

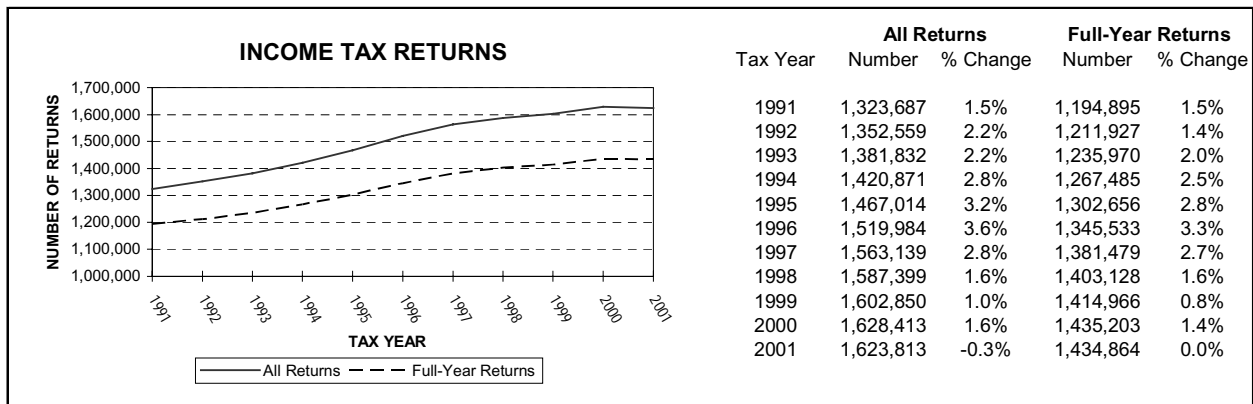
## II. 2001 Summary and Historical Trends

In this chapter, data for the 2001 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, electronic returns are discussed, 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 1980–2002.

### Income and Tax

For the first time since 1983, the total number of personal income tax returns filed declined on a year-over-year basis. The number of returns filed declined 0.3 percent, falling from 1,628,413 in 2000 to 1,623,813 in 2001. Exhibit 1 shows the trend in returns filed since 1991 for all returns and full-year returns. Over this time period, full-year returns have accounted for roughly 89 percent of all returns each year.

EXHIBIT 1

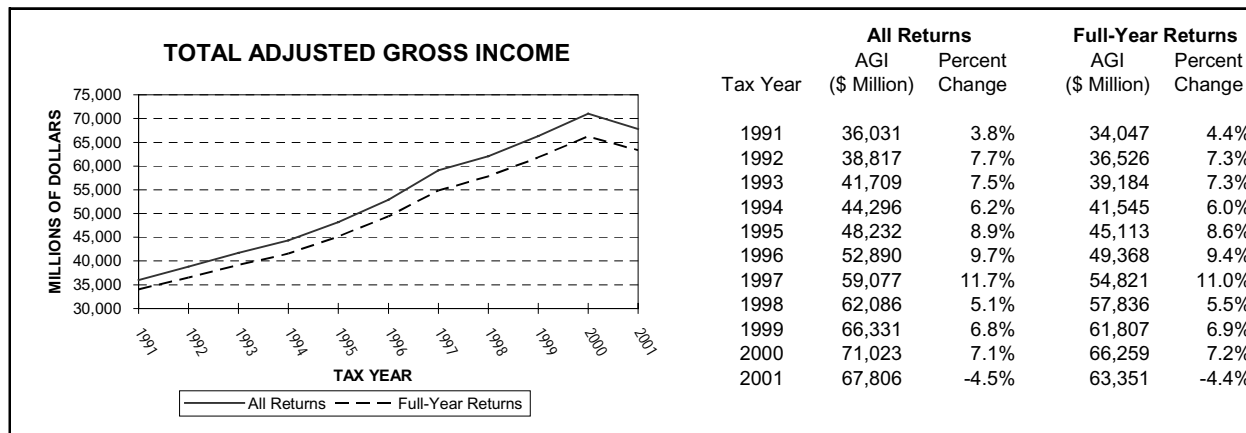


The table to the right shows the number of filers in each tax bracket. As shown in the table on the previous page, Oregon's top tax rate of 9 percent starts at a relatively low level of income. Consequently, most filers (70 percent) have some income taxed at the top rate. It should be noted that a portion of the income of these taxpayers is also taxed at the 5 and 7 percent rates. Roughly 7 percent of filers have no taxable income. Often, these taxpayers file a return to get a refund of taxes that had been withheld during the tax year.

	Returns	Share
No Taxable Income	120,293	7.4%
5% bracket	150,924	9.3%
7% bracket	216,664	13.3%
9% bracket	1,135,932	70.0%

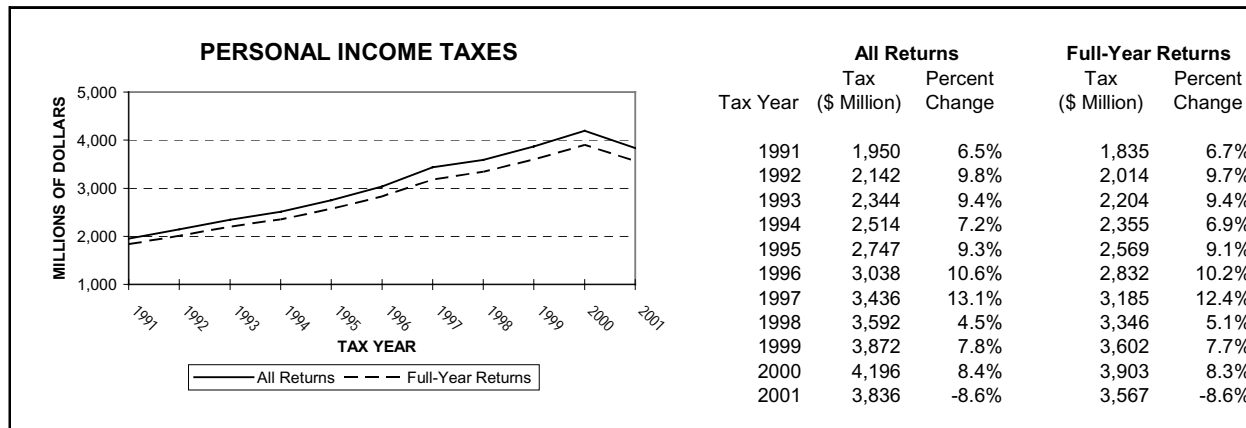
While the total number of returns declined slightly, total adjusted gross income (AGI) fell by 4.5 percent, to \$67.8 billion. Exhibit 2 shows the pattern of AGI growth for the years 1991 to 2001. For the first time since 1982, AGI declined. Between 1991 and 2000, growth averaged 7.8 percent. As reflected in the graph, the greatest one-year growth was in 1997, when AGI grew by 11.7 percent. During this time period, roughly 93 percent of the total AGI was attributable to full-year residents.

**EXHIBIT 2**



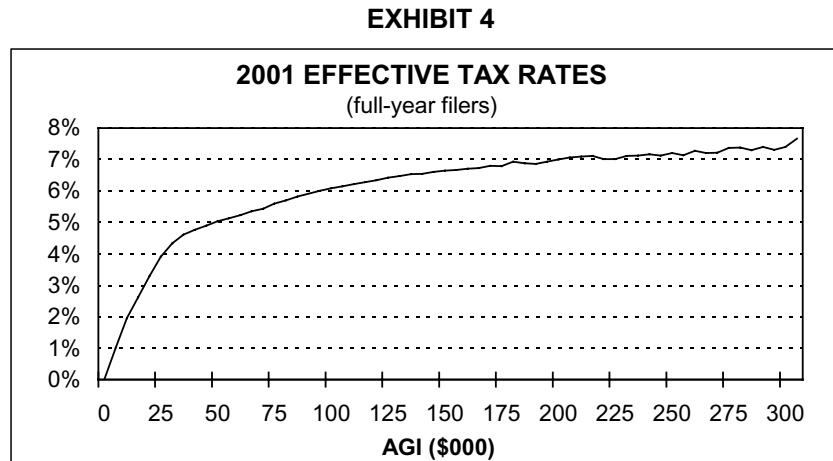
As reflected in Exhibit 3, Oregon personal income taxes experienced an even stronger decline in 2001, falling by 8.6 percent to \$3.8 billion. Taxes declined more than AGI because subtractions, deductions, and credits all increased in 2001. As shown in the flowchart on page 4, growth in subtractions and deductions results in lower taxable income even when AGI remains unchanged. Growth in credits also contributed to the more severe decline in taxes. Exhibit 3 shows the history of personal income taxes from 1991 to 2001. Over that period, the growth rate peaked in 1997 at 13.1 percent. The decline in 2001 was the first time taxes have declined since 1985, when they fell by 3 percent.

**EXHIBIT 3**



Tables A and B on pages 29 and 30 provide additional detail on the number of returns, AGI, and tax for all 2001 returns. Tables A and B on pages 41 and 42 provide the same detail for full-year filers.

