

Oregon Personal Income Tax Annual Statistics



Tax Year 1998

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Introduction and Highlights

The personal income tax is the State of Oregon's largest source of revenue, accounting for nearly 85 percent of General Fund revenues in fiscal year 1997–98, and over 80 percent in each fiscal year since 1988–89. Because it is the State's dominant revenue source, information about personal income tax is important in making accurate revenue forecasts and in assessing the revenue impacts of tax law changes.

This edition of *Oregon Personal Income Tax Annual Statistics* provides consistent data, historical documentation, and descriptive information for businesses, forecasters, government officials, and the general public regarding the personal income tax in Oregon. The report presents personal income tax statistics for tax year 1998 and historical tables and graphs comparing the 1998 data to previous years. Information from all 1998 income tax returns received by the Department of Revenue in the 1999 calendar year is included in the report.

Highlights

- The Oregon Department of Revenue received 1.59 million 1998 personal income tax returns during calendar year 1998, a 1.6 percent increase from the prior year.
- Personal income tax revenue from 1998 returns totaled \$3.4 billion, slightly less than from 1997 returns, because of surplus refunds of 4.6 percent of 1998 tax liability. Without the surplus refund of \$164.2 million, 1998 personal income tax revenue would have been up 4.5 percent over 1997.
- The total adjusted gross income (AGI) of 1998 Oregon filers rose to \$62.1 billion, up 5.1 percent from 1997. For full-year residents, AGI increased 5.5 percent to \$57.8 billion.
- Capital gains was the fastest growing component of income, with an increase of 15.0 percent over 1997. Pension income grew 11.2 percent, and wage and salary income grew 5.9 percent.
- The total 1998 tax liability of full-year resident filers was \$3.2 billion, approximately the same as in 1997. The average tax liability was \$2,276, down slightly from \$2,305 in 1997. The slight decrease is due to the 1998 surplus refund that averaged \$109 for full-year resident filers.
- The average AGI of full-year resident filers rose 3.9 percent to \$41,219. Over the same period the Consumer Price Index, the most commonly-used measure of inflation, rose 1.9 percent, so average incomes rose faster than inflation.
- 5.9 percent of full-year Oregon resident filers had an AGI of \$100,000 or more, and those taxpayers paid 39.9 percent of 1998 Oregon tax.
- Among full-year resident filers, 68.4 percent received tax refunds averaging \$546, while 26.6 percent owed additional tax when filing their returns, an average of \$892. The remaining 5.0 percent of filers had a zero balance.

Oregon Personal Income Tax Selected Variables, 1997 and 1998

(Dollars in millions except where indicated)

	1997	1998	% Chg
Number of Returns	1,563,139	1,587,399	1.6%
Full-Year	1,381,479	1,403,128	1.6%
Part-Year & Nonresident	181,660	184,271	1.4%
Adjusted Gross Income	\$59,077	\$62,086	5.1%
Full-Year	\$54,821	\$57,836	5.5%
Part-Year & Nonresident	\$4,280	\$4,249	-0.7%
Taxable Income	\$46,527	\$48,549	4.3%
Full-Year	\$42,959	\$44,979	4.7%
Part-Year & Nonresident	\$3,567	\$3,571	0.1%
Surplus Refunds	\$0	\$164	100.0%
Full-Year	\$0	\$153	100.0%
Part-Year & Nonresident	\$0	\$11	100.0%
Tax Due	\$3,436	\$3,428	-0.2%
Full-Year	\$3,185	\$3,193	0.3%
Part-Year & Nonresident	\$252	\$235	-6.7%
Avg. AGI (dollars)	\$37,794	\$39,112	3.5%
Full-Year	\$39,683	\$41,219	3.9%
Part-Year & Nonresident	\$23,432	\$23,061	-1.6%
Avg. Tax Due (dollars)	\$2,198	\$2,160	-1.8%
Full-Year	\$2,305	\$2,276	-1.3%
Part-Year & Nonresident	\$1,386	\$1,275	-8.0%
Effective Tax Rate*	5.8%	5.5%	-5.1%
Full-Year	5.8%	5.5%	-5.0%
Part-Year & Nonresident	5.9%	5.5%	-6.0%
Personal Income	\$77,579	\$81,310	4.8%

* Tax due divided by adjusted gross income

Guide to Using the Data

Adjusted Gross Income

Oregon personal income tax is tied to federal adjusted gross income (AGI), which equals federally taxable gross income minus federal adjustments such as IRA contributions, moving expenses, and forfeited interest. Gross taxable income does not include welfare payments, gifts and bequests, nontaxable interest, or the federally nontaxable portion of Social Security.

For full-year residents, Oregon AGI is the same as federal AGI. The adjusted gross income of part-year residents and nonresidents reported in this publication includes only the Oregon portion of their income. For example, a return reporting federal AGI of \$100,000 and Oregon AGI of \$5,000 would appear in the \$4,000–\$6,000 AGI category in the tables.

Report Organization

The report consists of seven sections and three appendices. Section 1 contains historical tables and graphs comparing 1998 personal income tax data to previous years. The tables use nominal dollars (not adjusted for inflation).

Section 2 provides a summary of personal income tax law effective in 1998 along with the 1998 tax rate charts. A flowchart of the components of Oregon personal income taxes follows Section 2.

Sections 3 through 7 contain 1998 detailed tables in the following order: all returns filed; full-year resident, part-year resident, and nonresident returns; all returns by county; and returns for individual counties and other states. In the county tables, the county is assigned based on the address on the tax return. Except for the four aggregate county tables in section 6, where each row contains data for one county, the rows in the detailed tables each present data for one AGI level.

The tables are based on information reported on tax returns. The number of tax returns in an AGI group or a county isn't identical to the number of households. In some cases, no one in a household may be required to file a tax return. In other cases, more than one person in the same household may file a tax return.

The tables for all returns in section 3 of this report include information for full-year residents, part-

year residents, and nonresidents. Only the Oregon portion of the income of part-year residents and nonresidents is taken into account in determining their AGI level. Because the tables for all returns contain within one AGI level a mix of returns with a wide range of total income, the full-year resident tables represent the strongest base for statistical inference. A larger selection of tables with more detailed information is provided for full-year resident returns, including tables by tax status (taxable or nontaxable), deduction type (standard or itemized), filing status (single, joint, head of household, or married filing separately), and family size. Family size is based on the number of exemptions on the tax return, excluding disability exemptions. Zero exemption returns are those filed by persons who can be claimed as dependents by another taxpayer, usually a parent.

Detailed Tables

The publication provides multiple tables with the same letter designation, each containing the same data elements for all or a subset of the returns. For example, there are many tables designated "Table A," each for a different set of returns. In tables A and B, "Tax After Credits" is tax after subtracting credits but before subtracting surplus refund, while "Tax Due" is tax liability after subtracting both credits and surplus refund (in years where there is no surplus refund, only the "Tax Due" column appears).

Tables D, E, and F report more detailed information for full-year returns than for part-year resident and nonresident returns, due to data availability. The components of adjusted gross income are reported in Tables D and E for full-year residents, but only total Oregon income and adjustments are reported for part-year resident and nonresident returns. The same is true of the additions and subtractions in table F.

In the reports for 1995 through 1998, Table I contains distributions of returns reporting additional standard deductions for age 65 or over or for blindness **only for standard deduction returns**. In the reports for 1994 and earlier, Table I included **all** returns that indicated age 65 or over or blindness.

Appendices

The appendices contain a synopsis of significant tax law changes from 1980 to 1998, tables of tax rates, personal exemption deductions and credits over the years, and a glossary of terms used in this report.

Section 1: Historical Trends

This section presents data for the 1998 tax year and previous years for comparison purposes. In making year-to-year comparisons, tax law changes should be taken into account. Appendix I provides a synopsis of tax law changes affecting tax years 1980 through 1998.

Total Oregon Tax Revenue and Adjusted Gross Income

For the 1998 tax year, Oregon personal income tax revenue was \$8 million (0.2 percent) lower than in 1997. Without the \$164.2 million surplus refund returned to taxpayers, 1998 personal income tax revenue would have been \$56.1 million (4.5 percent) higher than 1997.

Exhibit 1 shows a history of Oregon personal income tax revenue from 1984 to 1998. Over that period, revenues have grown every year except 1985, 1987, 1996, and 1998, although growth rates have varied dramatically from year to year. Tax rate reductions as well as surplus refunds contributed to the decline in revenues in 1985 and 1987. In 1985 a 0.8 percent surcharge that was imposed in 1982 was eliminated. In 1987 rates were further reduced by 1.0 percentage point and the number of tax brackets was reduced from seven to three. The large surplus refund in 1996 and the smaller surplus refund in 1998 alone were responsible for the decline in personal income tax revenue from the prior year's level.

Much of the volatility in growth rates is attributable to the "two percent kicker" law, passed in 1979. (Please refer to Appendix I.) Surplus refunds for the 1985, 1987 and 1989 biennia were returned to personal income taxpayers through tax credits on the tax return for the second year of the biennium. For the 1991 tax year, a credit of approximately 10 percent would have returned about \$200 million to taxpayers, but the legislature suspended the credit for that year. Personal income tax revenue for the 1991–93 biennium was lower than was forecast for the biennium, so the kicker was not triggered.

The 1995 Legislature changed the law governing the method of returning unanticipated surplus revenue to personal income taxpayers. Instead of credits on their 1995, 1997, and 1999 tax returns, taxpayers entitled to a surplus refund received direct payments in 1994, 1996, and 1998 based on their tax liability in that year.

Exhibit 1 shows total personal income tax revenue from 1984 to 1998. As shown by the last two columns of Exhibit 1, in the absence of the two percent kicker, Oregon would have experienced a much less volatile revenue stream from the personal income tax. The final column shows revenue growth in the absence of the kicker. Revenue grew relatively slowly in 1990 and 1991 after very rapid growth in 1988 and 1989. The slowing of revenue growth was a consequence of the sluggish growth in employment and incomes in 1990 and 1991. In 1992, growth accelerated to 9.8 percent over the prior year and remained strong in 1993, with revenue growing 9.4 percent. Growth slowed to 7.2 percent in 1994, then accelerated to 9.3 percent in 1995, 10.6 percent in 1996, and 13.1 percent in 1997. In 1998, revenue growth slowed to 4.5 percent, the lowest since 1987.

