

**OREGON PUBLIC
FINANCE:**

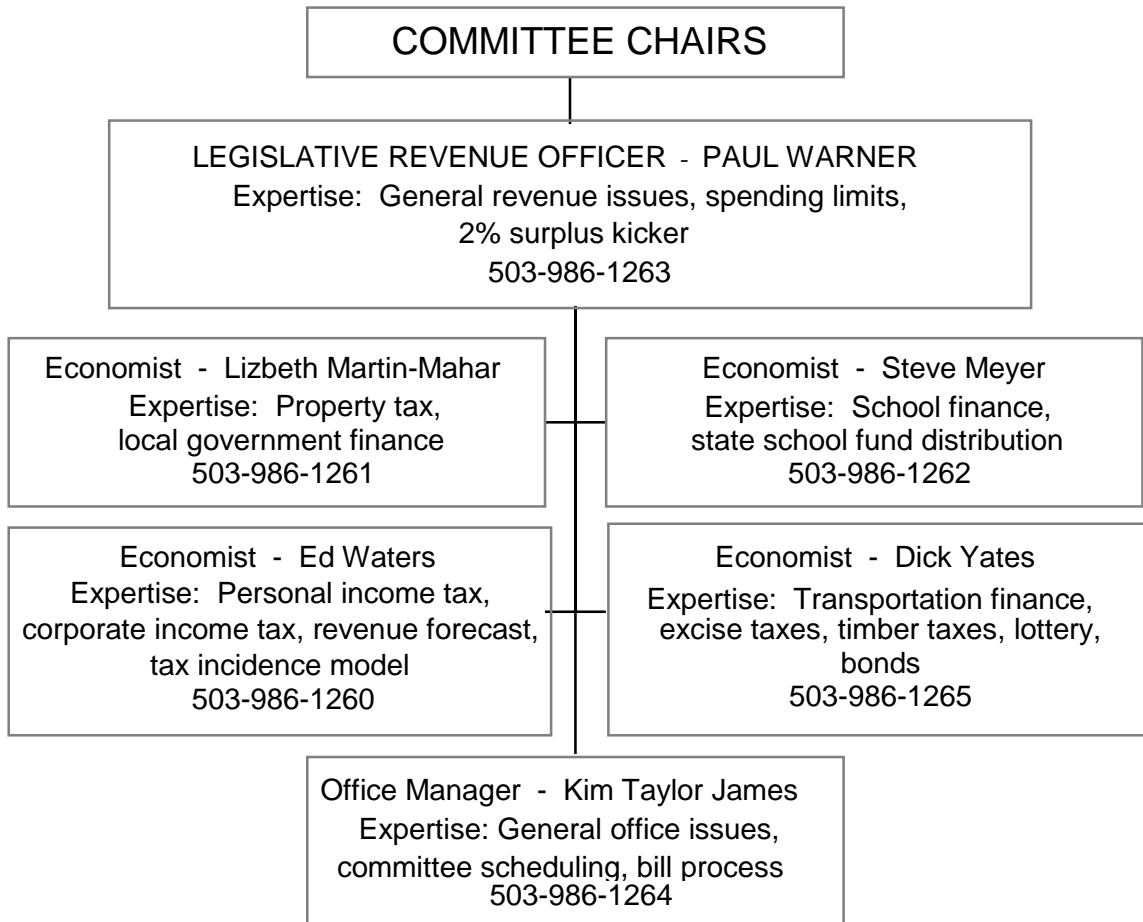
BASIC FACTS

**LEGISLATIVE REVENUE
OFFICE**

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LEGISLATIVE REVENUE OFFICE
2001 LEGISLATIVE SESSION



OVERVIEW

Oregon in the 1990's

Oregon's economy performed much better in the 1990's than it had in the previous decade. In response, in-migration increased leading to significant growth in the state's population. Nonfarm jobs increased 30.1% between 1989 and 1999. The state's population increased 18.3%. In comparison, Oregon jobs grew 14.5% in the 1980's while the State's population increased 8.3%. By these broad measures, Oregon's growth doubled in the 1990's.

**TABLE 1
SUMMARY ECONOMIC STATISTICS**

INDICATOR	1989	1999	PERCENTAGE CHANGE
NONFARM JOBS	1,209.0	1,572.4	30.1%
PERSONAL INCOME (Millions)	\$48,060	\$90,100	87.5%
POPULATION (Thousands)	2,791	3,301	18.3%
PRICE LEVEL (1982-84=100)	120.5	172.6	43.2%
AVERAGE WAGE	\$21,200	\$32,500	53.3%
PER CAPITA INCOME	\$17,200	\$27,300	58.7%
% OF U.S. AVERAGE	92.7%	95.7%	----

Source: Department of Administrative Services, Office of Economic Analysis

Despite strong overall growth, the state's economic performance was uneven with some counties growing rapidly while others lagged behind. Statewide payroll employment covered by unemployment insurance grew 36.7% between 1988 and 1998. Only Lake County experienced a net job loss during the period. Jobs in Coos, Grant and Harney Counties all grew less than 1/3 the statewide rate. The fastest growing counties were Gilliam, Washington and Deschutes.

**JOB GROWTH BY COUNTY
1988 TO 1998**

COUNTY	1988 COVERED EMPLOYMENT	1998 COVERED EMPLOYMENT	% CHANGE 1988 TO 1998
STATEWIDE	1,134,102	1,550,148	36.7
BAKER	4,138	5,195	25.5
BENTON	25,921	35,158	35.6
CLACKAMAS	79,410	125,740	58.3
CLATSOP	12,848	15,417	20.0
COLUMBIA	8,537	9,793	14.7
COOS	19,584	21,087	7.7
CROOK	4,671	5,942	27.2
CURRY	5,191	6,106	17.6
DESCHUTES	26,305	44,823	70.4
DOUGLAS	32,605	36,880	13.1
GILLIAM	381	754	97.9
GRANT	2,573	2,729	6.1
HARNEY	2,564	2,811	9.6
HOOD RIVER	7,254	10,120	39.5
JACKSON	50,537	69,255	37.0
JEFFERSON	4,751	6,369	34.0
JOSEPHINE	17,328	20,823	20.2
KLAMATH	19,052	22,341	17.3
LAKE	2,544	2,198	-13.6
LANE	105,610	135,897	28.7
LINCOLN	13,164	16,842	27.9
LINN	30,894	41,178	33.2
MALHEUR	10,208	13,171	29.0
MARION	93,377	123,542	32.3
MORROW	2,856	3,514	23.0
MULNOMAH	354,998	442,901	24.8
POLK	9,728	15,442	58.7
SHERMAN	435	689	58.4
TILLAMOOK	5,658	7,769	37.3
UMATILLA	20,162	27,548	36.6
UNION	7,808	9,084	16.3
WALLOWA	1,934	2,266	17.2
WASCO	7,622	9,822	28.9
WASHINGTON	117,964	209,519	77.6
WHEELER	228	291	27.6
YAMHILL	19,170	28,284	47.5

Source: Oregon Employment Department

Oregon's economy also underwent profound structural change in the 1990's. The most significant shift was the growing importance of high technology manufacturing and the relative decline in the state's previously dominant timber industry. High technology manufacturing employment increased from 4.1% of employment in 1988 to 6.6% in 1998. Timber manufacturing jobs dropped from 9.1% to 4.6% during this period. The nationwide shift to service jobs is also reflected in the Oregon numbers. Financial services, business services (including temporary employment companies) and other services all showed strong relative growth during the decade.

**OREGON PAYROLL BY INDUSTRY
(MILLIONS)**

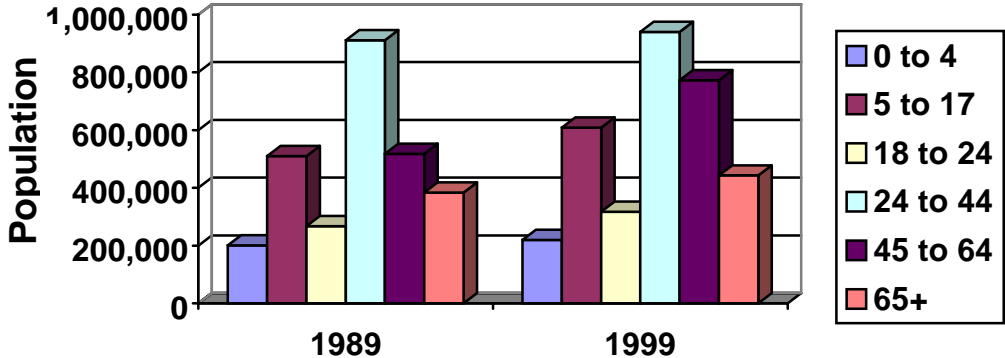
INDUSTRY	1988 PAYROLL	% OF TOTAL	1998 PAYROLL	% OF TOTAL
AG, FORESTRY & FISHING	\$371.2	1.7	\$831.7	1.8
MINING	34.5	0.2	65.6	0.1
CONSTRUCTION	908.6	4.1	2,861.1	6.2
MANUFACTURING/HIGH TECH	894.7	4.1	3,002.5	6.6
MANUFACTURING/TIMBER	2,029.9	9.1	2,090	4.6
MANUFACTURING/FOOD PROCESS	459.2	2.1	658.8	1.4
MANUFACTURING/OTHER	2,032.9	9.1	3,771.5	8.2
TRANS, COMM & UTILITIES	1,501.0	6.7	2,643.8	5.8
WHOLESALE TRADE	1,827.3	8.2	3,825.4	8.4
RETAIL TRADE	2,511.8	11.3	5,006.5	10.9
FINANCIAL SERVICES	1,322.5	5.9	3,075.7	6.7
SERVICES/BUSINESS	666.2	3.0	2,463.2	5.4
SERVICES/HEALTH	1,657.6	7.4	3,450.4	7.5
SERVICES/OTHER	1,769.4	7.9	4,504	9.8
GOVERNMENT	4,477.8	20.1	7,509.5	16.4

Source: Employment Department

Oregon's population grew from 2,791,000 in 1989 to 3,300,800 in 1999, an increase of 509,800. Net in-migration accounted for 325,289 of the increase. The remaining 184,511 were the result of natural (births-deaths) growth.

Oregon's school age population grew rapidly in the 1990's. The 5 to 17 year-old or K-12 population increased 19.2% while the 18 to 24 or college age population rose 18.8%. The K-12 population was essentially flat in the 1980's while the college age group declined. The other population segment posting strong growth in the 1990's was 45 to 64 year-olds. This group, dominated by the baby boom generation jumped 49.1% between 1989 and 1999.

OREGON POPULATION GROWTH BY AGE GROUP

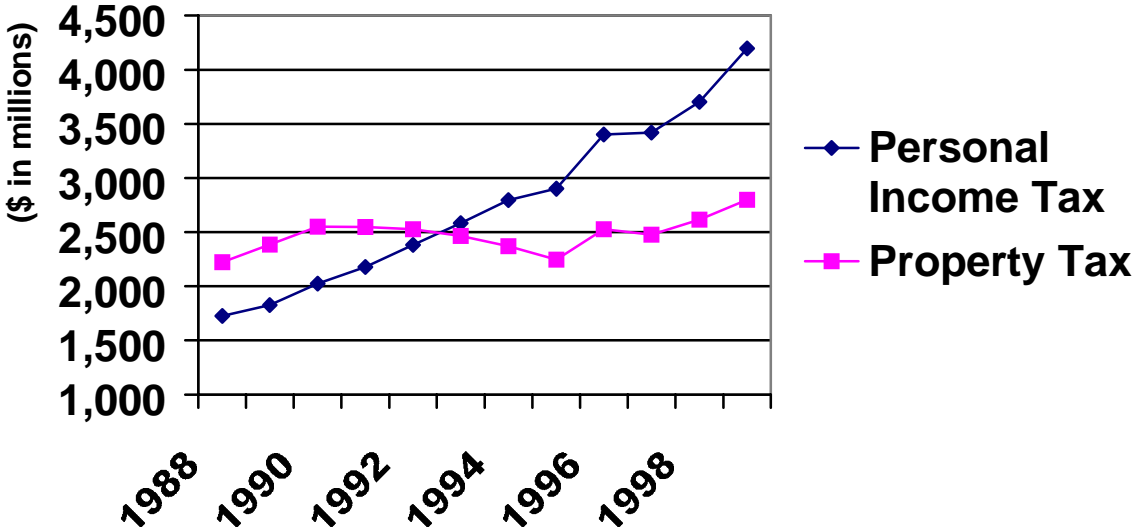


Oregon's Revenue System in the 1990's

Oregon's state and local government revenue system changed in response to the state's changing economy and demographics. It was also profoundly affected by voter initiatives.

The most important change was a flip-flop between Oregon's two largest tax revenue sources. In the 1989-1990 fiscal year, Oregon local governments, including schools, collected \$2,385.9 million in property taxes. State government, which receives all income taxes, collected \$1,827.6 million in personal income taxes. For the 1999-2000 fiscal year, property taxes totaled \$2,801 million while personal income tax collections were \$4,197 million.

PERSONAL INCOME AND PROPERTY TAXES

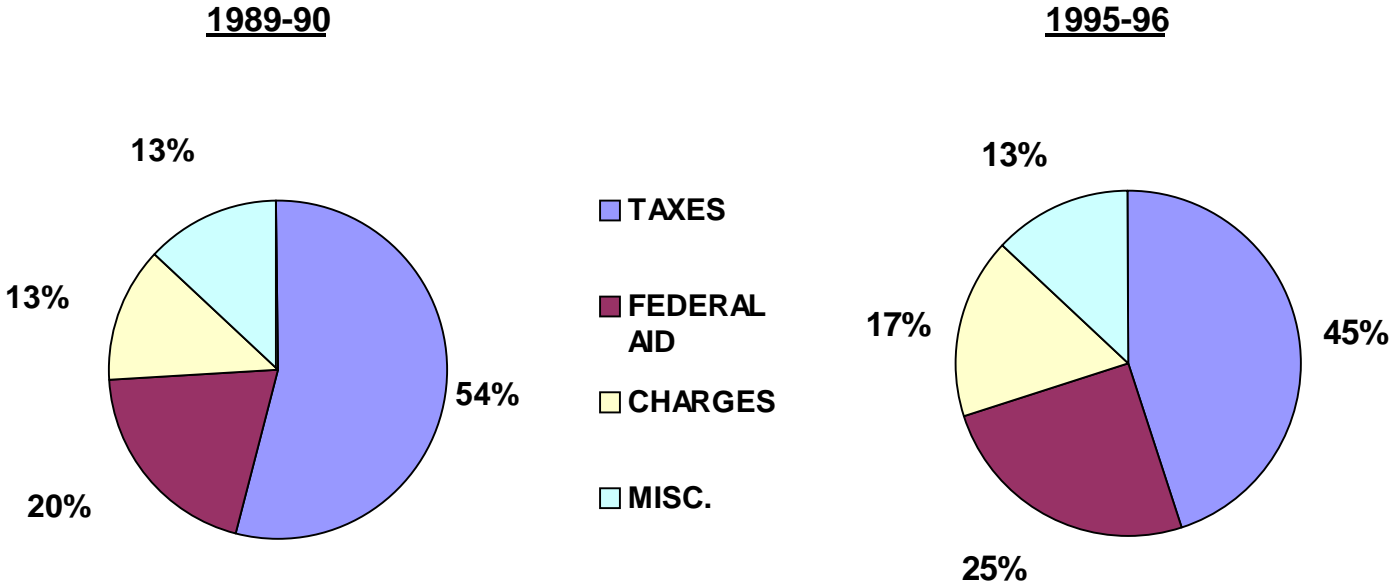


Measure 5, passed by voters in 1990, reduced property tax rates. Measure 50, passed in 1997, limited the rate of assessed value growth for unimproved properties. These measures had the effect of reducing and limiting property tax collections in the 1990's. On the other hand, the personal income tax grew rapidly. Two reasons account for the strong growth in personal income tax receipts. First, the strong state economy drove up wages and taxable income. The progressive rate structure of the personal income tax means that income tax receipts are highly sensitive to economic conditions. A second related factor was a huge jump in stock prices. This generated capital gains for taxpayers thereby further increasing their taxable income.

Oregon's overall tax burden fell in the 1990's. Using the latest data available from the U.S. Census Bureau, total state and local taxes were 10.7% of statewide personal income in 1996-97. In 1989-90, taxes were 11.4% of personal income in Oregon. Property taxes fell from 5.0% of personal income in 1989-90 to 3.4% of personal income in 1996-97. This reduction was due to the lower rates imposed under Measure 5.

Census data gives a comprehensive measure of all state and local revenue sources. These revenue sources are divided into four categories: 1) taxes, 2) federal grants and aid, 3) charges and 4) miscellaneous revenue. These four categories make up "general revenue" as defined by the Census Bureau. This measure does not include trust fund revenue such as public employee retirement account earnings.

OREGON GENERAL REVENUE



Between 1989-90 and 1995-96 Oregon's general revenue mix underwent significant change. Taxes fell sharply as a revenue source due to Measure 5. Taxes declined from 54% of general revenue in 1989-90 to 45% in 1995-96. In the wake of Measure 5, the revenue system became more dependent on non-tax revenue sources. Federal aid increased from 20% of general revenue to 25% during this period. State and local government charges such as tuition and fees increased from 13% to 17%. Although miscellaneous revenue remained at 13%, its composition underwent major change. Interest earnings declined as a share of revenue while lottery increased due to the introduction of video poker.

Rapid growth in personal income tax collections fueled strong growth in state General Fund revenue in the 1990's. The state's General Fund budget is largely discretionary and subject to intense policy debate. From the revenue side, it is dominated by income tax collections. In 1997-99, personal income taxes comprised 85.5% of General Fund revenue. Corporate income taxes made up another 7.1%. General Fund revenue is even more dependent on the personal income tax than it was 10 years ago.

**GENERAL FUND REVENUE SOURCES
(MILLIONS)**

REVENUE SOURCE	1987-89 BIENNIUM	% OF TOTAL	1997-99 BIENNIUM	% OF TOTAL	% CHANGE 87-89 / 97-99
PERSONAL INCOME TAX	\$3,009	79.2	\$7,123.1	85.5	136.7
CORPORATE INCOME TAX	324.5	8.5	589.1	7.1	81.5
INSURANCE PREMIUM TAX	108.4	2.9	102	1.2	-5.9
INHERITANCE TAX	23.2	0.6	89	1.1	283.6
CIGARETTE TAX	128	3.4	119.7	1.4	-6.5
OTHER TOBACCO TAX	10	0.2	21.2	0.3	112.0
OTHER TAXES	5.1	0.1	4.9	0.1	-3.9
NON-TAX REVENUE	193.5	5.1	285.6	3.3	47.6
TOTAL	\$3,801.7	100	\$8,334.6	100	119.2

Source: Department of Administrative Services

A more comprehensive measure of state revenue is the All Funds budget. The General Fund makes up roughly 1/3 of the All Funds budget. All Funds revenue is more diverse than the General Fund, with non-tax sources playing a more important role.

**STATE ALL FUNDS REVENUE SOURCES
(MILLIONS)**

REVENUE SOURCE	1987-89 BIENNIUM	% OF TOTAL	1997-99 BIENNIUM	% OF TOTAL	% CHANGE 87-89 TO 97-99
TAXES	\$5,382.1	34.4	\$11,578.1	38.3	115.1
FEDERAL FUNDS	2,617.7	16.7	6,749.1	22.5	157.8
INTEREST EARNINGS	2,835.4	18.1	4,780.6	15.9	68.6
DONATIONS & CONTRIBUTIONS	1,136.1	7.3	1,650.9	5.5	45.3
BOND SALES	590	3.8	1,039	3.6	76.1
LIQUOR & OTHER SALES	394.5	2.5	461.4	1.5	17.0
LOAN REPAYMENTS	1000.6	6.4	963.1	3.2	-3.7
CHARGES	1026.5	6.6	1,257.2	4.3	22.5
LICENSES AND FEES	346.2	2.2	625.9	2.2	80.8
LOTTERY	106	0.7	612.9	2.1	478.2
OTHER	203.6	1.3	263.2	0.9	29.3
TOTAL	\$15,638.7	100	\$29,981.4	100	91.7

Source: Department of Administrative Services

In contrast to the shift toward non-tax revenue sources taking place at the local level, the state All Funds budget shows an increase in reliance on taxes. This is primarily due to growing personal income tax receipts. The role of federal revenue in the All Funds budget increased significantly during the decade, rising from 16.7% to 22.5% of total revenue. The increased role of lottery revenue can also be seen in the changing mix of All Funds revenue sources. Lottery revenue increased 478.2% between 1987-89 and 1997-99. However, it remains a relatively small portion of All Funds revenue at 2.1%.

A complete listing of Oregon's state and local tax sources in 1989 and 1999 shows little change in the sources themselves. However, the relative importance of these tax sources has changed significantly.

SUMMARY OF OREGON TAXES

STATE TAXES	1989-90 COLLECTIONS	1999-2000 COLLECTIONS
PERSONAL INCOME TAX	\$1,827,646,399	\$4,197,282,000
UNEMPLOYMENT INSURANCE TAXES	359,530,500	515,573,900
GASOLINE AND USE FUEL TAXES	236,213,366	394,167,788
CORPORATE INCOME TAX	147,494,215	405,220,686
WEIGHT MILE TAX	155,347,916	224,954,955
CIGARETTE TAX	77,730,596	163,960,272
INSURANCE TAXES	59,239,241	59,602,111
OTHER LABOR TAXES	68,035,727	104,213,309
TIMBER SEVERANCE TAXES	46,525,836	32,843,222
INHERITANCE TAX	13,962,362	47,684,649
WORKERS' COMP INSURANCE TAXES	39,580,353	42,293,900
TELEPHONE EXCHANGE ACCESS TAX	8,616,995	26,320,757
OTHER TOBACCO PRODUCTS TAX	5,724,784	20,374,525
REAL ESTATE RECORDING TAX	1,802,786	20,636,689
BEER & WINE TAXES	10,796,612	12,377,350
FOREST PRODUCTS HARVEST TAXES	4,759,191	11,110,002
ELECTRIC COOP TAX	3,168,903	6,715,185
PHONE ACCESS SURCHARGE	4,033,574	3,143,941
AMUSEMENT DEVICE TAX	1,518,837	1,817,543
HAZARDOUS SUBSTANCE TAXES	851,837	2,406,331
AVIATION GAS AND JET FUEL TAXES	672,027	1,978,104
PETROLEUM LOADING FEE	2,426,957	1,272,955
BOXING TAX	72,706	69,034
PRIVATE RAIL CAR TAX	196,749	100,589
OIL & GAS SEVERANCE TAX	55,621	128,445
DRY CLEANERS TAX	---	695,302
LOCAL TAXES	1989-90 COLLECTIONS	1999-2000 COLLECTIONS
PROPERTY TAXES*	2,385,926,352	2,800,781,460
TRANSIT PAYROLL & SELF EMPLOYMENT TAXES	72,952,403	163,488,288
FRANCHISE TAXES	59,000,000	106,657,000
HOTEL-MOTEL	26,874,473	56,300,00
PORTLAND BUSIUNESS LICENSE TAX	19,800,00	50,794,774
MULTNOMAH COUNTY BUSINESS INCOME TAX	14,128,840	40,846,593
MOTOR FUEL TAXES	8,507,000	9,837,758
WASHINGTON COUNTY REAL ESTATE TRANSFER TAX	1,265,896	2,840,473
OTHER TAXES AND LICENSES	81,000,000	236,000,000

Property taxes imposed – not collected.

Oregon's Revenue System Compared to Other States

Oregon's revenue system differs from the average state in a number of ways. Key differences are:

- A relatively low tax burden.
- Heavy reliance on the personal income tax.
- Greater reliance on non-tax revenue sources. Especially revenue from the federal government.

**OREGON'S STATE AND LOCAL REVENUE
COMPARED WITH NATIONAL AVERAGES
1995-96 FISCAL YEAR**

REVENUE MEASURE	OREGON % OF INCOME	US % OF INCOME	OREGON RANK
GENERAL REVENUE	23.6	20.1	9
TAX REVENUE	10.7	11.3	37
PERSONAL INCOME TAX	4.2	2.4	2
CORPORATE INCOME TAX	0.4	0.5	28
GENERAL AND SELECTIVE SALES TAX	1.1	4.1	50
PROPERTY TAX	3.4	3.4	24

Source: U.S Census Bureau

Oregon ranks above the national average in general revenue as a percent of income but below average in its tax burden. Oregon's personal income tax burden is second highest in the country while its consumption tax burden is the lowest.

**STATE TAX COLLECTIONS BY SOURCE
1998-99 FISCAL YEAR
(PERCENT OF STATE TAX COLLECTIONS)**

	PROPERTY	GENERAL SALES	SELECTIVE SALES	PERSONAL INCOME	CORP INCOME	OTHER TAXES
OREGON	--	--	12.5	69.4	6.1	12.0
WASHINGTON	17.5	58.8	14.6	--	--	9.1
CALIFORNIA	5.3	31.3	7.8	42.5	7.5	5.6
IDAHO	--	32.3	14.1	39.0	4.4	10.1
US AVERAGE	2.3	33.2	14.8	34.5	6.1	9.1

Source: U.S Census Bureau

Oregon's state tax system is very dependent on personal income tax collections. Personal income taxes account for 69.4% of state taxes, the highest percentage from any single tax source in the country. Washington is almost as dependent on the general sales tax. California and Idaho are more like the national average.

State Budget Changes in the 1990's

Oregon's General Fund expenditures rose throughout the 1990's in response to strong income tax growth. The mix also changed significantly as the General Fund became the primary source of school funding during the 1990's. As Measure 5 rate reductions reduced local school property tax

revenue, General Fund spending on K-12 education surged. General Fund spending on public safety also rose as a share of the General Fund spending. This was primarily driven by Measure 11. This measure extended prison time for most serious crimes.

**GENERAL FUND BUDGET
(MILLIONS)**

PROGRAM AREA	1989-91 EXP.	% OF TOTAL	1999-2001 EXP.	% OF TOTAL	% CHANGE 89-91 TO 99-01
EDUCATION	\$2,176.9	48.0	\$5,788.2	57.3	165.9
HUMAN RESOURCES	1,201.7	26.6	2,274.4	22.5	89.2
PUBLIC SAFETY	416.2	9.2	1,176.1	11.7	182.6
ECONOMIC & COMMUNITY DEVELOPMENT	102.2	2.3	29.1	0.3	-71.5
NATURAL RESOURCES	115.4	2.6	146.8	1.4	27.2
TRANSPORTATION	1.0	--	4.5	--	350.0
CONSUMER & BUSINESS SERVICES	15.4	0.3	12.5	0.1	-9.2
ADMINISTRATION	260.3	5.7	135	1.3	-47.9
LEGISLATURE	36.5	0.2	54.1	0.5	48.2
JUDICIAL	206.9	4.7	359.1	3.5	73.6
MISC.	--	--	146.2	1.4	--
TOTAL	\$4,532.5	100	\$10,126.5	100	123.4

Source: Department of Administrative Services

Education and human resources have risen as a share of the All Funds budget over the past 10 years. Economic and community development spending dropped sharply as a share of All Funds spending. This is largely due to the winding down of the Veteran's home loan program.

