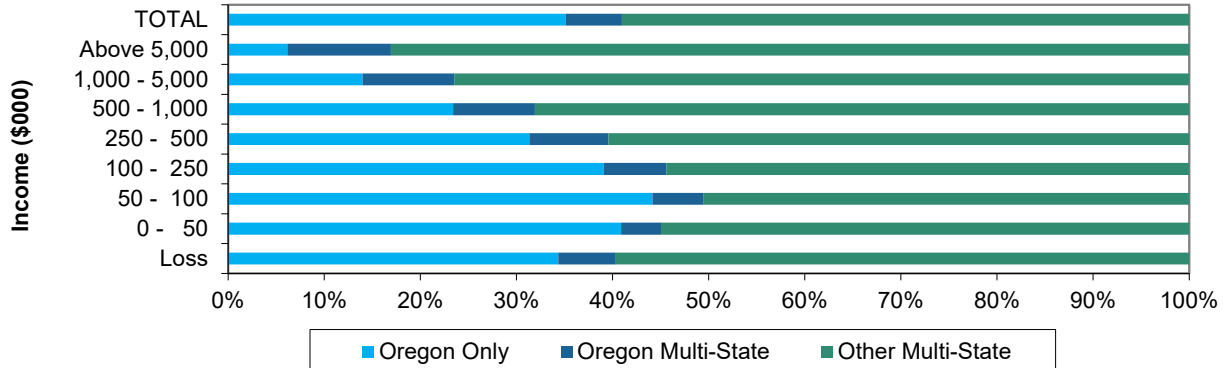
	Oregon Only	Oregon Multi-State	Other Multi-State	Total	Oregon Only	Oregon Multi-State	Other Multi-State	Total
2007	21,882	1,951	11,008	34,841	\$31.1	\$57.8	\$339.7	\$428.7
2008	21,065	1,983	11,004	34,052	\$31.0	\$30.5	\$238.1	\$299.6
2009	19,312	1,895	11,294	32,501	\$38.6	\$37.2	\$317.5	\$393.2
2010	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	15,257	1,748	13,135	30,140	\$54.4	\$32.7	\$447.7	\$534.7
2015	14,955	1,720	13,860	30,535	\$50.4	\$43.5	\$440.4	\$534.3
2016	14,642	1,685	14,340	30,667	\$49.2	\$48.6	\$449.4	\$547.3
2017	14,244	1,714	15,086	31,044	\$46.5	\$65.6	\$517.4	\$629.5
2018	13,799	1,791	16,171	31,761	\$55.6	\$104.5	\$648.4	\$808.5
2019	13,129	1,859	17,172	32,160	\$55.8	\$79.2	\$700.0	\$835.1
2020	12,771	1,942	18,428	33,141	\$65.2	\$111.0	\$855.3	\$1,031.5
2021	12,550	2,090	21,100	35,740	\$86.1	\$111.8	\$1,043.3	\$1,241.2

Percent of Net Tax



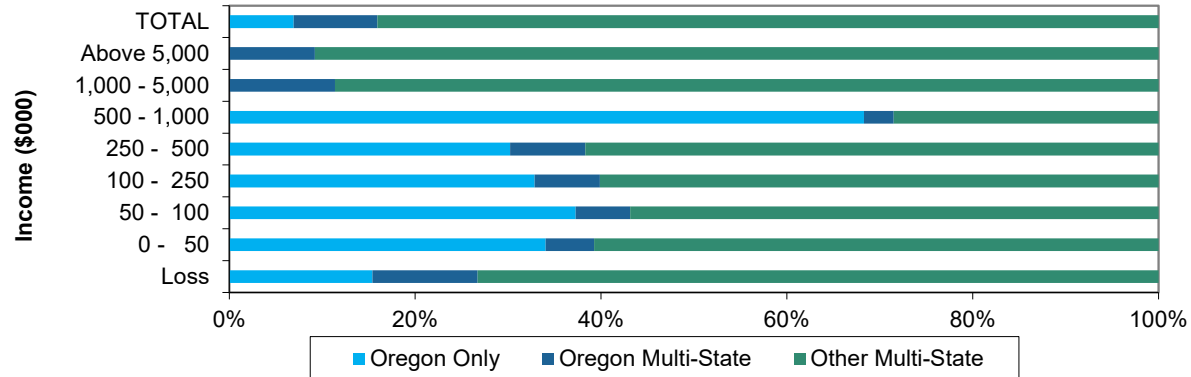
Tax Year 2021 Oregon Only and Multi-State C-Corporations

Percent of Returns



Income Before Net Loss (\$000)	Number of Returns				Oregon Tax (\$M)			
	Oregon Only	Oregon Multi-State	Other Multi- State	Total	Oregon Only	Oregon Multi-State	Other Multi- State	Total
Loss	6,270	1,080	10,910	18,260	\$ 4.5	\$ 3.3	\$ 21.6	\$ 29.4
0 - 50	3,750	380	5,040	9,170	\$ 3.2	\$ 0.5	\$ 5.7	\$ 9.4
50 - 100	830	100	950	1,880	\$ 2.8	\$ 0.4	\$ 4.3	\$ 7.6
100 - 250	840	140	1,170	2,150	\$ 6.5	\$ 1.4	\$ 11.9	\$ 19.8
250 - 500	420	110	810	1,340	\$ 8.0	\$ 2.1	\$ 16.3	\$ 26.5
500 - 1,000	220	80	640	940	\$ 61.0	\$ 2.9	\$ 25.5	\$ 89.4
1,000 - 5,000	190	130	1,040	1,360	\$ -	\$ 18.5	\$ 143.7	\$ 162.1
Above 5,000	40	70	540	650	\$ -	\$ 82.7	\$ 814.3	\$ 897.0
TOTAL	12,550	2,090	21,100	35,740	\$ 86.1	\$ 111.8	\$ 1,043.3	\$ 1,241.2

Percent of Tax



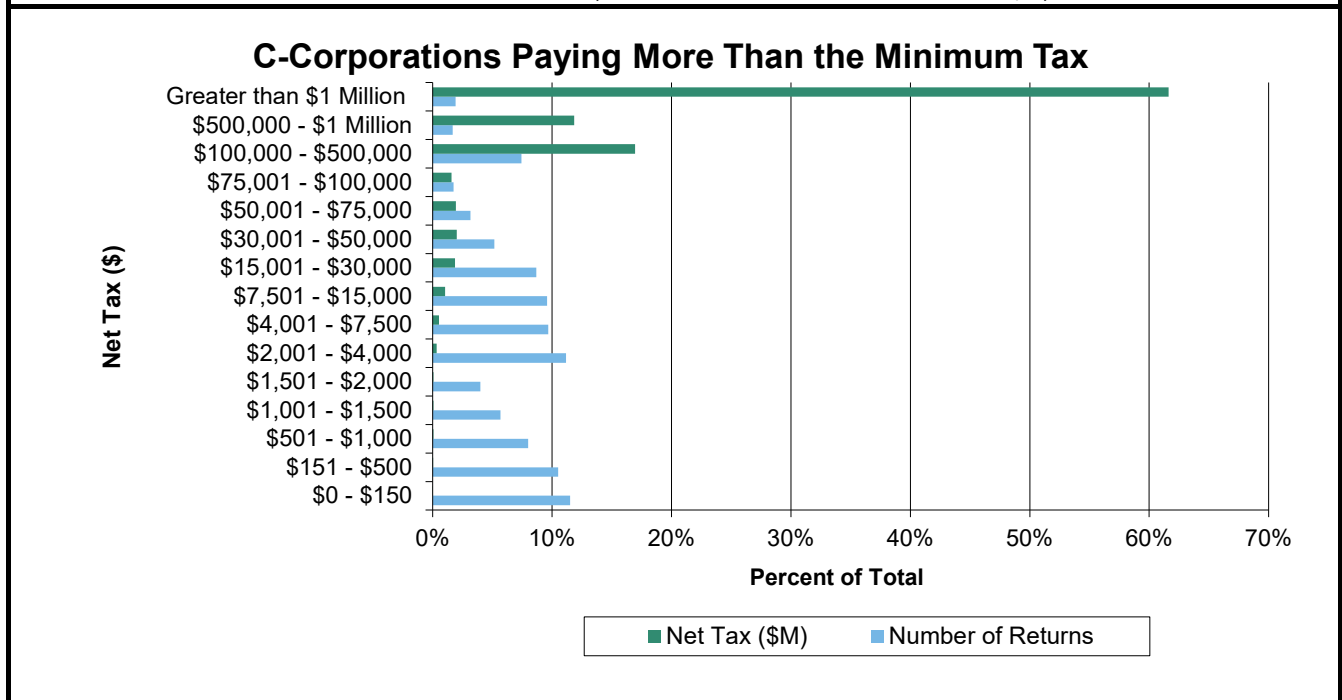
Note: Total counts may not equal sum of categories due to rounding in source data.

C-Corporations Affected by the Minimum Tax or Tax Rates, Tax Year 2021							
Oregon Sales	Affected by the Minimum Tax			Affected by the Tax Rates		All Returns	
	Min. Tax	Returns	Net Tax (\$M)	Returns	Net Tax (\$M)	Returns	Net Tax (\$M)
< \$500,000	\$150	15,830	\$ 2.4	5,540	\$ 16.3	21,370	\$18.7
\$500,000 to \$1 Million	\$500	2,010	\$ 1.0	1,300	\$ 9.1	3,310	\$10.1
\$1 to \$2 Million	\$1,000	1,800	\$ 1.8	1,170	\$ 15.2	2,970	\$17.0
\$2 to \$3 Million	\$1,500	880	\$ 1.3	670	\$ 14.4	1,560	\$15.7
\$3 to \$5 Million	\$2,000	910	\$ 1.8	760	\$ 23.5	1,680	\$25.4
\$5 to \$7 Million	\$4,000	500	\$ 2.0	440	\$ 23.0	930	\$25.0
\$7 to \$10 Million	\$7,500	480	\$ 3.6	380	\$ 23.3	860	\$26.9
\$10 to \$25 Million	\$15,000	750	\$ 11.3	790	\$ 97.5	1,540	\$108.8
\$25 to \$50 Million	\$30,000	290	\$ 8.6	390	\$ 112.8	680	\$121.4
\$50 to \$75 Million	\$50,000	110	\$ 5.3	160	\$ 83.1	270	\$88.4
\$75 to \$100 Million	\$75,000	60	\$ 4.4	100	\$ 76.2	160	\$80.6
> \$100 Million	\$100,000	140	\$ 13.9	280	\$ 689.5	420	\$703.4
Total		23,750	\$57.4	11,990	\$1,183.8	35,740	\$1,241.2
Industry Sector	Affected by the Minimum Tax			Affected by the Tax Rates		All Returns	
	Returns	Net Tax (\$M)		Returns	Net Tax (\$M)	Returns	Net Tax (\$M)
Agriculture, Forestry, Fishing, and Hunting	940	\$1.6		430	\$10.1	1,370	\$11.7
Mining and Utilities	120	\$0.7		50	\$8.2	170	\$8.9
Construction	1,370	\$2.3		590	\$31.8	1,960	\$34.1
Manufacturing	1,530	\$6.3		860	\$124.5	2,390	\$130.8
Wholesale Trade	1,960	\$7.6		1,630	\$191.7	3,590	\$199.4
Retail Trade	1,220	\$4.5		740	\$150.7	1,960	\$155.2
Transportation & Warehousing	480	\$1.9		240	\$40.6	720	\$42.6
Information	2,070	\$2.7		440	\$61.5	2,510	\$64.2
Finance & Insurance	2,470	\$8.2		2,340	\$160.0	4,810	\$168.3
Real Estate	1,340	\$3.6		580	\$19.7	1,920	\$23.3
Professional, Scientific & Tech Services	4,020	\$4.5		1,360	\$64.4	5,380	\$68.9
Management of Companies and Enterprises	1,520	\$7.6		1,020	\$233.5	2,540	\$241.1
Administration, Supply & Waste Management	820	\$1.3		380	\$22.3	1,200	\$23.6
Education Services	230	\$0.1		100	\$2.8	330	\$2.9
Health Care & Social Assistance	840	\$2.6		210	\$10.5	1,050	\$13.1
Arts, Entertainment, & Recreation	270	\$0.2		90	\$1.9	360	\$2.1
Accommodation & Food Services	470	\$0.9		210	\$8.1	680	\$9.0
Other Services	810	\$0.6		370	\$39.6	1,180	\$40.1
Unknown	1,250	\$0.2		360	\$1.7	1,610	\$1.9
Total	23,750	\$57.4		11,990	\$1,183.8	35,740	\$1,241.2

Note: Total counts may not equal sum of categories due to rounding in source data.

Corporations Paying More than the Min. Tax, by Tax Category, Tax Year 2021

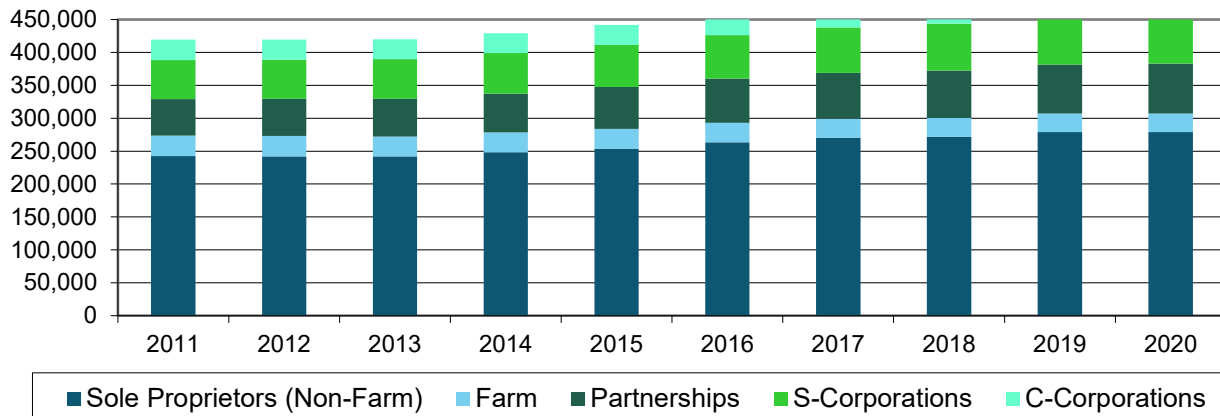
Tax Category (Net Tax, \$)	Number of Returns	Percent of Total	Net Tax (\$M)	Percent of Total
\$0 - \$150	1,380	11.5%	\$0.0	0.0%
\$151 - \$500	1,260	10.5%	\$0.4	0.0%
\$501 - \$1,000	960	8.0%	\$0.7	0.1%
\$1,001 - \$1,500	680	5.7%	\$0.8	0.1%
\$1,501 - \$2,000	480	4.0%	\$0.8	0.1%
\$2,001 - \$4,000	1,340	11.2%	\$3.9	0.3%
\$4,001 - \$7,500	1,160	9.7%	\$6.4	0.5%
\$7,501 - \$15,000	1,150	9.6%	\$12.3	1.0%
\$15,001 - \$30,000	1,040	8.7%	\$22.3	1.9%
\$30,001 - \$50,000	620	5.2%	\$23.7	2.0%
\$50,001 - \$75,000	380	3.2%	\$23.1	2.0%
\$75,001 - \$100,000	210	1.8%	\$18.7	1.6%
\$100,000 - \$500,000	890	7.4%	\$200.7	17.0%
\$500,000 - \$1 Million	200	1.7%	\$140.4	11.9%
Greater than \$1 Million	230	1.9%	\$729.5	61.6%
Total	11,990	100.0%	\$1,183.8	100.0%



Note: Total counts may not equal sum of categories due to rounding in source data.

Oregon Tax Returns with Business Income

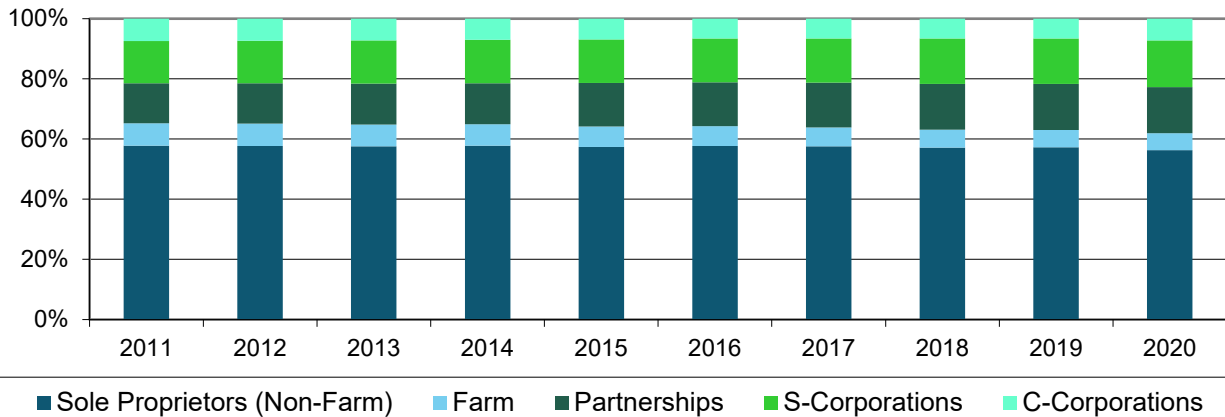
Number of Returns



Number of Business Tax Returns

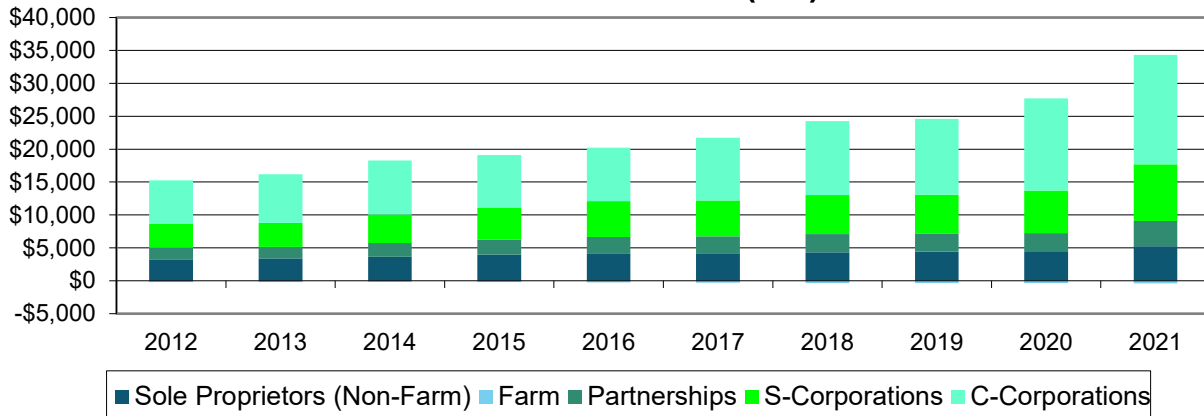
Tax Year	Sole Proprietors		Partnerships	S-Corporations	C-Corporations	TOTAL
	Non-Farm	Farm				
2011	242,433	31,260	55,617	59,033	31,013	419,356
2012	242,262	30,915	56,265	59,571	30,653	419,666
2013	241,839	30,442	57,325	60,380	30,101	420,087
2014	248,112	30,236	58,785	61,926	30,024	429,083
2015	253,610	30,036	63,912	64,134	30,271	441,963
2016	263,486	29,802	66,842	66,227	30,110	456,467
2017	270,247	29,359	69,502	69,015	30,893	469,016
2018	271,694	28,506	71,968	71,713	31,412	475,293
2019	279,227	27,947	74,594	73,616	32,160	487,544
2020	279,113	27,862	75,957	77,210	35,740	495,882

Percent of Returns



Business Income on Oregon Tax Returns by Tax Year

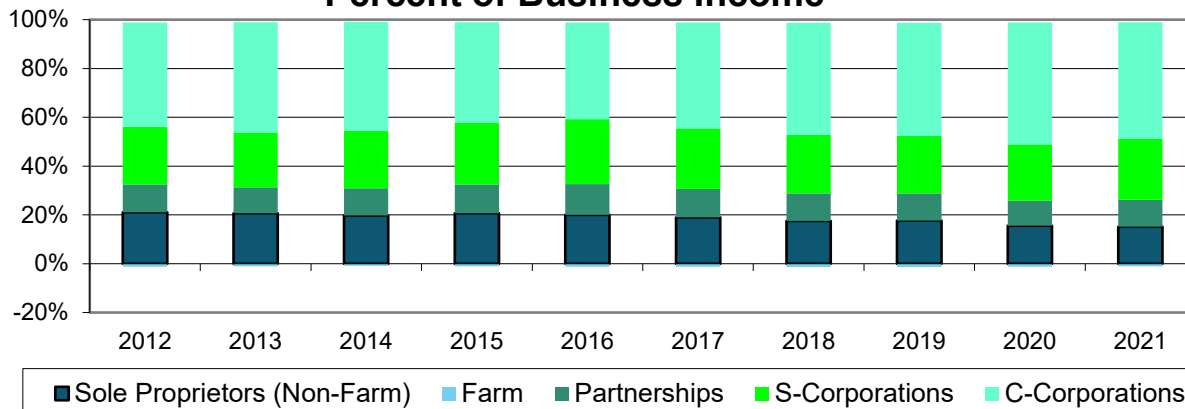
Amount of Income (\$M)



Business Income on Tax Returns (\$ Millions)

Tax Year	Sole Proprietors		Partnerships	S-Corporations	C-Corporations	TOTAL
	Non-Farm	Farm				
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	\$9,530	\$20,057
2018	\$4,320	-\$335	\$2,781	\$5,909	\$11,271	\$23,714
2019	\$4,410	-\$333	\$2,771	\$5,889	\$11,506	\$24,167
2020	\$4,379	-\$332	\$2,860	\$6,455	\$14,023	\$27,284
2021	\$5,259	-\$370	\$3,823	\$8,629	\$16,620	\$33,961

Percent of Business Income



PROPERTY TAX

Property Tax Basics

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. Some property is exempt from property tax. Until the 1990s, Oregon administered a levy based property tax system. Measure 50 (M50) changed the system to a rate-based tax, where taxes are based on fixed rates applied to property values, instead of taxes determined by the local budget process.

In addition, prior to the passage of the property tax assessment limitations of M50, property tax was generally based on a property's real market value. Since M50 in 1997-98, each property has maximum assessed value, an assessed value, and a real market value. Property value assessment and taxation is conducted at the county level, except for large industrial properties and "centrally" assessed properties, where the 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 - a kind of gross tax - is the product of the rate, and the assessed value, which operates as the tax base.

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

That number is then checked against the Measure 5 value (M5V), which for most properties is equal to the real market value (RMV), times the Measure 5 (M5) tax rate limits.

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

Property tax rates differ across the state. The rate imposed on any particular property depends on the tax rates approved by local voters and the M5 tax rate limits established in the Oregon Constitution. Most properties are taxed by layers of 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 rates for local taxing districts that include the property in their district area, so that a single parcel may have a combined tax rate of (for example) \$14.85/\$1,000 (often expressed as \$0.01485) composed of the sum of all those individual district rates. 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 that calculated tax in response to constitutional M5 tax rate 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 2022-23, the total M5V¹ of taxable property in Oregon was \$965 billion, an increase of 17.1% from the prior year. That percentage increase is the highest since 2006-07. The total Net Assessed Value for the same time period of \$485 billion reflects a 4.9% increase over the prior year. Taxing districts imposed property tax of \$8.7 billion in 2022-23, which is a 5.2% increase from the prior year. That

¹ M5V is the property value to which M5 tax rate limits are applied. For properties that are not partially exempt or specially assessed, M5V is equal to RMV.

includes the amount from Urban Renewal Districts, which imposed \$288 million in taxes from excess value and \$19 million from Urban Renewal special levies.

Exemptions

Not all properties are taxable. Major exemptions include: certain 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 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. The Department of Revenue annually produces the [Tax Expenditure Report](#), with a section devoted to property tax expenditures.

Some properties are taxed on 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 rate 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 districts are collectively limited to \$5 and all other districts are collectively limited to \$10. Tax “compression” occurs if the tax extended on a property exceeds either of the M5 tax rate 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 reduced before permanent rate taxes are reduced. General obligation bonds are not subject to M5 tax rate limits.

Measure 50

In May 1997 voters passed a constitutional amendment to limit the taxable value of property. Measure 50 did not replace Measure 5, but rather established a second level of limitations. 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 2008, 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% per year. However, assessed value cannot exceed real market value. Under this new constitutional provision there is another two step process. First, the current year MAV is set to the greater of (a) 103% of the prior year's AV or (b) 100% of the prior year's MAV. Then, the AV is set as the lesser of (a) the current year's MAV or (b) the RMV.

A metric known as the Changed Property Ratio (CPR) for an area is calculated as the ratio of the average MAV to the average RMV, but not more than one. The CPR gives the percentage of the RMV that is taxable for property in a particular area and property class. Prior to the Great Recession, changes in the CPR reflected high appreciation in the RMV of property that occurred in many areas of Oregon relative to the 3% constitutionally capped growth rate of MAV. Across all taxing districts,

the assessment 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. With the recent growth in the real estate market, the assessment ratio has fallen to an all-time low of 50.3% in 2022-23.

District Property Tax and Changes Over Time

The following table breaks down current property taxes by type of taxing district and tax source. Generally, the largest source of property tax revenues come from a district's permanent rate. Taxes from this source totaled \$6.3 billion in 2022-23, accounting for 73% of all property taxes imposed. The 2022-23 tax revenue attributable to the permanent rate grew at a rate of 4.7%.

Total tax revenue from K-12 districts, Education Service districts, and Community College districts, increased from the prior year by 5.7%, 5.1%, and 6.9%, respectively. Total revenue from county taxing districts, city districts, and special districts grew over the prior year by 5.8%, 3.8% and 5.0%, respectively.