Exhibit 4 shows the effective tax rates (tax as a percent of AGI) for full-year filers in 2001, according to AGI level. The rate climbs quickly from zero to 4.8 percent for filers with income of roughly \$40,000. The rate continues to increase but at a slower pace and gradually reaches 7.7 percent for the top income filers. The effective tax rate increases for taxpayers with higher incomes because they have a greater share of their income taxed at 9 percent. The average effective tax rate is 5.6 percent, which corresponds to an AGI level of roughly \$75,000.



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 selected economic indicators from 1991 to 2001. These indicators are gathered from the federal Bureau of Economic Analysis (personal income), the federal Bureau of Labor Statistics (Portland CPI), the Oregon Office of Economic Analysis (nonagricultural employment), the Center for Population Research and Census at Portland State University (population), and the Oregon Employment Department (unemployment rate). Because there is no reported inflation index for the state of Oregon, the Portland area Consumer Price Index (CPI) is used.

Personal income grew twice as fast as prices between 1991 and 2001, increasing by 78 percent while prices grew by 36 percent. Oregon's population grew 19 percent between 1991 and 2001. Nonagricultural employment grew at a faster pace, experiencing an increase in the workforce of 351,000, or 28 percent; between 2000 and 2001 however, employment fell slightly, losing 11,000 jobs. During this time period, the unemployment rate for

**EXHIBIT 5**

**OREGON PERSONAL INCOME AND SELECT ECONOMIC INDICATORS**

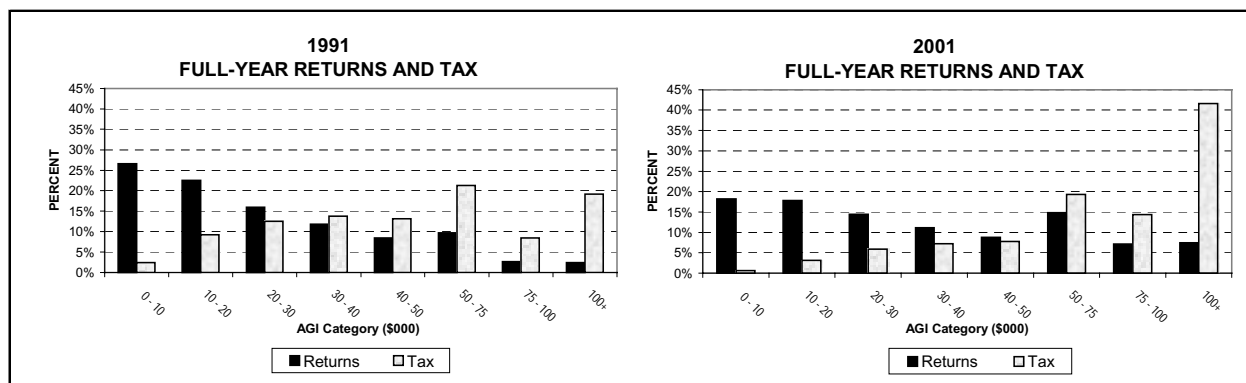
	Personal Income (\$ Million)	Portland CPI (1982-84=100)	Nonag. Employment (Thousands)	Population (Thousands)	Unemployment Rate
1991	54,891	133.8	1,245	2,929	6.0%
1992	58,163	139.9	1,267	2,992	7.5%
1993	61,916	144.7	1,308	3,060	7.3%
1994	66,130	148.9	1,363	3,121	5.5%
1995	71,209	153.2	1,418	3,184	4.8%
1996	75,561	158.6	1,475	3,247	5.9%
1997	80,578	164.1	1,526	3,304	5.8%
1998	85,262	167.1	1,552	3,352	5.6%
1999	89,058	172.6	1,575	3,394	5.7%
2000	95,400	178.0	1,607	3,437	4.9%
2001	97,800	182.4	1,596	3,472	6.3%

the state peaked in 1992 at 7.5 percent but increased to 6.3 percent in 2001, the first time it has exceeded 6 percent since 1993.

Exhibit 6 illustrates the distributions for the number of full-year returns and amount of total tax by AGI level for 1991 and 2001. Note that while lower-income taxpayers make up the majority of returns, higher-income taxpayers pay the majority of the tax. For example, 36.1 percent of 2001 full-year taxpayers had an income of \$20,000 or less but paid only 3.8 percent of total taxes. Conversely, those 2001 full-year taxpayers with income of at least \$100,000 comprised only 7.5 percent of all taxpayers, yet they paid 41.6 percent of all personal income taxes. Taxes are concentrated among the taxpayers with the highest incomes because these taxpayers also comprise the greatest share of income. While not shown in the exhibit, the 7.5

percent of 2001 taxpayers with income of at least \$100,000 represent 33.1 percent of the total amount of income for full-year filers.

EXHIBIT 6



The two graphs in Exhibit 6 show how the distributions changed between 1991 and 2001. The distribution of tax returns became less concentrated among low-income filers while the distribution of tax became even more concentrated among high-income filers. For example, the percent of full-year filers reporting an income of less than \$30,000 fell from 65.1 percent in 1991 to 50.5 percent in 2001. These same taxpayers owed 20.7 percent of the tax in 1991 but only 9.7 percent in 2001. The share of taxpayers with an income of at least \$100,000 more than tripled, rising from 2.4 percent in 1991 to 7.5 percent in 2001. Similarly, the share of tax paid by these taxpayers nearly doubled, rising from 20.9 percent in 1991 to 41.6 percent in 2001.

Income sources for tax years 1990, 2000, and 2001 for full-year filers are listed in Exhibit 7. Wages comprise the greatest share of income, representing roughly 69 percent of all full-year income for 2001. The next two most significant income sources are pensions (10.2 percent) and dividends and interest (5.4 percent). The composition of income for 2001 changed from that of 2000 because capital gains income fell by more than 50 percent. While total AGI fell by \$2.9 billion, capital gains fell by nearly \$3.1 billion. The only income components to grow were wages (\$383 million, or 0.9 percent) and pensions (\$155 million, or 2.5 percent).

Exhibit 7 below also shows the changes over the 10 years from 1990 to 2000 as well as the changes from 2000 to 2001. Due to the recession that began in 2000, the changes in 2001 differ dramatically from the trends throughout the 1990s. For example, the strong growth of capital gains throughout the 1990s (an average annual growth rate of 17.6 percent) increased the reliance on capital gains from 3.6 percent in 1990 to 9 percent in 2000. This share fell to 4.6 percent in 2001. Pension income also experienced strong growth during the 1990s with an annual average rate of 11.3 percent. Conversely, income from dividend and interest grew by only 2.1 percent annually. Further detail on the components of AGI can be found in Tables D and D.1 on pages 44 and 45.

## Exhibit 7

<b>SOURCES OF ADJUSTED GROSS INCOME</b>							
<b>FULL-YEAR RETURNS FOR SELECTED YEARS</b>							
<b>Source of Income</b> (\$ Million)	1990	2000	2001	<b>Average Change:</b>		<b>Change:</b>	
				<b>1990 to 2000</b>		<b>2000 to 2001</b>	
				<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Wages, Salaries, Tips	22,993	43,294	43,677	2,030	6.5%	383	0.9%
Taxable Dividends & Interest	3,023	3,733	3,441	71	2.1%	-292	-7.8%
Net Business Income	1,764	2,475	2,472	71	3.4%	-4	-0.2%
Capital Gains	1,183	5,987	2,914	480	17.6%	-3,073	-51.3%
Taxable Pensions	2,164	6,304	6,458	414	11.3%	155	2.5%
Rent, Partnership, S-Corp	1,095	2,895	2,852	180	10.2%	-43	-1.5%
Net Farm Income	-67	-222	-231	-16	12.7%	-9	4.0%
Other Income	877	2,517	2,510	164	11.1%	-7	-0.3%
* Adjustments	-434	-723	-741	-29	5.2%	-18	2.5%
<b>Total Adjusted Gross Income</b>	<b>32,597</b>	<b>66,260</b>	<b>63,351</b>	<b>3,366</b>	<b>7.4%</b>	<b>-2,908</b>	<b>-4.4%</b>
<b>Composition (%)</b>	1990	2000	2001	<b>Total Change:</b>		<b>Change:</b>	
				<b>1990 to 2000</b>		<b>2000 to 2001</b>	
Wages, Salaries, Tips	70.5%	65.3%	68.9%	-5.20%		3.60%	
Taxable Dividends & Interest	9.3%	5.6%	5.4%	-3.64%		-0.20%	
Net Business Income	5.4%	3.7%	3.9%	-1.67%		0.17%	
Capital Gains	3.6%	9.0%	4.6%	5.41%		-4.44%	
Taxable Pensions	6.6%	9.5%	10.2%	2.88%		0.68%	
Rent, Partnership, S-Corp	3.4%	4.4%	4.5%	1.01%		0.13%	
Net Farm Income	-0.2%	-0.3%	-0.4%	-0.13%		-0.03%	
Other Income	2.7%	3.8%	4.0%	1.11%		0.16%	
* Adjustments	-1.3%	-1.1%	-1.2%	0.24%		-0.08%	
<b>Total AGI</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>				

\* Adjustments to total income from federal Form 1040 or 1040A, which are subtracted from Gross Income to compute Adjusted Gross Income (AGI).

