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Oregon Personal Income Tax Statistics

Tax Year 1999

**Prepared by
Research Section
Oregon Department of Revenue
Salem OR 97301-2555**

150-101-406 (Rev. 7-01)

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I. Introduction

The personal income tax, Oregon's largest source of revenue, has accounted for 80 percent of General Fund revenues each fiscal year since 1988–89. Because it is the state's major revenue source, information about this tax program is valuable to policymakers and taxpayers alike. The purpose of this publication is to provide a foundation for understanding the personal income tax program.

This edition of *Oregon Personal Income Tax Statistics* provides data, historical documentation, and descriptive information for businesses, government officials, and the general public regarding the personal income tax in Oregon. The report presents detailed statistics for tax year 1999 as well as historical tables and graphs, comparing 1999 data to previous years. The information is based on all 1999 income tax returns received by the Department of Revenue in the 2000 calendar year.

This first chapter highlights key statistics such as number of filers, total income, and total tax liability for 1998 and 1999. It also contains a guide to using the report and a summary of current personal income tax law, including a diagram outlining the main components of the personal income tax system. Chapter II provides an historical summary of these components: income and tax, adjustments, additions, subtractions, deductions, and credits.

Chapter III, the largest portion of this report, contains detailed information in a series of tables on different aspects of the tax system for various groups of taxpayers. The tables provide data based on both an adjusted gross income distribution and an income quintile distribution. (The 20 percent of taxpayers with the lowest income make-up the first quintile, the 20 percent of taxpayers with the next highest income make-up the second quintile, and so on.¹) Finally, Appendices A-C provide a history of the income tax brackets and rates, the exemption deduction and credit, and income tax law changes. Appendix D is a glossary of terms.

Highlights

- The Oregon Department of Revenue received 1.6 million 1999 personal income tax returns, a 1 percent increase from 1998. Over the same period, population grew by 1.26 percent.
- The total adjusted gross income (AGI) of 1999 Oregon filers rose to \$66.3 billion, up 6.8 percent from 1998. By way of comparison, total personal income grew by 4.8 percent, to \$89.4 billion. The federal Bureau of Economic Analysis estimates personal income; the estimate excludes capital gains, but includes income from all Oregonians, including those who are not required to file a tax return.
- The average AGI of full-year resident filers rose 6.0 percent to \$43,700. Over the same period the Consumer Price Index, the most commonly used measure of inflation, rose 3.3 percent; so average incomes rose faster than inflation.

Oregon Personal Income Tax

Select Variables, 1998 and 1999

(Dollars in millions except where indicated)

| | 1998 | 1999 | % Chg |
|-------------------------------|------------------|------------------|-------------|
| Number of Returns | 1,587,399 | 1,602,850 | 1.0% |
| Full Year | 1,403,128 | 1,414,966 | 0.8% |
| Part Year & Nonresident | 184,271 | 187,884 | 2.0% |
| Adjusted Gross Income | \$62,086 | \$66,331 | 6.8% |
| Full Year | \$57,836 | \$61,807 | 6.9% |
| Part Year & Nonresident | \$4,249 | \$4,524 | 6.5% |
| Taxable Income | \$48,549 | \$51,875 | 6.9% |
| Full Year | \$44,979 | \$48,024 | 6.8% |
| Part Year & Nonresident | \$3,571 | \$3,851 | 7.9% |
| Tax Liability | \$3,592 | \$3,872 | 7.8% |
| Full Year | \$3,346 | \$3,602 | 7.7% |
| Part Year & Nonresident | \$246 | \$269 | 9.4% |
| Avg. AGI (dollars) | \$39,112 | \$41,383 | 5.8% |
| Full Year | \$41,219 | \$43,681 | 6.0% |
| Part Year & Nonresident | \$23,061 | \$24,076 | 4.4% |
| Avg. Tax Due (dollars) | \$2,263 | \$2,416 | 6.7% |
| Full Year | \$2,385 | \$2,546 | 6.8% |
| Part Year & Nonresident | \$1,336 | \$1,434 | 7.3% |
| Effective Tax Rate* | 5.8% | 5.8% | 0.9% |
| Full Year | 5.8% | 5.8% | 0.7% |
| Part Year & Nonresident | 5.8% | 6.0% | 2.8% |
| Personal Income | \$85,321 | \$89,398 | 4.8% |

* Tax Liability divided by Adjusted Gross Income

¹ The top 20 percent is separated into three groups – the top 1 percent, the next 4 percent, and the next 15 percent.

- Personal income tax liability from 1999 returns totaled \$3.9 billion, up 7.8 percent over 1998.
- The total 1999 tax liability of full-year resident filers was \$3.6 billion, an increase of 7.7 percent from 1998. The average tax liability was \$2,546, up from \$2,385 in 1998.
- Capital gains income was the fastest growing component of income, with an increase of 13.9 percent over 1998. Pension income also experienced substantial growth (10.1 percent).

Guide to Using this Report

The federal and Oregon tax returns are organized into distinct sections, each focusing on a certain component of the income tax system. This report draws from that structure and discusses each of these components separately. The flowchart on page 3 outlines the calculation of income taxes for 1999. Chapter II provides a summary and historical trends for the following components:

- **Income and Tax** – The components of income are listed on the federal form and include wages, interest, capital gains, etc. The total of these components is referred to as Gross Income. Tax refers to the tax liability reported on the 1999 Oregon tax forms.
- **Adjustments** – These are deductions that all filers are allowed to take, including those who claim the standard deduction. They are on the federal form and reduce the amount of income that is taxed. Examples include IRA contributions, moving expenses, and student loan interest. Gross income reduced by adjustments is referred to as Federal Adjusted Gross Income (FAGI).
- **Additions** – These elements represent income that the federal government does not tax, but Oregon does. They are added to AGI on the Oregon form. One example is interest on the government bonds of other states.
- **Subtractions** – These elements represent income that the federal government taxes, but Oregon does not. They are subtracted from AGI on the Oregon form. Examples include federal tax liability (up to \$3,000), Social Security income, and federal pension income.
- **Deductions** – Taxpayers are also allowed to reduce the amount of income that is taxed by the total of their itemized deductions or standard deduction, whichever is greater. Oregon allows the same itemized deductions as the federal government with one exception—state income taxes. Examples of itemized deductions include property taxes paid, charitable gifts, and mortgage interest. Oregon also allows a deduction for certain medical expenses for the elderly.
- **Credits** – These elements reduce tax liability on a dollar-for-dollar basis. All of Oregon’s credits are nonrefundable, which means tax liability can be reduced only to zero. If total credits exceed a taxpayer’s liability, then they are unable to use all of their credits. Examples of credits include the personal exemption credit, earned income credit, and retirement income credit.

Chapter II, 1999 Summary and Historical Trends, discusses each of these components in an historical context. Key figures from 1999 are combined with historical numbers to provide a sense of trends and changes over time. The tables in chapter III provide detailed information for 1999 only. A variety of tables are included for all, full-year, part-year and nonresident returns. For tables that provide data for all returns, only the Oregon portion of income and other components is used for part-year residents and nonresidents. Because full-year returns represent the strongest base for statistical inference, they make up the largest block of data. Tables in this chapter having the same letter designation contain the same data elements but represent different groups of taxpayers. For example, there is a “Table A” for all returns, full-year returns, and part-year returns.

There are a number of conceptual definitions to keep in mind when using the information in this report. First, one household does not correspond to one tax return. In some cases, no one in a household may be required to file a tax return (e.g., certain low-income households). In other cases, more than one person in a household may file a tax return (e.g., a household where the parents and

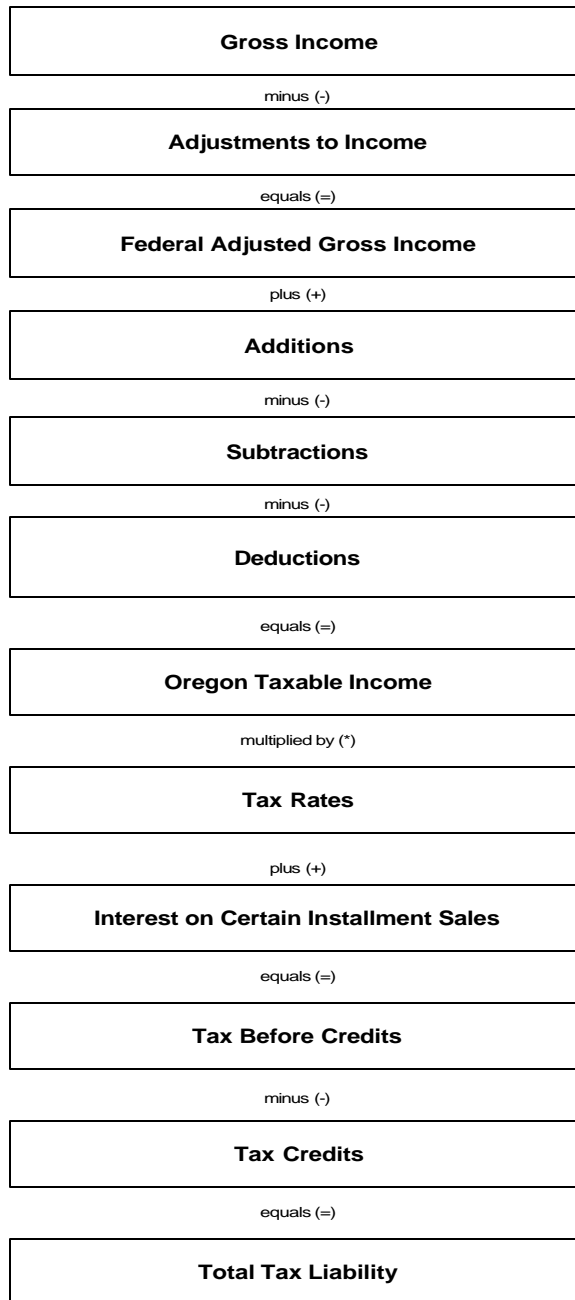
children each file a return). Second, the notion of family size as used in this report pertains to the number of personal exemptions claimed on the tax return, excluding those exemptions for disabilities. Finally, references to AGI in this report pertain to Oregon AGI.