Exhibit D1

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

FYs	21-22	& 22-23											
Type of District	Permanent ^a			Local Option			Bond			Total			
	21-22	22-23	% CH.	21-22	22-23	% CH.	21-22	22-23	% CH.	21-22	22-23	% CH.	
General Government													
Counties	1,148	1,208	5.2%	157	175	11.4%	70	72	2.7%	1,376	1,455	5.8%	
Cities	1,474	1,528	3.7%	155	165	6.7%	102	104	2.1%	1,731	1,797	3.8%	
Special Districts	918	965	5.1%	115	126	9.8%	136	136	0.1%	1,169	1,227	5.0%	
Education													
K-12	2,151	2,258	5.0%	253	272	7.3%	823	881	7.1%	3,227	3,411	5.7%	
ESDs	152	160	5.1%	0	0	N/A	0	0	N/A	152	160	5.1%	
Community Colleges	210	221	5.0%	0	0	N/A	108	119	10.4%	318	340	6.9%	
Non-UR Subtotal	6,053	6,339	4.7%	680	739	8.5%	1,239	1,313	6.0%	7,973	8,391	5.2%	
Urban Renewal Agencies													
Division of Tax										274	288	5.3%	
Special Levies										19	19	1.5%	
Total	6,053	6,339	4.7%	680	739	8.5%	1,239	1,313	6.0%	8,265	8,698	5.2%	

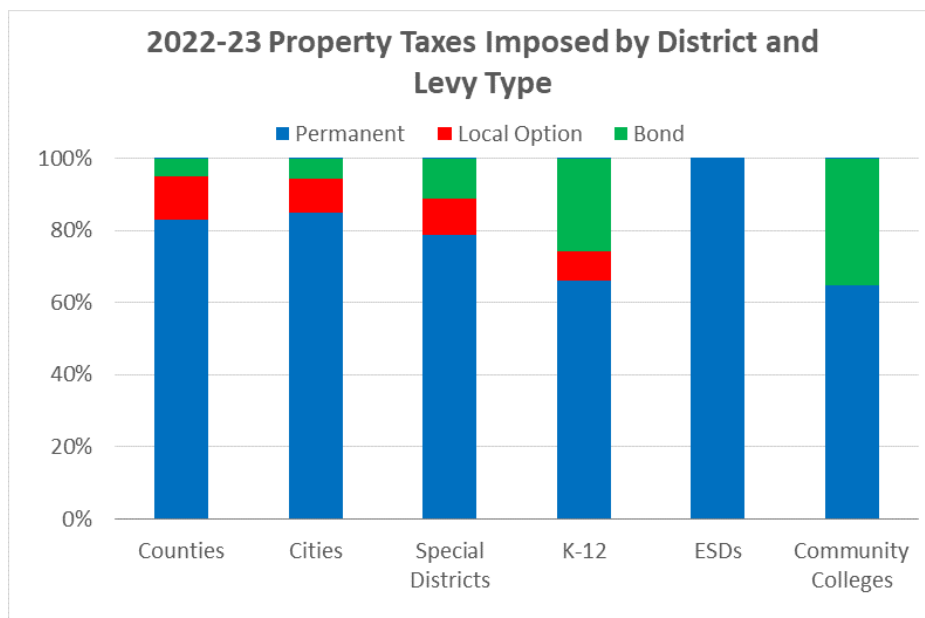
^a Includes Taxes Levied for City of Portland's Fire and Police Disability and Retirement Fund.

Source: Oregon Department of Revenue, Summary of Assessment and Levies

General obligation bond revenue in 2022-23 totaled \$1.3 billion or approximately 15% of all property taxes imposed. Across all taxing districts bond revenues increased 6.0% in 2022-23, with 67% 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 2012 the average growth in K-12 bond revenue has been 6.3%. In 2022-23, K-12 bond revenue grew at 7.1% from the previous year, higher than the long-term average.

In 2022-23, bond revenues for community colleges increased at a faster pace than K-12 districts, at 10.4% over the prior year. Bond revenues for cities increased 2.1% from a year ago, while county taxing district bond revenue grew 2.7%. Special district bond revenue was essentially flat, growing at 0.1% over the prior year. Since the timing of bond maturities affects the level of bond revenues in any one year, more than one year of data are needed to determine a significant trend.

Exhibit D2



Source: Oregon Department of Revenue, Summary of Assessment and Levies

Across all taxing districts in 2022-23, local option tax revenues increased 8.5% over the prior year, reaching \$739 million. City and county taxing districts accounted for approximately 46% of local option tax revenue, and the share of local option revenues generated for K-12 education was 37%. Special taxing districts accounted for 17% of local option taxes.

Passed in 1990, Measure 5 introduced tax rate limits on individual properties. When a property's taxes are reduced due to the M5 tax rate limits, the reduction is referred to as "compression".² 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 M5 tax rate limits, bond levies are not.

There are two primary components that cause compression. Foremost are tax rates. No compression will exist if applied tax rates are below the \$5 and \$10 limits. M5 tax rate limits are calculated against a property's real market value (RMV). However, tax rates are applied to a property's assessed value (AV). Due to this, a property's ratio of RMV:AV can impact whether the property is "in compression". As illustrated when comparing 2011-12 with 2020-21, an expanding 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 percentage of tax extended was 2.8% as compared to 2.2% in 2020-21, corresponding with statewide average CPRs of 0.74 and 0.59 respectively.

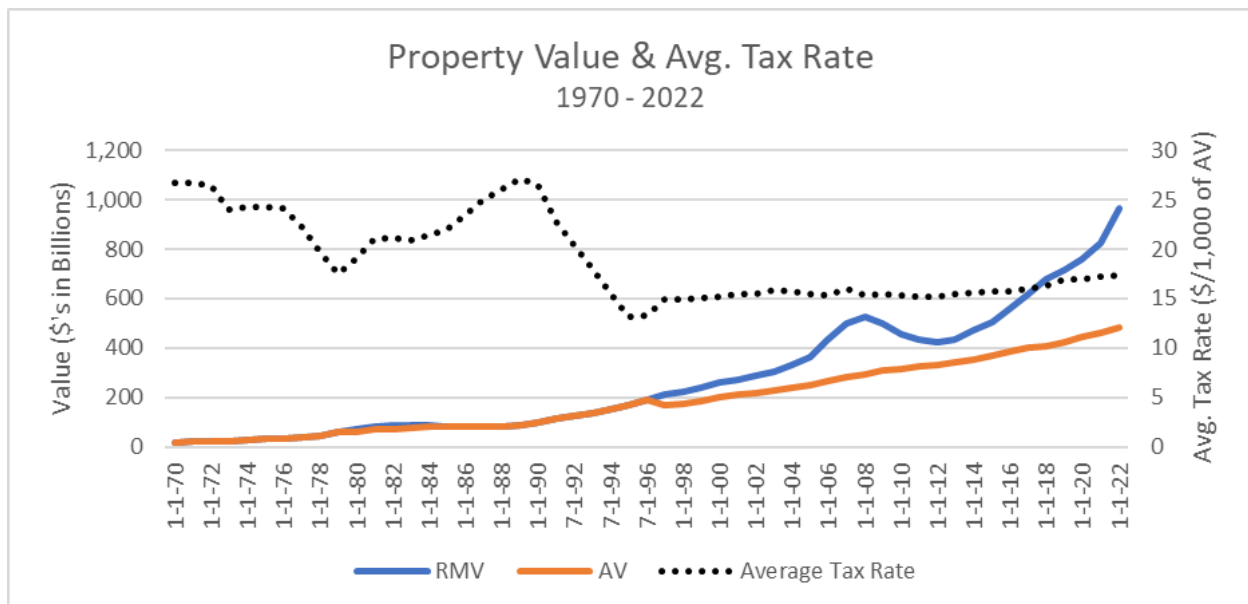
In 2019-20, the tax revenue of many taxing districts were affected to some degree by compression limits which is the difference between extended taxes and the lesser amount that can actually be imposed on an individual property because of Oregon's Constitutional property tax limitations.

² 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.

Compression rates were relatively high during the Great Recession. However, appreciation of property real market values in recent years lowered compression reductions. Compression reduction reached \$144 million, or 2.8% of total tax extended in 2011-2012. It was lower at \$152 million, or 2.2% of total tax extended in 2020-21. 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 2022-23, 66% (totaling \$91 million or 4.9% of total tax extended) of total loss compression occurred in Multnomah County.³ In other counties, the dollar value of compression reduction was lower, but in relative terms, similarly significant. For example, in Sherman County, the compression reduction was \$127,000 but accounted for 3.9% 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 M50 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.

Exhibit D3



Source: Oregon Department of Revenue, Oregon Property Tax Statistics

³ Tax extended relating to bond levies is not included as bonds are not subject to M5 tax rate limits.

Exhibit D4

Value of Taxable Property, Assessment Ratio & Average Tax Rate								
Assessment Date	M5V & 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%	405,604	0.4%	59.9%		16.23	1.0%
1-1-19	715,771	5.8%	423,669	4.5%	59.2%		16.96	4.5%
1-1-20	756,721	5.7%	443,551	4.7%	58.6%		17.00	0.2%
1-1-21	823,667	8.8%	462,526	4.3%	56.2%		17.24	1.4%
1-1-22	964,669	17.1%	485,240	4.9%	50.3%		17.29	0.3%
Avg. Growth Rate 1970-2022								
		7.9%		6.5%				
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.								
Source: Oregon Department of Revenue, Oregon Property Tax Statistics								

Exhibit D5

Total Net Assessed Value (NAV) Real Market Values (RMV) Ratio of NAV:RMV									
FYs			2021-22			and 2022-23			
Total M5V (\$000s)			Total NAV (\$000s)			Ratio - NAV:M5V			
County	2021-22	2022-23	% CH	2021-22	2022-23	% CH	2021-22	2022-23	% CH
Baker	2,601,338	3,030,789	16.5%	1,851,242	1,952,889	5.5%	71.2%	64.4%	-6.7%
Benton	15,958,042	18,551,250	16.3%	9,927,432	10,291,784	3.7%	62.2%	55.5%	-6.7%
Clackamas	94,260,311	110,643,407	17.4%	55,697,303	58,117,240	4.3%	59.1%	52.5%	-6.6%
Clatsop	11,197,661	14,527,101	29.7%	6,922,307	7,242,725	4.6%	61.8%	49.9%	-12.0%
Columbia	9,602,119	11,350,840	18.2%	5,941,259	6,263,677	5.4%	61.9%	55.2%	-6.7%
Coos	9,380,580	11,661,020	24.3%	5,896,151	6,122,019	3.8%	62.9%	52.5%	-10.4%
Crook	4,544,575	6,141,512	35.1%	2,653,129	2,865,835	8.0%	58.4%	46.7%	-11.7%
Curry	4,757,529	5,861,408	23.2%	3,413,744	3,574,043	4.7%	71.8%	61.0%	-10.8%
Deschutes	56,085,178	73,168,841	30.5%	28,389,610	29,951,563	5.5%	50.6%	40.9%	-9.7%
Douglas	13,895,886	16,691,462	20.1%	10,483,148	11,102,367	5.9%	75.4%	66.5%	-8.9%
Gilliam	1,192,671	1,334,714	11.9%	999,910	1,090,308	9.0%	83.8%	81.7%	-2.1%
Grant	891,235	1,007,886	13.1%	663,058	671,097	1.2%	74.4%	66.6%	-7.8%
Harney	1,081,535	1,163,586	7.6%	674,582	691,559	2.5%	62.4%	59.4%	-2.9%
Hood River	5,338,426	6,580,515	23.3%	2,860,784	3,046,758	6.5%	53.6%	46.3%	-7.3%
Jackson	36,720,092	43,792,677	19.3%	23,061,881	24,207,562	5.0%	62.8%	55.3%	-7.5%
Jefferson	3,783,202	4,785,558	26.5%	2,008,131	2,072,516	3.2%	53.1%	43.3%	-9.8%
Josephine	13,037,501	15,027,063	15.3%	8,694,521	9,048,307	4.1%	66.7%	60.2%	-6.5%
Klamath	10,004,914	11,848,003	18.4%	6,502,850	6,607,136	1.6%	65.0%	55.8%	-9.2%
Lake	1,421,550	1,400,879	-1.5%	969,358	889,223	-8.3%	68.2%	63.5%	-4.7%
Lane	65,798,448	77,479,432	17.8%	37,438,548	39,071,214	4.4%	56.9%	50.4%	-6.5%
Lincoln	12,445,369	15,539,649	24.9%	8,535,631	8,882,172	4.1%	68.6%	57.2%	-11.4%
Linn	18,741,377	22,348,424	19.2%	11,255,438	11,869,682	5.5%	60.1%	53.1%	-6.9%
Malheur	3,236,282	3,827,780	18.3%	2,439,700	2,593,363	6.3%	75.4%	67.8%	-7.6%
Marion	46,623,072	55,191,679	18.4%	27,851,702	29,256,503	5.0%	59.7%	53.0%	-6.7%
Morrow	5,963,438	6,982,481	17.1%	2,935,993	3,759,690	28.1%	49.2%	53.8%	4.6%
Multnomah	194,030,465	208,773,182	7.6%	85,289,187	89,180,859	4.6%	44.0%	42.7%	-1.2%
Polk	11,269,396	13,706,633	21.6%	6,841,704	7,147,899	4.5%	60.7%	52.1%	-8.6%
Sherman	719,667	811,317	12.7%	575,454	644,850	12.1%	80.0%	79.5%	-0.5%
Tillamook	8,342,708	10,837,440	29.9%	5,649,383	5,955,887	5.4%	67.7%	55.0%	-12.8%
Umatilla	10,276,936	11,848,484	15.3%	6,970,550	7,387,993	6.0%	67.8%	62.4%	-5.5%
Union	3,302,006	3,916,375	18.6%	2,160,295	2,285,040	5.8%	65.4%	58.3%	-7.1%
Wallowa	1,709,011	2,173,296	27.2%	950,714	992,863	4.4%	55.6%	45.7%	-9.9%
Wasco	4,777,300	5,831,739	22.1%	2,622,807	3,087,616	17.7%	54.9%	52.9%	-2.0%
Washington	122,939,291	145,221,596	18.1%	72,849,503	76,267,089	4.7%	59.3%	52.5%	-6.7%
Wheeler	257,759	330,263	28.1%	164,908	182,490	10.7%	64.0%	55.3%	-8.7%
Yamhill	17,480,599	21,280,443	21.7%	10,383,932	10,866,229	4.6%	59.4%	51.1%	-8.3%
Statewide	823,667,470	964,668,720	-14.6%	462,525,849	485,240,045	-4.7%	56.2%	50.3%	-5.9%

Source: Oregon Department of Revenue, Oregon Property Tax Statistics

Exhibit D6

Net Assessed Value and Average Tax Rate (\$/1,000 of AV)						
County	Net Assessed Value (\$000s)			Average Tax Rate in \$/1,000		
	2021-22	2022-23	% CH.	2021-22	2022-23	% CH.
Baker	1,851,242	1,952,889	5.5%	13.61	13.66	0.4%
Benton	9,927,432	10,291,784	3.7%	17.59	17.79	1.1%
Clackamas	55,697,303	58,117,240	4.3%	17.16	17.54	2.2%
Clatsop	6,922,307	7,242,725	4.6%	13.83	13.85	0.1%
Columbia	5,941,259	6,263,677	5.4%	13.97	14.31	2.4%
Coos	5,896,151	6,122,019	3.8%	13.18	12.96	-1.7%
Crook	2,653,129	2,865,835	8.0%	13.83	13.47	-2.6%
Curry	3,413,744	3,574,043	4.7%	8.30	8.28	-0.2%
Deschutes	28,389,610	29,951,563	5.5%	15.71	15.81	0.6%
Douglas	10,483,148	11,102,367	5.9%	10.92	10.95	0.3%
Gilliam	999,910	1,090,308	9.0%	11.49	11.49	0.0%
Grant	663,058	671,097	1.2%	13.01	13.03	0.2%
Harney	674,582	691,559	2.5%	14.06	14.05	-0.1%
Hood River	2,860,784	3,046,758	6.5%	14.31	14.10	-1.5%
Jackson	23,061,881	24,207,562	5.0%	14.20	14.19	-0.1%
Jefferson	2,008,131	2,072,516	3.2%	16.46	16.77	1.9%
Josephine	8,694,521	9,048,307	4.1%	9.55	9.60	0.5%
Klamath	6,502,850	6,607,136	1.6%	11.94	12.10	1.3%
Lake	969,358	889,223	-8.3%	13.34	13.32	-0.1%
Lane	37,438,548	39,071,214	4.4%	16.20	16.53	2.0%
Lincoln	8,535,631	8,882,172	4.1%	15.01	15.10	0.6%
Linn	11,255,438	11,869,682	5.5%	16.92	17.25	2.0%
Malheur	2,439,700	2,593,363	6.3%	13.65	13.38	-2.0%
Marion	27,851,702	29,256,503	5.0%	16.93	16.92	-0.1%
Morrow	2,935,993	3,759,690	28.1%	14.72	14.19	-3.6%
Multnomah	85,289,187	89,180,859	4.6%	23.99	23.80	-0.8%
Polk	6,841,704	7,147,899	4.5%	15.50	15.51	0.1%
Sherman	575,454	644,850	12.1%	15.67	15.69	0.1%
Tillamook	5,649,383	5,955,887	5.4%	11.33	11.30	-0.3%
Umatilla	6,970,550	7,387,993	6.0%	16.06	16.11	0.3%
Union	2,160,295	2,285,040	5.8%	14.05	14.06	0.1%
Wallowa	950,714	992,863	4.4%	11.61	11.59	-0.2%
Wasco	2,622,807	3,087,616	17.7%	15.64	15.78	0.9%
Washington	72,849,503	76,267,089	4.7%	17.60	17.65	0.3%
Wheeler	164,908	182,490	10.7%	16.44	16.85	2.5%
Yamhill	10,383,932	10,866,229	4.6%	14.72	14.64	-0.5%
Total	462,525,849	485,240,045	4.9%	17.24	17.29	0.3%
Urban Renewal	16,401,077	17,754,749	8.3%	16.71	16.25	-2.8%
Statewide	478,926,926	502,994,794	5.0%	17.22	17.26	0.2%
Notes: 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

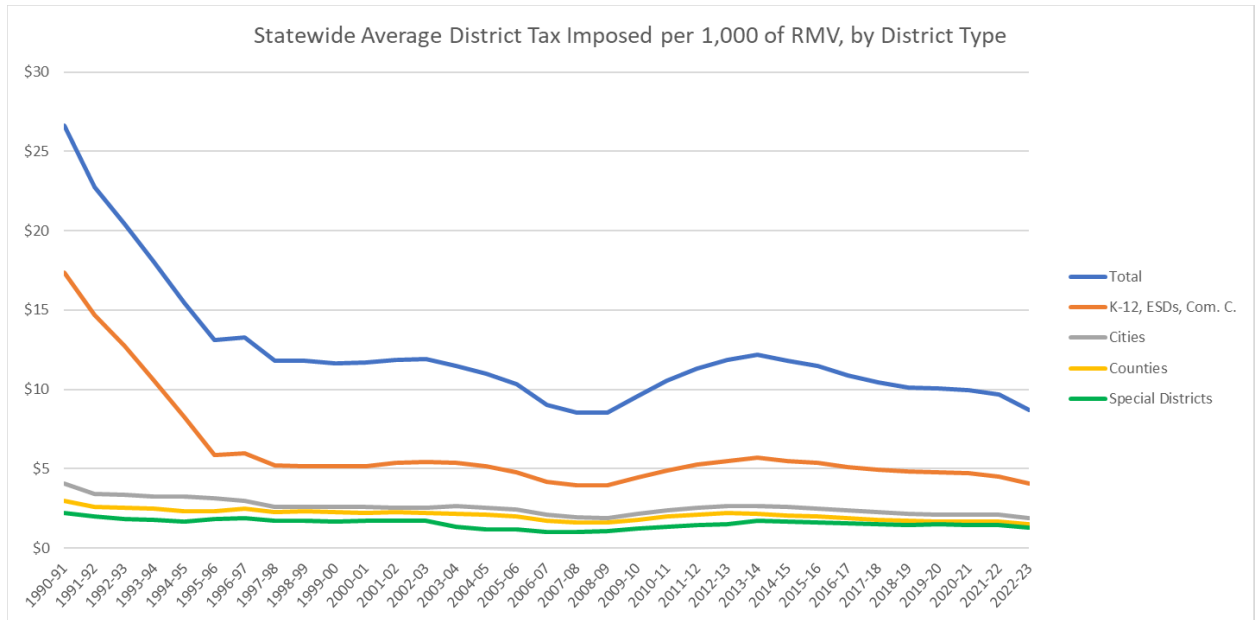
Exhibit D7

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.
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%
2019-20	1,205.4	4.7%	1,509.9	3.9%	3,113.9	4.9%	290.3	4.1%	1,066.1	8.7%	7,185.7 5.1%
2020-21	1,262.9	4.8%	1,597.3	3.9%	3,263.0	4.8%	307.6	5.9%	1,109.3	4.1%	7,540.2 4.9%
2021-22	1,375.8	8.9%	1,730.7	8.4%	3,379.0	3.6%	317.8	3.3%	1,169.1	5.4%	7,972.5 5.7%
2022-23	1,455.5	5.8%	1,797.3	3.8%	3,571.1	5.7%	339.6	6.9%	1,227.4	5.0%	8,390.9 5.2%
Average Growth Rates											
1970-2023		6.6%		6.5%		4.6%		5.7%		8.0%	5.6%
1990-2023		5.3%		4.9%		2.6%		3.4%		5.6%	3.8%

Notes: Special Districts do not include urban renewal imposed amounts.
Years prior to 1990 are tabled in prior LRO Basic Facts publications.

Source: Oregon Department of Revenue, Summary of Assessment and Levies

Exhibit D8



Source: Oregon Department of Revenue, Summary of Assessment and Levies

Exhibit D9

Property Taxes Imposed by County and District Type FY 2022-23														
All Districts & UR			County		Cities		Schools & ESDs		Community College		Special Districts		Urban Renewal	
County	Imposed	% CH.	Imposed	% CH.	Imposed	% CH.	Imposed	% CH.	Imposed	% CH.	Imposed	% CH.	Imposed	% CH.
Baker	26,670,282	5.8%	7,341,254	5.6%	4,644,673	4.9%	10,684,726	6.2%	1,299,767	5.5%	2,699,862	6.5%	0	N/A
Benton	184,181,182	5.5%	31,881,535	3.7%	47,323,956	3.1%	80,843,642	5.8%	7,456,457	13.2%	15,611,807	4.3%	1,063,785	11.7%
Clackamas	1,059,704,256	10.9%	182,619,450	8.4%	124,683,051	4.4%	478,813,896	7.0%	44,054,037	14.5%	189,418,009	4.2%	40,115,813	11.7%
Clatsop	102,169,148	6.7%	12,802,833	2.4%	17,849,782	2.4%	48,078,458	6.2%	6,622,169	3.9%	14,991,635	5.9%	1,824,271	4.4%
Columbia	91,344,606	10.1%	12,347,545	5.5%	8,852,001	5.8%	41,151,590	11.0%	3,069,057	5.9%	24,194,464	5.4%	1,729,950	26.7%
Coos	84,694,543	9.0%	9,194,347	3.2%	17,112,032	4.0%	33,043,136	-0.6%	4,219,285	3.9%	15,759,226	4.7%	5,366,516	8.3%
Crook	38,605,184	5.2%	11,834,181	7.5%	2,834,597	8.0%	15,569,622	2.2%	1,979,289	4.1%	6,387,494	7.9%	0	N/A
Curry	30,455,257	7.5%	2,143,062	4.7%	4,589,359	3.3%	14,567,358	4.7%	2,507,106	4.7%	5,779,230	4.4%	869,142	16.6%
Deschutes	481,050,607	7.8%	36,487,933	5.5%	64,675,688	14.4%	203,991,938	5.3%	20,827,459	1.6%	147,698,427	4.9%	7,369,162	62.7%
Douglas	123,150,888	7.6%	12,329,442	6.2%	28,512,281	6.2%	55,766,260	5.9%	5,124,260	6.1%	19,802,291	6.8%	1,616,354	24.8%
Gilliam	12,524,672	9.0%	4,182,682	9.1%	636,725	8.8%	5,857,672	8.8%	0	N/A	1,847,593	9.5%	0	N/A
Grant	8,820,837	2.2%	1,933,024	1.2%	923,412	1.7%	3,669,448	1.8%	0	N/A	2,215,741	0.3%	79,212	N/A
Harney	9,968,713	5.1%	3,055,074	2.4%	1,236,474	-0.1%	3,972,609	3.3%	0	N/A	1,451,383	2.2%	253,174	N/A
Hood River	44,475,750	8.6%	6,804,604	5.9%	3,649,282	-10.9%	24,040,850	5.4%	1,964,915	35.3%	6,505,602	5.7%	1,510,498	453.6%
Jackson	349,863,767	6.8%	50,518,360	4.8%	73,858,043	4.3%	147,300,451	4.6%	16,051,083	6.6%	55,741,472	5.7%	6,394,359	7.4%
Jefferson	35,815,107	8.4%	10,746,822	9.3%	2,416,662	6.6%	14,644,880	2.9%	1,424,120	-0.5%	5,521,547	4.2%	1,061,076	21.8%
Josephine	88,873,723	7.0%	14,917,866	6.4%	22,107,181	3.7%	39,858,886	4.2%	5,115,825	5.4%	4,860,489	5.1%	2,013,476	42.7%
Klamath	80,700,068	4.0%	11,627,088	1.4%	9,574,363	3.9%	33,040,843	3.5%	2,854,727	1.2%	22,824,413	2.8%	778,635	110.3%
Lake	11,846,845	-8.4%	3,288,871	-8.2%	914,958	6.2%	4,424,724	-11.6%	104,592	-29.1%	3,113,701	-6.5%	0	N/A
Lane	657,806,483	8.5%	72,802,181	4.4%	202,509,309	3.3%	283,343,896	10.0%	37,058,004	3.7%	50,217,097	6.0%	11,875,997	18.0%
Lincoln	139,776,773	9.1%	25,049,769	4.1%	24,618,792	2.3%	52,010,841	3.9%	3,552,839	0.6%	28,919,715	9.8%	5,624,816	24.7%
Linn	213,080,984	11.9%	49,631,903	9.6%	48,265,505	3.8%	81,541,074	8.2%	8,858,092	14.4%	16,441,924	5.4%	8,342,486	185.2%
Malheur	34,688,762	4.2%	6,684,456	6.3%	5,868,601	6.3%	13,241,459	4.7%	2,947,277	6.0%	5,946,968	-1.9%	0	N/A
Marion	513,092,682	8.8%	88,227,062	5.1%	116,135,907	4.6%	211,004,778	5.4%	26,143,408	4.4%	53,442,792	4.1%	18,138,735	5.6%
Morrow	51,609,019	19.4%	13,245,451	11.9%	4,156,667	-11.3%	17,600,014	27.3%	3,108,050	27.0%	13,245,451	26.9%	253,387	42.7%
Multnomah	2,267,804,477	10.8%	432,745,406	4.9%	659,534,642	2.2%	797,457,193	4.1%	56,036,226	5.4%	176,516,181	4.8%	145,514,830	-2.4%
Polk	114,914,029	8.4%	15,417,045	4.5%	28,164,188	3.5%	51,428,659	3.9%	6,366,253	3.9%	9,453,791	12.3%	4,084,094	10.2%
Sherman	10,117,340	12.2%	5,449,983	12.3%	260,938	10.2%	3,380,275	12.2%	0	N/A	1,026,144	12.4%	0	N/A
Tillamook	68,089,838	6.4%	15,091,993	6.1%	2,566,918	-1.3%	34,098,956	5.2%	2,384,464	8.9%	13,129,796	4.5%	817,710	9.3%
Umatilla	120,465,306	7.6%	20,907,434	6.2%	21,481,782	6.4%	53,902,681	5.9%	6,019,862	5.4%	16,715,456	8.2%	1,438,091	10.5%
Union	33,053,190	8.9%	7,013,698	6.4%	7,062,900	7.1%	15,432,854	4.9%	0	N/A	2,612,436	6.5%	931,301	-14.9%
Wallowa	11,508,680	4.3%	2,707,127	4.4%	1,342,790	3.9%	5,944,848	4.3%	0	N/A	1,513,914	4.4%	0	N/A
Wasco	50,457,883	23.0%	12,775,905	16.5%	5,346,622	25.3%	17,532,056	16.1%	1,997,329	51.6%	11,083,255	18.2%	1,722,715	6.5%
Washington	1,371,884,525	7.0%	230,138,889	4.9%	202,255,914	5.5%	600,261,784	5.4%	51,748,151	6.3%	261,764,072	3.5%	25,715,715	28.1%
Wheeler	3,074,231	13.4%	1,526,348	14.0%	238,165	16.1%	1,095,094	11.7%	0	N/A	214,624	14.3%	0	N/A
Yamhill	160,243,823	4.8%	28,007,762	4.6%	31,122,418	5.2%	72,529,090	3.4%	8,746,295	4.7%	18,687,069	3.9%	1,151,190	22.2%
Total	8,686,583,460	9.0%	1,453,478,382	5.6%	1,797,326,578	3.8%	3,571,126,543	5.7%	339,640,396	6.9%	1,227,355,071	5.0%	297,656,490	1.7%