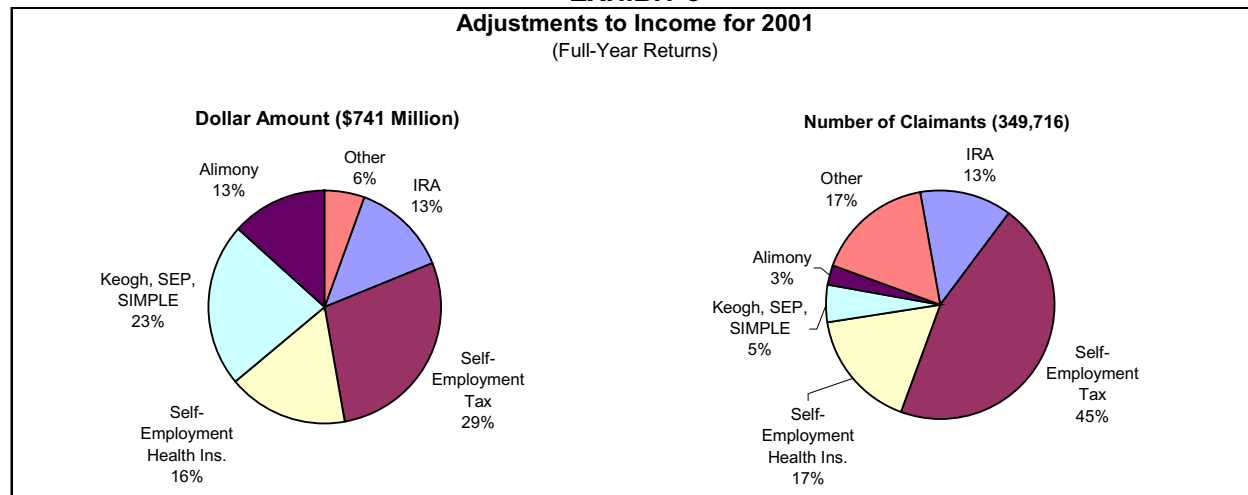
## Adjustments

Exhibit 8 illustrates the distribution of adjustments (above-the-line deductions) claimed by full-year filers in 2001. Adjustments are deductions that all filers are allowed to take, whether they claim a standard deduction or itemize their deductions. They are found on federal Forms 1040 and 1040A and are subtracted from gross 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. Taxpayers who are self-employed are required to make payments in lieu of Social Security and Medicare taxes. These payments, called self-employment taxes, represent the taxes that are usually paid by both the employer and employee. Essentially, this deduction allows self-employed taxpayers to subtract the employee portion of the payments from their gross income. Oregonians deducted nearly \$210 million of

self-employment taxes in 2001. With total adjustments equaling just over \$741 million, self-employment tax deductions represented 29 percent of all adjustments taken.

### EXHIBIT 8



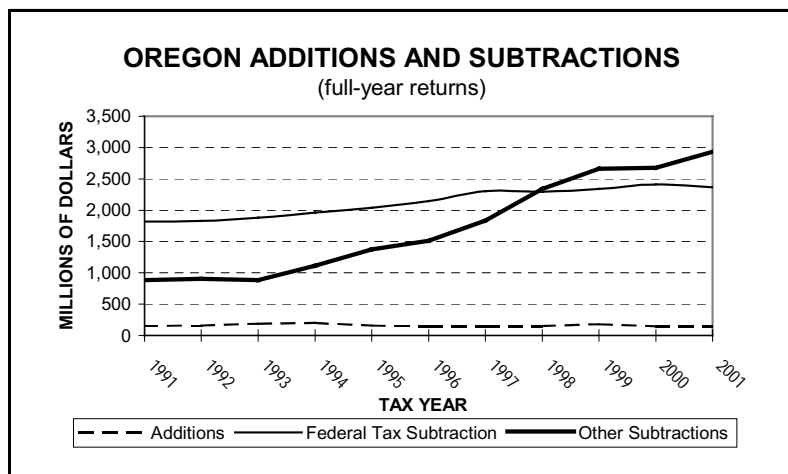
Contributions to Keogh, SEP, and SIMPLE retirement plans represented the next largest adjustment at 23 percent of the total. In 2001, full-year filers deducted \$167 million from income for contributions made to these retirement plans. The category “Other,” which equals roughly 6 percent of the total, includes adjustments for student loan interest, medical savings accounts, moving expenses, and penalties on early savings withdrawals.

Self-employment tax was also the most frequently claimed adjustment; roughly 158,100 full-year filers claimed this deduction. While contributions to Keogh, SEP, and SIMPLE plans comprised 23 percent of total adjustment dollars, they comprised 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 6 percent of the total dollars, but they comprised 17 percent of the claims. Additional detail on the adjustments claimed in 2001 can be found in Tables E and E.1 on pages 55 and 56.

## 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 roughly half of all subtractions, it is shown separately in the exhibit and throughout this publication. Throughout most of the 1990s, Oregon additions were relatively stable, ranging between \$150 million and \$160 million for every year except 1993, 1994, and 1999. In these three years additions reached levels of \$189 million, \$200 million, and \$178 million. The total was roughly \$145 million in 2000 and 2001.

### EXHIBIT 9



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 steady growth between 1992 and 1997, it averaged just under 5 percent annually. With the federal tax cuts in 1998 and 2001, this subtraction declined by 0.7 and 2 percent, respectively.

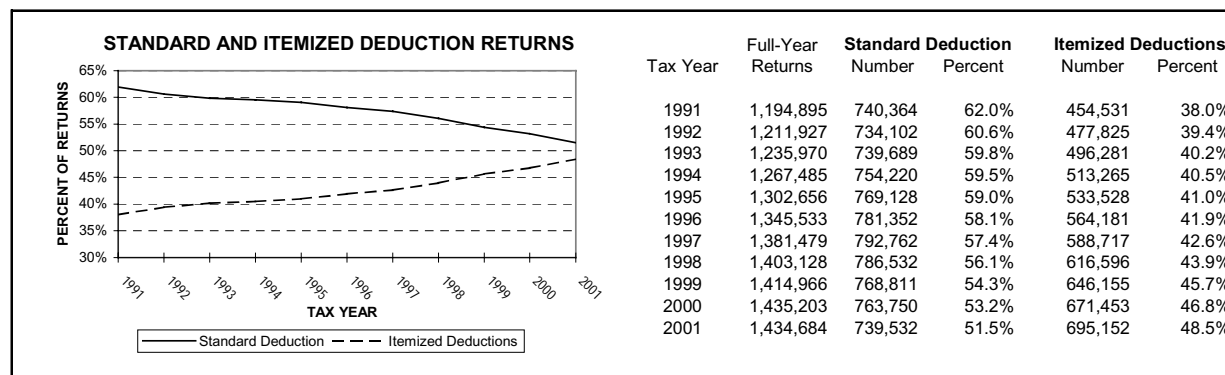
Changes in Oregon tax law have made the history of “other subtractions” more volatile. From 1991 to 1997, the most significant “other subtractions” that were allowed included Social Security income taxed by the federal government, Oregon income tax refund included in federal income, and interest from U.S. government bonds. Much of the growth over this time period is attributable to Social Security income. Also, in each odd year between 1995 and 2001, kicker checks increased the “other subtractions” total. And in 1998, a subtraction for federal pension income was allowed for the first time.

Additional detail on additions and subtractions for 2001 can be found in Tables F and F.1 on pages 59 and 60.

## Deductions

In general, taxpayers who itemize their federal deductions will also itemize their Oregon deductions. Exhibit 10 shows the percent of filers claiming, for Oregon, either a standard deduction or itemized deductions. Overall, the share of full-year filers claiming itemized deductions has grown steadily since 1991 and reached 48.5 percent in 2001. Of the \$11.2 billion in deductions for 2001, 85 percent is due to itemized deductions.

EXHIBIT 10



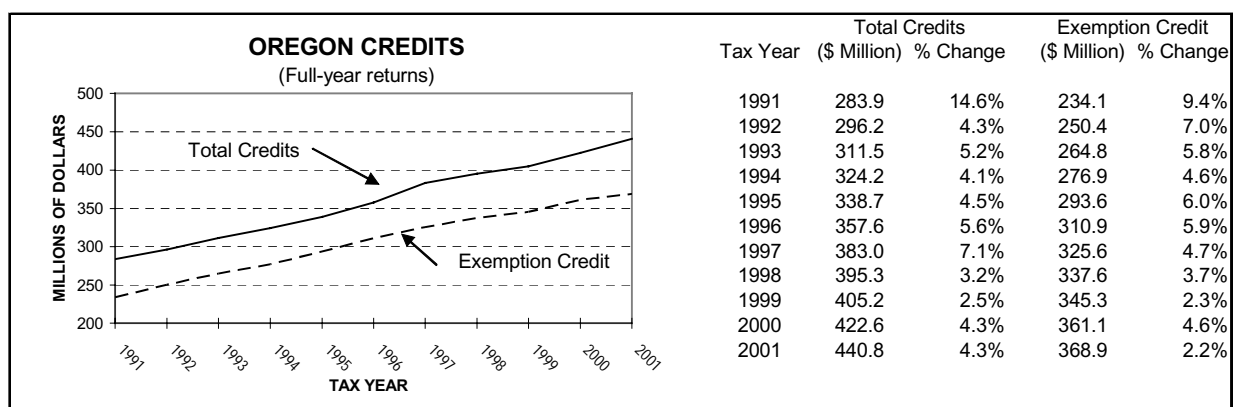
Oregon itemized deductions equal federal itemized deductions, with two exceptions. First, Oregon does not allow the deduction for state income taxes. Second, Oregon allows a special medical deduction for taxpayers age 62 or older. This deduction is the amount of medical and dental expenses that could not be deducted on the federal Schedule A. Between the two deductions, Oregon allows taxpayers age 62 or older to deduct all of their medical and dental expenses.

