

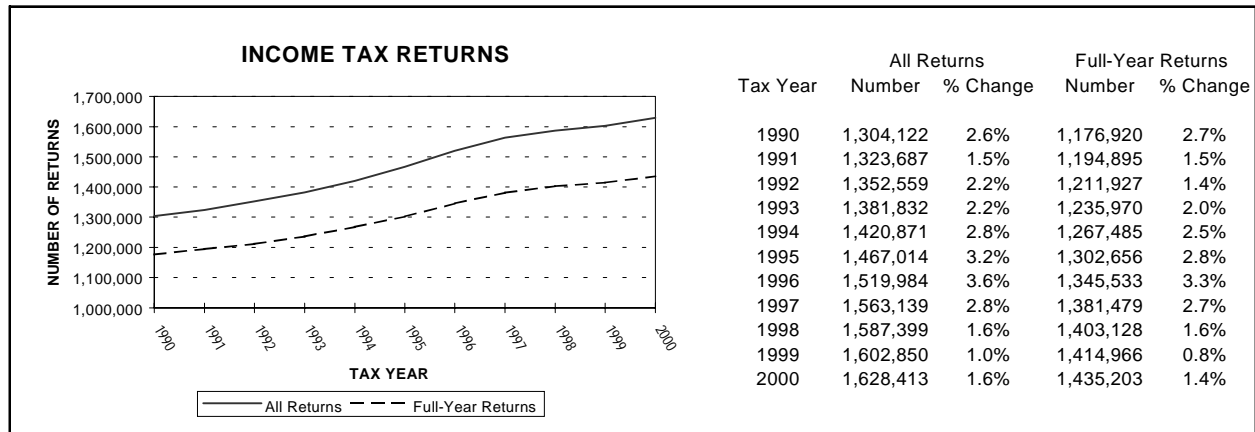
II. 2000 Summary and Historical Trends

In this chapter, data for the 2000 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 1980–1998.

Income and Tax

Between 1999 and 2000, the total number of Oregon personal income tax returns filed grew by 1.6 percent, from 1,602,850 to 1,628,413. Exhibit 1 shows the trend in returns filed since 1990 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 2000. After slowing in 1999, the growth in the number of filers for 2000 accelerated to the 1998

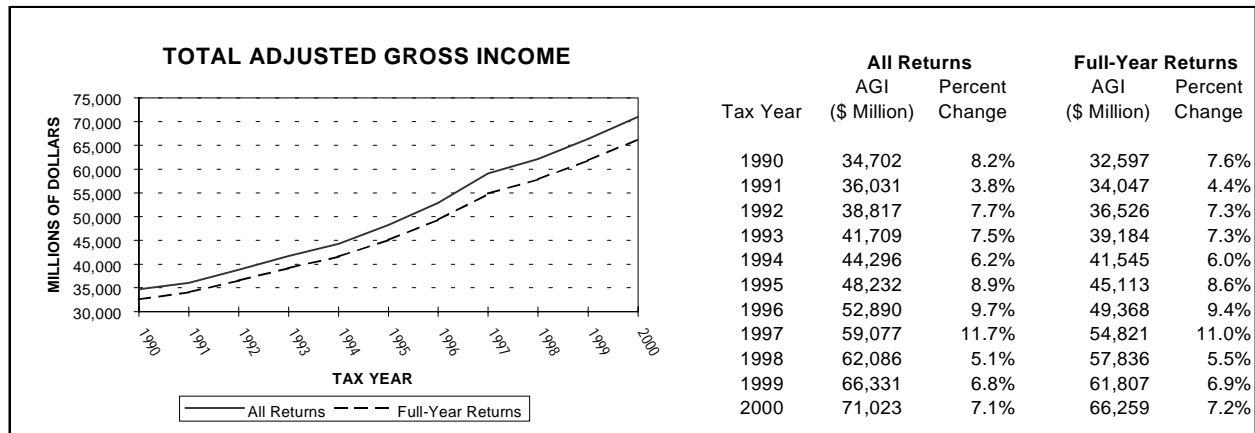
EXHIBIT 1



level of growth.

While the total number of returns grew by only 1.6 percent, total adjusted gross income (AGI) grew by 7.1 percent, to \$71 billion. Exhibit 2 shows the pattern of AGI growth for the past 10 years. Over this period, growth averaged 7.5 percent. As reflected in the graph, 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. On average for the 1990s, just under 94 percent of AGI comes from full-year residents.

EXHIBIT 2



Revenue from Oregon personal income taxes grew by 8.4 percent between 1999 and 2000 to nearly \$4.2 billion. Exhibit 3 shows a history of personal income taxes from 1990 to 2000. Over that period, revenue growth was greatest in 1997 (13.1 percent) but slowest just one year later, in 1998 (4.5 percent). Not surprisingly, the largest growth in taxes during this period corresponds to the largest growth in income. While growth in income in 1998 slowed to less than half the growth in 1997, tax revenue growth in 1998 slowed to one-third its 1997 level. 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

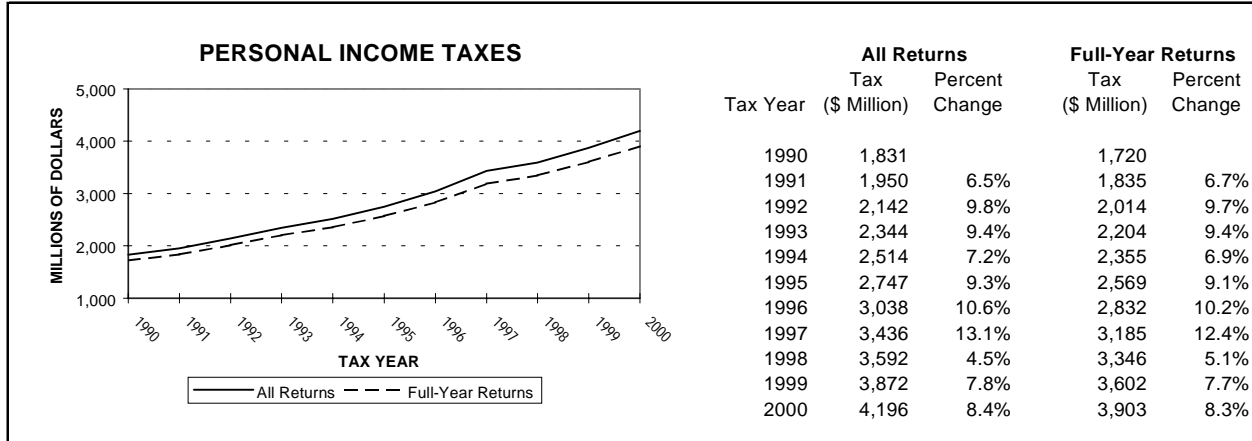
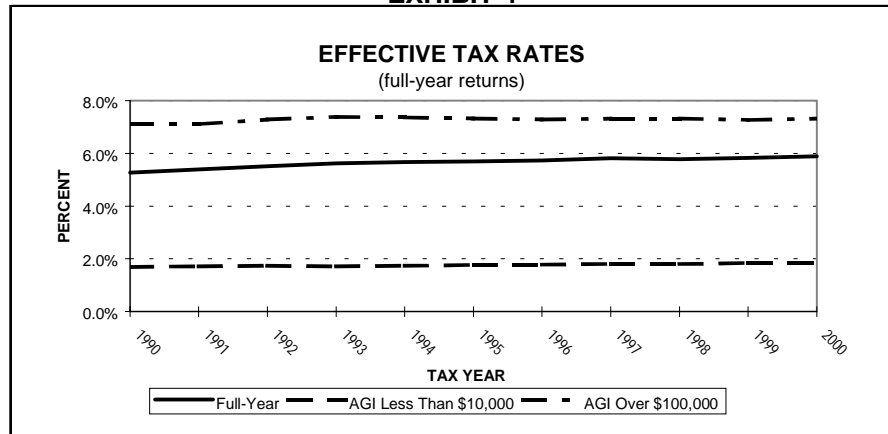


Exhibit 4 shows the effective tax rate (tax as a percent of AGI) for the years 1990–2000 for all full-year returns and two subgroups — those with an AGI above \$100,000 and those with an AGI below \$10,000. Note that the effective tax rate for all full-year returns climbed gradually from 1990 to 1993 and has remained relatively flat since. Starting in 1993, Oregon indexed its income tax

EXHIBIT 4



brackets to inflation to prevent taxpayers from being forced into higher brackets simply by inflation. This change has drastically reduced the growth in the effective tax rate. High-income taxpayers, defined as those filers reporting an AGI of \$100,000 or more, have consistently 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. 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 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 selected economic indicators from 1990 to 2000. 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.