Source: Oregon Department of Revenue, Summary of Assessment and Levies

Exhibit D10

Property Tax Compression Reduction FY 2022-23									
School Levies				Non-School Levies			Total (Excludes Urban Renewal)		
County	Reduction \$000s	% of Tax	point Change	Reduction \$000s	% of Tax	point Change	Reduction \$000s	% of Tax	point Change
Baker	677	5.8%	-0.2%	151	1.0%	-0.4%	828	3.1%	-0.3%
Benton	2,017	3.0%	-1.6%	273	0.3%	0.0%	2,291	1.4%	-0.7%
Clackamas	8,501	2.2%	-0.8%	684	0.1%	0.0%	9,185	1.1%	-0.4%
Clatsop	400	1.0%	-0.6%	68	0.2%	0.0%	468	0.6%	-0.3%
Columbia	341	1.0%	0.0%	264	0.6%	0.0%	605	0.8%	0.0%
Coos	175	0.5%	-0.1%	129	0.3%	0.0%	303	0.4%	-0.1%
Crook	164	1.0%	-0.2%	0	0.0%	0.0%	164	0.5%	-0.1%
Curry	6	0.0%	0.0%	0	0.0%	0.0%	6	0.0%	0.0%
Deschutes	885	0.5%	-0.1%	109	0.0%	0.0%	995	0.3%	0.0%
Douglas	723	1.2%	-0.2%	128	0.2%	-0.7%	851	0.7%	-0.5%
Gilliam	172	3.0%	-0.1%	31	0.5%	-0.2%	203	1.6%	-0.1%
Grant	37	1.0%	-0.5%	4	0.1%	0.0%	41	0.5%	-0.2%
Harney	107	2.8%	-1.0%	146	2.5%	0.2%	253	2.6%	-0.3%
Hood River	931	4.4%	-0.2%	0	0.0%	0.0%	931	2.5%	-0.1%
Jackson	774	0.6%	-0.1%	70	0.0%	0.0%	844	0.3%	-0.1%
Jefferson	233	2.1%	-0.2%	343	1.9%	0.3%	576	2.0%	0.1%
Josephine	78	0.2%	-0.2%	0	0.0%	0.0%	78	0.1%	-0.1%
Klamath	2	0.0%	0.0%	896	2.0%	0.2%	898	1.2%	0.1%
Lake	39	0.9%	-0.5%	196	2.8%	-0.2%	236	2.0%	-0.3%
Lane	4,245	1.7%	-0.7%	897	0.3%	0.0%	5,142	0.9%	-0.3%
Lincoln	145	0.3%	-0.4%	1	0.0%	0.0%	146	0.1%	-0.2%
Linn	822	1.2%	-0.1%	3,213	2.9%	-0.3%	4,035	2.3%	-0.2%
Malheur	336	2.4%	0.1%	50	0.3%	0.0%	386	1.2%	0.0%
Marion	964	0.6%	0.0%	1,096	0.5%	0.0%	2,060	0.5%	0.0%
Morrow	722	3.6%	-0.3%	1,156	3.6%	-1.1%	1,878	3.6%	-0.8%
Multnomah	27,603	4.2%	-0.1%	63,443	5.2%	-0.7%	91,047	4.9%	-0.5%
Polk	224	0.6%	0.0%	0	0.0%	0.0%	225	0.3%	0.0%
Sherman	127	3.6%	-0.1%	281	4.0%	-0.2%	408	3.9%	-0.2%
Tillamook	148	0.5%	-0.1%	2	0.0%	0.0%	150	0.3%	0.0%
Umatilla	2,531	5.7%	-0.7%	549	1.0%	-0.2%	3,079	3.0%	-0.5%
Union	131	1.1%	0.1%	152	0.9%	-0.8%	283	1.0%	-0.4%
Wallowa	35	0.6%	0.2%	0	0.0%	0.0%	35	0.3%	0.1%
Wasco	461	2.6%	0.8%	958	3.3%	1.2%	1,419	3.0%	1.0%
Washington	7,021	1.5%	-0.5%	1,079	0.2%	0.0%	8,100	0.7%	-0.2%
Wheeler	43	3.8%	-0.9%	52	2.7%	-4.0%	95	3.1%	-2.9%
Yamhill	455	0.8%	0.0%	0	0.0%	0.0%	455	0.3%	0.0%
Total	62,275	2.1%	-0.4%	76,421	1.8%	-0.2%	138,696	1.9%	-0.3%

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.

Permanent and local option levies are subject to the M5 tax rate limits, bond levies are not.

"% 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: Oregon Department of Revenue, Summary of Assessment and Levies

SENIOR AND DISABLED PROPERTY TAX DEFERRAL PROGRAM

Program Basics and Recent Legislative Changes

The senior tax 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 year¹. In 1977, the Legislature expanded the program to include special assessments. Special assessment deferment was discontinued in 2011 (HB 2543). In 1984, a household Income limit of \$17,500 was added for senior tax deferral and special assessment. The senior tax deferral income limit was changed to \$18,500 in 1990, \$19,500 in 1991, and \$24,500 through tax year 2000-01. In 2001-02, the senior tax deferral income limit was increased to \$32,000 and indexed to CPI. 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; once in the program the income threshold was \$32,000. For participation in 2024, the household income limit is \$58,000².

Participation in the senior tax 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 tax deferral accounts. Participation then steadily declined until 2001-02 when the first group of disabled participants began the deferral. Participation then held relatively steady around 10,000 accounts until 2008-09 when overall participation began to increase for a few years. Since 2011, participation has declined from 11,090 to today's level of 3,662.

Total 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 by the program began to increase modestly until 2009-10 when rapid growth occurred. Since 2011, nominal tax paid has declined from a peak of \$20.7 million to today's level of \$11.6 million.

From 1978-79 to 1993-94, repayments by exiting participants and estates, 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 temporarily reverse the positive cash flow of the deferral account. Annual repayments dropped below \$14 million for the first time in twenty-two years while tax payments made on behalf of participants 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. Legislative changes are described below. Currently the fund collects more than it pays out each year.

¹ ORS 311.674

² ORS 311.668

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
- Changed continuing qualification income criteria to household income rather than adjusted gross income
- Established home occupancy requirement of owning and living in home for at least five years prior to applying for program
- Required homestead to be insured against fire and other casualty to be eligible
- Limited qualifying properties to those at a certain percentage of the county median RMV of residential properties. Limit depends in part on number of years a participant (or applicant) has owned and lived in the home
- Increased interest rate from 6% simple to 6% compound for deferred amounts on or after November 2011
- Required participant recertification every two years
- Disallowed participation for properties with reverse mortgages
- Eliminated five-year extension for heirs to repay deferred taxes
- Disallowed new special assessment deferrals
- Eliminated transfer of excess funds to Oregon Project Independence

2012 - HB 4039

- Allowed participants disqualified from program solely due to a reverse mortgage, stemming from HB 2543 in 2011, to receive deferral in 2011 and 2012
- Reduced frequency of required recertification to at least once every three years
- Clarified that "county median RMV" is based on improved property that has residential use as its highest and best value, classified as 1-0-1 by DOR rule

2013 - HB 2510, HB 2489

- HB 2510 allowed reverse mortgage participants brought back into deferral program by HB 4039 (2012) to remain in program if all other qualification criteria are met
- HB 2489 allowed those that participated in program in 2011 and no longer qualify due to reverse mortgage or five-year occupancy requirements to reapply beginning in 2014. Limited re-approval of participants to first 700 to reapply

2014 – HB 4148

- Reduced interest rate back to 6% simple rather than 6% compound. Reduced interest retroactively back to the 2011-12 tax year for program participants that pay balances on or after July 1, 2016

2015 – HB 2083

- Created exception to five-year occupancy requirement for certain homesteads
- Allowed DOR to purchase insurance for fire and other casualty, on behalf of an uninsured homestead, and add the cost of insurance coverage to the homestead lien
- 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 to qualify for senior tax deferral program if reverse mortgage was executed between 2011-2017

2021 – HB 2634

- Allowed disabled heir to continue deferral like a surviving spouse
- Established \$250,000 minimum cap on allowable RMV. Required minimum cap on allowable RMV to be adjusted annually based on CPI (amount for 2024 is \$284,500)
- Required upper/lower limits of application fee to be adjusted annually based on CPI
- Allowed for late filing, April 16-December 1. Required application late fee paid to county
- Limited amount of uncollected deferred taxes and interest county treasurer must pay to DOR upon foreclosure of property
- Extended program by moving sunset date to December 2, 2032 (claim filing deadline)

2022 – HB 4021

- Extended period in assessment year that taxpayers, upon sale/transfer of homestead ownership or moving manufactured structure or floating home out of state, may discontinue their participation in program
- Conditioned discontinuation of participation in program on full payment of deferred property tax lien

Following the changes to the program in HB 2543 (2011), paid tax accounts and overall taxes paid in 2011-12 both fell to about two-thirds the number in the previous year. Subsequent changes have allowed some of the previously eliminated participants to requalify for the program.

Oregon Project Independence

In 2005, the Legislature created Oregon Project Independence (OPI) and funded it from excess balances that accumulate in the deferral revolving 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 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 deferral program in subsequent years 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. The tables below demonstrate the activity of the program over time.

Exhibit E1

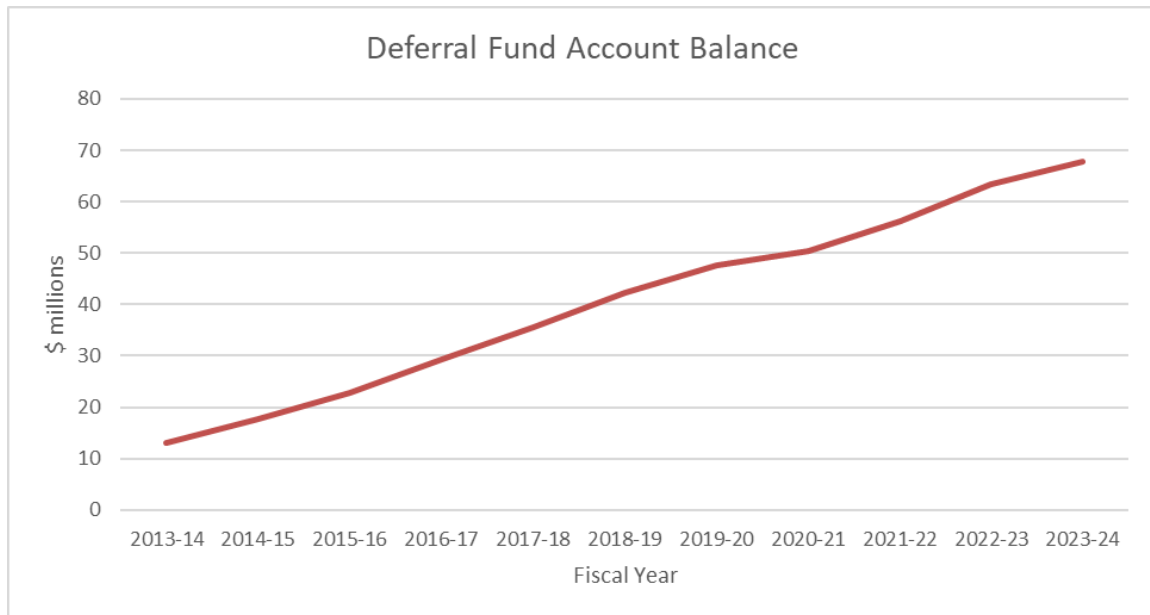


Exhibit E2

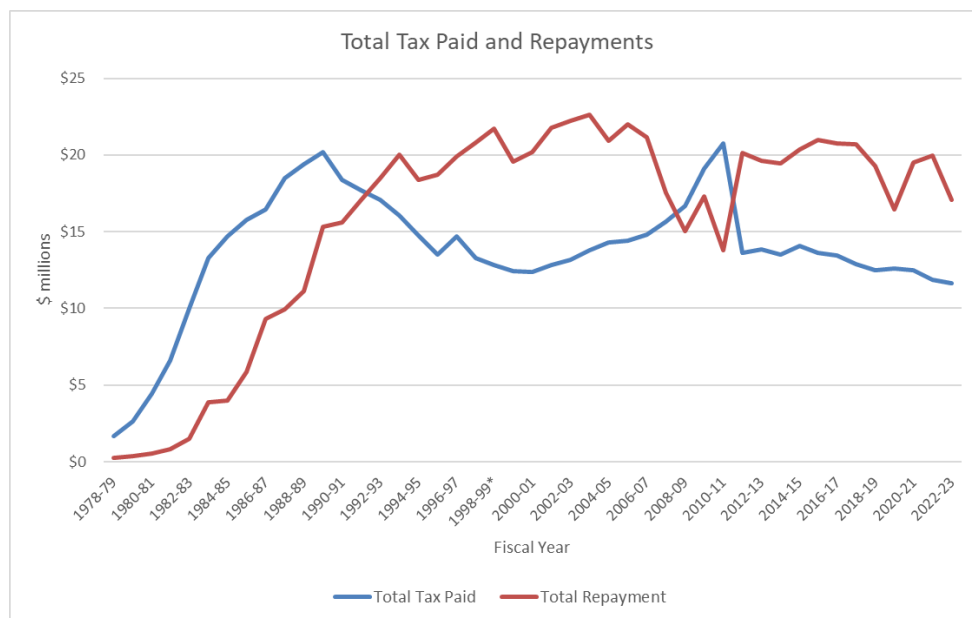


Exhibit E3

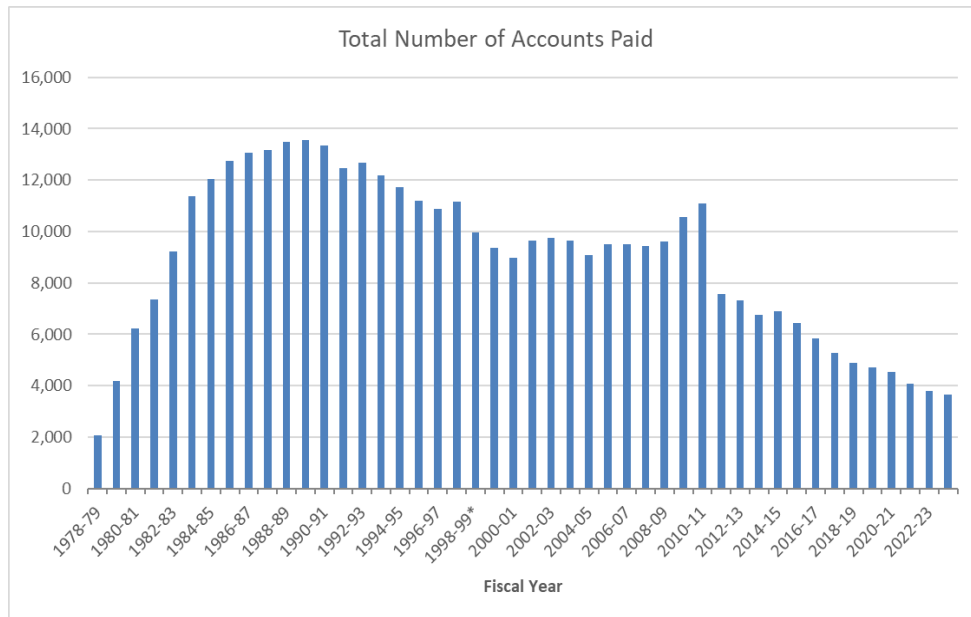


Exhibit E4

Accounts, Taxes Paid, and Repayments by Fiscal Year and Deferral Program									
Fiscal Year	Senior Deferral		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
2018-19	4,311	\$2,611	N/A	N/A	580	\$2,158	\$12,509	\$19,278	\$139,184
2019-20	4,167	\$2,717	N/A	N/A	555	\$2,263	\$12,577	\$16,430	\$140,927
2020-21	3,993	\$2,817	N/A	N/A	531	\$2,308	\$12,475	\$19,526	\$139,687
2021-22	3,602	\$2,969	N/A	N/A	486	\$2,468	\$11,892	\$19,943	\$137,194
2022-23	3,359	\$3,118	N/A	N/A	452	\$2,598	\$11,648	\$17,064	\$137,405
2023-24	3,246	\$3,243	N/A	N/A	416	\$2,679	\$11,640	N/A	N/A

Notes: Senior deferral repayment excludes special assessments until 1983-84. Balance owed includes interest from 1998-99 forward.

Interest rate of 6% is calculated as simple interest. The rate was calculated as compound interest starting in the 2011-12 tax year, before being changed back to simple interest retroactive to the 2011-12 tax year.

In 1977, the Legislature expanded the program to include special assessments. Special assessment deferment was discontinued in 2011.

In 1984, a household income limit of \$17,500 was added for senior tax deferral and special assessment.

Senior 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 senior tax deferral income limit was increased to \$32,000 and indexed to CPI.

The 1999 Legislature opened the deferral program to the disabled community, beginning in 2001-02.

* In 1998-99, while converting from one mainframe system to another, the DOR discovered that interest for prior years had not been posted to the senior deferral account. The increase in the 'balance owed' in 1998-99 reflects the impact of this interest.

OREGON ESTATE TAX

Overview of Oregon's Estate Tax

Estate, Inheritance, Gift, and Generation Skipping taxes are different forms of taxes on the transfer of wealth. The 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.

Oregon Taxable Estate Value = Federal Taxable Estate (as in effect on 12/31/2010)
+ Federal state deduction
± Marital property deduction (if applicable)
- Any other exclusions or deductions

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 \$425,000.¹

**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	10.25%
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%

¹ 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 the taxable estate value, 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.

SB 498 (2023) created a new estate tax exemption for up to \$15 million natural resource property. Natural resource property is defined the same way for the exemption as for the credit, but the eligibility requirements are different. The exemption requires the decedent to have owned the property for at least five years before death, and the decedent or a family member must have participated in a natural resource business using the property for at least 75% of the days for each of five years prior to the decedent's death. The property must be transferred to a family member with a family member participating in the business for 75% of the days in the five years after the decedent's death. There is no limit on the size of estates that can use the exemption. Either the exemption or the credit can be used, but not both.

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

² Only includes intangible personal property not subject to tax in another state.

estate tax that existed. Oregon's inheritance tax was equal to the maximum state inheritance tax credit allowed federally.

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

The 2001 federal Economic Growth and Tax Relief Reconciliation Act (EGTRRA) made significant changes in a number of tax areas, including federal estate taxes. The 2001 federal estate tax law changes included a phase-out of the state 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 state 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 between 2003 and 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 farm, 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 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.

Exhibit F1 (Tax Year 2021)























Taxable Estate Value	Number of Estates	Num of Returns as % of total	Payable Tax	Tax as a % of total
Less than \$1 million	810	27% 	\$ -	0% 
\$1m - \$1.5m	980	32% 	\$ 16,844,000	5% 
\$1.5m - \$2.5m	654	22% 	\$ 57,782,000	17% 
\$2.5m - \$3.5m	237	8% 	\$ 42,664,000	13% 
\$3.5m - \$4.5m	125	4% 	\$ 35,007,000	10% 
\$4.5m - \$5.5m	63	2% 	\$ 20,442,000	6% 
\$5.5m - \$6.5m	46	2% 	\$ 22,918,000	7% 
\$6.5m - \$7.5m	26	1% 	\$ 13,943,000	4% 
\$7.5m - \$9.5m	41	1% 	\$ 28,119,000	8% 
more than \$9.5m	59	2% 	\$ 100,895,000	30% 
Total	3,041	100% 	\$338,614,000	100% 

Exhibit F2

Estate / Inheritance Tax Returns, by Tax Year				
Tax year	Returns	Payable Tax	Returns Claiming NRC Credit	Natural Resource Credit (NRC) Claimed
			Credit	Claimed
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	2,063	206,658,331	50	5,681,821
2018	2,067	188,136,988	45	5,159,940
2019	2,372	315,769,302	52	6,231,579
2020	2,486	243,283,189	59	7,943,206
2021	3,041	338,614,000	75	13,324,000

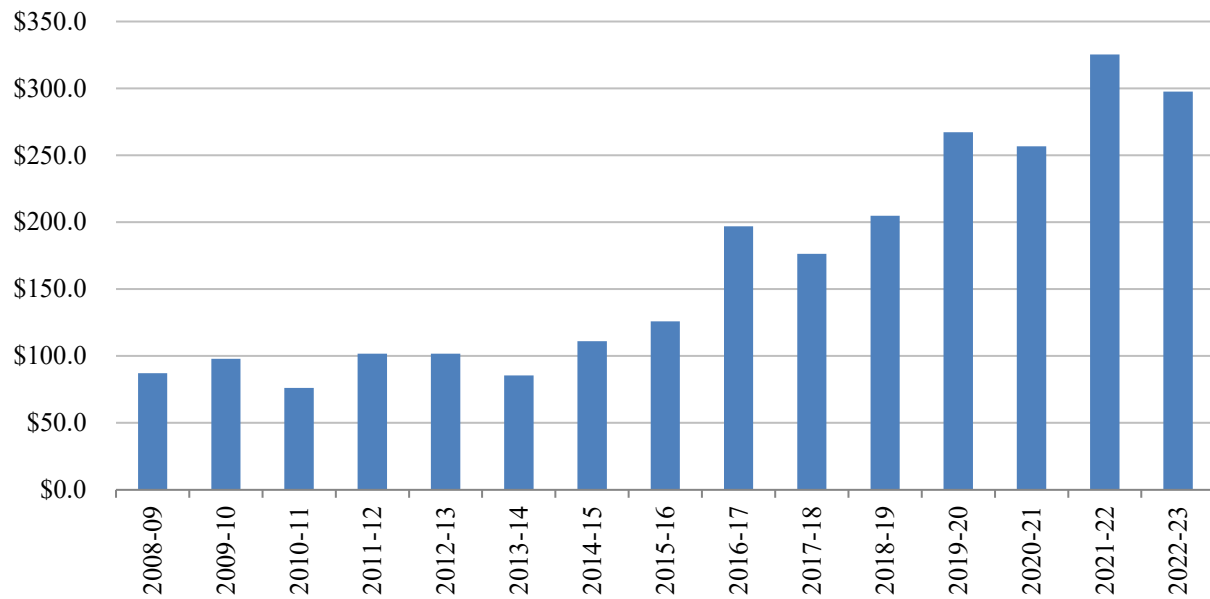
Exhibit F3

Inheritance Tax Collections by Fiscal Year (\$millions)

Fiscal Yr.	Receipts	% Change
2008-09	\$87.3	-20.3%
2009-10	\$98.0	12.3%
2010-11	\$76.2	-22.2%
2011-12	\$101.8	33.5%
2012-13	\$101.9	0.1%
2013-14	\$85.5	-16.1%
2014-15	\$111.0	29.8%
2015-16	\$126.0	13.5%
2016-17	\$196.9	56.2%
2017-18	\$176.5	-10.4%
2018-19	\$204.7	16.0%
2019-20	\$267.3	30.6%
2020-21	\$256.7	-4.0%
2021-22	\$325.5	26.8%
2022-23	\$297.6	-8.6%

Exhibit F4

Estate Tax Receipts (in \$ millions) by Fiscal Year



SCHOOL FINANCE

K-12 School Districts

Oregon has 197 school districts serving about 545,000 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 67% of school formula operating revenue. This revenue is mostly from state income taxes and lottery revenue. The state's share increased from about 30% before Measure 5 (1990) to about 70% after Measure 50 (1997). State revenue replaced reduced local revenue because of these property tax limitations. Along with increased state aid, the school finance distribution method for state support changed dramatically.