Summary of Oregon Personal Income Tax Law for 1999

Since tax year 1997, Oregon personal income tax law has been permanently tied to the federal definition of taxable income. Oregon law automatically adopts 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 diagram on this page shows the steps taken in computing tax liability for full-year residents.

Components of Oregon Personal Income Tax 1999



Gross Income includes:

- Salaries and wages
- Interest
- Dividends
- State income tax refunds
- Alimony received
- Business income/loss
- Farm income/loss
- Capital gains/losses
- Rental income
- Royalties
- Partnership income/loss
- Estate and trust income
- Subchapter S distributions
- Unemployment compensation
- Taxable Social Security income
- Retirement plan distributions
- Other

Adjustments to Income include:

- IRA, Keogh, and SEP contributions
- Medical savings account contributions
- Self-employment health insurance
- Forfeited interest
- Moving expenses
- Alimony paid
- Self-employment tax
- Student loan interest

Additions include:

- Interest on bonds of other states
- Other

Subtractions include:

- Oregon income tax refunds
- Social Security benefits
- Federal income tax (up to \$3,000 or \$1,500 if married-filing-separately)
- Federal pension income
- U.S. bond interest
- Other

Deductions (either standard or itemized) include:

- One of the following Oregon standard deductions
 - \$3,000 for joint filers
 - \$2,640 for head-of-household filers
 - \$1,800 for single filers
 - \$1,500 for married-filing-separately
- An additional standard deduction for persons age 65 or older or blind in the amount of:
 - \$1,000 for joint and married-filing-separately
 - \$1,200 for single and head-of-household

OR

- Federal itemized deductions, minus itemized state income taxes, plus special medical deduction

Tax Rates

The table below gives the 1999 tax rates for single and married-filing-separately and for joint and head-of-household returns. Since 1993 tax brackets have been indexed for inflation, using the United States Consumer Price Index (CPI) as the gauge of inflation.

| | | |
|---------------------------|--|---------------------------------------|
| 1999 Tax Rates | For persons filing single or married-filing-separately | |
| | If taxable income is: | then tax is: |
| | Not over \$2,350 | 5% of taxable income |
| | Over \$2,350 but not over \$5,900 | \$118 plus 7% of excess over \$2,350 |
| | Over \$5,900 | \$366 plus 9% of excess over \$5,900 |
| | For persons filing joint, head-of-household, Or qualifying widow(er) with dependent child | |
| | If taxable income is: | then tax is: |
| | Not over \$4,700 | 5% of taxable income |
| | Over \$4,700 but not over \$11,800 | \$235 plus 7% of excess over \$4,700 |
| | Over \$11,800 | \$732 plus 9% of excess over \$11,800 |

Tax credits include:

- Personal exemption (\$134 per exemption)
- Earned income
- Working family
- Child and dependent care
- Political contribution
- Elderly or permanently disabled
- Retirement income (minimum age 62 for 1999)

- Credit for income tax paid to other states
- Other

For part-year residents, tax rates are applied to federal income (i.e., the sum of Oregon and non-Oregon income). 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.

For additional information, please refer to Oregon Department of Revenue's *Publication 17½, Oregon Individual Income Tax Guide*, 1999 edition.

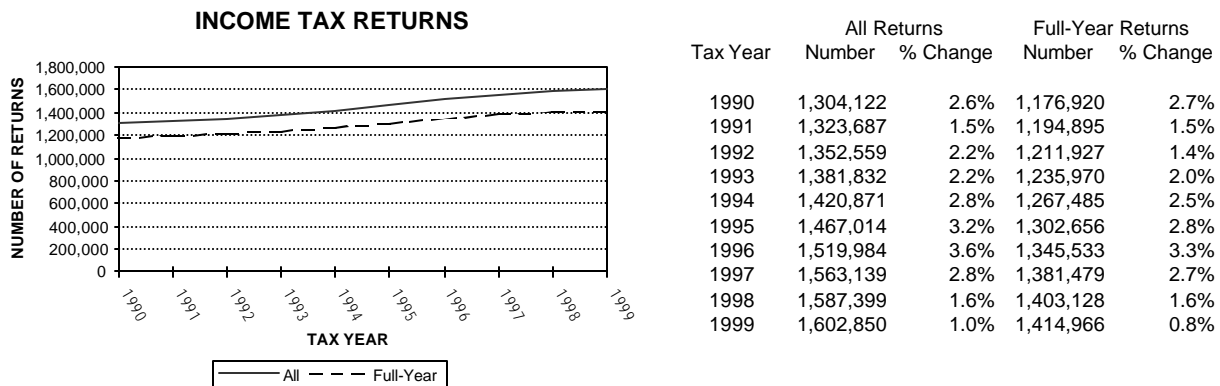
II. 1999 Summary and Historical Trends

In this chapter, data for the 1999 tax year are compared to data from previous years. Income and tax trends are discussed first. Adjustments, additions, subtractions, deductions, and credits are each summarized and compared. Then the surplus refund is discussed briefly, followed by an historical summary of part-year filers. The section concludes with a summary of county level data. In making year-to-year comparisons, tax law changes should be taken into account. Appendix C provides a synopsis of tax law changes affecting tax years 1980 through 1998.

Income and Tax

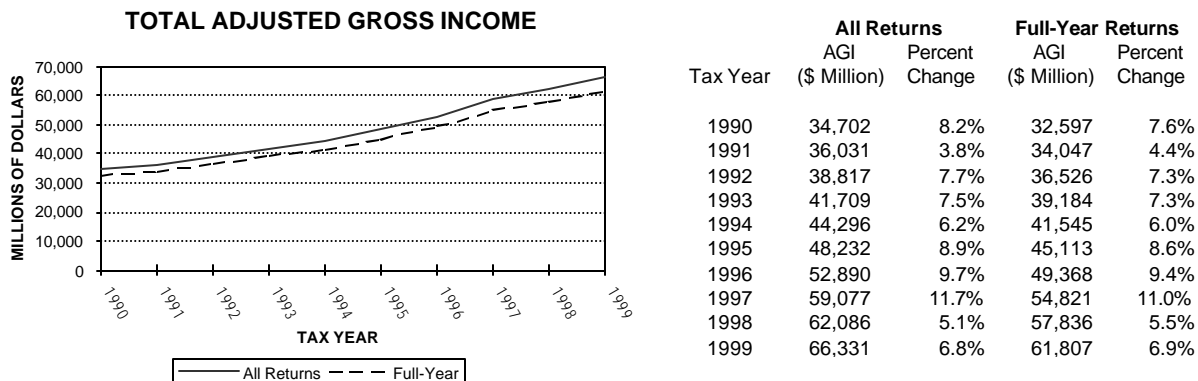
Between 1998 and 1999, the total number of Oregon personal income tax returns filed grew by 1 percent, from 1,587,399 to 1,602,850. Exhibit 1 shows the trend in returns filed over the past 10 years for all returns and full-year returns. Over this time period, part-year and nonresident returns have represented a gradually increasing share of all returns, rising from 10 percent in 1990 to 12 percent in 1999. The number of full-year returns has grown consistently, but the number of part-year and nonresident returns filed has grown slightly faster.

Exhibit 1



While the total number of returns grew by only 1 percent, total adjusted gross income (AGI) grew by 6.8 percent, to \$66.3 billion. Exhibit 2 shows the pattern of AGI growth for the past 10 years. Over this period, growth averaged 7.6 percent. The greatest one-year growth was in 1997, when AGI grew by 11.7 percent, while the slowest growth period was in 1991, when AGI grew by 3.8 percent. Perhaps not surprisingly, this period corresponds to the last national recession. Throughout the 1990s, the percent of AGI accounted for by full-year returns averaged just under 94 percent.

Exhibit 2



Revenue from Oregon personal income taxes grew by 7.8 percent between 1998 and 1999 to \$3.87 billion. Exhibit 3 shows a history of personal income taxes from 1990 to 1999. Over that period, revenue growth was greatest in 1997 (13.1 percent) but slowest just one year later, in 1998 (4.5 percent). Over this time, there were no changes to the rate structure, although the tax brackets have been indexed to inflation since 1993. There were changes to other aspects of the tax law, such as credits allowed, that impacted the growth of taxes.

Exhibit 3

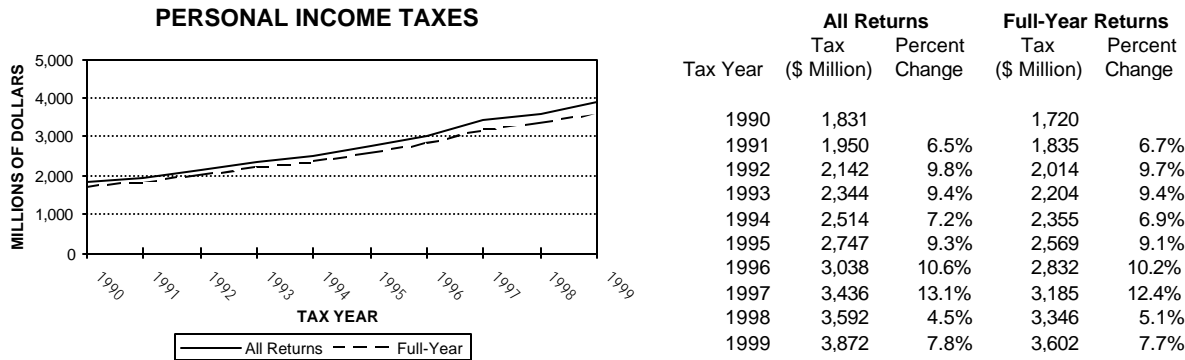
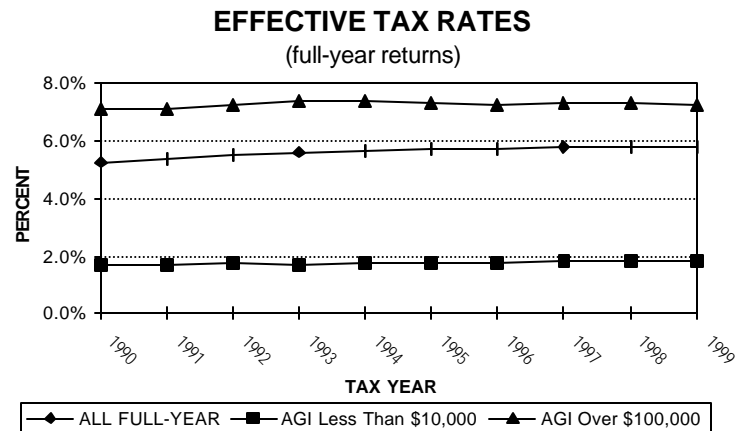


Exhibit 4 shows the effective tax rate (tax as a percent of AGI) for the years 1990 to 1999 for all full-year returns and two subgroups – high and low income taxpayers. Note that the effective tax rate for all full-year returns climbed gradually from 1990 to 1993 and has remained essentially flat since.

