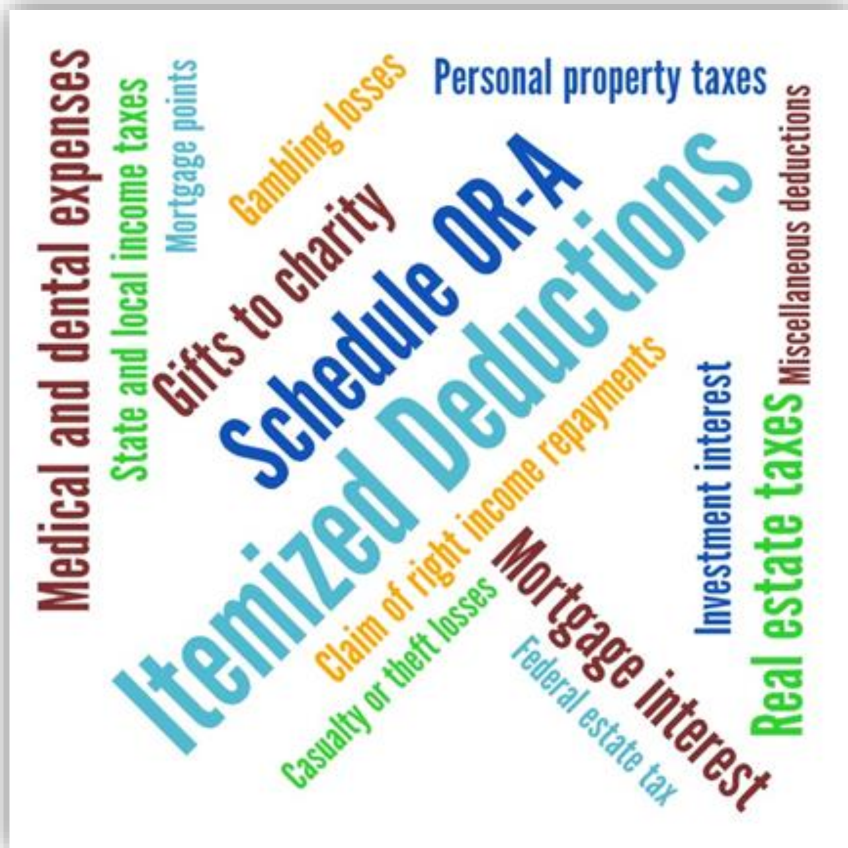
Oregon Personal Income Tax Statistics - 2020 Edition - Tax Year 2018

Oregon Personal Income Tax Statistics

Characteristics of Filers



2020 Edition

Tax Year 2018

OREGON
DEPARTMENT
OF REVENUE

150-101-406 (Rev. 5-20)

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Oregon
Personal Income Tax Statistics

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2020 Edition
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Prepared by

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Oregon Department of Revenue
Salem OR 97301-2555

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Highlights

Oregon Personal Income Tax Selected Statistics - 2017 and 2018	Full-Year Resident			Part-Year and Nonresident			All Returns		
	2017	2018	Growth	2017	2018	Growth	2017	2018	Growth
Number of Returns	1,785,350	1,819,170	1.9%	299,800	309,580	3.3%	2,085,150	2,128,750	2.1%
Electronic Filed Returns	1,546,750	1,597,200	3.3%	262,620	274,750	4.6%	1,809,360	1,871,950	3.5%
Oregon AGI* ($ billions)	$123.9	$132.5	6.9%	$10.2	$11.0	7.6%	$134.2	$143.5	7.0%
Taxable Inc.* ($ billions)	$98.0	$106.5	8.6%	$9.1	$10.1	10.3%	$107.2	$116.6	8.8%
Tax Liability* ($ billions)	$7.6	$8.3	9.7%	$0.7	$0.7	10.4%	$8.2	$9.0	9.7%
Average Oregon AGI ($)	$69,420	$72,850	4.9%	$34,090	$35,520	4.2%	$64,340	$67,420	4.8%
Average Tax Liability ($)	$4,240	$4,560	7.5%	$2,230	$2,380	6.7%	$3,950	$4,240	7.3%
Effective Tax Rate**	6.1%	6.3%		6.5%	6.7%		6.1%	6.3%	

** See glossary of terms in Appendix C* *** Tax liability divided by adjusted gross income*

- For tax year 2018, the Oregon Department of Revenue received 2.13 million personal income tax returns, a 2.1 percent increase from tax year 2017.
- The total adjusted gross income (AGI) of 2018 Oregon filers grew to $143.5 billion, up 7.0 percent from the $134 billion in 2017. The average AGI for all filers was $67,420 in 2018, an increase of 4.9 percent from $64,340 in 2017.
- The 2018 total tax liability for all filers was $9.0 billion, up 9.7 percent from $8.2 billion in 2017.
- The average tax liability for all filers was $4,240 in 2018, up 7.5 percent from $3,950 in 2017.
- There were 1.87 million returns filed electronically for tax year 2018, a 3.5 percent increase from 2017. Electronically-filed returns represented 88 percent of all returns in 2018, a slight increase from 2017.

The growth in the tax liability was in part due to changes in the federal tax code beginning tax year 2018 from the Tax Cuts and Jobs Act (TCJA) of 2017 whose effects flowed through to Oregon personal income taxes. In aggregate, TCJA reduced federal tax, which led to an overall reduction in the federal tax subtraction and hence increased Oregon personal income tax. In addition, TCJA limited or eliminated several federal adjustments and itemized deductions, which also lead to increased Oregon personal income tax. As data are presented this report, when there are instances in the data that show the effects of TCJA on the components of the computation of Oregon tax, it will be emphasized in the text.

Overview

The personal income tax, Oregon's largest source of revenue, accounted for about 86 percent of the General Fund for the 2017-19 biennium. Because it is the state's primary revenue source for discretionary spending, information about this tax program is valuable to businesses, government officials, policymakers, taxpayers, and the general public.

This report provides a foundation for understanding the characteristics of Oregon personal income tax filers and presents statistical summaries of information about the personal income tax system. This edition of *Oregon Personal Income Tax Statistics* provides detailed statistics based on tax year 2018 income tax returns received by the Oregon Department of Revenue in the 2019 calendar year and includes historical tables and graphs.

Actual tax receipts may vary from this report because some filers failed to pay their full Oregon tax liability or paid after 2019. The report does not include information from audits, amended tax returns, or original returns received after 2019. Typically, several thousand amended and late returns are received during the following calendar year, which is relatively small compared to the roughly 2 million returns received per tax year.

The data presented in this report is not a complete picture of income earned by Oregonians and nonresidents with Oregon sourced income. A single person or married persons may have income, but if they have no tax liability after including their standard deduction and personal exemption credit, they may not be required to file an Oregon personal income tax return. The data in this report includes only those who have filed an Oregon personal income tax return.

This *Introduction* outlines the structure of the report, explains how personal income tax is calculated, including a diagram outlining its main components, and gives further references to the Oregon Department of Revenue website.

The next section, *2018 Characteristics of Filers and Historical Trends* provides a historical summary of returns and the following components: income and tax, adjustments, additions, subtractions, deductions, credits, and payments and refunds.

Appendix A provides a discussion of the surplus refund (kicker) and historical data for 1979 through 2016. *Appendix B* provides additional discussion about return data, statistical reporting, and the components of income for the current report. *Appendix C* provides a glossary of common terms used in this report.

Structure of this Report

The federal and Oregon tax returns are organized into distinct sections, each focusing on a specific component of the income tax system. This report follows that structure and discusses each component separately. The flowchart on page 4 outlines the calculation of income taxes. The main body of this report, *2018 Characteristics of Filers and Historical Trends*, starting on page 9, provides summaries and historical trends for the following components:

- **Returns** – The number of returns, type of returns, filing status, electronic returns, age of taxpayers, and historical trends are described.
- **Income and Tax** – The types of income listed on the federal form include wages, interest, and capital gains. Tax refers to the tax liability computed from the Oregon tax return.
- **Adjustments** – These elements on the federal form are deductions (often referred to as “above-the-line deductions”) that all filers are allowed to take, if they qualify, including those who claim the standard deduction. They reduce the amount of taxable income. Examples include IRA contributions, moving expenses, and student loan interest. Federal adjusted gross income (AGI) is gross income reduced by adjustments.
- **Additions** – These elements represent income not taxed by the federal government but taxed by Oregon and federal deductions from AGI that Oregon does not allow. They are added to AGI on the Oregon form. Examples include interest on government bonds from other states and long-term care insurance premiums (if claiming a federal deduction and an Oregon credit for those premiums).
- **Subtractions** – These elements represent income taxed by the federal government but not taxed by Oregon. They are subtracted from AGI on the Oregon form. Examples include qualifying federal pension income and interest from US bonds.

- **Deductions** – Taxpayers may reduce the amount of taxable income by the greater of the standard deduction or their itemized deductions. Oregon allows the same itemized deductions as the federal government with one exception; Oregon does not allow a deduction for Oregon income tax or sales tax. Examples of itemized deductions include property taxes paid, charitable gifts, and mortgage interest. Because Oregon's standard deduction is lower than the federal standard deduction, many taxpayers use itemized deductions to calculate Oregon tax but not federal tax.
- **Credits** – These elements reduce tax liability on a dollar-for-dollar basis. If total nonrefundable credits exceed tax before credits, then part of the nonrefundable credits remain unused. Some nonrefundable credits are eligible for carryover to subsequent years. Refundable credits, on the other hand, are treated the same as payments by the taxpayer. The credits reduce tax, but if the credit exceeds the tax liability, the taxpayer gets a refund for any unused credits. The two most common refundable credits are the Oregon earned income tax credit and the working family household and dependent care tax credit.
- **Payments and Refunds –** Oregon tax withheld, estimated payments, payments included with the return, refunds reported on the return and payments from refundable tax credits.

Key figures from tax year 2018 are compared to historical numbers to show trends and changes over time. The actual dollar amounts as reported for previous year data are not adjusted for inflation. Also included is historical data about filers moving to and from Oregon and tax information by county, including county maps with selected tax information.

Most exhibits and tables in this report are devoted to full-year resident returns as Oregon taxes all of the reported federal taxable income except for specific Oregon subtractions. Full-year resident returns represent over 85 percent of all returns filed and 92 percent of tax liability. Part-year resident and nonresident returns may include significant income and deductions not related to economic activity in Oregon, and only part of the income is subject to Oregon taxation. Consequently, full-year resident returns constitute the most stable base for statistical inference.

There are a couple of terms to keep in mind when using this report:

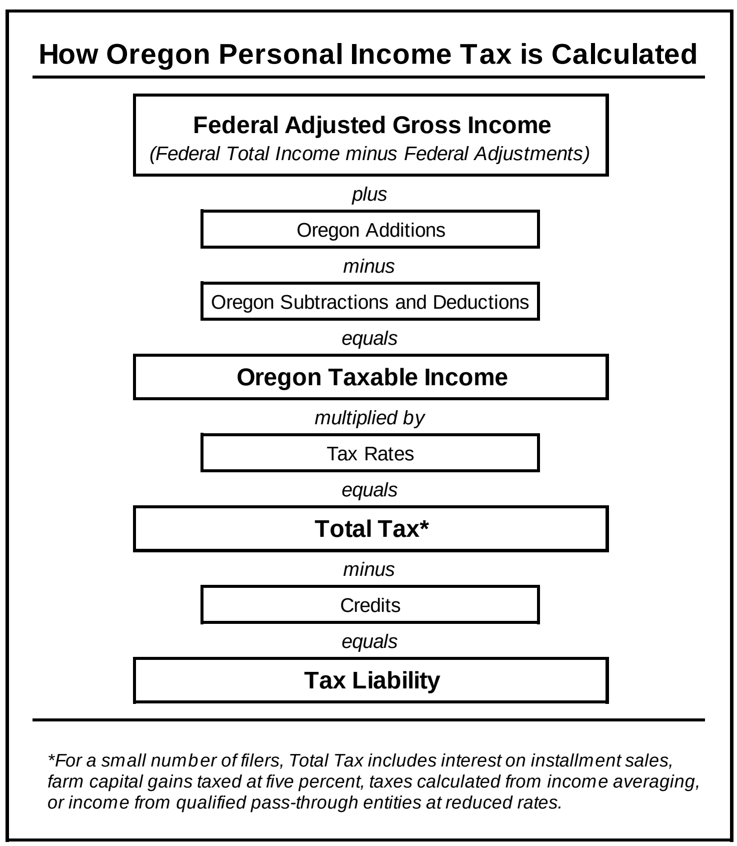
- **Return** is an Oregon personal income tax return. This may refer to the physical or electronic return or to the information making up the return.
- **Filer** refers to an individual who files a personal income tax return. A return is associated with only one filer. For joint returns, the person listed first on the tax return is the filer.
- **Taxpayer** is an individual or individuals represented by a return. In the case of joint returns, there are two taxpayers represented: the filer and the spouse/registered domestic partner. Dependents listed on taxpayers' returns are not considered taxpayers unless they file their own Oregon personal income tax return.
-

Personal Income Tax Calculation

Calculating Oregon's personal income tax starts at the federal level. Using the same definition of income helps simplify the Oregon tax return and reduces the number of calculations taxpayers need to make. The connection to the federal definition of taxable income also makes the tax easier for the state of Oregon to administer.

Oregon's personal income tax has been connected to federal taxable income since 1969. The connection usually had exceptions, which varied over the years. From 1981 to 1997, the Legislature regularly acted to tie Oregon taxable income to the federal definition as of a specific date. In 1997, the Legislature began a 'rolling reconnect' where Oregon's definition of taxable income would automatically change with federal changes. The Legislature suspended this ‘rolling reconnect’ for tax years 2003 through 2005 and re-established it for tax years 2006 through 2008. The 2009 Legislature suspended the ‘rolling reconnect’ and tied Oregon’s definition of taxable income to the federal definition as of May 1, 2009 for tax years 2009 and 2010, except for a connection date of December 31, 2008 for discharge of indebtedness (IRC section 108), bonus depreciation (IRC section 168(k)), and expensing of assets (IRC section 179). The Legislature suspended the ‘rolling reconnect’ because they anticipated passage of the federal American Recovery and Reinvestment Tax Act of 2009 and did not want to automatically connect to all of its tax provisions. The 2010 Legislature updated the general connection date to December 31, 2009 (the December 31, 2008 connection date remained in place for IRC sections 108, 168(k), and 179). The ‘rolling reconnect’ was re-established for tax years 2011 and forward.

Even though Oregon ties to the federal definition of taxable income, which includes the itemized deductions allowed federally, the starting point for the Oregon personal income tax calculation on the tax return is the federal adjusted gross income (AGI). The itemized deductions are subtracted at a later point in the calculation. One consequence to note from TCJA is related to itemized deductions. Because federal standard deduction was increased significantly, the number of taxpayers itemizing at the federal level decreased significantly. However, since Oregon standard deduction did not change (except for an inflation adjustment), there were large number of taxpayers that itemized their deductions only for their Oregon personal income tax return, but claimed the standard deduction on their federal return. The following diagram shows the full-year resident tax calculation.



The following page shows some examples of types of income, federal adjustments, and Oregon additions, subtractions and credits.

Federal income includes:
- Salaries and wages
- Interest
- Dividends
- State income tax refunds (if deductions were itemized in the prior year)
- Alimony received
- Business income/loss
- Farm income/loss
- Capital gains/losses
- Rental income
- Royalties
- Partnership income/loss
- Estate and trust income/loss
- S corporation income/loss
- Unemployment compensation
- Social Security income
- Retirement plan distributions

Federal adjustments include:
- IRA, SIMPLE, and SEP contributions
- Self-employment health insurance
- Forfeited interest
- Moving expenses
- Alimony paid
- Self-employment tax
- Student loan interest
- Tuition and fees
- Educator expenses
- Qualified business expenses
- Health savings account contributions

Oregon additions include:
- Interest on bonds from other states
- Federal deduction for long-term care insurance premiums
- Federal income tax refunds from an amended or audited return
- Federal deduction of unused business credits
- Lump-sum payment from a qualified retirement plan
- Federal deductions not allowed by Oregon

Oregon subtractions include:
- Oregon income tax refunds
- Social Security income
- Federal income tax (up to $6,650 for 2018)
- Federal pension income
- U.S. bond interest
- Military active duty pay
- Scholarship awards used for housing expenses

Oregon deductions
- **Standard deductions for 2018:**
  - $4,435 if joint filer,
  - $3,570 if head of household filer,
  - $2,215 if single filer,
  - $2,215 if married filing separately (exception if spouse itemized),
  - One of the listed four amounts plus an additional $1,000 for each taxpayer at least age 65 or blind, filing married or qualifying widow(er). The additional amount is $1,200 for single and head-of-household filers. For taxpayers who are both, age 65 or older and blind, this additional amount can be doubled.
  - Exceptions for taxpayers who are nonresident aliens or dependents.

- **Itemized deductions include:**
  - Medical and dental expenses
  - Property taxes
  - Home mortgage interest
  - Charitable gifts

Oregon tax credits include:
- Personal exemption
- Earned income (refundable)
- Working family (refundable)
- Rural health practitioners
- Political contribution
- Oregon Cultural Trust contributions
- Retirement income
- Income tax paid to other state

Tax Rates

The applicable tax rates and taxable income brackets are in the table below. Taxable income for returns with filing status of single or married filing separately is subject to bracket levels (S tax brackets) half that for returns with other filing statuses (J tax brackets). The tax rates for the three lowest brackets (5, 7, and 9 percent) have been in place since 1987. The income bracket levels have been indexed for inflation since 1993, currently using the U.S. City Average Consumer Price Index (CPI) as the gauge of inflation. The 2009 legislature created two additional income brackets, which were in effect for tax years 2009-2011 after Oregon voters approved the tax increase in January 2010 (Measure 66). The tax rates for those additional brackets were 10.8 percent for returns with taxable income from $125,001-$250,000 (S tax bracket) and $250,001-$500,000 (J tax bracket), and 11 percent for returns with taxable income above $250,000 (S tax bracket) and $500,000 (J tax bracket). For 2012 and forward, the top rate bracket was eliminated and the tax rate for the next bracket was reduced to 9.9 percent.