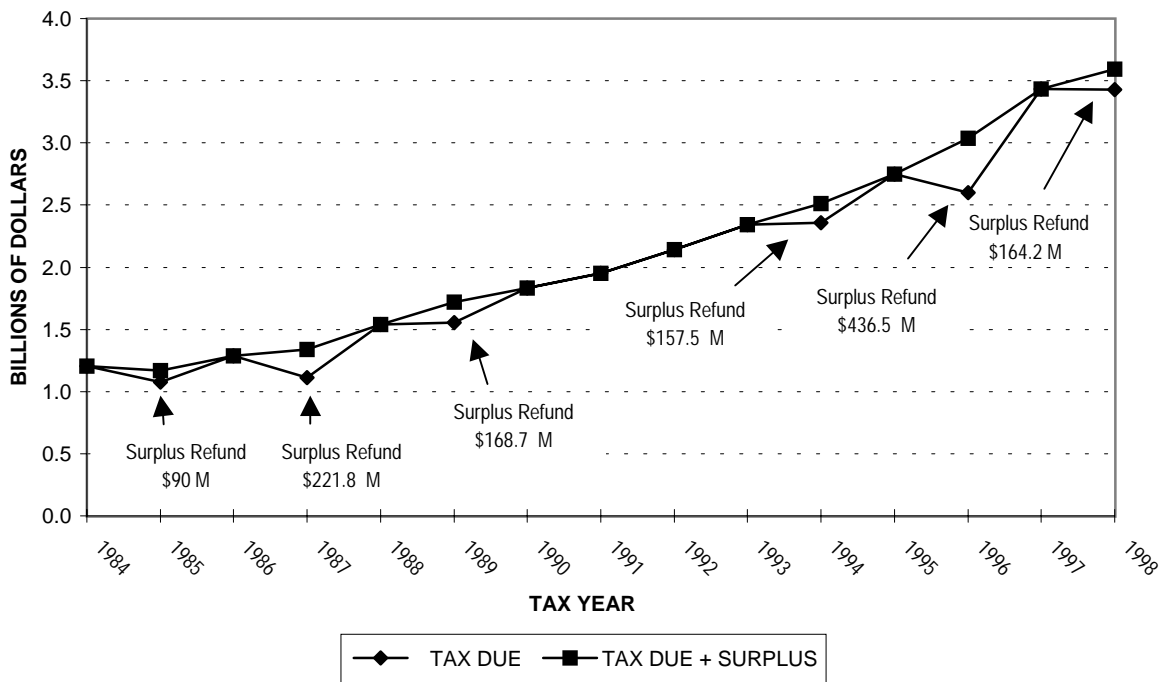
Exhibit 2 shows that the pattern of adjusted gross income growth is similar to that of revenue growth. After rapid growth in the mid to late 1980s, growth slowed in the early 1990s, falling sharply from 8.2 percent in 1990 to 3.8 percent in 1991. The rate of growth jumped back up to 7.7 percent in 1992, slowed slightly to 7.5 percent in 1993, and to 6.2 percent in 1994. Starting in 1995, adjusted gross income again grew rapidly, increasing by 8.9 percent in 1995, 9.7 percent in 1996, and 11.7 percent in 1997. In 1998, growth slowed to 5.1 percent, the lowest since 1991.

Personal Income Tax Information and Economic Indicators

Exhibit 3 presents Oregon personal income tax information and selected economic and demographic indicators from 1988 to 1998. This information is useful in relating changes in economic activity to changes in revenue.

Oregon's population, as estimated by the Center for Population Research and Census at Portland State University, grew 1.6 percent in 1998, the same as in 1995 and 1996, after slowing in 1997 to 1.1 percent. About 70 percent of the population growth resulted from migration into Oregon. Between 1997 and 1998, the number of Oregon tax returns filed increased 1.6 percent, as did the number of full-year returns. The number of part-year and nonresident returns grew by 1.4 percent. Nonagricultural employment grew by 1.7 percent in 1998, down from the 3.5 percent increase in 1997. The adjusted gross income of full-year Oregon filers grew by 5.5 percent in 1998, just half the 11.0 percent growth that occurred in 1997.

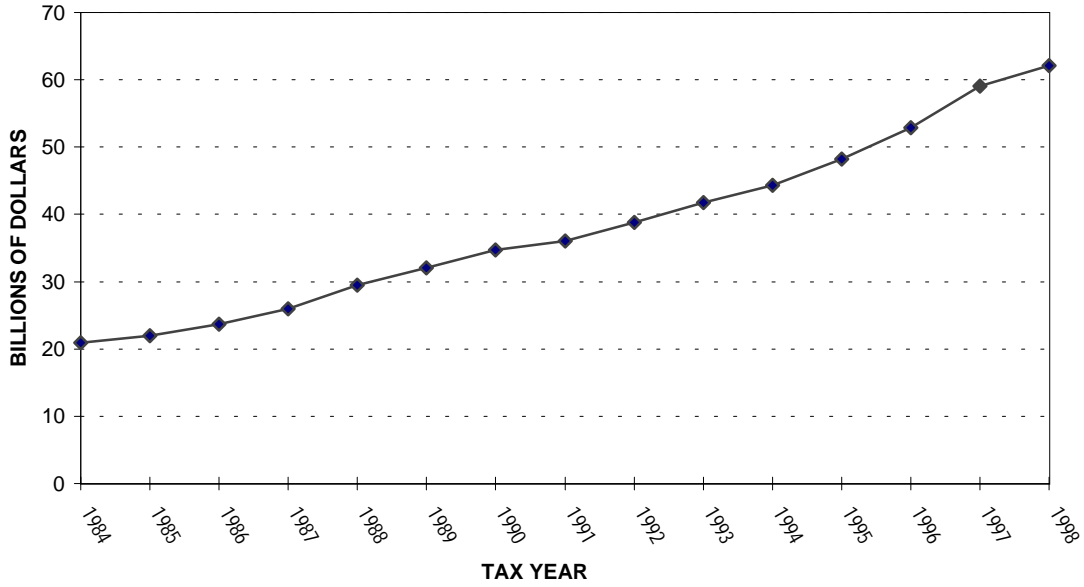
**EXHIBIT 1
PERSONAL INCOME TAX REVENUE
BEFORE AND AFTER SURPLUS REFUND***



Tax Year	Total Tax Due (\$000)	Percent Change	Surplus Refund* (\$000)	Surplus Refund Percentage	Before Surplus Refund (\$000)	Percent Change
1984	1,204,360	9.3%	NA	NA	1,204,360	9.3%
1985	1,078,151	-10.5%	90,013	7.7%	1,168,164	-3.0%
1986	1,287,536	19.4%	NA	NA	1,287,536	10.2%
1987	1,114,519	-13.4%	221,824	16.6%	1,336,343	3.8%
1988	1,539,349	38.1%	NA	NA	1,539,349	15.2%
1989	1,552,999	0.9%	168,726	9.8%	1,721,725	11.8%
1990	1,831,472	17.9%	NA	NA	1,831,472	6.4%
1991	1,950,232	6.5%	NA	NA	1,950,232	6.5%
1992	2,142,329	9.8%	NA	NA	2,142,329	9.8%
1993	2,344,233	9.4%	NA	NA	2,344,233	9.4%
1994	2,356,720	0.5%	157,466	6.27%	2,514,185	7.2%
1995	2,747,261	16.6%	NA	NA	2,747,261	9.3%
1996	2,601,625	-5.3%	436,468	14.37%	3,038,093	10.6%
1997	3,436,272	32.1%	NA	NA	3,436,272	13.1%
1998	3,428,221	-0.2%	164,161	4.57%	3,592,381	4.5%

* Prior to 1994, the surplus refund represents the two percent kicker claimed as a credit by taxpayers. Since 1994, the surplus refund represents the two percent kicker refunded to taxpayers in the subsequent year.

EXHIBIT 2
TOTAL ADJUSTED GROSS INCOME
ALL RETURNS 1984 TO 1998



Tax Year	Adjusted Gross Income (\$000)	Percent Change
1984	20,901,802	7.5%
1985	22,016,229	5.3%
1986	23,634,636	7.4%
1987	25,981,140	9.9%
1988	29,468,040	13.4%
1989	32,076,903	8.9%
1990	34,702,435	8.2%
1991	36,031,094	3.8%
1992	38,816,694	7.7%
1993	41,708,590	7.5%
1994	44,295,925	6.2%
1995	48,231,919	8.9%
1996	52,890,405 *	9.7%
1997	59,077,357	11.7%
1998	62,085,616	5.1%

* 1996 adjusted gross income has been revised from the amount reported in the 1996 report.

EXHIBIT 3. OREGON PERSONAL INCOME TAX INFORMATION AND SELECTED ECONOMIC INDICATORS, 1988-1998
(ANNUAL LEVELS AND PERCENTAGE CHANGE FROM PRECEDING YEAR)

Year	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Total Returns	1,219,529 5.5	1,271,045 4.2	1,304,122 2.6	1,323,687 1.5	1,352,559 2.2	1,381,832 2.2	1,420,871 2.8	1,467,014 3.2	1,519,984 3.6	1,563,139 2.8	1,587,399 1.6
Full-Year Returns:	1,104,981 5.2	1,146,127 3.7	1,176,920 2.7	1,194,895 1.5	1,211,927 1.4	1,235,970 2.0	1,267,485 2.5	1,302,656 2.8	1,345,533 3.3	1,381,479 2.7	1,403,128 1.6
* Total AGI (millions)	27,740 12.5	30,292 9.2	32,597 7.6	34,047 4.4	36,526 7.3	39,184 7.3	41,545 6.0	45,113 8.6	49,368 *** 9.4	54,821 11.0	57,836 5.5
* Total Tax Due (thousands)	1,452,119 37.7	1,461,188 0.6	1,719,739 17.7	1,835,046 6.7	2,013,765 9.7	2,203,542 9.4	2,207,612 0.2	2,569,222 16.4	2,425,176 (5.6)	3,184,501 31.3	3,193,353 0.3
* Average AGI (dollars)	25,105 6.9	26,430 5.3	27,697 4.8	28,494 2.9	30,139 5.8	31,703 5.2	32,777 3.4	34,632 5.7	36,690 *** 5.9	39,683 8.2	41,219 3.9
* Average Tax Due (dollars)	1,314 30.9	1,275 -3.0	1,461 14.6	1,536 5.1	1,662 8.2	1,783 7.3	1,742 -2.3	1,972 13.2	1,802 (8.6)	2,305 27.9	2,276 (1.3)
* Average Refund (dollars)	265 -48.5	333 25.7	313 -6.0	315 0.6	339 7.6	369 8.8	385 4.3	406 5.5	445 9.6	476 7.0	546 14.7
Personal Income (millions)	41,978 8.8	45,729 8.9	49,805 8.9	52,230 4.9	55,550 6.4	59,234 6.6	63,309 6.9	67,908 7.3	73,156 7.7	77,579 6.0	81,310 4.8
Oregon Tax Due as a Percent of Personal Income **	3.7%	3.4%	3.7%	3.7%	3.9%	4.0%	3.7%	4.0%	3.6%	4.4%	4.2%
Wage & Salary Income (millions)	23,494 9.5	25,479 8.4	27,706 8.7	28,975 4.6	30,967 6.9	32,776 6.0	35,226 7.5	38,148 8.3	41,467 8.7	44,970 8.4	47,590 5.8
Portland CPI (1982-84=100)	114.8 3.5	120.5 5.0	127.4 5.7	133.8 5.1	139.9 4.5	144.7 3.5	148.9 2.9	153.2 2.9	158.6 3.5	164.1 3.4	167.1 1.9
Nonag. Employment (thousands)	1,155.8 5.1	1,209.2 4.6	1,244.6 3.5	1,244.7 0.0	1,267.4 1.8	1,308.3 3.2	1,362.9 4.2	1,418.3 4.1	1,474.7 4.0	1,526.4 3.5	1,551.7 1.7
Population (thousands)	2,741 1.9	2,791 1.8	2,842 2.3	2,930 2.6	2,979 1.7	3,038 2.0	3,082 1.4	3,132 1.6	3,181 1.6	3,217 1.1	3,268 1.6
Unemployment Rate (%)	5.8	5.7	5.5	6.0	7.5	7.3	5.5	4.8	5.9	5.8	5.6

* Full-Year Returns

** All Returns

*** 1996 adjusted gross income has been revised from the amount reported in the 1996 report.

Distributions by Adjusted Gross Income Level

Exhibit 4 presents average tax due and effective tax rates by adjusted gross income level from 1988 to 1998 for full-year resident filers. Tax due is the amount of tax liability after subtracting credits and surplus refunds. The effective tax rate is tax due as a percent of adjusted gross income.

Starting in 1993, Oregon indexed its income tax brackets to inflation to prevent taxpayers from being forced into higher brackets simply by inflation. The effect of this change has been to reduce or eliminate the growth in the effective tax rate. Due to the surplus refund, the 1998 average tax due and effective tax rates were lower in all positive income levels than for 1997.