Funding Equity

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

Equalization Formula

The SSF equalization formula allocates an amount to each school district based primarily on number of students. The state grant is this formula amount reduced by local revenues. The formula equalizes revenues per student by removing past differentials caused by widely varying local tax rates and property wealth per student. To recognize that some students need more school services and that their schools may face higher costs, the formula assigns weights to certain students. For example, special education students count as 2.0 students to recognize their need for special programs. Additional student weights are for English as a second language programs, students from families in poverty, remote small schools and others. A general purpose grant per weighted student is adjusted for the experience level of teachers and set at a level that allocates available funding. The formula also funds 70-90% of 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 2021-22, 71 school districts used this option, raising a total of \$30.2 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 2023-25 biennium, EA Fund was provided by \$6.5 million from the SSF, and \$18.2 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.

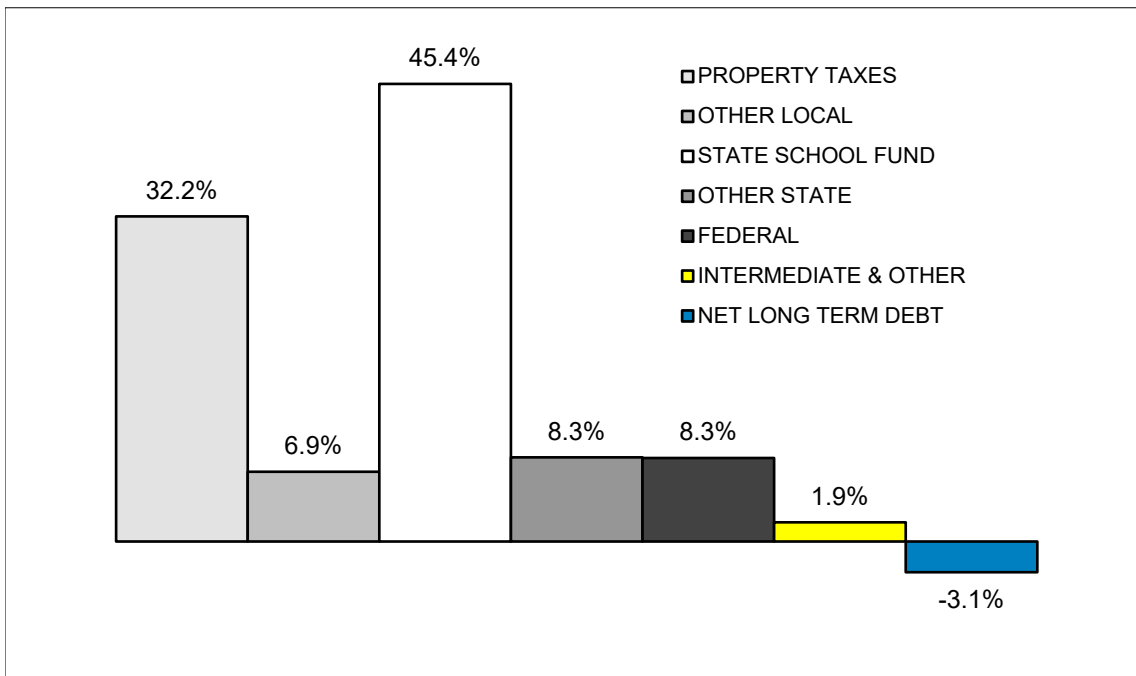
Education Stability Fund

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

FY 2020-21 Audited (\$ thousands)

	K-12	ESD	TOTAL
PROPERTY TAXES	3,046,656	142,611	3,189,267
OTHER LOCAL REVENUES	534,688	147,494	682,182
STATE SCHOOL FUND	4,336,148	155,385	4,491,533
COMMON SCHOOL FUND	60,057	0	60,057
OTHER STATE REVENUE	576,081	188,658	764,739
FEDERAL FOREST FEES	8,723	0	8,723
OTHER FEDERAL REVENUE	751,600	59,080	810,680
INTERMEDIATE & OTHER	177,856	9,370	187,226
NET LONG TERM DEBT	<u>-299,138</u>	<u>-4,101</u>	<u>-303,239</u>
TOTAL REVENUE	9,192,671	698,497	9,891,168
PLUS BEGINNING BALANCE	<u>4,911,425</u>	<u>102,466</u>	<u>5,013,891</u>
TOTAL RESOURCES	14,104,096	800,963	14,905,059
LESS TOTAL EXPENDITURES	<u>-11,290,078</u>	<u>-694,614</u>	<u>-11,984,692</u>
ENDING BALANCE	2,814,018	106,349	2,920,367



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%

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.

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 Formula Revenue		State School Fund (State Resources)		SSF Share of Formula 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%
2018-19	6,198,543	2.3%	4,100,000	0.0%	66.1%
2019-20	6,510,722	5.0%	4,408,040	7.5%	67.7%
2020-21	6,789,115	4.3%	4,587,960	4.1%	67.6%
2021-22	6,839,106	0.7%	4,555,040	-0.7%	66.6%
Estimates 2022-23	7,083,978	3.6%	4,740,960	4.1%	66.9%
Estimates 2023-24	7,438,952	5.0%	4,998,000	5.4%	67.2%

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;

K-12 SCHOOL EQUALIZATION FORMULA

STATE SCHOOL FUND DISTRIBUTION

District Formula Revenue
(Equalization Funding)

=

General
Purpose Grant

+

Transportation
Grant

+

High Cost
Disability Grant

School District Revenue

District Formula
Revenue

=

State School
Fund Grant

+

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

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

General
Purpose
Grant

=

Weighted
Students
(ADMw)

X

\$4,500 Adjusted by
Teacher
Experience and
Balanced to
Available Funds

Weighted Students (ADMw)

Weighted student count is measured by average daily membership with extra counts or weights for students in special categories. Average daily membership (ADM) is the average number of resident students during the school year. Weighted ADM or ADMw counts students in special enrollment categories as more than one student.

The higher of the current year or prior year ADMw is used. The higher count is called extended ADMw.

Student Weights

Student weight categories are as follows:

Category	Additional Weight	Count (ADMw)
Special Education and At Risk		
Individual Education Program	1.00	2.00
English 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
Grade and School		
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

Elementary High

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 1.9964 using \$4,500 per ADMw in 2022-23. The equivalent amount is \$8,984 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

The 2013 legislature expanded the definition of eligible transportation means to include certain alternative transportation methods.

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 \$55 million per year. If total grants initially exceed this amount, the grants are reduced proportionally.

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 2023 Legislature allocated \$18.0 million of the State School Fund for special programs and grants for the 2023-25 biennium. The largest were \$5 million to small districts with small high schools and \$4.3 million for purposes of funding the Oregon Youth Challenge Program.

The 2023 legislature appropriated \$42.9million from the SSF to the Educator Advancement Fund for the biennium. The Network is funded by \$6.5 million carve-out and \$18.2 million each from the school districts and education service districts. The 2023 Legislature also decided to provide Local Option Equalization Grants \$4.0 million from the SSF.

FORMULA GRANT PERCENTAGE by DISTRICT SIZE					
2021-22					
District Size by ADM	# of Districts	General Purpose	Transportation	Facility Grant	High Cost Disability Grant
0- 500	77	\$ 228,585,985.57	\$ 13,987,896.30	\$ 571.00	\$ 258,941.75
500- 1,000	29	\$ 251,566,602.33	\$ 11,793,868.30	\$ 10,720.00	\$ 752,057.93
1,000- 3,000	46	\$ 923,408,104.82	\$ 38,653,127.10	\$ 58,269.00	\$ 3,474,362.22
3,000- 5,000	18	\$ 759,140,002.98	\$ 28,410,923.10	\$ 4,297.00	\$ 6,101,680.63
5,000-10,000	19	\$ 1,478,085,511.45	\$ 59,223,576.30	\$ 335,640.00	\$ 12,792,239.57
10,000 and Greater	10	\$ 2,564,573,201.50	\$ 108,898,687.10	\$ 865,347.00	\$ 31,620,717.90

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 per school year beginning in 2015-16. This minimum allocation is adjusted 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 10th 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.

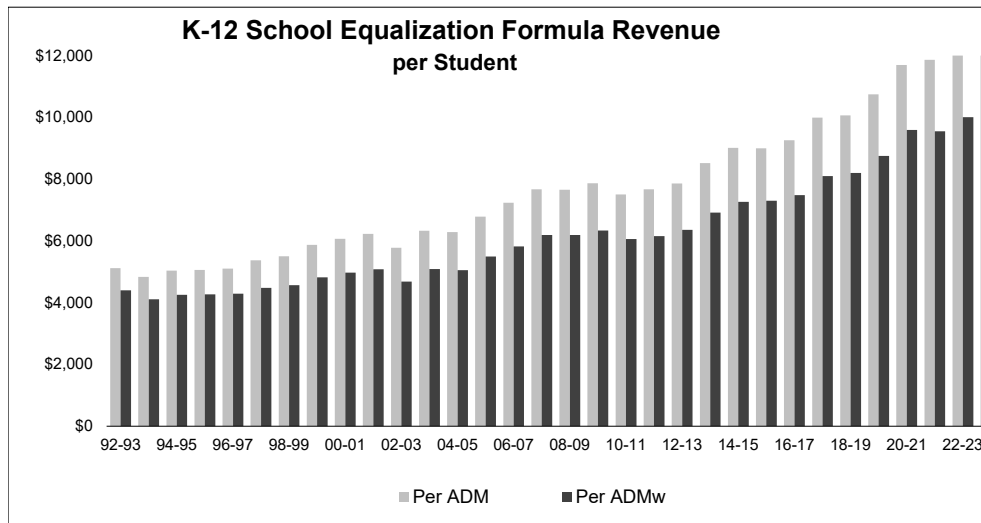
K-12 SCHOOL EQUALIZATION FORMULA REVENUE

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	532,255	-0.17%	662,817	0.40%	7,671	2.2%	6,160	1.6%
2012-13	533,787	0.29%	659,846	-0.45%	7,862	2.5%	6,360	3.3%
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	571,578	0.52%	707,233	0.85%	9,262	2.9%	7,486	2.5%
2017-18	572,677	0.19%	706,296	-0.13%	9,992	7.9%	8,102	8.2%
2018-19	573,825	0.20%	704,553	-0.25%	10,071	0.8%	8,202	1.2%
2019-20	574,147	0.06%	704,654	0.01%	10,749	6.7%	8,758	6.8%
2020-21	554,162	-3.48%	675,690	-4.11%	11,700	8.8%	9,596	9.6%
2021-22	544,865	-1.68%	676,997	0.19%	11,868	1.4%	9,551	-0.5%
2022-23 Est	543,327	-0.28%	669,236	-1.15%	12,331	3.9%	10,011	4.8%
2023-24 Forecast	542,099	-0.23%	669,895	0.10%	12,938	4.9%	10,470	4.6%

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).

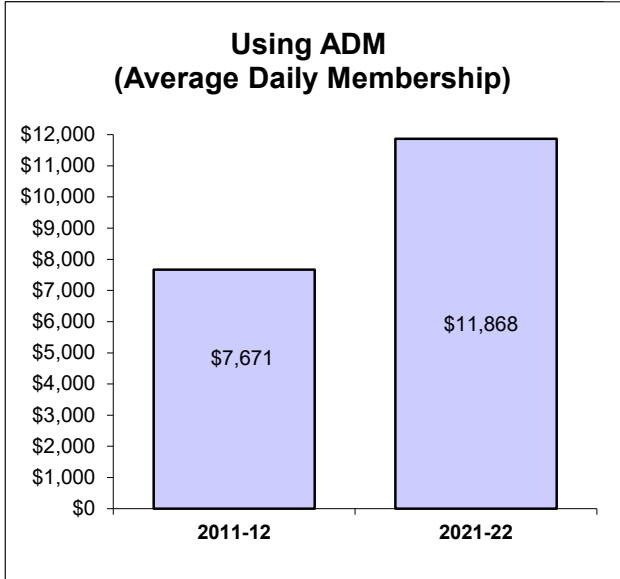
Includes students in the state youth corrections program beginning in 1997-98.

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

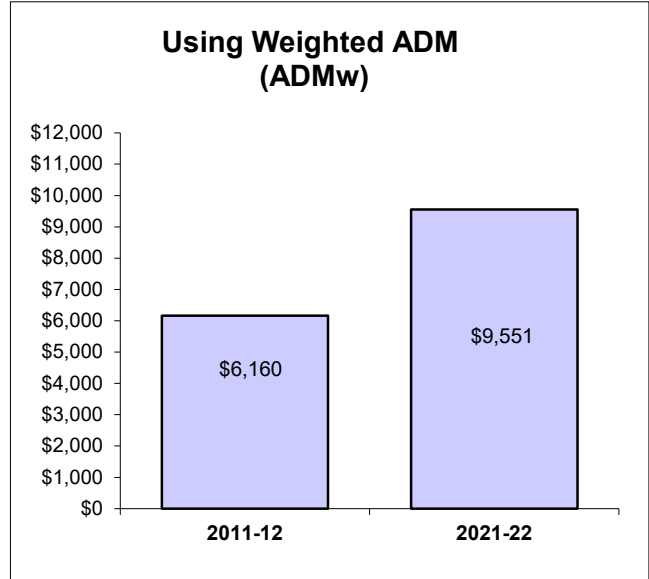
K-12 SCHOOL FINANCIAL TRENDS

STATE AND LOCAL FORMULA REVENUE PER STUDENT

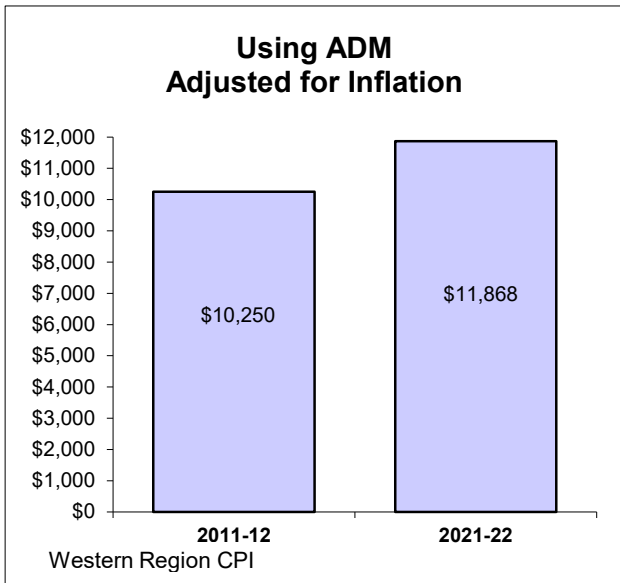
10 Year Comparison



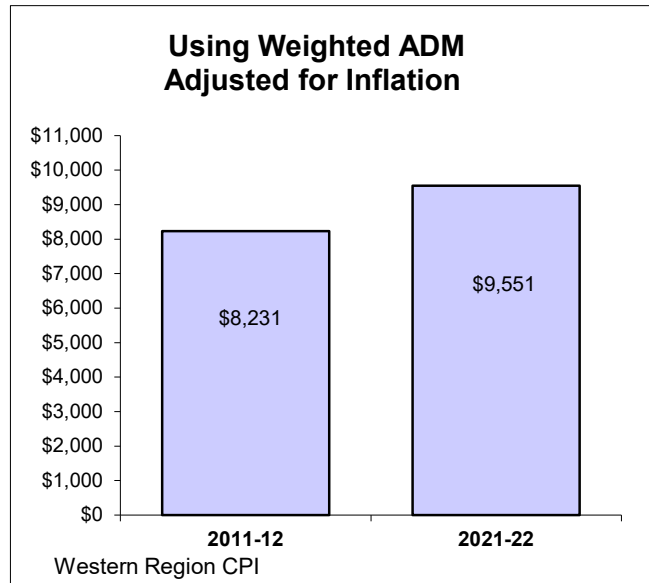
Revenue per student increases about 55%.



Revenue per weighted student increases about 55%.



Revenue per student adjusted for inflation increases about 16%.



Revenue per weighted student adjusted for inflation increases about 16%.

K-12 and ESD Revenue History
(\$ millions)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Source	Estimates**												Forecasts**	
State (A)														
State School Fund	\$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	\$4,772.2	\$4,772.2	\$5,100.0	\$5,100.0
Local K-12 (B)*														
Property and Timber Taxes	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	2,082.1	2,186.0	2,284.4	2,380.4
Other Local	86.6	95.8	86.8	92.6	99.2	90.5	98.9	100.5	93.7	95.9	106.1	113.7	115.5	116.8
Excluded from Formula	<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>	<u>-34.2</u>	<u>-36.2</u>	<u>-37.6</u>	<u>-39.0</u>
	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	2,153.9	2,263.6	2,362.3	2,458.2
Local ESD (C)*														
Property Tax and other Local	100.9	102.3	103.3	108.6	113.8	118.6	121.3	125.9	135.7	140.7	145.3	149.7	162.2	169.0
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>-4.0</u>	<u>-4.0</u>	<u>-4.0</u>	<u>-4.0</u>	<u>-4.0</u>	<u>-4.0</u>	<u>-4.0</u>	<u>-4.0</u>
	100.9	102.3	103.3	108.6	113.8	118.6	117.3	121.9	131.7	136.7	141.3	145.7	158.2	165.0
Total Sources (A+B+C)	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	7,067.4	7,181.5	7,620.5	7,723.2

Notes: Dollars in millions.

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

**Estimates and forecasts as of February, 2023

States Rank: Revenue Per Student FY 2021 (\$)

Rank	Public Elementary-Secondary School Revenue							
	Total		Federal Sources		State Sources		Local Sources	
	US.....	17,448	US.....	1,838	US.....	7,909	US.....	7,702
1	DC.....	33,365	AK.....	3,345	VT.....	23,970	DC.....	30,026
2	NY.....	32,104	DC.....	3,339	HI.....	16,163	NY.....	18,493
3	VT.....	27,196	MT.....	2,932	WA.....	12,835	CT.....	15,399
4	CT.....	26,455	ND.....	2,924	AK.....	12,596	NH.....	13,770
5	NJ.....	26,163	VT.....	2,747	DE.....	12,310	NJ.....	13,344
6	-	-	-	-	-	-	-	-
7	MA.....	23,939	ME.....	2,742	NY.....	12,147	MA.....	12,681
8	PA.....	22,935	CA.....	2,711	NJ.....	11,478	PA.....	12,400
9	NH.....	22,189	SD.....	2,679	MN.....	11,115	IL.....	10,818
10	IL.....	21,663	WY.....	2,525	WY.....	10,540	RI.....	10,748
11	RI.....	21,445	LA.....	2,342	NM.....	10,480	ME.....	10,066
12	-	-	-	-	-	-	-	-
13	WY.....	20,821	MS.....	2,336	KS.....	10,209	MD.....	9,863
14	ME.....	20,726	MI.....	2,302	CA.....	10,148	OH.....	9,277
15	DE.....	20,434	KY.....	2,239	MA.....	9,872	NE.....	8,951
16	AK.....	20,254	WV.....	2,161	MI.....	9,674	CO.....	7,819
17	MD.....	19,735	AR.....	2,140	CT.....	9,628	WY.....	7,756
18	-	-	-	-	-	-	-	-
19	CA.....	19,512	AZ.....	2,109	OR.....	9,512	VA.....	7,739
20	WA.....	18,972	HI.....	2,103	ND.....	9,386	MO.....	7,683
21	HI.....	18,374	RI.....	2,030	AR.....	9,376	LA.....	7,521
22	ND.....	18,347	NM.....	2,013	IL.....	9,141	TX.....	7,371
23	MN.....	17,955	AL.....	2,009	WI.....	8,735	SD.....	6,691
24	-	-	-	-	-	-	-	-
25	MI.....	17,728	PA.....	1,961	RI.....	8,667	SC.....	6,690
26	OR.....	17,558	CO.....	1,831	PA.....	8,574	GA.....	6,666
27	OH.....	17,391	SC.....	1,827	IN.....	8,537	CA.....	6,653
28	WI.....	16,143	MO.....	1,786	MD.....	8,493	OR.....	6,574
29	IA.....	15,658	OK.....	1,776	IA.....	7,936	DE.....	6,565
30	-	-	-	-	-	-	-	-
31	LA.....	15,657	TN.....	1,766	ME.....	7,918	MT.....	6,386
32	SC.....	15,629	TX.....	1,754	WV.....	7,863	FL.....	6,151
33	MT.....	15,519	GA.....	1,749	NV.....	7,324	ND.....	6,037
34	KS.....	15,446	FL.....	1,724	KY.....	7,179	IA.....	6,012
35	VA.....	15,400	IA.....	1,710	SC.....	7,112	WI.....	6,009
36	-	-	-	-	-	-	-	-
37	NE.....	15,371	IL.....	1,704	NC.....	7,104	MI.....	5,752
38	WV.....	15,322	ID.....	1,689	AL.....	7,071	WV.....	5,298
39	CO.....	15,293	MN.....	1,682	NH.....	6,846	MN.....	5,159
40	MO.....	15,121	OH.....	1,607	OH.....	6,507	TN.....	5,080
41	NM.....	14,972	NH.....	1,572	ID.....	6,420	AZ.....	5,061
42	-	-	-	-	-	-	-	-
43	GA.....	14,535	DE.....	1,559	VA.....	6,264	OK.....	5,039
44	IN.....	14,338	WA.....	1,550	MT.....	6,202	KY.....	4,790
45	KY.....	14,208	NE.....	1,495	GA.....	6,121	WA.....	4,587
46	TX.....	13,827	OR.....	1,472	LA.....	5,793	IN.....	4,578
47	SD.....	13,731	NY.....	1,464	MO.....	5,653	AK.....	4,313
48	-	-	-	-	-	-	-	-
49	AR.....	13,209	NV.....	1,463	CO.....	5,644	UT.....	4,286
50	AL.....	13,180	NC.....	1,457	MS.....	5,605	MS.....	4,186
51	FL.....	12,433	CT.....	1,428	UT.....	5,529	AL.....	4,101

Source: 2021 Public Elementary-Secondary Education Finance Data (census.gov)

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 40 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 (Diesel, CNG, etc.) is paid by the retailer or the user 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 7.26 cents per mile to 23.7 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). Overweight and over-dimensional vehicles pay additional fees known as (RUA) Road Use Assessment Fees (10.3 per ESAL mile). 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 pay \$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 package adopted a multiyear tax increases and is expected to generate \$5.3 Billion in the first 10 years as it progresses to full implementation. However, once it is fully implemented, the package is expected to generate about \$700 million a year for transportation programs. The increases in rates and revenue raised ranged from the traditional transportation taxes and fees to more innovative taxes. New means and sources for raising revenue were also implemented.

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. On January 2020, a 2-cent (34 to 36) increase, conditional on OTC report (sec 45) took place. On January 2022, a 2-cent increase from 36 to 38 conditional on an OTC report have also occurred. Finally, On January 1st, 2024, 2-cent increase (38 to 40) that was conditional on OTC report just took place.

Vehicle Registration Fees surcharge of \$13 was added to the \$43 base fee, from 1/1/2018 to 12/1/2019.

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

Then starting on January 1st, 2020, Vehicle registration surcharges are tiered into four categories based on MPG. The fee is based on the EPA combined rating of MPG.

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

The change in the registration relative to fuel consumption is seen as a recovery fee that is aligned to use of the road (responsibility) (sec 32-37).

On January 1st, 2022, the variable MPG fee is increased again corresponding to the following fee schedule.

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

Title Fees Surcharge adds a surcharge of \$16, from 1/1/2018 to 12/1/2019 (base fee is \$77).

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

0-19 MPG, \$21 20-39 MPG, \$26 Over 40 MPG, \$36 *Electric vehicles, \$110*

The variable MPG Title surcharge is increased again on January 1st, 2022 according to the following fee schedule.

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

The Oregon Transportation commission (OTC) is tasked with studies and reports (section 75 of HB 2017) examining the different vehicles contributions to costs imposed on the system. The report is due by September 2023. This will likely be used to calibrate the right level of the MPG tiered fee.

The new package (HB 2017) also increases the weight mile and flat (truck) fees by 53.3% in four increments during 2018, 2020, 2022, and 2024. Additionally, overall cost responsibility is maintained at 62.87% for light vehicles and 37.13% for heavy vehicles.

The bill included other changes in revenue distribution and other programmatic innovations.

Statewide importance projects (off the top and before local distributions).
30 million a year to the rose quarter for bonding (\$400-\$500 million for the project).
\$10 million/year, increasing to \$15 million by 2022 for Safe routes to school programs.

The balance of revenue generated by the new highway fees after the specified programmatic transfers are distributed 50% to the State, 30% to counties, and 20% to the cities.

Small cities program gets \$4 million a year off the top of all city distributions. The current \$1 million program will now receive \$2.5 million contribution from ODOT, and \$2.5 million contribution from the aggregate cities' highway fund portion.

Special County distribution will divide \$5 million a year between counties with less than 200,00 vehicles proportionate to the quotient of lane miles over vehicles. Four small counties will receive \$750,000 between them.