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 drastically the growth in the effective tax rate. High-income taxpayers defined as those filers reporting an AGI of \$100,000 or more, consistently have faced an effective tax rate of approximately 7 percent. On the other hand, low-income taxpayers (those with an AGI of less than \$10,000) have experienced an effective tax rate of just under 2 percent.

Exhibit 4



The cause for this difference is the marginal rate structure. Those taxpayers with higher incomes have a greater share of their income taxed at the top 9 percent rate. The more income that is taxed at the top rate, the greater the effective tax rate will be. Similarly, taxpayers with low incomes may face a top marginal rate of only 7 or 5 percent.

To provide some context for the changes in income and tax over time, it can be helpful to look at changes in economic activity. Exhibit 5 presents Oregon personal income and select economic indicators from 1990 to 1999. These indicators are gathered from the federal Bureau of Economic Analysis, the federal Bureau of Labor Statistics, and the Center for Population Research and Census at Portland State University. Because there is no reported inflation index for the state of Oregon, the Portland area Consumer Price Index (CPI) is used.

Exhibit 5

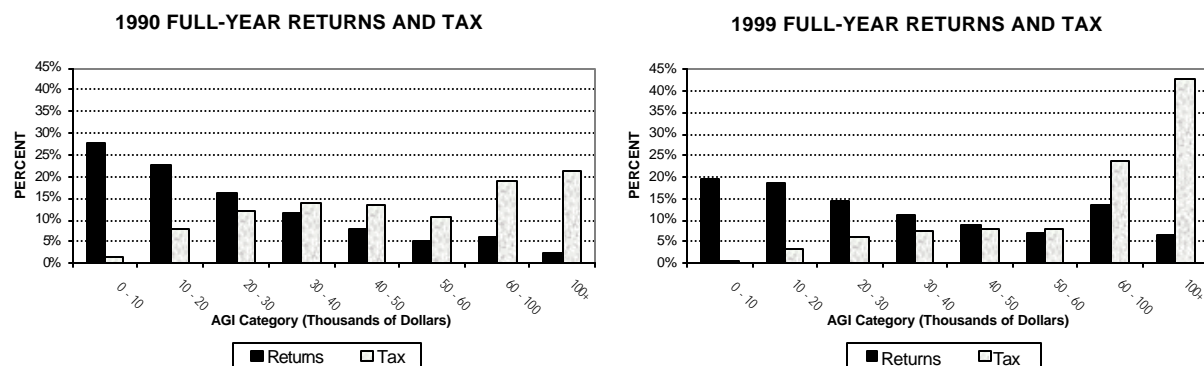
OREGON PERSONAL INCOME AND SELECT ECONOMIC INDICATORS

| | Personal Income (\$Millions) | Portland CPI (1982-84=100) | Nonag. Employment (Thousands) | Population (Thousands) | Unemployment Rate |
|------|---------------------------------|-------------------------------|-------------------------------------|---------------------------|----------------------|
| 1990 | 52,178 | 127.4 | 1,245 | 2,860 | 5.5% |
| 1991 | 54,891 | 133.8 | 1,245 | 2,928 | 6.0% |
| 1992 | 58,163 | 139.9 | 1,267 | 2,991 | 7.5% |
| 1993 | 61,916 | 144.7 | 1,308 | 3,060 | 7.3% |
| 1994 | 66,130 | 148.9 | 1,363 | 3,120 | 5.5% |
| 1995 | 71,209 | 153.2 | 1,418 | 3,182 | 4.8% |
| 1996 | 75,561 | 158.6 | 1,475 | 3,244 | 5.9% |
| 1997 | 80,575 | 164.1 | 1,526 | 3,300 | 5.8% |
| 1998 | 85,321 | 167.1 | 1,552 | 3,346 | 5.6% |
| 1999 | 89,398 | 172.6 | 1,575 | 3,388 | 5.7% |

Personal income grew twice as fast as inflation over the decade, increasing by roughly 70 percent while inflation grew by 35 percent. Oregon's population grew 18.5 percent between 1990 and 1999. Nonagricultural employment grew slightly faster, experiencing an increase in workforce of 330,000, or 26.5 percent in the 1990s. The unemployment rate for the state peaked in 1992 at 7.5 percent but has remained below 6 percent since 1994; it was 5.7 percent in 1999.

Exhibit 6 illustrates the distributions for the number of full-year returns and amount of total tax by AGI level for 1990 and 1999. Note that while lower income taxpayers make up the majority of returns, higher income taxpayers pay the majority of the tax. For example, 38.1 percent of 1999 full-year taxpayers had an income of \$20,000 or less but paid only 4.2 percent of all taxes. Conversely, those 1999 full-year taxpayers with income of at least \$100,000 comprised only 6.8 percent of all taxpayers, yet they paid 42.8 percent of all taxes. The reason taxes are so concentrated among the taxpayers with the highest incomes is because these taxpayers also comprise the greatest share of income. While not shown in the exhibit, the 6.8 percent of 1999 taxpayers with income of at least \$100,000 represent 34 percent of all full-year AGI.

Exhibit 6



Comparing the two graphs shows the distributions changing between 1990 and 1999. The distribution of tax returns flattened somewhat while the distribution of tax became more skewed toward the high end. For example, the percent of full-year filers reporting an income of less than \$30,000 fell from 66.5 percent in 1990 to 52.7 percent in 1999. Also, the share of taxpayers with an income of at least \$100,000 nearly tripled, rising from 2.3 percent in 1990 to 6.8 percent in 1999. Conversely, Taxpayers who reported an AGI of less than \$30,000 owed 21.8 percent of the tax in 1990 but only 10.4 percent in 1999. And the share of tax paid by taxpayers who reported an AGI of at least \$100,000 doubled, rising from 21.4 percent in 1990 to 42.8 percent in 1999.

Income sources for 1990 and 1999 full-year filers are listed in Exhibit 7. Wages comprise the greatest share of income, representing roughly 65 percent of all full-year income for 1999. The next two most significant income sources are pension (9.2 percent) and property sales/capital gains (8.7 percent). The composition of income for 1999 was very similar to that of 1998. The most significant changes were that the share of wages fell by nearly one percentage point while the shares of property sales and other income each grew by one-half of a percentage point.

| Exhibit 7 | | | | |
|--|---------------|---------------|---------------------|-------------|
| SOURCES OF ADJUSTED GROSS INCOME | | | | |
| FULL-YEAR RETURNS FOR 1990 AND 1999 | | | | |
| Source of Income (millions of dollars) | 1990 | 1999 | Change: | |
| | | | 1990 to 1999 | |
| | | | Amount | % |
| Wages, Salaries, Tips | 22,993 | 40,094 | 17,102 | 74.4 |
| Taxable Dividends & Interest | 3,023 | 3,461 | 437 | 14.5 |
| Net Business Income | 1,764 | 2,485 | 721 | 40.9 |
| Property Sales (Capital Gains) | 1,183 | 5,408 | 4,225 | 357.3 |
| Taxable Pensions | 2,164 | 5,716 | 3,552 | 164.2 |
| Rent, Partnership, S-Corp | 1,095 | 3,075 | 1,980 | 180.7 |
| Net Farm Income | -67 | -205 | -138 | 205.6 |
| Other Income | 877 | 2,477 | 1,600 | 182.4 |
| Adjustments | -434 | -703 | -269 | 61.9 |
| Total Adjusted Gross Income | 32,597 | 61,807 | 29,210 | 89.6 |
| Change: | | | | |
| Composition (%) | 1990 | 1999 | 1990 to 1999 | |
| Wages, Salaries, Tips | 70.5% | 64.9% | -5.67% | |
| Taxable Dividends & Interest | 9.3% | 5.6% | -3.68% | |
| Net Business Income | 5.4% | 4.0% | -1.39% | |
| Property Sales (Capital Gains) | 3.6% | 8.7% | 5.12% | |
| Taxable Pensions | 6.6% | 9.2% | 2.61% | |
| Rent, Partnership, S-Corp | 3.4% | 5.0% | 1.61% | |
| Net Farm Income | -0.2% | -0.3% | -0.13% | |
| Other Income | 2.7% | 4.0% | 1.32% | |
| Adjustments | -1.3% | -1.1% | 0.19% | |
| Total AGI | 100.0% | 100.0% | | |

Changes over the past 10 years have been more pronounced. Exhibit 7 summarizes the percentage changes in the components of income during the last 10 years. In 1990, wages represented roughly 71 percent; capital gains 3.6 percent; pensions 6.6 percent; and rent, partnership and S-corporation income just 3.4 percent. While wages are still the primary sources of income for Oregon taxpayers, its share has fallen by approximately 6 percent over the past 10 years. This declining share of adjusted gross income is due to much slower growth in wage and salary income than in income from property sales (capital gains) and from pensions.