Exhibit 5 illustrates that the distributions of number of full-year returns and tax due shifted into higher income categories between 1997 and 1998, continuing a trend seen throughout the 1980s and 1990s as prices and incomes increased. The percentage of tax liability was less in 1998 than in 1997 for each positive income category under \$60,000, and higher for each of the two highest income categories. Just 5.9 percent of full-year returns reported adjusted gross income of \$100,000 or more, but these taxpayers incurred 39.9 percent of the total tax liability. An additional 12.8 percent of the 1998 full-year returns reported income of between \$60,000 and \$100,000 and paid 23.9 percent of the 1998 taxes.

As shown in Exhibit 6, the share of AGI reported on full-year returns fell at low and middle income levels, and rose at income levels above \$60,000. In 1998, filers in the top two categories reported total positive adjusted gross income of \$31.7 billion, or 54.5 percent of total positive AGI, up from \$29.1 billion (52.5 percent) in 1997. Filers in the \$100,000 and over income category reported \$18.2 billion, while those in the \$60,000 to \$100,000 category reported \$13.5 billion.

Sources of Income

Exhibit 7 displays sources of income and adjustments to income reported on full-year returns for tax years 1988 to 1998. Adjustments are items listed on federal Forms 1040 and 1040A that are subtracted from total income to compute adjusted gross income. Tables D1 through D10 and E1 through E3 in Section 4 provide more detailed breakdowns of income sources and adjustments by adjusted gross income levels.

Wages, salaries, and tips are the primary sources of income for Oregon taxpayers, comprising 65.8 percent of adjusted gross income in 1998. This share has fallen substantially from its 1988 level of 71.1 percent. The declining share of adjusted gross income coming from wages and salaries is due to much slower growth in wage and salary income than in income from property sales (capital gains) and from pensions.

Part-Year Residents

Oregon's population has grown rapidly in recent years. According to the Center for Population Research and Census at Portland State University, Oregon had a net in-migration of roughly 35,800 people each year from 1990 to 1998. This high level of in-migration has resulted from an expanding economy that has attracted people to Oregon. In contrast, during the slow economic growth of the early to mid-1980s, net migration to Oregon was negative.

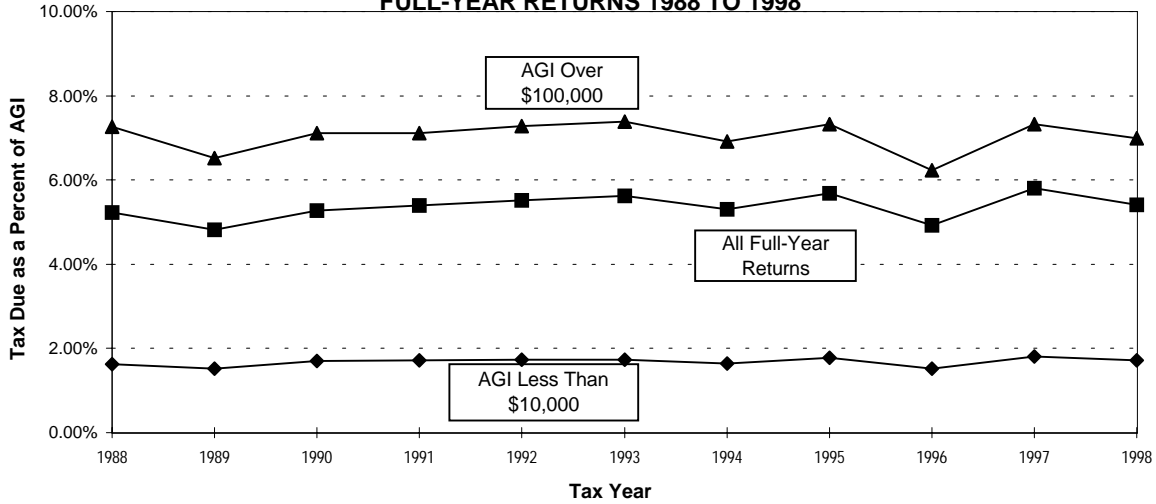
Exhibits 8, 9, and 10 give information about part-year residents entering or leaving Oregon based on the addresses on their Oregon tax returns. Exhibit 8 shows the total number of taxpayer households moving to and from Oregon in selected years from 1980 through 1998. During the recession of the early 1980s, more taxpayers left Oregon than entered the state. In 1980, the net out-migration was slightly over 300, increasing to almost 4,000 in 1981 and 5,750 in 1982. Beginning in 1985, the trend reversed, and about 450 more households moved into Oregon than left the state. In 1995, the net number of households moving to Oregon exceeded 13,000, then fell to about 7,900 in 1997 and 6,900 in 1998.

Exhibit 9 shows the number and percent of in-migrants by county of destination. In 1998, as in previous years, in-migrants were drawn to counties roughly in proportion to existing county populations. The three counties comprising the Portland metropolitan area, Multnomah, Washington, and Clackamas, have over 40 percent of the state's population and attracted 50 percent of the in-migrants. An additional 9.3 percent chose Lane county as their destination.

Exhibit 10 shows the number of income tax filers moving from Oregon in selected years from 1980 to 1998 by state of destination. Taxpayers moved from Oregon in 1998 to all 49 other states; Washington, D.C.; Guam; Puerto Rico; the Virgin Islands; and to other countries. The most frequent destinations were the nearby states of Washington, California, and Idaho, which attracted 51.5 percent of all out-migrants. Arizona was also a popular destination, attracting 5.4 percent of out-migrants.

Section 5 contains tables providing detailed information for part-year and nonresident filers.

**EXHIBIT 4
EFFECTIVE TAX RATES
FULL-YEAR RETURNS 1988 TO 1998**



Average Tax Due:

AGI Level (\$000)	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Negative	6	10	12	20	9	6	26	11	9	15	8
0 - 10	81	76	85	87	88	88	83	90	77	92	88
10 - 20	526	478	523	519	514	509	477	510	435	488	455
20 - 30	1,130	1,030	1,111	1,128	1,134	1,132	1,064	1,133	968	1,112	1,043
30 - 40	1,755	1,611	1,734	1,774	1,777	1,775	1,667	1,762	1,495	1,740	1,631
40 - 50	2,435	2,232	2,391	2,461	2,465	2,466	2,312	2,438	2,063	2,386	2,224
50 - 60	3,170	2,895	3,103	3,193	3,194	3,199	2,978	3,130	2,650	3,059	2,839
60 - 100	4,590	4,185	4,508	4,588	4,630	4,675	4,355	4,606	3,918	4,536	4,259
100+	14,606	12,858	13,936	13,441	14,239	15,498	14,417	15,382	13,509	16,214	15,373
All Returns	1,314	1,275	1,461	1,536	1,662	1,783	1,742	1,972	1,802	2,305	2,276

Effective Tax Rate (Tax Due as a Percent of Adjusted Gross Income):

AGI Level (\$000)	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Negative	-0.01 %	-0.03 %	-0.03 %	-0.05 %	-0.02 %	-0.01 %	-0.06 %	-0.03 %	-0.02 %	-0.03 %	-0.02 %
0 - 10	1.63	1.52	1.70	1.72	1.74	1.73	1.64	1.78	1.52	1.81	1.72
10 - 20	3.57	3.24	3.55	3.52	3.49	3.46	3.24	3.45	2.94	3.29	3.06
20 - 30	4.57	4.17	4.50	4.57	4.59	4.58	4.31	4.59	3.91	4.50	4.21
30 - 40	5.06	4.64	4.99	5.10	5.10	5.10	4.79	5.06	4.30	5.00	4.69
40 - 50	5.47	5.00	5.36	5.51	5.52	5.52	5.17	5.45	4.61	5.33	4.97
50 - 60	5.82	5.31	5.69	5.85	5.85	5.86	5.45	5.72	4.84	5.58	5.27
60 - 100	6.27	5.70	6.14	6.24	6.28	6.32	5.87	6.18	5.24	6.04	5.66
100+	7.26	6.52	7.11	7.11	7.28	7.38	6.91	7.32	6.24	7.33	6.99
All Returns	5.23 %	4.82 %	5.27 %	5.39 %	5.51 %	5.62 %	5.31 %	5.69 %	4.91 %	5.81 %	5.52

Note: 1996 adjusted gross income has been revised from the amount report in the 1996 report.

EXHIBIT 5. DISTRIBUTION OF NUMBER OF FILERS AND TAX DUE BY AGI LEVEL FULL-YEAR RETURNS 1988 TO 1998

Percentage Distribution of Number of Full-Year Returns:

AGI Level (\$000)	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Negative	0.8 %	0.7 %	0.7 %	0.8 %	0.7 %	0.7 %	0.7 %	0.8 %	0.8 %	0.8 %	0.8 %
0 - 10	30.4	28.9	27.6	26.4	25.3	24.8	24.3	23.2	22.5	21.1	20.1
10 - 20	22.8	22.7	22.4	22.3	22.0	21.8	21.4	21.0	20.3	19.6	19.1
20 - 30	16.4	16.1	16.0	15.9	15.7	15.4	15.2	15.1	14.9	14.8	14.7
30 - 40	11.7	11.8	11.7	11.7	11.6	11.4	11.3	11.2	11.1	11.0	11.1
40 - 50	7.4	7.8	8.1	8.4	8.6	8.6	8.5	8.6	8.6	8.6	8.7
50 - 60	4.3	4.6	5.0	5.3	5.7	5.9	6.1	6.4	6.5	6.7	6.8
60 - 100	4.6	5.3	6.1	6.8	7.7	8.3	9.1	9.9	10.8	12.1	12.8
100+	1.7	2.0	2.2	2.4	2.8	3.1	3.4	4.0	4.5	5.4	5.9
All Returns	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Percentage Distribution of Tax Due:

AGI Level (\$000)	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Negative	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
0 - 10	1.9	1.7	1.6	1.5	1.3	1.2	1.2	1.1	1.0	0.8	0.8
10 - 20	9.1	8.5	8.0	7.6	6.8	6.2	5.9	5.4	4.9	4.1	3.8
20 - 30	14.1	13.0	12.2	11.7	10.7	9.8	9.3	8.7	8.0	7.1	6.7
30 - 40	15.6	14.9	13.9	13.6	12.4	11.4	10.8	10.0	9.2	8.3	8.0
40 - 50	13.7	13.6	13.3	13.4	12.7	11.9	11.3	10.6	9.8	8.9	8.5
50 - 60	10.3	10.5	10.7	11.1	11.0	10.6	10.4	10.1	9.6	8.9	8.5
60 - 100	16.2	17.5	18.9	20.4	21.4	21.7	22.7	23.2	23.5	23.7	23.9
100+	19.2	20.2	21.4	20.9	23.7	27.2	28.5	31.0	34.0	38.1	39.9
All Returns	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