Other distributions from the state share of the revenue are as follows:

- The State revenue share pays the OTIC (Oregon Tourism Council) for servicing Rest Areas specified in sec (125-131).
- Special projects are funded through a \$450 million bond with payments coming from the earlier revenue stream.
- \$10 million a year dedicated to Safety and increasing to \$15 by 2022.
- The remainder of the State revenue stream is to be spent according to the following percentages: 40% bridge, 30% seismic, 24% maintenance and culvert, 6% preservation & safety.

HB 2017 also instituted new taxes dedicated to other transportation modes than highway.

Dealer Privilege Tax: A tax on dealer's sales of New vehicles sold 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 collects the new tax and deposits proceeds, 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**.

The January 1, 2024 sunset of that provision specified in HB 2017 has been removed by the 2021 regular session (HB 2065), which made the split of revenue permanent. However, the 2022 session (SB 1558) reconfigured the split of the privilege tax revenue into 45% going to the Zero Emission Incentive Fund, and 55% going to the Connect Oregon Fund with all its sub-distributions. Collections for the privilege tax started at the \$28 million level in 2018 and 2019 and accelerated to \$32.6 million in FY 2021. The tax is expected to generate around \$65 to \$70 million a biennium for the coming few budget cycles.

Use Tax: Is a tax on vehicles bought outside of Oregon that is equivalent to the Dealer Privilege Tax levied on Oregon sales. This tax revenue is considered a highway Fund source and is directed to the highway fund starting 1/1/18.

Annual collections of the use tax are between \$7.5 and \$8.5 million with about 75% coming from the consumer payments rather than payments furnished by out-of-state dealers.

Payroll Tax: An employee paid payroll tax of 0.1% on wages earned in Oregon after 07/1/18. Revenue from the new payroll tax go to the Statewide Transportation Improvement Fund (STIF): The distributions of the revenue are prescribed by the following formula:

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.

The payroll tax generated about \$99 million in FY 2019 for the transit programs, However, by the end of FY 2021 the collections reached about \$110 million, and \$121 million for FY 2022. The latest year of collection (FY2023) registered \$127 million.

Bicycle Excise tax: a \$15 flat fee imposed at the point of sale on new bicycles that are priced 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.

The Bicycle tax collections were not strong in the beginning (2018) due to the relative unfamiliarity with the program by retailers but almost reached \$900,000 by FY 2021 and continues at those levels for now.

Other provisions for the 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. The Highway Cost Allocation Study (HCAS) is performed every two years by the Office of Economic Analysis (OEA) as required by ORS 366.506. It is delivered to the legislative committees dealing with revenue and transportation by the end of January of each odd number year, just before the start of the long session. These studies insure the continuous examination of the cost responsibility of the different vehicle classes in the coming biennium. HB 3406 (2023) changed the requirements to include examination of most recent study period to determine accuracy of published HCAS results, and of prospective study period based on projected data. It also Directs Department of Administrative Services to submit report analyzing at least the three most recent iterations of HCAS to evaluate proportionate share paid by users of 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.

Also specified in law is that the 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 through 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.

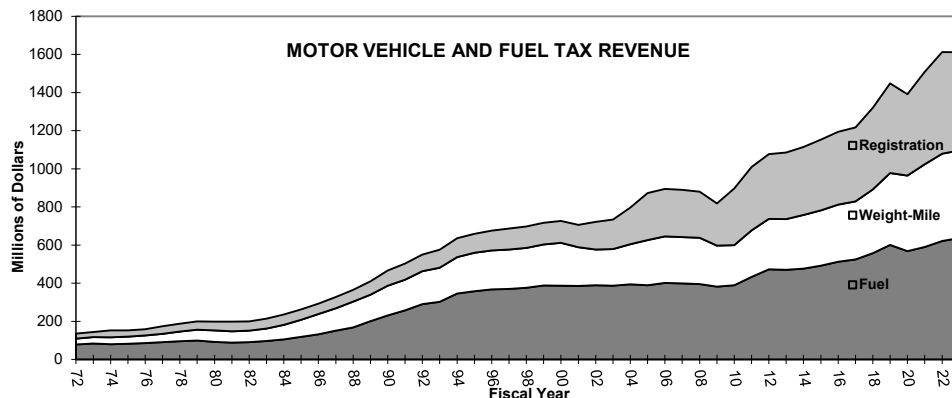
Total Transportation Revenue (millions of dollars)										
Revenue Source	Actual Revenue								E	Legislatively Adopted
	2003-05	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	2021-23
Beginning Balance	453	199	760	629	576	531	585	721	356	672
Revenues										
Fuel Taxes	840	863	843	887	1,106	1,003	1,078	1,218	1,332	1,415
Weight-Mile Taxes	437	476	449	454	611	555	591	718	815	858
Driver & Vehicle	447	490	454	582	677	676	723	840	969	1,020
General Fund	4	9	5	19	2	13	22	23	25	36
Federal Funds	748	750	910	1,372	1,092	989	1,075	1,191	1,424	1,924
Lottery	21	23	47	80	72	93	107	113	115	122
Bonds & COP	443	1,279	762	847	384	1,939	981	191	492	6
All Other	243	249	302	245	306	288	294	417	558	752
Total Revenue	3,182	4,138	3,771	4,485	4,662	5,555	4,871	4,713	5,730	6,133
Total Resources	3,635	4,336	4,531	5,114	5,239	6,086	5,456	5,434	6,086	6,805

Source: ODOT Program Budget.

The following two pages 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 a comparison of motor carrier fees and taxes by state for an 80,000-pound vehicle, as well as rates for Diesel tax.

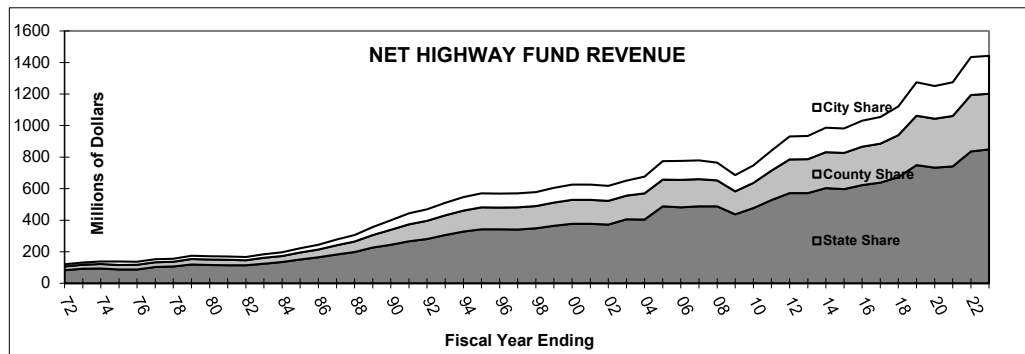
FUEL TAX, WEIGHT MILE TAX, AND MOTOR VEHICLE REVENUES

Fiscal Year	Gross Tax Collections* (millions)							
	Fuel Tax		Weight-Mile Tax		Registration & License		Total Collections	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	Growth
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	49.5%	210.9	26.5%	191.1	24.0%	796.0	8.4%
2004-05	388.8	44.5%	237.6	27.2%	246.3	28.2%	872.7	9.6%
2005-06	401.4	44.9%	243.6	27.2%	249.7	27.9%	894.7	2.5%
2006-07	398.8	44.8%	242.8	27.3%	248.1	27.9%	889.7	-0.6%
2007-08	395.6	44.9%	243.1	27.6%	241.6	27.4%	880.3	-1.1%
2008-09	382.0	46.7%	215.5	26.3%	221.3	27.0%	818.8	-7.0%
2009-10	389.3	43.4%	209.9	23.4%	298.0	33.2%	897.2	9.6%
2010-11	432.2	42.8%	245.1	24.3%	331.9	32.9%	1,009.2	12.5%
2011-12	472.6	43.9%	264.3	24.5%	340.5	31.6%	1,077.4	6.8%
2012-13	469.9	43.3%	266.6	24.6%	348.5	32.1%	1,085.0	0.7%
2013-14	476.0	42.7%	282.4	25.3%	356.6	32.0%	1,115.0	2.8%
2014-15	491.7	42.6%	290.7	25.2%	371.1	32.2%	1,153.5	3.4%
2015-16	512.5	42.9%	300.2	25.1%	381.7	32.0%	1,194.4	3.5%
2016-17	524.8	43.1%	304.4	25.0%	388.5	31.9%	1,217.7	2.0%
2017-18	557.2	42.2%	334.5	25.3%	428.6	32.5%	1,320.3	8.4%
2018-19	600.2	41.4%	378.3	26.1%	469.8	32.4%	1,448.3	9.7%
2019-20	567.9	40.8%	397.1	28.5%	426.4	30.6%	1,391.4	-3.9%
2020-21	590.4	39.1%	433.3	28.7%	484.6	32.1%	1,508.4	8.4%
2021-22	620.9	38.5%	458.3	28.4%	533.5	33.1%	1,612.6	6.9%
2022-23	637.0	39.5%	459.4	28.5%	515.3	32.0%	1,611.8	-0.1%



NET HIGHWAY FUND REVENUE AND DISTRIBUTIONS
(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	1,273.9	211.7	313.6	748.6	13.7%
2019-20	1,251.3	208.5	310.3	732.5	-1.8%
2020-21	1,275.1	214.6	318.8	741.7	1.9%
2021-22	1,435.1	242.0	357.0	836.1	12.5%
2022-23	1,442.1	240.1	352.5	849.5	0.5%



Motor Fuel Tax Rates (cents per gallon)
January 1, 2023

State	Gasoline Tax Rates				Diesel Fuel Tax Rates				Gasohol Tax Rates				Add Sales	Other
	Excise	Add'l	Total	Rank	Excise	Add'l	Total	Rank	Excise	Add'l	Total	Rank	Tax	
Alabama /1/10	28.0	0.00	28.00	28	29.0	0.00	29.00	26	28.0	0.00	28.00	27.0		
Alaska	8.0	0.95	8.95	50	8.0	0.95	8.95	51	8.0	0.95	8.95	50.0		Refining Surcharge
Arizona	18.0	1.00	19.00	45	26.0	1.00	27.00	34	18.0	1.00	19.00	44		/8 LUST Tax
Arkansas	21.5	3.30	24.80	33	22.5	6.30	28.80	28	21.5	3.30	24.80	32		Environmental fee, W. Sales Tax
California	53.9	9.00	62.90	1	41.0	47.00	88.00	1	53.9	9.00	62.90	1	Y	Includes prepaid sales tax /7
Colorado	22.0	0.00	22.00	42	20.5	0.00	20.50	45	22.0	0.00	22.00	41		
Connecticut /10	5.0	0.00	5.00	51	49.2	0.00	49.20	6	5.0	0.00	5.00	51		Plus a 8.1% Petroleum tax (gas)
Delaware	23.0	0.00	23.00	39	22.0	0.00	22.00	44	23.0	0.00	23.00	38		Plus 0.9% GRT
Dist. of Columbia	34.2	0.00	34.20	14	34.2	0.00	34.20	17	34.2	0.00	34.20	13		
Florida /2	20.2	15.03	35.23	12	20.2	15.90	36.10	14	19.0	14.43	33.43	14	Y	Sales tax added to excise /2
Georgia /5/11	31.2	0.00	31.20	20	35.0	0.00	35.00	15	31.2	0.00	31.20	20	Y	/5 Local sales tax additional
Hawaii /1	16.0	0.00	16.00	49	16.0	0.00	16.00	50	16.0	0.00	16.00	48	Y	Sales tax additional
Idaho	32.0	1.00	33.00	15	32.0	1.00	33.00	18	32.0	1.00	33.00	15		Clean Water Fee
Illinois /1/5	42.3	1.10	43.40	4	48.8	1.10	49.90	4	42.3	1.10	43.40	4	Y	Sales tax add., env. & LUST fee /3
Indiana /5	33.0	0.00	33.00	15	55.0	0.00	55.00	3	33.0	0.00	33.00	15	Y	Sales tax additional
Iowa	30.0	0.00	30.00	21	32.5	0.00	32.50	20	30.0	0.00	30.00	21		0
Kansas	24.0	0.03	24.03	34	26.0	0.03	26.03	35	24.0	0.03	24.03	33		Environmental & Inspection fees
Kentucky	24.6	1.40	26.00	32	21.6	1.40	23.00	40	24.6	1.40	26.00	31		Environmental fee /4 /3
Louisiana	20.0	0.13	20.13	43	20.0	0.13	20.13	46	20.0	0.13	20.13	42		Inspection fee
Maine	30.0	0.00	30.00	21	31.2	0.00	31.20	22	30.0	0.00	30.00	21		/5
Maryland /5	42.7	0.00	42.70	5	43.5	0.00	43.45	9	42.7	0.00	42.70	5		/5
Massachusetts	24.0	0.00	24.00	35	24.0	0.00	24.00	37	24.0	0.00	24.00	34		
Michigan /5	28.6	0.00	28.60	26	28.6	0.00	28.60	30	28.6	0.00	28.60	25	Y	Sales tax additional
Minnesota	28.5	0.10	28.60	26	28.5	0.10	28.60	30	28.5	0.10	28.60	25		Inspect fee
Mississippi	18.0	0.40	18.40	48	18.0	0.40	18.40	49	18.0	0.40	18.40	47		Environmental fee
Missouri /9	22.0	0.47	22.47	41	22.0	0.47	22.47	43	22.0	0.47	22.47	40		Inspection & Load fees
Montana	33.0	0.00	33.00	15	29.8	0.00	29.75	24	33.0	0.00	33.00	15		
Nebraska	29.0	0.90	29.90	24	29.0	0.30	29.30	25	29.0	0.90	29.90	23		Petroleum fee /5
Nevada /1	23.0	0.81	23.81	38	27.0	0.75	27.75	33	23.0	0.81	23.81	37		Inspection & cleanup fee
New Hampshire	22.2	1.63	23.83	37	22.2	1.63	23.83	39	22.2	1.63	23.83	36		Oil discharge cleanup fee
New Jersey	10.5	30.90	41.40	6	13.5	34.90	48.40	7	10.5	30.90	41.40	6		Petroleum fee
New Mexico	17.0	1.88	18.88	47	21.0	1.88	22.88	42	17.0	1.88	18.88	46		Petroleum loading fee
New York	8.1	18.10	26.15	31	8.0	16.35	24.35	36	8.1	18.10	26.15	30	Y	Petroleum Tax, Sales tax additional
North Carolina	40.5	0.25	40.75	7	40.5	0.25	40.75	10	40.5	0.25	40.75	7		/5 Inspection tax
North Dakota	23.0	0.00	23.00	39	23.0	0.00	23.00	40	23.0	0.00	23.00	38		
Ohio	38.5	0.00	38.50	8	47.0	0.00	47.00	8	38.5	0.00	38.50	8		
Oklahoma	19.0	0.00	19.00	45	19.0	0.00	19.00	48	19.0	0.00	19.00	44		Environmental fee
Oregon /1	38.0	0.0	38.0	9	38.0	0.0	38.0	11	38.0	0.0	38.0	9		
Pennsylvania	57.6	0.00	57.60	2	74.1	0.00	74.10	2	57.6	0.00	57.60	2		Oil franchise tax only /5
Rhode Island /5	34.0	1.00	35.00	13	34.0	1.00	35.00	15	34.0	1.00	35.00	12		LUST tax
South Carolina	28.0	0.75	28.75	25	28.0	0.75	28.75	29	28.0	0.75	28.75	24		Inspection fee & LUST tax
South Dakota /1	28.0	2.00	30.00	21	28.0	2.00	30.00	23	14.0	2.00	16.00	48		Inspection fee (gasohol E10)
Tennessee /1	26.0	1.40	27.40	30	27.0	1.40	28.40	32	26.0	1.40	27.40	29		Petroleum Tax & Envir. Fee
Texas	20.0	0.00	20.00	44	20.0	0.00	20.00	47	20.0	0.00	20.00	43		
Utah	36.4	0.00	36.40	11	36.4	0.00	36.40	13	36.4	0.00	36.40	11		
Vermont /5	12.1	20.90	33.00	15	28.0	4.00	32.00	21	12.1	20.09	32.19	19		Cleanup Fee & Trans. Fee
Virginia /1	28.0	0.00	28.00	28	28.9	0.00	28.90	27	28.0	0.00	28.00	27		/6
Washington /10	49.4	0.00	49.40	3	49.4	0.00	49.40	5	49.4	0.00	49.40	3		0.5% privilege tax
West Virginia	20.5	16.70	37.20	10	20.5	16.70	37.20	12	20.5	16.70	37.20	10	Y	Sales tax added to excise
Wisconsin	30.9	2.00	32.90	19	30.9	2.00	32.90	19	30.9	2.00	32.90	18		Petroleum Insp. Fee
Wyoming	23.0	1.00	24.00	35	23.0	1.00	24.00	37	23.0	1.00	24.00	34		License tax
Federal	18.3	0.10	18.40		24.3	0.10	24.40		18.3	0.10	18.40			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).

/10 Connecticut suspended gas tax rate through 12/31/22, tax rate increase 5 cents each month until it reaches 25 cents per gallon in May.

/11 Georgia suspended fuel tax through January 10, 2023.

2023
State Motor Carrier Registration Fees
80,000 Pound Vehicle (GVW) w/trailer

State	Dollars per Vehicle	State Ranking
Alabama	\$835	46
Alaska	\$513	48
Arizona	\$4,069	1
Arkansas	\$1,573	27
California	\$3,033	5
Colorado	\$3,021	6
Connecticut	\$1,601	25
Delaware	\$1,390	33
Florida	\$1,369	35
Georgia	\$1,005	42
Hawaii	\$2,848	9
Idaho	\$3,396	3
Illinois	\$2,911	8
Indiana	\$2,362	14
Iowa	\$1,725	23
Kansas	\$2,318	15
Kentucky	\$1,430	30
Louisiana	\$511	49
Maine	\$1,375	34
Maryland	\$1,838	19
Massachusetts	\$1,660	24
Michigan	\$2,031	18
Minnesota	\$1,760	21
Mississippi	\$3,318	4
Missouri	\$1,755	22
Montana	\$983	44
Nebraska	\$1,406	31
Nevada	\$2,049	17
New Hampshire	\$800	47
New Jersey	\$1,244	37
New Mexico	\$205	50
New York	\$1,223	38
North Carolina	\$1,828	20
North Dakota	\$1,079	39
Ohio	\$1,469	28
Oklahoma	\$1,059	41
Oregon	\$999	43
Pennsylvania	\$2,799	10
Rhode Island	\$1,061	40
South Carolina	\$3,873	2
South Dakota	\$1,458	29
Tennessee	\$1,391	32
Texas	\$896	45
Utah	\$1,327	36
Vermont	\$2,388	13
Virginia	\$2,458	12
Washington	\$2,125	16
West Virginia	\$2,914	7
Wisconsin	\$2,583	11
Wyoming	\$1,590	26

2023
Weight-Mile Tax Rates
(per mile) 80,000 lbs.

State	Tax Rate	State Ranking
Connecticut	\$0.1750	2
Kentucky	\$0.0285	5
New Mexico	\$0.0438	4
New York	\$0.0546	3
Oregon*	\$0.2370	1

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

2023
State Diesel Tax Rates
(per gallon)

State	Tax Rate	State Ranking
Alabama	\$0.310	24
Alaska	\$0.090	50
Arizona	\$0.190	46
Arkansas	\$0.288	29
California	\$0.808	1
Colorado	\$0.274	33
Connecticut	\$0.492	7
Delaware	\$0.220	42
Florida	\$0.382	13
Georgia	\$0.358	17
Hawaii	\$0.185	47
Idaho	\$0.330	19
Illinois	\$0.740	3
Indiana	\$0.580	4
Iowa	\$0.325	21
Kansas	\$0.270	36
Kentucky	\$0.271	35
Louisiana	\$0.209	43
Maine	\$0.319	23
Maryland	\$0.479	9
Massachusetts	\$0.272	34
Michigan	\$0.509	6
Minnesota	\$0.306	25
Mississippi	\$0.184	48
Missouri	\$0.250	37
Montana	\$0.305	26
Nebraska	\$0.293	28
Nevada	\$0.278	32
New Hampshire	\$0.238	39
New Jersey	\$0.485	8
New Mexico	\$0.229	41
New York	\$0.167	49
North Carolina	\$0.408	11
North Dakota	\$0.230	40
Ohio	\$0.470	10
Oklahoma	\$0.200	44
Oregon	\$0.380	15
Pennsylvania	\$0.785	2
Rhode Island	\$0.381	14
South Carolina	\$0.288	30
South Dakota	\$0.300	27
Tennessee	\$0.284	31
Texas	\$0.200	44
Utah	\$0.352	18
Vermont	\$0.320	22
Virginia	\$0.402	12
Washington	\$0.528	5
West Virginia	\$0.372	16
Wisconsin	\$0.329	20
Wyoming	\$0.240	38

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.

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. Meanwhile, in 1947, a Forest Products Harvest Tax (FPHT) 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 became 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 subsequent 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). This created the baseline for taxes on the forestland, while standing timber remained exempt from taxation. 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. 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 (FPHT) and all private forestland is assessed property tax under the Oregon Forestland program specially assessed based by the Department of Revenue (DOR) based on soil type. The FPHT actually consists of six separate taxes with distinct uses. Other than the small tract forestland program, there are no privilege or severance taxes imposed at the time of harvest other than the FPHT. Currently, three tax rates are established bi-annually by statute, during the odd-year legislative sessions.

The forestland owner may apply to have qualified parcels taxed under the Small Tract Forestland (STF) program. Under the STF program, forestland has an assessed value equal to 20% of the specially assessed forestland values determined by the DOR. Small tract owners pay a severance tax upon harvest. The severance tax applies to the net volume of logs from harvested timber. The FPHT also applies to this volume. The severance tax rates for calendar year 2023 were \$6.70 (Western Oregon) and \$5.20 (Eastern Oregon) per 1,000 board feet harvested. Preliminary tax rates for 2024 are \$6.90 (Western) and \$5.35 (Eastern). 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 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).

Exhibit I1
OREGON FORESTLAND VALUES
FOR
JULY 1, 2023 — JUNE 30, 2024

Western Oregon

	Forestland Program		Small Tract Forestland Program	
Forestland Class	MSAV	SAV	20% MSAV	20% SAV
FA	\$812.65	\$1,465.98	\$161.19	\$293.19
FB	\$644.67	\$1,160.92	\$127.92	\$232.18
FC	\$539.91	\$974.49	\$106.84	\$194.89
FD	\$458.62	\$830.44	\$91.06	\$166.08
FE	\$305.10	\$550.80	\$59.52	\$110.16
FF	\$220.21	\$398.27	\$43.71	\$79.65
FG	\$92.00	\$169.47	\$17.39	\$33.89
FX	\$10.73	\$16.94	\$1.64	\$3.38

Eastern Oregon

	Forestland Program		Small Tract Forestland Program	
Forestland Class	MSAV	SAV	20% MSAV	20% SAV
Eastern Oregon	\$92.00	\$180.61	\$17.39	\$36.12

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)

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 1st of each year, and to the counties in either eastern or western Oregon (35%) on August 15th following the end of the fiscal year.

As noted above, the Forest Products Harvest Tax applies to harvests of merchantable timber from both publicly and privately-owned forestland. The tax is levied per 1,000 board feet of timber harvested and the tax rates are set to fund various forestry related activities as listed in the table below. The revenue from this tax is individually allocated to the funds shown in the table below as designated by ORS 321.

Exhibit I2

FOREST PRODUCTS HARVEST TAX							
Per 1,000 Board Feet							
Year	OSU Research	Forest Land Protection Fund	Forest Practices	OFRI	OSU Education ¹	Conservation & Recreation	Total
FY93	\$0.30	\$0.66	\$0.53	\$0.31			\$1.8000
1993*	\$0.40	\$0.66	\$0.77	\$0.31			\$2.1400
1994	\$0.40	\$0.66	\$0.77	\$0.31			\$2.1400
1995	\$0.40	\$0.66	\$0.77	\$0.31			\$2.1400
1996	\$0.50	\$0.50	\$0.60	\$0.51			\$2.1100
1997	\$0.50	\$0.50	\$0.60	\$0.51			\$2.1100
1998	\$0.55	\$0.50	\$0.70	\$0.51	\$1.75		\$4.0100
1999	\$0.55	\$0.50	\$0.70	\$0.79			\$2.5400
2000	\$0.67	\$0.50	\$1.08	\$0.79	\$0.15		\$3.1900
2001	\$0.67	-	\$1.08	\$0.79	\$0.15		\$2.6900
2002	\$0.67	\$0.50	\$0.91	\$0.79			\$2.8700
2003	\$0.67	\$0.50	\$0.91	\$0.99			\$3.0700
2004	\$0.67	\$0.50	\$0.79	\$0.99			\$2.9500
2005	\$0.67	\$0.50	\$0.79	\$0.89			\$2.8500
2006	\$0.67	\$0.50	\$0.55	\$0.89			\$2.6100
2007	\$0.67	\$0.50	\$0.55	\$0.89			\$2.6100
2008	\$0.92	\$0.625	\$1.1456	\$0.89			\$3.5806
2009	\$0.92	\$0.625	\$1.1456	\$0.89			\$3.5806
2010	\$0.92	\$0.625	\$1.1400	\$0.89			\$3.5750
2011	\$0.92	\$0.625	\$1.1400	\$0.89			\$3.5750
2012	\$0.8739	\$0.625	\$1.2952	\$0.89			\$3.6841
2013	\$0.8739	\$0.625	\$1.2952	\$0.89			\$3.6841
2014	\$0.8439	\$0.625	\$0.9727	\$0.99	\$0.10		\$3.5316
2015	\$0.8439	\$0.625	\$0.9727	\$0.99	\$0.10		\$3.5316
2016	\$0.9000	\$0.625	\$1.1037	\$1.00	\$0.10		\$3.7287
2017	\$0.9000	\$0.625	\$1.1037	\$1.02	\$0.10		\$3.7487
2018	\$0.9000	\$0.625	\$1.5661	\$1.04	\$0.10		\$4.2311
2019	\$0.9000	\$0.625	\$1.5661	\$1.09	\$0.10		\$4.2811
2020	\$0.9000	\$0.625	\$1.3872	\$1.12	\$0.10		\$4.1322
2021	\$0.9000	\$0.625	\$1.3872	\$1.12	\$0.10		\$4.1322
2022	\$0.9000	\$0.625	\$2.0702	\$1.12	\$0.21		\$4.9252
2023	\$0.9000	\$0.625	\$2.0702	\$1.12	\$0.21	\$1.0461	\$5.9713
2024	\$0.9000	\$0.625	\$2.5346	\$1.12	\$0.21	\$0.5681	\$5.9577

* The tax rates in 1993 were for July through December

¹ The tax in 1998 was for salmon reclamation; the tax in 2000-2001 was for aid to nonindustrial landowners.