**STATE ALL FUNDS BUDGET
(MILLIONS)**

PROGRAM AREA	1989-91 EXP.	% OF TOTAL	1999-2001 EXP.	% OF TOTAL	% CHANGE 89-91 TO 99-01
EDUCATION	\$4,011.4	27.2	\$9,140.8	30.9	127.9
HUMAN RESOURCES	2,764.4	18.7	7,341.4	24.8	165.6
PUBLIC SAFETY	584.3	4.0	1,768.1	6.0	202.6
ECONOMIC & COMMUNITY DEVELOPMENT	3,312.5	22.4	3,451.9	11.7	4.2
NATURAL RESOURCES	635.1	4.3	1,179.5	4.0	85.7
TRANSPORTATION	1,129.2	7.6	2,059.1	7.0	82.4
CONSUMER & BUSINESS SERVICES	283.9	1.9	511.5	1.7	80.2
ADMINISTRATION	1,794.9	12.2	3,551.5	12.0	97.9
LEGISLATURE	41.1	0.3	59.0	0.2	43.6
JUDICIAL	208.2	1.4	367.8	1.2	76.6
MISC.	--		146.2	0.5	--
TOTAL	\$14,765.1	100	\$29,577.6	100	100.3

Source: Department of Administrative Services

The legacy of the Measure 5 and 50 property tax limits is reflected in school operating revenue sources. The state's share of school operating revenue rose from 25.5% in 1989-90 to 58.2% in 1999-2000. Correspondingly, the local share dropped from 66.8% to 34% during this period.

**SCHOOL OPERATING REVENUE BY SOURCE
(MILLIONS)**

SOURCE OF REVENUE	1989-90	1999-2000
TOTAL FROM ALL SOURCES	\$2,435,701,000	\$4,010,900,000
% FROM LOCAL SOURCES	66.8	34.0
% FROM STATE SOURCES	25.5	58.2
% FROM FEDERAL SOURCES	5.9	6.4
% FROM INTERMEDIATE SOURCES	1.8	1.4

Source: Department of Education

Oregon's 2% Surplus Kicker

The 2% surplus kicker (ORS 291.342 - 353) gives taxpayers an income tax refund or credit if actual revenues are more than 2% higher than forecast at the time the budget was adopted.

The kicker law divides all General Fund money into two pots: (1) corporate taxes and (2) all other revenues. At the end of each biennium, if the actual collections in either of these two pots are more than 2% higher than was forecast at the close of the regular session, then a refund or credit must be paid. If a kicker is triggered in a pot then all the money in that pot in excess of the close of session forecast, including the 2%, must be returned to taxpayers.

Surpluses in the corporate pot fund a corporate tax credit. The credit must be a proportional reduction in the taxes of each corporate taxpayer. The credit is claimed in the tax year in which the biennium ends.

Surpluses in the "all other" pot fund a personal income tax refund. Taxpayers receive a check by December 1st of the year the biennium ends. The amount refunded is an identical proportion of each taxpayer's personal income tax liability for the prior year.

History

The 1979 Legislature enacted the surplus kicker along with a spending limit and a major tax relief plan. The table below 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.

Refunds or credits have been paid after five of the seven biennia since the recession. Faced with Measure 5 budget problems, the Legislature suspended the kicker in 1991 and 1993. Kickers would have triggered in just one of the two pots each of those biennia. The 1995 personal income tax refund was the first one paid by check. Prior to 1995, the personal kicker was paid through a tax credit like the corporate kicker.

SURPLUS KICKER HISTORY

Biennium	Tax Year	Personal		Corporate	
		Surplus/ Shortfall (\$ million)	Credit/ Refund (% of liability)	Surplus/ Shortfall (\$ million)	Credit (% of liability)
1979-81	1981	-141	None	-25	None
1981-83	1983	-115	None	-110	none
1983-85	1985	89	7.7%	13	10.6%
1985-87	1987	221	16.6%	7	6.2%
1987-89	1989	175	9.8%	36	19.7%
1989-91	1991	186	suspended	-23	none
1991-93	1993	60	none	18	suspended
1993-95	1994/5	163	6.27%	167	50.1%
1995-97	1996/7	432	14.4%	203	42.2%
1997-99	1998/9	167	4.6%	-69	None
1999-01*	2000/1	293.3	6.9%	29.9	6.7%

* December 2000 Forecast

State Spending Limit

State law (ORS 291.355) limits the growth of General Fund appropriations to the growth of personal income in the state. The limit for any biennium is based on the growth of personal income in the two most recent calendar years compared to the prior two years. For example, the limit for the 1999-01 biennium is based on the growth in personal income from 1995-1996 to 1997-1998. All General Fund appropriations, except debt service and property tax relief, are subject to the limit. The limit is calculated based on actual appropriations. Thus, if the legislature does not appropriate up to the limit in a biennium, the base for calculating the spending limit for the next biennium is “ratcheted down.”

History

The appropriation growth limit, like the surplus kicker, was enacted by the 1979 Legislature as part of a major tax relief package. It was referred and approved by voters in 1980.

The key driving issue was very rapid growth in revenue and spending during the 1970’s. This was partly due to strong economic and population growth, however the key factor was rapid inflation. Population growth and inflation also accelerated spending by local government and schools, thus driving up property taxes. The tax relief package provided a 30% reduction in local residential property taxes funded by state General Fund revenues.

An important element of the spending limit calculation was the exclusion of General Fund expenditures used for property tax relief. Thus funding for property tax relief was not subject to the appropriation limit. This became especially important after the passage of Ballot Measure 5 in 1990.

The table shows the history under the limit. In the beginning appropriations were consistently well below the limit. In 1987 and 1989 the legislature passed one-time exceptions for certain capital construction projects, Fairview Training Center and basic school support. In 1991 (following the passage of Measure 5) state school replacement aid was treated as property tax relief and therefore not subject to the spending limit. Actual subject appropriations thereby fell well below the limit in the 1993-95 through 1997-99 biennia. Even with the completed phase-in of property tax reductions under Measure 5 and 1997 Ballot Measure 50 subject appropriations in 1999-2001 were below the limit. However the spending limit came much closer to impacting the 1999-01 budget than it had for some time. This is will also likely be the case in 2001-03.

**State Spending limit
(millions of dollars)**

Biennium	Allowed Growth Rate	Spending Limit	Actual Subject Appropriation	Under Limit	One-Time Exceptions
1979-81	27.9%	\$ 2,782	\$ 2,560	\$ 222	-
1981-83	26.6%	3,241	2,629	612	-
1983-85	15.4%	3,034	2,894	139	-
1985-87	11.4%	3,219	3,183	35	-
1987-89	12.0%	3,567	3,567	0.2	\$ 141
1989-91	13.8%	4,061	4,061	-	394
1991-93	18.5%	4,806	4,806	-	214
1993-95	12.4%	5,109	4,881	228	-
1995-97	13.7%	5,628	5,334	294	-
1997-99	16.5%	5,510	5,427	83	-
1999-01	13.3%	6,359	6,342	17	-

EFFECT OF TAX CHANGES

The table contains rough approximations of the static revenue impacts of selected tax changes. All figures are in millions of dollars. The figures assume that the proposed change is fully phased in. In many cases, because of time lags in the system, a proposed tax change would not have the effect shown here in the first year of the change.

TAX REDUCTIONS	Revenue Effect (in millions)		
	FY 2001-02	FY 2002-03	2001-03 Biennium
Property Tax			
Personal Property Tax Threshold (current law: accounts under \$10,000 in Assessed Value are exempt from Taxes) Increase the Tax Exempt Threshold to \$20,000 of Assessed Value	-\$ 4	-\$ 4	-\$ 8
Senior Homeowner Property Tax Exemption (current law: no property tax exemption for seniors) Establish a property tax exemption for seniors 70 years or older with annual household incomes less than \$20,000 and 100% of property taxes are paid on homes with less than \$150,000 in assessed value	-94	-94	-188
Personal Income Tax			
Earned Income Credit (EIC)			
Increase EIC to 10% of federal EIC (non-refundable)	-8	-8	-17
Increase EIC to 15% of federal EIC (non-refundable)	-14	-15	-29
Convert non-refundable 5% EIC to 5% refundable credit	-7	-8	-15
Rate Reductions (current rates 5% – 7% – 9%)			
Reduce rates 1 percentage point (to 4 - 6 - 8%)	-604	-638	-1,242
Reduce rates 1/2 percentage point (to 4.5 - 6.5 - 8.5%)	-303	-319	-622
Reduce rates 1/4 percentage point (to 4.75 - 6.75 – 8.75%)	-151	-160	-311
Reduce rates 0.1 percentage point (to 4.9 - 6.9 - 8.9%)	-61	-64	-125
Tax Bracket Changes			
Double width of 5% and 7% brackets	-336	-355	-691
Widen 5% and 7% brackets by \$2,000 (\$4,000 on joint returns)	-166	-171	-337
Income Exemptions and Deductions			
\$1,000 income exemption (\$2,000 on joint returns)	-245	-257	-502
Double standard deduction (currently \$1,800 single; \$3,000 joint)	-164	-165	-328
No limit on subtraction for federal income taxes (current limit \$3,000) *	-691	-683	-1,374
Increase maximum subtraction for federal income taxes to \$10,000	-212	-159	-371
Credits			
Increase personal exemption credit \$10	-30	-31	-62
Capital Gains (currently taxed at 5-7-9% rates)			
Reduce tax rate on capital gains to 5%	-159	-174	-333
Reduce tax rate on capital gains to 4%	-203	-222	-424
Corporate Income Tax			
Reduce corporate tax rate 0.1 percentage point (to 6.5%)	-7	-7	-14
Reduce corporate tax rate 1 percentage point (to 5.6%)	-66	-71	-136

* Federal tax subtraction limit increases to \$5,000 on 01/01/2002 under 2000 M-88.

TAX INCREASES/NEW TAXES	Revenue Effect (in millions)		
	FY 2001-02	FY 2002-03	2001-03 Biennium
Statewide Property Tax for School Districts			
Establish an additional tax rate of \$1 per \$1,000 of assessed value for all school districts statewide that is outside the Measure 5 limit (could need a constitutional change)	\$ 202	\$ 213	\$ 415
Florida Intangibles Tax	141	148	235
Personal Income Tax			
Increase Rates to 6 – 8 – 10%	607	641	1,248
Increase Rate to 10% for Income Above \$100,000 Joint (indexed)	116	127	244
Increase Rate to 10% for Income Above \$50,000 Joint (indexed)	211	227	438
Increase Rate to 10% for Income Above \$30,000 Joint (indexed)	319	342	661
Increase Rate to 10% for Income Above \$20,000 Joint (indexed)	398	424	822
Repeal Subtraction Allowed for Federal Taxes	308	388	696
1% Surtax	44	50	94
Reduce Personal Exemption Credit by \$10	31	32	62
Repeal Tax Bracket Indexing	12	21	33
Corporate Income Tax			
1% Surtax	4	5	9
Increase Rate One Percentage Point (to 7.6%)	66	71	136
Sales Taxes			
1985 Oregon Base – 1% Rate	376	399	775
Washington Base – 1% Rate	543	575	1,118
Goods (with major exemptions) & Services Base – 1% Rate	703	745	1,448
Business Activity Taxes			
Washington Gross Receipts Tax (B&O)– .1% Rate (no income tax credit)	213	226	439
Michigan Value Added Tax – 1% rate	409	434	843
Excise Taxes			
Washington Real Estate Transfer Tax – 1% Rate	219	236	455
Increase Cigarette Tax by 10¢ per Pack	20	21	41
Increase Beer Tax by \$1 per barrel	3	3	5
Increase Wine Tax by 25¢ per gallon	2	2	4
Increase OLCC Mark-up by 10% (current = 107%)	5	5	10
Transient Lodging Tax – 1% Rate	8	8	16

INCOME TAXES

Personal Income Tax

Oregon residents and nonresidents earning income in Oregon pay the personal income tax. Oregon taxable income is the same as federal taxable income with some adjustments. Under a 1997 law, Oregon is continuously tied to the definition of federal taxable income. See page B3 for the tax calculation.

Tax rates range from 5% to 9% of taxable income. Taxable income is total income less exclusions and either the standard or itemized deductions. Due to deductions and credits, the average effective tax rate is about 5.5% of adjusted gross income. Since 1993, the income tax brackets have been indexed to changes in the U.S. Consumer Price Index. The rate schedule for the most recent tax year is shown below:

2000 TAX YEAR RATE SCHEDULE

SINGLE RETURNS		JOINT RETURNS	
<u>Taxable Income</u>	<u>Tax Before Credits</u>	<u>Taxable Income</u>	<u>Tax Before Credits</u>
Not over \$2,450	5% of taxable income	Not over \$4,900	5% of taxable income
\$2,450 to \$6,100	\$123 + 7% of income over \$2,450	\$4,900 to \$12,200	\$245 + 7% of income over \$4,900
Over \$6,100	\$378 + 9% of income over \$6,100	Over \$12,200	\$756 + 9% of income over \$12,200

The standard deduction is \$3,000 on a joint return, \$1,800 on a single return, \$1,500 on a separate return and \$2,640 for a head of household. Blind or elderly (65+) taxpayers get an extra \$1,200 standard deduction on a single return and an extra \$1,000 per eligible person on a joint return. A personal credit is allowed all taxpayers and dependents. This credit is indexed for inflation and equals \$139 for 2000. The 2000 threshold for taxation is an income level of \$4,500 (\$5,700 if elderly) for single taxpayers, and \$8,400 (\$10,400 if both are elderly) for joint filers.

Personal income tax collections are the largest source of state tax revenue, comprising 85.5% of the General Fund in the last biennium. Total collections were approximately \$2.798 billion in FY 1994-95, \$2.902 billion in FY 1995-96, \$3.402 billion in FY 1996-97, \$3.421 billion in FY 1997-98 and \$3.702 billion in FY 1998-99. Approximately 1.58 million returns were filed in 1999 (1998 tax year returns).

Corporate Excise Tax

Corporate net income attributable to Oregon is taxed under the corporate excise tax. The tax rate is 6.6%. Oregon uses federal taxable income with some modifications as its tax base. Under a 1997 law, Oregon is continuously tied to the definition of federal taxable income.

Corporations pay taxes only on income attributable to Oregon. A three-factor formula utilizing property, payroll and sales is used to apportion income to Oregon, with a double weight on sales beginning in 1991. Closely related corporations are treated as one (unitary principle) if they appear on the same consolidated federal return. This approach to the unitary principle restricts Oregon to the "water's edge" since the federal consolidated return does not contain foreign corporations.

The corporate excise and income tax is the second largest source of revenue for the state General Fund, providing 8.8% of General Fund revenues in 1995-97. Corporate excise tax collections totaled \$313 million in FY 1994-95, \$300 million in FY 1995-96 and \$384 million in FY 1996-97,

\$275 million in FY 1997-98 and \$314 million in FY 1998-99. The Department of Revenue processes approximately 75,000 corporation returns each year of which about 37,000 are "S" corporation returns. "S" corporations pay a \$10 annual tax but do not pay the corporate excise tax based on their net income.

INCOME TAX HISTORY

In 1917 the Oregon Constitution was amended to allow a progressive income tax. In 1923 an income tax was adopted by the legislature and approved by a state wide vote. The tax was collected for only one year. A successful initiative petition repealed it in 1924.

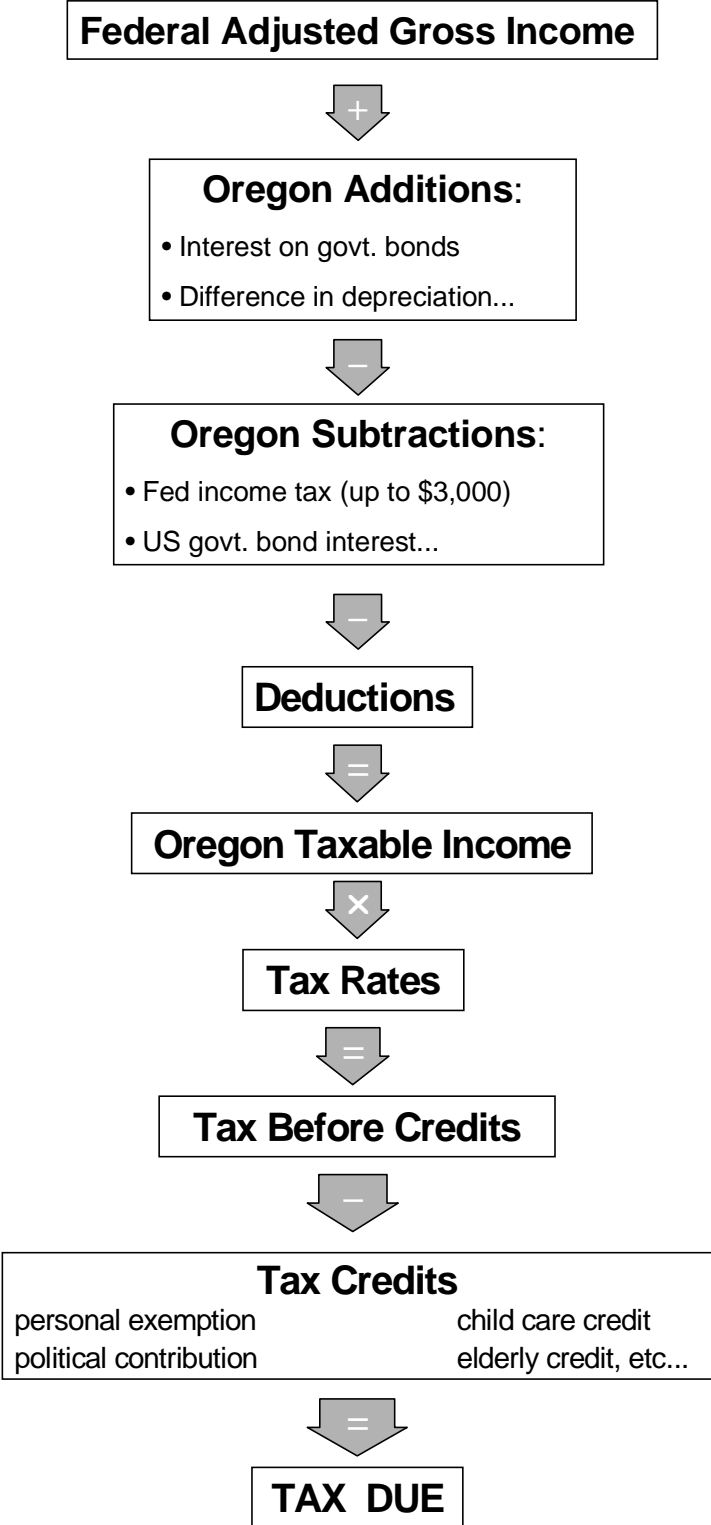
Subsequent to 1924 three initiative petitions and a legislative referral failed at the polls. The 1929 legislature adopted an income tax dedicated to reducing the state property tax. The tax was brought to a vote by referendum. It was approved by the voters in 1930. By 1938 the state property tax was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

Here are some major changes in the tax since 1929:

- 1933 First rate and exemption change, designed to offset depression revenue losses, increased bottom rate from 1% to 2% and top rate from 5% to 7%.
- 1939 Rates changed again, top rate still 7% but hit at \$4,000 rather than \$5,000.
- 1943 "Walker Plan" adopted, designed to cope with additional revenue from increased wartime economic activity, reduced tax liability 5% for each extra \$1 million in taxes collected. The "Walker Plan" was modified in 1945, suspended in 1947 and repealed in 1949.
- 1947 Withholding on wages begins. Rates changed, additional bracket added at 8% for income over \$8,000.
- 1953 Income tax placed into general fund rather than property tax relief account. Personal exemption set equal to federal exemption.
- 1955 45% surcharge imposed, in effect for 1955 and 1956.
- 1957 Rate structure changed, ranges from 3% at bottom to 9.5% for income over \$8,000.
- 1959 Special capital gains treatment begins.
- 1969 Federal income tax base adopted. Rate schedule adjusted, 4% to 10% for income over \$5,000.
- 1971 Planned federal increases in the personal exemption and standard deduction threaten Oregon revenue. Oregon freezes to IRC as of December 31, 1971.
- 1975 Oregon reconnects to federal code but maintains separate standard deduction and personal exemption.
- 1979 9% income tax refund for 1978 taxes. 2% surplus kicker created. Personal exemption increased and indexed for inflation.
- 1981 Federal changes threaten state revenue, Oregon freezes to federal code as of December 31, 1980. Personal exemption indexing delayed.
- 1982 Rates increased, 4.2% to 10.8%.
- 1983 Federal conformity updated to December 31, 1982, except for ACRS. \$85 personal tax credit replaces personal exemption.

- 1985 Rates revert to 4% to 10% structure. Oregon law fixed to federal code as of December 31, 1984.
- 1987 Federal conformity updated to December 31, 1986, connects Oregon to the 1986 federal tax reforms (including full taxation of capital gains). Tax rates reduced (5% to 9% over \$5,000), standard deduction increased.
- 1989 Federal conformity updated to December 31, 1988. Double weighted sales in apportionment formula.
- 1991 Federal conformity updated to December 31, 1990. Tax brackets indexed beginning in 1993. Taxed all pension income, with new retirement credit. Allows nonresident credit for tax paid to other states.
- 1993 Federal conformity updated to December 31, 1992.
- 1995 Federal conformity updated to April 15, 1995.
- 1997 Federal conformity updated to December 31, 1996 and permanently reconnected to future changes. Earned income credit adopted. Lottery jackpots subject to tax.
- 1998 Federal pensions excluded from taxable income. Credit for long-term care insurance adopted.
- 2000 Federal tax subtraction increased from 3,000 to 5,000, effective 1/1/2002.

Calculation of Oregon Personal Income Tax



PERSONAL INCOME TAX STATISTICAL TABLES (Pages B5-B7)

- ALL TABLES:**
- Personal income tax statistics.
 - 1998 tax year.
 - Classified by income group, first column shows income class.
 - Totals are shown at bottom.

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

Example: Taxpayers in the \$30,000 to \$32,000 adjusted gross income class had total Oregon Adjusted Gross Income of \$1,176,403,000, a total Oregon taxable balance of \$855,616,000 and total tax due of \$54,340,000. They also received surplus kicker refunds totaling \$2,603,000.

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

Example: Taxpayers in the \$30,000 to \$32,000 adjusted gross income class had average Oregon Adjusted Gross Income of \$30,989, average taxable balance of \$22,569 and average tax due of \$1,431. Their average surplus kicker refund was \$69.

- TABLE C:**
- Summary of sources of adjusted gross income.

Example: Taxpayers in the \$30,000 to \$32,000 adjusted gross income class had total wages and salaries of \$807,706,000, taxable interest and dividends of \$47,256,000 and taxable pensions of \$105,556,000.

TABLE A: INCOME AND TAX (IN THOUSANDS OF DOLLARS)
FOR ALL RETURNS IN OREGON

1998 PERSONAL INCOME TAX REPORTS
OREGON DEPARTMENT OF REVENUE

AGI LEVEL (\$000)	# OF RETURNS	# OF EXEMPTS	ADJUSTED GROSS INCOME	OR ADJUSTMENTS		FEDERAL TAX SUBTRACT	STD & ITEM DEDUCTS	TAXABLE BALANCE	TAX FROM RATES	INT ON INSTALL SALES	TOTAL OREGON TAX	TAX CREDITS	TAX AFTER CREDITS	SURPLUS REFUND	TAX DUE
				ADDS	SUBS										
NEG >10	6,725	14,690	-638,361	13,543	40,508	245	56,901	1,263	104	0	104	13	92	4	88
NEG <10	9,328	16,543	-29,929	2,384	3,558	132	30,885	1,353	113	0	113	19	94	4	90
0- 2	75,949	76,638	76,295	9,636	5,670	1,639	116,085	24,196	1,493	1	1,495	432	1,063	42	1,020
2- 4	79,835	74,311	238,482	1,395	4,741	3,271	148,842	104,510	5,555	0	5,555	2,131	3,425	155	3,270
4- 6	73,284	79,152	365,404	3,182	6,114	5,808	159,695	215,609	12,192	0	12,193	5,246	6,947	314	6,633
6- 8	70,010	90,569	489,186	1,637	9,116	9,529	178,369	311,239	18,600	1	18,601	7,789	10,812	495	10,318
8- 10	65,883	98,210	592,359	1,586	13,167	15,464	206,010	391,577	24,793	1	24,794	10,246	14,548	664	13,884
10- 12	63,890	104,345	702,509	1,494	20,047	22,712	203,964	474,591	31,593	0	31,593	12,428	19,165	876	18,289
12- 14	63,631	110,423	826,817	1,684	28,323	30,388	215,240	570,589	39,093	0	39,093	14,535	24,558	1,122	23,436
14- 16	60,484	108,763	906,756	1,536	32,810	38,963	391,173	634,917	44,709	0	44,709	15,027	29,681	1,357	28,325
16- 18	57,882	106,595	983,362	1,801	34,495	48,425	216,828	698,204	50,507	0	50,507	15,286	35,221	1,610	33,611
18- 20	54,778	103,527	1,039,899	1,981	38,744	56,805	212,324	746,948	55,243	1	55,244	15,114	40,130	1,834	38,296
20- 22	51,193	98,641	1,074,787	1,402	39,715	63,982	204,715	777,882	58,584	0	58,584	14,300	44,284	2,024	42,261
22- 24	47,609	92,661	1,094,399	1,475	43,454	69,932	199,981	792,979	60,605	0	60,605	13,239	47,366	2,165	45,201
24- 26	44,628	88,706	1,115,344	2,074	44,509	75,242	195,567	811,129	62,770	0	62,770	12,561	50,209	2,295	47,915
26- 28	42,775	85,672	1,154,426	2,571	47,043	81,564	194,088	841,516	65,832	0	65,832	11,935	53,897	2,463	51,434
28- 30	40,079	82,580	1,161,870	1,730	49,718	81,272	195,014	844,446	66,543	1	66,544	11,345	55,199	2,523	52,677
30- 32	37,962	80,043	1,176,403	1,690	49,895	81,642	197,009	855,616	67,897	1	67,898	10,955	56,942	2,603	54,340
32- 34	35,781	77,804	1,180,401	2,262	52,974	80,918	194,455	859,728	68,629	3	68,633	10,603	58,030	2,652	55,378
34- 36	33,768	75,439	1,181,567	1,619	53,504	79,411	193,888	861,273	69,060	0	69,060	10,268	58,792	2,687	56,106
36- 38	32,329	74,580	1,195,959	2,204	56,984	78,375	196,799	870,825	70,088	3	70,091	10,164	59,927	2,739	57,188
38- 40	30,648	72,756	1,194,960	1,963	57,733	76,505	195,793	871,126	70,405	0	70,405	9,844	60,561	2,768	57,793
40- 45	70,667	172,513	2,999,468	5,081	147,359	183,913	496,467	2,194,189	178,672	3	178,675	23,514	155,161	7,091	148,070
45- 50	61,581	156,700	2,922,258	4,177	142,215	167,976	474,200	2,150,842	176,618	0	176,618	21,454	155,164	7,091	148,073
50- 55	54,289	143,950	2,847,384	4,156	143,245	152,559	459,252	2,103,042	173,833	0	173,833	19,966	153,867	7,032	146,835
55- 60	47,252	128,490	2,714,323	4,435	139,071	135,571	430,862	2,018,043	167,814	2	167,816	17,906	149,909	6,851	143,058
60- 70	75,503	209,934	4,886,492	9,154	244,468	219,759	769,016	3,669,360	307,612	1	307,613	29,550	278,063	12,707	265,356
70- 80	52,265	148,337	3,903,236	6,714	179,842	153,531	599,432	2,981,395	252,328	2	252,330	21,184	231,145	10,563	220,582
80- 90	35,675	102,264	3,021,378	5,070	128,989	105,257	454,559	2,341,771	199,718	1	199,719	14,891	184,828	8,447	176,381
90- 100	24,729	70,789	2,341,461	4,854	92,994	73,001	341,752	1,839,914	157,908	0	157,908	10,650	147,258	6,730	140,529
100- 125	34,427	97,634	3,813,995	8,800	145,629	101,565	536,830	3,044,406	263,314	0	263,314	15,578	247,736	11,322	236,415
125- 150	16,120	46,208	2,195,028	4,856	77,877	47,492	288,704	1,790,385	156,119	1	156,120	8,269	147,851	6,757	141,094
150- 200	15,339	44,080	2,625,196	8,843	79,437	45,103	315,143	2,195,645	192,842	6	192,848	8,898	183,950	8,407	175,544
200- 300	10,964	31,766	2,636,962	13,363	68,724	32,159	271,433	2,279,822	201,778	3	201,781	7,846	193,935	8,863	185,073
300- 500	5,767	16,386	2,170,633	10,797	49,180	16,822	183,746	1,935,859	172,405	56	172,461	5,787	166,674	7,617	159,057
500+	4,370	12,137	5,924,909	31,241	115,898	12,628	386,440	5,443,031	488,526	23	488,549	22,652	465,897	21,292	444,605
NEGATIVE	16,053	31,233	-668,291	15,928	44,066	377	87,785	2,616	217	0	217	32	186	8	177
S 0- 10	364,961	418,880	1,761,726	17,436	38,808	35,711	809,001	1,047,132	62,634	3	62,638	25,844	36,794	1,670	35,125
U 10- 20	300,665	533,653	4,459,343	8,496	154,419	197,293	1,239,528	3,125,248	221,145	1	221,146	72,391	148,755	6,798	141,957
B 20- 30	226,284	448,260	5,600,826	9,252	224,439	371,991	989,365	4,067,952	314,334	1	314,335	63,379	250,956	11,469	239,487
T 30- 40	170,488	380,622	5,929,290	9,738	271,090	396,851	977,943	4,318,569	346,080	7	346,087	51,834	294,252	13,448	280,805
O 40- 60	233,789	601,653	11,483,432	17,849	571,889	640,019	1,860,781	8,466,115	696,937	5	696,942	82,841	614,101	28,065	586,036
T 60-100	188,172	531,324	14,152,567	25,793	646,293	551,548	2,164,759	10,832,440	917,566	5	917,570	76,276	841,294	38,447	802,847
100+	86,987	248,211	19,366,723	77,900	536,745	255,768	1,982,296	16,689,148	1,474,983	89	1,475,072	69,029	1,406,043	64,256	1,341,786
TOTAL	1,587,399	3,193,836	62,085,616	182,393	2,487,750	2,449,557	10,111,458	48,549,220	4,033,895	112	4,034,007	441,626	3,592,381	164,161	3,428,221