2018 Tax Rates

S Tax Brackets - for persons filing single or married filing separately

If taxable income is:	then tax is:
Not over $3,450......................................	5% of taxable income
Over $3,450 but not over $8,700............	$173 plus 7% of excess over $3,450
Over $8,700 but not over $125,000........	$540 plus 9% of excess over $8,700
Over $125,000..	$11,007 plus 9.9% of excess over $125,000

J Tax Brackets - for persons married filing jointly, head of household, or qualifying widow(er) with dependent child

If taxable income is:	then tax is:
Not over $6,900......................................	5% of taxable income
Over $6,900 but not over $17,400..........	$345 plus 7% of excess over $6,900
Over $17,400 but not over $250,000......	$1,080 plus 9% of excess over $17,400
Over $250,000..	$22,014 plus 9.9% of excess over $250,000

For taxpayers with income from pass-through entities that meet certain requirements, the taxpayer may elect that income to be subject to reduced tax rates. See Section 6: Tax Rates for Pass-Through Income.

Oregon apportions part-year residents' tax 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 are applied to income from Oregon sources.

Oregon prorates some credits, such as the exemption credit, credit for contributions to the Oregon Cultural Trust, and residential energy tax credit, for part-year residents and nonresidents.

Filing Requirements

A single person or married persons who have income may not have to file an Oregon personal income tax return if their total income is below a certain amount. The following table shows the level of total income for which a taxpayer is required to file a full-year Oregon personal income tax return (Form OR-40) based on their filing status.

2018 Minimum Filing Requirements for Full-Year Residents

Filing status	Total income more than
Single	$6,075
Married filing jointly	$12,150
Married filing separately	$6,075
Head of household	$7,590
Qualifying widow(er)	$8,455
Can be claimed as a dependent	$1,050

Amounts are larger for those over 65 and/or blind
Those persons with any Oregon income tax withheld from wages are required to file.

Additional Information

The following additional information on Oregon's personal income tax can be found at the Oregon Department of Revenue website at: http://www.oregon.gov/DOR/Stats.

- Detailed tables on the statistics of Oregon personal income tax for tax year 2018 and previous years, as well as past personal income tax statistics reports.
- The history of Oregon tax law changes, personal income brackets, tax rates, standard deduction and personal exemption deduction and credits.
- *State of Oregon 2019–21 Tax Expenditure Report*. This gives additional information on adjustments, deductions, subtractions, and credits.

Additional forms and publications can be found at the Oregon Department of Revenue website at: http://www.oregon.gov/DOR/.

- *Publication OR-17, Oregon Individual Income Tax Guide*, 2018 edition and past years. Includes personal income tax filing requirements and a complete list and detailed descriptions of types of income, federal adjustments, and Oregon additions, subtractions and credits.
- Current and past tax forms and instructions.

In this section, we take data for the 2018 tax year and compare it to data from previous years. Previous year data is the actual dollar amounts as reported and not adjusted for inflation. The number and types of returns filed are discussed first, followed by income and tax trends. Summaries of adjustments, additions, subtractions, deductions, credits, payments and refunds are followed by information on part-year resident returns and county-level data.

Returns

Exhibit 1 shows the number of 2018 returns by filing status and form type. Full-year residents use Form OR-40, part-year residents (PY) use Form OR-40-P, and nonresidents (NR) use Form OR-40-N. Of the more than 2.18 million returns filed for tax year 2018, over 85 percent of returns represented by taxpayers that were residents for the full year.

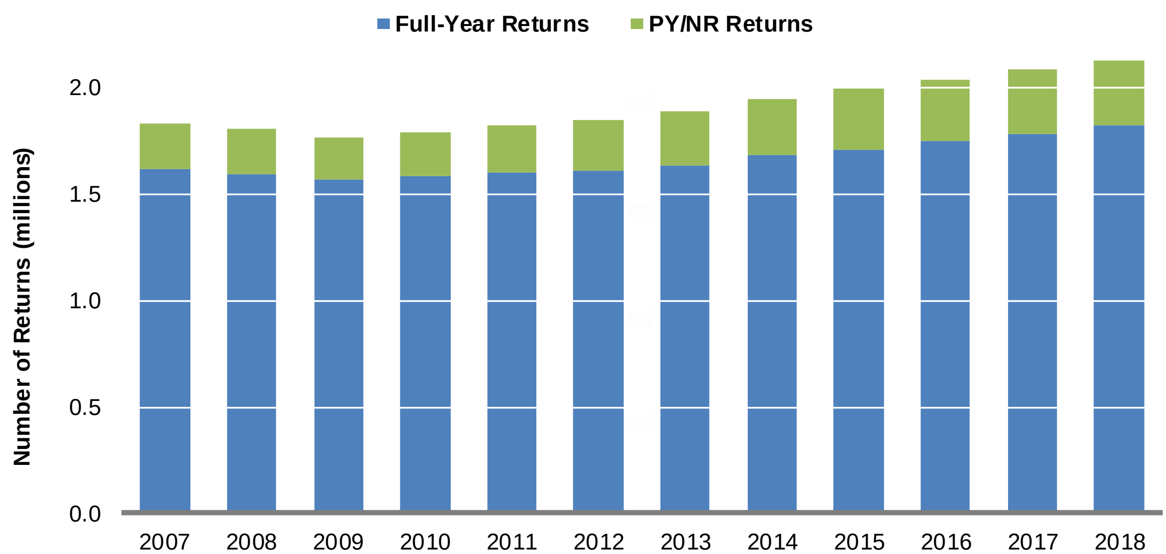
Exhibit 1 - Income Tax Returns by Filing Status and Form Type
All Returns - 2018

Filing Status	Full-Year Resident OR-40	Part-Year (PY) OR-40-P	Nonresident (NR) OR-40-N	Total
Single	890,790	63,010	81,340	**1,035,140**
Married Filing Jointly	710,090	29,500	106,960	**846,560**
Married Filing Separately	31,270	2,350	4,360	**37,980**
Head-of-Household	186,140	6,480	15,410	**208,040**
Qualifying Widow(er)	880	30	120	**1,030**
Total	**1,819,170**	**101,390**	**208,190**	**2,128,750**

Returns–Historical Trends

Exhibit 2 shows the trend in returns filed since 2006 for full-year resident returns and part-year resident/nonresident returns (PY/NR). The number of returns filed generally increases each year due to an increase in Oregon's population. However, the number of returns filed fluctuates depending on economic conditions. The number of returns filed decreases during recessions, as some people who filed the previous year may not have had enough income to require them to file in the current year. We saw this trend in the economic downturn of 2008 to 2009. The number of returns has increased since 2010, in part due to the steady improvement of economic conditions.

Exhibit 2 - Income Tax Returns - Historical
Full Year Resident and PY/NR Returns - 2007 to 2018



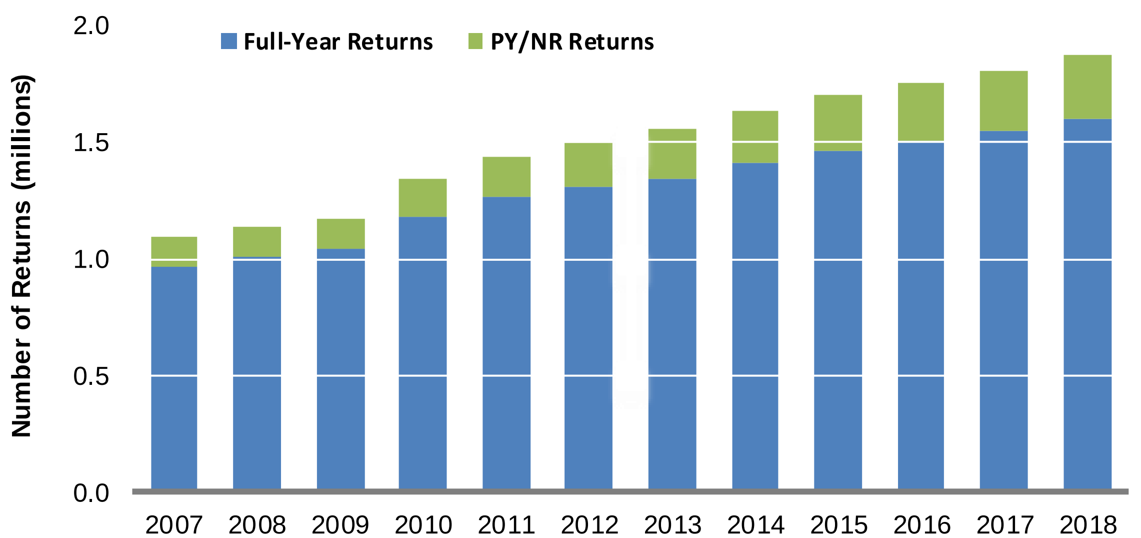
	Oregon Population*		Full-Year Returns		PY/NR Returns		All Returns	
Tax Year	Number	Growth	Number	Growth	Number	Growth	Number	Growth
2007	3,690,500	1.4%	1,617,140	4.6%	217,960	4.1%	1,835,100	4.5%
2008	3,745,455	1.6%	1,593,360	-1.5%	212,480	-2.5%	1,805,840	-1.6%
2009	3,791,075	1.5%	1,571,300	-1.4%	197,100	-7.2%	1,768,400	-2.1%
2010	3,823,465	1.2%	1,581,270	0.6%	210,410	6.8%	1,791,680	1.3%
2011	3,837,300	0.9%	1,599,960	1.2%	224,820	6.9%	1,824,790	1.8%
2012	3,883,735	0.4%	1,612,450	0.8%	233,810	4.0%	1,846,260	1.2%
2013	3,919,020	1.2%	1,636,510	1.5%	249,930	6.9%	1,886,440	2.2%
2014	3,962,710	0.9%	1,679,610	2.6%	263,070	5.3%	1,942,680	3.0%
2015	4,013,845	1.1%	1,711,180	1.9%	282,390	7.3%	1,993,570	2.6%
2016	4,076,350	1.3%	1,751,140	2.3%	289,600	2.6%	2,040,740	2.4%
2017	4,141,100	1.6%	1,785,350	2.0%	299,800	3.5%	2,085,150	2.2%
2018	4,195,300	1.3%	1,819,170	1.9%	309,580	3.3%	2,128,750	2.1%

*Population Research Center, Portland State University, http://www.pdx.edu/prc/home

Electronic Returns

Oregon started offering electronic filing with a pilot project in 1993. Between 1994 and 1997, only professional tax preparers could file electronic returns and the number of electronic filers tripled from roughly 35,000 to just over 113,000. When individuals started filing their own returns electronically for the first time in 1998, electronic filings increased by 45 percent. The increase continued in 1999, when part-year and nonresident filers began filing electronically. Electronic filings increased even more in 2004 when the IRS introduced 'e-services,' a web incentive service for tax preparers. In 2010, the IRS started requiring that professional tax preparers who prepare 100 or more returns file federal returns electronically. They tightened those requirements in 2011 to include tax preparers who file 10 or more tax returns. Additionally, beginning in 2011, any filer could submit their Oregon personal income tax return online through Oregon Free Fillable Forms. Exhibit 3 illustrates the growth in electronic filing from 2007 to 2018.

Exhibit 3 - Electronically Filed Income Tax Returns
Full Year Resident and PY/NR Returns - 2007 to 2018



	Full-Year Returns		PY/NR Returns		All Returns	
Tax Year	Number	Growth	Number	Growth	Number	Growth
2007	970,740	10.8%	125,140	18.7%	1,095,880	11.7%
2008	1,008,410	3.9%	129,350	3.4%	1,137,760	3.8%
2009	1,046,160	3.7%	130,100	0.6%	1,176,250	3.4%
2010	1,182,920	13.1%	156,850	20.6%	1,339,770	13.9%
2011	1,264,050	6.9%	176,790	12.7%	1,440,850	7.5%
2012	1,308,190	3.5%	189,670	7.3%	1,497,860	4.0%
2013	1,346,560	2.9%	209,680	10.6%	1,556,240	3.9%
2014	1,410,680	4.8%	225,020	7.3%	1,635,700	5.1%
2015	1,461,900	3.6%	244,160	8.5%	1,706,060	4.3%
2016	1,504,570	2.9%	250,790	2.7%	1,755,350	2.9%
2017	1,546,750	2.8%	262,620	4.7%	1,809,360	3.1%
2018	1,597,200	3.3%	274,750	4.6%	1,871,950	3.5%

In 2001, Oregon first offered 2-D barcode filing, a hybrid of paper and electronic filing. Taxpayers mail their 2-D paper form to the Department of Revenue. The department then scans the tax return information from a barcode on the paper form, which does not require manual data entry. Only full-year resident forms were available for 2-D filing until 2007 when the department added nonresident and part-year resident forms. In the first year, only 2 percent of returns filed used 2-D. In tax year 2006, software companies creating Oregon tax returns were required to have the 2-D barcode. The mandate increased 2-D filings from 12 to 21 percent and it stayed relatively constant until 2009. Since the large growth of electronically filed returns in 2010, both paper and 2D filed returns have generally decreased. The slight increase in paper returns in 2015 was due an issue in processing 2-D barcode returns, so some of the 2-D barcode returns were manually entered.

Exhibit 4 - Electronic, 2-D and Paper Returns
All Returns - 2007 to 2018

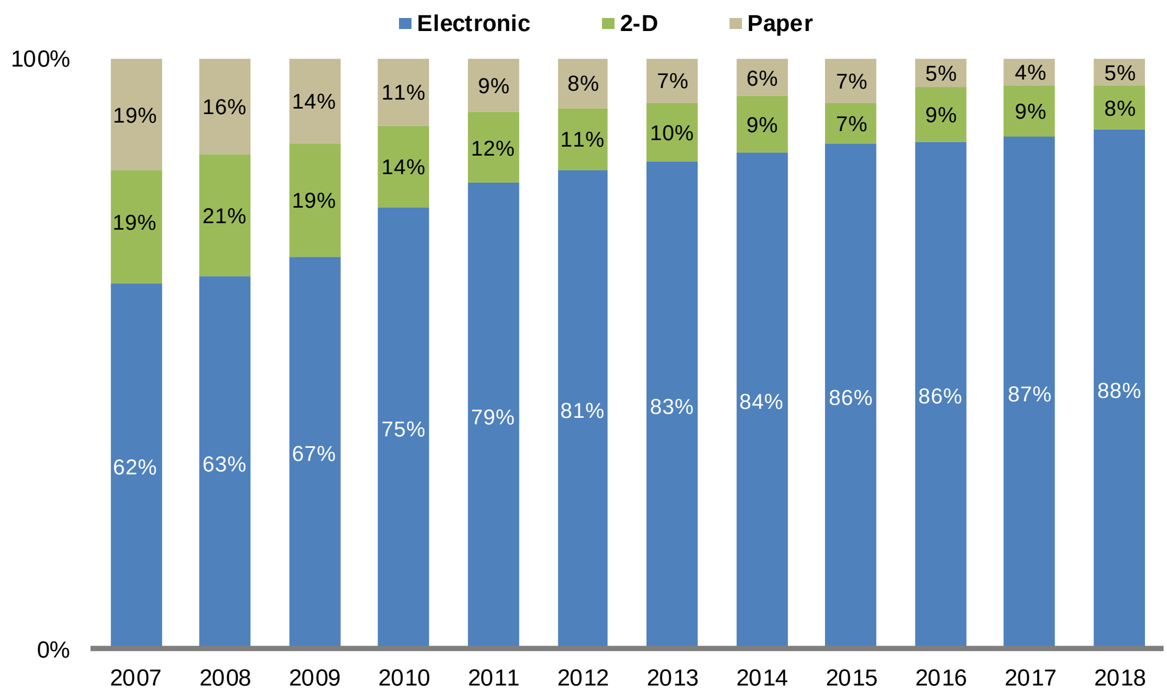
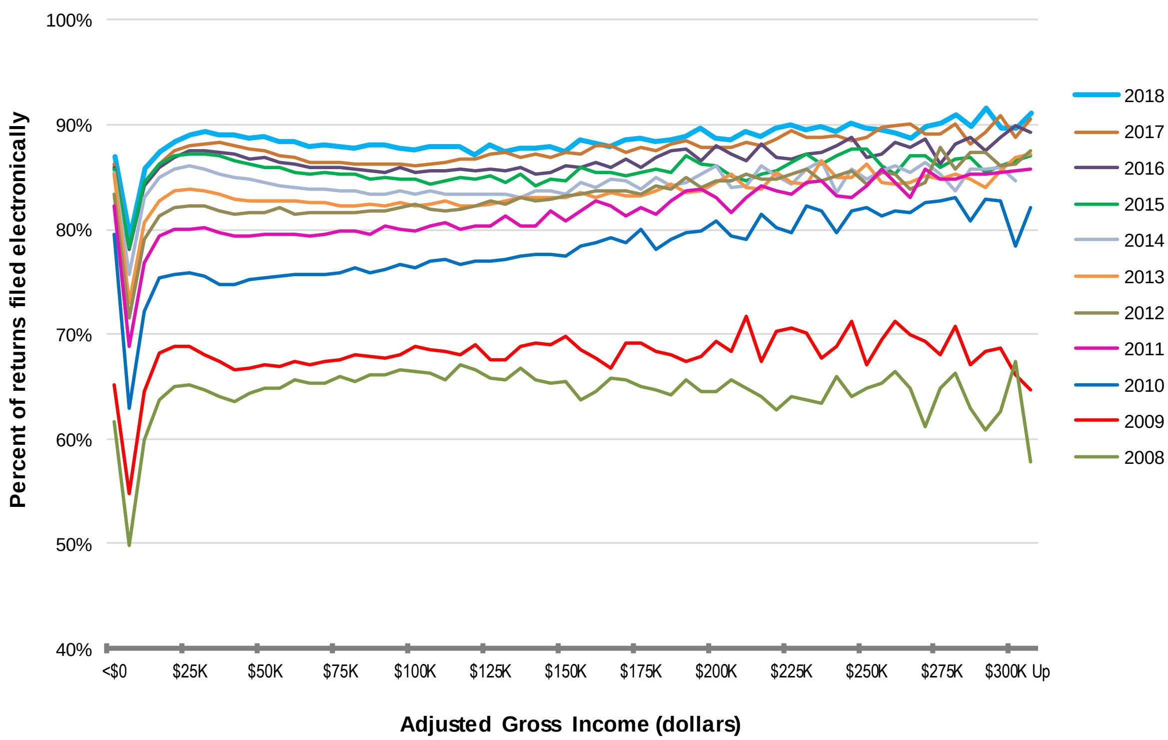


Exhibit 5 shows the percent of full-year resident electronic returns by income level for 2007 to 2018. The percent of returns that file electronically is relatively constant across all incomes, except for individuals that report very low positive incomes, which are often simple returns, and they opt to file more often by paper. The large increase in the percentage of electronic returns seen in 2010 over all income levels was due to the federal requirement that tax preparers who prepare 100 or more returns file federal returns electronically.