While most filers use the same type of deduction on both the federal and Oregon returns, some taxpayers will itemize deductions only for the federal return or Oregon return, but not both. These exceptions will occur if a significant share of the federal itemized amount is due to state income taxes. When this is the case, some filers find that their Oregon standard deduction is greater than the total of their other itemized deductions. Similarly, some filers who itemized their deductions for Oregon due to a significant special medical deduction may use the standard deduction on their federal return. Tables G and H on pages 63 and 64 contain additional detail on full-year filers who take the standard deduction and those who itemize their deductions.

## Credits

The recent history of Oregon credits taken by full-year filers is shown in Exhibit 11. Because 85 percent of the total is due to the personal exemption credit, it is shown separately. Except for jumps in 1991 and 1997, growth in total credits has been relatively stable. These two years experienced exceptional growth because 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 \$441 million in credits in 2001, of which \$369 million was due to the personal exemption credit. Of the remaining \$72 million of credits, the largest share was due to the credit for taxes paid to other states (\$7.4 million). The working family child care credit was the next largest with \$13.2 million. Additional detail on credits can be found in Table I and I.1 on pages 65 and 66.

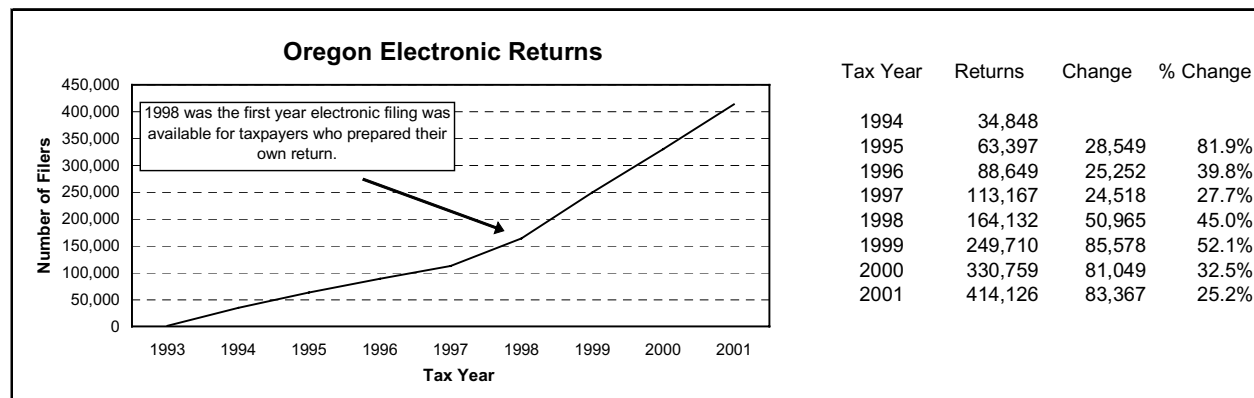
EXHIBIT 11



## Electronic Returns

The state of Oregon started offering electronic filing with a limited pilot project in 1993. Since 1994 the growth of electronic filing has been dramatic, as shown in Exhibit 12. Between 1994 and 1997 electronic returns could only have been filed by professional tax preparers; the annual growth during this time averaged more than 26,000. In 1998, individuals who prepared their own returns were allowed to file electronically for the first time and growth jumped to 51,000, or 45 percent. In 1999, nonresident and part-year filers were allowed to file electronically, and growth again increased, to 52 percent. For 2001, the growth of this filing method remained strong at 25 percent.

EXHIBIT 12





Looking at those who file electronic returns reveals some interesting patterns. Exhibit 13 shows the percent of full-year electronic filers by income level. Generally speaking, as incomes rise, filers are less likely to file an electronic return. While only 2001 data are reflected in the chart, this has generally been the case throughout the history of electronic filing in Oregon. The share of filers choosing this method peaks at just under 32 percent for taxpayers with income between \$70,000 and \$75,000.

**EXHIBIT 13**

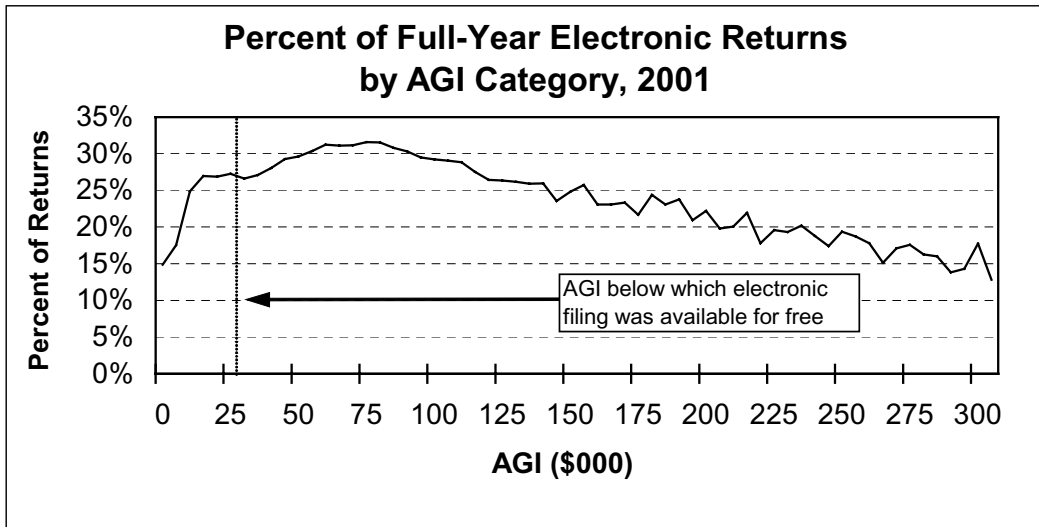
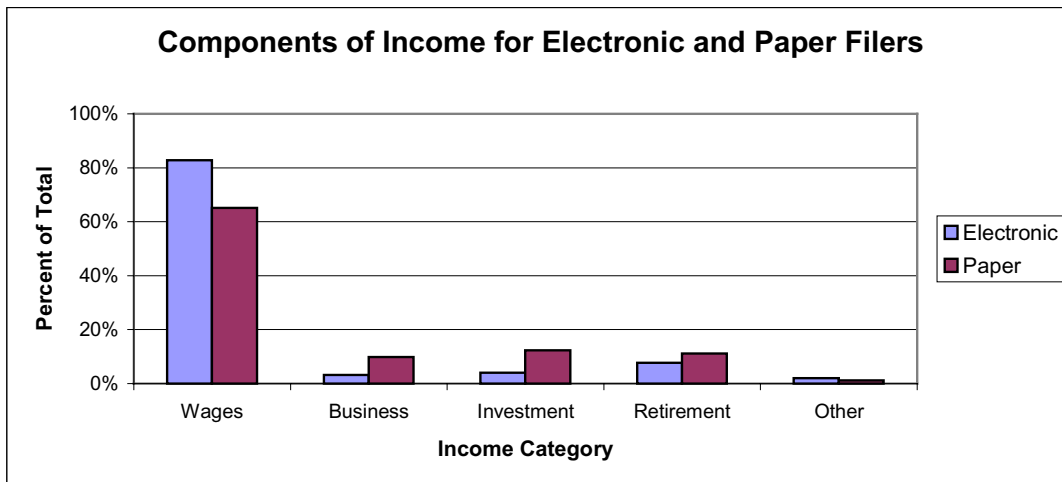


Exhibit 14 provides some insight into the general differences between taxpayers who file electronic returns versus those who file paper returns. Taxpayers who file electronic returns are more reliant on wage income than are those who file paper returns. For tax year 2001, roughly 88 percent of the income is wage income compared to 67 percent for paper filers.

**EXHIBIT 14**



## Part-Year Residents

The rapid growth of new tax filers that Oregon experienced in the mid-1990s began to slow toward the end of the decade. Using the addresses on the Oregon tax returns, Exhibits 15, 16, and 17 provide information about part-year residents entering or leaving Oregon.