TABLE B: AVERAGE INCOME AND TAX (IN DOLLARS)
FOR ALL RETURNS IN OREGON

1998 PERSONAL INCOME TAX REPORTS
OREGON DEPARTMENT OF REVENUE

AGI LEVEL (\$000)	# OF RETURNS	AVG EXEMPTS	AVERAGE ADJUSTED GROSS INC	AVG OR ADJUSTMENTS		AVG FED TAX SUBTRACT	AVERAGE STD & ITEM DEDUCTS	AVERAGE TAXABLE BALANCE	AVG TAX FROM RATES	AVG INT ON INST SALES	AVERAGE TOTAL TAX	AVG CREDITS	AVG TAX AFTER CREDITS	AVERAGE SURPLUS REFUND	AVG TAX			
				ADDS	SUBS										DUE	TAX / AGI	TAX / TBAL	TBAL / AGI
NEG >10	6,725	2.18	-94,924	2,014	6,023	36	8,461	188	16	0	16	2	14	1	13	0	6.9	-0.2
NEG <10	9,328	1.77	-3,209	256	381	14	3,311	145	12	0	12	2	10	0	10	-0.3	6.6	-4.5
0- 2	75,949	1.01	1,005	127	75	22	1,528	319	20	0	20	6	14	1	13	1.3	4.2	31.7
2- 4	79,835	0.93	2,987	17	59	41	1,864	1,309	70	0	70	27	43	2	41	1.4	3.1	43.8
4- 6	73,284	1.08	4,986	43	83	79	2,179	2,942	166	0	166	72	95	4	91	1.8	3.1	59
6- 8	70,010	1.29	6,987	23	130	136	2,548	4,446	266	0	266	111	154	7	147	2.1	3.3	63.6
8- 10	65,883	1.49	8,991	24	200	235	3,127	5,944	376	0	376	156	221	10	211	2.3	3.5	66.1
10- 12	63,890	1.63	10,996	23	314	355	3,192	7,428	494	0	494	195	300	14	286	2.6	3.9	67.6
12- 14	63,631	1.74	12,994	26	445	478	3,383	8,967	614	0	614	228	386	18	368	2.8	4.1	69
14- 16	60,484	1.8	14,992	25	542	644	6,467	10,497	739	0	739	248	491	22	468	3.1	4.5	70
16- 18	57,882	1.84	16,989	31	596	837	3,746	12,063	873	0	873	264	608	28	581	3.4	4.8	71
18- 20	54,778	1.89	18,984	36	707	1,037	3,876	13,636	1,008	0	1,009	276	733	33	699	3.7	5.1	71.8
20- 22	51,193	1.93	20,995	27	776	1,250	3,999	15,195	1,144	0	1,144	279	865	40	826	3.9	5.4	72.4
22- 24	47,609	1.95	22,987	31	913	1,469	4,200	16,656	1,273	0	1,273	278	995	45	949	4.1	5.7	72.5
24- 26	44,628	1.99	24,992	46	997	1,686	4,382	18,175	1,407	0	1,407	281	1,125	51	1,074	4.3	5.9	72.7
26- 28	42,775	2	26,988	60	1,100	1,907	4,537	19,673	1,539	0	1,539	279	1,260	58	1,202	4.5	6.1	72.9
28- 30	40,079	2.06	28,989	43	1,241	2,028	4,866	21,070	1,660	0	1,660	283	1,377	63	1,314	4.5	6.2	72.7
30- 32	37,962	2.11	30,989	45	1,314	2,151	5,190	22,539	1,789	0	1,789	289	1,500	69	1,431	4.6	6.4	72.7
32- 34	35,781	2.17	32,990	63	1,481	2,261	5,435	24,028	1,918	0	1,918	296	1,622	74	1,548	4.7	6.4	72.8
34- 36	33,768	2.23	34,991	48	1,584	2,352	5,742	25,506	2,045	0	2,045	304	1,741	80	1,662	4.7	6.5	72.9
36- 38	32,329	2.31	36,993	68	1,763	2,424	6,087	26,936	2,168	0	2,168	314	1,854	85	1,769	4.8	6.6	72.8
38- 40	30,648	2.37	38,990	64	1,884	2,496	6,388	28,424	2,297	0	2,297	321	1,976	90	1,886	4.8	6.6	72.9
40- 45	70,667	2.44	42,445	72	2,085	2,603	7,025	31,050	2,528	0	2,528	333	2,196	100	2,095	4.9	6.7	73.2
45- 50	61,581	2.54	47,454	68	2,309	2,728	7,700	34,927	2,868	0	2,868	348	2,520	115	2,405	5.1	6.9	73.6
50- 55	54,289	2.65	52,449	77	2,639	2,810	8,459	38,738	3,202	0	3,202	368	2,834	130	2,705	5.2	7	73.9
55- 60	47,252	2.72	57,444	94	2,943	2,869	9,118	42,708	3,551	0	3,552	379	3,173	145	3,028	5.3	7.1	74.3
60- 70	75,503	2.78	64,719	121	3,238	2,911	10,185	48,599	4,074	0	4,074	391	3,683	168	3,515	5.4	7.2	75.1
70- 80	52,265	2.84	74,682	128	3,441	2,938	11,469	57,044	4,828	0	4,828	405	4,423	202	4,220	5.7	7.4	76.4
80- 90	35,675	2.87	84,692	142	3,616	2,950	12,742	65,642	5,598	0	5,598	417	5,181	237	4,944	5.8	7.5	77.5
90- 100	24,729	2.86	94,685	196	3,761	2,952	13,820	74,403	6,386	0	6,386	431	5,955	272	5,683	6	7.6	78.6
100- 125	34,427	2.84	110,785	256	4,230	2,950	15,593	88,431	7,648	0	7,648	452	7,196	329	6,867	6.2	7.8	79.8
125- 150	16,120	2.87	136,168	301	4,831	2,946	17,910	111,066	9,685	0	9,685	513	9,172	419	8,753	6.4	7.9	81.6
150- 200	15,339	2.87	171,145	576	5,179	2,940	20,545	143,141	12,572	0	12,572	580	11,992	548	11,444	6.7	8	83.6
200- 300	10,964	2.9	240,511	1,219	6,268	2,933	24,757	207,937	18,404	0	18,404	716	17,688	808	16,880	7	8.1	86.5
300- 500	5,767	2.84	376,389	1,872	8,528	2,917	31,862	335,679	29,895	10	29,905	1,003	28,901	1,321	27,580	7.3	8.2	89.2
500+	4,370	2.78	1,355,814	7,149	26,521	2,890	88,430	1,245,545	111,791	5	111,796	5,184	106,613	4,872	101,740	7.5	8.2	91.9
NEGATIVE	16,053	1.95	-41,630	992	2,745	23	5,468	163	14	0	14	2	12	1	11	0	6.8	-0.4
S 0- 10	364,961	1.15	4,827	48	106	98	2,217	2,869	172	0	172	71	101	5	96	2	3.4	59.4
U 10- 20	300,665	1.77	14,832	28	514	656	4,123	10,394	736	0	736	241	495	23	472	3.2	4.5	70.1
B 20- 30	226,284	1.98	24,751	41	992	1,644	4,372	17,977	1,389	0	1,389	280	1,109	51	1,058	4.3	5.9	72.6
T 30- 40	170,488	2.23	34,778	57	1,590	2,328	5,736	25,331	2,030	0	2,030	304	1,726	79	1,647	4.7	6.5	72.8
O 40- 60	233,789	2.57	49,119	76	2,446	2,738	7,959	36,213	2,981	0	2,981	354	2,627	120	2,507	5.1	6.9	73.7
T 60-100	188,172	2.82	75,211	137	3,435	2,931	11,504	57,567	4,876	0	4,876	405	4,471	204	4,267	5.7	7.4	76.5
100+	86,987	2.85	222,639	896	6,170	2,940	22,788	191,858	16,956	1	16,957	794	16,164	739	15,425	6.9	8	86.2
TOTAL	1,587,399	2.01	39,112	115	1,567	1,543	6,370	30,584	2,541	0	2,541	278	2,263	103	2,160	5.5	7.1	78.2

**TABLE C (D): SOURCES OF ADJUSTED GROSS INCOME (IN THOUSANDS OF DOLLARS)
FOR ALL RETURNS IN OREGON**

1998 PERSONAL INCOME TAX REPORTS
OREGON DEPARTMENT OF REVENUE

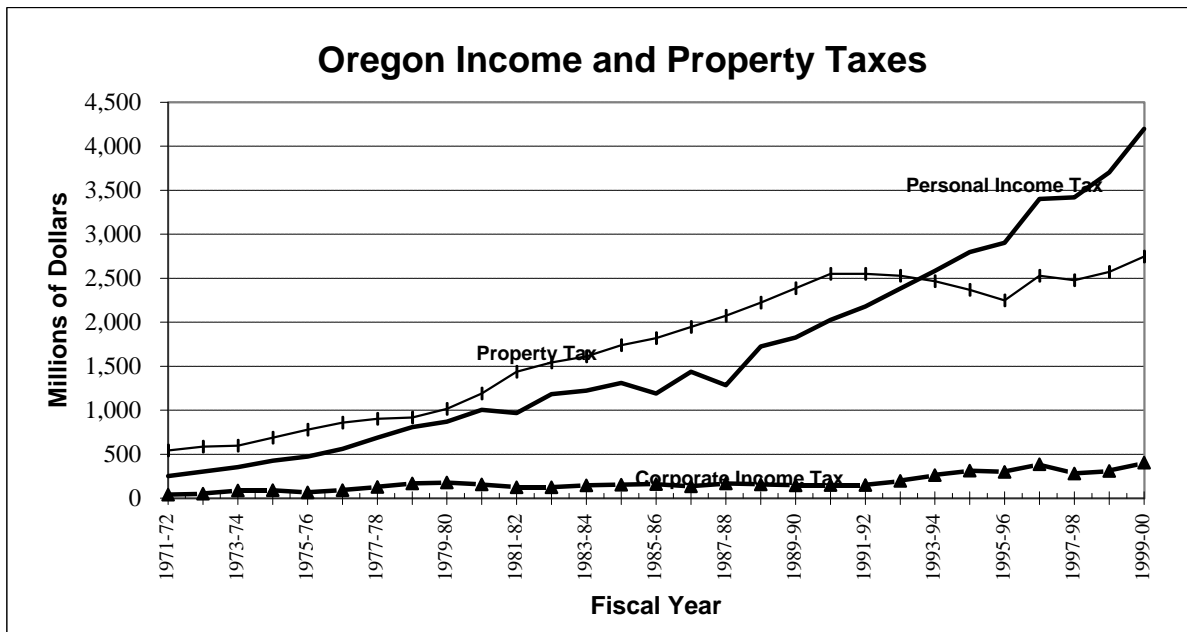
AGI LEVEL (\$000)	# OF RETURNS	ADJUSTED GROSS INCOME	FULL-YEAR RETURNS									PART-YEAR AND NON- RESIDENTS	
			WAGES SALARIES TIPS	TAXABLE DIVIDENDS & INTEREST	BUSINESS INCOME	PROPERTY SALES	TAXABLE PENSIONS	RENT PARTNER ETC.	FARM	OTHER	ADJUST- MENT	INCOME	ADJUST
NEG >10	6,725	-638,361	48,066	35,938	-44,890	61,452	13,891	-177,161	-59,217	-353,941	2,926	-158,868	705
NEG <10	9,328	-29,929	16,615	8,008	-9,183	2,187	6,155	-17,891	-8,800	-14,656	2,034	-8,645	1,686
0- 2	75,949	76,295	46,383	9,990	1,613	5,276	3,464	-3,178	-2,561	-4,376	1,354	24,888	3,850
2- 4	79,835	238,482	148,002	15,895	7,561	7,490	6,998	-2,199	-3,301	4,190	2,399	58,052	1,805
4- 6	73,284	365,404	227,976	22,401	14,760	8,957	16,543	-548	-3,304	10,482	3,612	73,534	1,784
6- 8	70,010	489,186	286,733	35,397	23,801	10,211	37,821	2,334	-3,028	20,077	5,255	82,876	1,779
8- 10	65,883	592,359	345,035	46,242	29,641	10,784	56,485	2,228	-2,956	26,665	5,942	86,056	1,880
10- 12	63,890	702,509	408,771	54,111	31,344	17,162	78,349	-623	-3,382	32,842	6,702	92,519	1,883
12- 14	63,631	826,817	494,684	59,106	34,373	14,564	97,449	5,901	-3,920	39,814	7,935	94,557	1,778
14- 16	60,484	906,756	556,875	61,570	37,625	15,457	107,785	5,804	-3,278	41,257	8,844	94,300	1,795
16- 18	57,882	983,362	620,433	63,606	38,090	17,543	114,524	5,612	-4,885	44,486	9,508	95,057	1,595
18- 20	54,778	1,039,899	675,497	59,877	37,222	18,672	114,366	5,725	-3,743	46,196	10,034	97,490	1,370
20- 22	51,193	1,074,787	711,228	55,295	38,640	18,441	110,742	6,130	-4,085	50,486	10,736	100,095	1,448
22- 24	47,609	1,094,399	733,720	53,736	39,209	17,889	109,552	6,988	-4,515	51,806	10,747	98,173	1,412
24- 26	44,628	1,115,344	755,114	49,457	37,232	18,101	105,177	7,512	-3,965	54,807	11,229	104,502	1,366
26- 28	42,775	1,154,426	791,515	48,553	39,093	18,599	104,914	6,739	-3,432	55,650	11,151	105,185	1,236
28- 30	40,079	1,161,870	797,211	47,275	38,722	19,862	106,725	7,343	-3,717	58,025	11,384	102,985	1,177
30- 32	37,962	1,176,403	807,706	47,256	39,704	19,325	105,556	9,156	-2,923	59,526	11,697	103,853	1,058
32- 34	35,781	1,180,401	809,295	45,748	39,406	21,726	108,272	8,828	-2,724	58,820	11,698	103,781	1,054
34- 36	33,768	1,181,567	817,506	42,890	39,727	20,762	106,297	9,001	-3,032	59,759	11,841	101,386	889
36- 38	32,329	1,195,959	826,272	43,750	39,673	20,492	110,458	9,861	-3,415	60,367	11,754	101,132	878
38- 40	30,648	1,194,960	827,663	43,962	40,331	21,626	110,162	9,773	-2,853	58,772	11,447	97,827	854
40- 45	70,667	2,999,468	2,081,487	109,891	97,379	58,416	277,469	27,850	-10,471	144,770	29,134	243,794	1,982
45- 50	61,581	2,922,258	2,048,422	104,539	91,714	59,793	266,821	31,568	-6,906	139,653	26,605	214,805	1,547
50- 55	54,289	2,847,384	1,990,800	102,006	95,505	71,122	268,699	23,022	-6,624	141,884	25,881	188,212	1,361
55- 60	47,252	2,714,323	1,890,536	99,485	87,564	68,172	262,850	35,828	-5,008	135,321	24,000	164,757	1,183
60- 70	75,503	4,886,492	3,399,904	186,564	161,539	141,078	493,359	74,466	-7,579	218,839	42,250	262,384	1,812
70- 80	52,265	3,903,236	2,712,731	155,218	134,601	133,899	387,084	79,905	-6,784	153,164	34,672	189,461	1,371
80- 90	35,675	3,021,378	2,074,386	127,284	114,869	125,465	293,119	79,408	-3,882	107,808	29,539	133,521	1,062
90- 100	24,729	2,341,461	1,570,544	106,592	104,343	115,377	218,903	78,142	-1,879	72,667	25,520	103,208	916
100- 125	34,427	3,813,995	2,389,741	204,242	200,453	253,137	359,158	178,263	-4,713	111,306	49,293	173,379	1,678
125- 150	16,120	2,195,028	1,259,652	130,731	150,964	192,523	178,804	164,305	-945	58,637	38,251	99,657	1,048
150- 200	15,339	2,625,196	1,386,924	172,695	199,965	283,882	178,927	266,135	-356	67,379	49,399	120,233	1,190
200- 300	10,964	2,636,962	1,272,167	185,946	193,619	372,874	132,534	336,592	-1,818	58,822	45,366	132,530	939
300- 500	5,767	2,170,633	936,426	161,781	127,041	385,092	73,666	344,136	299	48,936	29,646	123,399	498
500+	4,370	5,924,909	1,305,804	538,987	94,839	2,099,630	67,318	1,225,861	-5,650	118,354	19,462	499,809	580
NEGATIVE	16,053	-668,291	64,681	43,946	-54,073	63,639	20,046	-195,052	-68,017	-368,597	4,960	-167,513	2,391
S 0- 10	364,961	1,761,726	1,054,129	129,924	77,375	42,718	121,310	-1,364	-15,150	57,037	18,561	325,406	11,099
U 10- 20	300,665	4,459,343	2,756,260	298,270	178,655	83,397	512,474	22,419	-19,207	204,595	43,022	473,923	8,421
B 20- 30	226,284	5,600,826	3,788,789	254,316	192,896	92,891	537,110	34,711	-19,714	270,775	55,247	510,941	6,640
T 30- 40	170,488	5,929,290	4,088,442	223,606	198,841	103,931	540,745	46,619	-14,946	297,244	58,436	507,978	4,733
O 40- 60	233,789	11,483,432	8,011,246	415,921	372,162	257,504	1,075,839	118,267	-29,009	561,628	105,620	811,567	6,072
T 60-100	188,172	14,152,567	9,757,565	575,658	515,353	515,819	1,392,464	311,921	-20,125	552,478	131,980	688,574	5,160
100+	86,987	19,366,723	8,550,715	1,394,382	966,882	3,587,139	990,407	2,515,293	-13,184	463,435	231,418	1,149,006	5,933
TOTAL	1,587,399	62,085,616	38,071,826	3,336,022	2,448,090	4,747,038	5,190,394	2,852,815	-199,354	2,038,593	649,244	4,299,883	50,448

INCOME AND PROPERTY TAX COLLECTIONS

(millions of dollars)

FISCAL YEAR	PERSONAL INCOME TAX		CORPORATE INCOME TAX		PROPERTY TAX	
	Receipts	% Change	Receipts	% Change	Receipts	% Change
1968-69	\$204.3		\$37.5			
1969-70	213.1	4.3%	39.9	6.2%		
1970-71	226.2	6.2%	36.5	-8.4%	\$503.2	
1971-72	251.2	11.0%	40.6	11.1%	541.3	7.6%
1972-73	300.6	19.6%	51.1	25.9%	583.9	7.9%
1973-74	352.4	17.2%	85.7	67.7%	595.3	2.0%
1974-75	424.0	20.3%	90.7	5.8%	687.1	15.4%
1975-76	472.1	11.4%	67.2	-25.9%	778.5	13.3%
1976-77	561.9	19.0%	91.2	35.6%	860.0	10.5%
1977-78	686.2	22.1%	125.6	37.7%	901.0	4.8%
1978-79	807.0	17.6%	166.0	32.2%	916.0	1.7%
1979-80	868.0	7.6%	177.4	6.9%	1,014.4	10.7%
1980-81	1,005.1	15.8%	155.5	-12.4%	1,191.3	17.4%
1981-82	968.3	-3.7%	124.2	-20.1%	1,435.6	20.5%
1982-83	1,181.7	22.0%	125.1	0.8%	1,543.6	7.5%
1983-84	1,220.8	3.3%	144.8	15.7%	1,612.3	4.5%
1984-85	1,310.7	7.4%	153.9	6.3%	1,740.0	7.9%
1985-86	1,188.0	-9.4%	161.8	5.1%	1,819.2	4.6%
1986-87	1,435.8	20.9%	135.7	-16.1%	1,946.5	7.0%
1987-88	1,283.7	-10.6%	167.0	23.1%	2,072.9	6.5%
1988-89	1,725.3	34.4%	157.0	-6.0%	2,223.7	7.3%
1989-90	1,827.6	5.9%	146.8	-6.5%	2,386.0	7.3%
1990-91	2,026.3	10.9%	149.1	1.6%	2,550.6	6.9%
1991-92	2,178.7	7.5%	150.9	1.2%	2,549.9	0.0%
1992-93	2,383.2	9.4%	198.0	31.2%	2,529.0	-0.8%
1993-94	2,583.5	8.4%	262.8	32.7%	2,466.4	-2.5%
1994-95	2,797.6	8.3%	311.8	18.6%	2,369.8	-3.9%
1995-96	2,901.7	3.7%	300.0	-3.8%	2,248.1	-5.1%
1996-97	3,401.7	17.2%	384.4	28.1%	2,527.9	12.4%
1997-98	3,420.7	0.6%	279.2	-27.4%	2,476.5	-2.0%
1998-99	3,702.4	8.2%	309.9	11.0%	2,572.2	3.9%
1999-00	4,197.3	13.4%	405.2	30.8%	2,745.1	6.7%

Source - Department of Revenue



PROPERTY TAX

The property tax in Oregon is a local tax. Taxable property includes real property, mobile homes and some tangible personal property used by business. Prior to 1997-98 and the passage of property tax limitation Measure 50, property was generally taxed based on its real market value. Now each property has a real market and assessed value. The county assessor determines the value of property in each county, except that the Department of Revenue "centrally" assesses utilities and also appraises large industrial properties.

Property tax rates differ across the state. The rate on any particular property depends on the tax rates approved by local voters and the limits established in the Oregon Constitution. Most properties are taxed by a number of districts, such as a city, county, school, community college, port and fire. The total tax rate on a particular property is figured by adding all the local taxing districts' rates in the area. The tax on each property is computed by multiplying the total tax rate by the assessed value of the property. Annually, the county assessor verifies the tax rates and levies submitted by each local taxing district. The county tax collector collects the taxes and distributes the funds to local districts.

In 1999-00, the total real market value of taxable property in Oregon was \$240.3 billion. This is an annual increase of about 8%. The 1999-00 statewide total assessed value was \$186.6 billion or 78% of total real market value. This is a growth of 6% from 1998-99 total assessed value. In 1999-00, property taxes imposed by all districts totaled \$2.8 billion, which was an increase of 7% from 1998-99. Cities and special districts (excluding urban renewal) both had the largest percentage tax increases in 1999-00 of roughly 8% each.

Exemptions

Not all property is taxable. Major exemptions include intangible property (stocks, bonds), tangible personal property of individuals (household furnishings, sporting equipment), licensed property (cars, trucks), business inventories, government property (unless leased), and property used for religious or charitable purposes. Electric cooperatives, rural telephone exchanges and some other property are exempt from property taxation because other taxes are paid *in lieu* of property tax.

Some property is taxed at lower values. This "specially assessed" property includes some forest land, farm land, and open space land. These properties are valued at their value in the restricted use and are subject to penalties if not continued in the use for which it is specially assessed.

Limitations

Measure 5

In November 1990, Oregon voters approved property tax limitation Measure 5. This measure restricted non-school taxes on any parcel of property to \$10 and school taxes to \$5 per \$1000 of real market value. If the total government and school taxes extended on a property exceeds either Measure 5 limit, tax compression occurs. The property owner will only pay operating taxes equal to the Measure 5 tax limit. Measure 5 limits do not apply to general obligation bonds

Measure 50

In May 1997 voters passed a second property tax limitation, Measure 50. This constitutional amendment did not replace the Measure 5 limits but added another separate limit. Under Measure 50, each district has a fixed, permanent tax rate for operations. Districts may not increase this rate. However, voters can approve local option levies for up to five years for

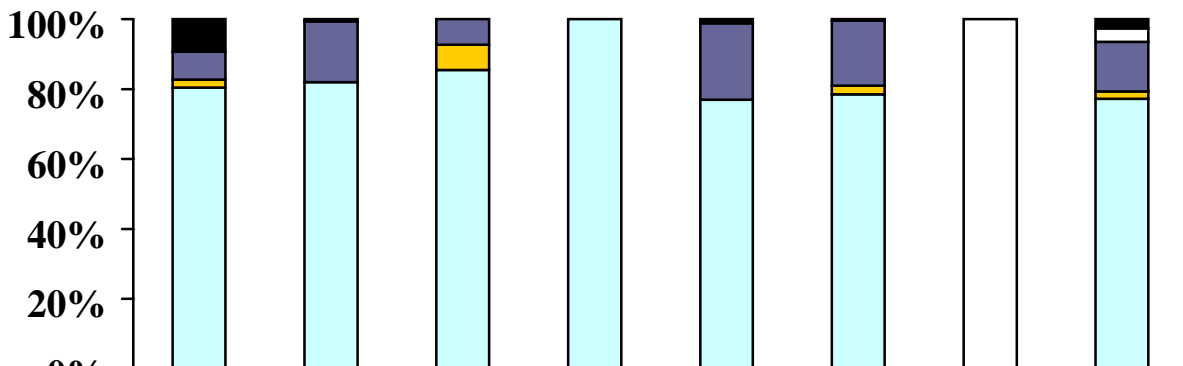
operations and up to the lesser of ten years or the useful life of capital projects. Local option levies, as well as general obligation bonds, must be approved at a general election or any election at which at least 50% of eligible voters cast a ballot. Taxes for local option levies as well as two other types of levies, GAP and urban renewal, are subject to Measure 5 tax limits.