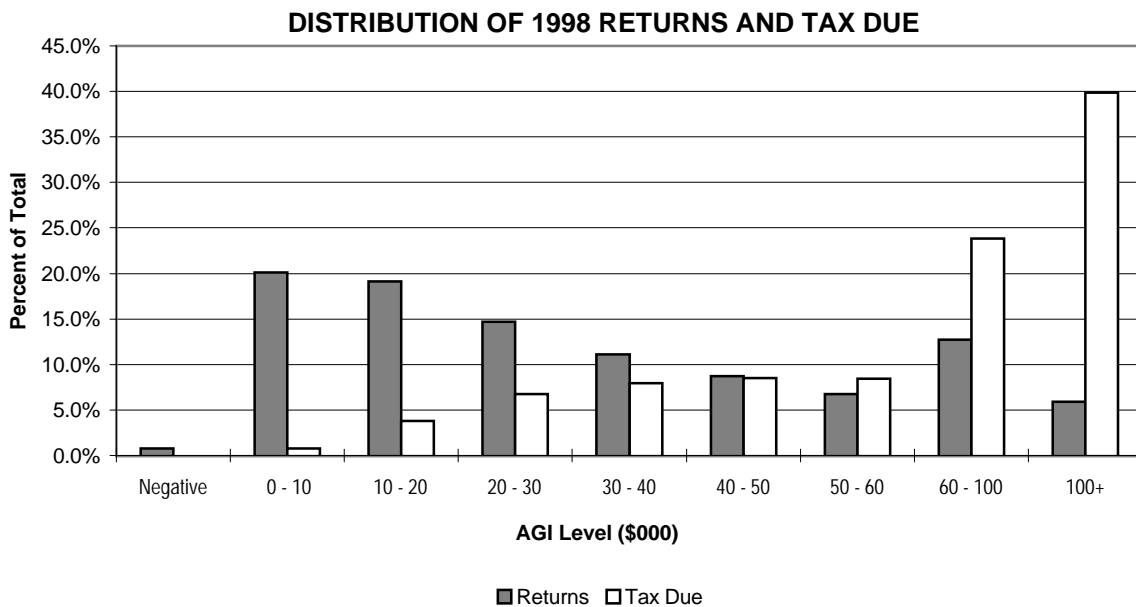


EXHIBIT 6. DISTRIBUTION OF POSITIVE ADJUSTED GROSS INCOME BY AGI LEVEL
FULL-YEAR RETURNS 1988 TO 1998

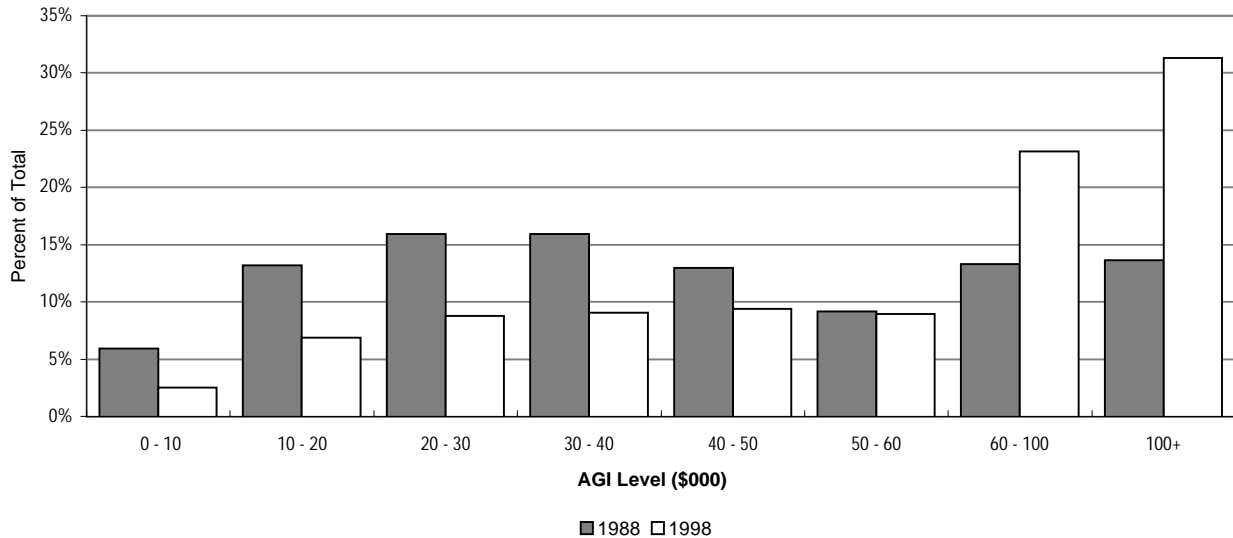
Distribution of Positive Adjusted Gross Income (\$ millions):

AGI Level (\$000)	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
0 - 10	1,665	1,652	1,630	1,595	1,558	1,558	1,561	1,529	1,527	1,485	1,447
10 - 20	3,704	3,830	3,889	3,933	3,934	3,960	3,998	4,037	4,048	4,012	3,994
20 - 30	4,473	4,573	4,651	4,678	4,685	4,699	4,753	4,854	4,960	5,055	5,097
30 - 40	4,473	4,704	4,802	4,881	4,872	4,908	4,968	5,059	5,186	5,284	5,284
40 - 50	3,640	3,974	4,261	4,460	4,640	4,757	4,838	5,010	5,177	5,321	5,467
50 - 60	2,570	2,893	3,237	3,484	3,777	3,985	4,222	4,534	4,796	5,055	5,211
60 - 100	3,746	4,482	5,305	5,990	6,871	7,566	8,524	9,636	10,889	12,513	13,469
100+	3,835	4,520	5,165	5,387	6,552	8,130	9,109	10,866	13,211	16,546	18,224
Total	28,106	30,627	32,940	34,407	36,890	39,563	41,975	45,524	49,794	55,271	58,192

Percentage Distribution of Positive Adjusted Gross Income:

AGI Level (\$000)	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
0 - 10	5.9 %	5.4 %	4.9 %	4.6 %	4.2 %	3.9 %	3.7 %	3.4 %	3.1 %	2.7 %	2.5 %
10 - 20	13.2	12.5	11.8	11.4	10.7	10.0	9.5	8.9	8.1	7.3	6.9
20 - 30	15.9	14.9	14.1	13.6	12.7	11.9	11.3	10.7	10.0	9.1	8.8
30 - 40	15.9	15.4	14.6	14.2	13.2	12.4	11.8	11.1	10.4	9.6	9.1
40 - 50	12.9	13.0	12.9	13.0	12.6	12.0	11.5	11.0	10.4	9.6	9.4
50 - 60	9.1	9.4	9.8	10.1	10.2	10.1	10.1	10.0	9.6	9.1	9.0
60 - 100	13.3	14.6	16.1	17.4	18.6	19.1	20.3	21.2	21.9	22.6	23.1
100+	13.6	14.8	15.7	15.7	17.8	20.5	21.7	23.9	26.5	29.9	31.3
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

DISTRIBUTION OF POSITIVE ADJUSTED GROSS INCOME
1988 and 1998



**EXHIBIT 7. SOURCES OF ADJUSTED GROSS INCOME
FULL-YEAR RETURNS 1988 THROUGH 1998**

Source of Income (millions of dollars)	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	Change: 1997 to 1998	
												Amount	%
Wages, Salaries, Tips	19,720	21,300	22,993	24,195	25,867	27,317	29,004	31,036	33,546	35,958	38,072	2,114	5.9
Taxable Dividends & Interest	2,502	2,862	3,023	2,891	2,547	2,450	2,418	2,923	3,142	3,299	3,336	38	1.1
Net Business Income	1,414	1,600	1,764	1,788	1,993	2,094	2,197	2,264	2,345 **	2,416	2,448	32	1.3
Property Sales (Capital Gains)	1,018	1,224	1,183	1,172	1,450	2,109	1,970	2,178	2,913	4,127	4,747	620	15.0
Taxable Pensions	1,720	1,906	2,164	2,444	2,654	2,863	3,223	3,585	3,944	4,666	5,190	524	11.2
Rent, Partnership, S-Corp	800	953	1,095	1,171	1,510	1,949	2,221	2,313	2,591	2,887	2,853	-34	-1.2
Net Farm Income	-55	-55	-67	-91	-92	-133	-159	-174	-173	-180	-199	-20	10.9
Other Income	939	797	877	927	1,063	1,031	1,173	1,527	1,625	2,257	2,039	-219	-9.7
* Adjustments	-319	-294	-434	-450	-464	-497	-502	-540	-566	-609	-649	-40	6.6
Total Adjusted Gross Income	27,740	30,292	32,597	34,048	36,527	39,184	41,545	45,113	49,368 **	54,821	57,836	3,015	5.5

Composition (%)	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	Change: 1997 to 1998	
												Amount	%
Wages, Salaries, Tips	71.1%	70.3%	70.5%	71.1%	70.8%	69.7%	69.8%	68.8%	68.0%	65.6%	65.8%	0.24	
Taxable Dividends & Interest	9.0%	9.4%	9.3%	8.5%	7.0%	6.3%	5.8%	6.5%	6.4%	6.0%	5.8%	-0.25	
Net Business Income	5.1%	5.3%	5.4%	5.3%	5.5%	5.3%	5.3%	5.0%	4.7%	4.4%	4.2%	-0.17	
Property Sales (Capital Gains)	3.7%	4.0%	3.6%	3.4%	4.0%	5.4%	4.7%	4.8%	5.9%	7.5%	8.2%	0.68	
Taxable Pensions	6.2%	6.3%	6.6%	7.2%	7.3%	7.3%	7.8%	7.9%	8.0%	8.5%	9.0%	0.46	
Rent, Partnership, S-Corp	2.9%	3.1%	3.4%	3.4%	4.1%	5.0%	5.3%	5.1%	5.2%	5.3%	4.9%	-0.33	
Net Farm Income	-0.2%	-0.2%	-0.2%	-0.3%	-0.3%	-0.3%	-0.4%	-0.4%	-0.3%	-0.3%	-0.3%	-0.02	
Other Income	3.4%	2.6%	2.7%	2.7%	2.9%	2.6%	2.8%	3.4%	3.3%	4.1%	3.5%	-0.59	
* Adjustments	-1.1%	-1.0%	-1.3%	-1.3%	-1.3%	-1.3%	-1.2%	-1.2%	-1.1%	-1.1%	-1.1%	-0.01	
Total AGI	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

* Adjustments to total income from federal Form 1040 or 1040A which are subtracted from income to compute adjusted gross income (AGI).

** 1996 business income and adjusted gross income have been revised from the amounts reported in the 1996 report.

**EXHIBIT 8: TAXPAYERS MOVING TO AND FROM OREGON
NUMBER OF PART-YEAR TAX RETURNS FILED IN SELECTED YEARS**

	1980	1985	1990	1995	1996	1997	1998
Taxpayers Moving to Oregon	27,005	11,064	34,769	38,619	39,845	39,559	38,915
Taxpayers Moving from Oregon	27,331	10,616	21,101	25,482	28,715	31,685	32,068
Net	-326	448	13,668	13,137	11,130	7,874	6,847