Exhibit 15 shows the total number of filers moving to and from Oregon between 1991 and 2001. In every year the number of filers moving into Oregon exceeded the number moving out. From 1990 through 1995, the difference was fairly stable, and Oregon experienced an average annual net in-migration of 12,600 filers. The net in-migration peaked in 1995 at 13,100, but fell each year through 1999, when only 4,700 more filers moved into Oregon than moved out of Oregon. In 2000, however, the trend reversed as we experienced an 8 percent growth in the number of filers moving to Oregon. In 2001, the number of filers moving to Oregon declined by 5.4 percent while the number moving from Oregon declined 9.4 percent.

**EXHIBIT 15**

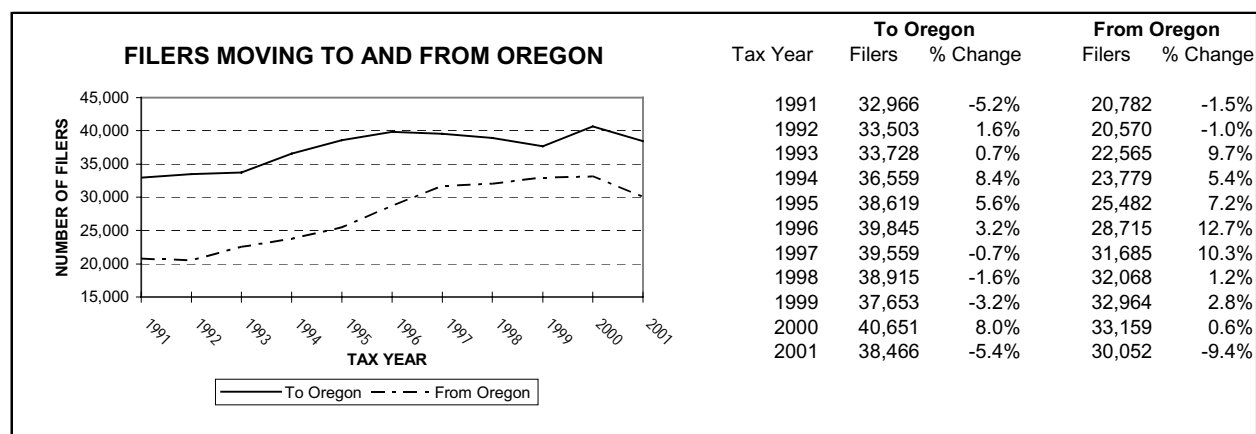


Exhibit 16 shows the number and percent of in-migrants by county of destination for selected tax years. In 2001, as in previous years, in-migrants were drawn to counties roughly in proportion to current county populations. The three counties that comprise the Portland metropolitan area—Multnomah, Washington, and Clackamas—contain 42 percent of the state's population and attracted 50 percent of the in-migrants. Lane County was again the next most popular destination in 2001 as 8.9 percent of in-migrants chose this county.

Exhibit 17 shows the number of income tax filers moving from Oregon for selected tax years, by state of destination. In 2001, 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 and California, which attracted just over 44 percent of all out-migrants. Arizona was the next most popular destination, attracting 5.4 percent of out-migrants; Idaho was fourth at 5.1 percent.

## EXHIBIT 16

### NUMBER OF FILERS MOVING TO OREGON, BY COUNTY OF DESTINATION

COUNTY	1991		2000		2001		2001 COUNTY SHARE OF STATE POPULATION
	NUMBER	PERCENT OF TOTAL	NUMBER	PERCENT OF TOTAL	NUMBER	PERCENT OF TOTAL	
BAKER	146	0.4%	153	0.4%	144	0.4%	0.5%
BENTON	920	2.8%	882	2.2%	891	2.3%	2.3%
CLACKAMAS	2,924	8.9%	3,737	9.2%	3,546	9.2%	9.9%
CLATSOP	315	1.0%	360	0.9%	370	1.0%	1.0%
COLUMBIA	307	0.9%	392	1.0%	326	0.8%	1.3%
COOS	587	1.8%	558	1.4%	521	1.4%	1.8%
CROOK	118	0.4%	152	0.4%	132	0.3%	0.6%
CURRY	327	1.0%	308	0.8%	379	1.0%	0.6%
DESCHUTES	1,338	4.1%	2,000	4.9%	2,015	5.2%	3.5%
DOUGLAS	858	2.6%	819	2.0%	831	2.2%	2.9%
GILLIAM	5	0.0%	11	0.0%	15	0.0%	0.1%
GRANT	66	0.2%	69	0.2%	48	0.1%	0.2%
HARNEY	67	0.2%	48	0.1%	68	0.2%	0.2%
HOOD RIVER	224	0.7%	198	0.5%	234	0.6%	0.6%
JACKSON	2,042	6.2%	2,226	5.5%	2,260	5.9%	5.3%
JEFFERSON	88	0.3%	86	0.2%	91	0.2%	0.6%
JOSEPHINE	838	2.5%	840	2.1%	868	2.3%	2.2%
KLAMATH	615	1.9%	690	1.7%	669	1.7%	1.8%
LAKE	79	0.2%	68	0.2%	54	0.1%	0.2%
LANE	3,064	9.3%	3,326	8.2%	3,418	8.9%	9.4%
LINCOLN	603	1.8%	461	1.1%	556	1.4%	1.3%
LINN	676	2.1%	737	1.8%	746	1.9%	3.0%
MALHEUR	344	1.0%	293	0.7%	274	0.7%	0.9%
MARION	697	2.1%	2,142	5.3%	1,938	5.0%	8.3%
MORROW	75	0.2%	70	0.2%	89	0.2%	0.3%
MULTNOMAH	7,788	23.6%	10,161	25.0%	9,697	25.2%	19.2%
POLK	1,845	5.6%	436	1.1%	458	1.2%	1.8%
SHERMAN	18	0.1%	9	0.0%	8	0.0%	0.1%
TILLAMOOK	188	0.6%	189	0.5%	203	0.5%	0.7%
UMATILLA	557	1.7%	647	1.6%	684	1.8%	2.0%
UNION	240	0.7%	220	0.5%	225	0.6%	0.7%
WALLOWA	63	0.2%	52	0.1%	68	0.2%	0.2%
WASCO	196	0.6%	206	0.5%	185	0.5%	0.7%
WASHINGTON	4,180	12.7%	7,501	18.5%	5,875	15.3%	13.1%
WHEELER	12	0.0%	7	0.0%	8	0.0%	0.0%
YAMHILL	556	1.7%	597	1.5%	572	1.5%	2.5%
TOTAL	32,966	100.0%	40,651	100.0%	38,466	100.0%	100.0%

**EXHIBIT 17**  
**NUMBER OF FILERS MOVING FROM OREGON, BY DESTINATION**

STATE	1991		2000		2001	
	Number	Percent	Number	Percent	Number	Percent
ALABAMA	72	0.3%	70	0.2%	91	0.3%
ALASKA	503	2.4%	426	1.3%	433	1.4%
ARIZONA	842	4.1%	1,786	5.4%	1,631	5.4%
ARKANSAS	152	0.7%	139	0.4%	112	0.4%
CALIFORNIA	4,085	19.7%	7,001	21.1%	5,803	19.3%
COLORADO	662	3.2%	1,300	3.9%	1,075	3.6%
CONNECTICUT	58	0.3%	116	0.3%	115	0.4%
DELAWARE	14	0.1%	24	0.1%	16	0.1%
FLORIDA	290	1.4%	634	1.9%	674	2.2%
GEORGIA	136	0.7%	291	0.9%	308	1.0%
HAWAII	194	0.9%	342	1.0%	357	1.2%
IDAHO	1,376	6.6%	1,626	4.9%	1,539	5.1%
ILLINOIS	282	1.4%	481	1.5%	448	1.5%
INDIANA	142	0.7%	235	0.7%	211	0.7%
IOWA	107	0.5%	169	0.5%	171	0.6%
KANSAS	138	0.7%	149	0.4%	135	0.4%
KENTUCKY	65	0.3%	107	0.3%	108	0.4%
LOUISIANA	58	0.3%	107	0.3%	113	0.4%
MAINE	28	0.1%	88	0.3%	62	0.2%
MARYLAND	102	0.5%	227	0.7%	209	0.7%
MASSACHUSETTS	125	0.6%	418	1.3%	398	1.3%
MICHIGAN	172	0.8%	317	1.0%	312	1.0%
MINNESOTA	278	1.3%	459	1.4%	363	1.2%
MISSISSIPPI	26	0.1%	32	0.1%	43	0.1%
MISSOURI	194	0.9%	319	1.0%	306	1.0%
MONTANA	538	2.6%	625	1.9%	578	1.9%
NEBRASKA	136	0.7%	109	0.3%	141	0.5%
NEVADA	514	2.5%	965	2.9%	868	2.9%
NEW HAMPSHIRE	34	0.2%	82	0.2%	89	0.3%
NEW JERSEY	67	0.3%	223	0.7%	160	0.5%
NEW MEXICO	198	1.0%	300	0.9%	367	1.2%
NEW YORK	236	1.1%	592	1.8%	496	1.7%
NORTH CAROLINA	154	0.7%	355	1.1%	306	1.0%
NORTH DAKOTA	63	0.3%	53	0.2%	78	0.3%
OHIO	172	0.8%	328	1.0%	329	1.1%
OKLAHOMA	147	0.7%	188	0.6%	205	0.7%
PENNSYLVANIA	158	0.8%	316	1.0%	310	1.0%
RHODE ISLAND	12	0.1%	32	0.1%	33	0.1%
SOUTH CAROLINA	49	0.2%	112	0.3%	96	0.3%
SOUTH DAKOTA	65	0.3%	65	0.2%	62	0.2%
TENNESSEE	94	0.5%	200	0.6%	192	0.6%
TEXAS	526	2.5%	1,104	3.3%	973	3.2%
UTAH	447	2.2%	785	2.4%	732	2.4%
VERMONT	34	0.2%	73	0.2%	70	0.2%
VIRGINIA	206	1.0%	395	1.2%	351	1.2%
WASHINGTON	6,218	29.9%	8,364	25.2%	7,523	25.0%
WEST VIRGINIA	17	0.1%	43	0.1%	36	0.1%
WISCONSIN	165	0.8%	297	0.9%	289	1.0%
WYOMING	131	0.6%	162	0.5%	191	0.6%
WASHINGTON, D.C.	29	0.1%	55	0.2%	70	0.2%
GUAM, P.R., V.I.	22	0.1%	11	0.0%	15	0.0%
OUTSIDE U.S.	249	1.2%	462	1.4%	458	1.5%
<b>TOTAL</b>	<b>20,782</b>	<b>100.0%</b>	<b>33,159</b>	<b>100.0%</b>	<b>30,051</b>	<b>100.0%</b>