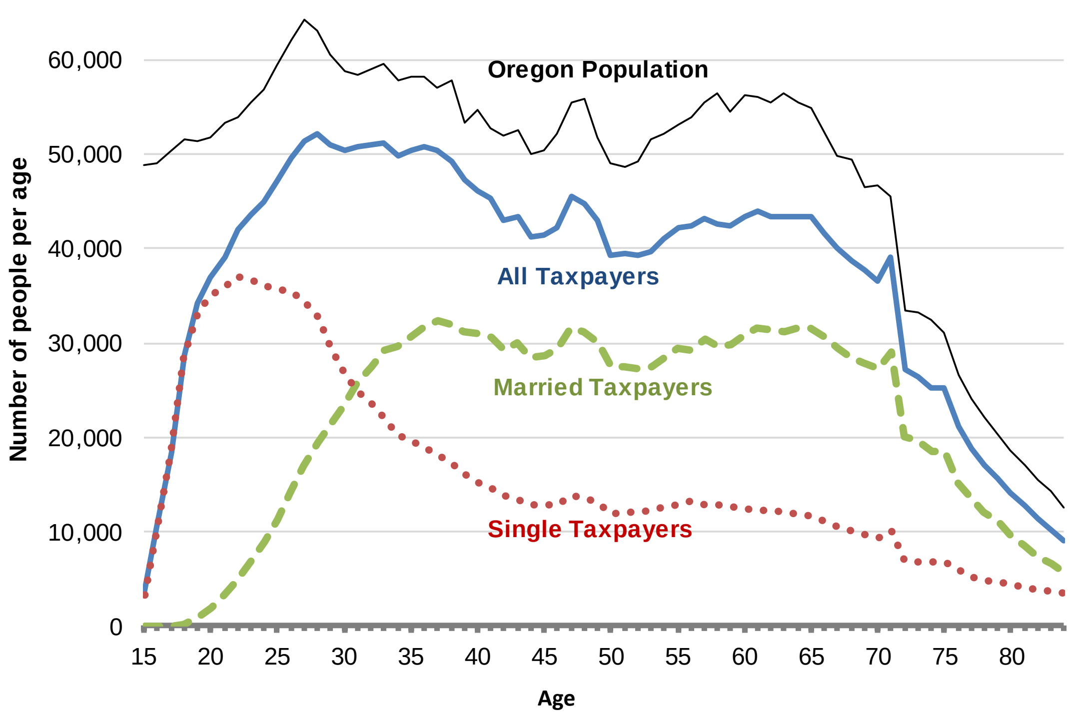
Exhibit 5 - Percent of Returns Filed Electronically by Adjusted Gross Income
All Returns - 2007 to 2018



Age of Taxpayers

Exhibit 6 shows information on all returns filed by full and part-year Oregon residents by age of the taxpayer (includes both the primary and spouse for joint returns). The data shows number of taxpayers on returns filed by single and married taxpayers separately, along with the overall population of Oregon. The population data is not directly comparable to the tax return data, as the population data represents the best estimate of the population on July 1, 2018, while tax return data represents tax year 2018 Oregon resident returns submitted during calendar year 2019. However, we see similarities between the population and tax return data. The number of taxpayers represented by the tax returns is less than the overall population, as many taxpayers do not file because they do not have enough income.

Exhibit 6 - Taxpayers by Age
Resident (Full and Part-Year) Returns - 2018

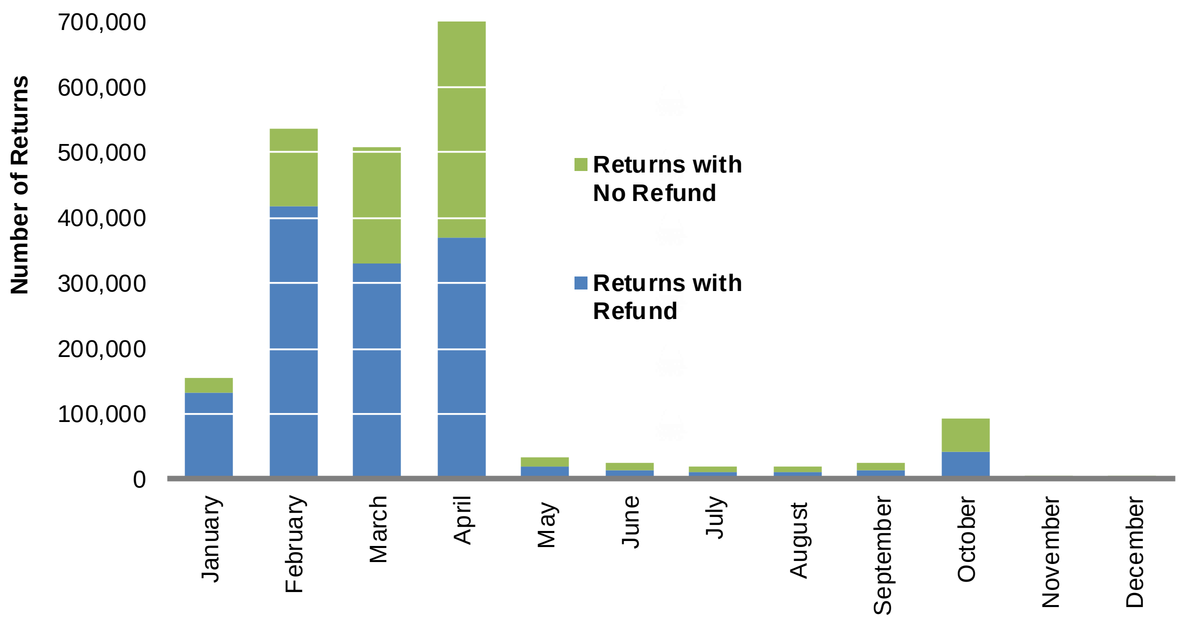


Notes: *The chart represents 2.7 million resident (full and part-year) taxpayers.*
Age is not known for less than 1 percent of taxpayers, so they are not represented.
Oregon population age data is from the Oregon Office of Economic Analysis.

Timing of Filing Tax Returns

The information in this exhibit is based on original 2018 income tax returns received by the Oregon Department of Revenue in the 2019 calendar year. The department receives returns throughout the year; however, the department receives most of those returns by the April 15 deadline. Exhibit 7 shows the total number of returns submitted by month, broken out into returns that claim a refund and those that do not claim a refund. About a third of the total returns received during the year occurs in April, with about a quarter of the returns received in February. February has the highest number of returns with refunds claimed, as many taxpayers file quickly to receive their refunds as soon as possible. Less than ten percent of taxpayers file in January, as the IRS typically only begins to allow electronic filings in the third or fourth week of January. About four percent of taxpayers file for a six month extension to file their return, which extends the deadline to October 15.

Exhibit 7 - Number of Returns Received by Month
All Returns - 2018



	Return with No Refund	Returns with Refund	All Returns Number	Share	Cumulative
January	24,270	131,280	155,540	7.3%	7.3%
February	119,170	416,710	535,870	25.2%	32.5%
March	178,210	329,970	508,180	23.9%	56.4%
April	339,030	370,330	709,360	33.3%	89.7%
May	12,790	19,740	32,520	1.5%	91.2%
June	9,700	14,030	23,730	1.1%	92.3%
July	8,370	10,860	19,220	0.9%	93.2%
August	8,380	10,140	18,520	0.9%	94.1%
September	12,230	13,320	25,550	1.2%	95.3%
October	52,130	41,520	93,650	4.4%	99.7%
November	1,900	1,890	3,790	0.2%	99.9%
December	1,430	1,380	2,810	0.1%	100.0%
Total	**767,600**	**1,361,140**	**2,128,750**		

Full-year residents accounted for over 85 percent of the tax returns, 92 percent of Oregon AGI and 92 percent of the tax liability in 2018. Exhibit 8 is a summary of the number of returns, adjusted gross income (AGI), and Oregon tax liability by residency status, as determined by the type of return the taxpayer filed.

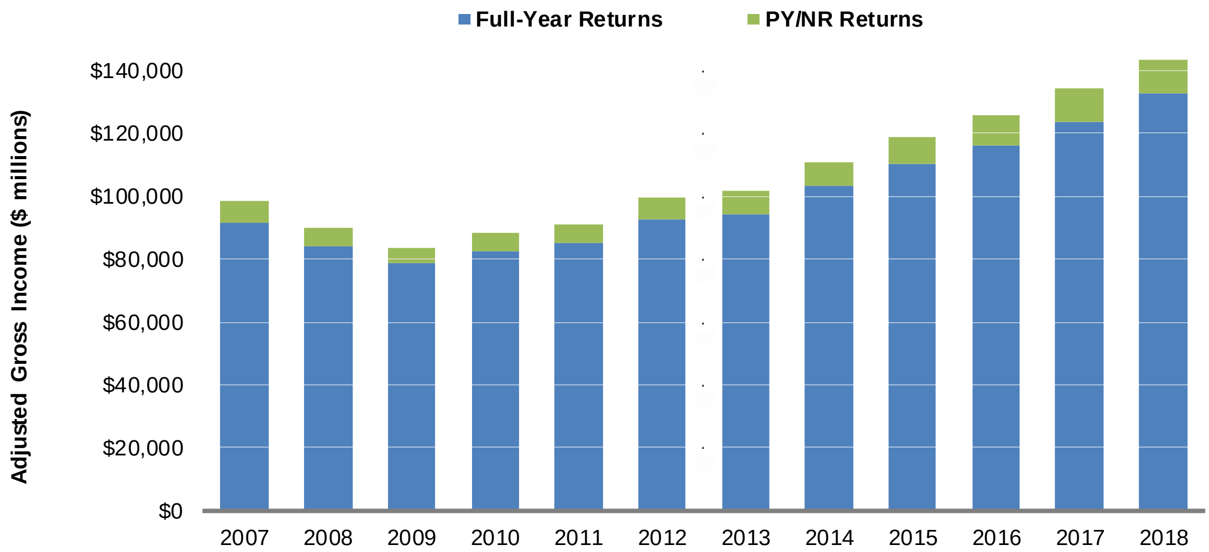
Exhibit 8 - Returns, Adjusted Gross Income, and Tax by Residence Type
All Returns - 2018

	Returns		Adjusted Gross Income		Tax Liability	
Return Type	Number	Share	$ (millions)	Share	$ (millions)	Share
Full-Year (OR-40)	1,819,170	85.5%	$132,522.9	92.3%	$8,298.5	91.8%
Nonresident (OR-40-N)	101,390	4.8%	$7,511.8	5.2%	$492.6	5.5%
Part-Year (OR-40-P)	208,190	9.8%	$3,485.7	2.4%	$245.1	2.7%
Total	**2,128,750**	**100%**	**$143,520.4**	**100%**	**$9,036.2**	**100%**

Oregon Adjusted Gross Income–Historical Trends

Adjusted gross income (AGI) consists of income subject to federal tax minus federal adjustments. For full-year returns, Oregon AGI equals federal AGI. Part-year residents derive their Oregon AGI from all income while the taxpayer was a resident of Oregon. Nonresidents derive their Oregon AGI from income sourced in Oregon. Exhibit 9 (on the following page) shows the trend in Oregon AGI since 2007 for full-year resident returns, part-year resident/nonresident returns (PY/NR) and all returns. Oregon AGI grows in most years due to Oregon's increasing taxpayer population and inflation. The exception occurs in periods of economic downturns, such as in 2008 and 2009. The total Oregon AGI increased 6.7 percent in 2018, going from $134 billion in 2017 to over $143 billion in 2018, reflecting the improving economic conditions.

Exhibit 9 - Total Adjusted Gross Income - Historical
Full-Year Resident and PY/NR Returns - 2007 to 2018

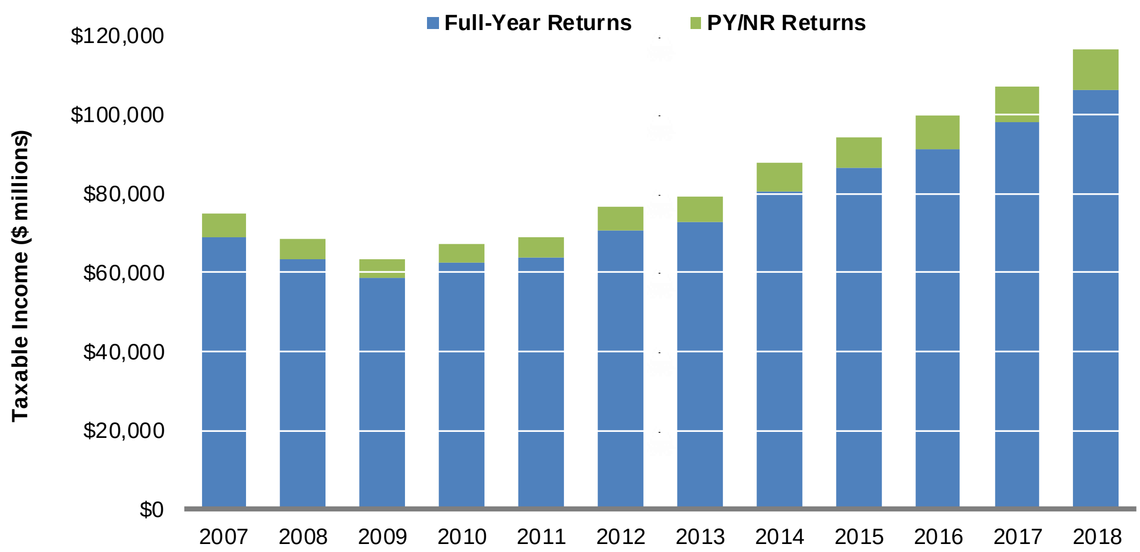


	Full-Year Returns			PY/NR Returns			All Returns		
Tax Year	Average ($)	Total ($ millions)	Growth in Total	Average ($)	Total ($ millions)	Growth in Total	Average ($)	Total ($ millions)	Growth in Total
2007	$56,760	$91,795.1	9.5%	$31,890	$6,950.9	8.9%	$53,810	$98,746.0	9.5%
2008	$52,760	$84,059.4	-8.4%	$28,260	$6,004.8	-13.6%	$49,870	$90,064.2	-8.8%
2009	$50,100	$78,717.4	-6.4%	$25,180	$4,962.9	-17.4%	$47,320	$83,680.4	-7.1%
2010	$52,270	$82,655.9	5.0%	$26,630	$5,602.7	12.9%	$49,260	$88,258.6	5.5%
2011	$53,070	$84,904.9	2.7%	$26,950	$6,059.3	8.1%	$49,850	$90,964.2	3.1%
2012	$57,490	$92,703.6	9.2%	$29,590	$6,918.0	14.2%	$53,960	$99,621.6	9.5%
2013	$57,690	$94,405.0	1.8%	$28,840	$7,206.8	4.2%	$53,860	$101,611.7	2.0%
2014	$61,430	$103,179.0	9.3%	$29,930	$7,874.3	9.3%	$57,170	$111,053.4	9.3%
2015	$64,420	$110,226.4	6.8%	$31,250	$8,824.3	12.1%	$59,720	$119,050.6	7.2%
2016	$66,300	$116,101.2	5.3%	$33,090	$9,583.7	8.6%	$61,590	$125,684.9	5.6%
2017	$69,420	$123,945.0	6.8%	$34,090	$10,219.7	6.6%	$64,340	$134,164.7	6.7%
2018	$72,850	$132,522.9	6.9%	$35,520	$10,997.5	7.6%	$67,420	$143,520.4	7.0%

Taxable Income–Historical Trends

Taxable income is the amount of income subject to Oregon tax and equals Oregon adjusted gross income plus additions, minus subtractions, minus allowable deductions, limited by a minimum of zero. Exhibit 10 shows the trend in Oregon taxable income since 2007 for full-year resident returns, the total of part-year resident/nonresident returns (PY/NR) and all returns. The yearly trends in the total taxable income closely correlates to total Oregon AGI.