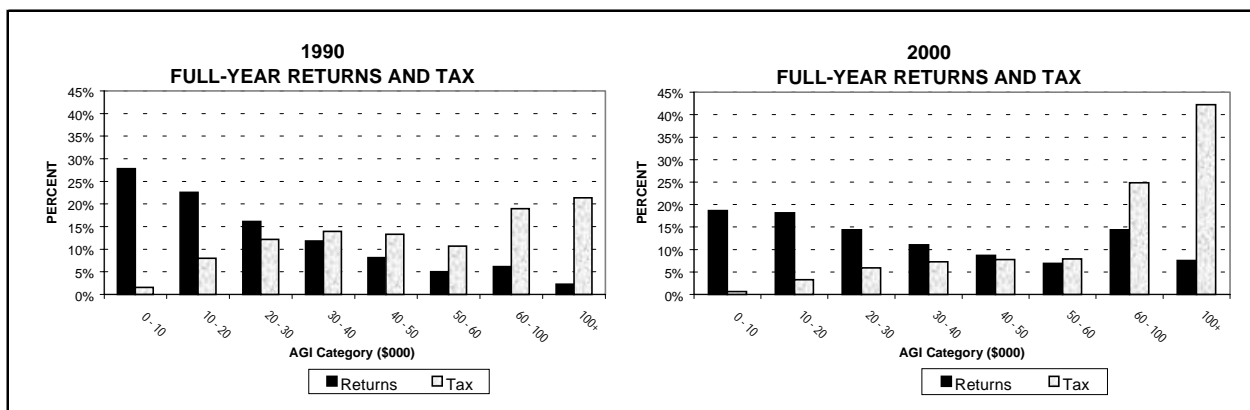
EXHIBIT 5

	Personal Income (\$ Million)	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	80,578	164.1	1,526	3,300	5.8%
1998	85,262	167.1	1,552	3,346	5.6%
1999	89,058	172.6	1,575	3,388	5.7%
2000	94,999	178.0	1,606	3,437	4.9%

Personal income grew twice as fast as inflation over the decade, increasing by roughly 82 percent while inflation grew by 40 percent. Oregon's population grew 20 percent between 1990 and 2000. Nonagricultural employment grew slightly faster, experiencing an increase in workforce of 361,000, or 29 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 4.9 percent in 2000, falling below 5 percent for the first time since 1995.

Exhibit 6 illustrates the distributions for the number of full-year returns and amount of total tax by AGI level for 1990 and 2000. Note that while lower income taxpayers make up the majority of returns, higher income taxpayers pay the majority of the tax. For example, 36.9 percent of 2000 full-year taxpayers had an income of \$20,000 or less but paid only 4 percent of all taxes. Conversely, those 2000 full-year taxpayers with income of at least \$100,000 comprised only 7.6 percent of all taxpayers, yet they paid 42.2 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 7.6 percent of 2000 taxpayers with income of at least \$100,000 represent 34 percent of all full-year AGI.

EXHIBIT 6



The two graphs above graphs show the distributions changing between 1990 and 2000. 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 51.2 percent in 2000. Also, the share of taxpayers with an income of at least \$100,00 more than tripled, rising from 2.3 percent in 1990 to 7.6 percent in 2000. Conversely, taxpayers who reported an AGI of less than \$30,000 owed 21.8 percent of the tax in 1990 but only 10 percent in 2000. And the share of tax paid by taxpayers who reported an AGI of at least \$100,000 nearly doubled, rising from 21.4 percent in 1990 to 42.2 percent in 2000.

Income sources for selected years between 1990 and 2000 for 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 2000. The next two most significant income sources are pension (9.5 percent) and property sales/capital gains (9 percent). The composition of income for 2000 was very similar to that of 1999. The shares of income due to wages, property sales/capital gains, and pensions all increased slightly, while the reliance on business, rent, partnership and S-corporation income all declined slightly.

Changes over the past 10 years have been more pronounced. Exhibit 7 above summarizes the per-

Exhibit 7

SOURCES OF ADJUSTED GROSS INCOME							
FULL-YEAR RETURNS FOR SELECTED YEARS							
Source of Income (\$ Million)	1990	1993	1996	1999	2000	Change: 1990 to 2000	
						Amount	%
Wages, Salaries, Tips	22,993	27,317	33,546	40,094	43,294	20,301	88.3
Taxable Dividends & Interest	3,023	2,450	3,142	3,461	3,733	709	23.5
Net Business Income	1,764	2,094	2,345	2,485	2,475	712	40.4
Property Sales (Capital Gains)	1,183	2,109	2,913	5,408	5,987	4,804	406.3
Taxable Pensions	2,164	2,863	3,944	5,716	6,304	4,140	191.4
Rent, Partnership, S-Corp	1,095	1,949	2,591	3,075	2,895	1,799	164.3
Net Farm Income	-67	-133	-173	-205	-222	-155	231.3
Other Income	877	1,031	1,625	2,477	2,517	1,640	187.0
* Adjustments	-434	-497	-566	-703	-723	-289	66.6
Total Adjusted Gross Income	32,597	39,184	49,368	61,807	66,260	33,662	103.3
Composition (%)	1990	1993	1996	1999	2000	Change: 1990 to 2000	
Wages, Salaries, Tips	70.5%	69.7%	68.0%	64.9%	65.3%	-5.20%	
Taxable Dividends & Interest	9.3%	6.3%	6.4%	5.6%	5.6%	-3.64%	
Net Business Income	5.4%	5.3%	4.7%	4.0%	3.7%	-1.67%	
Property Sales (Capital Gains)	3.6%	5.4%	5.9%	8.7%	9.0%	5.41%	
Taxable Pensions	6.6%	7.3%	8.0%	9.2%	9.5%	2.88%	
Rent, Partnership, S-Corp	3.4%	5.0%	5.2%	5.0%	4.4%	1.01%	
Net Farm Income	-0.2%	-0.3%	-0.3%	-0.3%	-0.3%	-0.13%	
Other Income	2.7%	2.6%	3.3%	4.0%	3.8%	1.11%	
* Adjustments	-1.3%	-1.3%	-1.1%	-1.1%	-1.1%	0.24%	
Total AGI	100.0%	100.0%	100.0%	100.0%	100.0%		

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

centage 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 source of income for Oregon taxpayers, their share has fallen by approximately 5 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 pensions.