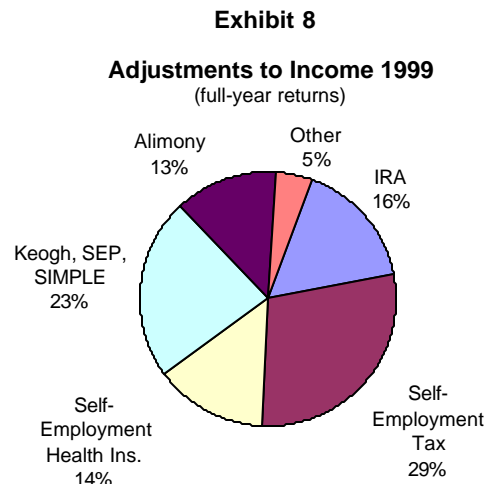
The fastest growing component of income over the past 10 years has been property sales/capital gains, increasing by more than 300 percent. Conversely, the slowest growing component has been taxable dividends and interest, increasing only by 15 percent throughout the 1990s. Overall, AGI grew by nearly 90 percent from 1990 to 1999.

growing component has been taxable dividends and interest, increasing only by 15 percent throughout the 1990s. Overall, AGI grew by nearly 90 percent from 1990 to 1999.

Adjustments

Exhibit 8 illustrates the distribution of adjustments claimed by full-year filers in 1999. Adjustments are deductions that all filers are allowed to take, regardless of whether they claim a standard deduction or itemized deductions. They are found on federal Forms 1040 and 1040A and are subtracted from total income when computing federal AGI.

The largest adjustment taken by full-year filers, in terms of total dollars, was the deduction for one-half of federal self-employment



taxes; Oregonians deducted nearly \$204 million in 1999 with this adjustment. With total adjustments equaling nearly \$703 million, self-employment tax deductions represent 29 percent of all adjustments taken. Self-employment taxes are payments made in-lieu of Social Security and Medicare taxes that represent both the employer and employee portions. This adjustment enables a taxpayer to subtract the employee portion of the Social Security and Medicare payments from their personal taxable income.

Contributions to Keogh, SEP, and SIMPLE retirement plans represent the next largest adjustment at 23 percent of the total. In 1999, full-year filers deducted \$159 million from income for contributions made to these retirement plans. The category "Other," which equals only 5 percent of the total, includes adjustments for student loan interest, medical savings accounts, moving expenses, and penalties on early savings withdrawals.

Self-employment tax is also the most frequently claimed adjustment; nearly 159,000 full-year filers claimed this deduction. While contributions to Keogh, SEP, and SIMPLE plans comprise 23 percent of total adjustment dollars, they comprise only 5 percent of all claims. (A claim differs from a filer in that each filer can claim more than one adjustment). Conversely, "Other" adjustments represented only 5 percent of the total dollars, but they comprised 15 percent of the claims.

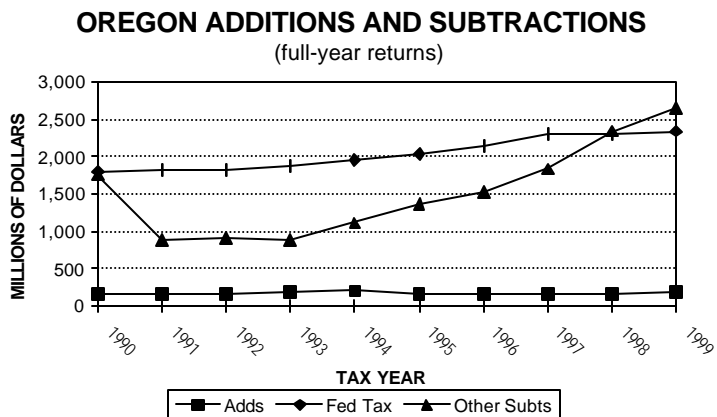
Additions and Subtractions

Oregon additions to and subtractions from federal AGI for the past 10 years (for full-year filers) are summarized in Exhibit 9. Because the federal income tax subtraction represents such a significant portion of all subtractions, it is shown separately in the exhibit and throughout this publication. Throughout the 1990s, Oregon additions were relatively stable and fluctuated between \$150 and \$200 million each year. The sum total of additions peaked in 1994 at \$200 million but fell to \$150 million by 1996, where it stayed for three years. Tax year 1999 saw modest growth as additions reached \$178 million.

The federal tax subtraction was the most significant subtraction throughout the 1990s. From 1991 to 1997, it was larger than all other subtractions combined. Experiencing its strongest growth between 1992 and 1997, it averaged just under 5 percent annual growth.

Changes in Oregon tax law have made the history of other subtractions more volatile. The total "Other Subtractions" amount fell in 1991 as subtractions for U.S. and Oregon public retirement income were eliminated. From 1991 to 1997, the most significant "Other subtractions" that were allowed included Social Security income taxed by the federal government, Oregon income tax refund included in federal income, and interest from U.S. government bonds. In 1998, a subtraction for federal pension income was allowed for the first time.

Exhibit 9

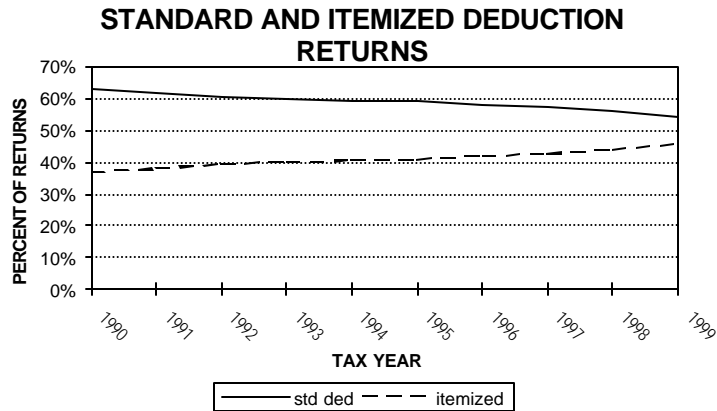


Deductions

The percent of returns claiming either a standard or itemized deduction is shown in Exhibit 10. Federal and Oregon itemized deductions differ in that Oregon allows certain filers to claim a special

medical deduction and does not allow filers to claim state income tax as a deduction. In general, taxpayers who itemize their federal deductions will also itemize their Oregon deductions. Exceptions will occur if a significant share of the federal itemized amount is due to state income taxes. Because Oregon does not allow this deduction, some filers find that their Oregon standard deduction is greater than their other itemized deductions. Overall, the share of full-year filers claiming itemized deductions has grown steadily throughout the 1990s.

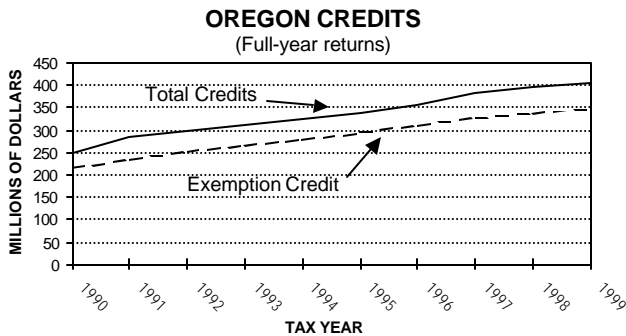
Exhibit 10



Credits

The recent history of Oregon credits taken by full-year filers is shown in Exhibit 11. Because the largest percentage of total credits is due to the exemption credit, it is shown separately. The exemption credit has accounted for an average of 85 percent of total credits for each of the past 10 years. During this period, growth in total credits has been relatively stable, except for jumps in 1991 and 1997. These two years experienced exceptional growth as new credits were introduced. The retirement credit was first allowed in 1991 and accounted for roughly 42 percent of the growth between 1990 and 1991. The earned income and working family credits were first allowed in 1997. Together, they accounted for roughly 58 percent of the growth between 1996 and 1997. Altogether, full-year filers claimed \$405 million in credits in 1999. Over these ten years, the number of full-year filers claiming at least one credit increased from 1,025,368 in 1990 to 1,233,592 in 1999.

Exhibit 11



| Tax Year | Total Credits | | Exemption Credit | |
|----------|---------------|----------|------------------|----------|
| | (\$Million) | % Change | (\$Million) | % Change |
| 1990 | 247.7 | | 214.0 | |
| 1991 | 283.9 | 14.6% | 234.1 | 9.4% |
| 1992 | 296.2 | 4.3% | 250.4 | 7.0% |
| 1993 | 311.5 | 5.2% | 264.8 | 5.8% |
| 1994 | 324.2 | 4.1% | 276.9 | 4.6% |
| 1995 | 338.7 | 4.5% | 293.6 | 6.0% |
| 1996 | 357.6 | 5.6% | 310.9 | 5.9% |
| 1997 | 383.0 | 7.1% | 325.6 | 4.7% |
| 1998 | 395.3 | 3.2% | 337.6 | 3.7% |
| 1999 | 405.2 | 2.5% | 345.3 | 2.3% |

Surplus Refund (Kicker)

The 1979 Oregon Legislature passed the “two percent kicker” law, which requires the state to refund excess revenue to taxpayers when actual General Fund revenues exceed the forecast amount by more than two percent. Prior to 1994, these refunds were made via a tax credit on the Oregon tax form for the calendar year in which the biennium ended. For example, actual revenues exceeded the forecast amount for the 1987-89 biennium (which ended on June 30, 1989) so the credit was allowed on the 1989 tax returns. The 1995 Oregon Legislature changed the law governing the method by which the refund was issued to income tax payers. Since 1995, the refunds have been made as direct

payments to taxpayers via a check based on their liability for the first full calendar year of the biennium. These checks are mailed to taxpayers in the year in which the biennium ends and are commonly referred to as “kicker checks.” As an example, actual revenues exceeded the forecast amount for the 1997-99 biennium so refunds were required. Based on 1998 income tax liability, taxpayers were issued checks in 1999.