Exhibit 10 - Total Taxable Income - Historical
Full-Year Resident and PY/NR Returns - 2007 to 2018

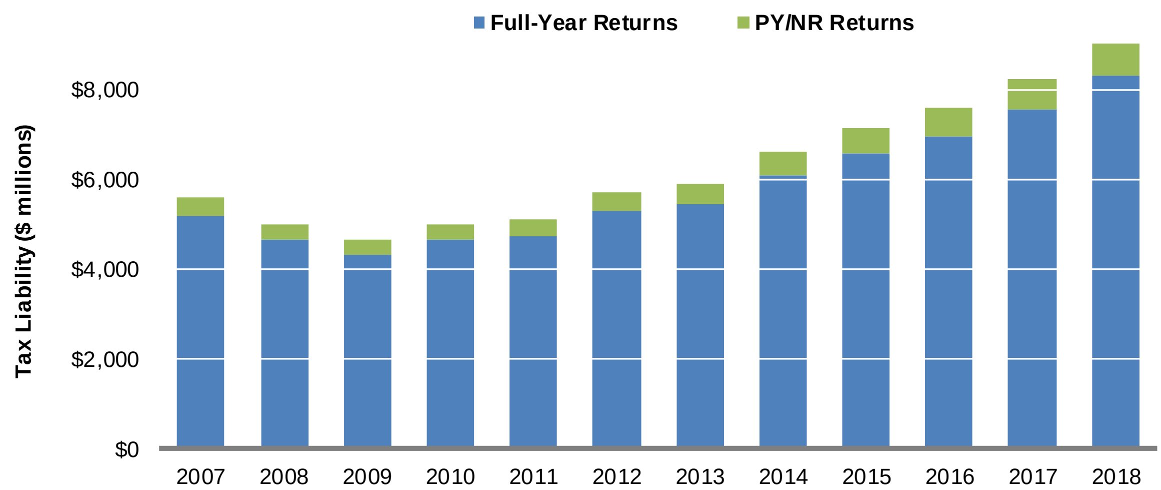


	Full-Year Returns			PY/NR Returns			All Returns		
Tax Year	Average ($)	Total ($ millions)	Growth in Total	Average ($)	Total ($ millions)	Growth in Total	Average ($)	Total ($ millions)	Growth in Total
2007	$42,690	$69,035.0	8.5%	$26,870	$5,856.0	7.4%	$40,810	$74,892.0	8.4%
2008	$39,730	$63,312.0	-8.3%	$24,040	$5,108.0	-12.8%	$37,890	$68,420.0	-8.6%
2009	$37,440	$58,828.0	-7.1%	$22,880	$4,510.0	-11.7%	$35,820	$63,338.0	-7.4%
2010	$39,490	$62,439.5	6.1%	$23,370	$4,917.1	9.0%	$37,590	$67,356.7	6.3%
2011	$39,810	$63,697.3	2.0%	$23,330	$5,245.8	6.7%	$37,780	$68,943.1	2.4%
2012	$43,900	$70,782.3	11.1%	$25,760	$6,022.0	14.8%	$41,600	$76,804.3	11.4%
2013	$44,580	$72,962.2	3.1%	$25,320	$6,328.3	5.1%	$42,030	$79,290.5	3.2%
2014	$47,970	$80,570.9	10.4%	$26,920	$7,082.8	11.9%	$45,120	$87,653.7	10.5%
2015	$50,610	$86,601.8	7.5%	$27,820	$7,856.7	10.9%	$47,380	$94,458.5	7.8%
2016	$52,100	$91,228.7	5.3%	$29,540	$8,554.8	8.9%	$48,900	$99,783.5	5.6%
2017	$54,900	$98,021.7	7.4%	$30,510	$9,147.1	6.9%	$51,400	$107,168.9	7.4%
2018	$58,540	$106,489.2	8.6%	$32,590	$10,087.7	10.3%	$54,760	$116,576.9	8.8%

Tax Liability–Historical Trends

Tax liability is the amount of tax owed by a taxpayer. It is equal to the total tax reduced by non-refundable credits and any portion of refundable credits up to the amount of remaining tax. If refundable credits exceed the amount of remaining tax, then the taxpayer has no tax liability and receives a payment for the balance. In 2018, tax liability totaled $9.0 billion, a 9.7 percent increase from 2017. Exhibit 11 shows the trend in total tax liability since 2006 for full-year resident returns, part-year resident/nonresident returns (PY/NR) and all returns. The yearly trends in the total tax liability closely correlates to total Oregon AGI.

Exhibit 11 - Total Personal Income Tax Liability - Historical
Full-Year Resident and PY/NR Returns - 2007 to 2018



	Full-Year Returns			PY/NR Returns			All Returns		
Tax Year	Average ($)	Total ($ millions)	Growth in Total	Average ($)	Total ($ millions)	Growth in Total	Average ($)	Total ($ millions)	Growth in Total
2007	$3,210	$5,184.8	8.6%	$1,900	$414.8	10.3%	$3,050	$5,599.6	8.7%
2008	$2,920	$4,658.9	-10.1%	$1,680	$357.6	-13.8%	$2,780	$5,016.5	-10.4%
2009	$2,760	$4,337.7	-6.9%	$1,620	$318.5	-10.9%	$2,630	$4,656.2	-7.2%
2010	$2,940	$4,646.2	7.1%	$1,680	$353.2	10.9%	$2,790	$4,999.4	7.4%
2011	$2,970	$4,749.4	2.2%	$1,680	$378.4	7.1%	$2,810	$5,127.8	2.6%
2012	$3,280	$5,288.4	11.3%	$1,860	$434.7	14.9%	$3,100	$5,723.0	11.6%
2013	$3,330	$5,457.2	3.2%	$1,820	$453.9	4.4%	$3,130	$5,911.1	3.3%
2014	$3,640	$6,109.1	11.9%	$1,950	$513.3	13.1%	$3,410	$6,622.4	12.0%
2015	$3,850	$6,590.5	7.9%	$1,990	$561.1	9.3%	$3,590	$7,151.6	8.0%
2016	$3,980	$6,970.1	5.8%	$2,110	$611.6	9.0%	$3,720	$7,581.7	6.0%
2017	$4,240	$7,565.4	8.5%	$2,230	$668.5	9.3%	$3,950	$8,233.9	8.6%
2018	$4,560	$8,298.5	9.7%	$2,380	$737.7	10.4%	$4,240	$9,036.2	9.7%

Effective Tax Rates

Exhibit 12 shows tax as a percent of AGI, and tax as a percent of taxable income for full-year resident returns by adjusted gross income. There are two graphs, one for returns whose tax was computed using the S tax brackets (for returns using single, or married filing separately filing statuses – S returns) and a second for returns whose tax was computed using the J tax brackets (for returns using married filing jointly, head of household, or qualifying widow(er) filing statuses – J returns).

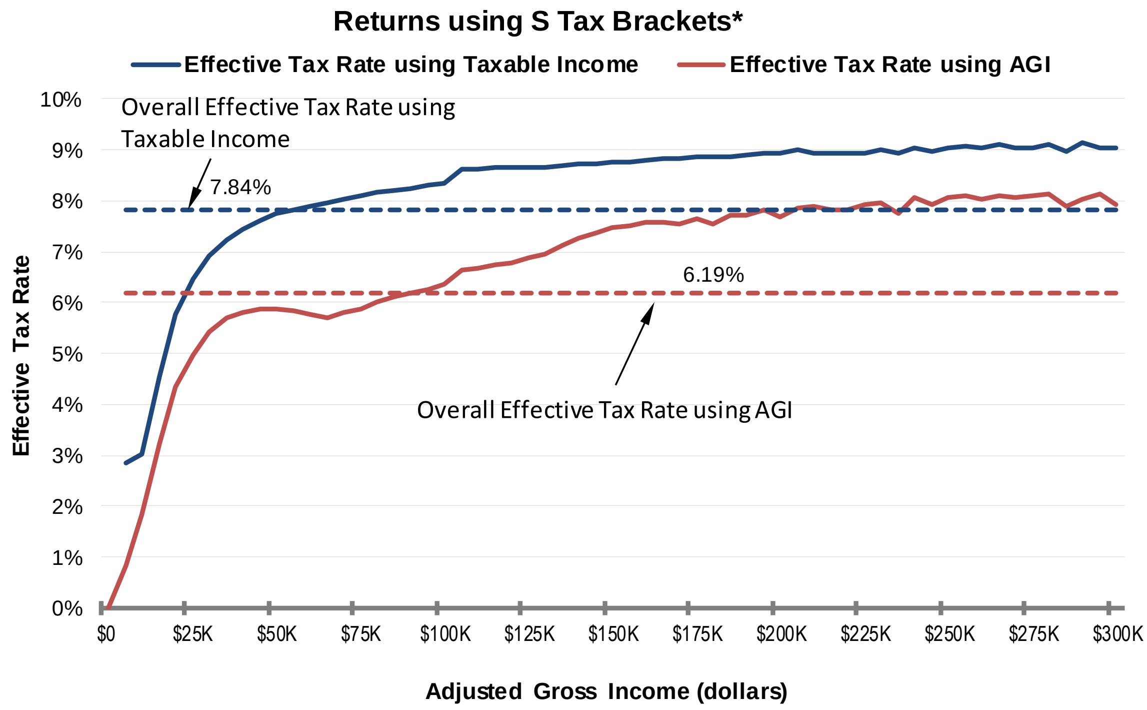
Tax as a percent of AGI (lower curve on both charts) provides the tax rate necessary to apply to AGI to raise the same amount of revenue as current tax law. It averages all deductions and credits used across all filers. Subtractions and deductions lower the effective tax rate. The effective tax rate is greater for higher income taxpayers because the magnitude of additions and subtractions is relatively less, while at the same time a greater share of their income is taxed at either 9 or 9.9 percent, depending on their tax bracket.

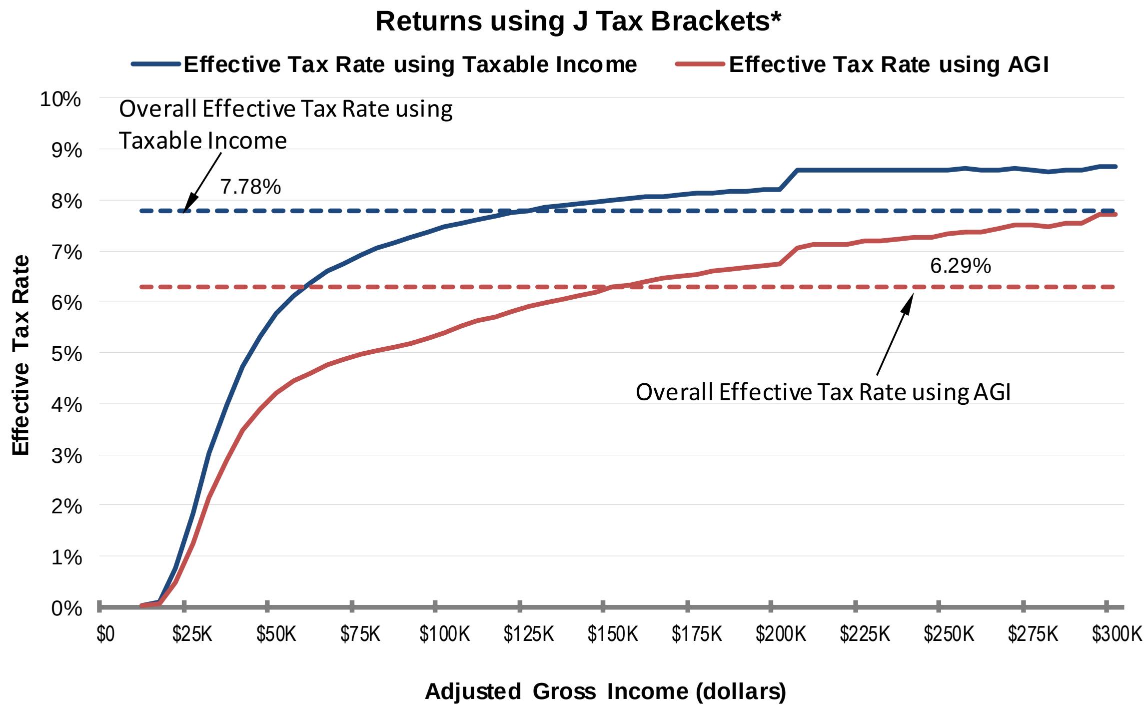
The top curve (on both charts) shows the tax as a percent of taxable income. It has the same general shape as the bottom curve, just shifted up on the percent axis because it is only reduced by tax credits. The rate increases quickly and then gradually approaches 9.9 percent, beyond the limits of this chart. The effective rate cannot reach 9.9 percent, because even the highest income taxpayers have some income taxed at the 5, 7, and 9 percent rates.

An overall effective tax rate is the required rate necessary to raise the same amount of revenue as current tax law, if the tax rate was a flat percentage applied to AGI or taxable income. For example, S taxpayers would pay a flat rate of 6.19 percent and J taxpayers would pay a flat rate of 6.29 percent of their AGI or taxpayers would pay flat rates of 7.84 percent and 7.78 percent, respectively, of their taxable income.

There are a couple interesting features to note from the charts. The jump in the curves at an AGI of $100,000 for S returns and at an AGI of $200,000 for J returns is due to the elimination of the personal exemption above those income values and hence the effective tax rate increases when the personal exemption credit can no longer reduce the tax. On the effective rate curve from AGI for S returns, the effective tax rate goes down between AGIs of about $50,000 to $65,000. This is a result of interaction between Oregon's income tax brackets and the federal tax brackets when taxpayers claim the subtraction for a federal tax liability. This effect is further enhanced for single taxpayers because they effectively have twice the limit of federal tax liability they are allowed to subtract compared to married filing jointly taxpayers. The actual limit is the same for both groups, so for married filing jointly filers the limit per taxpayer is half that.

Exhibit 12 - Effective Tax Rates Derived from AGI and Taxable Income
Full-Year Resident Returns - 2018





** S tax brackets are for single and married filing separately*
J tax brackets are for married filing jointly, head of household and qualifying widow(er)

Distribution of Returns, Income, and Tax by AGI Level

Exhibit 13 shows total Oregon AGI and total tax liability by AGI quintile for 2017 and 2018. A quintile represents a subset of a database that contains 20 percent of all records. It is determined by arranging the records from the lowest income to the highest income and then dividing the data into five equally sized subsets. The fifth quintile is subdivided into the first 15 percent of this quintile, the next four percent and top one percent.

A couple of observations can be made, which show how the tax liability is concentrated by income level. In 2018, the bottom 40 percent of filers by income accounted for 5 percent of the total tax liability, while the top 40 percent accounted for over 85 percent of the total tax liability. The top one percent of full-year filers accounted for about 20 percent of the total tax liability.

Exhibit 13 - Income and Tax Liabilty by AGI Quintiles
Full-Year Resident Returns - 2017 and 2018

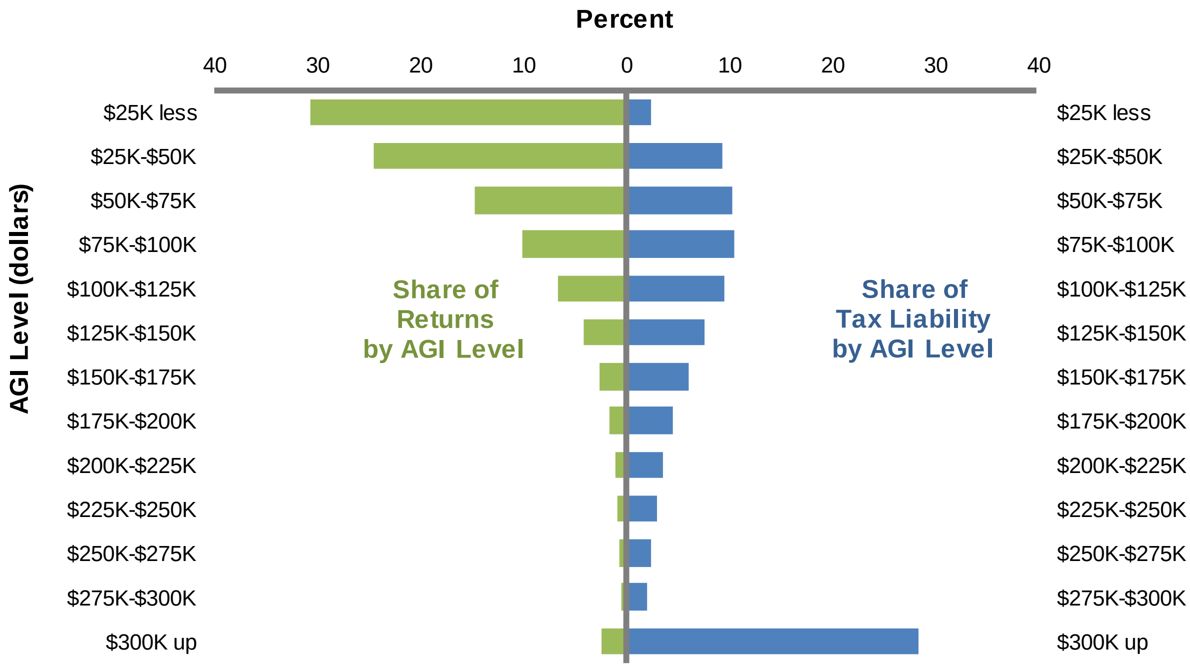
Quintile	Approximate AGI Range in 2017 (dollars)	Total AGI ($ millions) 2017	2018	Total Tax Liability ($ millions) 2017	2018	Share of Total Tax Liability 2017	2018
Lowest 20%	Below $16K	$951.3	$1,258.3	$50.3	$59.9	0.7%	0.7%
Second 20%	$16K-$33K	$8,252.3	$8,876.9	$303.2	$352.5	4.0%	4.2%
Middle 20%	$33K-$57K	$14,966.2	$15,945.5	$711.4	$802.1	9.4%	9.7%
Fourth 20%	$57K-$100K	$26,133.3	$27,749.8	$1,350.8	$1,494.7	17.9%	18.0%
Next 15%	$100K-$203K	$34,889.5	$37,112.8	$2,143.2	$2,335.8	28.3%	28.1%
Next 4%	$203K-$459K	$18,946.4	$20,373.0	$1,409.6	$1,548.5	18.6%	18.7%
Top 1%	above $459K	$19,806.0	$21,206.6	$1,596.8	$1,705.0	21.1%	20.5%
Total		**$123,945.0**	**$132,522.9**	**$7,565.4**	**$8,298.5**	**100.0%**	**100.0%**

Notes: Each quintile contains one-fifth of the total number of full-year resident returns, which is approximately 365,000.
The AGI breakpoints between the quintiles were slightly less for tax year 2017.