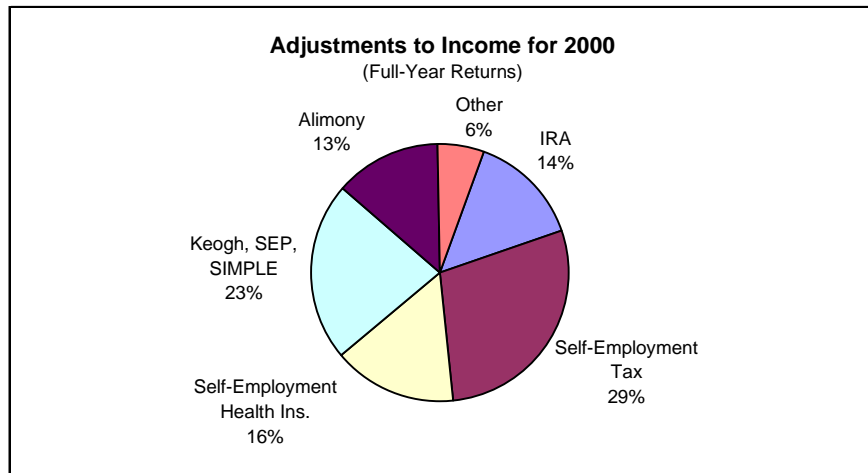
The fastest growing component of income over the past 10 years has been property sales/capital gains, increasing by more than 400 percent. Conversely, the slowest growing component has been taxable dividends and interest, increasing by 24 percent throughout the 1990s. Total full-year AGI doubled from 1990 to 2000, growing from \$32.6 billion to \$66.3 billion.

Adjustments

Exhibit 8 illustrates the distribution of adjustments (above-the-line deductions) claimed by full-year filers in 2000. Adjustments are deductions that all filers are allowed to take, regardless of whether they claim a standard deduction or itemize their 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 \$207 million in 2000 with this adjustment. With total adjustments equaling just under \$723 million, self-employment tax deductions represent 29 percent of all adjustments taken. 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 both the employer and employee portions. This deduction enables self-employed taxpayers to subtract the employee portion of the payments from their personal taxable income.

EXHIBIT 8



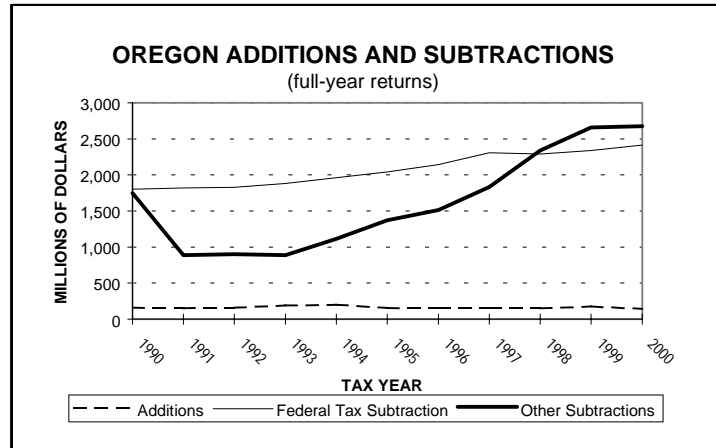
Contributions to Keogh, SEP, and SIMPLE retirement plans represent the next largest adjustment at 23 percent of the total. In 2000, full-year filers deducted \$163 million from income for contributions made to these retirement plans. The category “Other,” which equals roughly 6 percent of the total, includes adjustments for student loan interest, medical savings accounts, moving expenses, and penalties on early savings withdrawals.

Self-employment tax is also the most frequently claimed adjustment; roughly 158,200 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 6 percent of the total dollars, but they comprised 16.5 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 most of the 1990s, Oregon additions were relatively stable and fluctuated between \$140 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. While additions grew slightly in 1999 to \$178 million, they fell to the lowest level in ten years in 2000 (\$144 million).

EXHIBIT 9



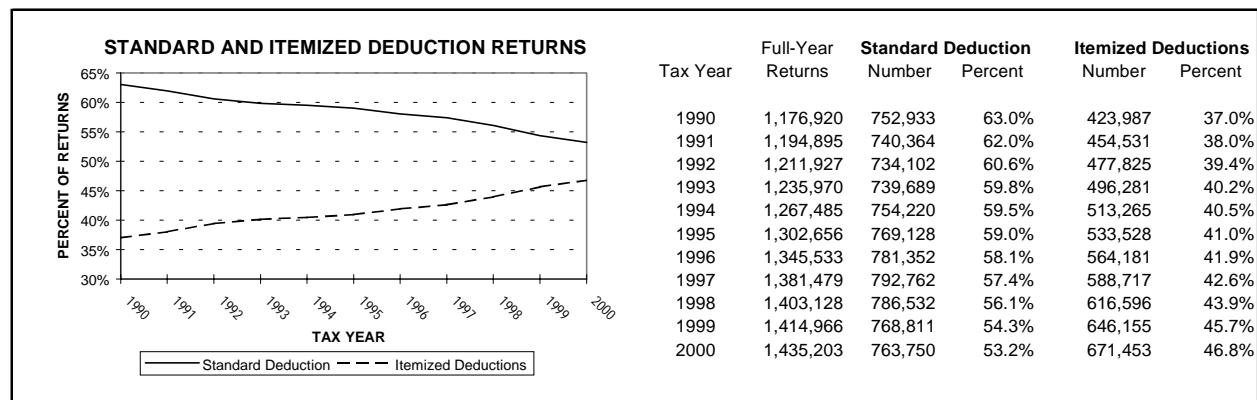
The federal tax subtraction was the most significant subtraction throughout the 1990s. From 1991 to 1997, it was larger than all other subtractions combined. Experiencing its strongest growth between 1992 and 1997, it averaged just under 5 percent annual growth.

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.

Deductions

The percent of returns claiming either a standard deduction or itemized deductions 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. When this is the case, 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

EXHIBIT 10

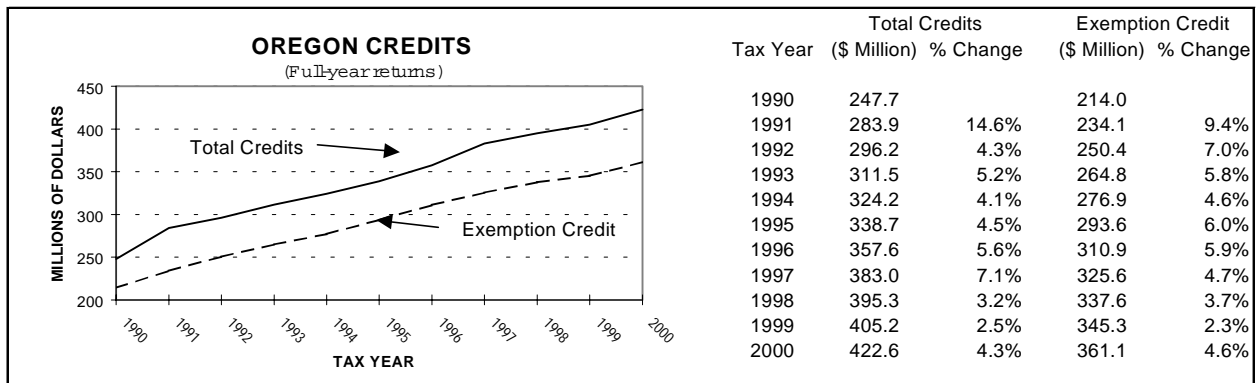


has grown steadily throughout the 1990s.

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 accounted for an average of 85 percent of total credits for 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 \$423 million in credits in 2000. Over these 10 years, the number of full-year filers claiming at least one credit increased from 1,025,368 in 1990 to 1,250,020 in 2000.