Measure 50 also limits property values. Each property's 1997-98 maximum assessed value is its 1995-96 real market value less 10%. If no new construction occurs on the property, in future years, the assessed value grows annually at 3% per year up to the real market value. Assessed value can not exceed real market value. In 1999-00, for all classes of property statewide, total assessed value is about 78% of total real market value. New property is first assessed at the average county ratio of assessed to real market value of existing property of the same class. This average ratio is the property change ratio (PCR).

The table below breaks down the 1999-00 property taxes by type of taxing district as well as tax source. The largest portion of local districts' property tax revenue is from districts' permanent tax rates. In 1999-00, taxes generated from permanent tax rates totaled \$2.16 billion or 76% of all taxes imposed. This is a growth of 6.4% from 1998-99. General obligation bonds totaled \$396 million (14% of taxes imposed). This was an increase of 10.5% from 1998-99. 60% of all general obligation bonds, \$235 million, were levied by K-12 school districts. Local option levies, assessed by counties, cities and special districts, totaled \$60 million (2.2% of all taxes imposed). The 1999-00 local option taxes increased 24% from 1998-99. This tax source will likely continue to grow in the future as K-12 school districts are beginning to receive voter approval for these levies. 3.8% of all taxes imposed, \$108.6 million, were levied for urban renewal agencies in 1999-00. This was an increase of 3.7%.

1999-00 Property Taxes Imposed by District and Tax Source

(in thousands)



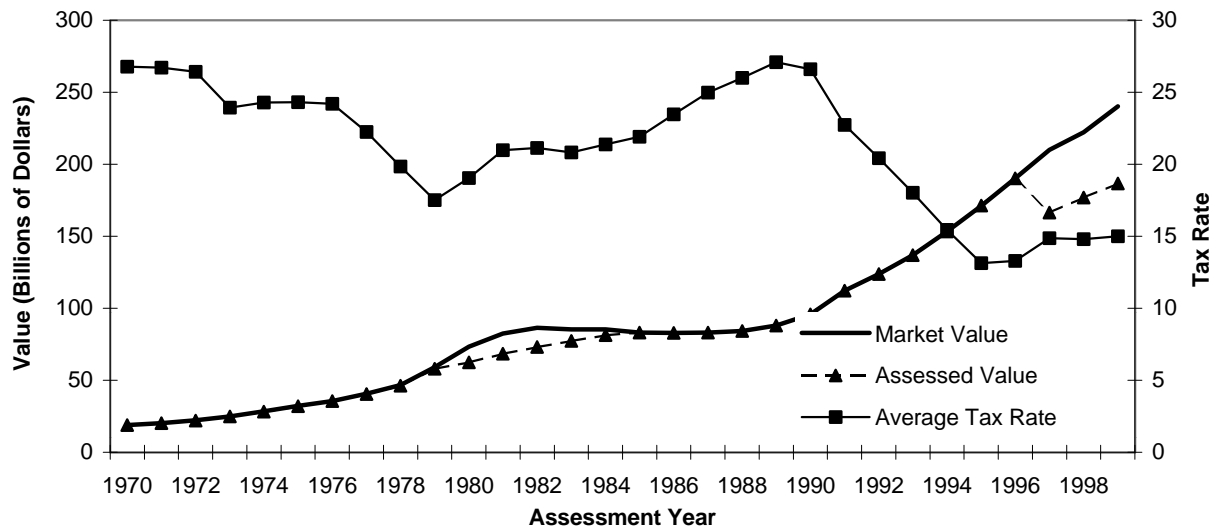
	City	College	County	ESD	K-12	Special District	Urban Renewal	OREGON
■ Gap	58,438	597	115	0	13,132	1,466	0	73,747
□ Urban Renewal	0	0	0	0	0	0	108,663	108,663
■ Bonds	50,053	16,999	38,956	0	234,803	55,053	0	395,864
■ Local Option	14,121	0	38,857	0	0	7,427	0	60,405
■ Permanent	503,291	80,225	458,950	60,778	826,649	232,931	0	2,162,824
OREGON	625,903	97,821	536,878	60,778	1,074,584	296,878	108,663	2,801,505

VALUE OF TAXABLE PROPERTY, ASSESSMENT RATIO AND AVERAGE TAX RATE

ASSESSMENT DATE	MARKET VALUE		ASSESSED VALUE		ASSESSMENT RATIO		AVERAGE TAX RATE	
	MILLIONS	CHANGE	MILLIONS	CHANGE	HOME	OTHER	\$/1,000	CHANGE
1-1-70	18,797	9.0%	18,795	9.0%	100.0%		26.78	2.0%
1-1-71	20,261	7.8%	20,258	7.8%	100.0%		26.72	-0.2%
1-1-72	22,113	9.1%	22,108	9.1%	100.0%		26.41	-1.1%
1-1-73	24,899	12.6%	24,870	12.5%	100.0%		23.93	-9.4%
1-1-74	28,402	14.1%	28,274	13.7%	100.0%		24.29	1.5%
1-1-75	32,175	13.3%	32,015	13.2%	100.0%		24.31	0.1%
1-1-76	35,547	10.5%	35,536	11.0%	100.0%		24.20	-0.5%
1-1-77	40,704	14.5%	40,508	14.0%	100.0%		22.24	-8.1%
1-1-78	46,646	14.6%	46,155	13.9%	100.0%		19.85	-10.8%
1-1-79	59,025	26.5%	57,898	25.4%	100.0%		17.52	-11.7%
1-1-80	73,402	24.4%	62,544	8.0%	84.2%	87.6%	19.05	8.7%
1-1-81	82,427	12.3%	68,458	9.5%	81.6%	84.4%	20.97	10.1%
1-1-82	86,429	4.9%	73,029	6.7%	83.8%	85.1%	21.14	0.8%
1-1-83	85,365	-1.2%	77,399	6.0%	90.3%	90.9%	20.83	-1.4%
1-1-84	85,400	0.0%	81,428	5.2%		96.0%	21.37	2.6%
1-1-85	83,035	-2.8%	83,026	2.0%	100.0%		21.91	2.5%
1-1-86	82,944	-0.1%	82,944	-0.1%	100.0%		23.47	7.1%
1-1-87	83,111	0.2%	83,129	0.2%	100.0%		24.97	6.4%
1-1-88	84,258	1.4%	84,305	1.4%	100.0%		25.99	4.1%
1-1-89	88,076	4.5%	88,085	4.5%	100.0%		27.09	4.2%
1-1-90	95,850	8.8%	95,851	8.8%	100.0%		26.61	-1.8%
7-1-91	112,134	17.0%	112,154	17.0%	100.0%		22.74	-14.5%
7-1-92	123,755	10.4%	123,780	10.4%	100.0%		20.43	-10.2%
7-1-93	136,787	10.5%	136,815	10.5%	100.0%		18.03	-11.7%
7-1-94	153,370	12.1%	153,400	12.1%	100.0%		15.45	-14.3%
7-1-95	171,190	11.6%	171,226	11.6%	100.0%		13.13	-15.0%
7-1-96	190,161	11.1%	190,209	11.1%	100.0%		13.29	1.2%
7-1-97	209,981	10.4%	166,507	-12.5%	79.3%		14.87	11.9%
1-1-98	222,313	5.9%	176,906	6.2%	79.6%		14.80	-0.5%
1-1-99	240,312	8.1%	186,676	5.5%	77.7%		15.00	1.3%
Ave. Growth Rate (1970-1999)		9%		8%				-1.6%

NOTE: Market value is the taxable property value certified by the Department of Revenue (ORS 309.360).
 Assessed value is the total value on the roll at the time the levy is extended. Value may be reduced by appeals.
 Beginning in 1998, excess urban renewal value, both used and unused value, is included in the assessed value.
 1991 value growth is for 18 months with change in assessment date to July.
 1998 value growth is for 6 months with change in assessment date back to January'

PROPERTY VALUE AND TAX RATE



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

COUNTY	TOTAL RMV (\$,000)			TOTAL AV (\$,000)			RATIO - AV/RMV (PCR)		
	1998-99	1999-00	CHANGE	1998-99	1999-00	CHANGE	1998-99	1999-00	CHANGE
BAKER	846,893	955,191	12.8%	706,277	757,467	7.3%	83.40%	79.30%	-4.9%
BENTON	5,252,605	5,484,438	4.4%	4,254,035	4,420,431	3.9%	80.99%	80.60%	-0.5%
CLACKAMAS	26,134,126	28,129,832	7.6%	19,999,690	21,328,435	6.6%	76.53%	75.82%	-0.9%
CLATSOP	3,890,897	4,064,413	4.5%	2,988,868	3,073,023	2.8%	76.82%	75.61%	-1.6%
COLUMBIA	3,063,162	3,211,553	4.8%	2,434,044	2,562,101	5.3%	79.46%	79.78%	0.4%
COOS	3,066,422	3,163,649	3.2%	2,650,437	2,766,857	4.4%	86.43%	87.46%	1.2%
CROOK	902,042	959,741	6.4%	739,565	782,773	5.8%	81.99%	81.56%	-0.5%
CURRY	1,647,084	1,700,075	3.2%	1,437,294	1,507,251	4.9%	87.26%	88.66%	1.6%
DESCHUTES	8,937,084	10,041,006	12.4%	7,400,078	8,090,859	9.3%	82.80%	80.58%	-2.7%
DOUGLAS	5,136,253	5,395,518	5.1%	4,287,612	4,501,236	5.0%	83.48%	83.43%	-0.1%
GILLIAM	256,975	256,661	-0.1%	198,370	203,401	2.5%	77.19%	79.25%	2.7%
GRANT	364,950	404,280	10.8%	292,867	301,047	2.8%	80.25%	74.47%	-7.2%
HARNEY	358,119	396,709	10.8%	274,536	298,468	8.7%	76.66%	75.24%	-1.9%
HOOD RIVER	1,242,764	1,302,242	4.8%	983,947	1,018,081	3.5%	79.17%	78.18%	-1.3%
JACKSON	10,526,078	11,078,074	5.2%	8,704,060	9,312,460	7.0%	82.69%	84.06%	1.7%
JEFFERSON	1,076,684	1,155,273	7.3%	853,637	908,224	6.4%	79.28%	78.62%	-0.8%
JOSEPHINE	3,685,894	3,881,486	5.3%	3,304,729	3,478,917	5.3%	89.66%	89.63%	0.0%
KLAMATH	3,263,216	3,404,301	4.3%	2,742,612	2,817,699	2.7%	84.05%	82.77%	-1.5%
LAKE	380,886	406,402	6.7%	314,393	332,725	5.8%	82.54%	81.87%	-0.8%
LANE	18,273,800	20,745,260	13.5%	14,767,463	15,645,125	5.9%	80.81%	75.42%	-6.7%
LINCOLN	4,681,904	4,892,510	4.5%	3,864,923	4,072,112	5.4%	82.55%	83.23%	0.8%
LINN	5,862,835	6,051,473	3.2%	4,522,838	4,739,403	4.8%	77.14%	78.32%	1.5%
MALHEUR	1,292,050	1,562,729	21.0%	1,006,352	1,081,567	7.5%	77.89%	69.21%	-11.1%
MARION	13,751,650	14,783,585	7.5%	11,248,368	11,885,953	5.7%	81.80%	80.40%	-1.7%
MORROW	1,153,561	1,139,634	-1.2%	949,477	962,726	1.4%	82.31%	84.48%	2.6%
MULTNOMAH	48,023,626	52,327,851	9.0%	37,036,160	39,011,157	5.3%	77.12%	74.55%	-3.3%
POLK	2,993,421	3,122,071	4.3%	2,326,503	2,485,762	6.9%	77.72%	79.62%	2.4%
SHERMAN	180,397	169,632	-6.0%	147,208	149,619	1.6%	81.60%	88.20%	8.1%
TILLAMOOK	2,614,217	2,917,097	11.6%	2,102,854	2,226,419	5.9%	80.44%	76.32%	-5.1%
UMATILLA	3,249,644	3,627,126	11.6%	2,368,442	2,520,118	6.4%	72.88%	69.48%	-4.7%
UNION	1,137,457	1,203,315	5.8%	913,219	952,747	4.3%	80.29%	79.18%	-1.4%
WALLOWA	526,432	562,493	6.9%	414,720	432,311	4.2%	78.78%	76.86%	-2.4%
WASCO	1,379,135	1,412,435	2.4%	1,095,070	1,150,122	5.0%	79.40%	81.43%	2.6%
WASHINGTON	32,545,558	35,483,600	9.0%	25,154,677	27,022,233	7.4%	77.29%	76.15%	-1.5%
WHEELER	85,484	98,645	15.4%	61,534	63,908	3.9%	71.98%	64.79%	-10.0%
YAMHILL	4,529,641	4,821,419	6.4%	3,542,438	3,779,004	6.7%	78.21%	78.38%	0.2%
OREGON	222,312,946	240,311,720	8.1%	176,089,297	186,641,739	6.0%	79.21%	77.67%	-2.0%

NET ASSESSED VALUE AND AVERAGE TAX RATE

COUNTY	--- NET ASSESSED VALUE (\$1000) ---			-- AVERAGE TAX RATE --		
	1998-99	1999-00	CHANGE	1998-99	1999-00	CHANGE
BAKER	706,425	757,620	7.3%	12.99	13.28	2.3%
BENTON	4,242,270	4,405,936	3.9%	13.22	13.61	2.9%
CLACKAMAS	19,057,911	20,269,695	6.4%	14.23	14.67	3.1%
CLATSOP	2,967,525	3,048,663	2.7%	11.78	11.69	-0.8%
COLUMBIA	2,430,487	2,556,622	5.2%	11.64	12.56	7.9%
COOS	2,578,552	2,684,726	4.1%	12.61	12.96	2.8%
CROOK	739,565	782,773	5.8%	14.35	14.68	2.3%
CURRY	1,437,944	1,507,920	4.9%	8.44	8.36	-1.1%
DESCHUTES	7,304,698	7,991,397	9.4%	13.54	13.72	1.3%
DOUGLAS	4,196,606	4,400,960	4.9%	10.99	11.13	1.3%
GILLIAM	199,742	204,813	2.5%	12.17	12.21	0.3%
GRANT	293,244	301,382	2.8%	14.51	14.57	0.4%
HARNEY	274,536	298,468	8.7%	13.83	13.89	0.5%
HOOD RIVER	953,669	990,286	3.8%	11.71	11.90	1.6%
JACKSON	8,413,040	8,954,010	6.4%	12.37	12.87	4.1%
JEFFERSON	853,637	908,224	6.4%	13.50	14.18	5.1%
JOSEPHINE	3,235,951	3,401,896	5.1%	8.76	9.18	4.9%
KLAMATH	2,722,587	2,804,252	3.0%	11.10	11.20	0.9%
LAKE	315,167	333,521	5.8%	13.01	13.55	4.1%
LANE	14,611,215	15,470,169	5.9%	14.11	14.47	2.5%
LINCOLN	3,589,669	3,771,948	5.1%	13.25	13.64	3.0%
LINN	4,481,964	4,692,289	4.7%	13.64	14.09	3.3%
MALHEUR	1,007,423	1,082,670	7.5%	12.51	12.09	-3.4%
MARION	10,835,120	11,447,830	5.7%	15.51	16.47	6.2%
MORROW	949,480	962,729	1.4%	14.43	14.76	2.3%
MULTNOMAH	35,783,015	37,600,873	5.1%	18.82	18.85	0.1%
POLK	2,326,503	2,485,762	6.9%	14.42	15.69	8.8%
SHERMAN	147,233	149,644	1.6%	16.73	16.58	-0.9%
TILLAMOOK	2,102,854	2,226,419	5.9%	9.58	9.89	3.3%
UMATILLA	2,357,263	2,507,478	6.4%	15.36	16.15	5.2%
UNION	913,705	953,247	4.3%	13.90	13.88	-0.1%
WALLOWA	415,186	432,782	4.2%	11.84	11.80	-0.4%
WASCO	1,053,557	1,116,339	6.0%	16.39	16.28	-0.7%
WASHINGTON	24,507,633	26,266,958	7.2%	14.31	14.63	2.2%
WHEELER	62,098	64,489	3.9%	15.69	15.90	1.3%
YAMHILL	3,542,438	3,779,004	6.7%	14.51	14.48	-0.2%
TOTAL	171,609,912	181,613,795	5.8%	14.64	14.96	2.2%
URBAN RENEWAL	4,528,810	5,062,096	11.8%	16.29	16.92	3.9%
OREGON	176,906,236	186,675,890	5.5%	14.80	15.14	2.3%

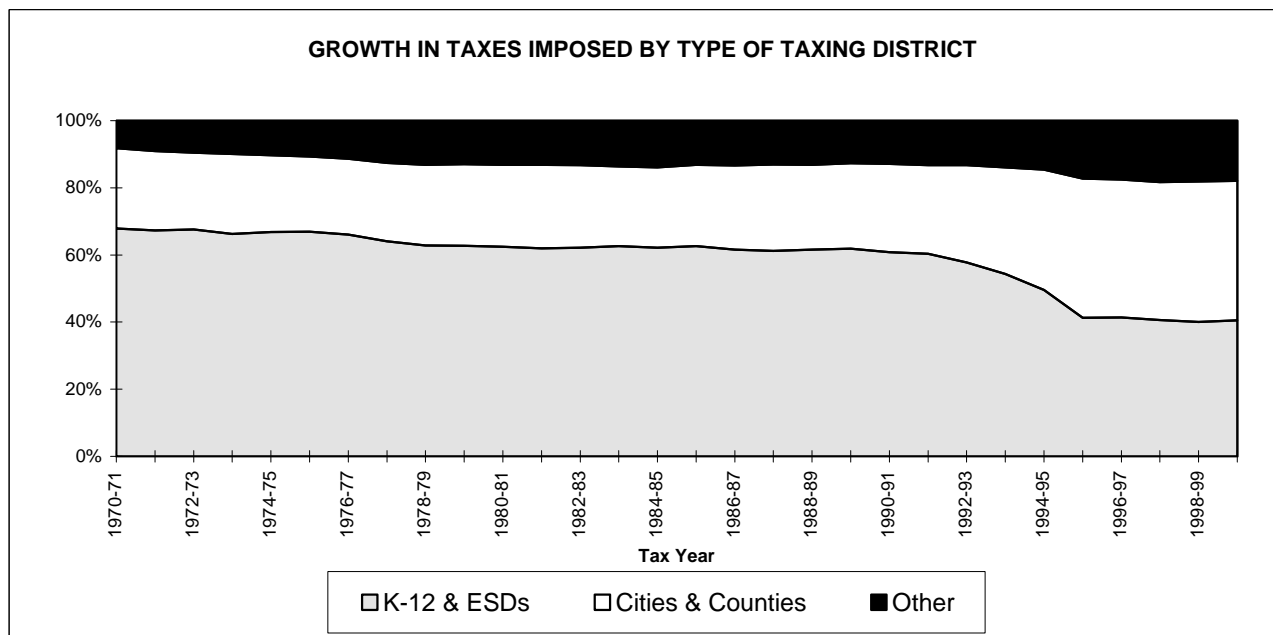
Net Assessed Value is equal to Total Roll Value + Nonprofit Housing + Fish&Wildlife Value - UR Excess Value

UR Assessed Value includes the used Excess Value only.

GROWTH OF IMPOSED PROPERTY TAX LEVIES

YEAR	TOTAL LEVIES		COUNTIES		CITIES		SCHOOLS AND E.S.D.S		COMMUNITY COLLEGES		OTHER DISTRICTS	
	LEVIES	%	LEVIES	%	LEVIES	%	LEVIES	%	LEVIES	%	LEVIES	%
1970-71	503.2	11.1%	51.3	3.4%	69.4	10.5%	341.4	11.1%	18.9	32.2%	22.2	18.1%
1971-72	541.3	7.6%	56.5	10.1%	71.1	2.4%	364.5	6.8%	21.0	11.1%	28.2	27.0%
1972-73	583.9	7.9%	58.4	3.4%	75.2	5.8%	394.6	8.3%	22.8	8.6%	32.9	16.7%
1973-74	595.3	2.0%	61.1	4.6%	81.0	7.7%	394.4	-0.1%	24.2	6.1%	34.6	5.2%
1974-75	687.1	15.4%	65.8	7.7%	91.8	13.3%	458.9	16.4%	28.2	16.5%	42.4	22.5%
1975-76	778.5	13.3%	71.2	8.2%	103.1	12.3%	521.3	13.6%	33.3	18.1%	49.6	17.0%
1976-77	860.0	10.5%	79.4	11.5%	115.6	12.1%	567.8	8.9%	36.1	8.4%	61.1	23.2%
1977-78	901.0	4.8%	85.7	7.9%	124.4	7.6%	577.2	1.7%	39.9	10.5%	73.8	20.8%
1978-79	916.0	1.7%	88.1	2.8%	132.0	6.1%	575.8	-0.2%	40.9	2.5%	79.2	7.3%
1979-80	1,014.4	10.7%	94.3	7.0%	152.7	15.7%	636.2	10.5%	47.8	16.9%	83.4	5.3%
1980-81	1,191.3	17.4%	107.6	14.1%	183.9	20.4%	743.5	16.9%	56.2	17.6%	100.1	20.0%
1981-82	1,435.6	20.5%	150.1	39.5%	206.7	12.4%	889.5	19.6%	64.8	15.3%	124.5	24.4%
1982-83	1,543.6	7.5%	159.2	6.1%	220.4	6.6%	958.8	7.8%	70.6	9.0%	134.6	8.1%
1983-84	1,612.3	4.5%	149.0	-6.4%	233.4	5.9%	1,010.1	5.4%	73.9	4.7%	145.9	8.4%
1984-85	1,740.0	7.9%	163.7	9.9%	251.6	7.8%	1,081.8	7.1%	79.5	7.6%	163.4	12.0%
1985-86	1,819.2	4.6%	173.3	5.9%	267.6	6.4%	1,139.2	5.3%	82.0	3.1%	157.1	-3.9%
1986-87	1,946.5	7.0%	198.6	14.6%	289.0	8.0%	1,199.0	5.2%	92.9	13.3%	167.0	6.3%
1987-88	2,072.9	6.5%	223.9	12.7%	309.9	7.2%	1,269.2	5.9%	97.0	4.4%	172.9	3.5%
1988-89	2,223.7	7.3%	243.1	8.6%	318.5	2.8%	1,368.8	7.8%	106.0	9.3%	187.3	8.3%
1989-90	2,386.0	7.3%	248.3	2.1%	359.9	13.0%	1,475.2	7.8%	109.2	3.0%	193.4	3.3%
1990-91	2,550.6	6.9%	282.1	13.6%	390.4	8.5%	1,550.4	5.1%	115.0	5.3%	212.7	10.0%
1991-92	2,549.9	0.0%	292.1	3.5%	382.7	-2.0%	1,537.7	-0.8%	112.5	-2.2%	224.9	5.7%
1992-93	2,529.0	-0.8%	314.7	7.7%	416.8	8.9%	1,461.3	-5.0%	112.2	-0.3%	224.0	-0.4%
1993-94	2,466.4	-2.5%	336.3	6.9%	447.2	7.3%	1,340.4	-8.3%	103.6	-7.7%	238.8	6.6%
1994-95	2,369.8	-3.9%	353.8	5.2%	494.1	10.5%	1,175.6	-12.3%	90.1	-13.0%	256.3	7.3%
1995-96	2,248.2	-5.1%	398.8	12.7%	533.5	8.0%	927.2	-21.1%	78.6	-12.8%	310.1	21.0%
1996-97	2,527.9	12.4%	470.5	18.0%	568.8	6.6%	1,045.9	12.8%	89.0	13.2%	353.6	14.0%
1997-98	2,476.5	-2.0%	469.6	-0.2%	549.1	-3.5%	1,005.1	-3.9%	88.9	-0.1%	363.7	2.9%
1998-99	2,617.8	5.7%	514.7	9.6%	579.9	5.6%	1,049.1	4.4%	93.1	4.7%	381.0	4.8%
1999-00	2,801.5	7.0%	536.9	4.3%	625.9	7.9%	1,135.4	8.2%	97.8	5.1%	405.6	6.4%
Ave. Growth Rate (1970-98)		6.4%		8.5%		8.1%		4.8%		7.0%		11.1%
Ave. Growth Rate (1990-99)		1.8%		8.1%		5.8%		-2.1%		-0.8%		7.8%

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



PROPERTY TAXES IMPOSED

1999-00

COUNTY	--- TOTAL IMPOSED ---		--- COUNTIES ---		--- CITIES ---		--- SCHOOLS & ESDs ---		COMMUNITY COLLEGE		--SPECIAL DISTRICTS--	
	AMOUNT	% CHANGE	AMOUNT	% CHANGE	AMOUNT	% CHANGE	AMOUNT	% CHANGE	AMOUNT	% CHANGE	AMOUNT	% CHANGE
BAKER	10,059,539	9.7%	3,039,382	6.9%	1,997,561	5.1%	3,969,638	6.2%	36,465	-4.6%	1,016,494	55.8%
BENTON	59,947,099	6.9%	11,141,342	20.3%	18,860,806	5.1%	22,819,701	3.7%	3,068,706	1.0%	4,056,544	5.5%
CLACKAMAS	292,137,405	7.7%	54,721,044	6.2%	48,428,376	8.3%	132,317,079	9.4%	11,376,069	5.8%	45,294,837	4.7%
CLATSOP	35,435,776	1.3%	4,450,508	2.2%	6,639,401	5.6%	15,041,383	1.5%	2,329,864	2.6%	6,974,620	-3.6%
COLUMBIA	32,044,698	13.2%	4,370,131	36.1%	3,422,650	6.2%	15,612,475	7.3%	626,595	9.5%	8,012,847	19.0%
COOS	34,562,933	6.3%	3,252,163	-22.7%	8,809,685	7.2%	14,378,338	13.1%	1,824,618	3.8%	6,298,129	12.1%
CROOK	11,492,577	8.3%	3,206,331	-2.6%	908,301	18.1%	5,725,831	6.9%	577,918	3.9%	1,074,197	67.3%
CURRY	12,599,551	3.8%	873,303	5.6%	2,010,950	7.8%	5,936,216	4.5%	1,057,359	4.9%	2,721,724	-1.6%
DESCHUTES	108,845,350	10.1%	20,096,611	-13.7%	13,277,980	29.5%	51,040,337	10.7%	5,930,746	7.1%	18,499,676	35.2%
DOUGLAS	48,975,839	6.2%	4,634,197	4.2%	11,754,586	8.2%	22,904,096	5.9%	2,042,364	4.3%	7,640,597	6.0%
GILLIAM	2,500,968	2.9%	783,713	2.4%	241,726	3.0%	1,107,345	2.3%	0	0.0%	368,183	5.5%
GRANT	4,391,445	3.2%	1,144,829	2.4%	573,633	3.7%	1,723,700	3.9%	0	0.0%	949,283	2.8%
HARNEY	4,146,415	9.2%	1,327,502	8.1%	571,113	18.7%	1,614,660	7.8%	0	0.0%	633,140	7.6%
HOOD RIVER	11,512,127	3.1%	1,391,253	3.7%	1,078,555	2.5%	6,761,013	3.7%	32,010	-6.7%	2,249,296	1.3%
JACKSON	111,274,046	6.9%	17,904,336	6.3%	28,681,174	7.9%	49,339,765	6.4%	4,554,597	6.2%	10,794,174	8.4%
JEFFERSON	12,881,846	11.8%	3,933,274	29.7%	848,915	4.5%	6,129,745	5.5%	668,943	4.4%	1,300,968	6.1%
JOSEPHINE	31,227,887	10.2%	3,918,652	83.1%	5,666,545	4.9%	19,007,355	3.8%	1,727,790	5.0%	907,545	10.0%
KLAMATH	31,226,077	3.4%	7,575,459	2.2%	3,658,759	4.6%	11,604,534	3.3%	1,201,176	2.6%	7,186,149	4.2%
LAKE	4,518,817	10.2%	1,041,795	8.0%	603,035	49.1%	1,990,580	4.5%	58,434	6.5%	824,972	7.0%
LANE	222,353,788	7.8%	22,369,725	5.3%	70,792,961	9.7%	96,942,917	7.6%	13,574,178	3.8%	18,674,020	8.6%
LINCOLN	51,404,590	8.1%	10,940,869	5.0%	10,309,156	15.7%	22,444,720	4.5%	650,572	4.2%	7,059,274	15.2%
LINN	65,650,353	7.4%	14,851,749	8.0%	16,640,368	10.2%	26,251,805	12.3%	3,290,213	0.6%	4,616,218	-17.6%
MALHEUR	13,086,175	3.8%	3,215,858	7.3%	2,812,630	-2.3%	5,328,858	5.5%	1,231,025	6.6%	497,803	-4.3%
MARION	186,927,509	11.2%	34,512,158	5.7%	45,851,512	3.7%	79,235,224	19.7%	9,100,826	3.6%	18,227,789	12.2%
MORROW	14,210,363	3.7%	3,935,717	1.5%	1,043,118	10.2%	6,009,701	-0.8%	960,738	54.8%	2,261,088	2.6%
MULTNOMAH	699,379,668	3.8%	191,671,865	2.4%	224,308,905	4.7%	245,215,716	4.8%	15,124,775	3.3%	23,058,406	-2.1%
POLK	38,754,561	15.5%	5,196,909	4.7%	10,309,178	10.7%	18,675,705	23.6%	1,974,667	4.6%	2,598,102	14.4%
SHERMAN	2,481,661	0.7%	1,257,691	0.7%	106,925	1.5%	865,673	-0.1%	0	0.0%	251,372	3.4%
TILLAMOOK	22,020,330	9.3%	5,676,868	10.1%	1,258,186	5.2%	10,930,998	5.7%	582,622	5.8%	3,571,656	23.2%
UMATILLA	40,503,914	11.9%	8,421,099	10.9%	7,979,893	3.2%	18,947,170	18.4%	1,565,812	4.6%	3,589,940	6.2%
UNION	13,234,422	4.2%	2,835,365	4.1%	3,794,289	5.1%	5,728,096	4.0%	0	0.0%	876,673	2.5%
WALLOWA	5,104,868	3.9%	1,116,219	4.4%	627,368	4.6%	2,732,963	4.1%	0	0.0%	628,319	1.2%
WASCO	18,172,643	5.3%	5,206,317	5.4%	1,918,971	4.2%	6,608,297	6.0%	854,662	-1.9%	3,584,396	6.1%
WASHINGTON	384,032,160	9.5%	66,783,593	6.3%	57,933,599	18.6%	172,582,249	9.5%	9,407,846	9.7%	77,324,874	6.2%
WHEELER	1,025,122	5.2%	497,197	7.6%	71,206	2.9%	388,482	5.1%	0	0.0%	68,237	-7.0%
YAMHILL	54,720,492	6.5%	9,582,116	1.6%	12,111,584	12.9%	27,450,652	5.2%	2,389,565	6.3%	3,186,574	10.7%
TOTAL	2,692,843,012	7%	536,877,138	4.3%	625,903,602	7.9%	1,135,363,016	8.2%	97,821,156	5.0%	296,878,115	7.5%
URBAN RENEWAL	108,662,612	4%										
OREGON	2,801,505,624	7%										

NOTE: Percent change from prior year imposed levy.