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, these payments were \$89.4 million. O&C funds to the 18 counties were \$24 million in 2016.

Exhibit I3 shows harvest-related tax collections from 1989-90 through 2022-23. The privilege taxes were phased out by 2003. The two current severance taxes, for eastern and western Oregon, are part of the Small Tract Forestland (STF) program, created by the 2003 Legislature.

Exhibit I3

Tax Collections (\$ Dollars)						
	Forest Products Harvest Privilege Tax	East Oregon Privilege Tax	West Oregon Privilege Tax	East Oregon Severance Tax	West Oregon Severance Tax	
YEAR	FPHT	EOPT	WOPT	EOSTF	WOSTF	Total STF
1992-1993	\$9,286,301	\$6,508,663	\$45,326,106			
1003-1994	\$9,937,345	\$7,941,012	\$56,298,605			
1994-1995	\$8,700,162	\$6,849,282	\$61,557,996			
1995-1996	\$8,013,572	\$5,183,531	\$49,931,936			
1996-1997	\$7,960,948	\$2,881,821	\$40,903,333			
1997-1998	\$8,768,496	\$2,709,291	\$34,593,652			
1998-1999	\$13,050,640	\$2,954,982	\$32,974,010			
1999-2000	\$11,110,002	\$2,743,933	\$30,099,289			
2000-2001	\$10,479,842	\$1,499,383	\$22,534,539			
2001-2002	\$9,671,709	\$1,276,164	\$17,599,062			
2002-2003	\$11,416,237	\$777,818	\$12,494,746			
2003-2004	\$11,940,279	\$184,205	\$3,602,860			
2004-2005	\$13,019,169	\$38,507	\$1,006,947	\$13,178	\$285,779	\$298,957
2005-2006	\$12,017,001	\$33,162	\$707,737	\$14,264	\$304,204	\$318,468
2006-2007	\$10,526,389	\$82,187	\$440,642	\$26,388	\$346,104	\$372,492
2007-2008	\$10,180,877	\$6,572	\$187,253	\$9,963	\$302,825	\$312,788
2008-2009*	\$9,397,715	\$2,549	\$61,116	\$6,528	\$171,654	\$178,182
2009-2010	\$10,960,968	\$4,783	\$57,394	\$16,900	\$136,057	\$152,957
2010-2011	\$11,326,155	\$820	\$41,525	\$4,034	\$206,308	\$210,341
2011-2012	\$12,900,547	\$1,339	\$33,752	\$6,934	\$338,092	\$345,026
2012-2013	\$14,148,783	\$222	\$137,829	\$5,816	\$387,981	\$393,797
2013-2014	\$14,922,588	\$17	\$79,265	\$5,440	\$418,020	\$423,460
2014-2015	\$13,481,715	\$3	\$22,794	\$7,456	\$577,647	\$585,103
2015-2016	\$13,357,996	\$189	\$62,730	\$11,583	\$484,454	\$496,037
2016-2017	\$13,282,418	\$104	\$86,654	\$18,646	\$512,075	\$530,721
2017-2018	\$13,792,433	\$254	\$127,557	\$17,404	\$648,998	\$666,403
2018-2019	\$16,371,271	\$1,571	\$42,683	\$56,503	\$1,183,864	\$1,240,368
2019-2020	\$15,436,287	\$22	\$681	\$7,342	\$515,554	\$522,896
2020-2021	\$14,536,165	\$740	\$14	\$1,070	\$514,196	\$515,266
2021-2022	\$15,311,697	\$507	\$5	\$5,907	\$505,130	\$511,037
2022-2023	\$18,779,663	\$0	\$0	\$8,056	\$699,051	\$707,107

FPHT= FOREST PRODUCTS HARVEST TAX - ORS 321.005 to 321.185

EOPT= EASTERN OREGON PRIVILEGE TAX - sunset (current collections on prior assessments)

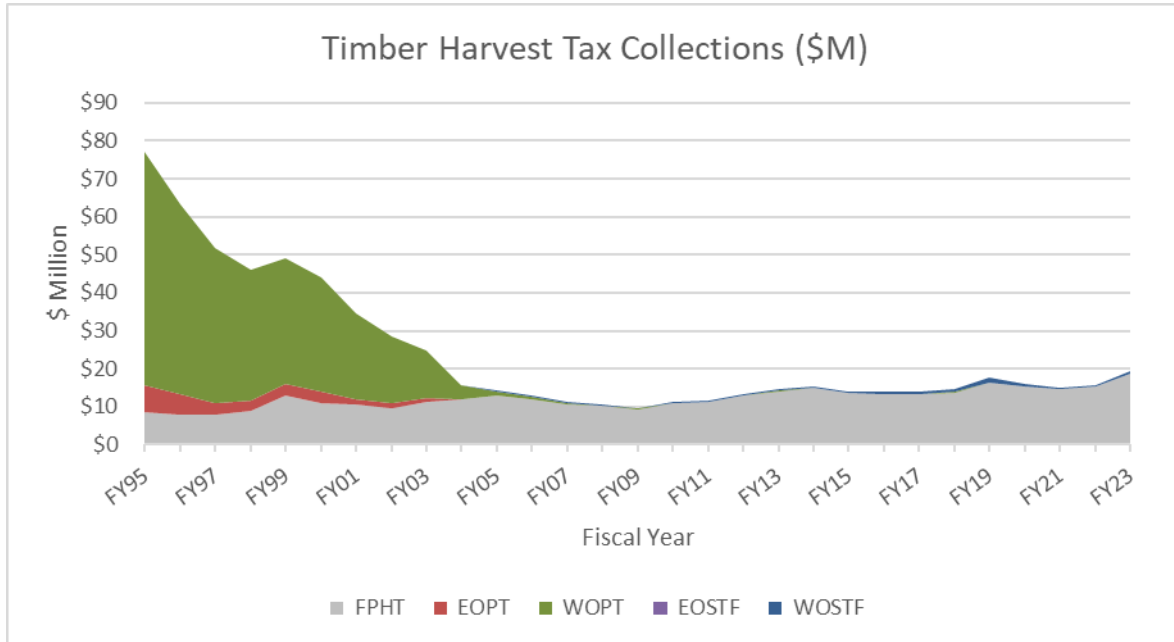
WOPT= WESTERN OREGON PRIVILEGE TAX - sunset (current collections on prior assessments)

EOSTF= EASTERN OREGON SMALL TRACT FORESTLAND PROGRAM SEVERANCE TAX - ORS 321.700 to 321.754

WOSTF= WESTERN OREGON SMALL TRACT FORESTLAND PROGRAM SEVERANCE TAX- ORS 321.700 to 321.754

Exhibit I4 is simply a chart of the data provided in Exhibit I3, for fiscal years 1995 through 2023. The phase-out of the Western and Eastern Oregon Privilege Taxes is shown in the green and red areas, respectively.

Exhibit I4



Exhibits I5 and I6 provide historical harvest data. The chart in Exhibit I5 clearly shows the decline in harvest on federal land during the first half of the 1990s. From 2013 through 2022 total harvest has averaged 3,860 million board feet (mmbf); ranging from a low of 3,541 mmbf in 2019 to a high of 4,199 mmbf in 2013.

Exhibit I5

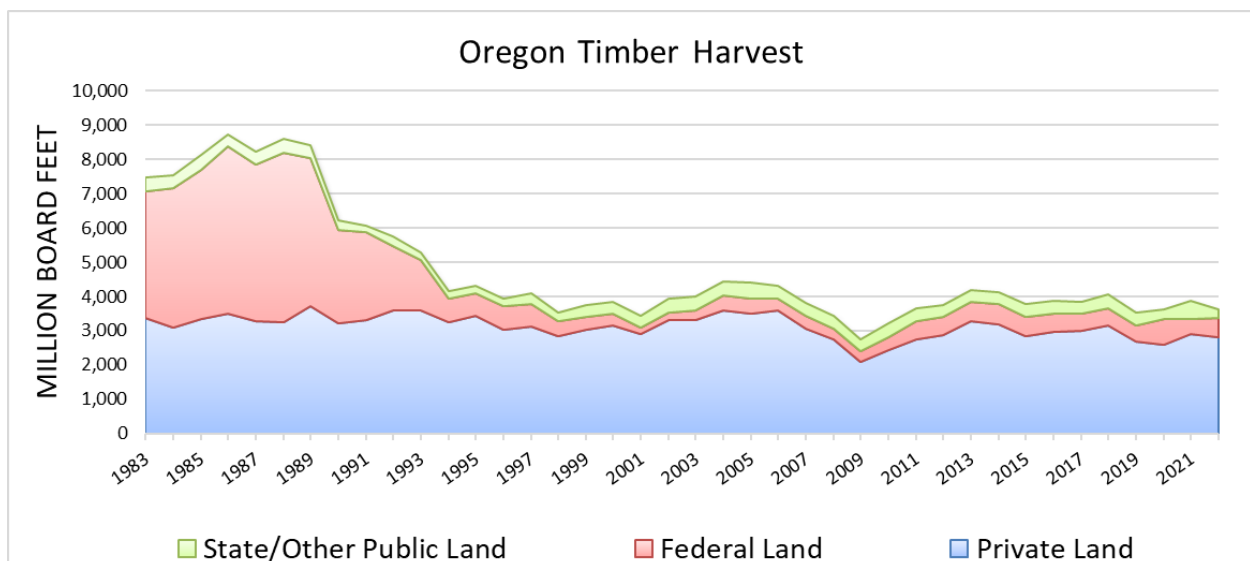


Exhibit I6 provides the numerical harvest data from 1979 through 2022, separated by private, federal, and state/other land.

Exhibit I6

OREGON TIMBER HARVEST								
Million Board Feet - Scribner Scale								
Private Land			Federal Land		State/Other Public Land		Total	
Year	Volume	% Change	Volume	% Change	Volume	% Change	Volume	% Change
1979	3,209		4,123		363		7,695	
1980	3,134	-2.3%	3,196	-22.5%	309	-14.9%	6,639	-13.7%
1981	2,702	-13.8%	2,658	-16.8%	335	8.4%	5,695	-14.2%
1982	3,440	27.3%	2,000	-24.8%	318	-5.1%	5,758	1.1%
1983	3,374	-1.9%	3,690	84.5%	400	25.8%	7,464	29.6%
1984	3,079	-8.7%	4,083	10.7%	388	-3.0%	7,550	1.2%
1985	3,332	8.2%	4,372	7.1%	424	9.3%	8,128	7.7%
1986	3,494	4.9%	4,892	11.9%	357	-15.8%	8,743	7.6%
1987	3,280	-6.1%	4,566	-6.7%	368	3.1%	8,214	-6.1%
1988	3,259	-0.6%	4,926	7.9%	430	16.8%	8,615	4.9%
1989	3,721	14.2%	4,333	-12.0%	366	-14.9%	8,420	-2.3%
1990	3,229	-13.2%	2,718	-37.3%	272	-25.7%	6,219	-26.1%
1991	3,312	2.6%	2,554	-6.0%	214	-21.3%	6,080	-2.2%
1992	3,581	8.1%	1,886	-26.2%	275	28.5%	5,742	-5.6%
1993	3,608	0.8%	1,463	-22.4%	222	-19.3%	5,293	-7.8%
1994	3,244	-10.1%	688	-53.0%	235	5.9%	4,167	-21.3%
1995	3,432	5.8%	654	-4.9%	218	-7.2%	4,304	3.3%
1996	3,018	-12.1%	690	5.5%	214	-1.8%	3,922	-8.9%
1997	3,133	3.8%	659	-4.5%	289	35.0%	4,081	4.1%
1998	2,840	-9.4%	455	-31.0%	237	-18.0%	3,532	-13.5%
1999	3,014	6.1%	383	-15.8%	362	52.7%	3,759	6.4%
2000	3,167	5.1%	328	-14.4%	359	-0.8%	3,854	2.5%
2001	2,905	-8.3%	173	-47.3%	362	0.8%	3,440	-10.7%
2002	3,319	14.3%	222	28.3%	382	5.5%	3,923	14.0%
2003	3,313	-0.2%	281	26.6%	408	6.8%	4,002	2.0%
2004	3,606	8.8%	433	54.1%	412	1.0%	4,451	11.2%
2005	3,495	-3.1%	454	4.8%	463	12.4%	4,412	-0.9%
2006	3,596	2.9%	346	-23.8%	386	-16.6%	4,328	-1.9%
2007	3,070	-14.6%	363	4.9%	366	-5.2%	3,799	-12.2%
2008	2,740	-10.7%	323	-11.0%	379	3.6%	3,442	-9.4%
2009	2,079	-24.1%	339	5.0%	331	-12.7%	2,749	-20.1%
2010	2,432	17.0%	387	14.2%	407	23.0%	3,226	17.4%
2011	2,733	12.4%	539	39.3%	377	-7.4%	3,649	13.1%
2012	2,873	5.1%	517	-4.1%	358	-5.0%	3,748	2.7%
2013	3,274	14.0%	557	7.7%	368	2.8%	4,199	12.0%
2014	3,183	-2.8%	595	6.8%	347	-5.7%	4,125	-1.8%
2015	2,846	-10.6%	561	-5.7%	381	9.8%	3,788	-8.2%
2016	2,967	4.3%	534	-4.8%	387	1.6%	3,888	2.6%
2017	3,001	1.1%	495	-7.3%	355	-8.3%	3,851	-1.0%
2018	3,148	4.9%	495	0.0%	421	18.6%	4,064	5.5%
2019	2,671	-15.2%	486	-1.8%	384	-8.8%	3,541	-12.9%
2020	2,596	-2.8%	733	50.8%	296	-22.8%	3,625	2.4%
2021	2,898	8.5%	449	-7.6%	533	38.7%	3,880	9.6%
2022	2,824	8.8%	557	-24.0%	257	-13.3%	3,638	0.3%

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, 2021, the tax rate on cigarettes is 166.5 mills per cigarette or \$3.33 per pack of 20 cigarettes. The distribution of tax revenue per pack of cigarettes is shown below. Note that the numbers may not sum to \$3.33 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.¹² Cigars are taxed at 65% of their wholesale sales price but the tax is capped at \$1.00 per individual cigar. All other tobacco products not taxed as moist snuff or cigars are taxed at 65% of their wholesale sales price. Currently, over 75% of the OTP tax comes from moist snuff and roughly 15% from cigars.

In the November 2020 general election, Oregon passed the measure 108 (M108). The measure increased the cigarette tax rate by \$2 per pack of 20 cigarettes, from \$1.33 to \$3.33, taking effect on January 1, 2021. The additional revenue is dedicated to the Oregon Health Authority (OHA). Little cigars will be taxed as cigarettes under the measure. The measure also created a tax on inhalant delivery systems, including them under the definition of Other Tobacco Products. These products are taxed at 65% of their wholesale price. Taxes from inhalant delivery systems are dedicated to state's medical assistance program including mental health services, and various programs addressing tobacco and nicotine use related health issues.

The measure dedicates revenues from new taxes to state's medical assistance program including mental health services, and various programs addressing tobacco and nicotine use related health issues. The following tables show taxes and distributions both before and after January 1, 2021.

Cigarette Tax Distribution

Statutes and Tax		Distributions (\$ per pack of 20 cigarettes)						
Statute (ORS)	Tax Per Pack (\$)	General Fund	OHP	TURA	Cities	Counties	DOT Elderly Trans.	OHA Mental Health
323.030(1)	0.58	0.220	0.270	0.030	0.020	0.020	0.020	
323.030(4)	0.15							0.150
323.031	0.60		0.587	0.004	0.003	0.003	0.003	
Measure 108	2.00	\$1.80 for OHP and Mental Health; \$0.20 for distribution to other entities						
Total	3.33							

¹ 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.

² 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.

Other Tobacco Products and Inhalant Delivery Systems Tax Distribution

Distributions (% of total revenue)				
Inhalant Delivery Systems (IDS)		OTP Distribution (non IDS)		
OHA	TURA	General Fund	OHP	TURA
90.00%	10.00%	53.84%	41.54%	4.62%

The following tables show cigarette and OTP tax revenues and their distributions over the years through 2019-20.

Cigarette and OTP Taxes and Distributions

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 Gov't'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
2019-20	\$1.33	187.8	-7.0%	59.8	-2.4%	247.7	-5.9%	2019-20	63.3	145.9	21.2	7.7	3.2	6.4

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

Since the passage of the M108, the distribution changes substantially from January 2021. The following table shows cigarette and other tobacco products tax distributions after the M108.

Cigarette & Tobacco Tax Distribution (Millions of \$)

	Cigarette Tax Distribution								Other Tobacco Tax Distribution				Inhalant Delivery Distribution		
	General		Health	Mental	Health	Tobacco Use Reduction		Cities, Counties	General		Health	Tobacco Use	Health		Tobacco Use
	Total	Fund	Plan	Health	Authority	Old	New	& Public Transit	Total	Fund	Plan	Reduction	Total	Authority	Reduction
2020-21	292.3	24.6	107.1	18.7	118.9	4.3	10.1	8.5	56.6	30.4	23.6	2.6	10.5	9.5	1.1
2021-22	363.6	24.4	93.0	16.3	197.1	3.7	21.7	7.4	56.5	30.3	23.5	2.6	35.9	32.3	3.6
2022-23	328.0	21.4	84.5	14.8	177.5	3.4	19.7	6.7	55.0	29.4	23.0	2.6	31.9	28.7	3.2

Data Source: OEA Quarterly Economic & Revenue Forecast (various issues including December 2023)

Master Settlement Agreement

Additional tobacco revenue is received under the Master Settlement Agreement (MSA). Through June 30, 2021, Oregon has received over \$1.8 billion in total payments and expects to receive about \$130.4 million for the 2021-23 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, 2023 - Rankings by Cigarette Excise Tax

The table in the following page shows cigarette excise tax rates across U.S. states and D.C. The table updates tax rates of those states that implemented new rates on January 1, 2022. Colorado will see two more rounds of increase in 2024 and 2027.

STATE EXCISE TAX RATES ON CIGARETTES

(January 1, 2023)

STATE	TAX RATE (¢ per pack)	Ranking	STATE	TAX RATE (¢ per pack)	Ranking
Dist. of Columbia	450	1	Montana	170	27
Connecticut	435	2	Utah	170	27
New York	435	3	Ohio	160	29
Rhode Island	425	4	South Dakota	153	30
Maryland	375	5	Texas	141	31
Massachusetts	351	6	Iowa	136	32
Oregon	333	7	Florida	133.9	33
Hawaii	320	8	Kansas	129	34
Vermont	308	9	West Virginia	120	35
Minnesota	304.0	10	Arkansas	115	36
Washington	303	11	Kentucky	110	37
Illinois	298	12	Louisiana	108	38
California	287	13	Indiana	99.5	39
New Jersey	270	14	Mississippi	68	40
Pennsylvania	260	15	Alabama	67.5	41
Wisconsin	252	16	Nebraska	64	42
Delaware	210	17	Tennessee	62	43
Oklahoma	203	18	Virginia (a)	60	44
Alaska	200	19	Wyoming	60	44
Arizona	200	20	Idaho	57	46
Maine	200	21	South Carolina	57	46
Michigan	200	22	North Carolina	45	48
New Mexico	200	23	North Dakota	44	49
Colorado	194	24	Georgia	37	50
Nevada	180	25	Missouri	17	51
New Hampshire	178	26			

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

Liquor and Cannabis (OLCC)

Alcohol Revenue

Taxes are imposed on beer and wine manufactured or distributed in Oregon. The current rates are \$2.60 per barrel (8.4¢ per gallon) of beer. The 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 wine and beer taxes go to Mental Health and Drug Abuse Prevention, and the balance goes into the Oregon Liquor and Cannabis Commission (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 105% above cost (including shipping, and federal taxes). The net revenue from the liquor operations goes into the OLCC account. Revenue in the OLCC account is distributed 56% to the state General Fund, 10% to counties by population, 20% to cities by population, and 14% to cities by formula. Alcohol License fees generate about \$21 million a biennium and they are primarily utilized in covering portions of the OLCC operations. A surcharge of 50¢ is a temporary add on for the last four budget periods and generates approximately \$40 million a biennium. Liquor sales experienced robust growth since 2020 (10% on average during the COVID years), however, net liquor revenue in 2022 decreased 3.8% because the liquor store agents and the distillery retail outlets received an increase

(from 9.1% to 10.4%) in compensation rate. HB 3308 of 2023 allowing home deliveries is expected to add slightly more than \$5 million annually to liquor revenues.

OLCC ALCOHOL REVENUE (Millions)

OLCC REVENUE DISTRIBUTIONS (Millions)

Fiscal	Beer&Wine Tax		Liquor		Net Liquor		Fiscal	Wine	Mental	General	Counties	Cities
Year	Revenue	Change	Sales	Change	Revenue	Change	Year	Board	Health	Fund		
1993-94	10.6	-3.6%	89.7	5.3%	65.2	4.8%	1993-94	0.10	5.20	40.60	7.10	24.10
1994-95	10.6	0.0%	90.1	0.4%	65.9	1.1%	1994-95	0.10	5.20	41.30	7.40	25.10
1995-96	11.2	5.7%	93.4	3.7%	67.7	2.7%	1995-96	0.20	5.50	37.30	6.70	22.70
1996-97	11.8	5.4%	97.1	4.0%	70.9	4.7%	1996-97	0.20	5.80	48.90	8.70	29.70
1997-98	12.0	1.7%	102.4	5.5%	73.8	4.1%	1997-98	0.20	6.00	45.30	8.10	27.50
1998-99	12.1	0.8%	107.8	5.3%	76.5	3.7%	1998-99	0.20	5.90	45.70	8.20	27.70
1999-00	12.4	2.5%	116.1	7.7%	84.8	10.8%	1999-00	0.20	6.00	51.40	9.20	31.20
2000-01	12.5	0.8%	121.7	4.8%	85.8	1.2%	2000-01	0.20	6.17	52.49	9.37	31.87
2001-02	12.7	1.6%	127.8	5.0%	93.0	8.4%	2001-02	0.20	6.25	54.75	9.77	33.23
2002-03	13.3	4.7%	134.4	5.2%	97.1	4.4%	2002-03	0.20	6.56	60.11	10.20	34.68
2003-04	13.7	2.7%	145.1	7.9%	107.3	10.4%	2003-04	0.21	6.73	62.85	11.22	38.16
2004-05	14.0	2.2%	155.0	6.8%	111.1	3.5%	2004-05	0.22	6.87	65.59	11.64	39.59
2005-06	14.8	6.3%	172.2	11.1%	126.1	13.5%	2005-06	0.23	7.31	74.01	13.22	44.93
2006-07	15.2	2.4%	187.1	8.7%	130.8	3.8%	2006-07	0.24	7.47	75.09	13.38	45.61
2007-08	16.1	5.9%	199.2	6.5%	141.1	7.9%	2007-08	0.26	7.93	82.66	14.76	50.19
2008-09	16.3	1.5%	207.9	4.4%	151.9	7.6%	2008-09	0.26	7.98	93.93	15.86	53.92
2009-10	16.8	2.6%	215.6	3.7%	159.8	5.2%	2009-10	0.27	8.28	97.32	15.02	51.06
2010-11	16.2	-3.3%	224.1	4.0%	162.2	1.5%	2010-11	0.27	7.97	101.25	15.64	53.17
2011-12	16.9	4.3%	238.5	6.4%	180.0	11.0%	2011-12	0.28	8.30	110.20	17.12	58.20
2012-13	16.4	-3.0%	254.9	6.9%	189.1	5.1%	2012-13	0.28	8.05	115.36	17.94	60.98
2013-14	17.6	7.3%	264.0	3.6%	196.3	3.8%	2013-14	0.29	8.63	121.43	18.97	64.49
2014-15	17.7	0.6%	278.0	5.3%	207.1	5.5%	2014-15	0.29	8.72	125.96	19.71	67.00
2015-16	18.3	3.4%	292.4	5.2%	215.6	4.1%	2015-16	0.31	8.99	127.42	19.87	67.55
2016-17	18.8	2.9%	301.9	3.2%	218.2	1.2%	2016-17	0.32	9.25	137.02	21.48	73.04
2017-18	18.4	-2.3%	319.1	5.7%	234.2	7.3%	2017-18	0.31	9.03	143.89	22.59	76.82
2018-19	19.2	4.2%	336.9	5.6%	247.5	5.7%	2018-19	0.33	9.40	151.88	23.87	81.17
2019-20	18.3	-4.7%	371.1	10.2%	271.4	9.7%	2019-20	0.32	8.96	163.18	25.75	87.56
2020-21	17.7	-3.1%	403.0	8.6%	294.5	8.5%	2020-21	0.33	8.69	179.69	28.63	97.35
2021-22	21.8	19.3%	413.3	11.4%	283.3	-3.8%	2021-22	0.36	10.67	176.70	28.08	95.48
2022-23	17.3	-2.3%	426.4	5.8%	303.4	7.1%	2022-23	0.31	8.43	179.29	28.56	97.09

Marijuana/Cannabis Revenue

The OLCC is also tasked to implement the Marijuana legalization initiative (Measure 91) which was passed in 2014. That implementation was reconfigured and embellished by HB 3400 of the 2015 session. HB 2041 changed the method of taxation from a \$35 per ounce (Production/Severance tax) collected by the OLCC to a 17% Point of Sale Tax (POST) collected by DOR. The bill also allowed 3% optional tax for local governments that allow marijuana sales starting in 2017. Full implementation of commercial sales was to commence on the first day of 2017, however, SB 460 allowed for marijuana to be sold during the 2016 calendar year by medical dispensaries. The early start program to the public was taxed at 25% POST rate. The early start program brought in about \$65 million in tax proceeds.