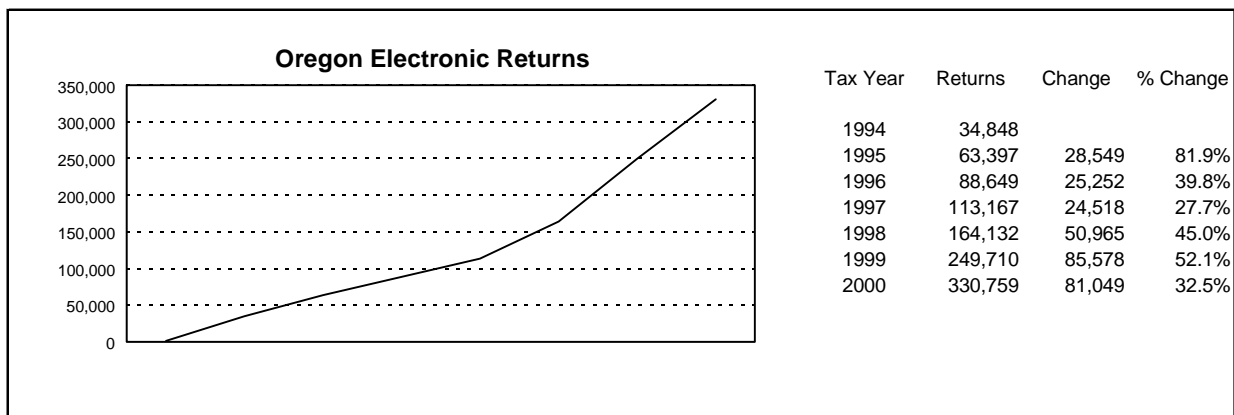
EXHIBIT 11



Electronic Returns

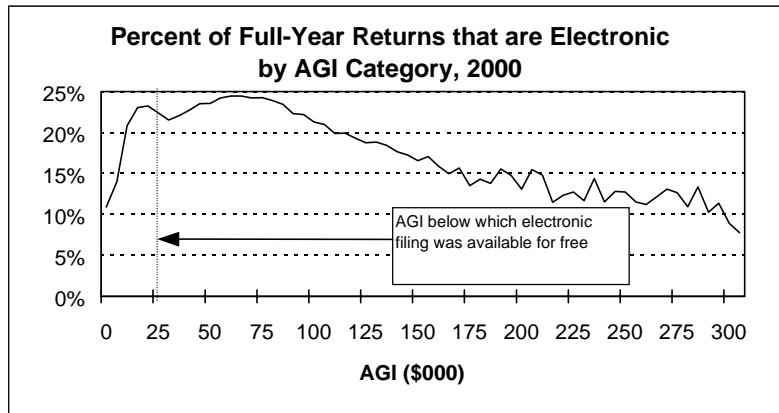
The state of Oregon started offering electronic filing with a limited pilot project in 1993. Since 1994 the growth of electronic filing has been dramatic, with the annual growth rate ranging from 28 percent to 82 percent. Exhibit 12 shows the growth pattern of these filers. From 1994 to 1997, the growth in the number of electronic returns averaged more than 26,000. In 1998, individuals 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 2000, the growth of this program slowed to 33 percent.

EXHIBIT 12



Looking at those who file electronic returns reveals some interesting trends. Exhibit 13 shows the percent of full-year electronic filers for various income levels. Generally speaking, as incomes rise, filers are less likely to file an electronic return. While only 2000 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 25 percent for incomes between \$50,000 and \$75,000.

EXHIBIT 13



Surplus Refund (Kicker)

Revenues for the 1999–01 biennium exceeded the original forecast by more than two percent, so the kicker was triggered. The amount to be refunded to taxpayers was roughly \$253.6 million. This amount was refunded to taxpayers in the form of checks issued in the fall of 2001 based on the taxpayer's 2000 tax liability. Exhibit 14 shows average kicker checks for several AGI classes. The kicker percentage was 6.016 percent and resulted in an average check of \$155. However, the median check was only \$70.

EXHIBIT 14
1999-01 Kicker Rebates Distribution
 Personal Income Tax

Adjusted Gross Income	Percent of Taxpayers	Average Tax Liability (Before Kicker)	Average Kicker
\$0 - \$10,000	22.4%	\$ 99	\$ 6
\$10,000 - \$20,000	17.9%	\$ 488	\$ 29
\$20,000 - \$30,000	13.8%	\$ 1,083	\$ 65
\$30,000 - \$40,000	10.7%	\$ 1,705	\$ 103
\$40,000 - \$50,000	8.3%	\$ 2,304	\$ 139
\$50,000 - \$60,000	6.5%	\$ 2,934	\$ 177
\$60,000 - \$70,000	5.0%	\$ 3,614	\$ 217
\$70,000 - \$80,000	3.7%	\$ 4,346	\$ 261
\$80,000 - \$90,000	2.7%	\$ 5,100	\$ 307
\$90,000 - \$100,000	1.9%	\$ 5,864	\$ 353
\$100,000 +	7.0%	\$ 16,702	\$ 1,005
All Filers		\$ 2,578	\$ 155
Median for All Filers		\$ 1,164	\$ 70

Part-Year Residents

The rapid growth 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 1990 through 2000. 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 eight percent growth in the number of part-year filers moving to Oregon. The number of filers moving from Oregon was essentially flat, growing by only 0.6 percent.

EXHIBIT 15

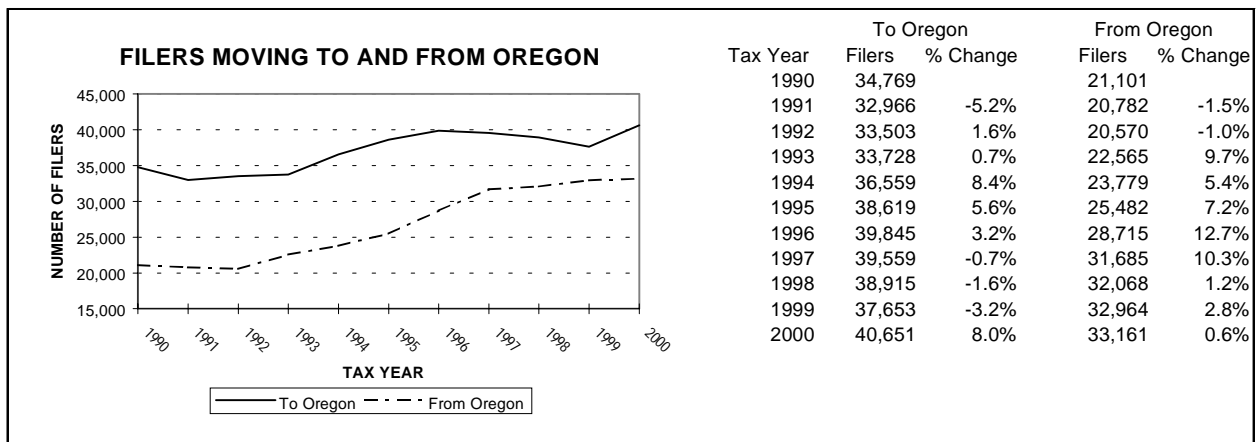


Exhibit 16 below shows the number and percent of in-migrants by county of destination for tax years 1995 to 2000. In 2000, as in previous years, in-migrants were drawn to counties roughly in proportion to current county populations. The three counties that comprise the Portland metropolitan area—Multnomah, Washington, and Clackamas—contain nearly 42 percent of the state's population and attracted 57 percent of the in-migrants. Lane county was again the next most popular destination in 2000 as 8.8 percent of in-migrants chose this location.