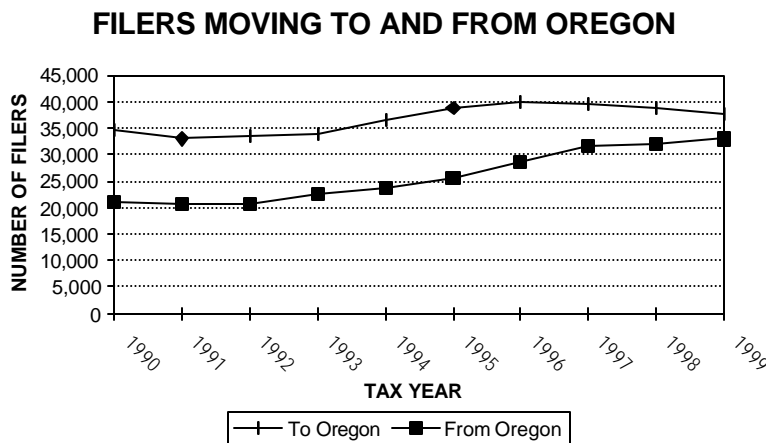
Since 1990, refunds were triggered for every biennium except the 1991-93 biennium, when actual revenues were lower than was forecasted. For the 1991 tax year, a credit of approximately 10 percent would have returned about \$200 million to taxpayers, but the Legislature voted to suspend the credit for that year. In 1995 and 1997, surplus refunds totaling \$157.5 million and \$436.5 million were sent to taxpayers. These amounts represent 6.27 percent and 14.37 percent of the 1994 and 1996 income tax liabilities, respectively. Most recently, taxpayers were sent checks in 1999 that equaled 4.57 percent of their 1998 income tax liability. In total, roughly \$164.2 million was returned to taxpayers in 1999.

Part-Year Residents

The rapid growth that Oregon experienced in the mid-1990s began to slow as we reached the end of the decade. Using the addresses on the Oregon tax returns, Exhibits 12, 13, and 14 provide information about part-year residents entering or leaving Oregon.

Exhibit 12 shows the total number of filers moving to and from Oregon for the years 1990 through 1999. In every year the number of filers moving into Oregon exceeds the number moving out, but the difference has been shrinking in recent years. From 1990 through 1995, the difference was fairly stable, and Oregon experienced an average net in-migration of 12,600 filers. The net in-migration

Exhibit 12



peaked in 1995 at 13,100, but that figure has fallen each year since. In 1999, only 4,700 more filers moved into Oregon than moved out of Oregon.

Exhibit 13 on the following page shows the number and percent of in-migrants by county of destination for select years between 1990 and 1999. In 1999, as in previous years, in-migrants were drawn to counties roughly in proportion to current county populations. The three counties that comprise the

Portland metropolitan area - Multnomah, Washington, and Clackamas - contain over 40 percent of the state’s population and attracted 50 percent of the in-migrants. Lane county was the next most popular destination in 1999 as 9.2 percent of in-migrants chose this location.

Exhibit 14 shows the number of income tax filers moving from Oregon in selected years from 1990 to 1999 by state of destination. In 1999, taxpayers moved from Oregon 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 just over 50 percent of all out-migrants. Arizona was the next most popular destination, attracting 5.7 percent of out-migrants.

Exhibit 13

NUMBER OF FILERS MOVING TO OREGON, BY COUNTY OF DESTINATION

| COUNTY | 1990 | | 1995 | | 1996 | | 1997 | | 1998 | | 1999 | | 1999 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 | |
| BAKER | 146 | 0.4% | 161 | 0.4% | 163 | 0.4% | 160 | 0.4% | 154 | 0.4% | 151 | 0.4% | 0.5% |
| BENTON | 992 | 2.9% | 1,108 | 2.9% | 1,111 | 2.8% | 1,000 | 2.5% | 876 | 2.3% | 839 | 2.2% | 2.3% |
| CLACKAMAS | 3,306 | 9.5% | 3,701 | 9.6% | 3,910 | 9.8% | 3,522 | 8.9% | 3,580 | 9.2% | 3,366 | 8.9% | 9.9% |
| CLATSOP | 338 | 1.0% | 353 | 0.9% | 376 | 0.9% | 347 | 0.9% | 367 | 0.9% | 310 | 0.8% | 1.1% |
| COLUMBIA | 311 | 0.9% | 342 | 0.9% | 343 | 0.9% | 362 | 0.9% | 318 | 0.8% | 327 | 0.9% | 1.3% |
| COOS | 602 | 1.7% | 513 | 1.3% | 454 | 1.1% | 566 | 1.4% | 507 | 1.3% | 514 | 1.4% | 1.9% |
| CROOK | 125 | 0.4% | 130 | 0.3% | 129 | 0.3% | 114 | 0.3% | 110 | 0.3% | 124 | 0.3% | 0.5% |
| CURRY | 376 | 1.1% | 298 | 0.8% | 305 | 0.8% | 274 | 0.7% | 332 | 0.9% | 296 | 0.8% | 0.7% |
| DESCHUTES | 1,455 | 4.2% | 1,566 | 4.1% | 1,568 | 3.9% | 1,666 | 4.2% | 1,808 | 4.6% | 1,897 | 5.0% | 3.2% |
| DOUGLAS | 910 | 2.6% | 902 | 2.3% | 872 | 2.2% | 882 | 2.2% | 887 | 2.3% | 883 | 2.3% | 3.1% |
| GILLIAM | 13 | 0.0% | 22 | 0.1% | 20 | 0.1% | 11 | 0.0% | 11 | 0.0% | 18 | 0.0% | 0.1% |
| GRANT | 89 | 0.3% | 57 | 0.1% | 50 | 0.1% | 61 | 0.2% | 72 | 0.2% | 57 | 0.2% | 0.2% |
| HARNEY | 71 | 0.2% | 62 | 0.2% | 65 | 0.2% | 87 | 0.2% | 100 | 0.3% | 58 | 0.2% | 0.2% |
| HOOD RIVER | 229 | 0.7% | 254 | 0.7% | 228 | 0.6% | 248 | 0.6% | 226 | 0.6% | 211 | 0.6% | 0.6% |
| JACKSON | 2,060 | 5.9% | 2,145 | 5.6% | 2,030 | 5.1% | 2,159 | 5.5% | 2,219 | 5.7% | 2,115 | 5.6% | 5.3% |
| JEFFERSON | 88 | 0.3% | 114 | 0.3% | 98 | 0.2% | 84 | 0.2% | 93 | 0.2% | 97 | 0.3% | 0.5% |
| JOSEPHINE | 973 | 2.8% | 783 | 2.0% | 825 | 2.1% | 746 | 1.9% | 843 | 2.2% | 831 | 2.2% | 2.2% |
| KLAMATH | 672 | 1.9% | 677 | 1.8% | 695 | 1.7% | 665 | 1.7% | 656 | 1.7% | 708 | 1.9% | 1.9% |
| LAKE | 83 | 0.2% | 71 | 0.2% | 54 | 0.1% | 61 | 0.2% | 90 | 0.2% | 76 | 0.2% | 0.2% |
| LANE | 3,325 | 9.6% | 3,534 | 9.2% | 3,773 | 9.5% | 3,594 | 9.1% | 3,601 | 9.3% | 3,471 | 9.2% | 9.6% |
| LINCOLN | 530 | 1.5% | 593 | 1.5% | 633 | 1.6% | 524 | 1.3% | 507 | 1.3% | 460 | 1.2% | 1.3% |
| LINN | 778 | 2.2% | 807 | 2.1% | 853 | 2.1% | 753 | 1.9% | 703 | 1.8% | 624 | 1.7% | 3.1% |
| MALHEUR | 371 | 1.1% | 274 | 0.7% | 306 | 0.8% | 316 | 0.8% | 298 | 0.8% | 300 | 0.8% | 0.9% |
| MARION | 2,281 | 6.6% | 2,177 | 5.6% | 2,184 | 5.5% | 2,154 | 5.4% | 2,013 | 5.2% | 1,995 | 5.3% | 8.3% |
| MORROW | 83 | 0.2% | 81 | 0.2% | 51 | 0.1% | 81 | 0.2% | 118 | 0.3% | 79 | 0.2% | 0.3% |
| MULTNOMAH | 6,976 | 20.1% | 9,137 | 23.7% | 9,638 | 24.2% | 9,685 | 24.5% | 9,524 | 24.5% | 9,224 | 24.5% | 19.6% |
| POLK | 446 | 1.3% | 429 | 1.1% | 452 | 1.1% | 462 | 1.2% | 438 | 1.1% | 395 | 1.0% | 1.8% |
| SHERMAN | 22 | 0.1% | 10 | 0.0% | 16 | 0.0% | 15 | 0.0% | 17 | 0.0% | 8 | 0.0% | 0.1% |
| TILLAMOOK | 203 | 0.6% | 207 | 0.5% | 247 | 0.6% | 211 | 0.5% | 204 | 0.5% | 216 | 0.6% | 0.7% |
| UMATILLA | 593 | 1.7% | 643 | 1.7% | 583 | 1.5% | 682 | 1.7% | 793 | 2.0% | 568 | 1.5% | 2.1% |
| UNION | 254 | 0.7% | 202 | 0.5% | 211 | 0.5% | 231 | 0.6% | 236 | 0.6% | 217 | 0.6% | 0.7% |
| WALLOWA | 75 | 0.2% | 72 | 0.2% | 57 | 0.1% | 56 | 0.1% | 56 | 0.1% | 75 | 0.2% | 0.2% |
| WASCO | 220 | 0.6% | 183 | 0.5% | 170 | 0.4% | 203 | 0.5% | 190 | 0.5% | 202 | 0.5% | 0.7% |
| WASHINGTON | 5,153 | 14.8% | 6,334 | 16.4% | 6,696 | 16.8% | 6,860 | 17.3% | 6,335 | 16.3% | 6,350 | 16.9% | 12.3% |
| WHEELER | 6 | 0.0% | 17 | 0.0% | 9 | 0.0% | 7 | 0.0% | 9 | 0.0% | 8 | 0.0% | 0.0% |
| YAMHILL | 614 | 1.8% | 660 | 1.7% | 670 | 1.7% | 710 | 1.8% | 624 | 1.6% | 583 | 1.5% | 2.5% |
| TOTAL | 34,769 | 100.0% | 38,619 | 100.0% | 39,845 | 100.0% | 39,559 | 100.0% | 38,915 | 100.0% | 37,653 | 100.0% | 100.0% |