## County Data

This book breaks down tax information by county to show how taxpayer characteristics vary by region. Exhibit 18 below shows a breakdown of the number of returns, total AGI, and total tax liability by county, and the percent change from 2000 to 2001. Exhibits 19 and 20 are maps showing average AGI and tax liability for all returns in each county, and Exhibit 21 shows effective tax rates by county. Exhibit 22 shows the percent of returns filed electronically by county.

Forty percent of the tax returns filed — as well as 48.5 percent of the AGI and 51 percent of the total tax liability — came from the three Portland counties: Multnomah, Washington, and Clackamas. The remainder of the Willamette Valley, comprised of Lane, Linn, Benton, Polk, Marion, and Yamhill counties, accounted for an additional 23.8 percent of returns filed, 22.6 percent of AGI, and 21.7 percent of tax.

Only 11 Oregon counties experienced growth in the number of returns filed. The only counties with growth rates above 2 percent were Deschutes (2.7 percent), Wheeler (2.3 percent), and Curry (2.3 percent). Harney County experienced the worst percentage decline with 3.6 percent fewer returns filed in 2001 than in 2000. Only eight counties experienced AGI growth, with Lake (7.1 percent) and Grant (5.2 percent) leading the way. Lake and Grant also led the group of four counties to experience growth in tax liability with growth rates of 8.7 percent and 6.5 percent, respectively.

While 21 counties experienced declines in returns, AGI, and tax liability, two counties experienced growth in all three categories. Lake had a mild increase in the number of returns filed (0.2 percent) in addition to the strong growth in AGI and tax liability previously mentioned. Morrow was the only other county to register all positive growth rates with 1.1 percent growth in returns, 4.4 percent growth in AGI, and 2.6 percent growth in tax liability. Two counties — Grant and Umatilla — experienced declines in the number of returns but increases in both AGI and tax liability. The number of returns filed in Grant County fell by 2.2 percent in 2001, yet AGI (5.2 percent) and tax liability (6.5 percent) grew at solid paces. Umatilla had a mild decline in returns filed (0.3 percent) yet experienced growth in AGI (2.9 percent) and tax liability (1 percent).

The map in Exhibit 19 on page 21 shows that the counties with the highest average adjusted gross incomes are Benton and three counties of the Portland area—Multnomah, Clackamas, and Washington. Washington County reported an average AGI of nearly \$58,000. Clackamas county reported an average AGI of over \$52,000.

The map in Exhibit 20 below shows that the same four counties—Benton, Multnomah, Washington, and Clackamas—had the highest average tax due. Washington had the highest at \$3,557, while Clackamas was second, with \$3,077. Both Multnomah and Benton counties had average tax liabilities of \$2,669 and \$2,643.

The map in Exhibit 21 below shows effective tax rates (tax due divided by AGI) for each county. Washington County's effective tax rate was 6.1 percent, followed by Clackamas (5.9), and Multnomah and Benton counties with 5.8 percent. Jefferson had the lowest rate, 4.6 percent.

The map in Exhibit 22 shows the percent of electronic filers by county. More than 40 percent of filers in two counties filed electronic returns — Grant (46 percent) and Baker (41 percent). Another four counties had at least one-third of their filers use this method — Klamath (36 percent), Union (35 percent), Linn (35 percent), and Umatilla (33 percent). Fewer than 20 percent of filers in Malheur (19 percent), Hood River (18 percent), and Wheeler (16 percent) filed electronic returns.

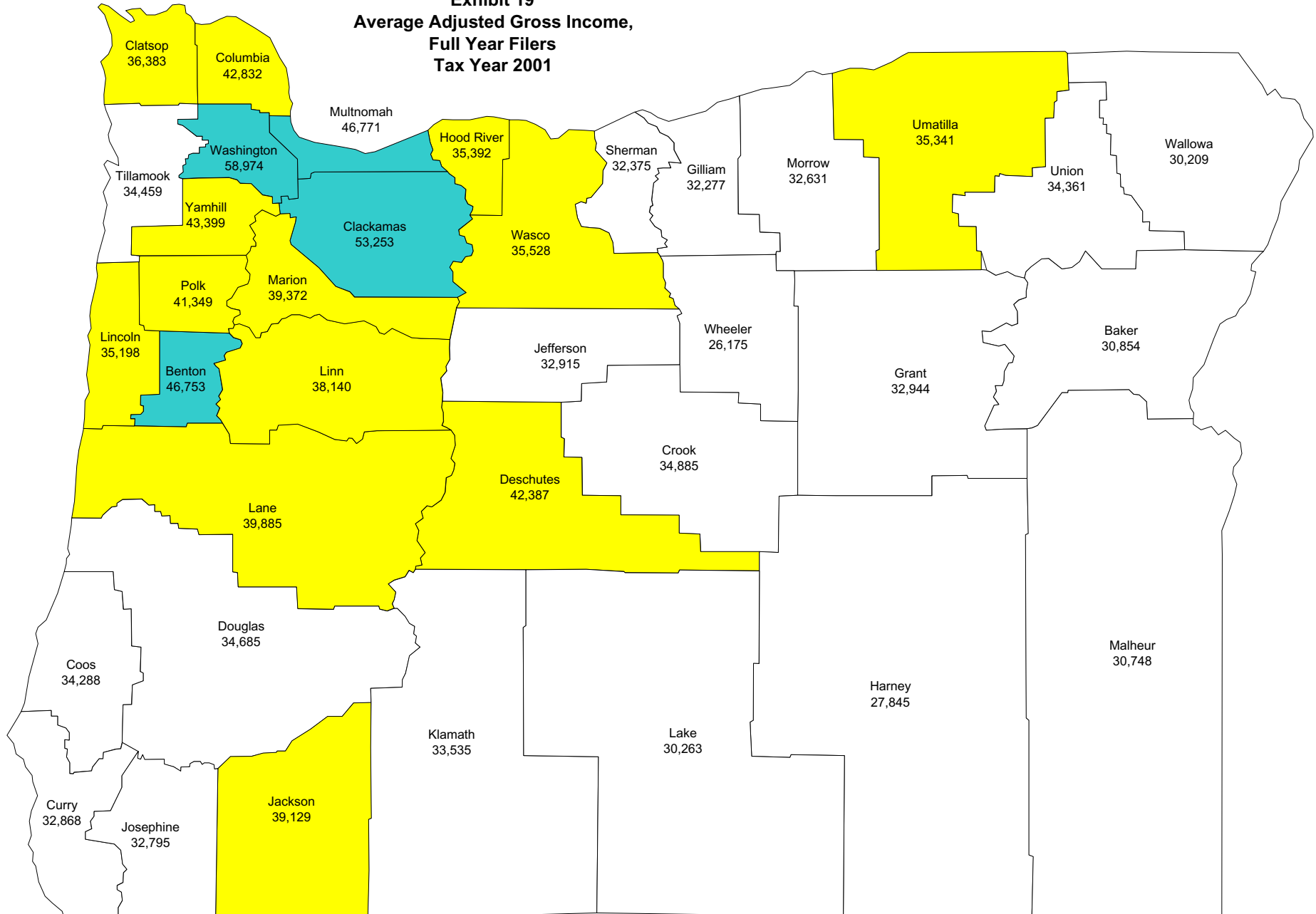
Three counties experienced growth of electronic filers in excess of 50 percent in 2001 — Lake (66 percent), Curry (55 percent), and Malheur (51 percent). Only Tillamook, with a growth rate of 6 percent, grew at a less than 10 percent pace for 2001.