**1999-00
PROPERTY TAX COMPRESSION LOSSES**

COUNTY	INSIDE M5 LIMIT SCHOOL LEVIES			INSIDE M5 LIMIT NON-SCHOOL LEVIES			----- TOTAL LEVIES -----		
	LOSS	% of Tax	% Change	LOSS	% of Tax	% Change	LOSS	% of Tax	% Change
BAKER	116	-2.8%	63.4%	68	-1.2%	51.1%	184	-1.8%	58.6%
BENTON	319	-1.4%	24.1%	172	-0.5%	>100%	491	-0.8%	85.3%
CLACKAMAS	1,035	-0.9%	29.1%	198	-0.1%	>100%	1,234	-0.4%	53.7%
CLATSOP	312	-1.9%	10.6%	641	-3.9%	>100%	952	-2.6%	>100%
COLUMBIA	161	-1.2%	>100%	490	-3.3%	>100%	650	-2.0%	>100%
COOS	306	-2.1%	20.9%	472	-2.8%	>100%	778	-2.2%	>100%
CROOK	76	-1.8%	33.3%	50	-1.0%	>100%	126	-1.1%	>100%
CURRY	5	-0.1%	>100%	98	-2.0%	>100%	102	-0.8%	>100%
DESCHUTES	492	-1.1%	>100%	37	-0.1%	>100%	529	-0.5%	>100%
DOUGLAS	346	-1.5%	27.2%	537	-2.3%	>100%	882	-1.8%	>100%
GILLIAM	26	-2.4%	13.0%	12	-0.9%	50.0%	37	-1.5%	23.3%
GRANT	23	-1.4%	15.0%	49	-2.2%	>100%	73	-1.6%	>100%
HARNEY	53	-3.2%	43.2%	37	-1.4%	>100%	91	-2.1%	89.6%
HOOD RIVER	65	-1.2%	51.2%	21	-0.5%	>100%	87	-0.8%	>100%
JACKSON	388	-0.8%	43.7%	106	-0.2%	>100%	494	-0.4%	82.3%
JEFFERSON	104	-2.1%	38.7%	25	-0.5%	>100%	129	-1.0%	74.3%
JOSEPHINE	176	-1.1%	27.5%	40	-0.5%	>100%	215	-0.7%	55.8%
KLAMATH	37	-0.3%	-56.0%	644	-3.8%	41.2%	681	-2.1%	26.3%
LAKE	8	-0.5%	33.3%	353	-13.5%	>100%	361	-7.4%	>100%
LANE	1,048	-1.2%	35.4%	473	-0.5%	>100%	1,520	-0.7%	95.9%
LINCOLN	374	-1.8%	87.0%	563	-2.4%	>100%	936	-1.8%	>100%
LINN	595	-2.3%	>100%	229	-0.7%	-2.6%	824	-1.2%	>100%
MALHEUR	115	-2.0%	76.9%	6	-0.1%	>100%	121	-0.9%	75.4%
MARION	723	-1.2%	2.3%	236	-0.3%	>100%	959	-0.5%	16.5%
MORROW	72	-1.4%	26.3%	128	-1.8%	17.4%	200	-1.4%	20.5%
MULTNOMAH	5,797	-2.6%	15.5%	9,835	-2.4%	0.7%	15,631	-2.2%	5.7%
POLK	175	-1.3%	25.9%	197	-1.3%	>100%	372	-1.0%	>100%
SHERMAN	33	-4.1%	73.7%	72	-4.5%	33.3%	105	-4.1%	43.8%
TILLAMOOK	88	-0.8%	20.5%	211	-2.5%	>100%	300	-1.3%	>100%
UMATILLA	824	-5.6%	48.2%	61	-0.4%	>100%	885	-2.1%	53.4%
UNION	91	-1.7%	35.8%	84	-1.2%	>100%	175	-1.3%	>100%
WALLOWA	20	-0.9%	66.7%	63	-2.8%	>100%	83	-1.6%	>100%
WASCO	240	-3.7%	37.9%	37	-0.4%	>100%	277	-1.5%	53.9%
WASHINGTON	916	-0.7%	34.9%	198	-0.1%	>100%	1,115	-0.3%	64.2%
WHEELER	12	-3.0%	-25.0%	65	-9.3%	>100%	77	-7.0%	>100%
YAMHILL	1	0.0%	-99.5%	180	-0.8%	>100%	181	-0.3%	-4.2%
TOTAL	15,172	-1.5%	29.2%	16,688	-1.3%	52.4%	31,857	-1.2%	40.4%

NOTE: Thousands of Dollars. Levies for joint districts are apportioned among counties.
 Compression Loss equals the total M5 compression losses in the county.

PROPERTY TAX RELIEF

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

Homeowners and Renters Refund Program (HARRP)

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

Property Tax Relief Program (PTR)

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

Elderly Rental Assistance (ERA)

ERA was enacted in 1975. ERA makes payments to renters age 58 and older with household income less than \$10,000. Assets (excludes homestead, personal property and retirement plans) must be less than \$25,000 if under age 65. Rent for calculating a payment is limited to \$2,100 and rent must exceed 20% of household income. The payment is gross rent (includes fuel and utilities) up to the \$2,100 limit less 20% of household income. The maximum payment is \$2,100 at zero income and the minimum \$100 at \$10,000 income.

Taxpayers must file Form 90R to apply for a payment. Payments are made by check in October of each year. About 7,000 renters received an average ERA payment of \$714 in 1999 for a cost of roughly \$5 million to the General Fund. Since 1995-96, the numbers of participants and total cost of the program have declined by 12% and 10% respectively.

Senior Citizens Property Tax Deferral Program

The senior deferral was enacted in 1963. Homeowners age 62 and over can defer payment of property taxes until the owner dies or sells the property. The State pays the tax and gets a lien on the property for the tax and accrued simple interest at the rate of 6% per year. To qualify, the owner must have a household income of under \$24,500 in the year prior to applying. Once on the program, a taxpayer may defer only in years when federal adjusted gross income is less than \$29,000 in the prior year. In 1977, the Legislature expanded the program to include special assessments.

Beginning in 1985, the legislature appropriates General Fund money to subsidize the program, if needed. Until 1995, senior deferral tax payments were considered a General Fund investment. Since 1992, the amount of repayment by participants exceeded the total payment to counties.

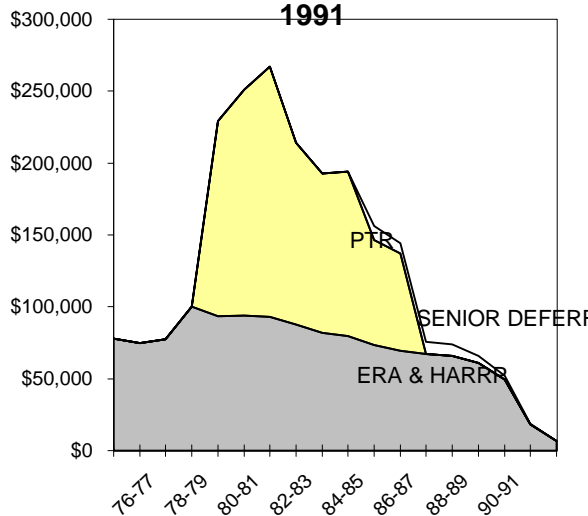
The 1999 Legislature increased the senior household income limit to \$27,500 in the year prior to applying. Once on the program, the household income limit was raised to \$32,000. These new income limits will be indexed to the U.S. Urban CPI. The 1999 Legislature also opened the deferral program to the disabled community. These program changes in 1999 begin tax year 2001-02.

GENERAL FUND EXPENDITURES FOR PROPERTY TAX RELIEF

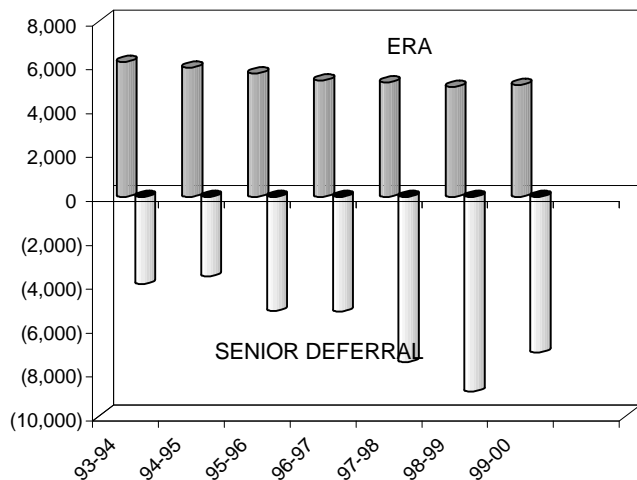
FISCAL YEAR	GENERAL FUND EXPENDITURES (\$ 000)				HARRP PROGRAM PARAMETERS			PTR MAXIMUM PAYMENT
	ERA & HARRP*	PTR	SENIOR** DEFERRAL	TOTAL	INCOME LIMIT	MAXIMUM REFUND	ASSET TEST	
1975-76	\$77,693	\$0	\$0	\$77,693	15,000	490		
1976-77	74,887	0	0	74,887	15,000	490		
1977-78	77,335	0	0	77,335	15,000	490		
1978-79	100,076	0	0	100,076	16,000	655		
1979-80	93,444	135,993	0	229,437	17,500	750		800
1980-81	93,879	157,261	0	251,140	17,500	750		800
1981-82	92,810	174,053	0	266,863	17,500	750		425
1982-83	87,883	126,264	0	214,147	17,500	750		192
1983-84	81,755	111,089	0	192,844	17,500	750		170
1984-85	79,688	114,451	0	194,139	17,500	750		170
1985-86	73,573	72,913	9,926	156,412	17,500	750		100
1986-87	69,489	67,519	7,160	144,168	17,500	750		100
1987-88	67,215	0	8,559	75,774	17,500	750		0
1988-89	65,773	0	8,293	74,066	17,500	750		0
1989-90	60,971	0	4,817	65,788	17,500	750		0
1990-91	49,257	0	2,783	52,040	17,500	750	25,000	0
1991-92	18,256	0	633	18,889	10,000	500	25,000	0
1992-93	6,555	0	(1,399)	5,156	0	0	0	0
1993-94	6,143	0	(3,964)	2,179	0	0	0	0
1994-95	5,875	0	(3,612)	2,263	0	0	0	0
1995-96	5,630	0	(5,195)	435	0	0	0	0
1996-97	5,291	0	(5,219)	72	0	0	0	0
1997-98	5,205	0	(7,528)	(2,323)	0	0	0	0
1998-99	5,000	0	(8,887)	(3,887)	0	0	0	0
1999-00	5,085	0	(7,097)	(2,012)	0	0	0	0

NOTE: * HARRP refunds ended with the Oct. 1991 payment based on the 1990 return. ERA continues. ERA is for renters age 58 or older with household income less than \$10,000.
 ** General Fund cost as current year payments less repayments for prior years.
 Prior to 1985-86 deferral payments were treated as General and Other Fund investments.

GENERAL FUND EXPENDITURES FOR PROPERTY TAX RELIEF- 1976-1991



GENERAL FUND EXPENDITURES FOR PROPERTY TAX RELIEF -1992-2000



PROPERTY TAX RELIEF

HOMEOWNER'S AND RENTER'S REFUND PROGRAM (HARRP)

RETURN YEAR	REFUNDS (\$000)				NUMBER OF RETURNS				AVERAGE REFUND (\$)			
	HOME OWNER	RENTER	MOBILE HOME	TOTAL	HOME OWNER	RENTER	MOBILE HOME	TOTAL	HOME OWNER	RENTER	MOBILE HOME	TOTAL
1975	48,277	25,789	3,017	77,083	268,010	240,922	18,445	527,377	180.13	107.04	163.57	146.16
1976	44,044	25,939	3,055	73,038	234,813	241,469	18,229	494,511	187.57	107.42	167.59	147.70
1977	57,781	31,984	4,223	93,988	222,570	214,217	19,020	455,807	259.61	149.31	222.03	206.20
1978	53,172	32,015	3,878	89,065	209,977	221,354	20,410	451,741	253.23	144.63	190.00	197.16
1979	51,211	31,990	4,278	87,479	200,311	238,150	21,254	459,715	255.66	134.33	201.28	190.29
1980	49,861	33,297	4,422	87,580	185,111	238,498	20,997	444,606	269.36	139.61	210.60	196.98
1981	47,477	32,856	4,416	84,749	171,208	221,018	20,083	412,309	277.31	148.66	219.89	205.55
1982	43,886	26,677	4,174	74,737	152,214	175,902	18,069	346,185	288.32	151.66	231.00	215.89
1983	40,938	28,207	4,092	73,237	143,524	182,165	17,363	343,052	285.23	154.84	235.67	213.49
1984	37,002	28,229	3,950	69,181	129,900	179,968	16,335	326,203	284.85	156.86	241.81	212.08
1985	34,518	25,136	3,852	63,506	120,882	176,986	15,742	313,610	285.55	142.02	244.70	202.50
1986	32,342	25,329	4,047	61,718	112,816	169,351	15,255	297,422	286.68	149.57	265.29	207.51
1987	32,253	24,129	4,104	60,486	110,549	164,051	14,925	289,525	291.75	147.08	274.97	208.91
1988	29,851	22,646	3,886	56,383	103,337	157,141	14,127	274,605	288.87	144.11	275.08	205.32
1989	22,602	19,774	3,484	45,859	79,190	138,598	12,713	230,501	285.41	142.67	274.05	198.95
1990	4,578	4,487	747	9,812	26,873	56,711	4,772	88,356	170.36	79.12	156.54	111.05

ELDERLY RENTAL ASSISTANCE (ERA)

RETURN YEAR	REFUNDS (\$000)	RETURNS	AVERAGE REFUND
1980	2,820	4,699	600.17
1981	2,184	3,525	619.65
1982	2,028	3,129	648.18
1983	1,757	2,738	641.63
1984	1,482	2,397	618.13
1985	1,358	2,228	609.63
1986	1,161	1,930	601.72
1987	1,063	1,810	587.18
1988	879	1,549	567.27
1989	549	1,045	525.62
1990	6,357	11,372	558.97
1991	5,564	10,430	533.47
1992	6,555	9,216	711.26
1993	6,143	9,409	652.89
1994	5,875	8,801	667.54
1995	5,630	8,177	688.52
1996	5,291	7,806	677.81
1997	5,000	7,662	652.56
1998	5,205	7,270	715.96
1999	5,000	7,000	714.24

HARRP NOTES:

Refunds for 1971 and 1972 were under the Homeowners Property Tax Relief Program (HOPTR).
 Mobile homes are included in homeowners and renters for 1973 and 1974.
 In 1973 the household income limit increased to \$16,000 and the maximum refund schedule increased.
 In 1977 the household income limit increased to \$17,500 and the maximum refund schedule increased.
 In 1982 the HARRP packet was separated from the income tax packet and mailed late in March of 1983.
 In 1985 each qualified renter filed separately - previously only one return was allowed per household.
 In 1989 asset test added for those under age 65. Assets must be less than \$25,000 excluding the homestead tangible personal property and retirement plans.
 In 1990 the household income limit decreased to \$10,000 and the maximum refund schedule decreased.
 In 1991 the HARRP program ended.

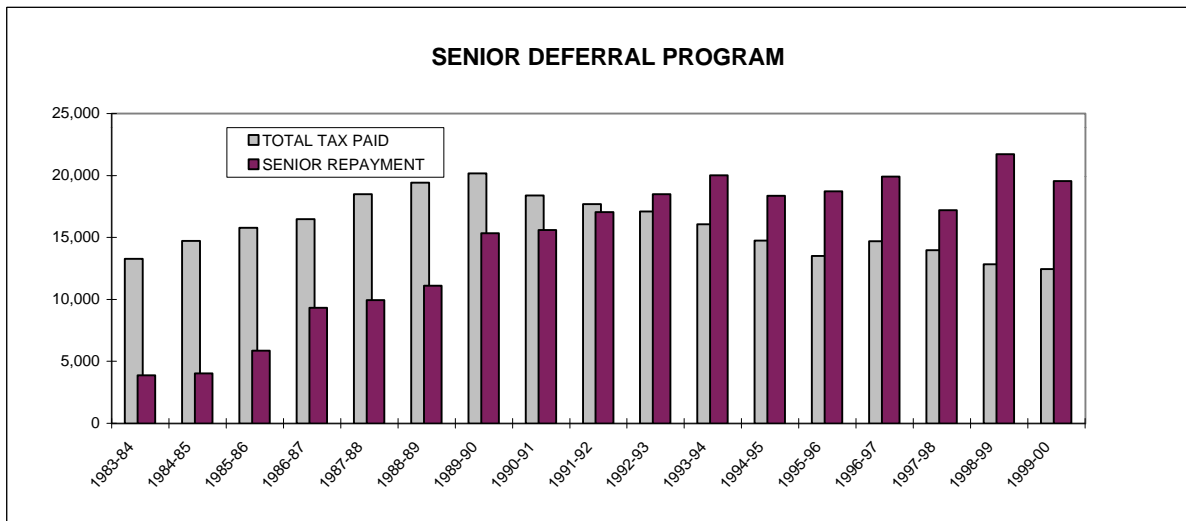
ERA NOTES:

In 1975 renters eligible if age 65 or older with income less than \$3,000 and rent exceeds 60% of income.
 In 1977 age reduced to 58 or older, income increased to \$5,000 and rent (up to \$2,100) exceeds 40% of income.
 In 1989 asset limit of \$25,000 (with exclusions) added if under age 65.
 In 1991 household income limit increased to \$10,000 and percent of income reduced to 20%.
 Payment equals rent (up to \$2,100) less 20% of household income (\$10,000 limit).
 1998-99 are estimates for the number of returns in the ERA program. They are still subject to change.

SENIOR CITIZENS PROPERTY TAX DEFERRAL

FISCAL YEAR	PROPERTY TAXES		SPECIAL ASSESSMENT		(\$ 000)			GENERAL FUND APPROP.
	PAID ACCTS.	AVE. PAID	PAID ACCTS.	AVE. PAID	TOTAL TAX PAID	SENIOR REPAYMENT	BALANCE OWED	
	1978-79	1,976	845	111	147	1,676	273	
1979-80	4,000	645	168	187	2,649	370	N/A	
1980-81	6,046	723	184	352	4,438	559	N/A	
1981-82	7,097	917	246	442	6,614	833	N/A	
1982-83	8,827	1,103	389	656	9,992	1,529	22,859	
1983-84	10,976	1,181	404	761	13,275	3,864	34,540	
1984-85	11,603	1,236	430	853	14,710	4,018	45,806	
1985-86	12,228	1,261	501	735	15,785	5,859	56,811	8,400
1986-87	12,632	1,282	419	677	16,480	9,320	65,732	8,007
1987-88	12,738	1,430	422	548	18,493	9,934	75,236	10,200
1988-89	13,092	1,463	396	613	19,410	11,117	84,834	9,100
1989-90	13,165	1,513	393	641	20,164	15,347	91,676	10,227
1990-91	12,976	1,398	379	579	18,387	15,603	96,856	3,000
1991-92	12,039	1,449	411	544	17,685	17,051	100,433	2,000
1992-93	12,181	1,387	476	337	17,085	18,484	102,763	2,000
1993-94	11,681	1,358	495	366	16,058	20,022	102,937	1,283
1994-95	11,216	1,299	504	334	14,740	18,352	103,967	1,283
1995-96	10,763	1,235	431	397	13,519	18,714	102,373	(5,000)
1996-97	10,520	1,380	365	391	14,703	19,901	101,801	(5,000)
1997-98	10,823	1,207	448	516	13,978	17,201	101,538	0
1998-99	9,769	1,272	200	520	12,832	21,719	98,348	0
1999-00	9,184	1,345	190	447	12,438	19,541	123,885	0

NOTES: Senior repayment excludes special assessments until 1983-84. Balance owed excludes interest.
 From 1991-92 General Fund appropriation not used. Deferral fund plus repayments exceed costs.
 Interest rate of 6% and calculated as simple interest.
 In 1984 household Income limit of \$17,500 added for tax deferral and special assessment.
 Property tax deferral income limit was \$18,500 in 1990, \$19,500 in 1991 and \$24,500 through tax year 2000-01.
 In 2001-02, the property tax deferral income limit will be increased to \$27,500 to qualify for the program.
 In 2001-02, the tax deferral income limit will be increased to \$32,000 to remain eligible for the program.
 Income limits for the Special Assessment Deferral are \$17,500 total household income.
 In 1998-99, a large number of small Special Assessment Deferral accounts were paid out.



SCHOOL FINANCE

K-12 School Districts

Oregon has 198 school districts serving about 540,000 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 private timber harvest taxes, state timber sales, the state Common School Fund, federal forest fees and county school funds. Local revenues are included in the school distribution formula and are about 30% of state and local formula operating revenue.

State Support

The Legislature through the State School Fund (SSF) provides about 70% 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.

Distribution Formula

The SSF equalization formula distributes 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. To recognize that some students need more school services and their schools may face higher costs, the formula weights number of 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. The formula also funds 70% of transportation costs and up to 8% of classroom construction costs.

The SSF formula currently has constraints. A few districts with high per student revenue prior to 1991 still receive minimum funding above the equalization formula allocation. The minimum decreases to \$4800 per student in 2000-01. After 2000-01 minimum constraints end unless the Legislature extends them.

Funding Equity

By any measure the state has eliminated most of the differences in school funding that existed before Measure 5. In 2000-01 the equalization formula funds over 99.9% of students while minimum constraints fund the rest. Full equity as measured by the equalization formula comes in 2001-02 if the Legislature does not extend current formula constraints.

Local Option

School districts may ask voters to approve temporary local option levies. The levies are in effect limited to no more than \$500 per weighted student.

Education Service Districts

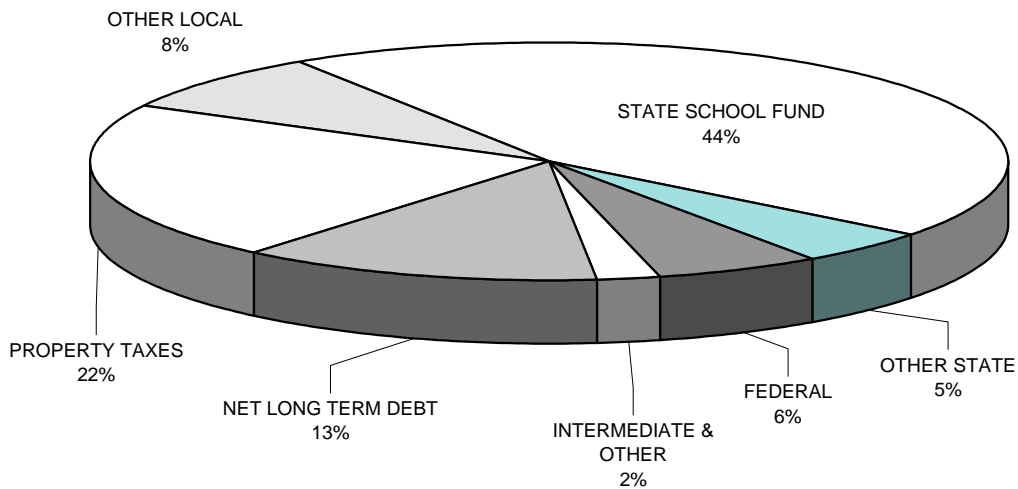
The school system also includes education service districts (ESDs). Twenty-one ESDs statewide provide regional educational support services. ESD property taxes and state aid accounts for about 5% of statewide K-12 school general operating revenue. Their major source of general revenue is state aid. Before Measure 5 (1990), they received no aid from the State School Fund. In 1999-00 state support was increased so that state and local revenue was \$125-\$225 per weighted student for 9 ESDs below the state average. Those above the state average received and the same amount per weighted student or in total dollars as in 1998-99. During the 1999 interim an ESD task force made recommendations to equalize ESD funding.

Community Colleges

Community college districts also impose property taxes and receive state aid. Unlike school districts and ESDs, another major revenue source is tuition. Also state support is not from the State School Fund. The Legislature appropriates community college aid in a lump sum. The community colleges then allocate the state funds by rule.