Exhibit 14 (on the following page) shows the percentage of full-year resident returns (left chart) and the percentage of total tax liability (right chart) by AGI levels for 2018.

Approximately 55 percent of filers reported AGI less than $50,000 in 2018. This group reported about 12 percent of the total tax liability. Filers with AGI above $300,000 represented only 2 percent of total returns but reported over 28 percent of total tax liability in 2018.

Exhibit 14 - Returns and Tax Liability by AGI Level
Full-Year Resident Returns - 2018



AGI Level (dollars)	Returns Number	Returns Share	Tax Liability $ (millions)	Tax Liability Share
Below $25,000	559,420	30.8%	$201.3	2.4%
$25,000 - $50,000	445,200	24.5%	$773.1	9.3%
$50,000 - $75,000	267,320	14.7%	$860.5	10.4%
$75,000 - $100,000	182,710	10.0%	$870.3	10.5%
$100,000 - $125,000	120,040	6.6%	$790.0	9.5%
$125,000 - $150,000	74,080	4.1%	$635.1	7.7%
$150,000 - $175,000	47,000	2.6%	$499.4	6.0%
$175,000 - $200,000	30,060	1.7%	$380.6	4.6%
$200,000 - $225,000	19,810	1.1%	$302.7	3.6%
$225,000 - $250,000	14,120	0.8%	$245.3	3.0%
$250,000 - $275,000	10,470	0.6%	$205.6	2.5%
$275,000 - $300,000	7,690	0.4%	$168.7	2.0%
Above $300,000	41,260	2.3%	$2,365.8	28.5%
Total	**1,819,170**	**100.0%**	**$8,298.5**	**100.0%**

Distribution of Returns and Tax by Oregon Tax Brackets

Exhibit 15 shows the number of filers and the total tax liability by those filers in each tax bracket. Note that there were about 120,000 returns with no taxable income. A couple possible reasons why taxpayers file returns that report no taxable income for Oregon are: the taxpayer may have had negative income, such as business losses offsetting other positive income and had withholding or made estimated payments and was due a refund; and the taxpayer had positive income, but after applying Oregon subtractions and deductions, their taxable income was zero, but were still due a refund, as they had withholding and/or made estimated payments.

Exhibit 15 - Returns and Tax by Oregon Tax Brackets
Full-Year Resident Returns - 2018

Taxable Income: Single or Married Filing Separately (all others double the amount)	Tax Bracket	Returns		Tax Liability	
		Number	Share	$ (millions)	Share
$0	No Taxable Income	120,250	6.6%	$0.0	0%
$1- $3,450	5%	108,580	6.0%	$2.5	0.03%
$3,451–$8,700	7%	184,150	10.1%	$32.6	0.4%
$8,701-$125,000	9%	1,343,200	73.8%	$5,524.7	66.6%
over $125,000	9.9%	62,990	3.5%	$2,738.7	33.0%
Total		**1,819,170**	**100.0%**	**$8,298.5**	**100.0%**

Types of Income

Exhibit 16 (on the following page) shows the types of income reported on federal tax returns for 2017 and 2018 with the corresponding number of returns that claimed that type of income, the average amount claimed per return, and the total amount of that type of income for full-year resident filers. Note for several types of income (capital gain, other gain, business income, rents/partnerships/S corporations, and farm income), it is possible for an individual to report a loss, represented by a negative number. Wages are the dominant source of income, representing over $86 billion of the $134 billion of total gross income, or 64 percent of the total in 2018.

Exhibit 16 - Types of Income
Full-Year Resident Returns - 2017 and 2018

Income Type	Number of Returns 2017	Number of Returns 2018	Average ($) 2017	Average ($) 2018	Total ($ millions) 2017	Total ($ millions) 2018	Growth in Total
Wages, Salaries, Tips	1,424,060	1,449,680	$57,300	$59,400	$81,599.2	$86,109.1	5.5%
Interest	557,850	674,530	$1,910	$1,880	$1,066.3	$1,265.5	18.7%
Dividends	357,220	368,270	$8,410	$9,210	$3,004.0	$3,391.8	12.9%
Capital Gain (loss)	347,340	345,300	$25,590	$27,070	$8,889.3	$9,345.7	5.1%
Other Gain (loss)	30,080	29,690	$2,500	$4,620	$75.2	$137.2	82.5%
Business income (loss)	270,250	271,690	$15,440	$15,900	$4,173.1	$4,319.8	3.5%
Rent, Part., S Corp (income or loss)	233,910	229,900	$39,180	$43,050	$9,165.8	$9,897.3	8.0%
IRA distributions, pensions	435,050	1,819,170	$31,150	$8,010	$13,553.9	$14,577.5	7.6%
Social Security benefits	294,950	309,100	$14,930	$15,660	$4,402.4	$4,841.5	10.0%
Unemployment compensation	78,030	69,180	$4,640	$4,910	$362.0	$339.5	-6.2%
Farm income (loss)	29,360	28,510	-$9,300	-$11,730	-$273.0	-$334.5	*
State tax refunds	369,450	458,450	$1,520	$1,640	$560.7	$752.0	34.1%
Alimony	8,680	8,370	$20,390	$21,430	$177.0	$179.4	1.3%
Other income (loss)	133,100	135,730	-$5,160	-$3,160	-$686.2	-$429.5	*
Total					**$126,069.5**	**$134,392.1**	**6.6%**

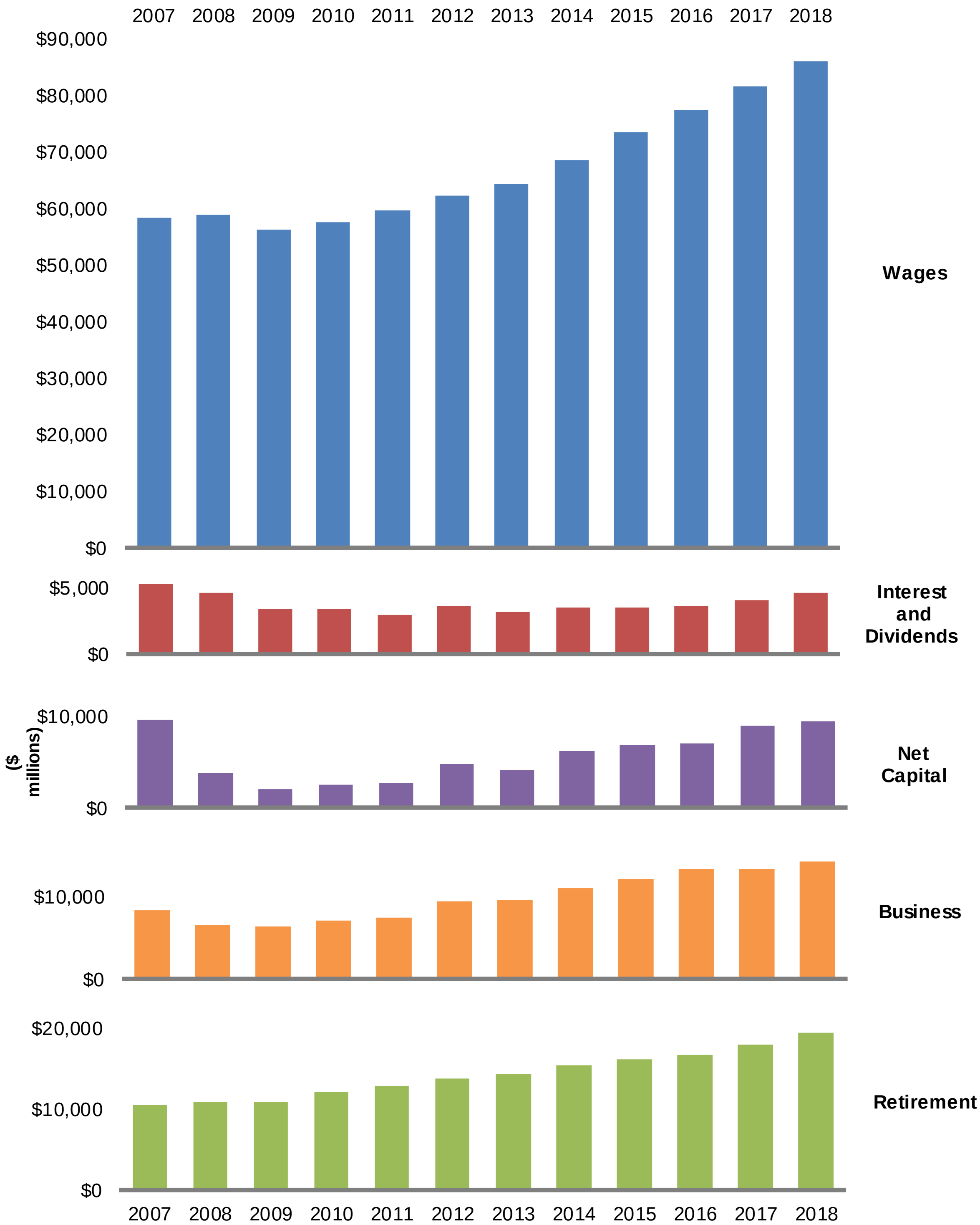
** Growth in total is not computed when the particular income type has a significant negative component*

Categories of Income–Historical

This section discusses the income reported on federal forms historically for similar income types grouped into categories. Exhibit 17 (on the following page) shows these income categories for tax years 2007 through 2018 for full-year resident filers. The interest and dividend income category is comprised of passive types of investments. The category of net capital gains includes capital gains and other gains income. In addition to business income, the business category includes rent, partnerships and S corporation income. The retirement category includes pension income, Social Security income, and IRA distributions. The remaining miscellaneous types of income, including unemployment, farm, state tax refunds, alimony and other income, account for about $0.5 billion (or less than a percent) of the total gross income in 2018 and are not included in this exhibit.

Wage income, investment income, capital gains and business income, in general, follow the trends of economic conditions, with capital gains being the most sensitive. Because of the volatility of capital gain income, its share of gross income changes greatly. In 2018, capital gains accounted for 7.1 percent of the total gross income, but that amount has varied since 2007, from a low of 2.5 percent in 2009 to a high of 10.3 percent in 2007. Retirement income's share of total income has slowly increased from 11 percent in 2007 to over 14 percent in 2018.

Exhibit 17 - Categories of Income - Historical
Full-Year Resident Returns - 2007 to 2018



Adjustments are deductions that all taxpayers may take if they qualify, regardless of whether they itemize deductions. They are on federal Form 1040 and subtracted from net income when computing federal AGI.

Types of Adjustments

Exhibit 18 shows the types of federal adjustments to net income claimed on full-year returns in 2017 and 2018 with the corresponding number of returns claiming the adjustment, the average claimed, and total amount for full-year resident filers.

Exhibit 18 - Federal Adjustments
Full-Year Resident Returns - 2017 and 2018

	Number of Returns		Average ($)		Total ($ millions)		Growth
Adjustment	2017	2018	2017	2018	2017	2018	in Total
Self-Emp Health Insurance	72,290	69,660	$6,660	$6,990	$481.3	$487.1	1.2%
Self-Employment Tax	216,320	216,910	$1,740	$1,790	$376.2	$389.0	3.4%
SEP, SIMPLE	14,230	13,730	$20,800	$21,700	$295.9	$298.1	0.7%
IRA Contributions	43,030	40,380	$5,050	$5,020	$217.3	$202.5	-6.8%
Student Loan Interest	180,240	178,180	$1,070	$1,070	$192.2	$190.1	-1.1%
Alimony Paid	10,540	8,890	$17,990	$20,380	$189.7	$181.1	-4.5%
Health Savings Accounts	22,610	24,740	$2,990	$3,020	$67.7	$74.8	10.5%
Employee Business Expenses	1,540	2,550	$2,790	$4,090	$4.3	$10.4	143.3%
Educator Expenses	32,170	31,550	$250	$250	$8.0	$7.9	-1.0%
Penalty on Early Withdrawal	3,610	4,260	$270	$490	$1.0	$2.1	119.8%
Moving Expenses	6,570	600	$2,400	$1,630	$15.7	$1.0	-93.8%
Domestic Production	12,240	0	$19,200	$0	$235.0	$0.0	*
Tuition and Fees	14,110	0	$2,290	$0	$32.3	$0.0	*
Other/Unknown	1,200	2,480	$6,600	$10,150	$7.9	$25.1	*
Total					**$2,124.5**	**$1,869.2**	**-12.0%**

** Growth is not meaningful in this category*

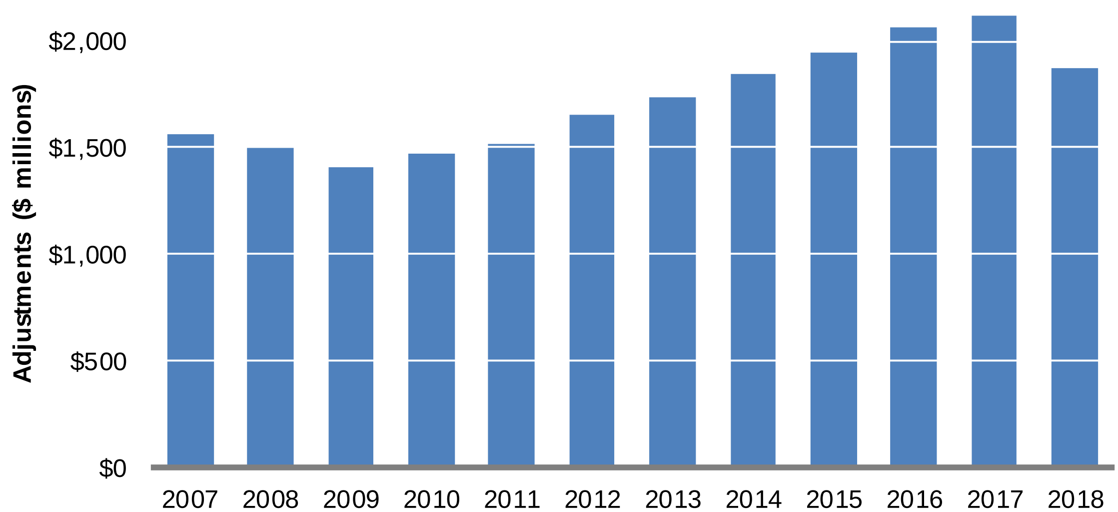
The first three adjustments listed above are associated with self-employed taxpayers who report business income on Schedules C, E or F, and together account for about 63 percent of total dollar amount of adjustments claimed. Those taxpayers may be able to deduct from total income half of payments made for their own Social Security and Medicare taxes, portions of payments for health insurance and portions of contributions made to SEP, SIMPLE and other qualified retirement plans.

TCJA modified or eliminated several of the federal adjustments, which caused an overall drop in total adjustments. For full-year returns, the total adjustments in 2018 fell by 12 percent from the total adjustments in 2017. A large drop in moving expenses is seen in 2018, as now that adjustment is only allowed for active members of the military due to TCJA. The adjustments for domestic production and tuition and fees were eliminated beginning tax year 2018. The adjustment for tuition and fees has since been retro-actively reinstated by Congress, but any recent amended returns are not included in this data.

Adjustments–Historical

Exhibit 19 shows the trend in total federal adjustments since 2007 for full-year resident returns. The yearly trend in the total federal adjustments closely tracks the total Oregon AGI. Since 2007, the percentage of the total federal adjustments compared to the Oregon AGI has remained fairly constant, between 1.7 and 1.9 percent, however this dropped in 2018 about 1.4 percent of Oregon AGI.

Exhibit 19 - Total Federal Adjustments - Historical
Full-Year Resident Returns - 2007 to 2018



Additions represent income not taxed by the federal government but is taxed by Oregon as well as federal deductions from AGI that are not allowed for Oregon. Subtractions represent income taxed by the federal government but not taxed by Oregon as well as Oregon deductions from AGI that are not allowed at the federal level.

Additions

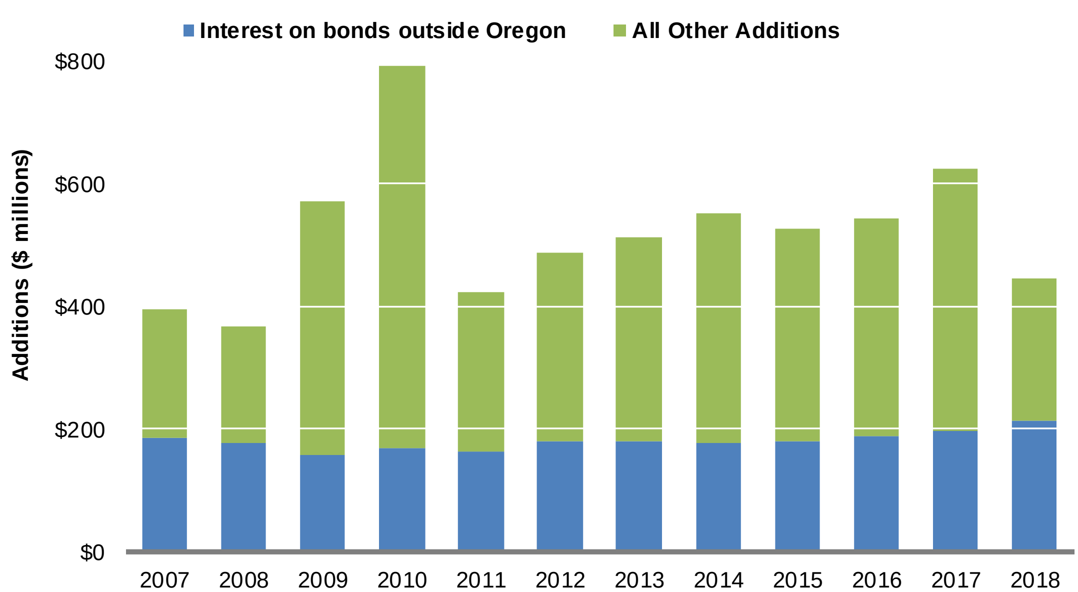
Exhibit 20 shows total Oregon additions from 2007 to 2018. In 2009 and 2010, total additions increased significantly due to an Oregon addition created because Oregon disconnected from the IRS rules for depreciating and expensing business property. Excluding 2009 and 2010, the largest addition is from income on interest and dividends on state and local government bonds outside Oregon.