NUMBER OF PART-YEAR TAX RETURNS FILED

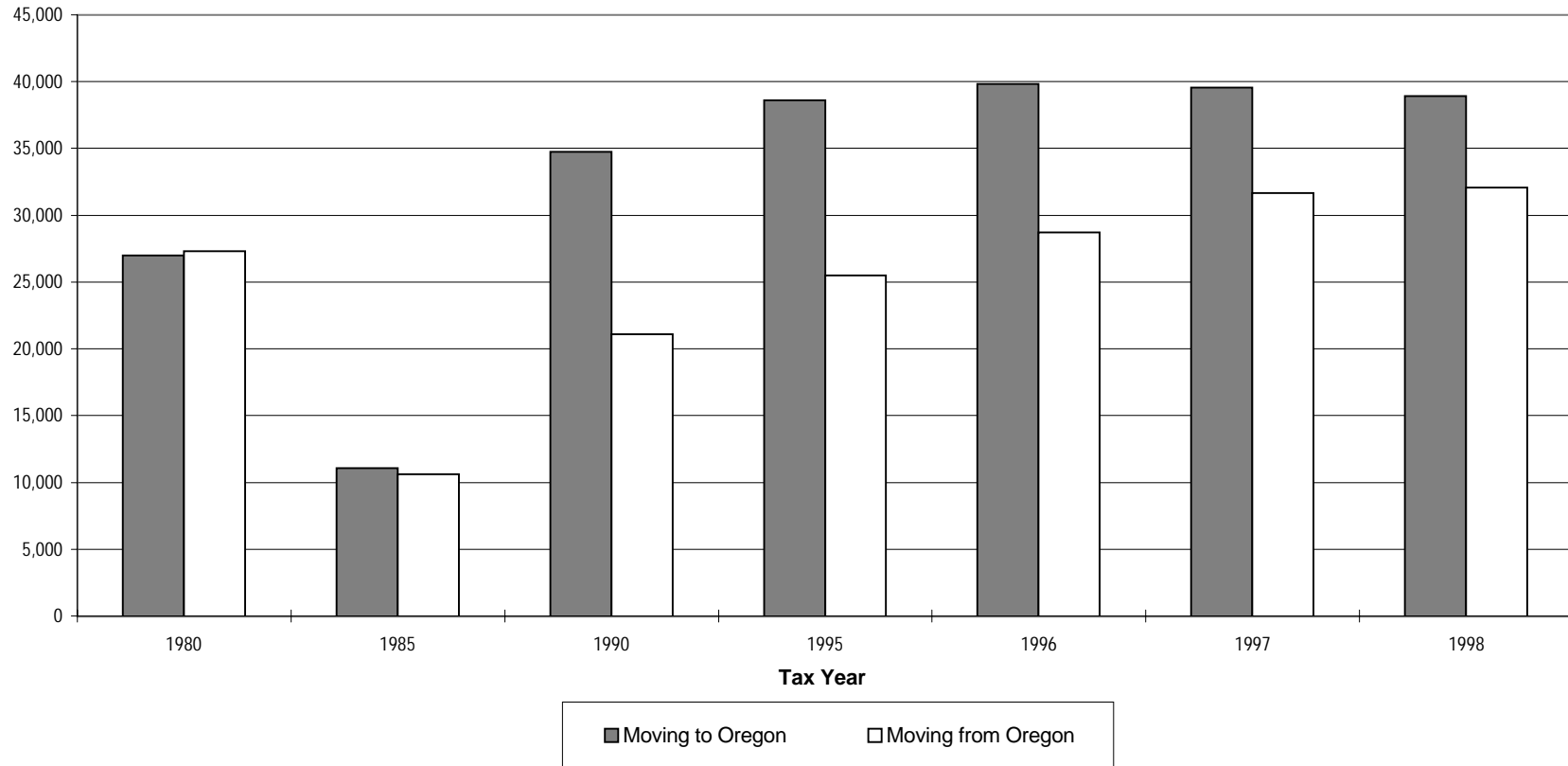


EXHIBIT 9: NUMBER OF INCOME TAX FILERS MOVING TO OREGON, BY COUNTY OF DESTINATION

COUNTY	1980		1985		1990		1995		1996		1997		1998		1998 COUNTY SHARE OF STATE POPULATION
	NUMBER	PERCENT OF TOTAL	NUMBER	PERCENT OF TOTAL	NUMBER	PERCENT OF TOTAL	NUMBER	PERCENT OF TOTAL	NUMBER	PERCENT OF TOTAL	NUMBER	PERCENT OF TOTAL	NUMBER	PERCENT OF TOTAL	
BAKER	149	0.6%	50	0.5%	146	0.4%	161	0.4%	163	0.4%	160	0.4%	154	0.4%	0.5%
BENTON	910	3.4%	337	3.0%	992	2.9%	1,108	2.9%	1,111	2.8%	1,000	2.5%	876	2.3%	2.3%
CLACKAMAS	1,991	7.4%	855	7.7%	3,306	9.5%	3,701	9.6%	3,910	9.8%	3,522	8.9%	3,580	9.2%	9.9%
CLATSOP	268	1.0%	156	1.4%	338	1.0%	353	0.9%	376	0.9%	347	0.9%	367	0.9%	1.1%
COLUMBIA	279	1.0%	87	0.8%	311	0.9%	342	0.9%	343	0.9%	362	0.9%	318	0.8%	1.3%
COOS	476	1.8%	148	1.3%	602	1.7%	513	1.3%	454	1.1%	566	1.4%	507	1.3%	1.9%
CROOK	88	0.3%	37	0.3%	125	0.4%	130	0.3%	129	0.3%	114	0.3%	110	0.3%	0.5%
CURRY	234	0.9%	74	0.7%	376	1.1%	298	0.8%	305	0.8%	274	0.7%	332	0.9%	0.7%
DESCHUTES	764	2.8%	314	2.8%	1,455	4.2%	1,566	4.1%	1,568	3.9%	1,666	4.2%	1,808	4.6%	3.2%
DOUGLAS	826	3.1%	266	2.4%	910	2.6%	902	2.3%	872	2.2%	882	2.2%	887	2.3%	3.1%
GILLIAM	21	0.1%	4	0.0%	13	0.0%	22	0.1%	20	0.1%	11	0.0%	11	0.0%	0.1%
GRANT	69	0.3%	26	0.2%	89	0.3%	57	0.1%	50	0.1%	61	0.2%	72	0.2%	0.2%
HARNEY	70	0.3%	23	0.2%	71	0.2%	62	0.2%	65	0.2%	87	0.2%	100	0.3%	0.2%
HOOD RIVER	164	0.6%	50	0.5%	229	0.7%	254	0.7%	228	0.6%	248	0.6%	226	0.6%	0.6%
JACKSON	1,625	6.0%	515	4.7%	2,060	5.9%	2,145	5.6%	2,030	5.1%	2,159	5.5%	2,219	5.7%	5.3%
JEFFERSON	92	0.3%	28	0.3%	88	0.3%	114	0.3%	98	0.2%	84	0.2%	93	0.2%	0.5%
JOSEPHINE	826	3.1%	219	2.0%	973	2.8%	783	2.0%	825	2.1%	746	1.9%	843	2.2%	2.2%
KLAMATH	620	2.3%	167	1.5%	672	1.9%	677	1.8%	695	1.7%	665	1.7%	656	1.7%	1.9%
LAKE	116	0.4%	31	0.3%	83	0.2%	71	0.2%	54	0.1%	61	0.2%	90	0.2%	0.2%
LANE	2,812	10.4%	1,197	10.8%	3,325	9.6%	3,534	9.2%	3,773	9.5%	3,594	9.1%	3,601	9.3%	9.6%
LINCOLN	380	1.4%	164	1.5%	530	1.5%	593	1.5%	633	1.6%	524	1.3%	507	1.3%	1.3%
LINN	574	2.1%	218	2.0%	778	2.2%	807	2.1%	853	2.1%	753	1.9%	703	1.8%	3.1%
MALHEUR	331	1.2%	124	1.1%	371	1.1%	274	0.7%	306	0.8%	316	0.8%	298	0.8%	0.9%
MARION	1,764	6.5%	729	6.6%	2,281	6.6%	2,177	5.6%	2,184	5.5%	2,154	5.4%	2,013	5.2%	8.3%
MORROW	80	0.3%	25	0.2%	83	0.2%	81	0.2%	51	0.1%	81	0.2%	118	0.3%	0.3%
MULTNOMAH	5,651	20.9%	2,895	26.2%	6,976	20.1%	9,137	23.7%	9,638	24.2%	9,685	24.5%	9,524	24.5%	19.6%
POLK	352	1.3%	132	1.2%	446	1.3%	429	1.1%	452	1.1%	462	1.2%	438	1.1%	1.8%
SHERMAN	20	0.1%	2	0.0%	22	0.1%	10	0.0%	16	0.0%	15	0.0%	17	0.0%	0.1%
TILLAMOOK	164	0.6%	64	0.6%	203	0.6%	207	0.5%	247	0.6%	211	0.5%	204	0.5%	0.7%
UMATILLA	706	2.6%	222	2.0%	593	1.7%	643	1.7%	583	1.5%	682	1.7%	793	2.0%	2.1%
UNION	236	0.9%	74	0.7%	254	0.7%	202	0.5%	211	0.5%	231	0.6%	236	0.6%	0.7%
WALLOWA	62	0.2%	16	0.1%	75	0.2%	72	0.2%	57	0.1%	56	0.1%	56	0.1%	0.2%
WASCO	210	0.8%	61	0.6%	220	0.6%	183	0.5%	170	0.4%	203	0.5%	190	0.5%	0.7%
WASHINGTON	3,644	13.5%	1,554	14.0%	5,153	14.8%	6,334	16.4%	6,696	16.8%	6,860	17.3%	6,335	16.3%	12.2%
WHEELER	10	0.0%	5	0.0%	6	0.0%	17	0.0%	9	0.0%	7	0.0%	9	0.0%	0.0%
YAMHILL	421	1.6%	195	1.8%	614	1.8%	660	1.7%	670	1.7%	710	1.8%	624	1.6%	2.5%
TOTAL	27,005	100.0%	11,064	100.0%	34,769	100.0%	38,619	100.0%	39,845	100.0%	39,559	100.0%	38,915	100.0%	100.0%