TOTAL SCHOOL RESOURCES 1998-99 Audited

	K-12	ESD	TOTAL
PROPERTY TAXES			
Current Year	914,469	55,336	969,805
Prior Years	<u>40,318</u>	<u>2,737</u>	<u>43,055</u>
Total	954,787	58,073	1,012,860
OTHER LOCAL REVENUES			
OTHER LOCAL REVENUES	325,578	59,338	384,916
STATE SCHOOL FUND	2,000,409	84,180	2,084,589
COMMON SCHOOL FUND	10,506	0	10,506
OTHER STATE REVENUE	166,309	49,082	215,391
FEDERAL FOREST FEES	20,161	0	20,161
OTHER FEDERAL REVENUE	219,219	35,765	254,984
INTERMEDIATE & OTHER	77,082	19,277	96,359
NET LONG TERM DEBT	<u>601,843</u>	<u>63</u>	<u>601,906</u>
TOTAL REVENUE			
TOTAL REVENUE	4,375,894	305,778	4,681,672
PLUS BEG. BALANCE	<u>1,025,317</u>	<u>64,177</u>	<u>1,089,494</u>
TOTAL RESOURCES			
TOTAL RESOURCES	5,401,211	369,955	5,771,166
LESS TOTAL EXPENDITURES	<u>-4,064,403</u>	<u>-292,178</u>	<u>-4,356,581</u>
ENDING BALANCE			
ENDING BALANCE	1,336,808	77,777	1,414,585



Note: Numbers in thousands and exclude interfund transfers and debt service.
Source: Oregon Department of Education.

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%	35,178	5.1%	34.4%
1956-57	114,016	11.4%	36,378	3.4%	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%

Fiscal Year	K-12 Audited Current Operating Expenditures		Basic School Support Appropriation		BSSF Share of Operating Expenditures
	\$1,000	% Change	\$1,000	% Change	
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%
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%
1992-93	2,434,392	7.5%	1,100,300	36.7%	45.2%

Fiscal Year	K-12 and ESD Operating Revenue		State School Fund		SSF Share of Operating Revenue
	\$1,000	% Change	\$1,000	% Change	
1991-92	2,450,171		818,391		33.4%
1992-93	2,588,542	5.6%	1,100,300	34.4%	42.5%
1993-94	2,474,636	-4.4%	1,131,400	2.8%	45.7%
1994-95	2,604,906	5.3%	1,426,500	26.1%	54.8%
1995-96	2,646,082	1.6%	1,744,558	19.1%	65.9%
1996-97	2,708,821	2.4%	1,752,806	0.5%	64.7%
1997-98	2,884,792	6.5%	2,014,603	14.9%	69.8%
1998-99	2,978,335	3.2%	2,090,764	3.8%	70.2%
Est. 1999-00	3,194,147	7.2%	2,237,503	7.0%	70.1%
Est. 2000-01	3,320,538	4.0%	2,324,036	3.9%	70.0%

Notes:

1. In 1992-93 state aid shifted to the State School Fund and a new distribution formula based on operating revenue instead of operating expenditures. Two years overlap for comparability.
2. 1993-94 to present, State School Fund excludes funds for state juvenile correction schools.
3. 1997-98 and 98-99 State School Fund excludes funds not used due to a state and local revenue cap.
4. In 1997-98 a \$50 million one-time classroom needs grant was not part of the State School Fund.
5. In 1998-99 a \$150 million lottery bond capital grant was not part of the State School Fund.
6. In 1999-00 a \$56 million lottery bond capital grant was not part of the State School Fund.
7. In 2000-01 a \$71 million lottery bond capital grant was not part of the State School Fund.
8. The 1999-01 interim Emergency Board added revenue to the State School Fund appropriation.

K-12 SCHOOL EQUALIZATION FORMULA STATE SCHOOL FUND

Formula Operating Revenue	=	General Purpose Grant	+	Transportation Grant	+	Facility Grant				
State School Fund Grant	+	Local Revenue	=	Students (ADMw)	X	\$4,500 Target Adjusted by Teacher Experience & Balanced to Total Funds	+	70% of Transportation Costs	+	Up to 8% of Construction Costs

School District Revenue

The school equalization formula determines each school district’s operating revenue from the State School Fund (SSF) and local revenue. It is the sum of a general purpose grant, a transportation grant and a new facility grant.

Students (ADMw)

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

<u>Category</u>	<u>Additional Weight</u>	<u>ADMw Count</u>
Grade and School		
• Kindergarten	- 0.50	0.50
• Elementary District	- 0.10	0.90
• Union High District	0.20	1.20
• Remote small school	Varies	
Special education and at risk:		
• Individual Education Program	1.00	2.00
• English as a Second Language	0.50	1.50
• Pregnant and Parenting	1.00	2.00
• Students in Poverty Adjusted	0.25	1.25
• Neglected and Delinquent	0.25	1.25
• Students in Foster Care	0.25	1.25

A student cannot have an additional weight sum greater than 2, but not all additional weights are included.

Individual Education Program

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

A school site qualifies for additional ADMw if

	<u>Elementary</u>	<u>High</u>
ADM less than (varies with grades)	224 (8gr)	350 (4gr)
Distance to nearest school more than	8 miles	10 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 is being phased out at 25% per biennium and sunsets at the end of 2004-05.

General Purpose Grant

The per 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 percentage factor modifies the adjusted target amount to distribute the full state appropriation.

Transportation Grant

Reimburses 70% of approved transportation costs for:

- Preschool handicapped students
- Elementary students greater than 1 mile from school
- Secondary students greater 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

Facility Grant

Districts adding new classroom space receive up to 8% of construction (excluding land) and portable unit costs for furnishings and equipment. Total grants are limited to \$17.5 million per biennium.

Local Revenue

Includes revenue from only these sources:

- Operating property taxes collected (including prior years) except Portland PERS bond and desegregation costs
- Private timber privilege taxes
- Common School Fund
- County School Fund
- Federal forest fees
- State managed county trust forests (Chapter 530)
- ESD equalization funds
- Supplantable federal funds
- Revenue *in lieu* of property taxes

1999-01 Distribution

The equalization formula has temporary constraints. The equalization grant cannot be less than the flat grant or stop-loss grant constraints. The constraints cannot exceed \$4,800 per extended ADMw in 2000-01 and then sunset.

Note: Categorical Grants and Other Funds

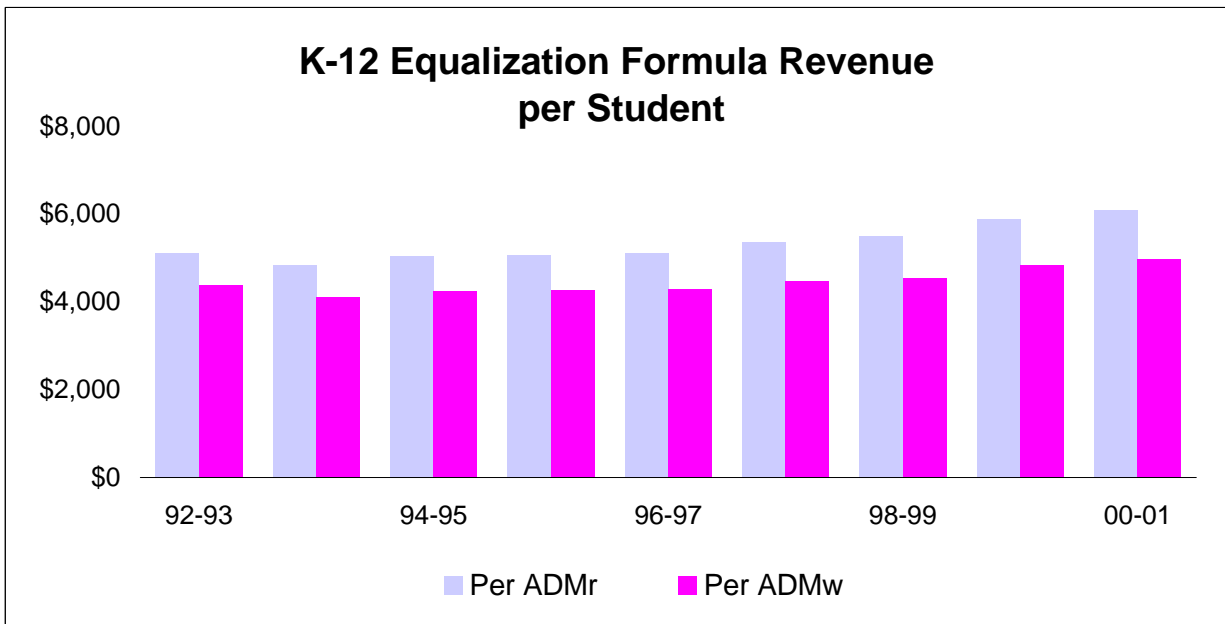
The Legislature funds various special programs outside the State School Fund (SSF) grant such as regional and hospital programs. The 2000-01 \$71 million lottery bond distribution is also in addition to the SSF grant.

K-12 EQUALIZATION FORMULA REVENUE PER STUDENT

	Average Daily Membership				State School Fund and Local Revenue			
	Unweighted (ADMr)		Weighted (ADMw)		\$ Per ADMr		\$ Per ADMw	
	%		%		%		%	
	#	Change	#	Change	\$	Change	\$	Change
1992-93	486,829		566,858		5,120		4,397	
1993-94	491,982	1.1%	578,602	2.1%	4,834	-5.6%	4,110	-6.5%
1994-95	495,076	0.6%	586,828	1.4%	5,043	4.3%	4,255	3.5%
1995-96	501,919	1.4%	595,073	1.4%	5,065	0.4%	4,272	0.4%
1996-97	508,579	1.3%	605,696	1.8%	5,109	0.9%	4,290	0.4%
1997-98	514,094	1.1%	616,998	1.9%	5,371	5.1%	4,475	4.3%
1998-99	517,348	0.6%	624,212	1.2%	5,501	2.4%	4,560	1.9%
1999-00 Est.	519,410	0.4%	633,380	1.5%	5,892	7.1%	4,832	6.0%
2000-01 Est.	521,228	0.4%	638,447	0.8%	6,107	3.6%	4,986	3.2%
8 Year Growth	7.1%		12.6%		19.3%		13.4%	

Notes:

Excludes revenue outside the formula like lottery revenue bonds.
 1999-01 ADMw does not include an estimate of IEP waivers above 11% of ADMr.
 ADMw is extended ADMr (higher of current or prior year ADMr).
 Includes Youth Corrections Education Program students beginning in 1997-98.



Legislative Revenue

K-12 and ESD REVENUE HISTORY

Summary of State School Fund and Local Formula Revenue

Historical Data Adjusted to Comparable Funding Sources

Revenue Source	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
State										Estimates	
State School Fund	611.3	818.4	1,100.3	1,131.9	1,427.0	1,750.0	1,759.7	2,048.4	2,101.6	2,248.0	2,337.6
Local K-12											
Property and Timber Taxes	1,431.2	1,411.3	1,356.4	1,219.9	1,060.3	799.6	848.3	781.6	801.7	849.4	881.4
Other Local	71.7	74.2	65.7	65.4	62.6	63.2	64.3	56.0	50.4	80.5	74.7
Excluded from Formula	<u>-8.5</u>	<u>-8.6</u>	<u>-11.6</u>	<u>-13.5</u>	<u>-13.4</u>	<u>-13.4</u>	<u>-13.3</u>	<u>-20.0</u>	<u>-20.0</u>	<u>-22.4</u>	<u>-19.3</u>
	1,494.4	1,477.0	1,410.5	1,271.8	1,109.5	849.4	899.4	817.6	832.0	907.4	936.8
Local ESD											
Property Tax	96.6	89.0	85.1	76.6	74.0	56.6	61.4	56.5	59.5	61.2	65.5
Shared with K-12	<u>-6.2</u>	<u>-5.4</u>	<u>-5.3</u>	<u>-5.2</u>	<u>-5.1</u>	<u>-4.5</u>	<u>-5.0</u>	<u>-3.9</u>	<u>-3.9</u>	<u>-3.9</u>	<u>-3.9</u>
	90.4	83.7	79.7	71.5	68.9	52.1	56.4	52.6	55.5	57.3	61.6
Total Sources	2,196.1	2,379.0	2,590.6	2,475.1	2,605.4	2,651.5	2,715.5	2,918.6	2,989.2	3,212.7	3,336.0
Revenue Allocation											
ESD											
Districts	90.4	95.0	98.0	97.0	108.5	109.5	117.1	130.8	139.5	148.2	149.9
OPEN Technology	0	0	0	0	0	0	0	1.0	1.0	1.1	1.2
K-12											
Out-of-State Disability Fund	0	0	0	0	0	0	0	0.4	0.4	0.4	0.4
Youth Corrections Education	0	0	0	0.5	0.5	5.4	6.9	8.3	9.3	10.5	11.7
District Equalization Formula	2,105.7	2,284.0	2,492.6	2,377.6	2,496.4	2,536.6	2,591.4	2,752.8	2,836.9	3,050.7	3,171.6
HB3365 & Prior Year Corrections	0	0	0	0	0	0	0	0	0.5	0.0	1.2
State											
Over Cap for Lottery Bonds	0	0	0	0	0	0	0	25.5	1.6	1.8	0.0
Total Allocation	2,196.1	2,379.0	2,590.6	2,475.1	2,605.4	2,651.5	2,715.5	2,918.6	2,989.2	3,212.7	3,336.0
Other State Revenue											
K-12 Lottery-Backed Bonds	0	0	0	0	0	0	0	0.0	150.0	56.0	71.0
K-12 Other	0	0	0	0	0	0	0	55.0	0.0	27.0	27.0

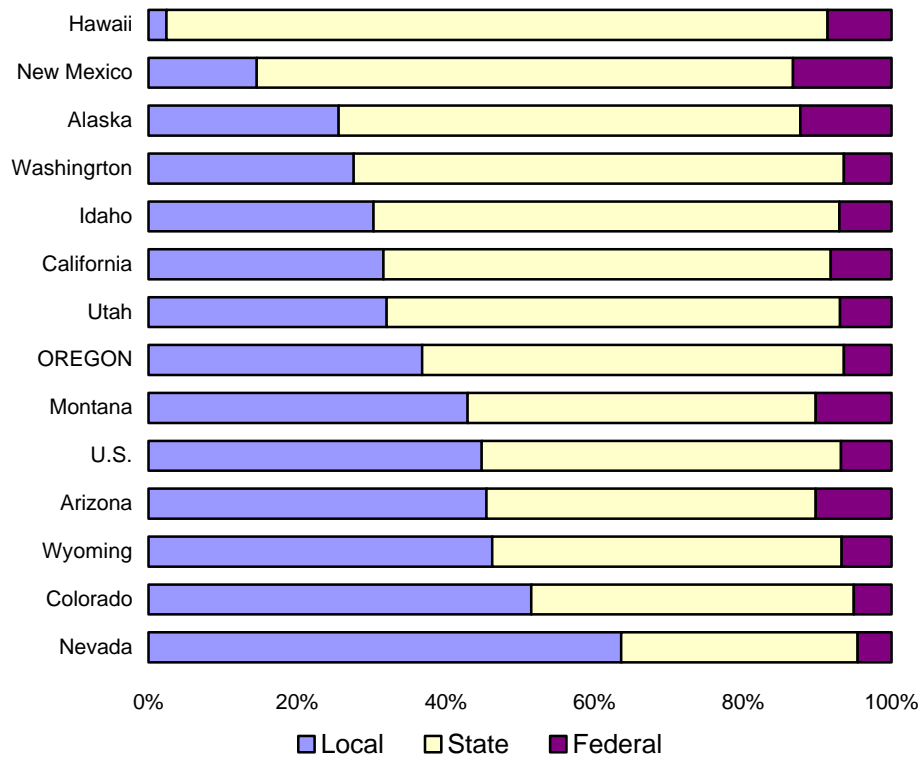
Notes: Dollars in millions.

State School Fund in 90-91 and 91-92 includes special education funds folded into SSF equalization formula.

Pre-1997-98 years adjusted to exclude Portland property tax for PERS bond.

1997-98 REVENUE PER STUDENT WESTERN STATES COMPARISON BY SOURCE

State	Rank	Total	Local	State	Federal
Alaska	4	9,222	2,358	5,732	1,133
Wyoming	19	7,229	3,342	3,400	486
OREGON	20	7,175	2,642	4,073	459
U.S.		7,067	3,168	3,418	481
Washington	23	6,957	1,921	4,589	446
Hawaii	25	6,755	163	6,009	583
California	30	6,572	2,078	3,957	538
Nevada	33	6,442	4,097	2,049	295
Montana	34	6,345	2,723	2,973	648
Colorado	35	6,297	3,243	2,735	320
New Mexico	38	5,887	857	4,250	780
Arizona	41	5,812	2,644	2,575	593
Idaho	48	5,404	1,636	3,388	380
Utah	50	4,774	1,530	2,912	331



Source: National Center for Education Statistics, Revenue and Expenditures.....,1997-98

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

The measure of revenue is fairly broad and exceeds current expenditures.

HIGHWAY TAXES

Highway finance in Oregon depends on three major revenue sources:

1. Fuel taxes include Motor Fuel Tax (gasoline) and Use fuel tax (diesel, natural gas, etc.). Motor Fuel Tax is paid by the wholesaler and included in the price at the pump with refunds for non-highway or exempt use. Use Fuel tax is paid by the retailer when purchased for highway use. Heavy vehicles subject to weight-mile taxes are exempt from Use Fuel Tax and eligible for refund of any Motor fuel tax paid.

2. Weight-Mile taxes on heavy vehicles (trucks) are paid monthly to the Motor Carrier Transportation Division of the Department of Transportation for each mile traveled on Oregon roads. The cost per mile is based on the declared gross weight of the truck. The rate schedule ranges, in 2,000-pound increments, from 26,000 to 105,500. The rates increase from 3.64 cents per mile to 11.97 cents per mile for trucks below 80,000 pounds. The rates for trucks over 80,000 depend on the number of axles. Log, sand and gravel, and wood chip trucks may elect to pay monthly fees in lieu of weight-mile taxes (flat fees). These are based on gross vehicle weight and do not vary with miles traveled.

3. Motor vehicle registration fees are imposed on cars and trucks. Cars and other vehicles under 8,000 pounds pay a \$30 biennial fee. Trucks pay a fee based on gross weight. These fees range from \$110 to \$415 with reduced fees for nonprofit organizations, tow trucks, and farm vehicles.

These three revenue sources supply most state funds available for highways. There are numerous other special fees such as recreational vehicles and motor homes registration fees, personalized license plates, and driver's licenses. Some of these are dedicated to non-highway uses.

The Oregon Constitution requires all tax revenues collected upon ownership or operation of motor vehicles be used for road related expenditures (except recreational vehicle fees which can be used for parks). The Constitution was amended in 1999 to require that light and heavy vehicles pay state user fees in proportion to the costs incurred on behalf of each vehicle class.

Highway Fund

Net revenues from the taxes and fees listed above are deposited into an account known as the Highway Fund. The Highway Fund is distributed to the state, cities and counties for road construction and maintenance. The formula for this distribution is shown in the table below.

HIGHWAY FUND DISTRIBUTION

Recipient	Percent	Basis for Distribution
State	60.05%	
Counties	24.38%	Vehicle Registration
Cities	15.57%	Population

Tax Rates

Fuel tax rates and their effective dates are shown in the table below. Except for the 1988 and 1989 increases, weight-mile taxes and flat fees were increased at the same time and in similar proportion to the fuel tax increases. Weight-mile taxes and flat fees have also varied to achieve or maintain cost responsibility equivalency both among heavy vehicles and between heavy and light vehicles.

FUEL TAX RATES PER GALLON (January 1)

<u>Year</u>	<u>Rate (cents)</u>
1968	7
1982	8
1984	9
1985	10
1986	11
1987	12
1988	14
1989	16
1990	18
1991	20
1992	22
1993	24

The following two tables show gross tax collections from state imposed highway user fees and the amounts distributed through the Highway Fund for expenditure on roads by the state, cities and counties.

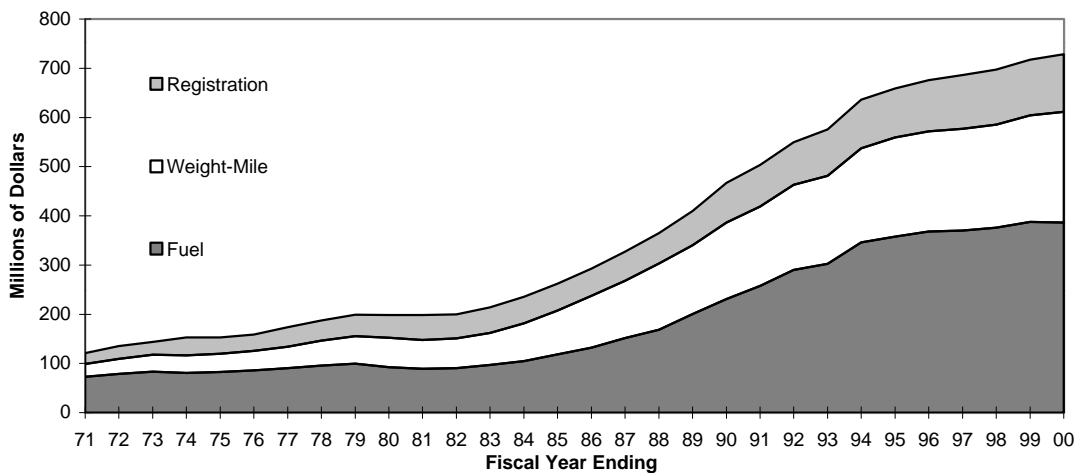
MOTOR VEHICLE AND FUEL TAX REVENUES

Gross Tax Collections* (millions)

Fiscal Year	Fuel Tax		Weight-Mile Tax		Registration & License		Total Collections	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	Growth
1970-71	72.7	60.2%	25.9	21.4%	22.2	18.4%	120.8	
1971-72	78.6	58.1%	30.4	22.5%	26.3	19.4%	135.3	12.0%
1972-73	83.4	58.1%	34.1	23.8%	26.0	18.1%	143.5	6.1%
1973-74	80.4	52.7%	36.2	23.7%	36.0	23.6%	152.6	6.3%
1974-75	82.7	54.1%	37.0	24.2%	33.1	21.7%	152.8	0.1%
1975-76	86.1	54.2%	39.3	24.7%	33.5	21.1%	158.9	4.0%
1976-77	90.6	52.1%	43.3	24.9%	40.0	23.0%	173.9	9.4%
1977-78	95.7	51.1%	50.8	27.1%	40.7	21.7%	187.2	7.6%
1978-79	99.2	49.8%	56.5	28.4%	43.3	21.8%	199.0	6.3%
1979-80	92.4	46.6%	60.1	30.3%	45.9	23.1%	198.4	-0.3%
1980-81	88.8	44.8%	58.8	29.6%	50.8	25.6%	198.4	0.0%
1981-82	90.6	45.4%	60.0	30.1%	48.9	24.5%	199.5	0.6%
1982-83	96.6	45.2%	65.2	30.5%	51.9	24.3%	213.7	7.1%
1983-84	104.9	44.6%	76.4	32.5%	54.1	23.0%	235.4	10.2%
1984-85	118.6	45.2%	89.1	34.0%	54.7	20.8%	262.4	11.5%
1985-86	132.0	45.1%	105.6	36.1%	55.1	18.8%	292.7	11.5%
1986-87	151.5	46.3%	116.6	35.6%	59.0	18.0%	327.1	11.8%
1987-88	168.3	46.1%	135.0	37.0%	61.6	16.9%	364.9	11.6%
1988-89	200.6	48.9%	139.5	34.0%	69.7	17.0%	409.9	12.3%
1989-90	231.1	49.5%	155.3	33.3%	80.5	17.2%	467.0	13.9%
1990-91	257.6	51.2%	161.1	32.0%	84.5	16.8%	503.2	7.8%
1991-92	290.2	52.8%	173.2	31.5%	86.2	15.7%	549.6	9.2%
1992-93	302.3	52.5%	179.1	31.1%	94.5	16.4%	575.9	4.8%
1993-94	345.9	54.4%	191.4	30.1%	98.6	15.5%	635.9	10.4%
1994-95	357.8	54.3%	201.3	30.6%	99.5	15.1%	658.6	3.6%
1995-96	368.1	54.5%	203.3	30.1%	104.1	15.4%	675.6	2.6%
1996-97	370.2	53.9%	206.9	30.1%	109.3	15.9%	686.4	1.6%
1997-98	375.6	53.9%	209.9	30.1%	111.3	16.0%	696.9	1.5%
1998-99	387.9	54.1%	216.1	30.1%	113.1	15.8%	717.1	2.9%
1999-00	386.4	53.0%	225.1	30.9%	116.9	16.1%	728.5	1.6%

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

MOTOR VEHICLE AND FUEL TAX REVENUE

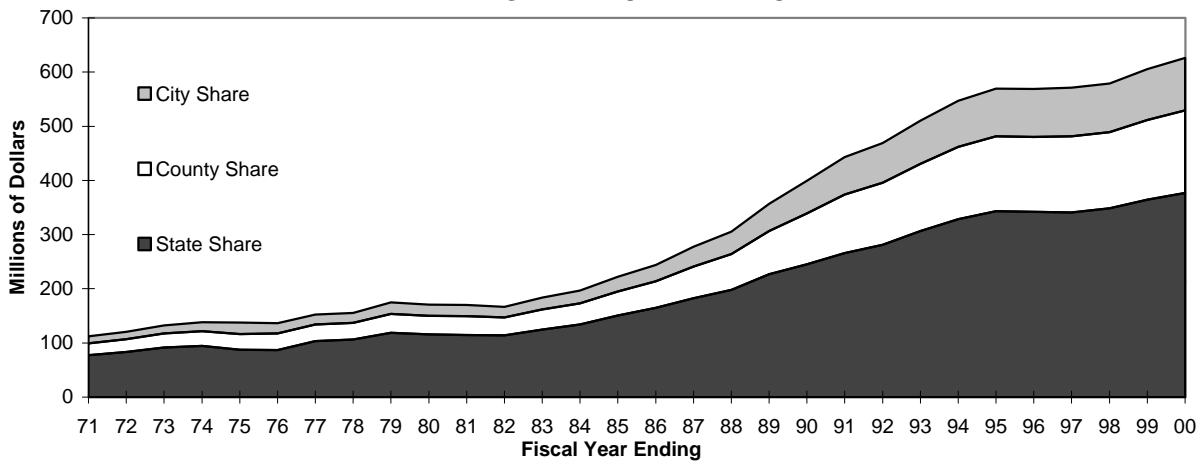


NET HIGHWAY FUND REVENUE
(millions)

Fiscal Year	Total Highway Fund	Less Transfers to		Net State Revenue	Growth
		Cities	Counties		
1970-71	\$ 112.3	\$ 13.1	\$ 22.0	\$ 77.2	
1971-72	120.8	14.0	23.8	83.0	7.5%
1972-73	132.5	15.1	25.8	91.6	10.4%
1973-74	138.0	16.3	27.1	94.6	3.3%
1974-75	137.6	21.1	28.9	87.6	-7.4%
1975-76	136.2	18.6	30.8	86.8	-0.9%
1976-77	152.5	18.4	30.5	103.6	19.4%
1977-78	155.5	18.4	30.6	106.5	2.8%
1978-79	174.7	21.1	35.1	118.5	11.3%
1979-80	170.8	20.7	34.1	116.0	-2.1%
1980-81	170.3	21.0	34.6	114.7	-1.1%
1981-82	166.7	19.9	32.9	113.9	-0.7%
1982-83	184.0	22.4	36.9	124.7	9.5%
1983-84	196.6	23.4	38.9	134.3	7.7%
1984-85	221.9	27.0	44.3	150.6	12.1%
1985-86	243.8	29.9	49.2	164.7	9.4%
1986-87	277.4	36.3	58.4	182.7	10.9%
1987-88	305.6	41.3	66.6	197.7	8.2%
1988-89	356.6	50.0	80.0	226.6	14.6%
1989-90	399.1	59.8	94.4	244.9	8.1%
1990-91	442.9	69.0	108.1	265.8	8.5%
1991-92	468.8	73.1	114.5	281.2	5.8%
1992-93	510.2	79.4	124.4	306.4	9.0%
1993-94	546.9	85.1	133.3	328.5	7.2%
1994-95	569.5	88.2	138.3	343.0	4.4%
1995-96	568.8	88.3	138.5	342.0	-0.3%
1996-97	571.0	89.6	140.6	340.8	-0.4%
1997-98	578.7	89.6	140.6	348.5	2.3%
1998-99	605.3	93.7	147.1	364.5	4.6%
1999-00	626.1	97.0	152.2	377.0	3.4%