Oregon is disconnected from the federal adjustment for domestic production, so an Oregon addition is required for taxpayers that claim the federal adjustment. Because TCJA eliminated the domestic production adjustment beginning tax year with 2018, an Oregon addition was not required, which contributed to the overall drop in additions in 2018.

One action of the Oregon Legislature related to TJCA was to disconnect from the new federal 20 percent qualified business income deduction. Because of way this new federal deduction is listed on the federal 1040 tax return and the way Oregon taxable income is computed on the Oregon Form OR-40, the disconnect is already accounted for in Oregon taxable income, and an explicit Oregon addition is not needed. From the federal return data, about 260,000 full-year returns claimed over $2,100 million for the qualified business income deduction, which was not included in their Oregon taxable income.

Although total additions are small relative to gross income or subtractions, they are high for some returns. Some taxpayers pay a significant amount of Oregon income tax due solely to Oregon additions. Without the additions, they would have little or no tax liability.

Exhibit 20 - Oregon Additions - Historical
Full-Year Resident Returns - 2007 to 2018



Subtractions

Exhibit 21 shows the number of returns that claimed major subtractions, the average amount per return, and total amount of the subtraction claimed in 2017 and 2018.

Exhibit 21 - Oregon Subtractions
Full-Year Resident Returns - 2017 and 2018

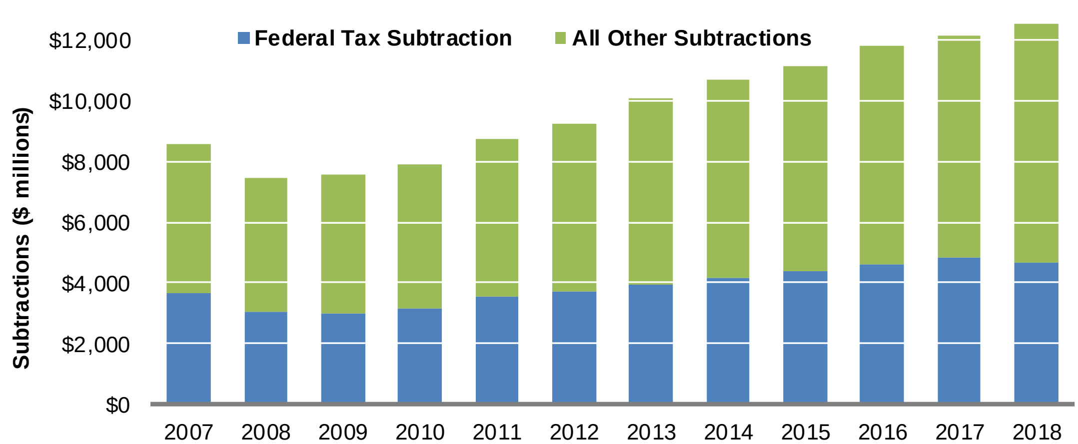
Subtraction	Number of Returns 2017	Number of Returns 2018	Average ($) 2017	Average ($) 2018	Total ($ millions) 2017	Total ($ millions) 2018	Growth in Total
Federal Tax	1,233,500	1,190,770	$3,930	$3,910	$4,852.5	$4,660.0	-4.0%
Social Security	294,970	309,240	$14,930	$15,660	$4,402.9	$4,844.0	10.0%
Federal Pension	38,850	38,570	$23,530	$23,550	$914.1	$908.1	-0.7%
Income Tax Refunds	352,710	450,790	$1,470	$1,580	$519.3	$712.9	37.3%
Elderly Medical	275,940	270,560	$1,580	$1,600	$436.4	$432.3	-0.9%
Military Pay	12,800	12,690	$23,110	$24,170	$295.9	$306.7	3.7%
Tuition and Fees	46,310	0	$2,770	$0	$128.5	$0.0	*
Oregon 529	46,090	47,640	$2,960	$3,010	$136.3	$143.2	5.0%
U.S. Bonds	50,300	57,980	$1,650	$2,140	$82.8	$124.2	50.0%
Other subtractions	61,620	70,870	$6,310	$5,780	$389.0	$409.7	5.3%
Total					**$12,157.7**	**$12,541.2**	**3.2%**

** Growth is not meaningful in this category*

TCJA reduced federal taxes for Oregon taxpayers overall. This reduction in federal taxes can be seen in the decrease of the federal tax subtraction of 4.0 percent in 2018, which before TCJA was increasing at a little over 5 percent per year for the past six years. TCJA eliminated the federal adjustment for tuition and fees beginning with tax year 2018, and for those taxpayers that claimed a federal education credit and previously claimed the Oregon subtraction, they could no longer claim the Oregon tuition and fees subtraction for 2018 returns filed during 2019. The federal adjustment for tuition and fees has since been retro-actively reinstated by Congress, and hence it is now possible to amend a 2018 return to claim the Oregon subtraction, but any recent amended returns are not included in this data.

Exhibit 22 shows Oregon total subtractions generally increasing since 2007.

Exhibit 22 - Oregon Subtractions - Historical
Full-Year Resident Returns - 2007 to 2018



In general, taxpayers who itemize their federal deductions also itemize their Oregon deductions. The most significant of these deductions are home mortgage interest, local income and property taxes, charitable contributions, and qualified medical expenses.

When taxpayers itemize deductions, Oregon allows the same deductions as allowed at the federal level with the exception that Oregon does not allow a deduction for Oregon state income taxes. TCJA affected itemized deductions at the federal level in several ways. First the federal standard deduction was increased significantly to $12,000 for single filers and $24,000 for joints filers for 2018. Additionally, the deduction for state and local taxes is now limited to $10,000 and the deductions for casualty and thefts (except for those related to federally declared disasters) and various miscellaneous deductions allowed for 2 percent above AGI were eliminated. The net effect of the changes was that the percent of Oregon taxpayers who itemized at the federal level dropped from about 39 percent pre TCJA to 15 percent for 2018. Because the Oregon standard deduction did not change (except for inflation adjustments and for 2018 the standard deduction amounts for a single filer are $2,215, and $4,435 for a joint filer), the percent of taxpayers itemizing for Oregon and the total amount of itemized deductions decreased, but not significantly as compared to that at the federal level.

Exhibit 23 shows the number of returns, average per return, and total amount of the standard and itemized deductions claimed in 2017 and 2018 for full-year resident returns.

Exhibit 23 - Oregon Deductions
Full-Year Resident Returns - 2017 and 2018

	Number of Returns		Average ($)		Total ($ millions)		Growth
Deduction	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**in Total**
Standard	961,350	1,032,140	$2,950	$3,020	$2,839.7	$3,117.6	9.8%
Net itemized*	824,000	787,030	$17,280	$16,900	$14,235.7	$13,299.0	-6.6%
Total	**1,785,350**	**1,819,170**	**$9,560**	**$9,020**	**$17,075.4**	**$16,416.6**	**-3.9%**

**Oregon itemized deductions do not include a deduction for Oregon state income tax paid.*

Because a large number of Oregon taxpayers beginning in 2018 itemize on their Oregon return, but not on their federal return, the Oregon Department of Revenue created a new schedule, Schedule OR-A and required any taxpayer claiming itemized deductions to use the new schedule. Exhibit 24 shows the itemized deductions as claimed on the Schedule OR-A for full-year resident filers.

Exhibit 24 - Oregon Itemized Deductions - Schedule OR-A
Full-Year Resident Returns - 2018

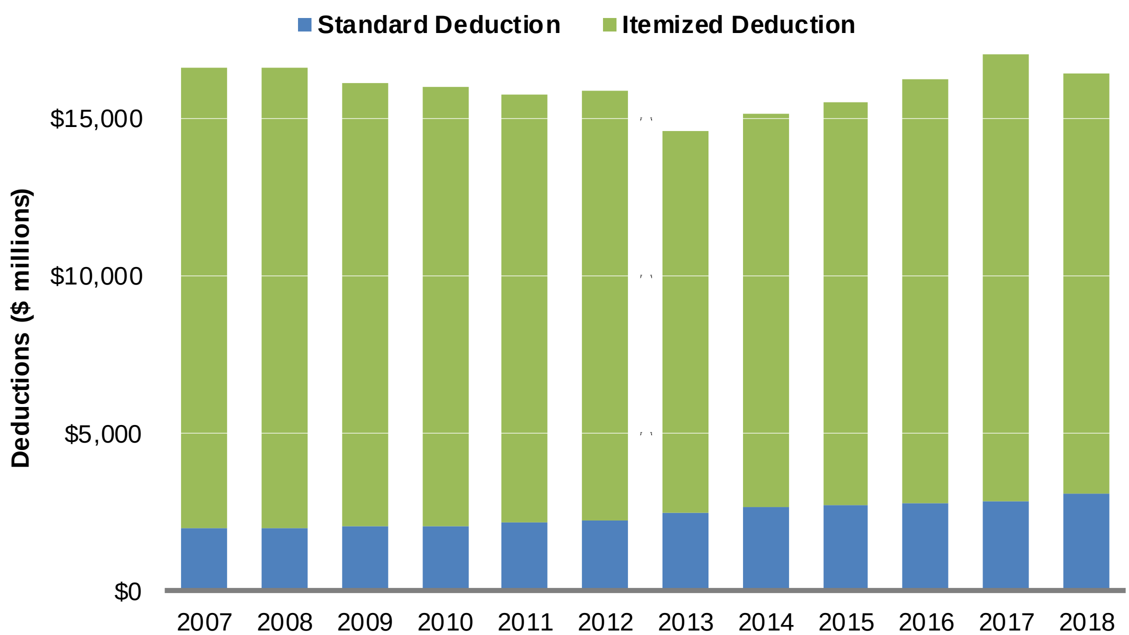
Itemized Deduction	**Number of Returns**	**Average ($)**	**Total ($ millions)**
Medical and Dental Expenses	246,010	$8,300	$2,040
Taxes Paid (1)	728,830	$4,170	$3,040
Interest Paid (2)	587,970	$8,560	$5,040
Gifts to Charity	572,350	$5,200	$2,970
Other Miscellaneous	19,520	$10,450	$200

(1) Does not include Oregon income tax paid, but does include taxes paid for other state and local tax, real estate, personal property, and other taxes

(2) Includes interest paid for mortgage interest and points, mortgage insurance premiums, and investment interest

Exhibit 25 shows the total amount claimed on Oregon full-year resident returns for those returns claiming either the standard deduction or itemized deductions. The percentage of returns claiming itemized deductions hovered close to 50 percent until 2013 when that percentage dropped to close to 46 percent until 2017. That decrease in taxpayers who itemized their deductions was mainly due to the additional deduction allowed for medical expenses of elderly taxpayers being converted to a subtraction beginning in tax year 2013. In 2018, the percent of returns claiming itemized deductions dropped to 43 percent due to the limitations on federal itemized deductions from TCJA.

Exhibit 25 - Oregon Deductions - Historical
Full-Year Resident Returns - 2007 to 2018



	Standard Deduction		Itemized Deduction		Total
Tax Year	Total ($ millions)	Share of Returns	Total ($ millions)	Share of Return	Deductions ($ millions)
2007	$1,965.5	49.3%	$14,640.3	50.7%	$16,605.8
2008	$1,986.6	49.2%	$14,604.4	50.8%	$16,590.9
2009	$2,034.3	48.6%	$14,069.3	51.4%	$16,103.6
2010	$2,066.6	48.9%	$13,952.2	51.1%	$16,018.8
2011	$2,162.0	50.0%	$13,630.7	50.0%	$15,792.7
2012	$2,261.3	50.7%	$13,622.4	49.3%	$15,883.7
2013	$2,504.2	53.2%	$12,084.7	46.8%	$14,588.9
2014	$2,646.7	54.1%	$12,504.9	45.9%	$15,151.6
2015	$2,734.7	54.3%	$12,811.1	45.7%	$15,545.8
2016	$2,780.6	54.0%	$13,451.3	46.0%	$16,231.9
2017	$2,839.7	53.8%	$14,235.7	46.2%	$17,075.4
2018	$3,117.6	56.7%	$13,299.0	43.3%	$16,416.6

Reduced tax rates on income from pass-through entities that meet certain requirements are available to Oregon personal income taxpayers. Beginning with tax year 2015, taxpayers with qualifying income from a partnership, S corporation, or sole proprietorship (added beginning tax year 2018) can elect to use the following reduced tax on that income:

Tax Rates for Qualified Income from Pass-through Entities

Net Nonpassive Income	Tax Rate
$1 to $250,000	7.0%
$250,001 to $500,000	7.2%
$500,001 to $1,000,000	8.7%
$1,00,001 to $2,500,000	8.0%
$2,500,001 to $5,000,000	9.0%
More than $5,000,000	9.9%

The taxpayer and the pass-through entity from which they receive income must meet certain requirements for that income to qualify for the reduced tax rates. The taxpayer must be an active participant in the partnership, S corporation, or sole proprietorship. The partnership, S corporation, or sole proprietorship must employ at least one person other than the taxpayer or another shareholder/partner of the partnership or S corporation, who must work at least 1,200 hours per year in Oregon; only weeks in which an employee works at least 30 hours counts towards the total.

The only addition or subtraction allowed to modify the qualifying income is any depreciation adjustment directly related to the partnership, S corporation, or sole proprietorship. The tax on the qualifying income is determined by applying the above tax rates to the qualifying income. The taxpayer's remaining income, adjusted by any other Oregon additions, subtractions and/or deductions, is taxed at the standard tax rates. The taxpayer's net tax is the sum of the tax on the qualifying income from pass-through entities and the tax on the remaining income.

For some taxpayers, particularly those with little other income and large other subtractions and/or deductions, it is possible to pay a lower tax by applying the standard rates to all their income. Hence, they would not choose to use the reduced tax rates on their qualifying income, since they cannot apply those other subtractions and deduction to the qualifying income.

Exhibit 26 shows the number of full-year filers that have calculated their net tax using the reduced tax rates on qualified pass-through income for tax years 2015- 2018 and the reduction in net tax.

Exhibit 26 - Taxpayers Claiming Reduced Tax Rate on Income from Pass-through Entities
Full-Year Resident Returns - 2015 to 2018

		Reduction in Net Tax*		
Tax Year	Number of Claims	Average ($)	Total ($ millions)	Growth in Total
2015	13,350	$5,040	$67.3	
2016	22,480	$4,240	$95.4	41.8%
2017	21,300	$4,510	$96.0	0.7%
2018	25,190	$4,430	$111.6	16.2%

**Tax before any credits are applied*

A tax credit reduces tax liability on a dollar-for-dollar basis. Most credits are not refundable, which means they only reduce tax liability to zero. If a filer has more nonrefundable credits than tax liability, the excess credit is lost (standard credit) or carried forward to the next tax year (carryforward credit). If the taxpayer has refundable credits exceeding the tax liability (after subtracting nonrefundable credits), the taxpayer receives a payment for the excess portion of the refundable credit. Some credits are specifically geared for businesses, but claiming of the tax credit may be reported on the personal income tax return, if the taxpayer is the owner of sole proprietorship, or a shareholder in an S corporation, or purchased a tax credit from a business.

Standard Credits

Standard credits are nonrefundable credits that can only be claimed on the current year's tax return. Credit amounts claimed, but not used in the current year are lost. Exhibit 27 shows amounts claimed for the standard credits and the amounts actually used to reduce tax liability by full-year return filers in 2018. Generally, the higher the percent used of a particular credit means the taxpayers claiming that credit had greater tax liabilities as compared to the value of the credit. Shown are all standard credits with a total amount claimed of at least $1.0 million.

Exhibit 27 - Oregon Standard Credits Claimed and Used
Full-Year Resident Returns - 2018

		Average ($)		Total ($ millions)		
	Number of Claims	Amount Claimed	Amount Used	Amount Claimed	Amount Used	Percent Used
Personal Exemption	1,582,060	$400	$360	$633.2	$576.5	91%
Income Taxes Paid to Another State	20,390	$2,750	$2,750	$56.2	$56.0	99.7%
Rural Medical Practice	1,630	$4,140	$4,090	$6.7	$6.7	99%
Political Contributions	72,370	$71	$66	$5.1	$4.8	94%
Oregon Cultral Trust Donation	6,880	$560	$540	$3.8	$3.7	98%
Pass-through taxes paid to another state	520	$7,600	$6,640	$4.0	$3.5	87%
Retirement	4,760	$340	$170	$1.6	$0.8	52%
Other credits*	420	$2,140	$1,600	$0.9	$0.7	75%
Total	**1,689,030**			**$711.5**	**$652.6**	**92%**

**Includes credits for Mutually-taxed Gain on the Sale of Residential Property, Oregon Veterans' Home Physician, Reservation Enterprise Zone and Rural Emergency Medical Technicians*

The personal exemption credit was the most widely claimed credit with over 1.5 million full-year filers claiming more than $600 million in credits. The personal exemption credit is available to nearly all filers, with the exception of those claimed as a dependent on another tax return and those single filers with incomes above $100,000 and joint filers with income above $200,000. About 91 percent of the credit amount was used with the remaining 9 percent unused because credits claimed exceeded the tax liability.

Carryforward Credits

Carryforward credits are nonrefundable credits for which any unused portion in the current tax year may be carried to the following tax year. The number of years that a credit can be carried forward varies according to the carryforward rules of that credit. For carryforward credits with more than a $0.5 million used, Exhibit 28 (on the following page) shows data from full-year filers on the amount of carryforward credit from the previous tax year, the amount of credit awarded in the current tax year and the credit used in the current tax year. The credit available for the taxpayer to use in the current year is the carryforward credit plus the credit awarded. Any credit the taxpayer is not able to use in the current year may be carried forward to the following year, if it has not expired.