Exhibit 17 below shows the number of income tax filers moving from Oregon for tax years 1995 to 2000 by state of destination. In 2000, 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 46 percent of all out-migrants. Arizona was the next most popular destination, attracting 5.4 percent of out-migrants; Idaho was fourth at 4.9 percent.

EXHIBIT 16

NUMBER OF FILERS MOVING TO OREGON, BY COUNTY OF DESTINATION

COUNTY	1995		1996		1997		1998		1999		2000		2000 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	161	0.4%	163	0.4%	160	0.4%	154	0.4%	151	0.4%	153	0.4%	0.5%
BENTON	1,108	2.9%	1,111	2.8%	1,000	2.5%	876	2.3%	839	2.2%	882	2.3%	2.3%
CLACKAMAS	3,701	9.6%	3,910	9.8%	3,522	8.9%	3,580	9.2%	3,366	8.9%	3,737	9.9%	9.9%
CLATSOP	353	0.9%	376	0.9%	347	0.9%	367	0.9%	310	0.8%	360	1.0%	1.0%
COLUMBIA	342	0.9%	343	0.9%	362	0.9%	318	0.8%	327	0.9%	392	1.0%	1.2%
COOS	513	1.3%	454	1.1%	566	1.4%	507	1.3%	514	1.4%	558	1.5%	1.9%
CROOK	130	0.3%	129	0.3%	114	0.3%	110	0.3%	124	0.3%	152	0.4%	0.5%
CURRY	298	0.8%	305	0.8%	274	0.7%	332	0.9%	296	0.8%	308	0.8%	0.7%
DESCHUTES	1,566	4.1%	1,568	3.9%	1,666	4.2%	1,808	4.6%	1,897	5.0%	2,000	5.3%	3.3%
DOUGLAS	902	2.3%	872	2.2%	882	2.2%	887	2.3%	883	2.3%	819	2.2%	3.0%
GILLIAM	22	0.1%	20	0.1%	11	0.0%	11	0.0%	18	0.0%	11	0.0%	0.1%
GRANT	57	0.1%	50	0.1%	61	0.2%	72	0.2%	57	0.2%	69	0.2%	0.2%
HARNEY	62	0.2%	65	0.2%	87	0.2%	100	0.3%	58	0.2%	48	0.1%	0.2%
HOOD RIVER	254	0.7%	228	0.6%	248	0.6%	226	0.6%	211	0.6%	198	0.5%	0.6%
JACKSON	2,145	5.6%	2,030	5.1%	2,159	5.5%	2,219	5.7%	2,115	5.6%	2,226	5.9%	5.2%
JEFFERSON	114	0.3%	98	0.2%	84	0.2%	93	0.2%	97	0.3%	86	0.2%	0.6%
JOSEPHINE	783	2.0%	825	2.1%	746	1.9%	843	2.2%	831	2.2%	840	2.2%	2.2%
KLAMATH	677	1.8%	695	1.7%	665	1.7%	656	1.7%	708	1.9%	690	1.8%	1.9%
LAKE	71	0.2%	54	0.1%	61	0.2%	90	0.2%	76	0.2%	68	0.2%	0.2%
LANE	3,534	9.2%	3,773	9.5%	3,594	9.1%	3,601	9.3%	3,471	9.2%	3,326	8.8%	9.7%
LINCOLN	593	1.5%	633	1.6%	524	1.3%	507	1.3%	460	1.2%	461	1.2%	1.3%
LINN	807	2.1%	853	2.1%	753	1.9%	703	1.8%	624	1.7%	737	2.0%	3.1%
MALHEUR	274	0.7%	306	0.8%	316	0.8%	298	0.8%	300	0.8%	293	0.8%	0.9%
MARION	2,177	5.6%	2,184	5.5%	2,154	5.4%	2,013	5.2%	1,995	5.3%	2,142	5.7%	8.4%
MORROW	81	0.2%	51	0.1%	81	0.2%	118	0.3%	79	0.2%	70	0.2%	0.3%
MULTNOMAH	9,137	23.7%	9,638	24.2%	9,685	24.5%	9,524	24.5%	9,224	24.5%	10,161	27.0%	19.4%
POLK	429	1.1%	452	1.1%	462	1.2%	438	1.1%	395	1.0%	436	1.2%	1.8%
SHERMAN	10	0.0%	16	0.0%	15	0.0%	17	0.0%	8	0.0%	9	0.0%	0.1%
TILLAMOOK	207	0.5%	247	0.6%	211	0.5%	204	0.5%	216	0.6%	189	0.5%	0.7%
UMATILLA	643	1.7%	583	1.5%	682	1.7%	793	2.0%	568	1.5%	647	1.7%	2.1%
UNION	202	0.5%	211	0.5%	231	0.6%	236	0.6%	217	0.6%	220	0.6%	0.7%
WALLOWA	72	0.2%	57	0.1%	56	0.1%	56	0.1%	75	0.2%	52	0.1%	0.2%
WASCO	183	0.5%	170	0.4%	203	0.5%	190	0.5%	202	0.5%	206	0.5%	0.7%
WASHINGTON	6,334	16.4%	6,696	16.8%	6,860	17.3%	6,335	16.3%	6,350	16.9%	7,501	19.9%	12.4%
WHEELER	17	0.0%	9	0.0%	7	0.0%	9	0.0%	8	0.0%	7	0.0%	0.0%
YAMHILL	660	1.7%	670	1.7%	710	1.8%	624	1.6%	583	1.5%	597	1.6%	2.5%
TOTAL	38,619	100.0%	39,845	100.0%	39,559	100.0%	38,915	100.0%	37,653	100.0%	40,651	108.0%	100.0%