EXHIBIT 10: NUMBER OF INCOME TAX FILERS MOVING FROM OREGON, BY DESTINATION

STATE	1980		1985		1990		1995		1996		1997		1998	
	#	% OF TOTAL	#	% OF TOTAL	#	% OF TOTAL	#	% OF TOTAL	#	% OF TOTAL	#	% OF TOTAL	#	% OF TOTAL
ALABAMA	88	0.3%	29	0.3%	68	0.3%	72	0.3%	73	0.3%	93	0.3%	104	0.3%
ALASKA	615	2.3%	241	2.3%	480	2.3%	413	1.6%	434	1.5%	437	1.4%	413	1.3%
ARIZONA	812	3.0%	447	4.2%	793	3.8%	1,316	5.2%	1,429	5.0%	1,773	5.6%	1,731	5.4%
ARKANSAS	102	0.4%	29	0.3%	88	0.4%	102	0.4%	151	0.5%	125	0.4%	145	0.5%
CALIFORNIA	6,544	23.9%	3,115	29.3%	4,417	20.9%	4,816	18.9%	5,889	20.5%	6,987	22.1%	6,743	21.0%
COLORADO	718	2.6%	305	2.9%	656	3.1%	921	3.6%	1,025	3.6%	1,132	3.6%	1,379	4.3%
CONNECTICUT	88	0.3%	26	0.2%	59	0.3%	101	0.4%	101	0.4%	148	0.5%	131	0.4%
DELAWARE	14	0.1%	6	0.1%	10	0.0%	13	0.1%	14	0.0%	24	0.1%	18	0.1%
FLORIDA	277	1.0%	118	1.1%	301	1.4%	408	1.6%	420	1.5%	571	1.8%	568	1.8%
GEORGIA	138	0.5%	57	0.5%	127	0.6%	223	0.9%	277	1.0%	282	0.9%	342	1.1%
HAWAII	227	0.8%	133	1.3%	223	1.1%	194	0.8%	217	0.8%	268	0.8%	263	0.8%
IDAHO	1,703	6.2%	487	4.6%	1,265	6.0%	1,489	5.8%	1,586	5.5%	1,679	5.3%	1,684	5.3%
ILLINOIS	285	1.0%	136	1.3%	291	1.4%	408	1.6%	413	1.4%	400	1.3%	485	1.5%
INDIANA	132	0.5%	42	0.4%	138	0.7%	193	0.8%	182	0.6%	209	0.7%	228	0.7%
IOWA	146	0.5%	54	0.5%	126	0.6%	178	0.7%	175	0.6%	190	0.6%	188	0.6%
KANSAS	178	0.7%	56	0.5%	117	0.6%	153	0.6%	182	0.6%	162	0.5%	163	0.5%
KENTUCKY	53	0.2%	20	0.2%	63	0.3%	106	0.4%	104	0.4%	107	0.3%	104	0.3%
LOUISIANA	122	0.4%	31	0.3%	71	0.3%	89	0.3%	89	0.3%	86	0.3%	116	0.4%
MAINE	41	0.2%	17	0.2%	31	0.1%	53	0.2%	63	0.2%	79	0.2%	82	0.3%
MARYLAND	111	0.4%	58	0.5%	99	0.5%	140	0.5%	151	0.5%	168	0.5%	189	0.6%
MASSACHUSETTS	175	0.6%	92	0.9%	96	0.5%	244	1.0%	281	1.0%	340	1.1%	305	1.0%
MICHIGAN	239	0.9%	96	0.9%	182	0.9%	292	1.1%	287	1.0%	323	1.0%	340	1.1%
MINNESOTA	363	1.3%	127	1.2%	263	1.2%	324	1.3%	373	1.3%	434	1.4%	473	1.5%
MISSISSIPPI	39	0.1%	19	0.2%	29	0.1%	53	0.2%	59	0.2%	54	0.2%	45	0.1%
MISSOURI	266	1.0%	85	0.8%	208	1.0%	289	1.1%	287	1.0%	315	1.0%	311	1.0%
MONTANA	531	1.9%	149	1.4%	487	2.3%	621	2.4%	593	2.1%	566	1.8%	640	2.0%
NEBRASKA	156	0.6%	41	0.4%	99	0.5%	128	0.5%	144	0.5%	162	0.5%	136	0.4%
NEVADA	595	2.2%	211	2.0%	577	2.7%	689	2.7%	800	2.8%	883	2.8%	807	2.5%
NEW HAMPSHIRE	47	0.2%	10	0.1%	30	0.1%	61	0.2%	40	0.1%	62	0.2%	69	0.2%
NEW JERSEY	113	0.4%	36	0.3%	76	0.4%	114	0.4%	118	0.4%	172	0.5%	178	0.6%
NEW MEXICO	184	0.7%	88	0.8%	176	0.8%	330	1.3%	234	0.8%	279	0.9%	255	0.8%
NEW YORK	329	1.2%	160	1.5%	258	1.2%	364	1.4%	380	1.3%	436	1.4%	508	1.6%
NORTH CAROLINA	131	0.5%	67	0.6%	132	0.6%	218	0.9%	256	0.9%	291	0.9%	331	1.0%
NORTH DAKOTA	131	0.5%	28	0.3%	54	0.3%	65	0.3%	84	0.3%	86	0.3%	77	0.2%
OHIO	197	0.7%	71	0.7%	189	0.9%	222	0.9%	270	0.9%	341	1.1%	342	1.1%
OKLAHOMA	255	0.9%	63	0.6%	134	0.6%	206	0.8%	224	0.8%	216	0.7%	212	0.7%
PENNSYLVANIA	151	0.6%	71	0.7%	135	0.6%	185	0.7%	247	0.9%	228	0.7%	256	0.8%
RHODE ISLAND	24	0.1%	5	0.0%	7	0.0%	12	0.0%	18	0.1%	24	0.1%	36	0.1%
SOUTH CAROLINA	61	0.2%	23	0.2%	57	0.3%	71	0.3%	81	0.3%	89	0.3%	109	0.3%
SOUTH DAKOTA	67	0.2%	27	0.3%	61	0.3%	87	0.3%	62	0.2%	85	0.3%	95	0.3%
TENNESSEE	90	0.3%	30	0.3%	83	0.4%	148	0.6%	156	0.5%	213	0.7%	201	0.6%
TEXAS	678	2.5%	295	2.8%	560	2.7%	740	2.9%	818	2.8%	1,023	3.2%	1,082	3.4%
UTAH	424	1.6%	170	1.6%	436	2.1%	611	2.4%	623	2.2%	733	2.3%	739	2.3%
VERMONT	33	0.1%	16	0.2%	23	0.1%	48	0.2%	59	0.2%	55	0.2%	82	0.3%
VIRGINIA	252	0.9%	102	1.0%	171	0.8%	204	0.8%	277	1.0%	313	1.0%	338	1.1%
WASHINGTON	8,519	31.2%	2,908	27.4%	6,576	31.2%	7,026	27.6%	8,139	28.3%	8,131	25.7%	8,081	25.2%
WEST VIRGINIA	21	0.1%	10	0.1%	31	0.1%	32	0.1%	41	0.1%	26	0.1%	38	0.1%
WISCONSIN	230	0.8%	70	0.7%	180	0.9%	246	1.0%	238	0.8%	239	0.8%	274	0.9%
WYOMING	198	0.7%	44	0.4%	137	0.6%	136	0.5%	118	0.4%	164	0.5%	177	0.6%
WASHINGTON, D.C.	43	0.2%	22	0.2%	29	0.1%	41	0.2%	42	0.1%	61	0.2%	63	0.2%
GUAM, P.R., V.I.	15	0.1%	6	0.1%	19	0.1%	16	0.1%	10	0.0%	19	0.1%	24	0.1%
OUTSIDE U.S.	380	1.4%	67	0.6%	183	0.9%	271	1.1%	381	1.3%	402	1.3%	368	1.1%
TOTAL	27,331	100.0%	10,616	100.0%	21,101	100.0%	25,482	100.0%	28,715	100.0%	31,685	100.0%	32,068	100.0%

County Data

Because the characteristics of taxpayers vary by geographic area within the state, breakdowns of tax return information by county can provide useful information. Exhibit 11 shows a breakdown of the number of returns, total AGI, and total tax due by county, and the percent change from 1997 to 1998. Exhibits 12 and 13 are maps showing averages of AGI and tax due for all returns in each county, and Exhibit 14 shows effective tax rates by county. Exhibit 15 compares the mean and median AGI in each county.

The county is assigned based on the address on the tax return.

The three counties forming the Portland metropolitan area—Multnomah, Washington, and Clackamas—filed 39.8 percent of the tax returns, reporting 47.9 percent of the AGI and 50.2 percent of the total tax due. The remainder of the Willamette Valley, comprised of Lane, Linn, Benton, Polk, Marion, and Yamhill counties, accounts for an additional 24 percent of returns filed, 23.1 percent of AGI, and 22.4 percent of tax due.

The fastest growing counties in 1998 were Morrow with 5.8 percent increase, Deschutes with 5.7 percent increase, and Harney with 3.7 percent increase in returns filed. Deschutes county had the greatest percent increase in AGI, 14.1 percent, followed by Jackson county with 11.2 percent increase. Other counties with an increase of 8.0 or greater in AGI were Yamhill (9.6 percent), Jefferson (9.3 percent), Washington (8.7 percent), and Morrow and Polk counties each with an 8.0 percent increase.

Due to the surplus refund, the personal income tax liability decreased for 75 percent of the counties. For Jefferson, Deschutes, Jackson, and Wheeler counties, however, 1998 tax due increased by 10.9 percent, 9.3 percent, 8.9 percent and 8.3 percent respectively over their 1997 tax liability.

The map in Exhibit 12 shows that the counties with the highest average adjusted gross incomes are Benton and Deschutes counties and the three counties that comprise the Portland metropolitan area. Washington County reported AGI averaging over \$53,000. Clackamas Counties reported AGI averaging over \$49,000. Benton and Multnomah counties had AGI averaging over \$42,500 and Deschutes County over \$40,500.

The map in Exhibit 13 shows that Washington and Clackamas counties had the highest average tax due, almost \$3,200 in Washington and \$2,840 in Clackamas county. Both Multnomah and Benton counties had an average tax due of over \$2,400.

The map in Exhibit 14 shows effective tax rates—tax due divided by AGI—for each county. Washington County's effective tax rate was 6.0 percent, followed by Clackamas, Multnomah and Benton counties with 5.7 percent.

Exhibit 15 provides a contrast between the **mean** AGI and the **median** AGI in each county. The mean is calculated by taking the total AGI in the county and dividing it by the number of returns. The mean is the measure that is most commonly referred to as the "average."

The median income, in contrast, is the income of the "middle" return. The middle return is found by arranging all the returns in the county from the lowest to the highest AGI, then taking the one in the middle.

Both the mean and the median can be useful indicators of "average" income, but in cases where there are tax returns with very high incomes, the mean will be higher than the median, and the median will probably be a better measure of the circumstance of the "typical" filer. As Exhibit 15 shows, the mean income is higher than the median income in all of Oregon's 36 counties.

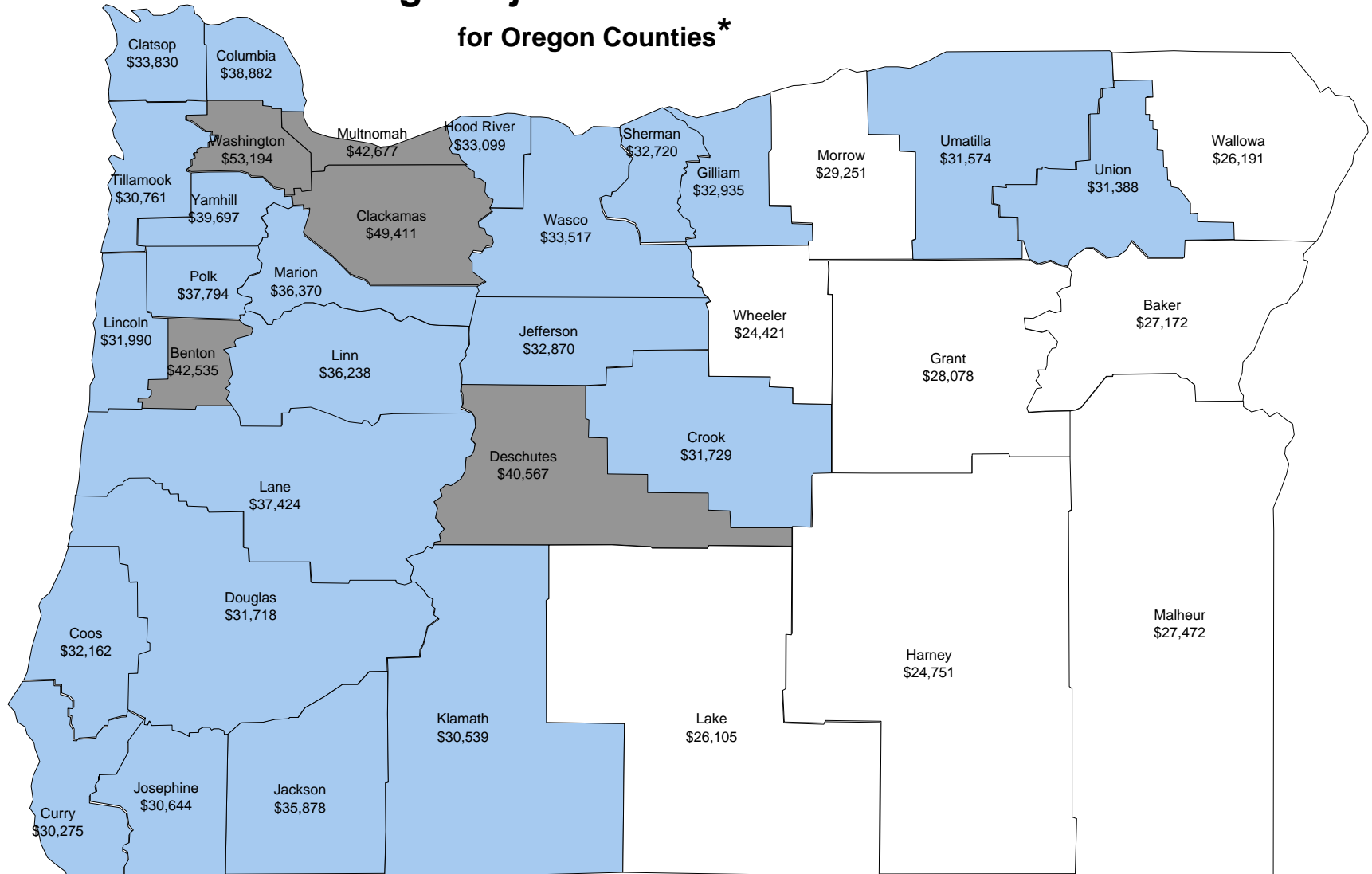
Sections 6 and 7 provide more detailed county-level information for all returns.