Exhibit 28 - Oregon Carryforward Credits Used
Full-Year Resident Returns - 2018

Carryfoward Credit	Number Using Credits	Carryforward from Previous Year Total ($ millions)	Awarded Current Year Total ($ millions)	Amount Used Total ($ millions)	Amount Used Average ($)
Oregon Production Investment Fund	300	$1.5	$14.1	$14.2	$47,200
Business Energy Credits (1)	310	$14.9	$6.1	$11.9	$38,380
College Opportunity Grant contributions	80	$0.0	$11.3	$9.3	$115,640
Residential Energy	6,770	$5.1	$6.4	$8.2	$1,210
Individual Development Account Donation	200	$0.5	$7.2	$6.3	$31,300
Agriculture Workforce Housing	70	$1.0	$1.6	$1.8	$25,450
Bovine manure production/collection	20	$0.0	$1.6	$1.5	$75,380
Electronic Commerce Zone Investment	20	$3.8	$0.0	$1.5	$73,360
Qualified Research Activities (2)	70	$1.2	$0.2	$0.8	$12,030
University Venture Develop. Fund contributions	50	$0.1	$0.8	$0.8	$16,060
Other credits (3)	310	$2.7	$1.6	$2.9	$9,280
Total	**8,200**	**$30.8**	**$50.9**	**$59.1**	

(1) Includes credits for Business Energy Facilties, Energy Conservation Projects, Transportation Projects and Renewable Energy Resource Equiptment Manufacturing Facilities

(2) Includes both the standard and alternative Qualified Research Activities credits

(3) Includes the credits for Biomass production/collection, Child and Dependent Care, Child Care Fund Contributions, Pollution Control Facilities, Crop Donation, Employer-provided Dependent Care Assistance, Oregon Low Income Community Jobs Initiative, Employer Scholarship, Fish Screening Devices, Renewable energy development contributions, Reforestation and, Rural technogy workforce development and the following credits available only to S-corporation shareholders: Agriculture Workforce Housing Loans, Lender's Credit for Affordable Housing, Lender's credi for:energy conservation, and Contributions of Computers or Scientific Equipment for Research.

Refundable Credits

For refundable credits, taxpayers use all of their credits claimed, and any excess amount over their tax liability is received as a payment. Exhibit 29 shows amounts claimed for full-year filers for the refundable credits. Section 8 describes payments issued for refundable credits. New in 2016, the working family household and dependent care credit replaced the working family child care credit.

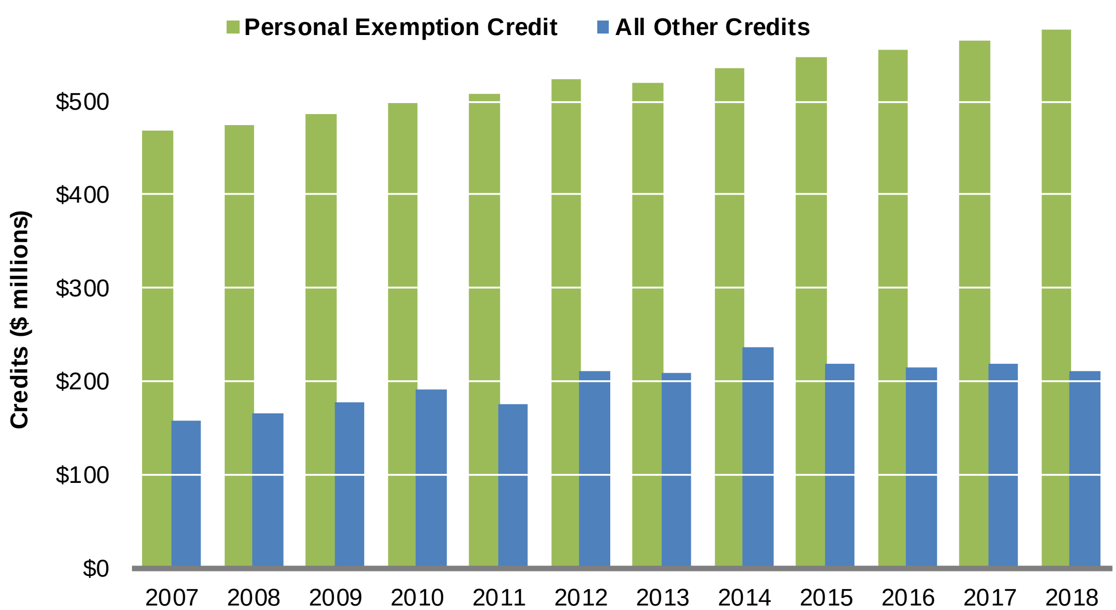
Exhibit 29 - Oregon Refundable Credits Claimed
Full-Year Resident Returns - 2018

Refundable Credit	Number of Claims	Amount Claimed Average ($)	Amount Claimed Total ($ millions)
Earned Income	241,000	$187	$45.2
Working Family Household and Dependent	27,760	$1,100	$30.5
Claim of Right	50	$1,870	$0.1
Total	**268,810**		**$75.8**

Credits–Historical Trends

Exhibit 30 shows the recent history of Oregon credits used by full-year resident filers. Because most of the total is due to the personal exemption credit, it is shown separately. The amount of all other credits used decreased by about 3 percent from 2017 to 2018 mainly due to expiring energy credits. Since 2008, the used amount of personal exemption credit grew by an average of about 2 percent annually. An inflation-adjusted increase of the personal exemption credit and an increase in filers drove the growth. The small decrease of 0.6 percent in 2013 was due to the personal exemption credit not being allowed for single filers above AGI of $125,000 and joint filers above AGI of $250,000.

Exhibit 30 - Oregon Credits Used - Historical
Full-Year Resident Returns - 2007 to 2018



Tax Year	Personal Exemption Credit ($ millions)	Growth	All Other Credits ($ millions)	Growth	Total Credits ($ millions)	Growth
2007	$468.3	5.6%	$158.5	14.4%	$626.7	7.7%
2008	$475.0	1.4%	$164.7	3.9%	$639.7	2.1%
2009	$486.4	2.4%	$176.6	7.2%	$663.0	3.6%
2010	$499.0	2.6%	$190.2	7.6%	$689.1	3.9%
2011	$508.6	1.9%	$175.8	-7.6%	$684.4	-0.7%
2012	$523.4	2.9%	$210.7	19.9%	$734.1	7.3%
2013	$520.2	-0.6%	$208.6	-1.0%	$728.8	-0.7%
2014	$536.1	3.0%	$236.0	13.1%	$772.1	5.9%
2015	$546.8	2.0%	$218.3	-7.5%	$765.1	-0.9%
2016	$556.1	1.7%	$214.3	-1.8%	$770.4	0.7%
2017	$564.6	1.5%	$218.1	1.8%	$782.8	1.6%
2018	$576.5	2.1%	$211.0	-3.3%	$787.5	0.6%

The amount a taxpayer is required to pay with the tax return is typically less than the final tax liability, because most taxpayers have already made payments by having Oregon tax withheld from their paycheck or by making estimated tax payments. If these payments are less than the tax liability, then an additional payment is required with their return to cover the tax due. If these payments are more than the tax liability, the taxpayer receives a refund for the overpayment.

If the taxpayer has refundable credits exceeding the tax liability, the taxpayer receives a payment for the excess portion of the refundable credit. This is in addition to any refund due to excess withholding and/or estimated payments. In 2018, just under 100,000 full-year resident filers received payments for refundable credits.

Exhibit 31 shows payments from Oregon tax withheld and estimated payments for tax years 2017 and 2018 as reported on the tax return along with those who made no pre-payments. This exhibit also shows details on whether a taxpayer is required to make a payment with their return, receives a refund, or has a zero balance. The total amount for returns with tax to pay includes only tax due and does not include penalty and interest. The total amount of refunds does not include any refunds applied as estimated payments for the following tax year or charitable check-off donations. Also shown is the part of the refund that includes payments for refundable credits.

This exhibit also shows the kicker refunds distributed to taxpayers for the 2015-17 biennia. These credits were distributed for this biennium through the tax year 2017 personal income tax process; however, the amount was based on the taxpayers' tax year 2016 tax liability. Taxpayers included the kicker refund on their tax return similar to a refundable credit. The effect of the kicker refund is seen in increased refunds and decreased final payments in tax year 2017, as there were no kicker refunds in 2018. See Appendix A for additional information regarding the kicker refund.

Exhibit 31 - Reported Payments and Refunds on Returns
Full-Year Resident Returns - 2017 and 2018

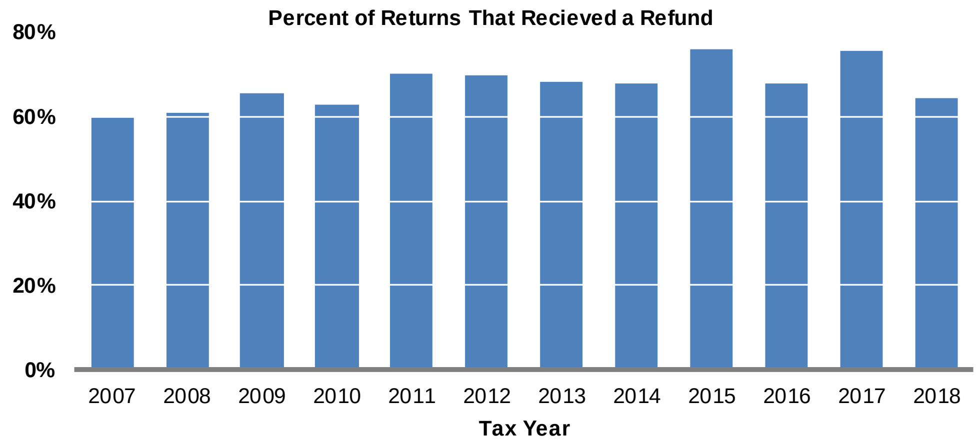
	Number of Returns		Average ($)		Total ($ millions)		Growth
	2017	2018	2017	2018	2017	2018	in Total
Pre-Payments							
Oregon Income tax withheld	1,541,900	1,577,700	$4,030	$4,230	$6,209.3	$6,673.8	7.5%
Estimated tax payments for the current year	147,780	151,480	$11,610	$11,510	$1,715.0	$1,744.1	1.7%
No Pre-payments	187,230	185,400	$0	$0	$0.0	$0.0	0.0%
Kicker Refund Payments	1,512,220	NA	$270	NA	$414.8	NA	
Final Payment Category							
Tax to pay with return*	380,610	563,920	$1,610	$1,700	$614.2	$956.4	55.7%
Zero balance	57,090	84,040	$0	$0	$0.0	$0.0	0.0%
Refund**	1,347,650	1,171,210	$1,050	$950	$1,420.2	$1,107.3	-22.0%
Part or all of refund includes payment for refundable credit	108,850	99,400	$300	$320	$32.3	$31.5	-2.5%

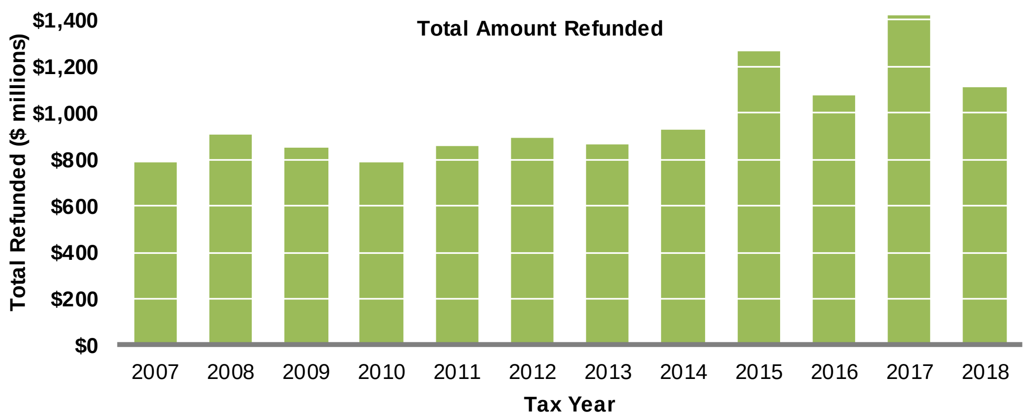
**Tax to pay amounts do not include any penalty and interest.*

***The refund amount is before any amounts are applied to next year's estimated tax and charitable check-off donations.*

Exhibit 32 shows the percent of full-year resident filers who received a refund and the average amount of their refund for tax years 2007 to 2018. The refund amounts include payments received due to a refundable credit. The increase in the percent of returns that received a refund from 2010 to 2011 resulted from changes to the withholding formula. The large increase of refunds in 2015 and 2017 were mostly due to kicker refunds.

Exhibit 32 - Refunds - Historical
Full-Year Resident Returns - Tax Years 2007 to 2018

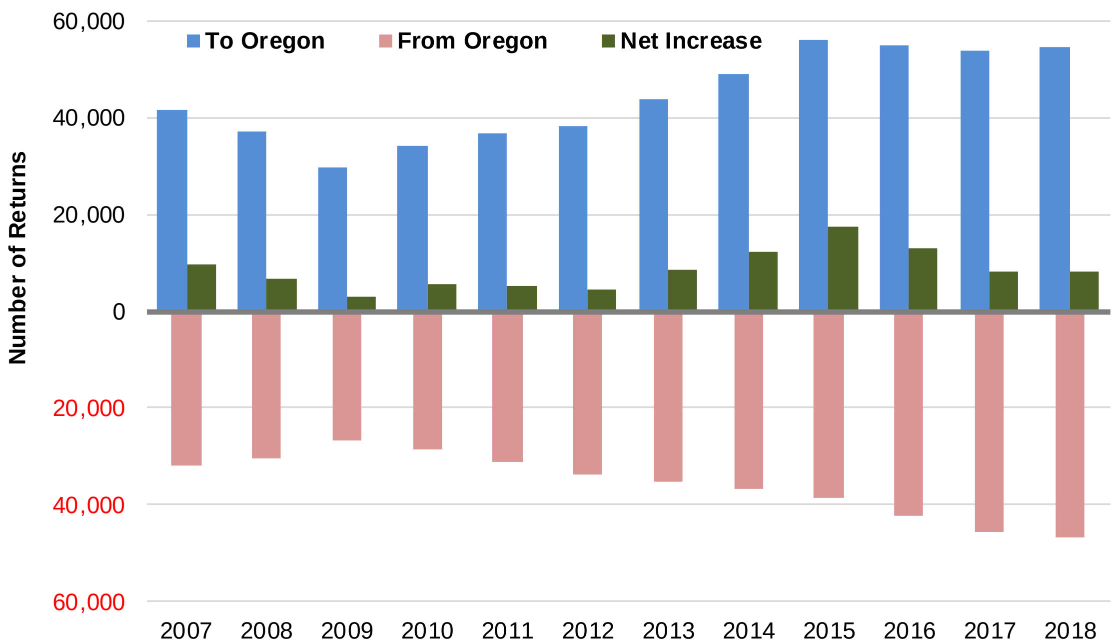




Tax Year	Number of Full-Year Returns	Number of Refunds	Percent of Returns with Refund	Total Refunded ($ millions)	Average Refund ($)
2007	1,617,140	968,690	59.9%	$788.2	$814
2008	1,593,360	967,670	60.7%	$904.8	$935
2009	1,571,300	1,028,280	65.4%	$849.3	$826
2010	1,581,270	994,240	62.9%	$787.3	$792
2011	1,599,960	1,125,140	70.3%	$860.6	$765
2012	1,612,450	1,125,580	69.8%	$895.7	$796
2013	1,636,510	1,116,100	68.2%	$864.4	$774
2014	1,679,610	1,137,540	67.7%	$924.5	$813
2015	1,711,180	1,298,840	75.9%	$1,267.1	$976
2016	1,751,140	1,189,860	67.9%	$1,078.6	$906
2017	1,785,350	1,347,650	75.5%	$1,420.2	$1,054
2018	1,819,170	1,171,210	64.4%	$1,107.3	$945

Exhibits 33, 34, 35, and 36 show information on part-year residents entering or leaving Oregon. Exhibit 33 shows the total number of filers moving to and from Oregon from 2007 to 2018 based on the address reported on the return. The number of part-year resident return filers moving to Oregon ranged between roughly 30,000 and 56,000 during this period. In every year, the number of filers moving into Oregon exceeded the number moving out.