Source: Oregon Department of Transportation

NET HIGHWAY FUND REVENUE



MOTOR FUEL EXCISE TAX RATES* (cents per gallon)

January 1, 2000

Gasoline			Diesel			Gasohol		
Rank	State	Rate	Rank	State	Rate	Rank	State	Rate
1	Connecticut	32.0	1	Rhode Island	28.00	1	Connecticut	31.0
2	Rhode Island	28.0	2	Montana	27.75	2	Rhode Island	28.0
3	Montana	27.0	3	Nevada /1	27.00	3	Montana	27.0
4	Wisconsin /5	25.8	4	Wisconsin /5	25.80	4	Utah	24.5
5	Idaho /7	25.0	5	Idaho /7	25.00	5	Nevada /1	24.0
6	Utah	24.5	6	Utah	24.50	6	Oregon /1	24.0
7	Oregon /1	24.0	7	Maryland	24.25	7	Nebraska /5	23.9
8	Nevada /1	24.0	8	Oregon /1	24.00	8	Maryland	23.5
9	Nebraska /5	23.9	9	Nebraska /5	23.90	9	Deleware /5	23.0
10	Maryland	23.5	10	Maine	23.00	10	Washington	23.0
11	Washington	23.0	11	Washington	23.00	11	Idaho /7	22.5
12	Deleware /5	23.0	12	Iowa	22.50	12	Colorado	22.0
13	South Dakota /1	22.0	13	Deleware /5	22.00	13	Maine	22.0
14	Ohio	22.0	14	Kansas /8	22.00	14	North Carolina /4	22.0
15	North Carolina /4	22.0	15	North Carolina /4	22.00	15	Ohio	22.0
16	Maine	22.0	16	Ohio	22.00	16	Massachusetts /4	21.0
17	Colorado	22.0	17	South Dakota /1	22.00	17	North Dakota	21.0
18	North Dakota	21.0	18	Illinois /1,3	21.50	18	West Virginia	20.5
19	Massachusetts /4	21.0	19	Massachusetts /4	21.00	19	District of Columbia	20.0
20	West Virginia	20.5	20	North Dakota	21.00	20	Kansas /8	20.0
21	Texas	20.0	21	Arkansas /8	20.50	21	Louisiana	20.0
22	Tennessee /1	20.0	22	Colorado	20.50	22	Minnesota	20.0
23	Minnesota	20.0	23	West Virginia	20.50	23	South Dakota /1	20.0
24	Louisiana	20.0	24	District of Columbia	20.00	24	Tennessee /1	20.0
25	Kansas /8	20.0	25	Louisiana	20.00	25	Texas	20.0
26	Iowa	20.0	26	Minnesota	20.00	26	Arkansas /8	19.5
27	District of Columbia	20.0	27	Texas	20.00	27	Illinois /1,3	19.0
28	Arkansas /8	19.5	28	Arizona /3	18.00	28	Iowa	19.0
29	Vermont /6	19.0	29	California	18.00	29	Michigan	19.0
30	Michigan	19.0	30	Connecticut	18.00	30	Vermont /6	19.0
31	Illinois /1,3	19.0	31	Mississippi	18.00	31	Arizona /3	18.0
32	New Hampshire	18.0	32	New Hampshire	18.00	32	California	18.0
33	Mississippi	18.0	33	New Mexico	18.00	33	Mississippi	18.0
34	California	18.0	34	Alabama	17.00	34	New Hampshire	18.0
35	Arizona /3	18.0	35	Missouri	17.00	35	Virginia /1,6	17.5
36	Virginia /1,6	17.5	36	Tennessee	17.00	36	New Mexico	17.0
37	New Mexico	17.0	37	Florida /2	16.10	37	Alabama	16.0
38	Missouri	17.0	38	Hawaii /1	16.00	38	Hawaii /1	16.0
39	South Carolina	16.0	39	Indiana /3	16.00	39	Oklahoma	16.0
40	Oklahoma	16.0	40	South Carolina	16.00	40	South Carolina	16.0
41	Hawaii /1	16.0	41	Vermont /6	16.00	41	Indiana /3	15.0
42	Alabama	16.0	42	Virginia /1,6	16.00	42	Kentucky /3,4	15.0
43	Kentucky /3,4	15.0	43	Michigan	15.00	43	Missouri	15.0
44	Indiana /3	15.0	44	New Jersey	13.50	44	Wisconsin /5	13.0
45	Wyoming	13.0	45	Oklahoma	13.00	45	Wyoming	13.0
46	Pennsylvania	12.0	46	Wyoming	13.00	46	Pennsylvania	12.0
47	New Jersey	10.5	47	Kentucky /3,4	12.00	47	New Jersey	10.5
48	New York /3,4	8.0	48	Pennsylvania	12.00	48	New York /3,4	8.0
49	Alaska	8.0	49	Alaska	8.00	49	Georgia	7.5
50	Georgia	7.5	50	New York /3,4	8.00	50	Florida /2	4.0
51	Florida /2	4.0	51	Georgia	7.50	51	Alaska	-
	Federal Government	18.3		Federal Government	24.30		Federal Government	13.0

Source: Federation of Tax Administrators

* Rates do not include additional tax on motor carriers, where they exist. Sales taxes and other fees may also apply.

- 1 Tax rates do not include local option taxes. IN AL, 1-3 cents; HI, 8 to 11.5 cents; IL, 5 cents in Chicago and 6 cents in Cook county (gasoline only); NY, 1.75 to 7.75 cents; OR, 1 to 2 cents; SD and TN, 1 cent; VA 2%.
- 2 Local taxes for gasoline and gasohol vary from 5.5 to 17 cents. Plus a 2.07 cent per gallon pollution tax.
- 3 Carriers pay additional surcharges equal to AZ-8 cents, IL-6.3 cents (g) 6.0 cents (d), IN-11 cents, KY-2% (g) 4.7% (d), NY-22.21 cents (g) 23.21 cents (d).
- 4 Tax rate is based on average wholesale price. The actual rates are: KY, 9%; MA, 19.1%; and NC, 17.5 cents + 7%.
- 5 Portion of rate is adjustable based on maintenance costs, sales volume, or cost of fuel to state government.
- 6 Large trucks pay a higher tax, VT-total 25 cents, VA-additional 3.5 cents.
- 7 Tax rate is reduced by the percentage of ethanol used in blending (reported rate assumes the max. 10% ethanol).
- 8 The Arkansas gasoline & gasohol tax rate will increase to 20.5 cents on July 1, 2000, and the diesel rate increases to 22.5 cents on April 1, 2000. Kansas tax will increase by 1 cent, July 1, 2000.

STATE MOTOR CARRIER FEES AND TAXES

Research Report #1-01

80,000 Pound Vehicle (GVW)

State	Dollars per Mile				State Ranking (50 states)			
	Miles Operated				Miles Operated			
	10,000	30,000	50,000	80,000	10,000	30,000	50,000	80,000
Alabama	0.229	0.100	0.074	0.060	31	35	36	37
Alaska	0.163	0.064	0.044	0.033	42	48	50	50
Arizona	0.433	0.178	0.127	0.098	11	10	11	11
Arkansas	0.338	0.142	0.102	0.080	18	18	19	21
California	0.529	0.207	0.142	0.106	6	5	6	5
Colorado	0.531	0.202	0.137	0.100	5	6	8	10
Connecticut	0.192	0.086	0.065	0.053	37	43	44	45
Deleware	0.207	0.096	0.074	0.061	35	36	37	36
Florida	0.151	0.081	0.067	0.059	45	44	43	38
Georgia	0.290	0.110	0.074	0.054	24	30	35	44
Hawaii	0.535	0.223	0.161	0.126	4	3	2	3
Idaho	0.173	0.119	0.108	0.101	40	27	16	9
Illinois	0.353	0.148	0.106	0.083	15	14	18	19
Indiana	0.332	0.146	0.109	0.088	19	17	15	16
Iowa	0.278	0.120	0.089	0.071	25	26	27	26
Kansas	0.632	0.235	0.156	0.111	2	2	3	4
Kentucky	0.406	0.175	0.129	0.103	13	12	9	8
Louisiana	0.425	0.166	0.115	0.085	12	13	14	18
Maine	0.161	0.078	0.062	0.053	43	45	45	46
Maryland	0.240	0.110	0.084	0.069	29	31	31	30
Massachusetts	0.471	0.183	0.125	0.093	9	9	12	12
Michigan	0.292	0.122	0.088	0.069	23	24	28	29
Minnesota	0.299	0.124	0.089	0.070	22	23	25	28
Mississippi	0.376	0.148	0.102	0.076	14	15	20	24
Missouri	0.464	0.176	0.118	0.085	10	11	13	17
Montana	0.204	0.102	0.082	0.070	36	34	34	27
Nebraska	0.139	0.075	0.062	0.054	48	46	46	43
Nevada	0.301	0.135	0.101	0.083	21	21	21	20
New Hampshire	0.107	0.058	0.048	0.042	50	50	48	48
New Jersey	0.150	0.071	0.056	0.047	47	47	47	47
New Mexico	0.450	0.096	0.085	0.079	46	38	30	22
New York	0.155	0.106	0.096	0.090	44	33	22	14
North Carolina	0.177	0.087	0.068	0.058	39	42	42	41
North Dakota	0.208	0.094	0.071	0.058	34	40	40	40
Ohio	0.183	0.092	0.074	0.063	38	41	38	35
Oklahoma	0.124	0.058	0.045	0.038	49	49	49	49
Oregon	0.169	0.147	0.143	0.141	41	16	5	1
Pennsylvania	0.310	0.141	0.107	0.089	20	19	17	15
Rhode Island	0.480	0.194	0.137	0.105	8	7	7	6
South Carolina	0.347	0.135	0.093	0.069	17	20	24	31
South Dakota	0.219	0.095	0.070	0.057	32	39	41	42
Tennessee	0.507	0.191	0.128	0.093	7	8	10	13
Texas	0.214	0.096	0.072	0.059	33	37	39	39
Utah	0.234	0.108	0.083	0.069	30	32	33	32
Vermont	0.246	0.114	0.088	0.073	28	29	29	25
Virginia	0.576	0.216	0.144	0.104	3	4	4	7
Washington	0.769	0.285	0.188	0.133	1	1	1	2
West Virginia	0.268	0.115	0.084	0.067	26	28	32	33
Wisconsin	0.259	0.121	0.094	0.078	27	25	23	23
Wyoming	0.349	0.132	0.089	0.065	16	22	26	34

Source: A Comparison of State Motor Carrier Fees and Taxes, Oregon Department of Transportation, August 1

TIMBER TAXATION

A Brief History

Prior to 1929, all private forestland (8 million acres) and the value of standing timber on the land were subject to property taxation. Between 1929 and 1977, a Forest Fee and Yield tax was allowed for reforestation lands (860,000 acres) in lieu of property taxes. In 1953, a Forest Products Harvest Tax was imposed per thousand board feet on all merchantable harvests from both public and private land (first 25,000bf exempt). In 1961, the Small Tract Option allowed property tax on the productivity value of qualified forestland (200,000 acres) in western Oregon. In 1962 (eastern Oregon) and in 1977 (western Oregon), severance taxes were imposed on the value of timber harvested in lieu of property tax on the value of standing timber (not applicable to forestland under the Small Tract Option). The 1977 legislation returned the reforestation lands to the regular program over roughly 20 years. State collected severance taxes were distributed to local taxing districts.

In 1991, in response to Measure 5 (1990), the severance taxes were converted to privilege taxes with temporary rate reductions. The 1993 Legislature exempted standing timber from property tax, set new statutory forestland values, assessed forestland at 20% of the statutory value, reduced privilege tax rates, and completed the transition for reforestation lands. The privilege taxes were imposed in lieu of property tax on 80% of forestland value. Under Measure 50 (1997), Small Tract Option productivity values were converted to statutory forestland values and maximum assessed values were established for all forestland. See Research Report #6-00 for more detail.

Current Law

Current law is in transition (other than the Small Tract Option). The 1999 Legislature established a new program, which phases in through January 1, 2003, exempted harvests from land not assessed as forestland from privilege taxes (2000), eliminated the 25,000bf exemption for Forest Products Harvest Taxes (2002), and exempted western Juniper harvests from all harvest taxes (1999). During the phase-in of the new program, forestland is assessed at a ratio of the lesser of its indexed statutory value or its maximum assessed value and privilege tax rates are phased out. The table below shows the assessment ratio by fiscal year and the privilege tax rates by calendar year during the phase-in. Row one represents the tax structure prior to the 1999 legislation and the option available during the phase-in (see below). Row five represents the new program when fully phased-in.

<u>Fiscal Year</u>	<u>Assessment Ratio</u>	<u>Calendar Year</u>	<u>Privilege Tax Rates</u>	
			<u>East</u>	<u>West</u>
1999-00	20%	1999	1.8%	3.2%
2000-01	75%	2000	1.1%	1.9%
2001-02	75%	2001	1.1%	1.9%
2002-03	75%	2002	1.1%	0.8%
2003-04	100%	2003	0%	0%

During the phase-in, private forestland in ownerships of 5,000 or more acres (large ownerships) is taxed under the new program and small ownerships may elect to be taxed under this program (to date few have made this election). Otherwise, forestland in small ownerships continues to be taxed under the optional program. When fully phased-in, forestland in small ownerships is also taxed under the new program unless the owner elects to be taxed under whatever option is available at that time. The Department of Revenue has convened working groups to review statutory forestland values, to develop a class action appeal process for forestland value, and to design an optional program for forestland in small ownerships.

The complex distribution system for privilege taxes was eliminated and the reserve account distributed. Privilege taxes paid under the new program (during phase-in) go to schools. Those paid under the optional program are divided between schools (65%) and counties (35%). In both cases the school portion is divided between the State School Fund (93%) and the Community College Support Fund (7%). The county portion is distributed as an offset in August following the close of the fiscal year. Thus no estimate of offsets and no reserves are required.

The Small Tract Option and the Forest Products Harvest Taxes continue. Land under the Small Tract Option is exempt from privilege tax and assessed 100% of its productivity value subject to Measure 50. Assessed values is shown in the table below.

PER ACRE VALUE UNDER SMALL TRACT OPTION

Fiscal Year	Department of Forestry, Revenue Site Class				
	I, FA	II, FC	III, FD	IV, FF	V, FG
1990-91	\$431	\$270	\$183	\$81	\$15
1991-92	584	374	255	117	25
1992-93	674	433	296	137	31
1993-94	619	397	272	125	28
1994-95	841	545	377	177	43
1995-96	1,156	760	527	252	66
1996-97	1,145	750	529	248	64
1997-98	704	387	292	41	7
1998-99	725	399	301	42	7
1999-00	747	410	310	44	7

The Forest Products Harvest tax rates are shown in the table below. The rates shown for the forest practices act include studies and some other activities funded through the Department of Forestry. The other rate includes \$1.75 (11 months) for salmon reclamation and \$0.15 for assistance to nonindustrial landowners.

FOREST PRODUCTS HARVEST TAX RATES

Year	Research	Fire Suppression	Forest Practices	Forest Institute	Other
1990-91	\$0.21	\$0.30	\$0.16	-	-
1991-92	0.30	0.50	0.53	\$0.31	-
1992-93	0.30	0.66	0.53	0.31	-
1993. Q3,Q4*	0.40	0.66	0.77	0.31	-
1994	0.40	0.66	0.77	0.31	-
1995	0.40	0.66	0.77	0.31	-
1996	0.50	0.50	0.60	0.51	-
1997	0.50	0.50	0.60	0.51	-
1998	0.55	0.50	0.70	0.51	\$1.75
1999	0.55	0.50	0.70	0.79	-
2000	0.67	0.50	1.08	0.79	0.15
2001	0.67	-	1.08	0.79	0.15

* Final 6 months Of 1993. The 1993 Legislature changed the tax rates and period of assessment.

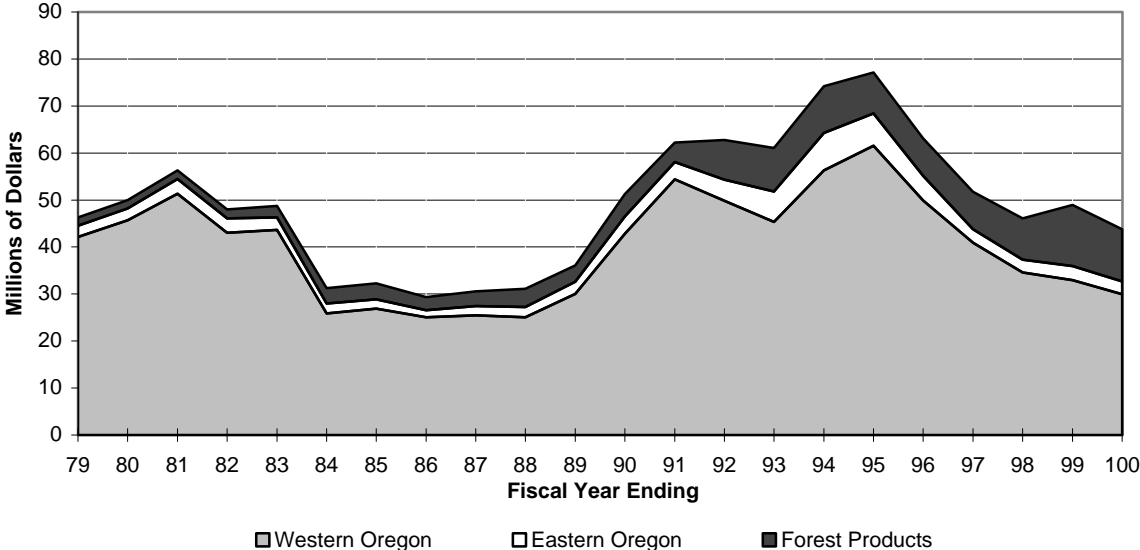
TIMBER TAX COLLECTIONS

(millions of dollars)

Fiscal Year	Privilege Taxes				Forest Products	
	Eastern Oregon		Western Oregon		Harvest Tax	
	Amount	% Change	Amount	% Change	Amount	% Change
1978-79	\$ 2.39		\$ 42.15		\$ 1.75	
1979-80	2.53	6.1%	45.67	8.3%	1.75	0.2%
1980-81	3.10	22.4%	51.36	12.5%	1.81	3.3%
1981-82	3.05	-1.7%	43.04	-16.2%	1.89	4.4%
1982-83	2.64	-13.3%	43.62	1.4%	2.50	31.9%
1983-84	2.15	-18.5%	25.85	-40.8%	3.23	29.2%
1984-85	1.98	-8.2%	26.92	4.1%	3.35	3.8%
1985-86	1.51	-23.8%	25.04	-7.0%	2.79	-16.7%
1986-87	1.97	30.8%	25.49	1.8%	3.11	11.7%
1987-88	2.15	9.2%	25.08	-1.6%	3.87	24.3%
1988-89	2.57	19.4%	30.02	19.7%	3.48	-10.0%
1989-90	3.72	44.9%	42.80	42.6%	4.76	36.8%
1990-91	3.66	-1.7%	54.43	27.2%	4.12	-13.5%
1991-92	4.50	23.0%	49.84	-8.4%	8.41	104.3%
1992-93	6.51	44.6%	45.33	-9.0%	9.26	10.1%
1993-94	7.94	22.0%	56.30	24.2%	9.94	7.3%
1994-95	6.85	-13.7%	61.56	9.3%	8.70	-12.4%
1995-96	5.18	-24.3%	49.93	-18.9%	8.01	-7.9%
1996-97	2.88	-44.4%	40.90	-18.1%	7.96	-0.7%
1997-98	2.71	-6.0%	34.59	-15.4%	8.77	10.1%
1998-99	2.95	9.1%	32.97	-4.7%	13.05	48.8%
1999-00	2.73	-7.6%	29.95	-9.2%	11.11	-14.9%

Source: Oregon Department of Revenue, Monthly Receipts Statement.

TIMBER TAX COLLECTIONS



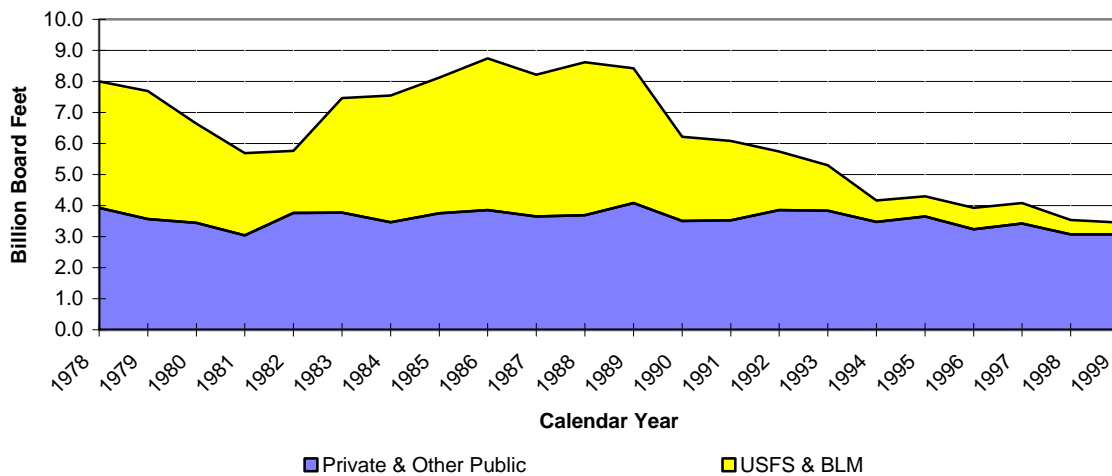
OREGON TIMBER HARVEST

Million Board Feet - Scribner Scale

Calendar Year	Private + BIA + State		USFS + BLM + Other Public		Total	
	Volume	% Change	Volume	% Change	Volume	% Change
1978	3,928		4,069		7,997	
1979	3,571	-9.1%	4,123	1.3%	7,694	-3.8%
1980	3,444	-3.6%	3,196	-22.5%	6,640	-13.7%
1981	3,037	-11.8%	2,658	-16.8%	5,695	-14.2%
1982	3,758	23.7%	2,000	-24.8%	5,758	1.1%
1983	3,773	0.4%	3,691	84.6%	7,464	29.6%
1984	3,466	-8.1%	4,084	10.6%	7,550	1.2%
1985	3,755	8.3%	4,371	7.0%	8,126	7.6%
1986	3,851	2.6%	4,892	11.9%	8,743	7.6%
1987	3,649	-5.2%	4,566	-6.7%	8,215	-6.0%
1988	3,689	1.1%	4,926	7.9%	8,615	4.9%
1989	4,087	10.8%	4,333	-12.0%	8,420	-2.3%
1990	3,501	-14.3%	2,718	-37.3%	6,219	-26.1%
1991	3,525	0.7%	2,554	-6.0%	6,079	-2.3%
1992	3,856	9.4%	1,886	-26.2%	5,742	-5.5%
1993	3,831	-0.7%	1,463	-22.4%	5,294	-7.8%
1994	3,479	-9.2%	688	-53.0%	4,167	-21.3%
1995	3,650	4.9%	654	-4.9%	4,304	3.3%
1996	3,233	-11.4%	690	5.5%	3,923	-8.9%
1997	3,423	5.9%	659	-4.5%	4,082	4.1%
1998	3,077	-10.1%	455	-31.0%	3,532	-13.5%
1999	3,073	-0.1%	383	-15.8%	3,456	-2.2%

* Source: Oregon Economic and Revenue Forecast, 9/2000.

OREGON TIMBER HARVEST



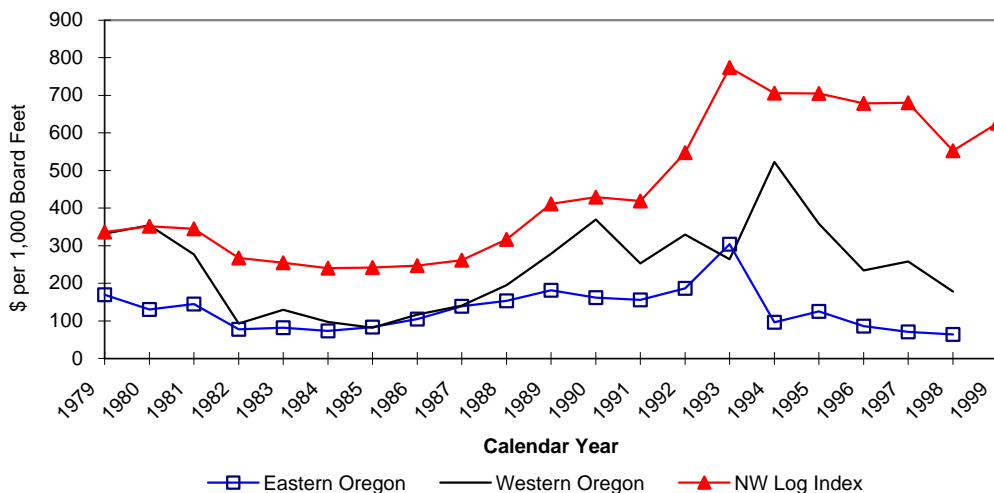
AVERAGE TIMBER PRICES

Per Thousand Board Feet

Calendar Year	U.S. Forest Service Stumpage Prices				NW Log Value Index (#2 Saw)	
	Eastern Oregon		Western Oregon		Price	% Change
	Price	% Change	Price	% Change		
1978	\$ 171.00		\$ 211.00		n.a.	
1979	169.60	-0.8%	332.10	57.4%	336.00	
1980	130.20	-23.2%	354.60	6.8%	352.00	4.8%
1981	144.50	11.0%	276.40	-22.1%	345.00	-2.0%
1982	77.30	-46.5%	92.40	-66.6%	267.50	-22.5%
1983	81.70	5.7%	129.30	39.9%	254.50	-4.9%
1984	73.60	-9.9%	96.70	-25.2%	240.50	-5.5%
1985	83.70	13.7%	81.90	-15.3%	241.50	0.4%
1986	104.40	24.7%	116.50	42.2%	246.50	2.1%
1987	138.50	32.7%	140.80	20.9%	261.50	6.1%
1988	153.51	10.8%	194.75	38.3%	316.50	21.0%
1989	181.05	17.9%	278.36	42.9%	411.50	30.0%
1990	161.81	-10.6%	369.31	32.7%	429.00	4.3%
1991	155.98	-3.6%	253.12	-31.5%	419.00	-2.3%
1992	186.59	19.6%	329.79	30.3%	547.50	30.7%
1993	304.15	63.0%	263.94	-20.0%	774.00	41.4%
1994	96.36	-68.3%	522.47	98.0%	706.25	-8.8%
1995	125.22	30.0%	358.84	-31.3%	705.00	-0.2%
1996	85.90	-31.4%	233.82	-34.8%	678.75	-3.7%
1997	70.47	-18.0%	258.10	10.4%	680.00	0.2%
1998	63.61	-9.7%	177.90	-31.1%	552.50	-18.8%
1999					626.25	13.3%

Source: USFS, Production, Prices, Employment, and Trade in Northwest Forest Industries.
Oregon DOF, Log Prices, Region 1, Douglas Fir, #2 sawlogs.