**EXHIBIT 11. DISTRIBUTION OF RETURNS, AGI, AND TAX DUE BY COUNTY
ALL 1998 RETURNS**

County or Area	All 1998 Returns						% Change 1997 to 1998		
	Number of Returns #	Share	Adjusted Gross Income (\$000)	Share	Total Tax Due (\$000)	Share	No. of Returns	Total AGI	Total Tax Due
Baker	6,647	0.4%	180,614	0.3%	8,904	0.3%	-0.2%	2.1%	-3.1%
Benton	30,166	1.9%	1,283,120	2.1%	73,162	2.1%	-0.7%	0.8%	-5.6%
Clackamas	153,076	9.6%	7,563,623	12.2%	434,425	12.7%	0.8%	3.1%	-2.4%
Clatsop	14,111	0.9%	477,375	0.8%	24,333	0.7%	-0.5%	5.3%	-0.4%
Columbia	18,245	1.1%	709,405	1.1%	38,231	1.1%	1.5%	3.7%	-1.8%
Coos	23,770	1.5%	764,487	1.2%	39,464	1.2%	-1.3%	3.0%	-2.2%
Crook	6,895	0.4%	218,771	0.4%	11,331	0.3%	2.2%	-5.1%	-16.6%
Curry	8,975	0.6%	271,720	0.4%	12,963	0.4%	0.9%	5.4%	-1.5%
Deschutes	50,047	3.2%	2,030,242	3.3%	110,367	3.2%	5.7%	14.1%	9.3%
Douglas	40,198	2.5%	1,274,994	2.1%	64,395	1.9%	0.2%	3.4%	-2.1%
Gilliam	858	0.1%	28,258	0.0%	1,529	0.0%	0.1%	0.6%	-6.9%
Grant	3,227	0.2%	90,607	0.1%	4,616	0.1%	-1.4%	0.2%	-7.4%
Harney	3,110	0.2%	76,977	0.1%	3,921	0.1%	3.7%	7.2%	-1.1%
Hood River	8,759	0.6%	289,912	0.5%	14,885	0.4%	1.4%	5.6%	-0.1%
Jackson	73,574	4.6%	2,639,666	4.3%	138,173	4.0%	2.3%	11.2%	8.9%
Jefferson	5,808	0.4%	190,910	0.3%	9,200	0.3%	0.6%	9.3%	10.9%
Josephine	28,988	1.8%	888,300	1.4%	43,217	1.3%	1.9%	6.0%	-0.6%
Klamath	24,613	1.6%	751,658	1.2%	38,523	1.1%	0.5%	1.3%	-6.9%
Lake	2,840	0.2%	74,138	0.1%	3,654	0.1%	-0.9%	-0.3%	-7.2%
Lane	135,142	8.5%	5,057,561	8.1%	274,143	8.0%	1.3%	4.9%	-0.1%
Lincoln	18,985	1.2%	607,323	1.0%	29,120	0.8%	-0.2%	3.6%	-4.5%
Linn	43,648	2.7%	1,581,703	2.5%	83,528	2.4%	0.2%	4.1%	-1.2%
Malheur	10,382	0.7%	285,219	0.5%	13,667	0.4%	-0.9%	2.1%	-0.6%
Marion	115,232	7.3%	4,190,955	6.8%	218,345	6.4%	1.0%	3.8%	-2.2%
Morrow	3,876	0.2%	113,377	0.2%	5,797	0.2%	5.8%	8.0%	2.0%
Multnomah	311,940	19.7%	13,312,558	21.4%	753,862	22.0%	1.2%	3.8%	-1.6%
Polk	24,331	1.5%	919,572	1.5%	47,807	1.4%	2.1%	8.0%	3.5%
Sherman	856	0.1%	28,008	0.0%	1,508	0.0%	0.0%	-2.2%	-6.0%
Tillamook	10,237	0.6%	314,898	0.5%	15,256	0.4%	2.2%	1.0%	-7.1%
Umatilla	26,466	1.7%	835,637	1.3%	42,625	1.2%	2.4%	5.8%	0.4%
Union	10,058	0.6%	315,704	0.5%	15,947	0.5%	0.2%	3.3%	-2.2%
Wallowa	3,089	0.2%	80,905	0.1%	3,998	0.1%	-1.0%	-0.8%	-6.0%
Wasco	9,466	0.6%	317,273	0.5%	16,085	0.5%	0.9%	2.4%	-4.0%
Washington	166,963	10.5%	8,881,503	14.3%	532,484	15.5%	2.2%	8.7%	4.5%
Wheeler	594	0.0%	14,506	0.0%	716	0.0%	-1.3%	7.2%	8.3%
Yamhill	32,997	2.1%	1,309,898	2.1%	71,327	2.1%	2.1%	9.6%	5.9%
Clark Co., Wa.	51,526	3.2%	1,667,175	2.7%	93,006	2.7%	4.6%	7.9%	4.5%
Other Wash.	27,935	1.8%	608,769	1.0%	38,558	1.1%	2.7%	-16.0%	-23.6%
California	23,953	1.5%	647,119	1.0%	25,337	0.7%	0.7%	9.7%	1.8%
Idaho	10,641	0.7%	180,843	0.3%	9,448	0.3%	0.8%	2.9%	-0.4%
Other States	45,175	2.8%	1,010,334	1.6%	60,364	1.8%	4.8%	2.1%	-5.3%
Total	1,587,399	100.0%	\$62,085,616	100.0%	\$3,428,221	100.0%	1.6%	5.1%	-0.2%

Exhibit 12

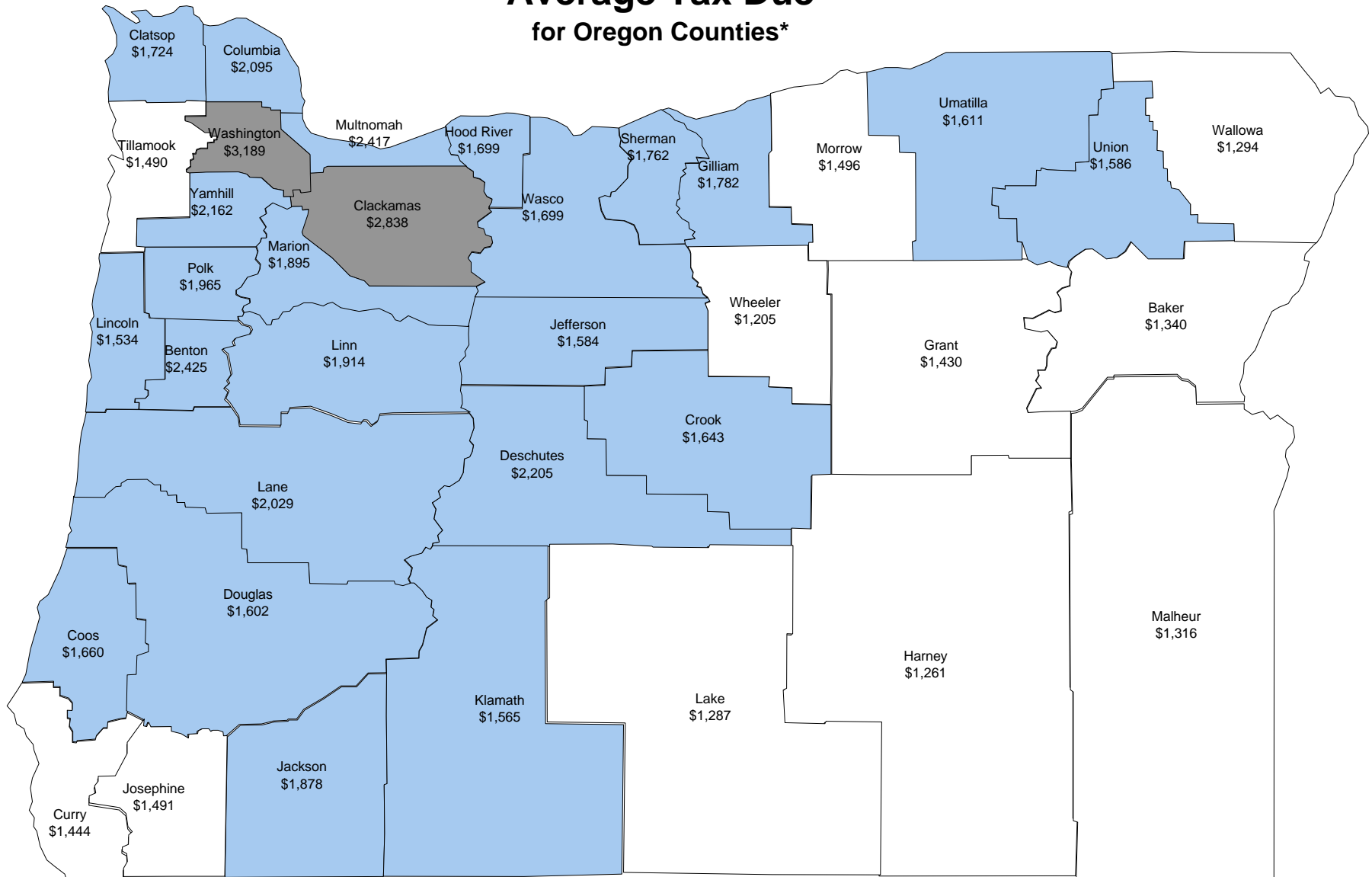
Average Adjusted Gross Income for Oregon Counties*



Legend:
\$20,000 to \$29,999 (White)
\$30,000 to \$39,999 (Light Blue)
\$40,000 to \$55,000 (Grey)

* Statewide Average Adjusted Gross Income equals \$39,112.

