

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 1996–97, 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 1997 and historical tables and graphs comparing the 1997 data to previous years. Information from all 1997 income tax returns received by the Department of Revenue in the 1998 calendar year is included in the report.

Highlights

- The Oregon Department of Revenue received 1.56 million 1997 personal income tax returns during calendar year 1998, a 2.8 percent increase from the prior year.
- Personal income tax revenue from 1997 returns totaled \$3.4 billion, up 32.1 percent from 1996. The large increase resulted from revenue being lower in 1996 because of surplus refunds of 14.4 percent of 1996 tax liability. Without the 1996 surplus refund of \$436.5 million, 1997 personal income tax revenue would have been up 13.1 percent over 1996.
- Due to strong growth in several components of income, the total adjusted gross income of 1997 Oregon filers rose to \$59.1 billion, up 11.7 percent from 1996. For full-year residents, adjusted gross income increased 11.0 percent to \$54.8 billion.
- Capital gains was the fastest growing component of income, with an increase of 41.7 percent over 1996. Pension income grew 18.3 percent; rent, partnership, and S-corporation income rose 11.4 percent; and wage and salary income grew 7.2 percent.
- The total 1997 tax liability of full-year resident filers was \$3.2 billion, 31.3 percent higher than in 1996. The average tax liability was \$2,305, up from \$1,802 in 1996. The large increase is due to lower taxes in

1996 resulting from the surplus refund that averaged \$302 for full-year resident filers.

- The average adjusted gross income of full-year resident filers rose 8.2 percent to \$39,683. Over the same period the Consumer Price Index, the most commonly-used measure of inflation, rose 3.4 percent, so average incomes rose much faster than inflation.
- 5.4 percent of full-year Oregon resident filers had an adjusted gross income of \$100,000 or more, and those taxpayers paid 38.1 percent of 1997 Oregon tax.
- Among full-year resident filers, 66.0 percent received tax refunds averaging \$476, while 29.1 percent owed additional tax when filing their returns, an average of \$815. The remaining 4.8 percent of filers had a zero balance.

Oregon Personal Income Tax Selected Variables, 1996 and 1997

(Dollars in millions except where indicated)

	1996	1997	% Chg
Number of Returns	1,519,984	1,563,139	2.8%
Full Year	1,345,533	1,381,479	2.7%
Part Year & Nonresident	174,451	181,660	4.1%
Adjusted Gross Income	\$52,890	\$59,077	11.7%
Full Year	\$49,368	\$54,821	11.0%
Part Year & Nonresident	\$3,522	\$4,280	21.5%
Taxable Income	\$41,567	\$46,527	11.9%
Full Year	\$38,576	\$42,959	11.4%
Part Year & Nonresident	\$2,991	\$3,567	19.3%
Surplus Refunds	\$437	\$0	-100.0%
Full Year	\$407	\$0	-100.0%
Part Year & Nonresident	\$30	\$0	-100.0%
Tax Due	\$2,602	\$3,436	32.1%
Full Year	\$2,425	\$3,185	31.3%
Part Year & Nonresident	\$176	\$252	42.7%
Avg. AGI (dollars)	\$34,759	\$37,794	8.7%
Full Year	\$36,690	\$39,683	8.2%
Part Year & Nonresident	\$20,191	\$23,432	16.1%
Avg. Tax Due (dollars)	\$1,712	\$2,198	28.4%
Full Year	\$1,802	\$2,305	27.9%
Part Year & Nonresident	\$1,011	\$1,386	37.0%
Effective Tax Rate*	4.9%	5.8%	18.2%
Full Year	4.9%	5.8%	18.2%
Part Year & Nonresident	5.0%	5.9%	17.4%

* Tax due divided by adjusted gross income