Exhibit 14

NUMBER OF INCOME TAX FILERS MOVING FROM OREGON, BY DESTINATION

| STATE | 1990 | | 1995 | | 1996 | | 1997 | | 1998 | | 1999 | |
|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| ALABAMA | 68 | 0.3% | 72 | 0.3% | 73 | 0.3% | 93 | 0.3% | 104 | 0.3% | 100 | 0.3% |
| ALASKA | 480 | 2.3% | 413 | 1.6% | 434 | 1.5% | 437 | 1.4% | 413 | 1.3% | 424 | 1.3% |
| ARIZONA | 793 | 3.8% | 1,316 | 5.2% | 1,429 | 5.0% | 1,773 | 5.6% | 1,731 | 5.4% | 1,864 | 5.7% |
| ARKANSAS | 88 | 0.4% | 102 | 0.4% | 151 | 0.5% | 125 | 0.4% | 145 | 0.5% | 130 | 0.4% |
| CALIFORNIA | 4,417 | 20.9% | 4,816 | 18.9% | 5,889 | 20.5% | 6,987 | 22.1% | 6,743 | 21.0% | 7,113 | 21.6% |
| COLORADO | 656 | 3.1% | 921 | 3.6% | 1,025 | 3.6% | 1,132 | 3.6% | 1,379 | 4.3% | 1,220 | 3.7% |
| CONNECTICUT | 59 | 0.3% | 101 | 0.4% | 101 | 0.4% | 148 | 0.5% | 131 | 0.4% | 111 | 0.3% |
| DELAWARE | 10 | 0.0% | 13 | 0.1% | 14 | 0.0% | 24 | 0.1% | 18 | 0.1% | 24 | 0.1% |
| FLORIDA | 301 | 1.4% | 408 | 1.6% | 420 | 1.5% | 571 | 1.8% | 568 | 1.8% | 676 | 2.1% |
| GEORGIA | 127 | 0.6% | 223 | 0.9% | 277 | 1.0% | 282 | 0.9% | 342 | 1.1% | 313 | 0.9% |
| HAWAII | 223 | 1.1% | 194 | 0.8% | 217 | 0.8% | 268 | 0.8% | 263 | 0.8% | 342 | 1.0% |
| IDAHO | 1,265 | 6.0% | 1,489 | 5.8% | 1,586 | 5.5% | 1,679 | 5.3% | 1,684 | 5.3% | 1,565 | 4.7% |
| ILLINOIS | 291 | 1.4% | 408 | 1.6% | 413 | 1.4% | 400 | 1.3% | 485 | 1.5% | 481 | 1.5% |
| INDIANA | 138 | 0.7% | 193 | 0.8% | 182 | 0.6% | 209 | 0.7% | 228 | 0.7% | 239 | 0.7% |
| IOWA | 126 | 0.6% | 178 | 0.7% | 175 | 0.6% | 190 | 0.6% | 188 | 0.6% | 163 | 0.5% |
| KANSAS | 117 | 0.6% | 153 | 0.6% | 182 | 0.6% | 162 | 0.5% | 163 | 0.5% | 162 | 0.5% |
| KENTUCKY | 63 | 0.3% | 106 | 0.4% | 104 | 0.4% | 107 | 0.3% | 104 | 0.3% | 129 | 0.4% |
| LOUISIANA | 71 | 0.3% | 89 | 0.3% | 89 | 0.3% | 86 | 0.3% | 116 | 0.4% | 94 | 0.3% |
| MAINE | 31 | 0.1% | 53 | 0.2% | 63 | 0.2% | 79 | 0.2% | 82 | 0.3% | 87 | 0.3% |
| MARYLAND | 99 | 0.5% | 140 | 0.5% | 151 | 0.5% | 168 | 0.5% | 189 | 0.6% | 178 | 0.5% |
| MASSACHUSETTS | 96 | 0.5% | 244 | 1.0% | 281 | 1.0% | 340 | 1.1% | 305 | 1.0% | 408 | 1.2% |
| MICHIGAN | 182 | 0.9% | 292 | 1.1% | 287 | 1.0% | 323 | 1.0% | 340 | 1.1% | 354 | 1.1% |
| MINNESOTA | 263 | 1.2% | 324 | 1.3% | 373 | 1.3% | 434 | 1.4% | 473 | 1.5% | 449 | 1.4% |
| MISSISSIPPI | 29 | 0.1% | 53 | 0.2% | 59 | 0.2% | 54 | 0.2% | 45 | 0.1% | 67 | 0.2% |
| MISSOURI | 208 | 1.0% | 289 | 1.1% | 287 | 1.0% | 315 | 1.0% | 311 | 1.0% | 334 | 1.0% |
| MONTANA | 487 | 2.3% | 621 | 2.4% | 593 | 2.1% | 566 | 1.8% | 640 | 2.0% | 625 | 1.9% |
| NEBRASKA | 99 | 0.5% | 128 | 0.5% | 144 | 0.5% | 162 | 0.5% | 136 | 0.4% | 122 | 0.4% |
| NEVADA | 577 | 2.7% | 689 | 2.7% | 800 | 2.8% | 883 | 2.8% | 807 | 2.5% | 944 | 2.9% |
| NEW HAMPSHIRE | 30 | 0.1% | 61 | 0.2% | 40 | 0.1% | 62 | 0.2% | 69 | 0.2% | 86 | 0.3% |
| NEW JERSEY | 76 | 0.4% | 114 | 0.4% | 118 | 0.4% | 172 | 0.5% | 178 | 0.6% | 161 | 0.5% |
| NEW MEXICO | 176 | 0.8% | 330 | 1.3% | 234 | 0.8% | 279 | 0.9% | 255 | 0.8% | 307 | 0.9% |
| NEW YORK | 258 | 1.2% | 364 | 1.4% | 380 | 1.3% | 436 | 1.4% | 508 | 1.6% | 533 | 1.6% |
| NORTH CAROLINA | 132 | 0.6% | 218 | 0.9% | 256 | 0.9% | 291 | 0.9% | 331 | 1.0% | 337 | 1.0% |
| NORTH DAKOTA | 54 | 0.3% | 65 | 0.3% | 84 | 0.3% | 86 | 0.3% | 77 | 0.2% | 78 | 0.2% |
| OHIO | 189 | 0.9% | 222 | 0.9% | 270 | 0.9% | 341 | 1.1% | 342 | 1.1% | 354 | 1.1% |
| OKLAHOMA | 134 | 0.6% | 206 | 0.8% | 224 | 0.8% | 216 | 0.7% | 212 | 0.7% | 204 | 0.6% |
| PENNSYLVANIA | 135 | 0.6% | 185 | 0.7% | 247 | 0.9% | 228 | 0.7% | 256 | 0.8% | 340 | 1.0% |
| RHODE ISLAND | 7 | 0.0% | 12 | 0.0% | 18 | 0.1% | 24 | 0.1% | 36 | 0.1% | 23 | 0.1% |
| SOUTH CAROLINA | 57 | 0.3% | 71 | 0.3% | 81 | 0.3% | 89 | 0.3% | 109 | 0.3% | 103 | 0.3% |
| SOUTH DAKOTA | 61 | 0.3% | 87 | 0.3% | 62 | 0.2% | 85 | 0.3% | 95 | 0.3% | 75 | 0.2% |
| TENNESSEE | 83 | 0.4% | 148 | 0.6% | 156 | 0.5% | 213 | 0.7% | 201 | 0.6% | 220 | 0.7% |
| TEXAS | 560 | 2.7% | 740 | 2.9% | 818 | 2.8% | 1,023 | 3.2% | 1,082 | 3.4% | 1,158 | 3.5% |
| UTAH | 436 | 2.1% | 611 | 2.4% | 623 | 2.2% | 733 | 2.3% | 739 | 2.3% | 786 | 2.4% |
| VERMONT | 23 | 0.1% | 48 | 0.2% | 59 | 0.2% | 55 | 0.2% | 82 | 0.3% | 80 | 0.2% |
| VIRGINIA | 171 | 0.8% | 204 | 0.8% | 277 | 1.0% | 313 | 1.0% | 338 | 1.1% | 357 | 1.1% |
| WASHINGTON | 6,576 | 31.2% | 7,026 | 27.6% | 8,139 | 28.3% | 8,131 | 25.7% | 8,081 | 25.2% | 8,057 | 24.4% |
| WEST VIRGINIA | 31 | 0.1% | 32 | 0.1% | 41 | 0.1% | 26 | 0.1% | 38 | 0.1% | 30 | 0.1% |
| WISCONSIN | 180 | 0.9% | 246 | 1.0% | 238 | 0.8% | 239 | 0.8% | 274 | 0.9% | 308 | 0.9% |
| WYOMING | 137 | 0.6% | 136 | 0.5% | 118 | 0.4% | 164 | 0.5% | 177 | 0.6% | 169 | 0.5% |
| WASHINGTON, D.C | 29 | 0.1% | 41 | 0.2% | 42 | 0.1% | 61 | 0.2% | 63 | 0.2% | 56 | 0.2% |
| GUAM, P.R., V.I. | 19 | 0.1% | 16 | 0.1% | 10 | 0.0% | 19 | 0.1% | 24 | 0.1% | 12 | 0.0% |
| OUTSIDE U.S. | 183 | 0.9% | 271 | 1.1% | 381 | 1.3% | 402 | 1.3% | 368 | 1.1% | 412 | 1.2% |
| TOTAL | 21,101 | 100.0% | 25,482 | 100.0% | 28,715 | 100.0% | 31,685 | 100.0% | 32,068 | 100.0% | 32,964 | 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 15 shows a breakdown of the number of returns, total AGI, and total tax liability by county, and the percent change from 1998 to 1999. Exhibits 16 and 17 are maps showing averages of AGI and tax liability for all returns in each county, and Exhibit 18 shows effective tax rates by county.

The three Portland counties—Multnomah, Washington, and Clackamas—filed 39.6 percent of the tax returns and reported 48.4 percent of the AGI and 50.7 percent of the total tax liability. The remainder of the Willamette Valley, comprised of Lane, Linn, Benton, Polk, Marion, and Yamhill counties, accounted for an additional 23.9 percent of returns filed, 22.7 percent of AGI, and 21.9 percent of tax.

The fastest growing counties in 1999 were Deschutes with a 3.9 percent increase, Wallowa with a 3.6 percent increase, and Crook with a 3.0 percent increase in returns filed. Wallowa county had the greatest percent increase in AGI, 15.5 percent, followed by Washington county with a 10.4 percent increase. Other counties with an increase of 8.0 percent or greater in AGI were Crook (9.9 percent), Tillamook (8.5 percent), and Douglas (8.0 percent).