Exhibit 13 Average Tax Due for Oregon Counties*

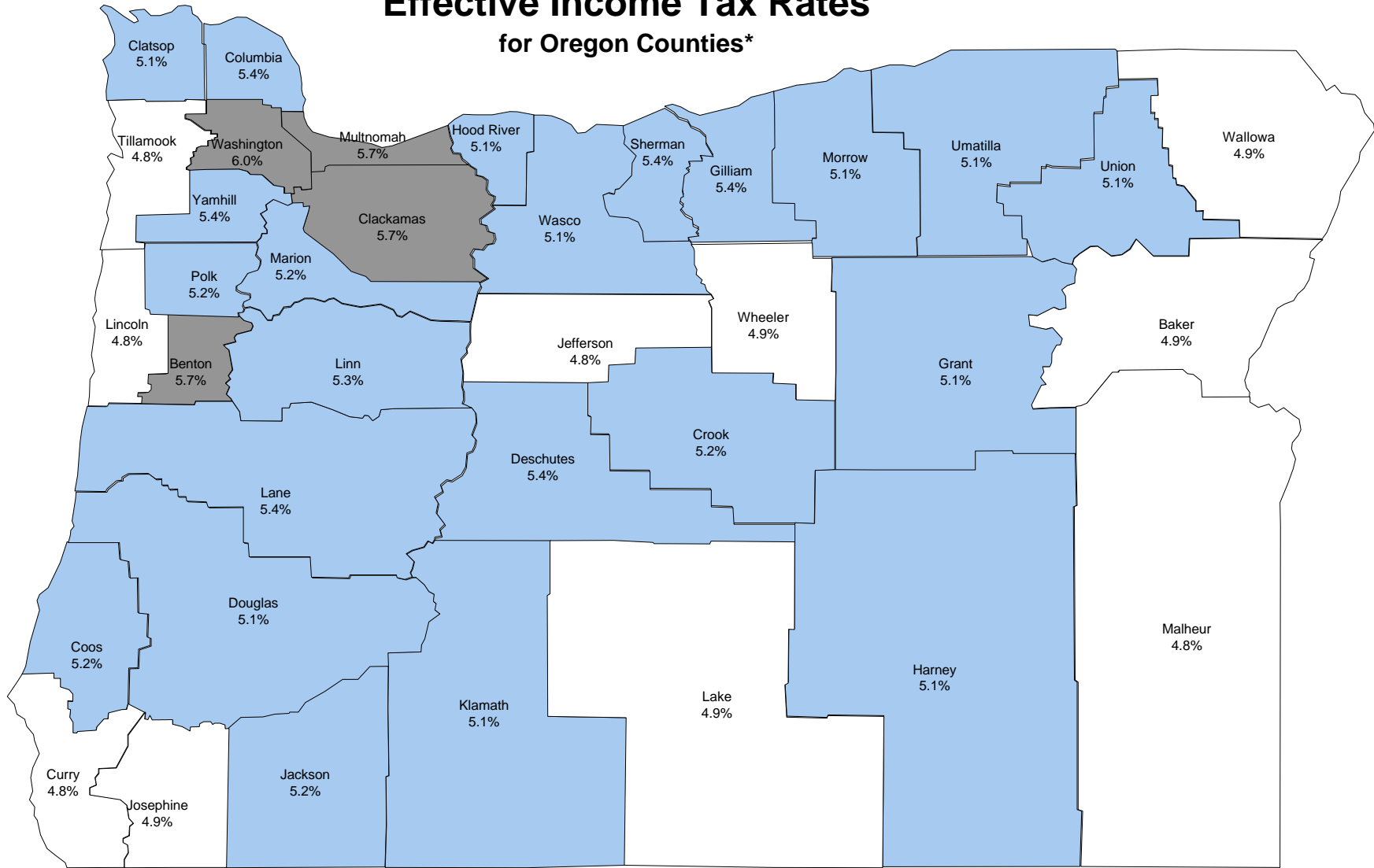


	\$0 to \$1,499		\$1,500 to \$2,499		\$2,500 to \$3,499
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* Statewide Average Tax Paid equals \$2,160

Exhibit 14

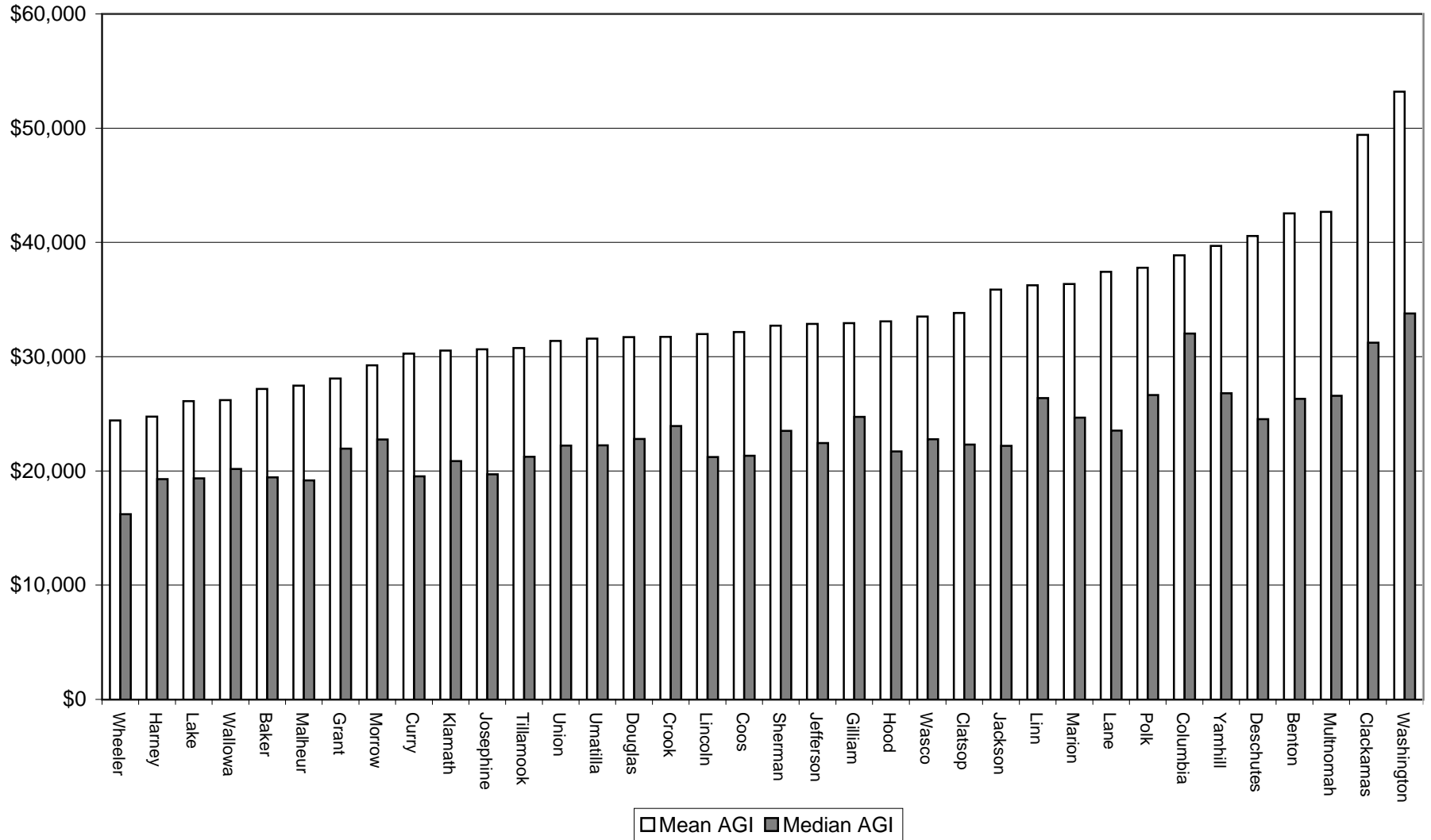
Effective Income Tax Rates for Oregon Counties*



4.5% to 5.0% 5.0% to 5.5% 5.5% to 6.0%

* Statewide Average Effective Income Tax Rate equals 5.5%

Exhibit 15
Mean and Median Adjusted Gross Income by County
 All Returns for Tax Year 1998



Section 2: Summary of Oregon Personal Income Tax Law for 1998

Starting with tax returns for 1997, Oregon personal income tax law is permanently tied to federal law. Oregon law automatically connects to any changes made in federal provisions that affect the calculation of adjusted gross income (AGI), and most items are treated the same way on Oregon and federal returns.

The chart on the following page outlines the steps in computing Oregon tax liability. The table at the bottom of this page contains the 1998 tax rates for single and married filing separately, and for joint and head of household returns. Beginning in 1993, tax brackets were indexed for inflation, using the United States Consumer Price Index (CPI) as the gauge of inflation.

Full-Year Residents

For full-year residents, Oregon adjusted gross income is identical to federal AGI. Oregon taxable income is computed from AGI as follows:

1. Additions to Oregon AGI.
 - a. Interest on government bonds of other states.
 - b. Other additions.
2. Subtractions from Oregon AGI.
 - a. Federal income taxes (limited to \$3,000, \$1,500 if married filing separately).
 - b. Federally taxable Social Security income included on federal Form 1040.
 - c. Oregon income tax refund included in AGI.
 - d. Interest on U. S. bonds.
 - e. Federal Pension Income.
 - f. Other subtractions.
3. Subtract either the appropriate standard deduction or itemized deductions. Oregon itemized deductions equal federal itemized deductions, plus the special Oregon medical deduction if over the age threshold (age 61 for 1998 taxes), minus the amount of state income tax included as an itemized deduction on the federal return.

Standard deductions for 1998 are:

Joint	\$3,000
Head of household	2,640
Single	1,800
Married filing separately	1,500

Additional standard deductions for persons age 65 or older or blind are:

Single or head of household	\$1,200
Joint returns or married filing separately	\$1,000

To determine Oregon tax before credits for full-year residents, multiply the taxable balance by the tax rates from the 1998 tax rate chart below, or use the tables in the tax booklet.

1998 Tax rate Charts

Tax rate chart A:

For persons filing Single, or Married Filing Separately

If your taxable income is:

Not over \$2,300.....	5% of taxable income
Over \$2,300 but not over \$5,800.....	\$115 plus 7% of excess over \$2,300
Over \$5,800.....	\$360 plus 9% of excess over \$5,800

Your tax is:

Tax rate chart B:

For persons filing Jointly, Head of Household, or Qualifying Widow(er) with dependent child

If your taxable income is:

Not over \$4,600.....	5% of taxable income
Over \$4,600 but not over \$11,600.....	\$230 plus 7% of excess over \$4,600
Over \$11,600.....	\$720 plus 9% of excess over \$11,600

Your tax is:

COMPONENTS OF OREGON PERSONAL INCOME TAX 1998

INCOME FROM ALL SOURCES

MINUS

EXEMPT INCOME

Nontaxable Social Security and Railroad Retirement • Insurance Proceeds • Gifts and Bequests
• Welfare Payments • IRA and Keogh Interest Earnings • Interest on Government Obligations
• Scholarships (used for tuition)

EQUALS

GROSS INCOME

Salaries and Wages • Interest • Dividends • State Income Tax Refunds • Alimony Received
• Business • Farm • Capital and Other Gain or Loss • Rents • Royalties • Partnership Income or Loss
• Estates and Trusts • Subchapter S Distributions • Unemployment Compensation • Taxable Social
Security Annuities and Retirement Plan Distributions • Other Income

MINUS

ADJUSTMENTS TO INCOME

IRA, Keogh, and SEP Contributions • Medical Savings Accounts • Self-Employed Health Insurance Deduction
• Forfeited Interest • Moving Expenses • Alimony Paid • One-half of Self-Employment Tax • Student Loan Interest Deduction

EQUALS

FEDERAL ADJUSTED GROSS INCOME

MINUS

FEDERAL INCOME EXEMPT FROM STATE TAX

Oregon Income Tax Refunds • Social Security Benefits • Federal Income Tax
• Federal Pension Income • U.S. Bond Interest • Other Subtractions

PLUS

STATE INCOME EXEMPT FROM FEDERAL TAX

Interest on State and Municipal Bonds of Other States • Other Additions

MINUS

DEDUCTIONS

Oregon Standard Deduction or
Federal Itemized Deductions minus State Income Taxes Itemized plus Special Medical Deductions

EQUALS

OREGON TAXABLE INCOME

MULTIPLIED BY

TAX RATES

PLUS

INTEREST ON CERTAIN INSTALLMENT SALES

EQUALS

TAX BEFORE CREDITS

MINUS

TAX CREDITS

Exemption • Earned Income • Working Family • Child and Dependent Care • Political Contribution
• Elderly or Permanently Disabled • Credit for Income Tax Paid to Other States • Retirement Income • Other Credits

EQUALS

TOTAL TAX LIABILITY

Part-Year Residents and Nonresidents

For part-year residents, tax rates are applied to the sum of Oregon and non-Oregon income, and the resulting tax is apportioned based on the ratio of Oregon income to federal income. For nonresidents, federal tax and standard or itemized deductions are prorated based on the ratio of Oregon income to federal income, and the tax rates applied to income from Oregon sources. Some Oregon credits, such as the exemption credit, child and dependent care credit, and credit for the elderly or the disabled, are prorated for part-year residents and nonresidents.

Credits for Tax Year 1998

For tax year 1998, the following credits were allowed:

- Exemption Credit (\$132 per exemption).
- Earned Income Credit.
- Working Family Credit.
- Retirement Income Credit (minimum age 61 for 1998 taxes).
- Child and Dependent Care Credit.
- Credit for the Elderly and the Permanently and Totally Disabled.
- Political Contribution Credit.
- Credit for Income Tax Paid to Another State.
- Other credits.

Please see Oregon Department of Revenue's *Publication 17½, Oregon Individual Income Tax Guide*, 1998 edition, for additional information.