EXHIBIT 17

NUMBER OF INCOME TAX FILERS MOVING FROM OREGON, BY DESTINATION

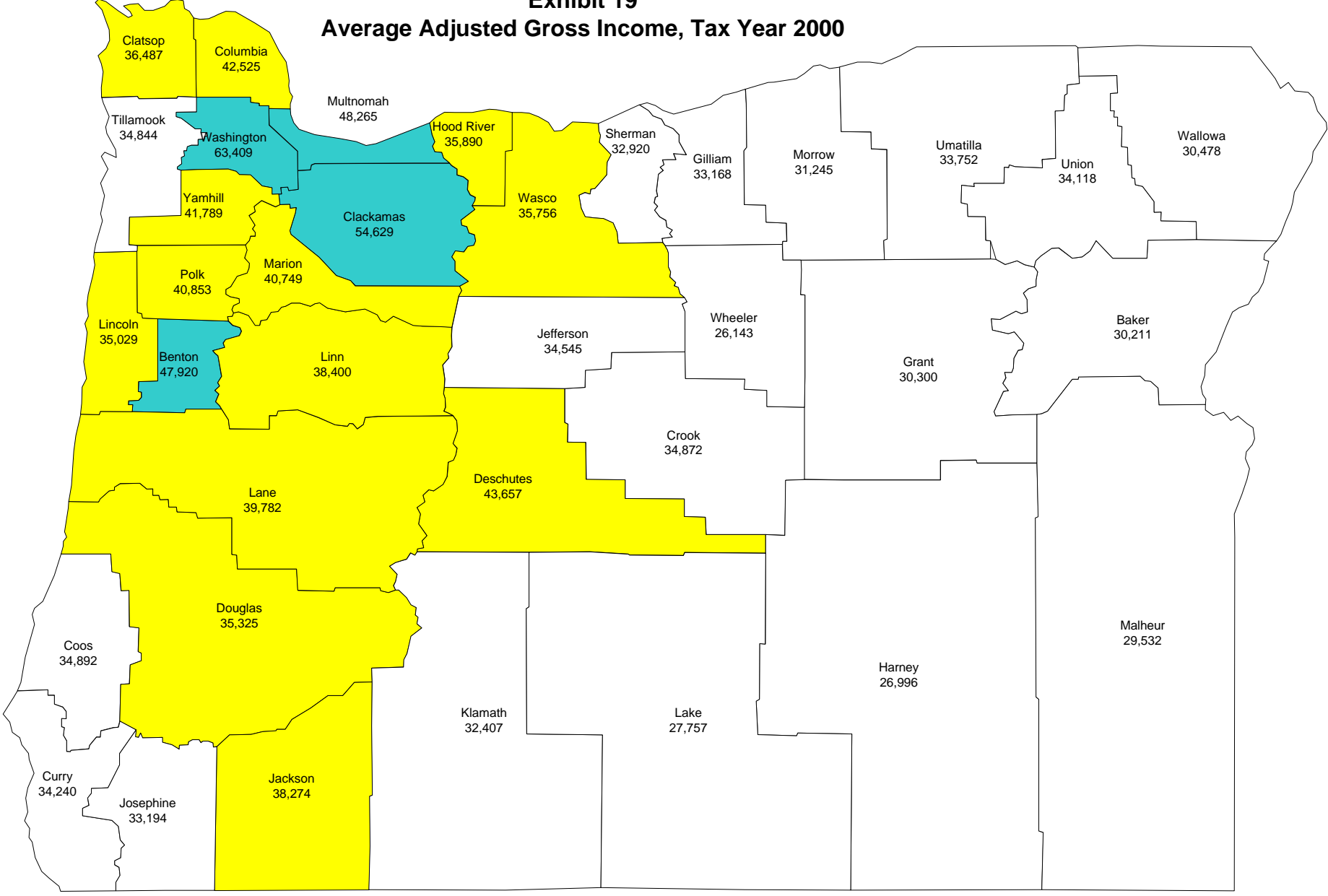
STATE	1995		1996		1997		1998		1999		2000	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
ALABAMA	72	0.3%	73	0.3%	93	0.3%	104	0.3%	100	0.3%	70	0.2%
ALASKA	413	1.6%	434	1.5%	437	1.4%	413	1.3%	424	1.3%	426	1.3%
ARIZONA	1,316	5.2%	1,429	5.0%	1,773	5.6%	1,731	5.4%	1,864	5.7%	1,786	5.4%
ARKANSAS	102	0.4%	151	0.5%	125	0.4%	145	0.5%	130	0.4%	139	0.4%
CALIFORNIA	4,816	18.9%	5,889	20.5%	6,987	22.1%	6,743	21.0%	7,113	21.6%	7,001	21.1%
COLORADO	921	3.6%	1,025	3.6%	1,132	3.6%	1,379	4.3%	1,220	3.7%	1,300	3.9%
CONNECTICUT	101	0.4%	101	0.4%	148	0.5%	131	0.4%	111	0.3%	116	0.3%
DELAWARE	13	0.1%	14	0.0%	24	0.1%	18	0.1%	24	0.1%	24	0.1%
FLORIDA	408	1.6%	420	1.5%	571	1.8%	568	1.8%	676	2.1%	634	1.9%
GEORGIA	223	0.9%	277	1.0%	282	0.9%	342	1.1%	313	0.9%	291	0.9%
HAWAII	194	0.8%	217	0.8%	268	0.8%	263	0.8%	342	1.0%	342	1.0%
IDAHO	1,489	5.8%	1,586	5.5%	1,679	5.3%	1,684	5.3%	1,565	4.7%	1,626	4.9%
ILLINOIS	408	1.6%	413	1.4%	400	1.3%	485	1.5%	481	1.5%	481	1.5%
INDIANA	193	0.8%	182	0.6%	209	0.7%	228	0.7%	239	0.7%	235	0.7%
IOWA	178	0.7%	175	0.6%	190	0.6%	188	0.6%	163	0.5%	169	0.5%
KANSAS	153	0.6%	182	0.6%	162	0.5%	163	0.5%	162	0.5%	149	0.4%
KENTUCKY	106	0.4%	104	0.4%	107	0.3%	104	0.3%	129	0.4%	107	0.3%
LOUISIANA	89	0.3%	89	0.3%	86	0.3%	116	0.4%	94	0.3%	107	0.3%
MAINE	53	0.2%	63	0.2%	79	0.2%	82	0.3%	87	0.3%	88	0.3%
MARYLAND	140	0.5%	151	0.5%	168	0.5%	189	0.6%	178	0.5%	227	0.7%
MASSACHUSETTS	244	1.0%	281	1.0%	340	1.1%	305	1.0%	408	1.2%	418	1.3%
MICHIGAN	292	1.1%	287	1.0%	323	1.0%	340	1.1%	354	1.1%	317	1.0%
MINNESOTA	324	1.3%	373	1.3%	434	1.4%	473	1.5%	449	1.4%	459	1.4%
MISSISSIPPI	53	0.2%	59	0.2%	54	0.2%	45	0.1%	67	0.2%	32	0.1%
MISSOURI	289	1.1%	287	1.0%	315	1.0%	311	1.0%	334	1.0%	319	1.0%
MONTANA	621	2.4%	593	2.1%	566	1.8%	640	2.0%	625	1.9%	625	1.9%
NEBRASKA	128	0.5%	144	0.5%	162	0.5%	136	0.4%	122	0.4%	109	0.3%
NEVADA	689	2.7%	800	2.8%	883	2.8%	807	2.5%	944	2.9%	965	2.9%
NEW HAMPSHIRE	61	0.2%	40	0.1%	62	0.2%	69	0.2%	86	0.3%	82	0.2%
NEW JERSEY	114	0.4%	118	0.4%	172	0.5%	178	0.6%	161	0.5%	223	0.7%
NEW MEXICO	330	1.3%	234	0.8%	279	0.9%	255	0.8%	307	0.9%	300	0.9%
NEW YORK	364	1.4%	380	1.3%	436	1.4%	508	1.6%	533	1.6%	592	1.8%
NORTH CAROLINA	218	0.9%	256	0.9%	291	0.9%	331	1.0%	337	1.0%	355	1.1%
NORTH DAKOTA	65	0.3%	84	0.3%	86	0.3%	77	0.2%	78	0.2%	53	0.2%
OHIO	222	0.9%	270	0.9%	341	1.1%	342	1.1%	354	1.1%	328	1.0%
OKLAHOMA	206	0.8%	224	0.8%	216	0.7%	212	0.7%	204	0.6%	188	0.6%
PENNSYLVANIA	185	0.7%	247	0.9%	228	0.7%	256	0.8%	340	1.0%	316	1.0%
RHODE ISLAND	12	0.0%	18	0.1%	24	0.1%	36	0.1%	23	0.1%	32	0.1%
SOUTH CAROLINA	71	0.3%	81	0.3%	89	0.3%	109	0.3%	103	0.3%	112	0.3%
SOUTH DAKOTA	87	0.3%	62	0.2%	85	0.3%	95	0.3%	75	0.2%	65	0.2%
TENNESSEE	148	0.6%	156	0.5%	213	0.7%	201	0.6%	220	0.7%	200	0.6%
TEXAS	740	2.9%	818	2.8%	1,023	3.2%	1,082	3.4%	1,158	3.5%	1,104	3.3%
UTAH	611	2.4%	623	2.2%	733	2.3%	739	2.3%	786	2.4%	785	2.4%
VERMONT	48	0.2%	59	0.2%	55	0.2%	82	0.3%	80	0.2%	73	0.2%
VIRGINIA	204	0.8%	277	1.0%	313	1.0%	338	1.1%	357	1.1%	395	1.2%
WASHINGTON	7,026	27.6%	8,139	28.3%	8,131	25.7%	8,081	25.2%	8,057	24.4%	8,364	25.2%
WEST VIRGINIA	32	0.1%	41	0.1%	26	0.1%	38	0.1%	30	0.1%	43	0.1%
WISCONSIN	246	1.0%	238	0.8%	239	0.8%	274	0.9%	308	0.9%	297	0.9%
WYOMING	136	0.5%	118	0.4%	164	0.5%	177	0.6%	169	0.5%	162	0.5%
WASHINGTON, D.C	41	0.2%	42	0.1%	61	0.2%	63	0.2%	56	0.2%	55	0.2%
GUAM, P.R., V.I.	16	0.1%	10	0.0%	19	0.1%	24	0.1%	12	0.0%	11	0.0%
OUTSIDE U.S.	271	1.1%	381	1.3%	402	1.3%	368	1.1%	412	1.2%	462	1.4%
TOTAL	25,482	100.0%	28,715	100.0%	31,685	100.0%	32,068	100.0%	32,964	100.0%	33,159	100.0%