AVERAGE TIMBER PRICES



EXCISE TAXES AND OLCC REVENUES

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 (rates shown are per pack of 20) and as a percent of wholesale price on other tobacco products. The permanent tax rate on cigarettes is 58¢ and the tax on other tobacco products is 65% of wholesale price. A temporary tax of 10¢ on cigarettes, dedicated to the Oregon Health Plan, was passed in the 1993 Session and continued in the 1995, 1997, and 1999 Sessions. Of the 58¢ permanent tax on cigarettes; 22¢ goes to the state General Fund, 27¢ to the health plan, 3¢ to tobacco use reduction, and 2¢ each to counties, cities, and for special transportation. Of the 65% tax on other tobacco products, 35% goes to the state General Fund, 27% goes to the Health Plan, and 3% goes to tobacco use reduction. Additional revenue under the Tobacco Settlement was \$53 million for 1999 and is estimated at \$67.6 million for 2000, \$72.2 million for 2001, \$87.1 million for 2002, and \$87.5 million for 2003. Use of this revenue is currently unrestricted, since Measure 89 and Measure 4 were defeated in November 2000.

CIGARETTE AND OTHER TOBACCO PRODUCTS TAXES

Fiscal Year	Cigarette Tax Rate (per pack)	Cigarette Collection (Millions)	Other Collections (Millions)
1990-91	28.0¢	\$78.2	\$6.6
1991-92	28.0¢	80.2	7.3
1992-93	28.0¢	78.2	8.0
1993-94	32.8¢	96.0	8.7
1994-95	38.0¢	107.2	9.9
1995-96	38.0¢	109.2	10.8
1996-97	50.1¢	141.7	12.8
1997-98	68.0¢	199.5	19.5
1998-99	68.0¢	172.0	19.8
1999-00	68.0¢	161.8	20.2

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

DISTRIBUTION OF TOBACCO TAXES

Fiscal Year	General Fund	Health Plan	TURA	Special Transit	Local Govt.
1990-91	\$68.0			\$5.6	\$11.2
1991-92	70.3			5.7	11.5
1992-93	69.4			5.6	11.2
1993-94	70.9	\$16.8		5.7	11.3
1994-95	72.0	28.2		5.6	11.3
1995-96	74.0	29.0		5.7	11.5
1996-97	102.3	31.8	\$3.5	5.7	11.3
1997-98	74.3	117.1	9.7	5.9	11.9
1998-99	66.6	101.7	8.5	5.0	10.1
1999-00	63.2	96.4	8.1	4.8	9.5

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

Oregon Liquor Control Commission Revenue

Taxes are imposed on beer and wine manufactured or distributed in Oregon. The current rates are \$2.60 per 31 gallon barrel of beer (8½¢ per gallon), 67¢ per gallon of wine with 14% or less alcohol, and 77¢ per gallon of wine with 14% to 21% alcohol. Two cents of the wine tax goes to the Wine Advisory Board, 50% of the remaining beer and wine taxes go to Mental Health and Drug Abuse Prevention, and the balance goes into the OLCC Account. Beverages with 21% or more alcohol are exclusively imported and distributed by the state of Oregon. Currently OLCC sets retail prices at 105%, on average, above cost, shipping, and federal taxes. The net revenue from these operations goes into the OLCC account. Available revenue is distributed 56% to state General Fund, 10% to counties by population, 20% to cities by population, and 14% to cities by formula.

OLCC REVENUE (millions)

Fiscal Year	Beer & Wine Tax	Net Liquor Sales	Net Liquor Revenue
1990-91	\$10.5	\$78.4	NA
1991-92	10.7	83.3	\$61.6
1992-93	11.0	85.2	62.2
1993-94	10.6	89.7	65.2
1994-95	10.6	90.1	65.9
1995-96	11.2	93.4	67.7
1996-97	11.8	97.1	70.9
1997-98	12.0	102.4	73.8
1998-99	12.1	107.8	76.5
1999-00	12.4	116.1	84.8

Source: Oregon Liquor Control Commission

OLCC REVENUE DISTRIBUTIONS (millions)

Fiscal Year	Wine Board	Mental Health	General Fund	Counties	Cities
1990-91	\$0.2	\$5.2	\$29.5	\$5.8	\$19.6
1991-92	0.1	5.2	36.3	6.5	22.0
1992-93	0.2	5.4	38.0	6.8	23.1
1993-94	0.1	5.2	40.6	7.1	24.1
1994-95	0.1	5.2	41.3	7.4	25.1
1995-96	0.2	5.5	37.3	6.7	22.7
1996-97	0.2	5.8	48.9	8.7	29.7
1997-98	0.2	6.0	45.3	8.1	27.5
1998-99	0.2	5.9	45.7	8.2	27.7
1999-00	0.2	6.0	51.4	9.2	31.2

Source: Oregon Liquor Control Commission.

STATE EXCISE TAX RATES AS OF JANUARY 1, 2000
Ranked by Sum of Excise and Sales Tax Rates

Rank	Malt Liquor (Beer) per Gallon			Table Wine (14% alcohol) per Gallon			Cigarettes per Pack		
	State	Excise	Sales	State	Excise	Sales	State	Excise	Sales
1	Hawaii	\$0.920	\$0.240	Florida	\$2.250	\$1.800	Hawaii	\$1.000	\$0.144
2	South Carolina	0.770	0.300	Iowa	1.750	1.500	California	0.870	0.208
3	Mississippi	0.430	0.420	New Mexico	1.700	1.500	Washington	0.825	0.223
4	Florida	0.480	0.360	Alabama	1.700	1.200	New Jersey	0.800	0.204
5	Alabama	0.530	0.240	Tennessee	1.100	1.800	Alaska	1.000	0.000
6	North Carolina	0.530	0.240	Minnesota	0.300	2.550	Michigan	0.750	0.201
7	Georgia	0.480	0.240	Washington	0.870	1.950	Rhode Island	0.710	0.232
8	New Mexico	0.410	0.300	West Virginia	1.000	1.800	Massachusetts	0.760	0.168
9	Maine	0.350	0.330	Georgia	1.510	1.200	Maine	0.740	0.184
10	Oklahoma	0.400	0.270	District of Columbia	0.300	2.400	District of Columbia	0.650	0.187
11	Washington	0.261	0.390	Rhode Island	0.600	2.100	Maryland	0.660	0.163
12	Utah	0.350	0.285	Illinois	0.730	1.875	Illinois	0.580	0.199
13	Texas	0.190	0.375	North Dakota	0.500	2.100	Wisconsin	0.590	0.160
14	California	0.200	0.360	Hawaii	1.360	1.200	Arizona	0.580	0.159
15	Illinois	0.185	0.375	Virginia	1.510	1.050	New York	0.560	0.126
16	Louisiana	0.320	0.240	New Jersey	0.700	1.800	Connecticut	0.500	0.186
17	Michigan	0.200	0.360	Mississippi	0.350	2.100	Minnesota	0.480	0.200
18	Connecticut	0.190	0.360	Connecticut	0.600	1.800	OREGON	0.680	0.000
19	West Virginia	0.180	0.360	South Carolina	0.900	1.500	Utah	0.515	0.148
20	Nebraska	0.230	0.300	Nevada	0.400	1.950	Texas	0.410	0.188
21	Rhode Island	0.100	0.420	Arizona	0.840	1.500	North Dakota	0.440	0.152
22	South Dakota	0.270	0.240	Michigan	0.510	1.800	Vermont	0.440	0.152
23	Arkansas	0.230	0.278	Maine	0.600	1.650	Nevada	0.350	0.192
24	Iowa	0.190	0.300	Nebraska	0.750	1.500	New Hampshire	0.520	0.000
25	Tennessee	0.130	0.360	Arkansas	0.750	1.388	Florida	0.339	0.176
26	Nevada	0.090	0.390	South Dakota	0.930	1.200	Iowa	0.360	0.148
27	New Jersey	0.120	0.360	Texas	0.200	1.875	Nebraska	0.340	0.147
28	Ohio	0.180	0.300	Oklahoma	0.720	1.350	Pennsylvania	0.310	0.175
29	Virginia	0.260	0.210	Vermont	0.550	1.500	Arkansas	0.315	0.135
30	Arizona	0.160	0.300	California	0.200	1.800	South Dakota	0.330	0.117
31	Idaho	0.150	0.300	North Carolina	0.790	1.200	Idaho	0.280	0.144
32	Pennsylvania	0.080	0.360	Indiana	0.470	1.500	Ohio	0.240	0.142
33	District of Columbia	0.090	0.345	Idaho	0.450	1.500	Kansas	0.240	0.139
34	Indiana	0.120	0.300	Maryland	0.400	1.500	Mississippi	0.180	0.195
35	Maryland	0.090	0.300	Ohio	0.320	1.500	Oklahoma	0.230	0.127
36	New York	0.135	0.240	Pennsylvania	0.000	1.800	New Mexico	0.210	0.141
37	Wisconsin	0.060	0.300	Wisconsin	0.250	1.500	West Virginia	0.170	0.166
38	Alaska	0.350	0.000	Missouri	0.360	1.268	Louisiana	0.200	0.112
39	Missouri	0.060	0.254	Utah	0.000	1.425	Tennessee	0.130	0.164
40	New Hampshire	0.300	0.000	New York	0.190	1.200	Indiana	0.155	0.138
41	Vermont	0.265	0.000	Louisiana	0.110	1.200	Missouri	0.170	0.117
42	Colorado	0.080	0.180	Colorado	0.320	0.900	Colorado	0.200	0.084
43	Wyoming	0.020	0.240	Wyoming	0.000	1.200	Alabama	0.165	0.111
44	Kansas	0.180	0.000	Montana	1.060	0.000	Delaware	0.240	0.000
45	Delaware	0.160	0.000	Delaware	0.970	0.000	Georgia	0.120	0.109
46	North Dakota	0.160	0.000	Alaska	0.850	0.000	Wyoming	0.120	0.109
47	Minnesota	0.150	0.000	OREGON	0.670	0.000	South Carolina	0.070	0.134
48	Montana	0.140	0.000	Massachusetts	0.550	0.000	Kentucky	0.030	0.158
49	Massachusetts	0.110	0.000	Kentucky	0.500	0.000	Montana	0.180	0.000
50	OREGON	0.083	0.000	Kansas	0.300	0.000	North Carolina	0.050	0.106
51	Kentucky	0.080	0.000	New Hampshire	0.000	0.000	Virginia	0.025	0.092

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

Sales tax rates assume \$6 per gallon for beer, \$30 a gallon for wine, and \$3 per pack for cigarettes.

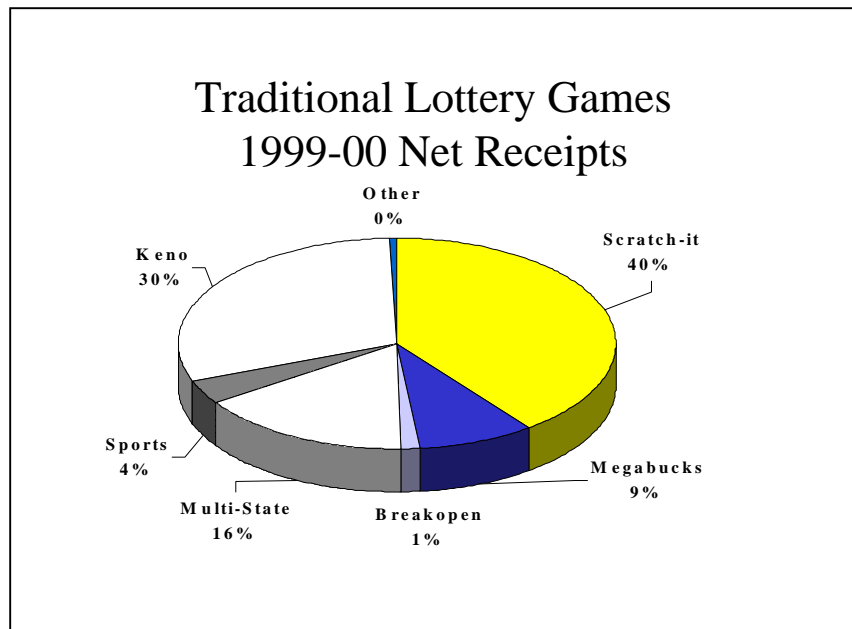
LOTTERY

History

The Oregon State Lottery and a five member Oregon State Lottery Commission were created by initiative petition in 1984. Commission members are appointed by the governor and charged to produce the maximum amount of net revenue to benefit the public purpose. The lottery currently offers 8 traditional games through 2,500 retailers, which are open to persons age 18 or older and video lottery (poker) on 9,000 machines through 1,900 licensed premises which is available to persons age 21 or older. The Constitution limits administrative expense to 16% of lottery revenue and requires that at least 50% of revenue be returned in the form of prizes. The Constitution, originally, dedicated the net lottery proceeds to the public purposes of creating jobs and furthering economic development. This was expanded by Measure 21 (May 1995) to include financing public education, by Measure 66 (Nov 1998) to include restoring and protecting Oregon's parks, beaches, watersheds, and critical fish and wildlife habitats. Measure 21 also gave lottery bonds first claim on lottery proceeds and dedicated 15% of net proceeds to the Education Endowment Fund. Measure 66 dedicated 15% of net proceeds to the Parks and Natural Resources Fund with 50% dedicated to parks and recreational areas and 50% dedicated to fish and wildlife habitats.

Traditional Games

The pie chart at right shows 1999-00 net receipts (revenue less prizes) for the traditional games offered. The other group includes Quest and Pick 4, which are new games. The initial game in 1985 was Scratch-it, which was followed by a number of games, some of which have been discontinued or modified. The 1989 Legislature initiated Sports Action as a separate lottery game. Proceeds of this game are transferred to the State Board of Higher Education for intercollegiate athletics.



Video Lottery

The 1989 Legislature authorized video lottery but the Governor suspended implementation. The 1991 Legislature reauthorized the commission to offer video lottery but otherwise prohibited such games. Video poker began in 1992. The Commission may contract with persons which have Oregon Liquor Control Commission licenses to install up to 5 video terminals on supervised premises which are restricted to persons age 21 and over. Video lottery revenue is the sum of the dollars put into lottery terminals and the value of games won. Prizes are the sum of the value games won plus amounts returned to the players. Statutes dedicate 2.5% of video net receipts

(revenue less prizes) to counties for economic development and, beginning July 1, 2001, not less than 1% to the Problem Gambling Addiction Fund.

Lottery Revenues

Lottery revenues include non-game revenues such as interest earnings, penalties, and allowances for bad debts in addition to game revenues. The table below shows the history of traditional and video lottery game revenues and total lottery revenue since 1990-91. Lottery revenue grew rapidly through 1994-95 with the introduction of video lottery games. During this period, traditional games also grew reaching peak revenue of \$78.1 million in 1994-95. Traditional games added \$34.5 million (15%) to the \$227.7 million increase in 1994-95 revenue over 1990-91 while video lottery added \$193.2 million (85%). Since 1994-95, traditional games have averaged about \$68 million a year and appear to be declining. Video lottery, on the other hand, has averaged about 5.6% growth per year since 1994-95. Total lottery revenue has grown about 2.8% per year since 1994-95.

LOTTERY NET REVENUE (millions)									
Fiscal Year	Traditional Games				Video				Total Lottery*
	Gross Revenue	Prizes	Adm. Expense	Net Revenue	Gross Revenue	Prizes	Adm. Expense	Net Revenue	
1990-91	147.3	79.5	24.3	43.6	-	-	-	-	44.3
1991-92	244.1	140.8	37.9	65.5	217.3	192.5	17.5	7.4	74.1
1992-93	258.6	154.5	40.8	63.3	1,548.4	1,376.0	84.7	87.7	152.0
1993-94	288.4	171.6	45.8	71.0	2,211.8	1,964.8	107.6	139.4	212.3
1994-95	340.9	208.2	54.7	78.1	2,983.2	2,652.1	137.9	193.2	274.0
1995-96	344.2	213.7	53.9	76.6	3,285.1	2,929.5	149.8	205.9	286.2
1996-97	333.1	207.6	52.6	72.8	3,636.7	3,243.5	168.7	224.5	301.2
1997-98	310.4	195.1	50.6	64.8	4,245.2	3,837.8	179.0	228.5	297.7
1998-99	325.9	206.0	49.0	70.9	5,660.1	5,257.5	172.0	230.5	306.2
1999-00	323.7	210.5	56.6	56.6	6,566.3	6,129.8	183.4	253.2	315.1

* Total includes other revenue not shown separately.

Lottery Transfers

Fiscal year lottery revenues cannot be mapped into lottery transfers because there is a one-quarter lag in transfers from the previous quarter's revenues. There are also revenues such as unclaimed prizes and administrative savings, which are not considered in determining net lottery revenue. Transfers may also differ from revenues because of amounts moved into or out of various contingency reserves.

The table below shows the amounts transferred during the last four biennium. Debt service on lottery revenue bonds has first claim on lottery revenue transferred to the Economic Development Fund. Thereafter the exact pecking order is not clear, but the Constitutional dedications for the Education Endowment Fund and the Parks and Natural Resources Fund probably follow. Then the statutory dedications to county economic development, to the Board of Education, and to the Gambling Addiction Fund; with the balance available for legislative allocation. Amounts available for legislative allocation do not include beginning balances, reversions, or interest earned on the Economic Development Fund. The table below shows the distribution of lottery transfers and the amounts forecast for the 1991-01 Biennium.

Distribution of Lottery Transfers

Biennium	Revenue Bonds	Education Endowment	Parks & Recreation	Counties	Sports Action	Gambling Addiction	Leg. Approp.
1985-87							59.6
1987-89							106.6
1989-91							92.5
1991-93	**			7.7	3.3		176.7
1993-95	20.0			19.0	4.6		403.3
1995-97	20.0			18.4	5.3		532.8
1997-99	21.7	91.2		20.1	3.9		471.1
1999-01*	26.8	87.1	87.1	21.8	5.0	5.8	346.8

*Revenue Forecast, December 2000, Department of Administrative Services.

RECENT TAX VOTES

Year	Tax Change	Election	Proposed by	Outcome	Yes	No
1973	McCall Plan	May 1	Leg. referral	Failed	253,682	358,210
1974	New school tax bases	Primary	Leg. referral	Failed	166,363	371,897
	Higher income taxes for schools	Primary	Leg. referral	Failed	136,851	410,733
	Use Highway Fund for mass transit	Primary	Leg. referral	Failed	190,899	369,038
	Include revenue sharing in tax base	General	Leg. referral	Failed	322,023	329,858
1976	Allow local vehicle tax for transit	Primary	Leg. referral	Failed	170,331	531,219
	1¢ gas tax & 26% truck tax increase	General	Pet. referral	Failed	465,143	505,124
1977	School "safety net"	May 17	Leg. referral	Failed	112,570	252,061
1978	2¢ gas tax increase	Primary	Leg. referral	Failed	190,301	365,170
	1.5% property tax limit	General	Initiative	Failed	424,029	453,741
	50% home property tax relief	General	Leg. referral	Failed	383,532	467,765
	Vehicle registration fee increase	General	Pet. referral	Failed	208,722	673,802
1980	Continue 30% home property relief	Primary	Leg. referral	Passed	636,565	64,979
	Limits use of Highway Fund	Primary	Leg. referral	Passed	451,695	257,230
	1% property tax limit	General	Initiative	Failed	412,781	722,089
	2¢ gas tax increase	General	Leg. referral	Failed	320,613	823,025
	Dedicates oil taxes to schools	General	Leg. referral	Passed	604,188	494,657
1982	3¢ gas tax increase	Primary	Leg. referral	Failed	308,574	323,268
	1.5% property tax limit	General	Initiative	Failed	504,836	515,626
	Increase tax base for new const.	General	Leg. referral	Failed	219,034	768,150
1984	Vehicle registration fee increase	Primary	Leg. referral	Failed	234,060	487,457
	1.5% property tax limit	General	Initiative	Failed	599,424	616,252
	Establish state lottery	General	Initiative	Passed	794,441	412,341
	Lottery statute	General	Initiative	Passed	786,933	399,231
1985	5% sales tax	Sept. 17	Leg. referral	Failed	189,733	664,365
1986	Prohibit tax on social security	Primary	Leg. referral	Passed	534,476	118,766
	Adjust tax bases for merger	Primary	Leg. referral	Passed	333,277	230,866
	5% sales tax	General	Initiative	Failed	234,804	816,369
	1.5% property tax limit	General	Initiative	Failed	449,548	584,396
	Homestead exemption	General	Initiative	Failed	381,727	639,034
	Increase income taxes	General	Initiative	Failed	299,551	720,034
1987	School "safety net"	May 19	Leg. referral	Passed	223,417	178,839
1988	1¢ cig. & beer tax for sports	General	Initiative	Failed	449,797	759,360
1989	New school tax bases	May 16	Leg. referral	Failed	183,818	263,283
1990	Change Oregon school finances	Primary	Leg. referral	Advisory	462,090	140,747
	Funded homestead exemption	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	Nov 9	Leg. referral	Failed	240,991	721,930

RECENT TAX VOTES

Year	Tax Change	Election	Proposed by	Outcome	Yes	No
1994	Gas tax to prevent contamination	Primary	Leg. referral	Failed	158,029	446,665
	Vote on tax or fee increases	General	Initiative	Failed	543,302	671,025
	Minimum funding for schools (Kids First)	General	Initiative	Failed	438,018	760,853
	2% Equal Tax	General	Initiative	Failed	284,195	898,416
1995	Lottery revenue for education	May 16	Leg. referral	Passed	671,027	99,728
1996	3/5 vote to raise revenue	Primary	Leg. referral	Passed	349,918	289,930
	State pays for local mandates	General	Leg. referral	Passed	731,127	566,168
	Tobacco taxes for Health Plan	General	Initiative	Passed	759,048	598,543
	Counts non-voters as "no" votes	General	Initiative	Failed	158,555	1,180,148
	Cut and Cap property tax limit (M47)	General	Initiative	Passed	704,554	642,613
1997	Replace cut and cap (M50)	May 20	Leg. referral	Passed	429,943	341,781
1998	Authorize Lottery-backed school bonds (M54)	General	Leg. referral	Passed	569,982	474,727
	Dedicate 15% of Lottery to parks & salmon (M66)	General	Initiative	Passed	742,038	362,247
1999	Vehicle cost responsibility (M76)	Special	Leg. referral	Passed	372,613	314,351
2000	Transportation funding (M82)	Primary	Leg. referral	Failed	109,741	767,329
	Highway fund for State Police (M80)	Primary	Leg. referral	Failed	310,640	559,941
	Kicker Refunds in Constitution (M86)	General	Leg. referral	Passed	898,793	550,304
	Increases federal tax subtraction to \$5,000 (M88)	General	Leg. referral	Passed	739,270	724,097
	Full deduction for federal taxes (M91)	General	Initiative	Failed	661,342	814,885
	Voter approval for taxes and fees (M93)	General	Initiative	Failed	581,186	865,091
	Funding of school equity goals (M1)	General	Initiative	Passed	940,223	477,461
	Property value reduced by regulation (M7)	General	Initiative	Passed	NA	NA
	State growth limit (M8)	General	Initiative	Failed	608,090	789,699

OTHER REPORTS AVAILABLE

This section lists some other reports prepared by the Legislative Revenue Office that you may find useful. The research report number follows each title in parentheses. The second part of each number indicates the year the report was written.

GENERAL

- "Measure 93: Taxpayer Protection Initiative" (Report #9-00)
- "Measure 8: State Spending Limit" (Report #8-00)
- "Revenue Measures Passed by the 1999 Legislative Session" (Report #3-99)
- "Basic Tax Packet 1999" (Report #1-99)
- "Oregon's Tax Shift" (Report #4-98)
- "Oregon's 2% Surplus Kicker" (Report #3-98)
- "Oregon Tax Reform: Some Basic Numbers" (Report #1-98)
- "Revenue Measures Passed by the 1997 Legislative Session" (Report #5-97)
- "Oregon's State Spending Limit and 2% Surplus Kicker" (Report #1-96)
- "Oregon Tax Expenditures" (Report #6-94)
- "The Effect of Measure 5, Requires vote on Taxes and Charges" (Report #5-94)
- "How High are Oregon Taxes?" (Report #3-94)
- "The Effect of Measure 20, 2% Equal Tax" (Report #2-94)

PROPERTY TAX

- "The Urban Renewal Program Under the past and Current Property Tax Systems" (Report #1-00)
- "The New Direction of the Oregon Property Tax System Under Measure 50" (Report #9-99)
- "The Effect of Measure 47 and Measure 50 on Taxpayers and Taxing Districts" (Report #3-97)
- "The Effect of Measure 47, Cuts and Caps Property Taxes" (Report #3-96)
- "Impact of Measure 7: Split-Roll Property Tax Limit" (Report #1-92)
- "Implementation of Measure 5: HB 2550 - Final" (Report #5-91)
- "Impact of Measure 5: 1.5% Property Tax Limit" (Report #3-90)

INCOME TAX

- "Initiative Petition 10: Full Deductibility for Federal Income Taxes" (Measure 91) (Report #4-00)
- "Status of Pension Taxation" (Report #5-98)
- "Status of the PERS Taxation Issue" (Report #2-97)
- "Recommendations of the Joint Task Force on Retirement Income Equity" (Report #2-91)
- "Taxes on Corporate Income" (Report #4-90)
- "Taxation of Retirement Income" (Report #2-90)

SCHOOL FINANCE

- "Federal Forest Revenue for Schools" (Brief #11-00)
- "Local School Revenue Estimate" (Brief #5-00)
- "School Local Property Tax Option, 1999 Legislation" (Report #5-99)
- "1999 State School Finance Legislation, Funding and Distribution" (Report #4-99)
- "K-12 School Finance: State School Fund Distribution" (Report #2-99)
- "1997 School Finance Legislation: Funding and Distribution" (Report #2-98)
- "Senate Finance Committee: Report on School Finance" (Report #5-96)
- "The Current State and School Finance Revenue Picture" (Report #2-96)
- "The State School Fund: Funding and Distribution for 1995-97" (Report #3-95)
- "The State School Fund: Oregon's New School Finance" (Report #2-95)
- "The Effect of Measure 15, The 'KID's First' Initiative" (Report #4-94)
- "The Current State & School Revenue Picture" (Report #1-94)
- "Report of the School Finance Formula Subcommittee" (Report #2-92)
- "Impact of Measure 11: Education Tax Credits" (Report #5-90)

TRANSPORTATION TAXES

- "Measure 82: Frequently Asked Questions: (Brief #3-00)
- "Measure 82: Referendum on the Effect of Transportation Funding" (Report #2-00)
- "Summary of Work on Heavy Vehicle Taxes" (Report #1-97)
- "Oregon Cost Responsibility: Studies Compared to Other States" (Report #4-96)
- "Oregon Highway Revenue: An Introduction" (Report #4-95)

TIMBER TAXES

- "Revenues From Timber in Oregon" (Report #7-00)
- "History of Timber Taxation" (Report #6-00)
- "Report of the Subcommittee on Timber Taxation" (Report #2-93)
- "Revenue From Timber in Oregon" (Report #9-91)
- "History of Timber Taxes" (Report #8-91)

MISCELLANEOUS

- "Oregon's Workers' Compensation Insurance Market" (Report #10-00)
- "Impact of Measure 1, Sales Tax for Schools" (Report #3-93)