Since the beginning of legalization by M-91, The distribution of marijuana revenue, after deductions for collection and administration costs, would be divided among six statutorily specified uses. 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 (after it was changed from the Common School Fund).

Measure 110 was passed by voters in 2020, and it capped the distributions to the above specified uses to \$11.25 million a quarter. All revenue above that \$90 million a biennium threshold would be directed to the Drug Treatment and Recovery Services Fund. The 2022 session (HB 4056) allowed for that annual \$45 million cap to be adjusted annually for inflation.

A portion of the cost incurred by the OLCC for regulation, enforcement, compliance, and licensing is funded by the (\$25 million) Licenses fees on marijuana businesses (more than 20 different kinds), while the remainder of the OLCC costs as well as DOR collection costs are covered from the tax revenue collected. The 2021 session allowed for Illegal Marijuana Market Enforcement Grant to be taken off the top of revenue before distributions, and the 2022 session (HB 4074) removed the sunset form that provision. Marijuana Retailers may retain 2% of taxes they collect from the consumer to cover their cost of collecting and remitting the taxes.

Legal marijuana sales exceeded a billion-dollar in Fiscal years 21 and 202, and gross Marijuana tax revenue exceeded \$170 million. However, the strength witnessed during the COVID pandemic times seem to be weakening as the state returns to more business as usual, and the weak pricing due to increased supply. On the local level, there are 109 cities and counties that impose a local marijuana tax (97 cities, and 12 counties). DOR administers about 83% of local governments taxes amounting to 90% of the total taxes.

Marijuana Tax Revenue

	State Totals	Local Tax Total
FY 2016	\$20,652,983	\$0
FY 2017	\$70,263,897	\$3,957,283
FY 2018	\$82,203,729	\$12,784,127
FY 2019	\$102,094,948	\$15,702,985
FY 2020	\$133,150,349	\$20,767,346
FY 2021	\$178,262,488	\$28,001,433
FY 2022	\$170,572,100	\$26,876,865
FY 2023	\$142,133,231	\$22,389,558

Source: Oregon Department of Revenue Research Section

Marijuana Revenue Distributions

	Local Tax	State Tax Distributions Including M-110 changes							
	Cities/Countries Where DOR	Drug Treatment and	State School Fund (40%)	Mental Health, Alcoholism, and Drug Services	Oregon State Police (15%)	Oregon Health Authority, for Drug Treatment	Cities and Counties		State Tax Total
							By Population	If Opt-In	
2018	\$12,201,753	\$0	\$59,012,830	\$29,506,415	\$22,129,811	\$7,376,604	\$16,705,653	\$12,800,761	\$147,532,074
2019	\$15,079,769	\$0	\$21,974,370	\$10,987,185	\$8,240,389	\$2,746,796	\$0	\$18,649,711	\$62,598,451
2020	\$19,311,190	\$0	\$45,209,772	\$22,604,896	\$16,953,657	\$5,651,219	\$0	\$23,918,063	\$114,337,607
2021	\$27,384,204	\$64,579,753	\$43,230,078	\$21,615,079	\$16,211,249	\$5,403,750	\$0	\$21,384,337	\$172,424,247
2022	\$27,931,614	\$121,941,155	\$18,000,000	\$9,000,000	\$6,750,000	\$2,250,000	\$0	\$9,000,000	\$166,941,155
2023	\$22,830,851	\$88,026,245	\$18,000,000	\$9,000,000	\$6,750,000	\$2,250,000	\$0	\$9,000,000	\$133,026,245

Source: Oregon Department of Revenue Research Section

EXCISE TAX RATES AS OF JANUARY 1, 2023

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	2.25	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	Arkansas	0.234	0.813	West Virginia	1.00	2.70	Hawaii	5.98	Yes
12	Maine	0.350	0.688	Arkansas	0.75	2.93	Idaho	note (1)	Yes
13	New Mexico	0.410	0.625	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	Utah		2.75	Rhode Island	5.40	Yes
40	Pennsylvania	0.080	0.750	Oklahoma	0.72	2.03	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	Wisconsin	0.25	2.25	Tennessee	4.40	Yes
43	Wisconsin	0.065	0.625	Alaska	2.50	0.00	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	Alabama	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	Oregon	0.67	0.00	Wyoming	note (1)	Yes
51	Oregon	0.084	0.000	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 nine games through a little over 3,800 retailers, and online sports betting through DraftKings. Adults (age 18 and over) can play traditional lottery games (i.e., Scratch-its, Powerball, etc.). Video Lottery (poker and line games) is played on nearly 11,000 terminals in approximately 2,150 premises that contract with the Lottery. People 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.

SB 1049 of the 2019 legislature has brought back sports betting games and dedicated the net proceeds of these 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.

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.

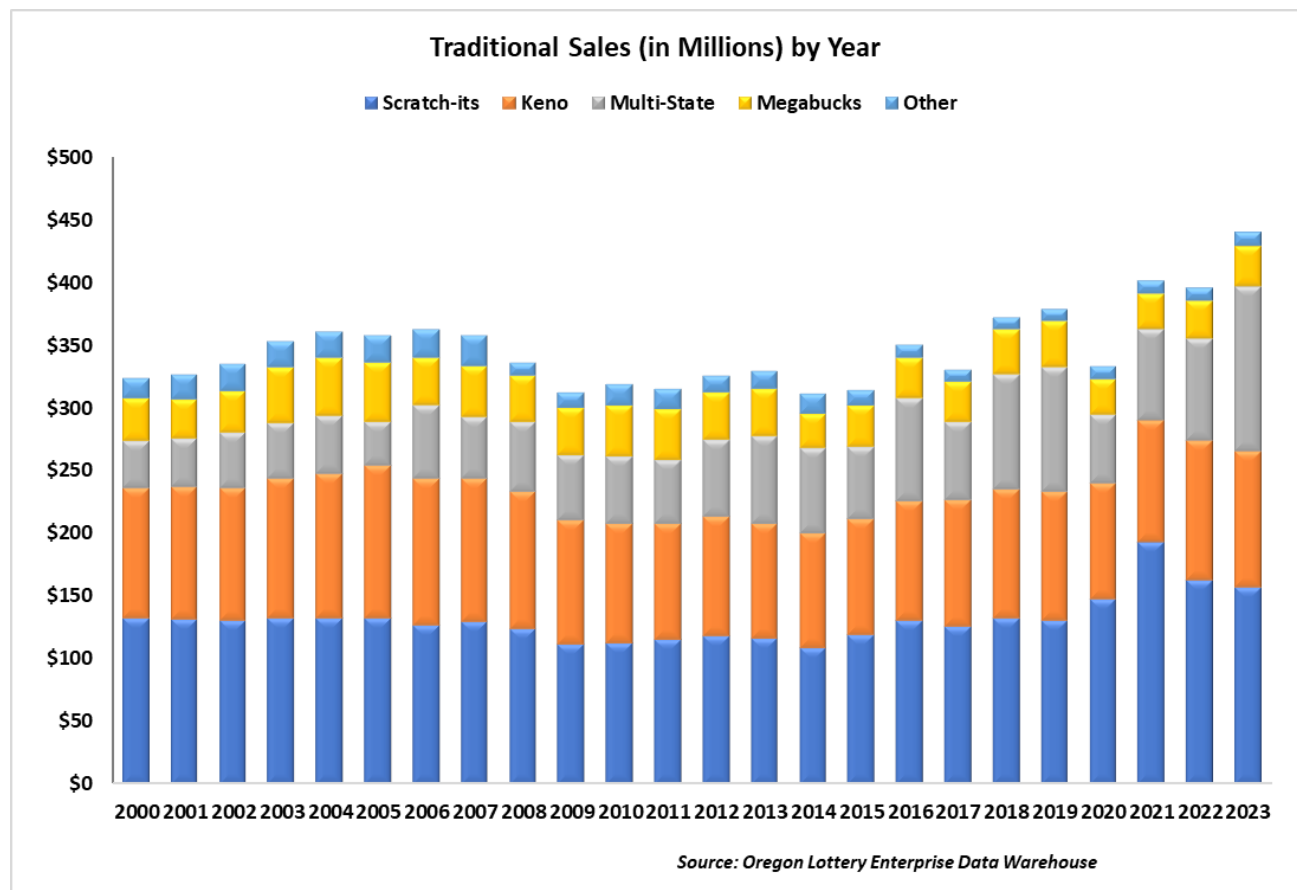
Traditional Games

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 2019 legislature has brought back sports betting games and dedicated the net proceeds of these games to the Public Employees Retirement System's (PERS) Employer Incentive Fund established by 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.

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.



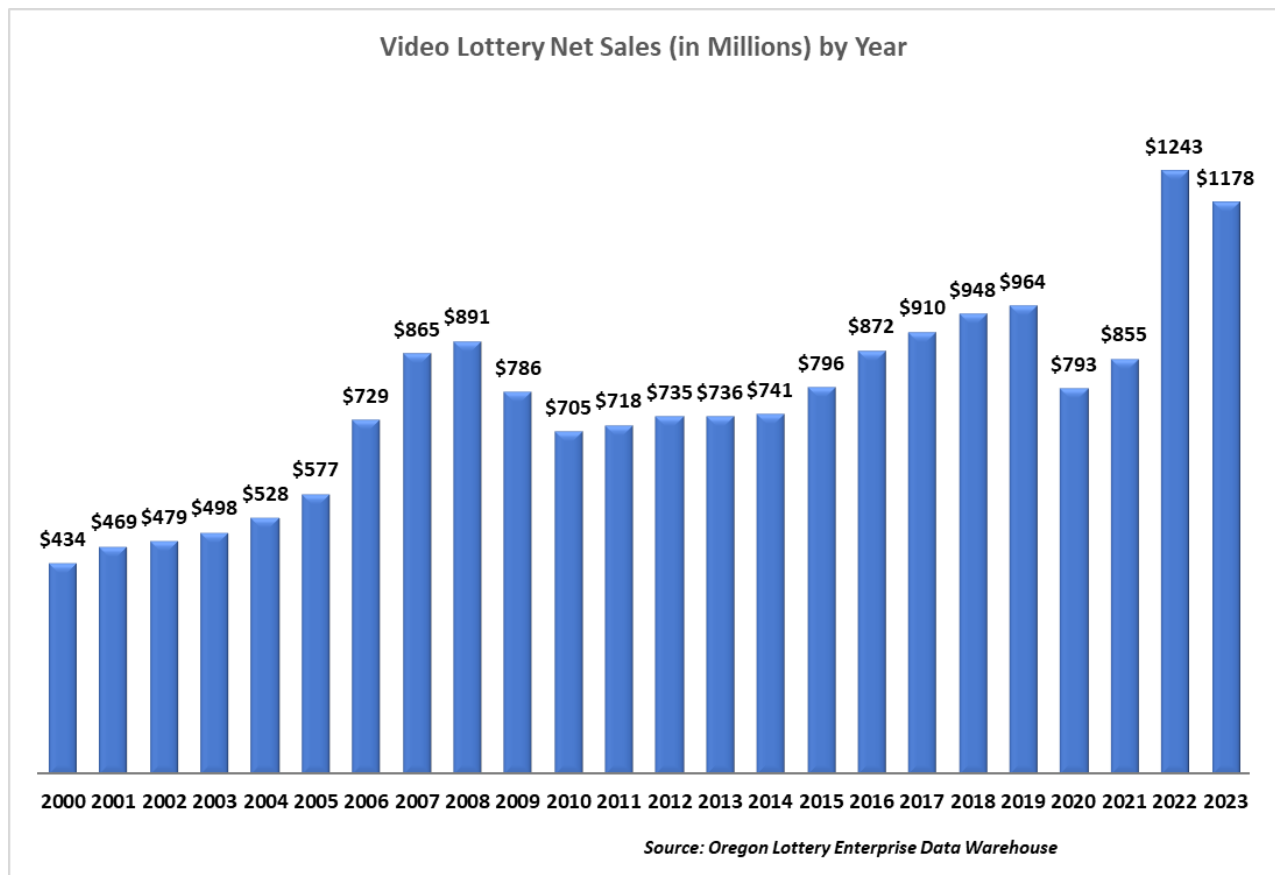
Video Lottery

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

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%. Impact from the Covid-19 pandemic is uncertain. Today, Lottery proceeds surpass a billion dollars each biennium.

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
2019-20	452.7	326.7	77.5	48.6	10,451.4	9,653.9	295.1	502.4
2020-21	722.1	546.3	99.2	76.5	11,463.2	10,602.8	306.1	554.2
2021-22	796.9	621.4	81.3	94.2	16,619.1	15,373.0	363.4	882.7

*Includes Sports wagering

Source: Oregon Lottery

Lottery Transfers and Distributions

Lottery Transfers and Distributions (December 2023 Oregon Economic and Revenue Forecast)

	2023-25 Forecast
(in millions of dollars)	
LOTTERY EARNINGS	
Traditional Lottery	187.029
Video Lottery	1,607.821
Scoreboard (Sports Betting) ¹	46.603
Administrative Actions	9.152
Total Available to Transfer	1,850.605
ECONOMIC DEVELOPMENT FUND	
Beginning Balance	84.396
Transfers from Lottery	1,850.605
Other Resources ²	2.000
Total Available Resources	1,937.001
ALLOCATION OF RESOURCES	
Constitutional Distributions	
Education Stability Fund ³	333.109
Oregon Capital Matching Fund ³	0.000
Parks and Natural Resources Fund ⁴	277.591
Veterans' Services Fund ⁵	27.759
Other Distributions	
Outdoor School Education Fund ⁶	56.406
County Economic Development	59.982
HECC Collegiate Athletic & Scholarships ⁷	18.330
Gambling Addiction ⁷	18.330
County Fairs	3.828
Other Legislatively Adopted Allocations ⁸	1,061.945
Employer Incentive Fund (PERS) ¹	30.525
Total Distributions	1,887.805
Ending Balance/Discretionary Resources	49.196

Note: Some totals may not foot due to rounding.

Note: Some totals may not foot due to rounding.

1. Sports Betting revenues are transferred to Economic Development Fund making them subject to the constitutional distributions, after which the remainder is transferred to the Employer Incentive Fund

2. Includes reversions (unspent allocations from previous biennium) and interest earnings on Economic Development Fund.

3. Eighteen percent of proceeds accrue to the Ed. Stability Fund, until the balance equals 5% of GF Revenues. Thereafter, 15% of proceeds accrue to the School Capital Matching 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 2023 Oregon Economic and Revenue Forecast, Oregon Office of Economic Analysis

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 in the previous page shows the amounts expected to be transferred in 2023-25 according to the December 2023 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.

E911 and 988 TAXES

EMERGENCY COMMUNICATIONS (911) TAX

Current Tax Base

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. The tax sunsets December 31, 2029.

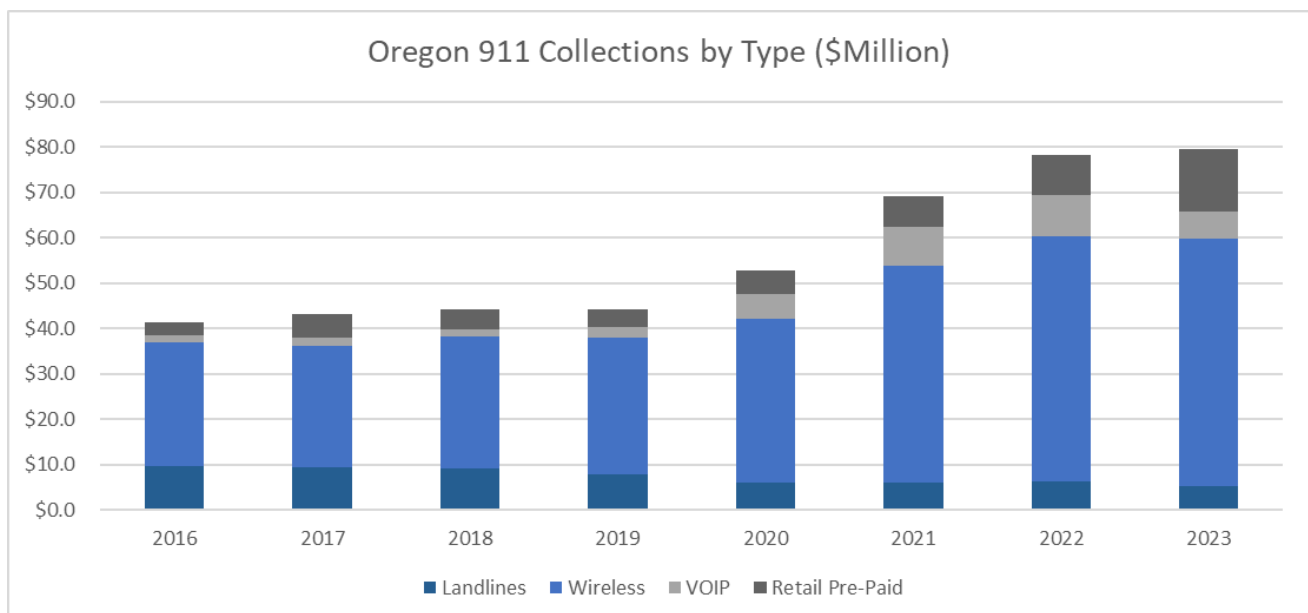
Highlights of Recent Legislative Change -

HB 2449 (2019)

- The sunset for the 911 fee was extended from 2021 to 2029
- The fee increased from \$.75 to \$1.00 starting January 1, 2020, with a subsequent increase to \$1.25 starting January 1, 2021
- Administrative cost allocations were adjusted for the Department of Revenue

Tax Collection

- Non-Prepaid Wireless, Wireline & Voice over Internet Protocol (VoIP)
\$1.25 per month per subscriber line
- Prepaid Wireless Telecommunications
\$1.25 per retail transaction

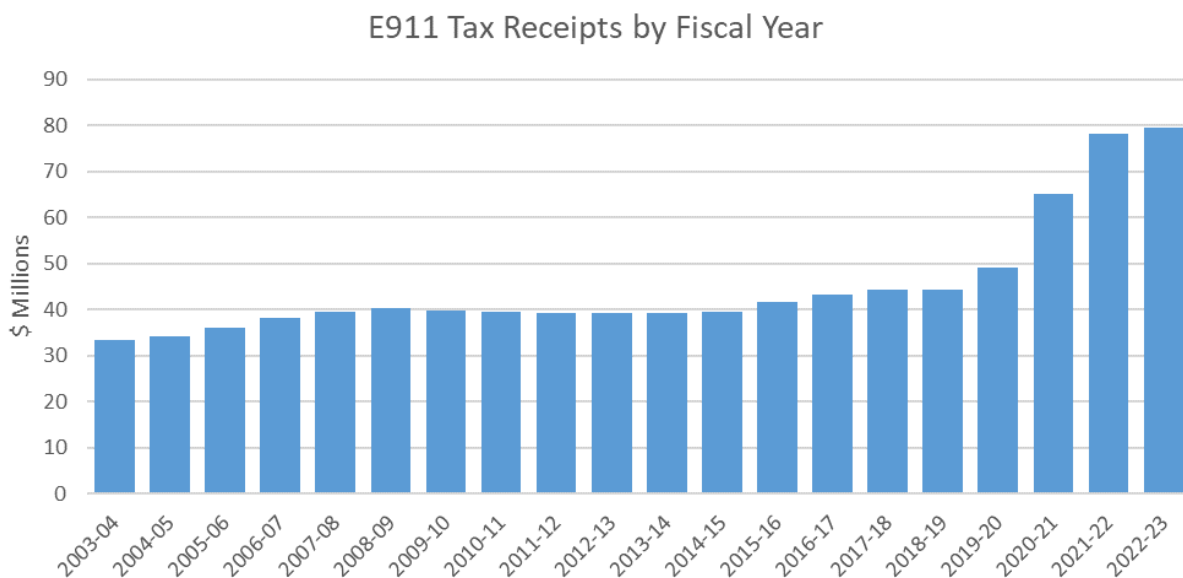


Tax Distribution

Prior to distribution, Department of Revenue may receive up to 0.6% of 911 tax receipts for administrative costs; the Office of Emergency Management may receive up to 2.4%. 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 from 2014 and HB 2449 from 2019 made changes as previously described. There have been six sunset extensions of this tax since 1981. As of the date of publication of this report, the tax is \$1.25 per line. The chart below shows recent tax collections.



988 TAX

HB 2757 (2023) created a new tax to support the 988 suicide prevention and behavioral health crisis line. The tax started January 1, 2024, and applies to the same lines as the E911 tax, but does exempt line subsidized by the Oregon Lifeline program. The tax rate is \$0.40 per line. The tax is placed in the 988 Trust Fund and is used to support 988 services. It is expected to raise about \$26.4 million in fiscal year 2024-25, which is the first full fiscal year it will be in effect. The tax sunsets December 31, 2029.

TRANSIENT LODGING (HOTEL/MOTEL) TAX

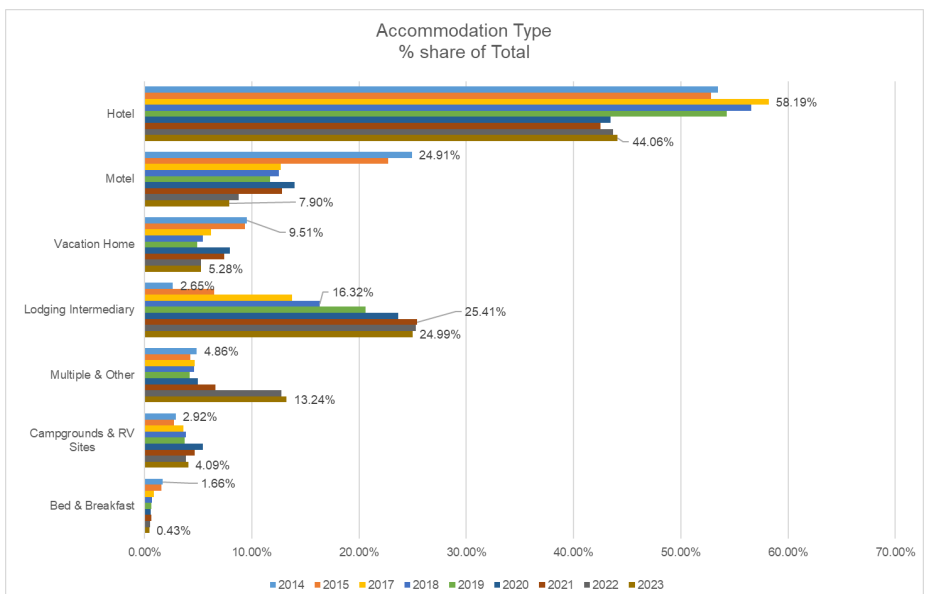
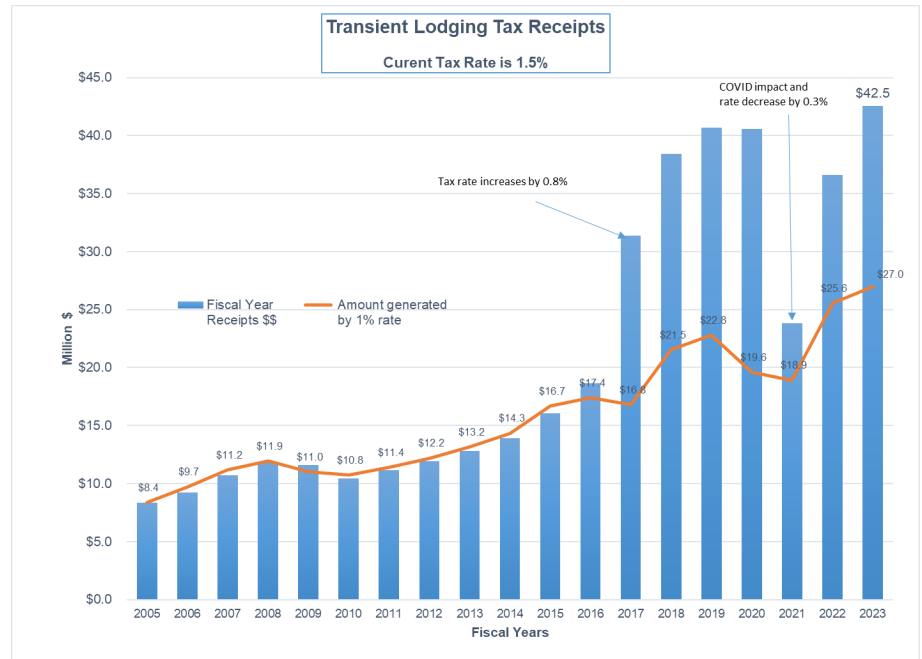
The legislature created Oregon's state transient lodging tax program in 2003 to provide core funding to the statewide tourism marketing agency (Travel Oregon). The tax is collected by DOR.