Five counties experienced growth in tax that was greater than 10 percent. The fastest growing was Wallowa with an increase of 20.6 percent. The other four were Crook (11.9 percent), Washington (11.5 percent), Tillamook (10.4 percent) and Lake (10.1 percent). Three counties experienced a decline in tax liability – Gilliam (5.2 percent), Jefferson (3.0 percent) and Sherman (2.5 percent).

The map in Exhibit 16 shows that the counties with the highest average adjusted gross incomes are Benton and Deschutes counties and the five counties of the Portland area – Multnomah, Clackamas, Washington, Yamhill, and Columbia. Washington County reported AGI averaging over \$57,000. Clackamas County reported AGI averaging over \$52,000.

The map in Exhibit 17 shows that Washington and Clackamas counties had the highest average tax due, over \$3,600 in Washington and \$3,100 in Clackamas county. Both Multnomah and Benton counties had an average tax liability of roughly \$2,700.

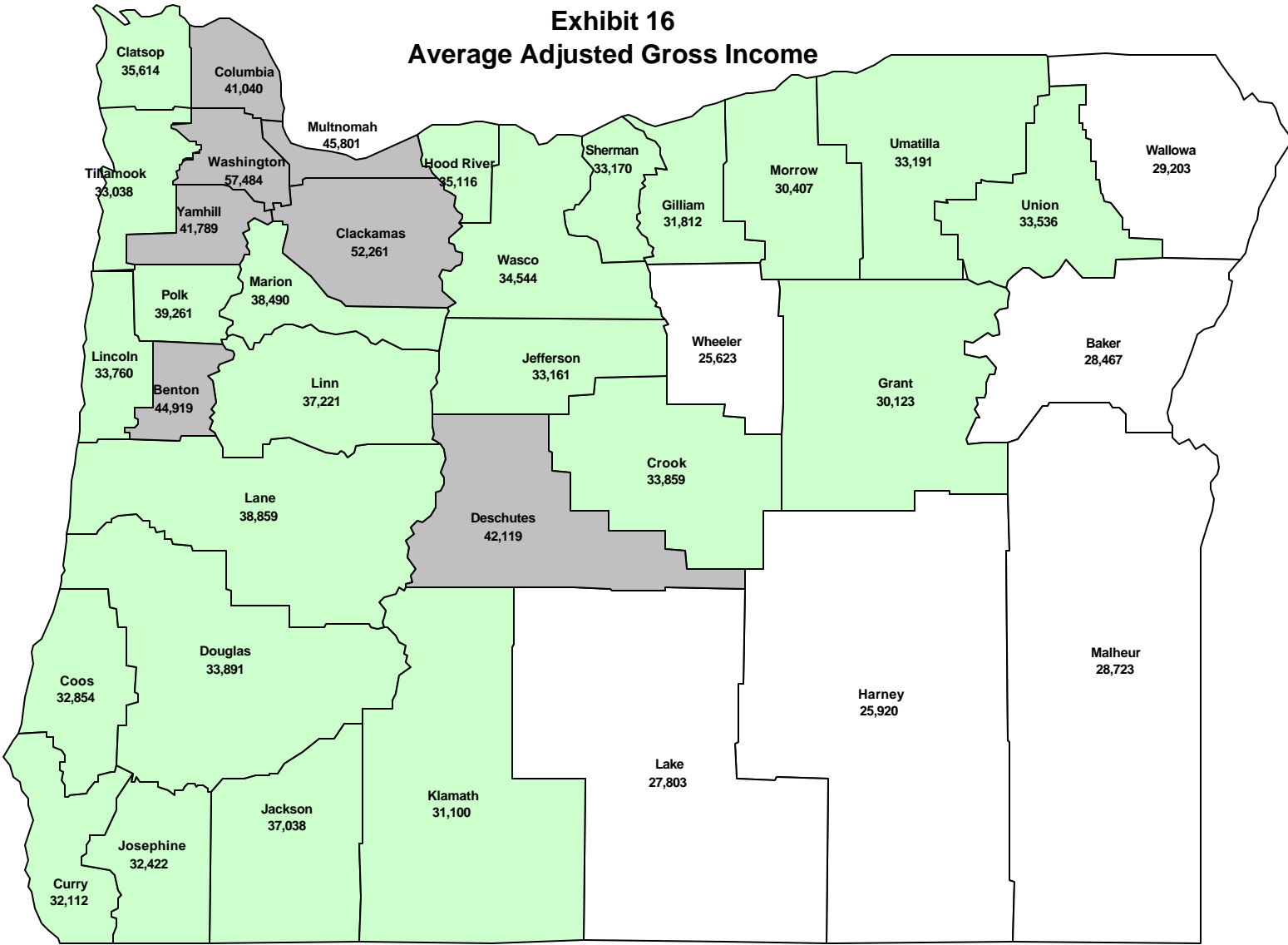
The map in Exhibit 18 shows effective tax rates—tax due divided by AGI—for each county. Washington County's effective tax rate was 6.3 percent, followed by Clackamas, Multnomah, and Benton counties with 6.0 percent.