EXHIBIT 18

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

County or Area	All 2000 Returns						% Change 1999 to 2000		
	Returns		Adjusted Gross Income		Total Tax Liability		No. of Returns	Total AGI	Total Tax
	Number	Share	(\$000)	Share	(\$000)	Share			
Baker	6,579	0.4%	198,757	0.3%	10,436	0.2%	-0.6%	5.5%	5.7%
Benton	30,433	1.9%	1,458,360	2.1%	88,960	2.1%	0.7%	7.5%	9.2%
Clackamas	156,724	9.6%	8,561,740	12.1%	520,719	12.4%	1.9%	6.5%	7.1%
Clatsop	14,125	0.9%	515,381	0.7%	27,401	0.7%	0.6%	3.0%	2.3%
Columbia	18,823	1.2%	800,443	1.1%	45,389	1.1%	2.4%	6.1%	6.4%
Coos	24,092	1.5%	840,609	1.2%	45,797	1.1%	0.8%	7.1%	9.5%
Crook	7,294	0.4%	254,359	0.4%	14,075	0.3%	2.7%	5.7%	5.9%
Curry	9,057	0.6%	310,112	0.4%	15,873	0.4%	1.9%	8.6%	9.8%
Deschutes	54,229	3.3%	2,367,470	3.3%	133,773	3.2%	4.2%	8.1%	6.9%
Douglas	40,864	2.5%	1,443,540	2.0%	77,403	1.8%	0.6%	4.9%	4.8%
Gilliam	859	0.1%	28,492	0.0%	1,630	0.0%	1.7%	6.0%	7.4%
Grant	3,156	0.2%	95,626	0.1%	5,119	0.1%	-1.7%	-1.1%	-1.6%
Harney	3,008	0.2%	81,204	0.1%	4,264	0.1%	-4.2%	-0.2%	-1.0%
Hood River	8,694	0.5%	312,028	0.4%	16,825	0.4%	0.0%	2.2%	2.1%
Jackson	76,617	4.7%	2,932,450	4.1%	159,135	3.8%	2.2%	5.6%	6.1%
Jefferson	5,869	0.4%	202,743	0.3%	10,004	0.2%	1.6%	5.9%	7.0%
Josephine	29,965	1.8%	994,654	1.4%	51,048	1.2%	2.1%	4.6%	4.1%
Klamath	25,107	1.5%	813,632	1.1%	43,566	1.0%	0.8%	5.0%	4.8%
Lake	2,859	0.2%	79,358	0.1%	4,078	0.1%	-0.5%	-0.7%	-3.2%
Lane	137,245	8.4%	5,459,820	7.7%	309,386	7.4%	0.9%	3.3%	2.6%
Lincoln	18,608	1.1%	651,814	0.9%	33,033	0.8%	0.3%	4.0%	4.6%
Linn	43,731	2.7%	1,679,260	2.4%	92,095	2.2%	1.0%	4.2%	4.2%
Malheur	10,019	0.6%	295,886	0.4%	14,668	0.3%	-1.6%	1.2%	0.7%
Marion	116,618	7.2%	4,752,090	6.7%	265,715	6.3%	1.0%	6.9%	8.4%
Morrow	3,895	0.2%	121,698	0.2%	6,466	0.2%	1.4%	4.2%	3.3%
Multnomah	317,195	19.5%	15,309,000	21.6%	928,991	22.1%	2.1%	7.6%	8.7%
Polk	25,011	1.5%	1,021,780	1.4%	55,481	1.3%	1.7%	5.8%	6.3%
Sherman	842	0.1%	27,718	0.0%	1,527	0.0%	0.8%	0.1%	-0.9%
Tillamook	10,390	0.6%	362,024	0.5%	18,701	0.4%	0.5%	6.0%	6.0%
Umatilla	26,672	1.6%	900,241	1.3%	48,186	1.1%	0.4%	2.1%	1.0%
Union	10,265	0.6%	350,220	0.5%	18,753	0.4%	1.1%	2.9%	3.4%
Wallowa	3,204	0.2%	97,652	0.1%	5,319	0.1%	0.2%	4.5%	5.3%
Wasco	9,511	0.6%	340,078	0.5%	17,982	0.4%	-0.5%	3.0%	2.4%
Washington	176,707	10.9%	11,205,000	15.8%	732,727	17.5%	3.6%	14.2%	17.8%
Wheeler	562	0.0%	14,693	0.0%	757	0.0%	-5.4%	-3.5%	-4.0%
Yamhill	33,453	2.1%	1,489,000	2.1%	86,246	2.1%	1.0%	7.5%	8.0%
Clark Co., Wa.	55,013	3.4%	1,990,790	2.8%	120,420	2.9%	3.7%	9.8%	12.8%
Other Wash.	29,111	1.8%	589,135	0.8%	44,083	1.1%	0.3%	-10.4%	-5.1%
California	24,029	1.5%	652,287	0.9%	29,977	0.7%	-4.3%	-9.3%	-7.4%
Idaho	10,586	0.7%	203,700	0.3%	11,344	0.3%	0.9%	12.9%	12.8%
Other States	47,392	2.9%	1,218,200	1.7%	78,897	1.9%	-1.7%	4.6%	5.9%
Total	1,628,413	100.0%	\$71,023,043	100.0%	\$4,196,249	100.0%	1.6%	7.1%	8.4%