**EXHIBIT 18**

**DISTRIBUTION OF RETURNS, AGI, AND TAX LIABILITY, BY COUNTY**

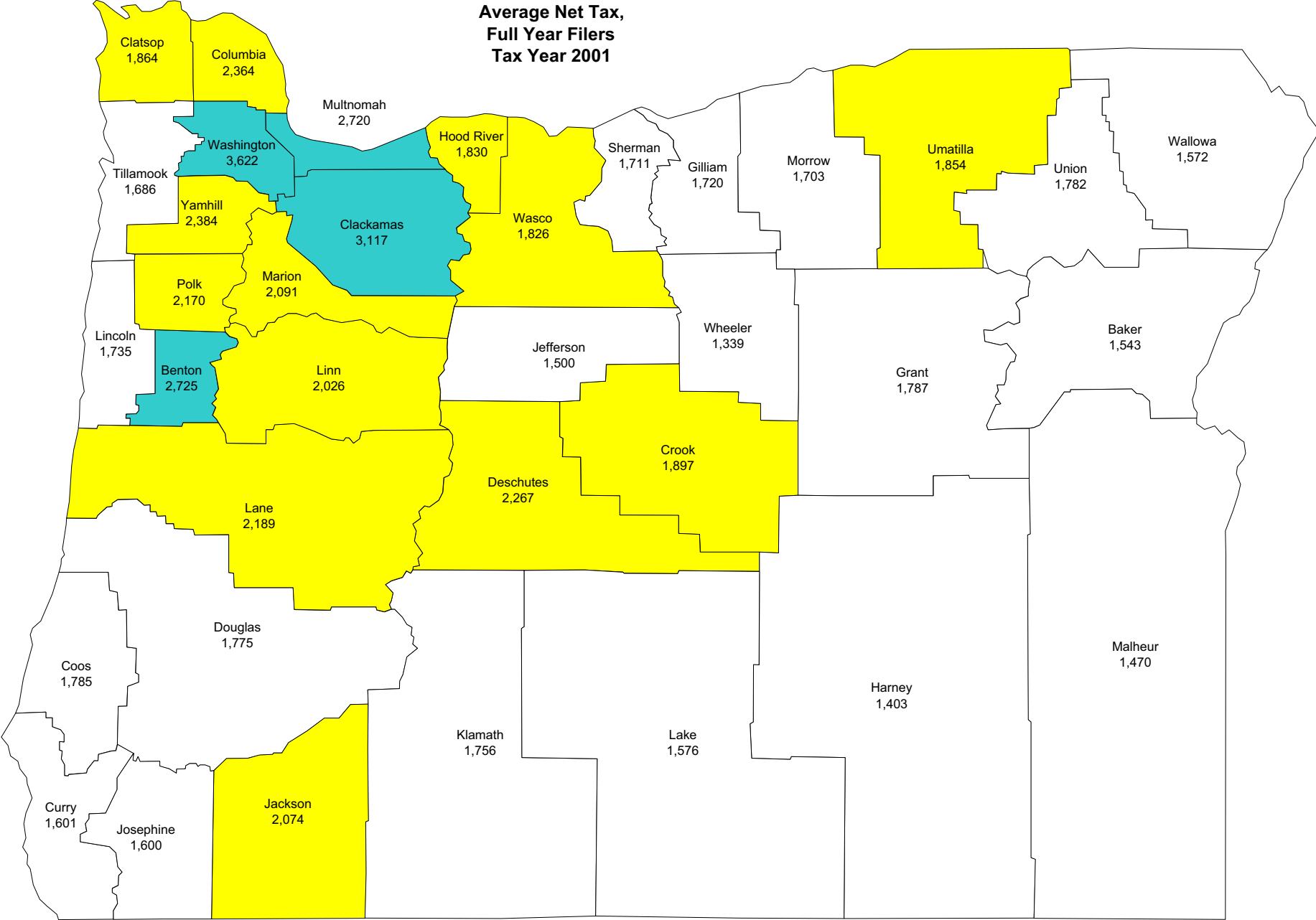
County or Area	All 2001 Returns						% Change 2000 to 2001		
	Number	Share	Adjusted Gross Income (\$000)	Share	Total Tax Liability (\$000)	Share	No. of Returns	Total AGI	Total Tax
Baker	6,482	0.4%	196,393	0.3%	9,842	0.3%	-1.5%	-1.2%	-5.7%
Benton	30,270	1.9%	1,372,387	2.0%	79,989	2.1%	-0.5%	-5.9%	-10.1%
Clackamas	156,121	9.6%	8,201,483	12.1%	480,332	12.5%	-0.4%	-4.2%	-7.8%
Clatsop	13,976	0.9%	496,473	0.7%	25,436	0.7%	-1.1%	-3.7%	-7.2%
Columbia	18,848	1.2%	798,739	1.2%	44,084	1.1%	0.1%	-0.2%	-2.9%
Coos	23,898	1.5%	804,867	1.2%	41,890	1.1%	-0.8%	-4.3%	-8.5%
Crook	7,333	0.5%	252,855	0.4%	13,750	0.4%	0.5%	-0.6%	-2.3%
Curry	9,266	0.6%	295,332	0.4%	14,401	0.4%	2.3%	-4.8%	-9.3%
Deschutes	55,666	3.4%	2,312,775	3.4%	124,104	3.2%	2.6%	-2.3%	-7.2%
Douglas	40,619	2.5%	1,387,906	2.0%	71,032	1.9%	-0.6%	-3.9%	-8.2%
Gilliam	836	0.1%	26,539	0.0%	1,418	0.0%	-2.7%	-6.9%	-13.0%
Grant	3,085	0.2%	100,559	0.1%	5,452	0.1%	-2.2%	5.2%	6.5%
Harney	2,901	0.2%	79,602	0.1%	4,008	0.1%	-3.6%	-2.0%	-6.0%
Hood River	8,656	0.5%	301,331	0.4%	15,603	0.4%	-0.4%	-3.4%	-7.3%
Jackson	76,947	4.7%	2,950,023	4.4%	156,343	4.1%	0.4%	0.6%	-1.8%
Jefferson	5,835	0.4%	189,930	0.3%	8,660	0.2%	-0.6%	-6.3%	-13.4%
Josephine	30,229	1.9%	974,271	1.4%	47,550	1.2%	0.9%	-2.0%	-6.9%
Klamath	24,754	1.5%	815,289	1.2%	42,691	1.1%	-1.4%	0.2%	-2.0%
Lake	2,866	0.2%	85,019	0.1%	4,434	0.1%	0.2%	7.1%	8.7%
Lane	136,249	8.4%	5,325,499	7.9%	292,407	7.6%	-0.7%	-2.5%	-5.5%
Lincoln	18,495	1.1%	637,221	0.9%	31,429	0.8%	-0.6%	-2.2%	-4.9%
Linn	43,783	2.7%	1,650,714	2.4%	87,708	2.3%	0.1%	-1.7%	-4.8%
Malheur	9,956	0.6%	299,144	0.4%	14,295	0.4%	-0.6%	1.1%	-2.5%
Marion	116,456	7.2%	4,532,412	6.7%	240,758	6.3%	-0.1%	-4.6%	-9.4%
Morrow	3,937	0.2%	127,013	0.2%	6,636	0.2%	1.1%	4.4%	2.6%
Multnomah	315,800	19.4%	14,470,847	21.3%	842,905	22.0%	-0.4%	-5.5%	-9.3%
Polk	24,842	1.5%	1,012,833	1.5%	53,154	1.4%	-0.7%	-0.9%	-4.2%
Sherman	831	0.1%	26,713	0.0%	1,410	0.0%	-1.3%	-3.6%	-7.7%
Tillamook	10,317	0.6%	350,910	0.5%	17,196	0.4%	-0.7%	-3.1%	-8.0%
Umatilla	26,605	1.6%	926,746	1.4%	48,657	1.3%	-0.3%	2.9%	1.0%
Union	10,157	0.6%	342,998	0.5%	17,789	0.5%	-1.1%	-2.1%	-5.1%
Wallowa	3,129	0.2%	92,871	0.1%	4,834	0.1%	-2.3%	-4.9%	-9.1%
Wasco	9,356	0.6%	328,081	0.5%	16,851	0.4%	-1.6%	-3.5%	-6.3%
Washington	177,168	10.9%	10,248,424	15.1%	630,172	16.4%	0.3%	-8.5%	-14.0%
Wheeler	575	0.0%	14,866	0.0%	757	0.0%	2.3%	1.2%	0.0%
Yamhill	33,389	2.1%	1,430,817	2.1%	78,618	2.0%	-0.2%	-3.9%	-8.8%
Clark Co., Wa.	52,443	3.2%	1,826,723	2.7%	106,462	2.8%	-4.7%	-8.2%	-11.6%
Other Wash.	30,744	1.9%	647,301	1.0%	47,371	1.2%	5.6%	9.9%	7.5%
California	22,501	1.4%	545,277	0.8%	23,828	0.6%	-6.4%	-16.4%	-20.5%
Idaho	10,651	0.7%	184,007	0.3%	10,234	0.3%	0.6%	-9.7%	-9.8%
Other States	47,841	2.9%	1,142,399	1.7%	71,179	1.9%	0.9%	-6.2%	-9.8%
<b>Total</b>	<b>1,623,813</b>	<b>100.0%</b>	<b>\$67,805,591</b>	<b>100.0%</b>	<b>\$3,835,670</b>	<b>100.0%</b>	<b>-0.3%</b>	<b>-4.5%</b>	<b>-8.6%</b>