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

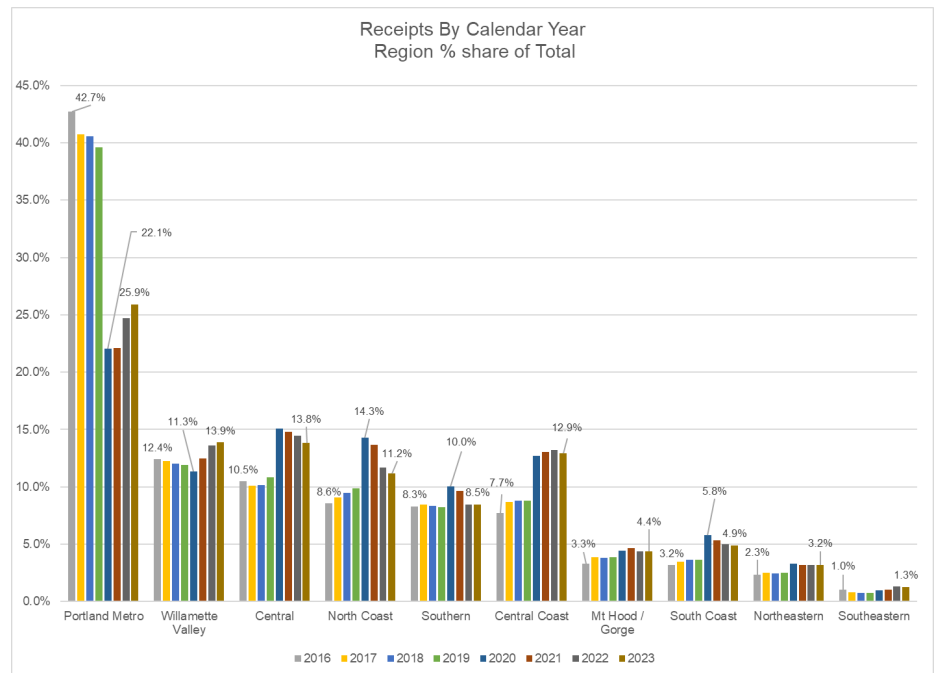
as "hotel, motel and inn dwelling units that are designed for temporary overnight human occupancy, and [which] includes spaces designed for parking recreational vehicles during periods of human occupancy of those vehicles." The law requires the Oregon Tourism Commission to spend at least 80 percent of 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 legal definition.

The 2005 Legislative session 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 specified 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. Intermediaries are becoming more dominant in the industry and currently make up a quarter of total transactions and tax payments.

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 down to 1.5%. The higher rate generated an additional \$12.7 million in the 2015-17 biennium and \$27.4 million in the 2017-19 biennium after deducting collection costs. The bill also required that 20% of the revenue collected from the transient lodging tax be spent on implementing the regional cooperative tourism program and 10% be allocated to a competitive grant program to fund tourism-related facilities and events. The 2016 bill



directed 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, and FY 2020 also brought the same level of revenue (\$40.6 million). However, FY 2021 reflected the extent of the impact of the closures forced by the COVID- 19 (Fiscal Year includes receipts up to the end of March and paid by June). Data from Fiscal Years 2022 and 2023 shows that TLT collections have fully recovered.

In previous Years, the Portland metro area generated more than 40 percent of the receipts, while the Willamite valley brought in slightly more than 12 percent. Together those two regions were responsible for about 55% of the total tax collections. As could be seen in the graph above those two regions contributions have decreased to about 40% in the last couple of years. The remaining regions have taken away most of that market share. Central Oregon and the coastal regions are contributing close to 50% of total current revenue. Those regions started to take some market share away from the metro region starting in FY 2019. The data from the last two years show that the Portland region have lost about half of its previous market share.

Overall collections went down by about \$6.5 million a year when the additional 0.3 percent tax rate elapsed on July 2020. Currently the permeant rate is 1.5% of business sales. Accounting for that reduction in rate, the net impact of COVID closures on the TLT revenue seem to amount to \$10 million in FY 2021. That contraction represents about 25% of the total receipts and the corresponding lodging activities. It also seems that much of that reduction was concentrated in the Portland metropolitan region. Fiscal Year 2023 shows the strongest receipts on record at \$42.5 million.

HEALTH CARE PROVIDER TAX

Health Care Provider Taxes

Currently, Oregon has three different health care provider taxes¹: (1) hospital assessments² (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)³. 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 (insurers tax) 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. HB 2010 (2019) extended hospital assessment to 2025 and insurers tax to 2026.

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.

¹ 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.

² Rural hospitals have lower assessment rates than Diagnostic Related Group (DRG) hospitals.

³ 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 2024)

	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
FY 2018	\$589.8		\$61.2	\$61.0	\$712.0
FY 2019	\$624.9		\$176.2	\$62.5	\$863.6
FY 2020	\$610.7		\$223.4	\$63.1	\$897.1
FY 2021	\$686.7		\$279.3	\$58.6	\$1,024.7
FY 2022	\$725.1		\$312.6	\$59.7	\$1,097.4
FY 2023	\$777.5		\$333.0	\$70.8	\$1,181.2

Source: OHA.DHS, DCBS Jan 2024

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 2023-25 biennium, a little over 1.3 million Oregonians are expected to be covered by the OHP.

Total OHP funding (Legislatively Approved Budget) in 2023-25 is approximately \$26.8 billion. 29.3% (\$7.85 billion) of the total funding comes from state sources and the remaining 70.7% from the federal government. About 28.4% of the state sources are derived from health care provider taxes. About 44.8% of the state sources are appropriated 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 had 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	2021-23	2023-25*
OHP-Covered Oregonians	401,525	520,194	621,740	924,268	1,120,202	1,054,698	1,154,724	1,403,328	1,328,253

Source of Funds (millions)	Biennium								
	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	2021-23	2023-25*
State Funds	\$1,549	\$1,688	\$2,735	\$2,844	\$3,060	\$3,674	\$4,270	\$5,478	\$7,851
Health Care Provider Taxes	\$156	\$458	\$772	\$826	\$1,058	\$1,541	\$1,708	\$1,891	\$2,281
General Fund	\$896	\$708	\$853	\$994	\$1,126	\$1,035	\$1,218	\$1,736	\$3,516
All Other State Funds	\$497	\$522	\$1,110	\$1,024	\$876	\$1,098	\$1,344	\$1,851	\$2,054
Federal Funds	\$2,681	\$3,780	\$4,108	\$8,573	\$10,620	\$11,137	\$13,005	\$16,718	\$18,908
Total Funds	\$4,230	\$5,469	\$6,843	\$11,418	\$13,680	\$14,810	\$17,275	\$22,196	\$26,759

Contribution to the Total Funds (%)									
State Funds	36.6%	30.9%	40.0%	24.9%	22.4%	24.8%	24.7%	24.7%	29.3%
Health Care Provider Taxes	3.7%	8.4%	11.3%	7.2%	7.7%	10.4%	9.9%	8.5%	8.5%
General Fund	21.2%	12.9%	12.5%	8.7%	8.2%	7.0%	7.0%	7.8%	13.1%
All Other State Funds	11.7%	9.5%	16.2%	9.0%	6.4%	7.4%	7.8%	8.3%	7.7%
Federal Funds	63.4%	69.1%	60.0%	75.1%	77.6%	75.2%	75.3%	75.3%	70.7%
Total Funds	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Legislatively Approved Budget through December 2023.

Source: OHA/DHS, January 2024

CORPORATE ACTIVITY TAX

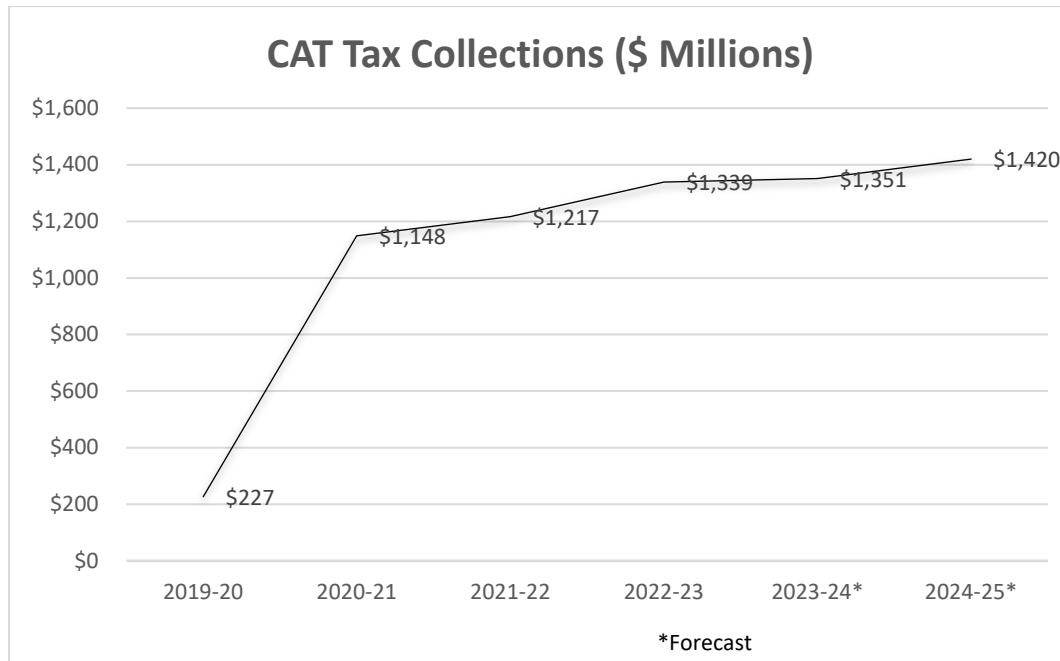
Overview of Corporate Activity Tax

The 2019 Legislature passed the Student Success Act creating the Corporate Activity Tax as a dedicated source of education funding.

The Corporate Activity Tax is based on commercial activity in Oregon. For purposes of the tax, commercial activity is "...the total amount realized by a person, arising from transactions and activity in the regular course of the person's trade or business..." Businesses with taxable commercial activity of \$1 million or more are required to pay the tax of \$250 plus 0.57% on taxable commercial activity above \$1 million.

Corporate Activity Tax Rate	
Taxable Commercial Activity	Tax
Over \$1M	\$250 + 0.57% of Taxable Commercial Activity over \$1 million

When calculating taxable commercial activity, 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.



Distribution of Corporate Activity Tax

The Corporate Activity Tax was implemented to provide funds for education and the revenue is dedicated to the Fund for Student Success. Each biennium, at least \$40 million is transferred to the State School Fund for the High Cost Disability Account. In addition, personal income tax rates were

reduced when the CAT was implemented, and the amount of reduced income tax collected is transferred to the State School Fund. The remaining revenues are directed into three spending accounts. The Student Investment Account (SIA) receives at least 50%; the Statewide Education Initiatives Accounts (SEIA) receives up to 30%; and the Early Learning Account (ELA) receives at least 20%. The SIA account is for specific purposes including increased learning time, student health and safety, and reduced class sizes. The SEIA and ELA funds are allocated to specific programs including the High School Graduation & College and Career Readiness program (Measure 98) and for the Oregon Prekindergarten Program.

The following table shows distributions published in the December 2023 forecast by the Office of Economic Analysis.

Distributions (\$ millions)

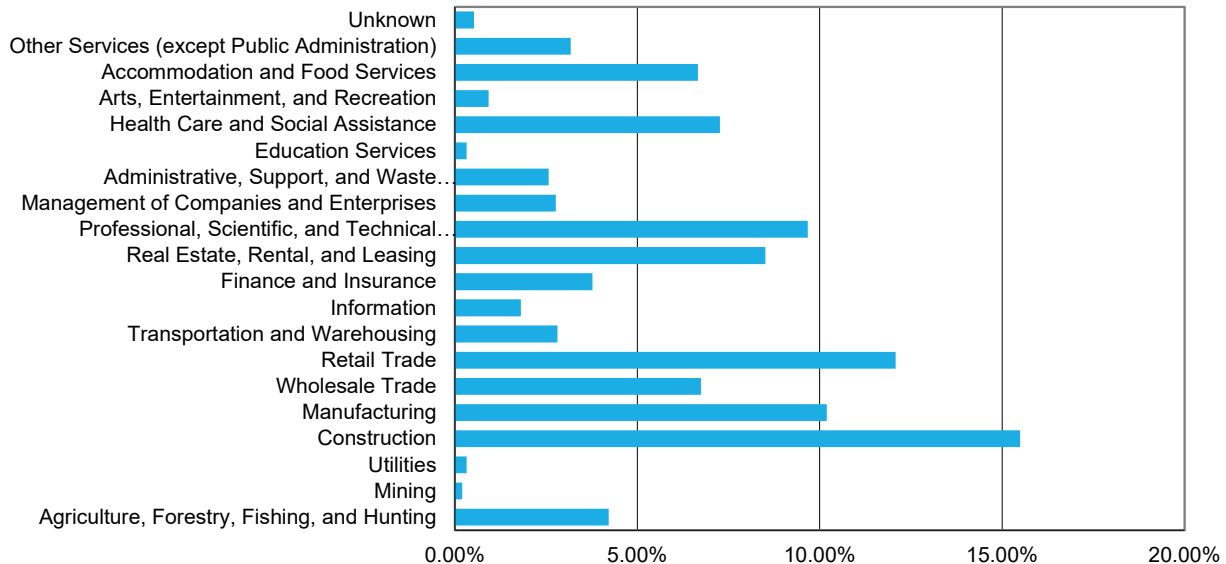
Biennium	State School Fund	Student Investment Account	Statewide Education Initiative Account	Early Learning Account	Total
2023-25	723.2	1,087.2	557.4	529.8	2,897.6
2025-27	805.9	1,238.2	742.9	495.3	3,282.3
2027-29	911.4	1,269.9	762.0	508.0	3,451.2

Number of CAT Tax Returns by Industry, Tax Year 2021

Industry	
Agriculture, Forestry, Fishing, and Hunting	1,050
Mining	50
Utilities	80
Construction	3,860
Manufacturing	2,540
Wholesale Trade	1,680
Retail Trade	3,010
Transportation and Warehousing	700
Information	450
Finance and Insurance	940
Real Estate, Rental, and Leasing	2,120
Professional, Scientific, and Technical Services	2,410
Management of Companies and Enterprises	690
Administrative, Support, and Waste Management	640
Education Services	80
Health Care and Social Assistance	1,810
Arts, Entertainment, and Recreation	230
Accommodation and Food Services	1,660
Other Services (except Public Administration)	790
Unknown	130
Total	24,920

Note: Total counts may not equal sum of categories due to rounding in source data.

Share of CAT Tax Returns by Industry

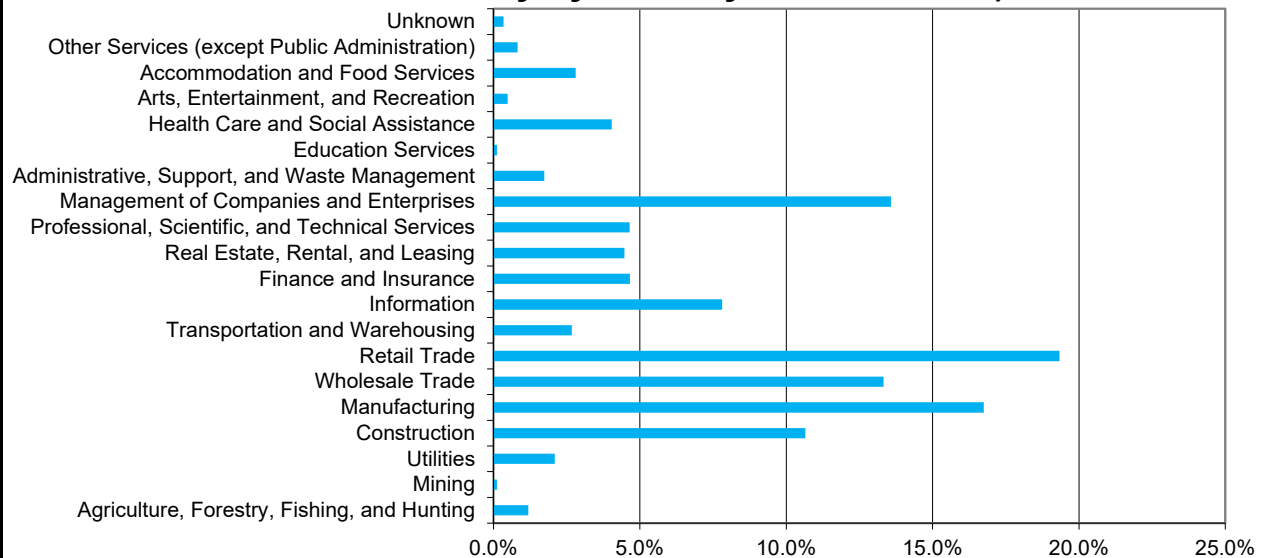


CAT Tax Liability by Industry, Tax Year 2021

(\$Millions)

Industry	
Agriculture, Forestry, Fishing, and Hunting	\$11.9
Mining	\$1.2
Utilities	\$20.9
Construction	\$106.5
Manufacturing	\$167.5
Wholesale Trade	\$133.3
Retail Trade	\$193.3
Transportation and Warehousing	\$26.8
Information	\$78.1
Finance and Insurance	\$46.6
Real Estate, Rental, and Leasing	\$44.8
Professional, Scientific, and Technical Services	\$46.6
Management of Companies and Enterprises	\$135.8
Administrative, Support, and Waste Management	\$17.3
Education Services	\$1.2
Health Care and Social Assistance	\$40.4
Arts, Entertainment, and Recreation	\$4.8
Accommodation and Food Services	\$28.0
Other Services (except Public Administration)	\$8.2
Unknown	\$3.4
Total	\$1,116.6

CAT Tax Liability by Industry Tax Year 2021)



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" (M1)	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 (M6)	General	Initiative	Failed	424,029	453,741
	50% home property tax relief	General	Leg. referral	Failed	383,532	467,765
	Vehicle registration fee increase	General	Pet. referral	Failed	208,722	673,802
1980	Continue 30% home property relief	Primary	Leg. referral	Passed	636,565	64,979
	Limits use of Highway Fund	Primary	Leg. referral	Passed	451,695	257,230
	1% property tax limit	General	Initiative	Failed	412,781	722,089
	2¢ gas tax increase	General	Leg. referral	Failed	320,613	823,025
	Dedicates oil taxes to schools	General	Leg. referral	Passed	604,188	494,657
1982	3¢ gas tax increase	Primary	Leg. referral	Failed	308,574	323,268
	1.5% property tax limit	General	Initiative	Failed	504,836	515,626
	Increase tax base for new const.	General	Leg. referral	Failed	219,034	768,150
1984	Vehicle registration fee increase	Primary	Leg. referral	Failed	234,060	487,457
	1.5% property tax limit	General	Initiative	Failed	599,424	616,252
	Establish state lottery	General	Initiative	Passed	794,441	412,341
	Lottery statute	General	Initiative	Passed	786,933	399,231
1985	5% sales tax	Special	Leg. referral	Failed	189,733	664,365
1986	Prohibit tax on social security	Primary	Leg. referral	Passed	534,476	118,766
	Adjust tax bases for merger	Primary	Leg. referral	Passed	333,277	230,866
	5% sales tax	General	Initiative	Failed	234,804	816,369
	1.5% property tax limit	General	Initiative	Failed	449,548	584,396
	Homestead exemption	General	Initiative	Failed	381,727	639,034
	Increase income taxes	General	Initiative	Failed	299,551	720,034
1987	School "safety net"	Primary	Leg. referral	Passed	223,417	178,839
1988	1¢ cig. & beer tax for sports	General	Initiative	Failed	449,797	759,360
1989	New school tax bases	Primary	Leg. referral	Failed	183,818	263,283
1990	Change Oregon school finances	Primary	Leg. referral	Advisory	462,090	140,747
		Primary	Leg. referral	Advisory	177,964	408,842
	Funded school taxes on homes	Primary	Leg. referral	Advisory	128,642	449,725
	4% sales tax for schools	Primary	Leg. referral	Advisory	202,367	385,820
	5% sales tax for schools	Primary	Leg. referral	Advisory	222,611	374,466
	Combines tax bases: school mergers	General	Leg. referral	Passed	680,463	354,288
	Taxes public pensions	General	Leg. referral	Failed	406,372	617,586
	1.5% property tax limit (M5)	General	Initiative	Passed	574,833	522,022
	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	Lottery revenue for education	Primary	Leg. referral	Passed	671,027	99,728
1996	3/5 vote to raise revenue	Primary	Leg. referral	Passed	349,918	289,930
	State pays for local mandates	General	Leg. referral	Passed	731,127	566,168
	Tobacco taxes for Health Plan	General	Initiative	Passed	759,048	598,543
	Counts non-voters as "no" votes	General	Initiative	Failed	158,555	1,180,148
	Cut and Cap property tax limit (M47)	General	Initiative	Passed	704,554	642,613
1997	Replace cut and cap (M50)	Primary	Leg. referral	Passed	429,943	341,781
1998	Authorize Lottery-backed school bonds (M54)	General	Leg. referral	Passed	569,982	474,727
	Dedicate 15% of Lottery to parks & salmon (M66)	General	Initiative	Passed	742,038	362,247
1999	Vehicle cost responsibility (M76)	Special	Leg. referral	Passed	372,613	314,351
2000	Transportation funding (M82)	Primary	Leg. referral	Failed	109,741	767,329
	Highway fund for State Police (M80)	Primary	Leg. referral	Failed	310,640	559,941
	Kicker Refunds in Constitution (M86)	General	Leg. referral	Passed	898,793	550,304
	Increases federal tax subtraction to \$5,000 (M88)	General	Leg. referral	Passed	739,270	724,097
	Full deduction for federal taxes (M91)	General	Initiative	Failed	661,342	814,885
	Voter approval for taxes and fees (M93)	General	Initiative	Failed	581,186	865,091
	Funding of school equity goals (M1)	General	Initiative	Passed	940,223	477,461
	Property value reduced by regulation (M7)	General	Initiative	Passed	Court Ruled Unconstitutional	
	State growth limit (M8)	General	Initiative	Failed	608,090	789,699
2002	Establishes Ed. Stability Fund and Transfers \$220 million (M13)	Primary	Leg. referral	Failed	376,605	411,923
	General Obligation Bond Financing for OHSU Research (M11)	Primary	Leg. referral	Passed	589,869	190,226
	Establishes Ed. Stability Fund and Transfers \$150 million (M19)	Special	Leg. referral	Passed	496,815	306,440
	Increases Cigarette Tax (M20)	Special	Leg. referral	Passed	522,613	289,119
	General Obligation Bond Financing for Ed. Buildings (M15)	General	Leg. referral	Passed	624,789	505,797
	General Obligation Bond Financing for Emergency Buildings (M16)	General	Leg. referral	Passed	622,914	501,210
	Allows Different Permanent Property Tax Rates Within Tax Zones (M18)	General	Leg. referral	Failed	420,135	662,084
	Tax Funded Universal Health Care (M23)	General	Initiative	Failed	254,280	936,753
2003	Personal Income Tax Rate Increase (Top Tax Rate to 9.5%) (M 28)	Special	Leg. referral	Failed	545,846	676,312
	Authorizes G O Debt for Savings on Pension Liabilities (M29)	Special	Leg. referral	Passed	360,209	291,778
2004	Temp Personal Income Tax increase & misc. tax changes (M30)	Special	Referendum	Failed	481,315	691,462
	Property value reduced by regulation (M37)	General	Initiative	Passed	1,054,589	685,079
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	Right To Build Homes; Limits Large Developments (M49)	Special	Leg. referral	Passed	718,023	437,351
	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	Eliminates double majority vote requirement for all May & November property tax elections (M 56)	General	Leg. referral	Passed	959,118	735,500
	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	Allows state to issue bonds to match school capital bonds (M68)	Primary	Leg. referral	Passed	498,073	267,052
2010	Raises personal income tax rate for high income taxpayers (M66)	Special	Referendum	Passed	692,687	583,707
	Raises corp tax rates and establishes new corp minimum tax (M67)	Special	Referendum	Passed	682,720	591,188
	Authorizes Multnomah County casino (M75)	General	Initiative	Failed	448,162	959,342
	Continues Lottery dedication to parks & natural resources (M76)	General	Initiative	Passed	972,825	432,552
2012	Prohibits real estate transfer taxes, fees, other assessments (M79)	General	Initiative	Passed	976,587	679,710
	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
	Allocates corporate income/excise tax "kicker" refund to fund k-12 (M85)	General	Initiative	Passed	1,007,122	672,586
2014	Allows possession, manufacture, sale of marijuana by/to adults, subject to state licensing, regulation, taxation (M91)	General	Initiative	Passed	847,865	663,346
2016	Amends Constitution: Dedicates 1.5% of state lottery net proceeds to funding support services for Oregon veterans (M96)	General	Leg. referral	Passed	1,611,367	312,526
	Increases corporate minimum tax when sales exceed \$25 million; funds education, healthcare, senior services (M97)	General	Initiative	Failed	808,310	1,164,658
	Creates "Outdoor School Education Fund," continuously funded though Lottery, to provide outdoor school programs statewide (M99)	General	Initiative	Passed	1,287,095	630,735
2018	Approves Temporary Assessments to Fund Health Care for Low-Income Individuals and Families, and to Stabilize Health Insurance Premiums	Special	Initiative	Passed	657,117	408,387
	Amends Constitution: Allows local bonds for financing affordable housing with nongovernmental entities (M102)	General	Leg. referral	Passed	1,037,922	786,225
	Amends Constitution: Prohibits taxes/fees based on transactions for "groceries" (defined) enacted or amended after September 2017 (M103)	General	Initiative	Failed	791,687	1,062,752
	Amends Constitution: Expands (beyond taxes) application of requirement that three-fifths legislative majority approve bills raising revenue (M104)	General	Initiative	Failed	631,211	1,182,023
2020	Increases cigarette tax by \$2 per pack. Increases cap on cigar taxes to \$1 per cigar. Establishes tax on nicotine inhalant delivery systems, such as e-cigarettes and vaping products. Funds health programs (M108)	General	Leg. referral	Passed	1,535,866	779,311
	Creates a 15 percent retail sales tax on psilocybin products (M109)	General	Initiative	Passed	1,270,057	1,008,199
	Limits the distributions to the current uses of Marijuana revenue to \$45 million a year. Diverts the rest of the revenue to Addiction Recovery services. (M110)	General	Initiative	Passed	1,333,268	947,313
2022	No state tax votes					