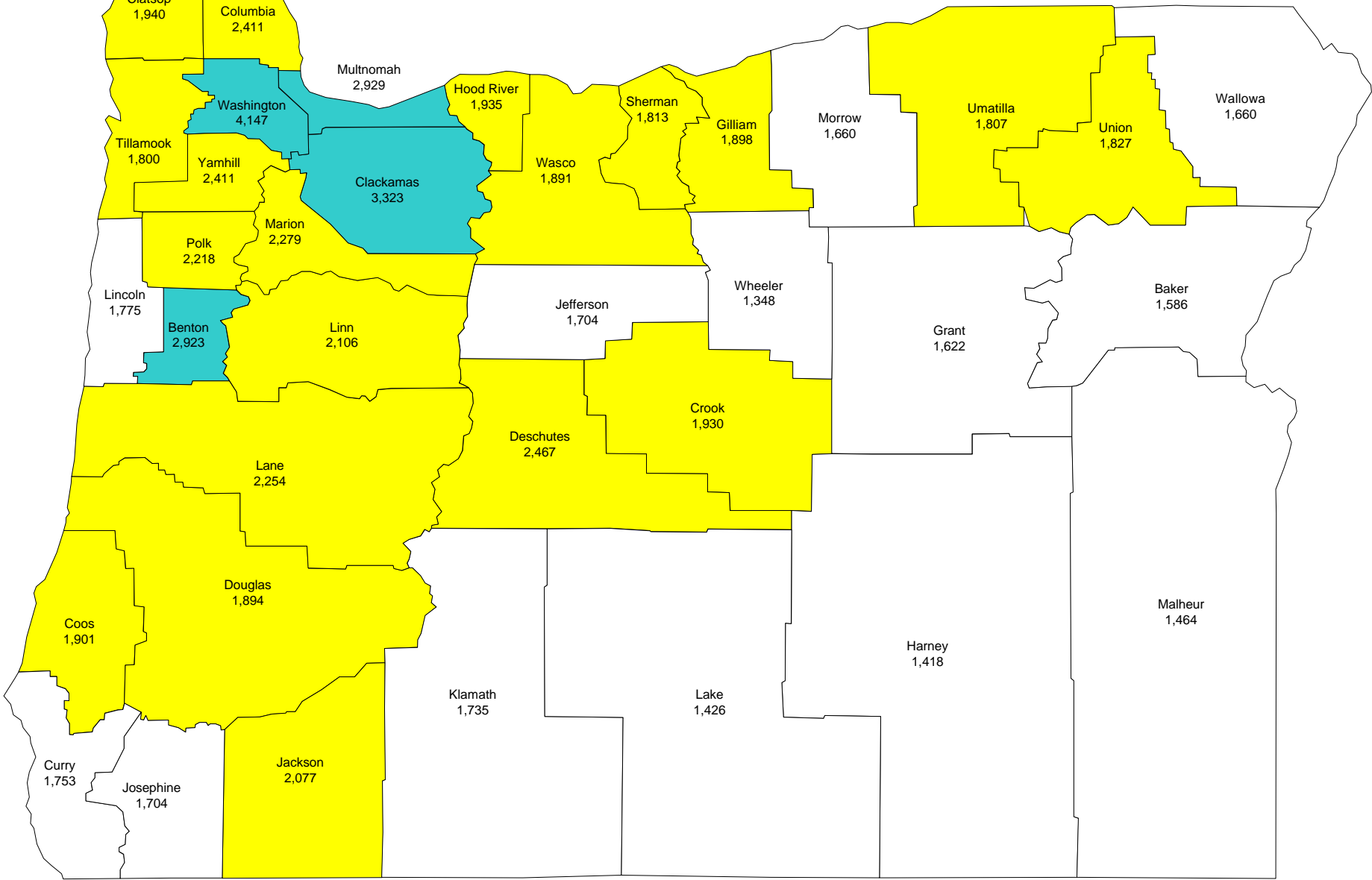
Exhibit 19 Average Adjusted Gross Income, Tax Year 2000



Statewide Average AGI Equals \$43,165

□ \$25,000 to \$34,999	■ \$35,000 to \$44,999	■ \$45,000 to \$65,000
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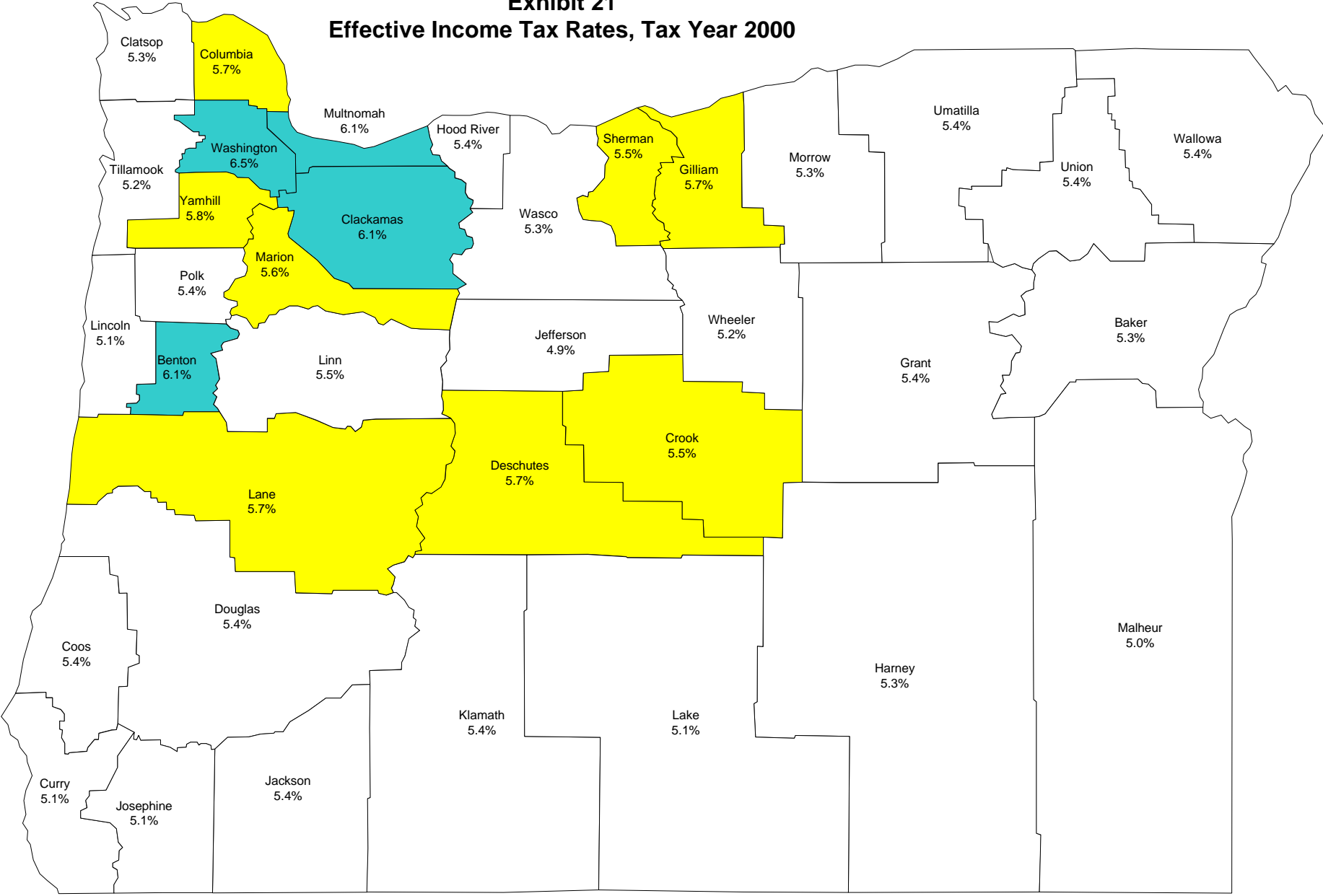
Exhibit 20 Average Tax Liability, Tax Year 2000



Statewide Average Tax Paid Equals \$2,416

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

Exhibit 21 Effective Income Tax Rates, Tax Year 2000



Statewide Average Effective Income Tax Equals 5.9%

4.8% to 5.5%
 5.5% to 6.0%
 6.0% to 6.6%

Exhibit 22 Percentage of Electronic Filers, Tax Year 2000