Exhibit 15

DISTRIBUTION OF RETURNS, AGI, AND TAX LIABILITY BY COUNTY

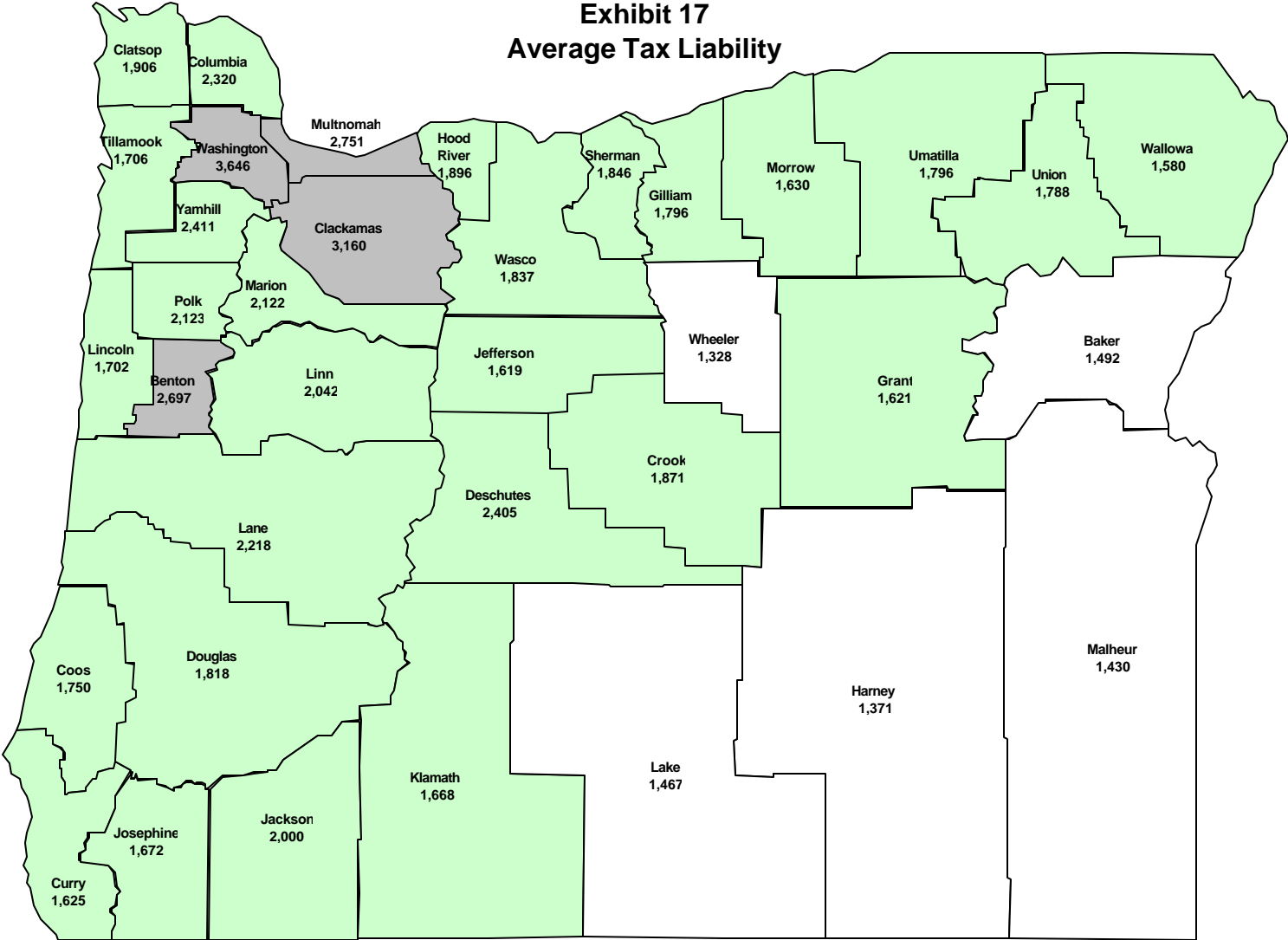
| County or Area | All 1999 Returns | | | | | | % Change 1998 to 1999 | | |
|----------------|------------------|---------------|-------------------------------|---------------|-----------------------------|---------------|-----------------------|-------------|---------------|
| | Returns Number | Share | Adjusted Gross Income (\$000) | Share | Total Tax Liability (\$000) | Share | No. of Returns | Total AGI | Total Tax Due |
| Baker | 6,619 | 0.4% | 188,426 | 0.3% | 9,877 | 0.3% | -0.4% | 4.3% | 5.9% |
| Benton | 30,208 | 1.9% | 1,356,921 | 2.0% | 81,484 | 2.1% | 0.1% | 5.8% | 6.3% |
| Clackamas | 153,839 | 9.6% | 8,039,809 | 12.1% | 486,116 | 12.6% | 0.5% | 6.3% | 6.8% |
| Clatsop | 14,047 | 0.9% | 500,263 | 0.8% | 26,777 | 0.7% | -0.5% | 4.8% | 5.0% |
| Columbia | 18,385 | 1.1% | 754,518 | 1.1% | 42,649 | 1.1% | 0.8% | 6.4% | 6.5% |
| Coos | 23,895 | 1.5% | 785,048 | 1.2% | 41,805 | 1.1% | 0.5% | 2.7% | 1.1% |
| Crook | 7,104 | 0.4% | 240,532 | 0.4% | 13,292 | 0.3% | 3.0% | 9.9% | 11.9% |
| Curry | 8,891 | 0.6% | 285,512 | 0.4% | 14,450 | 0.4% | -0.9% | 5.1% | 6.4% |
| Deschutes | 52,021 | 3.2% | 2,191,078 | 3.3% | 125,126 | 3.2% | 3.9% | 7.9% | 8.2% |
| Douglas | 40,623 | 2.5% | 1,376,736 | 2.1% | 73,856 | 1.9% | 1.1% | 8.0% | 9.5% |
| Gilliam | 845 | 0.1% | 26,881 | 0.0% | 1,518 | 0.0% | -1.5% | -4.9% | -5.2% |
| Grant | 3,211 | 0.2% | 96,725 | 0.1% | 5,204 | 0.1% | -0.5% | 6.8% | 7.6% |
| Harney | 3,139 | 0.2% | 81,363 | 0.1% | 4,305 | 0.1% | 0.9% | 5.7% | 4.8% |
| Hood River | 8,694 | 0.5% | 305,296 | 0.5% | 16,482 | 0.4% | -0.7% | 5.3% | 5.7% |
| Jackson | 74,999 | 4.7% | 2,777,838 | 4.2% | 149,996 | 3.9% | 1.9% | 5.2% | 3.6% |
| Jefferson | 5,775 | 0.4% | 191,502 | 0.3% | 9,347 | 0.2% | -0.6% | 0.3% | -3.0% |
| Josephine | 29,337 | 1.8% | 951,151 | 1.4% | 49,047 | 1.3% | 1.2% | 7.1% | 8.3% |
| Klamath | 24,918 | 1.6% | 774,958 | 1.2% | 41,552 | 1.1% | 1.2% | 3.1% | 2.9% |
| Lake | 2,873 | 0.2% | 79,878 | 0.1% | 4,214 | 0.1% | 1.2% | 7.7% | 10.1% |
| Lane | 135,988 | 8.5% | 5,284,367 | 8.0% | 301,556 | 7.8% | 0.6% | 4.5% | 5.0% |
| Lincoln | 18,561 | 1.2% | 626,617 | 0.9% | 31,583 | 0.8% | -2.2% | 3.2% | 3.5% |
| Linn | 43,293 | 2.7% | 1,611,405 | 2.4% | 88,385 | 2.3% | -0.8% | 1.9% | 1.0% |
| Malheur | 10,182 | 0.6% | 292,459 | 0.4% | 14,562 | 0.4% | -1.9% | 2.5% | 1.7% |
| Marion | 115,458 | 7.2% | 4,444,009 | 6.7% | 245,046 | 6.3% | 0.2% | 6.0% | 7.1% |
| Morrow | 3,840 | 0.2% | 116,764 | 0.2% | 6,259 | 0.2% | -0.9% | 3.0% | 3.0% |
| Multnomah | 310,625 | 19.4% | 14,226,953 | 21.4% | 854,549 | 22.1% | -0.4% | 6.9% | 8.2% |
| Polk | 24,592 | 1.5% | 965,508 | 1.5% | 52,212 | 1.3% | 1.1% | 5.0% | 4.2% |
| Sherman | 835 | 0.1% | 27,697 | 0.0% | 1,541 | 0.0% | -2.5% | -1.1% | -2.5% |
| Tillamook | 10,342 | 0.6% | 341,679 | 0.5% | 17,647 | 0.5% | 1.0% | 8.5% | 10.4% |
| Umatilla | 26,557 | 1.7% | 881,457 | 1.3% | 47,707 | 1.2% | 0.3% | 5.5% | 6.8% |
| Union | 10,149 | 0.6% | 340,361 | 0.5% | 18,145 | 0.5% | 0.9% | 7.8% | 8.6% |
| Wallowa | 3,199 | 0.2% | 93,419 | 0.1% | 5,053 | 0.1% | 3.6% | 15.5% | 20.6% |
| Wasco | 9,556 | 0.6% | 330,101 | 0.5% | 17,553 | 0.5% | 1.0% | 4.0% | 4.1% |
| Washington | 170,621 | 10.6% | 9,807,974 | 14.8% | 622,041 | 16.1% | 2.2% | 10.4% | 11.5% |
| Wheeler | 594 | 0.0% | 15,220 | 0.0% | 789 | 0.0% | 0.0% | 4.9% | 5.2% |
| Yamhill | 33,138 | 2.1% | 1,384,797 | 2.1% | 79,889 | 2.1% | 0.4% | 5.7% | 6.9% |
| Clark Co., Wa. | 53,063 | 3.3% | 1,813,076 | 2.7% | 106,794 | 2.8% | 3.0% | 8.8% | 9.6% |
| Other Wash. | 29,026 | 1.8% | 657,626 | 1.0% | 46,476 | 1.2% | 3.9% | 8.0% | 15.0% |
| California | 25,104 | 1.6% | 719,484 | 1.1% | 32,361 | 0.8% | 4.8% | 11.2% | 21.9% |
| Idaho | 10,492 | 0.7% | 180,373 | 0.3% | 10,060 | 0.3% | -1.4% | -0.3% | 1.6% |
| Other States | 48,212 | 3.0% | 1,165,028 | 1.8% | 74,470 | 1.9% | 6.7% | 15.3% | 17.7% |
| Total | 1,602,850 | 100.0% | \$66,330,809 | 100.0% | \$3,871,775 | 100.0% | 1.0% | 6.8% | 7.8% |

Exhibit 16 Average Adjusted Gross Income



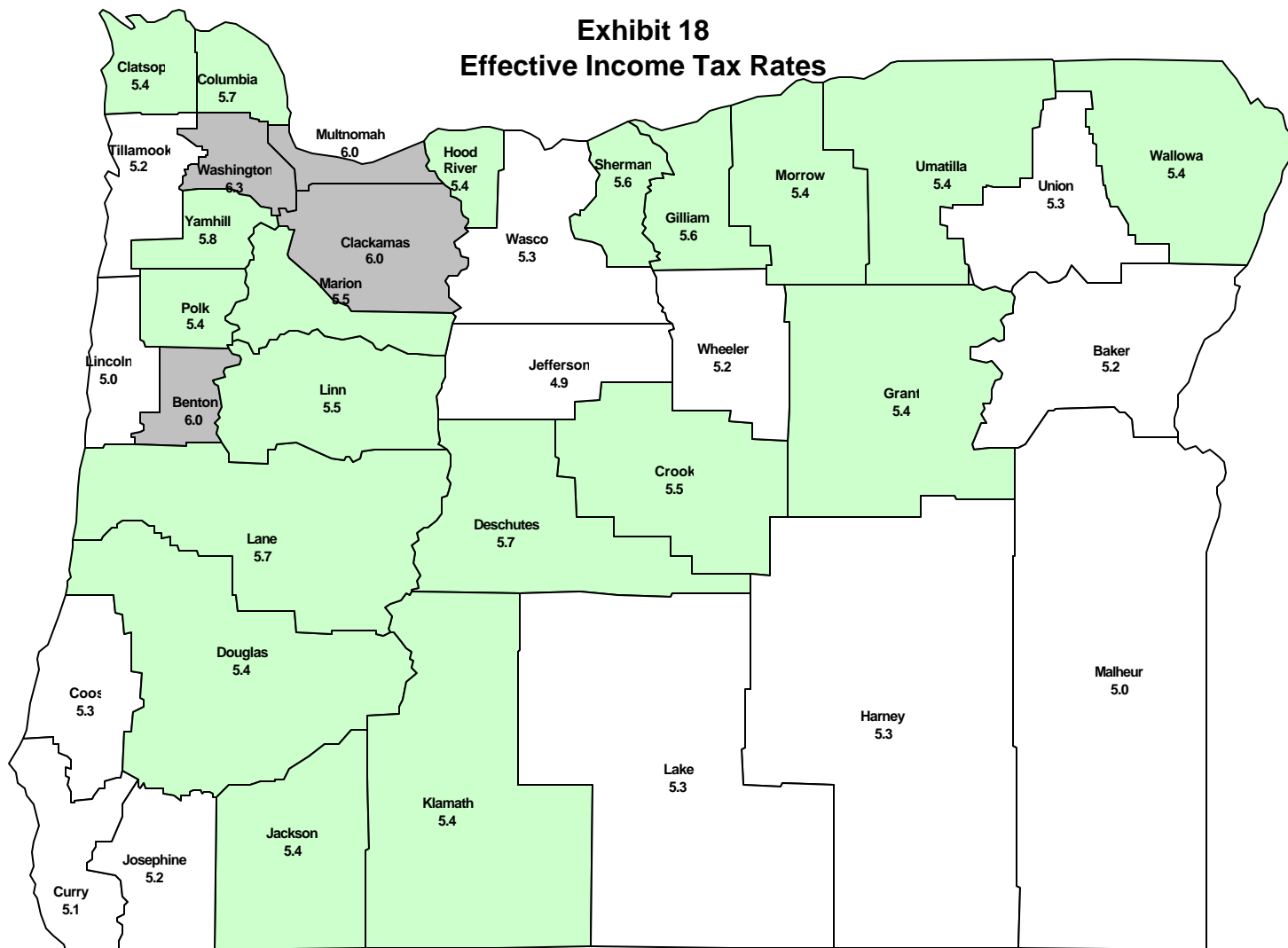
\$20,000 to \$29,999
 \$30,000 to \$39,999
 \$40,000 to \$60,000
 Statewide average AGI equals \$35,437

Exhibit 17 Average Tax Liability



\$0 to \$1,499
 \$1,500 to \$2,499
 \$2,500 to \$4,000
 Statewide average tax paid equals \$2,416

Exhibit 18 Effective Income Tax Rates



4.9% to 5.4%
 5.5% to 5.9%
 6.0% to 6.3%

Statewide average effective income tax rate equals 5.8%