**Exhibit 19  
Average Adjusted Gross Income,  
Full Year Filers  
Tax Year 2001**



Statewide Average AGI equals \$44,157  
 □ \$25,000 to \$34,999    ■ \$35,000 to \$44,999    ■ \$45,000 to \$65,000

**Exhibit 20  
Average Net Tax,  
Full Year Filers  
Tax Year 2001**

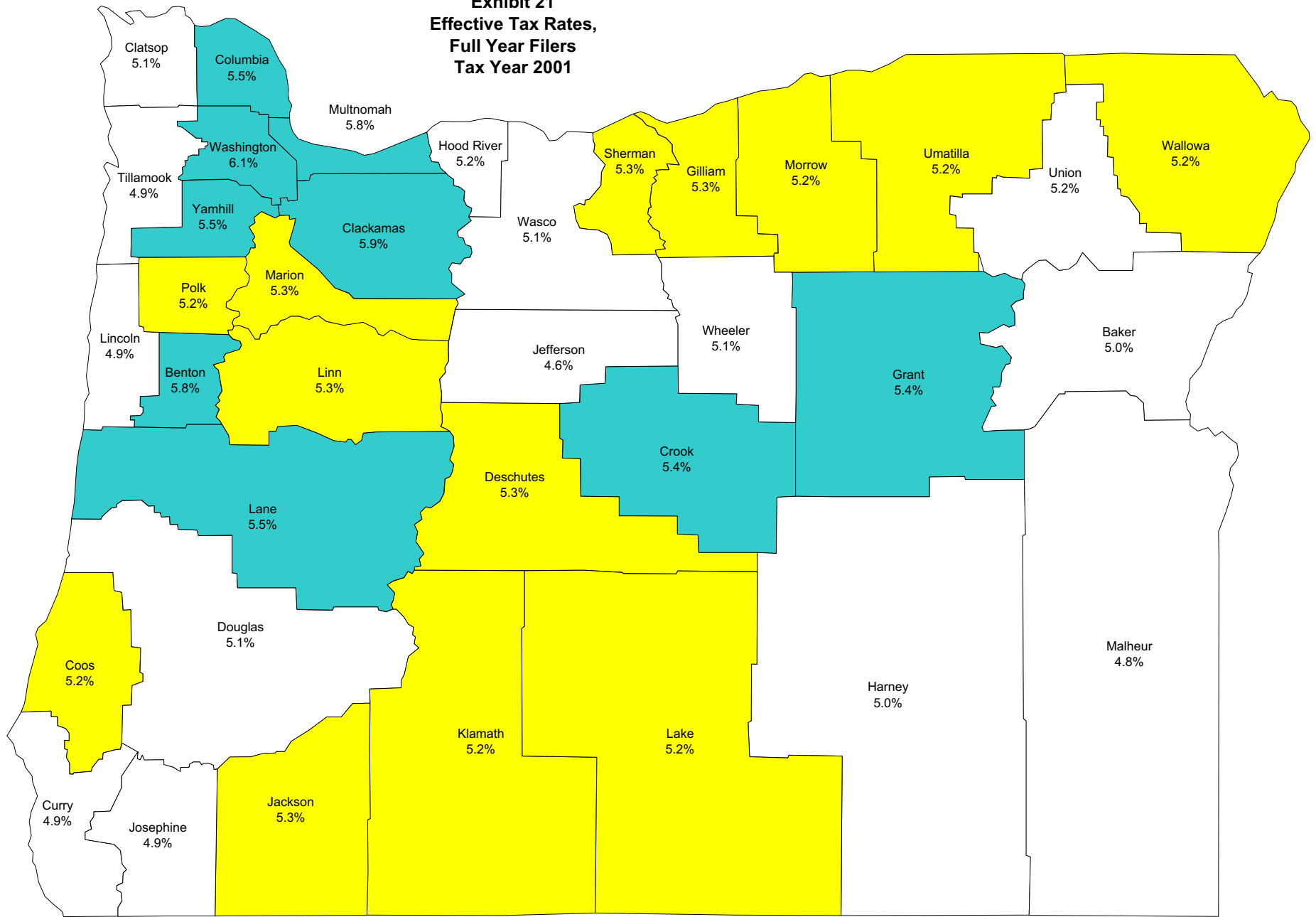


**Statewide Average Net Tax Equals \$2,486**

\$0 to \$1,799   
  \$1,800 to \$2,499   
  \$2,500 to \$4,200



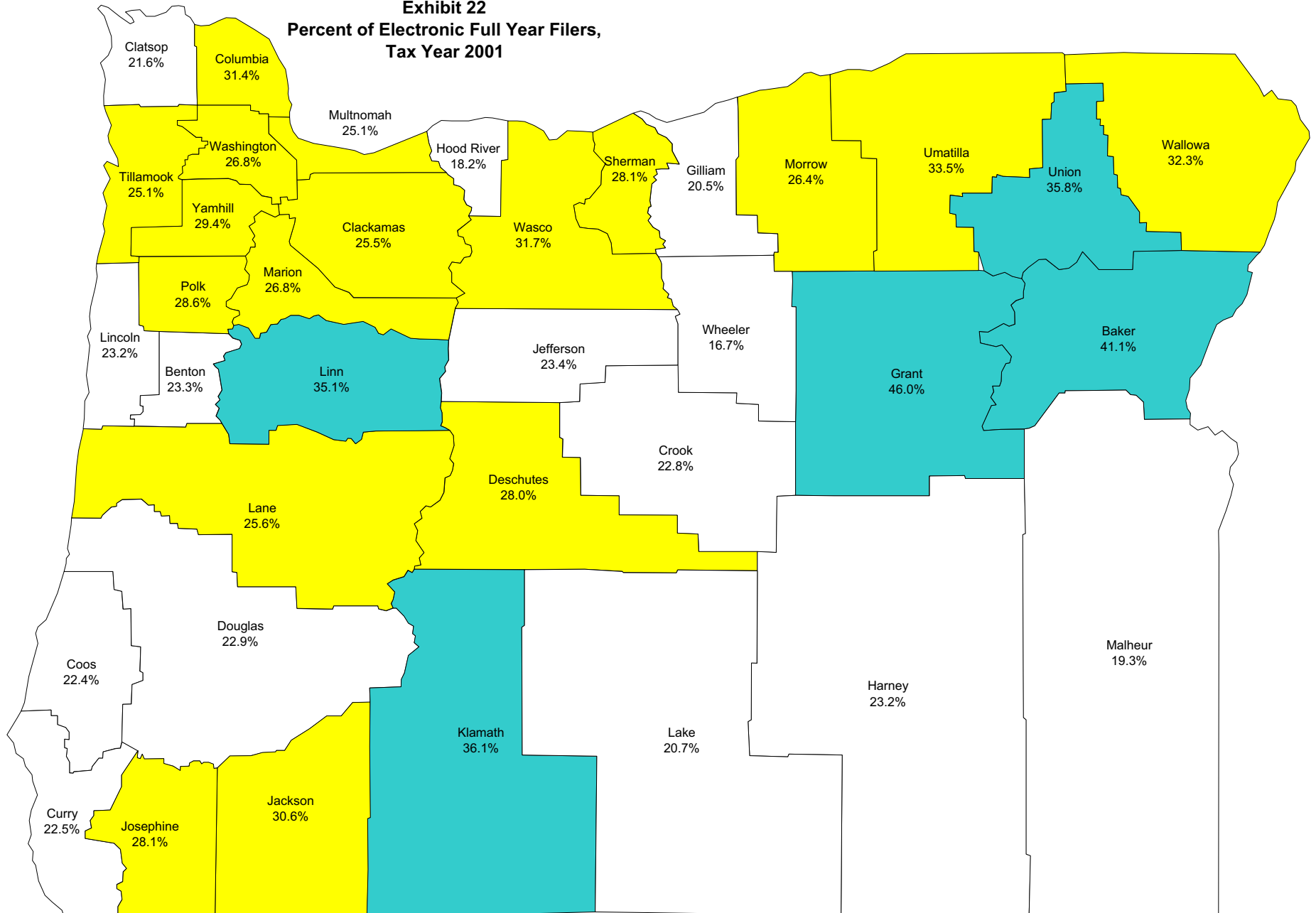
**Exhibit 21  
Effective Tax Rates,  
Full Year Filers  
Tax Year 2001**



Statewide Average Effective Rate Equals 5.6%

4.7% to 5.1%    
  5.2% to 5.3%    
  5.4% to 6.2%

**Exhibit 22**  
**Percent of Electronic Full Year Filers,**  
**Tax Year 2001**



Statewide Average Equals 26.7%

15.0% to 24.9%
  25.0% to 34.9%
  35.0% to 46.0%