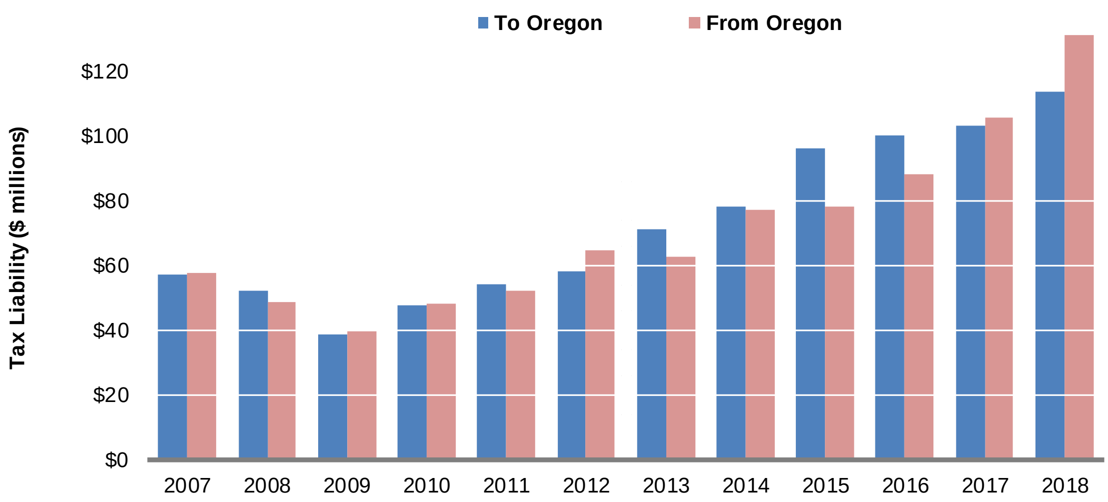
Exhibit 33 - Filers Moving To and From Oregon
Part-Year Resident Returns - 2007 to 2018



	To Oregon		From Oregon		Net Increase	
Tax Year	Filers	Growth	Filers	Growth	Filers	Growth
2007	41,500	1.3%	31,950	3.9%	9,550	-6.5%
2008	37,360	-10.0%	30,560	-4.3%	6,800	-28.8%
2009	29,860	-20.1%	26,680	-12.7%	3,180	-53.3%
2010	34,180	14.5%	28,540	7.0%	5,650	77.6%
2011	36,720	7.4%	31,320	9.7%	5,400	-4.3%
2012	38,440	4.7%	33,770	7.8%	4,670	-13.7%
2013	44,000	14.5%	35,350	4.7%	8,660	85.6%
2014	48,890	11.1%	36,610	3.6%	12,280	41.8%
2015	55,960	14.5%	38,650	5.6%	17,320	41.1%
2016	55,160	-1.4%	42,130	9.0%	13,020	-24.8%
2017	53,930	-2.2%	45,750	8.6%	8,190	-37.1%
2018	54,750	1.5%	46,640	1.9%	8,110	-1.0%

Exhibit 34 shows the total tax liability reported since 2007 by the two groups of part-year residents: those who move into Oregon and those who move from Oregon.

Exhibit 34 - Total Personal Income Tax Liability - Historical
Part-Year Resident Returns - 2007 to 2018



	To Oregon			From Oregon			All Part-Year Residents		
Tax Year	Average ($)	Total ($ millions)	Growth in Total	Average ($)	Total ($ millions)	Growth in Total	Average ($)	Total ($ millions)	Growth in Total
2007	$1,380	$57.3	7.7%	$1,810	$57.7	4.1%	$1,570	$115.0	5.9%
2008	$1,400	$52.4	-9.3%	$1,590	$48.5	-19.0%	$1,490	$100.9	-13.9%
2009	$1,290	$38.5	-36.2%	$1,490	$39.8	-21.9%	$1,380	$78.3	-28.9%
2010	$1,400	$47.8	19.5%	$1,690	$48.3	17.6%	$1,530	$96.1	18.5%
2011	$1,470	$54.1	11.6%	$1,670	$52.2	7.5%	$1,560	$106.3	9.6%
2012	$1,520	$58.3	7.2%	$1,910	$64.5	19.1%	$1,700	$122.8	13.4%
2013	$1,620	$71.3	18.2%	$1,780	$62.8	-2.8%	$1,690	$134.0	8.4%
2014	$1,600	$78.4	9.1%	$2,110	$77.1	18.6%	$1,820	$155.5	13.8%
2015	$1,720	$96.4	18.7%	$2,020	$78.0	1.2%	$1,840	$174.4	10.9%
2016	$1,820	$100.4	4.0%	$2,090	$88.1	11.5%	$1,940	$188.6	7.5%
2017	$1,910	$103.0	2.5%	$2,320	$105.9	16.8%	$2,100	$208.9	9.7%
2018	$2,080	$113.9	9.6%	$2,810	$131.2	19.2%	$2,420	$245.1	14.8%

Exhibit 35 shows the number and percent of in-migrants by county of destination for selected tax years. In 2018, as in previous years, in-migrants moved to counties roughly in proportion to current county populations. The three counties of the Portland metropolitan area, Multnomah, Washington, and Clackamas contain 44 percent of the state's population and attracted 52 percent of in-migrant taxpayers. Lane and Deschutes counties were the next most popular destinations.

Exhibit 35 - Number of Filers Moving to Oregon by County of Destination
Part-Year Resident Returns with Oregon Address - 2008, 2017 and 2018

	2008		2017		2018		County Share of 2018
County	Number	Share	Number	Share	Number	Share	State Population
Baker	140	0.4%	150	0.3%	150	0.3%	0.4%
Benton	910	2.4%	1,280	2.4%	1,270	2.3%	2.2%
Clackamas	2,960	7.9%	3,890	7.2%	4,030	7.4%	10.0%
Clatsop	400	1.1%	600	1.1%	630	1.2%	0.9%
Columbia	300	0.8%	390	0.7%	370	0.7%	1.2%
Coos	470	1.3%	760	1.4%	730	1.3%	1.5%
Crook	130	0.3%	240	0.4%	240	0.4%	0.5%
Curry	290	0.8%	410	0.8%	430	0.8%	0.6%
Deschutes	1,720	4.6%	3,550	6.6%	3,640	6.6%	4.4%
Douglas	690	1.8%	1,010	1.9%	1,010	1.8%	2.7%
Gilliam	<20	<0.1%	20	<0.1%	<20	<0.1%	<0.1%
Grant	60	0.2%	60	0.1%	60	0.1%	0.2%
Harney	50	0.1%	60	0.1%	60	0.1%	0.2%
Hood River	250	0.7%	340	0.6%	340	0.6%	0.6%
Jackson	1,800	4.8%	2,870	5.3%	2,550	4.7%	5.2%
Jefferson	100	0.3%	160	0.3%	190	0.3%	0.6%
Josephine	600	1.6%	930	1.7%	880	1.6%	2.1%
Klamath	530	1.4%	770	1.4%	840	1.5%	1.6%
Lake	50	0.1%	80	0.1%	100	0.2%	0.2%
Lane	3,230	8.6%	4,520	8.4%	4,760	8.7%	8.9%
Lincoln	440	1.2%	700	1.3%	780	1.4%	1.2%
Linn	710	1.9%	970	1.8%	1,000	1.8%	3.0%
Malheur	250	0.7%	330	0.6%	330	0.6%	0.8%
Marion	1,900	5.1%	2,660	4.9%	2,610	4.8%	8.2%
Morrow	80	0.2%	90	0.2%	80	0.1%	0.3%
Multnomah	10,470	28.0%	15,020	27.9%	15,630	28.5%	19.4%
Polk	500	1.3%	720	1.3%	760	1.4%	2.0%
Sherman	<20	<0.1%	<20	<0.1%	<20	<0.1%	<0.1%
Tillamook	180	0.5%	270	0.5%	290	0.5%	0.6%
Umatilla	570	1.5%	670	1.2%	680	1.2%	1.9%
Union	210	0.6%	240	0.4%	270	0.5%	0.6%
Wallowa	70	0.2%	70	0.1%	70	0.1%	0.2%
Wasco	200	0.5%	270	0.5%	280	0.5%	0.7%
Washington	6,440	17.2%	9,080	16.8%	8,860	16.2%	14.4%
Wheeler	<20	<0.1%	<20	<0.1%	<20	<0.1%	<0.1%
Yamhill	620	1.7%	770	1.4%	790	1.4%	2.6%
Total	**37,360**	**100%**	**53,930**	**100%**	**54,750**	**100%**	**100%**

Exhibit 36 (on the following page) shows the number of income tax filers moving from Oregon for selected tax years by state of destination. In 2018, taxpayers moved from Oregon to all 49 other states, Washington, D.C., some U.S. territories, and several other countries. The most frequent destinations were the border states of Washington and California, which attracted almost 42 percent of all out-migrants.

Exhibit 36 - Number of Filers Moving from Oregon by Destination
Part-Year Resident Returns with Non-Oregon Address - 2008, 2017 and 2018

	2008		2017		2018	
State	**Number**	**Share**	**Number**	**Share**	**Number**	**Share**
Alabama	100	0.3%	130	0.3%	160	0.3%
Alaska	440	1.4%	450	1.0%	410	0.9%
Arizona	1,570	5.1%	2,780	6.1%	2,750	5.9%
Arkansas	140	0.5%	170	0.4%	170	0.4%
California	5,490	18.0%	8,300	18.2%	8,170	17.5%
Colorado	1,120	3.7%	1,650	3.6%	1,660	3.6%
Connecticut	90	0.3%	160	0.3%	160	0.3%
Delaware	20	0.1%	40	0.1%	30	0.1%
Florida	640	2.1%	1,210	2.6%	1,230	2.6%
Georgia	280	0.9%	450	1.0%	580	1.2%
Hawaii	420	1.4%	630	1.4%	660	1.4%
Idaho	1,480	4.8%	2,200	4.8%	2,240	4.8%
Illinois	520	1.7%	740	1.6%	750	1.6%
Indiana	260	0.9%	340	0.7%	370	0.8%
Iowa	210	0.7%	250	0.5%	280	0.6%
Kansas	150	0.5%	230	0.5%	190	0.4%
Kentucky	140	0.5%	200	0.4%	210	0.5%
Louisiana	150	0.5%	180	0.4%	170	0.4%
Maine	60	0.2%	150	0.3%	120	0.3%
Maryland	180	0.6%	260	0.6%	280	0.6%
Massachusetts	330	1.1%	470	1.0%	480	1.0%
Michigan	310	1.0%	550	1.2%	600	1.3%
Minnesota	380	1.2%	600	1.3%	580	1.2%
Mississippi	60	0.2%	90	0.2%	90	0.2%
Missouri	290	0.9%	450	1.0%	430	0.9%
Montana	530	1.7%	820	1.8%	850	1.8%
Nebraska	140	0.5%	220	0.5%	200	0.4%
Nevada	830	2.7%	1,260	2.8%	1,320	2.8%
New Hampshire	80	0.3%	100	0.2%	100	0.2%
New Jersey	120	0.4%	260	0.6%	230	0.5%
New Mexico	290	0.9%	440	1.0%	430	0.9%
New York	580	1.9%	950	2.1%	1,000	2.1%
North Carolina	410	1.3%	610	1.3%	680	1.5%
North Dakota	60	0.2%	140	0.3%	150	0.3%
Ohio	300	1.0%	550	1.2%	570	1.2%
Oklahoma	270	0.9%	250	0.5%	340	0.7%
Pennsylvania	310	1.0%	530	1.2%	600	1.3%
Rhode Island	40	0.1%	60	0.1%	50	0.1%
South Carolina	240	0.8%	260	0.6%	250	0.5%
South Dakota	90	0.3%	140	0.3%	170	0.4%
Tennessee	280	0.9%	440	1.0%	470	1.0%
Texas	1,210	4.0%	2,060	4.5%	2,190	4.7%
Utah	720	2.4%	1,040	2.3%	1,120	2.4%
Vermont	70	0.2%	110	0.2%	100	0.2%
Virginia	360	1.2%	490	1.1%	550	1.2%
Washington	7,650	25.0%	10,890	23.8%	11,010	23.6%
West Virginia	40	0.1%	50	0.1%	50	0.1%
Wisconsin	290	0.9%	490	1.1%	460	1.0%
Wyoming	280	0.9%	190	0.4%	210	0.5%
Washington, D.C.	110	0.4%	120	0.3%	100	0.2%
Outside U.S.	459	1.5%	580	1.3%	680	1.5%
Total	**30,560**	**100%**	**45,720**	**100%**	**46,640**	**100%**

Section 10: County Data

2018 Characteristics of Filers and Historical Trends

This section provides tax information by county to demonstrate how taxpayer characteristics vary by region. Exhibit 37 (on the following page) shows a breakdown of the number of all returns filed, total Oregon AGI, total tax liability, and the percent change from 2017 to 2018 of those quantities by county and other selected areas outside of Oregon.

Most counties showed growth in the number of returns, total AGI and tax liability. The following Oregon counties led the state in percentage growth:

- Number of returns: Sherman (8.1 percent), Crook (5.3 percent), and Deschutes (3.9 percent)
- Adjusted gross income: Jefferson (23.9 percent), Harney (14.1 percent), Douglas (12.3 percent), and Sherman (12.2 percent)
- Tax liability: Jefferson (44.4 percent), Harney (26.6 percent), and Sherman (18.8 percent)

Exhibits 38 through 41 are maps showing the average AGI, tax liability, effective tax rate, and electronic filing rate for full-year returns in each county.

The map in Exhibit 38 (p. 46) shows the counties with the highest average AGI were Clackamas ($91,670) and Washington ($89,610). The counties with the lowest average AGI were Wheeler ($36,010), and Malheur ($44,050), and Harney ($44,430).

The map in Exhibit 39 (p. 46) shows that the counties with the highest AGI also had the highest tax liabilities. The largest average of $5,990 was in Clackamas County followed by $5,910 in Washington County. The counties with the lowest average tax liability were Wheeler County ($2,020), Malheur County ($2,220), and Harney County ($2,660).

The map in Exhibit 40 (p. 47) shows the effective tax rate (tax divided by AGI) for each county. The counties with the highest effective tax rates were Multnomah (6.6 percent), Washington (6.6 percent), and Clackamas (6.5 percent). The county with the lowest effective tax rate was Malheur County (5.0 percent). Because of Oregon’s progressive tax bracket structure, populations with a greater income have a higher effective tax rate.

The map in Exhibit 41 (p. 47) shows electronic filing rate for each county. Sherman County (93.6 percent), Harney County (92.5 percent), and Union County (92.1 percent), which are all in the eastern part of Oregon, had the highest electronic filing rates. The county with the lowest rate was Marion County (84.3 percent) where the Oregon Department of Revenue is located.

Exhibit 37 - Distribution of Returns, AGI, and Tax Liability by County and Selected Areas
All Returns - 2018

County or Area	Returns Number	Returns Share	Adjusted Gross Income ($ millions)	Adjusted Gross Income Share	Total Tax Liability ($ millions)	Total Tax Liability Share	% Change 2017 to 2018: No. of Returns	% Change 2017 to 2018: Total AGI	% Change 2017 to 2018: Total Tax
Baker	6,680	0.3%	$318.1	0.2%	$17.7	0.2%	1.1%	8.9%	15.4%
Benton	39,000	1.8%	$2,883.9	2.0%	$181.5	2.0%	1.7%	7.2%	10.2%
Clackamas	192,550	9.0%	$17,412.8	12.1%	$1,139.7	12.6%	1.7%	8.0%	10.8%
Clatsop	17,720	0.8%	$1,003.1	0.7%	$56.9	0.6%	3.5%	7.6%	11.6%
Columbia	22,770	1.1%	$1,463.8	1.0%	$86.0	1.0%	1.9%	6.1%	9.4%
Coos	26,180	1.2%	$1,357.3	0.9%	$74.3	0.8%	1.8%	1.1%	0.1%
Crook	10,360	0.5%	$583.7	0.4%	$33.1	0.4%	5.3%	11.9%	17.6%
Curry	9,980	0.5%	$515.7	0.4%	$27.6	0.3%	2.3%	9.7%	11.9%
Deschutes	91,050	4.3%	$6,895.6	4.8%	$436.5	4.8%	3.9%	11.4%	14.8%
Douglas	44,170	2.1%	$2,388.8	1.7%	$135.3	1.5%	1.5%	12.3%	17.8%
Gilliam	780	<0.1%	$44.7	<0.1%	$2.7	<0.1%	0.0%	6.9%	12.9%
Grant	2,980	0.1%	$137.0	0.1%	$7.9	0.1%	2.9%	7.7%	14.9%
Harney	2,920	0.1%	$128.1	0.1%	$7.7	0.1%	3.3%	14.1%	26.4%
Hood River	11,540	0.5%	$823.5	0.6%	$52.6	0.6%	1.9%	10.6%	14.6%
Jackson	97,460	4.6%	$5,941.7	4.1%	$350.7	3.9%	1.6%	7.8%	12.3%
Jefferson	9,600	0.5%	$514.7	0.4%	$29.2	0.3%	3.6%	23.9%	44.4%
Josephine	35,630	1.7%	$1,972.8	1.4%	$113.4	1.3%	1.6%	5.3%	7.8%
Klamath	27,090	1.3%	$1,344.7	0.9%	$76.2	0.8%	1.6%	7.0%	10.7%
Lake	3,030	0.1%	$141.3	0.1%	$8.1	0.1%	0.9%	2.6%	4.6%
Lane	164,390	7.7%	$10,335.1	7.2%	$618.7	6.8%	2.0%	5.6%	8.4%
Lincoln	21,250	1.0%	$1,169.2	0.8%	$63.6	0.7%	2.3%	8.4%	14.3%
Linn	54,620	2.6%	$3,088.9	2.2%	$176.0	1.9%	3.0%	9.5%	14.1%
Malheur	10,180	0.5%	$436.4	0.3%	$22.0	0.2%	0.7%	5.2%	8.6%
Marion	144,720	6.8%	$8,713.9	6.1%	$505.3	5.6%	1.7%	3.7%	6.3%
Morrow	4,550	0.2%	$240.5	0.2%	$13.9	0.2%	3.5%	9.3%	13.4%
Multnomah	384,560	18.1%	$29,943.8	20.9%	$1,990.5	22.0%	1.8%	6.5%	8.8%
Polk	35,430	1.7%	$2,242.9	1.6%	$130.6	1.4%	2.3%	5.9%	8.5%
Sherman	800	<0.1%	$48.5	<0.1%	$3.0	<0.1%	8.1%	12.2%	18.8%
Tillamook	11,960	0.6%	$663.4	0.5%	$36.4	0.4%	2.2%	1.0%	-2.2%
Umatilla	30,550	1.4%	$1,613.8	1.1%	$91.4	1.0%	1.4%	6.5%	10.6%
Union	11,070	0.5%	$604.1	0.4%	$34.0	0.4%	1.4%	6.4%	10.8%
Wallowa	3,390	0.2%	$168.3	0.1%	$9.4	0.1%	2.2%	6.1%	7.3%
Wasco	11,200	0.5%	$612.5	0.4%	$34.5	0.4%	2.2%	8.8%	12.1%
Washington	272,820	12.8%	$23,938.6	16.7%	$1,581.3	17.5%	1.9%	6.1%	8.2%
Wheeler	530	<0.1%	$19.0	<0.1%	$1.1	<0.1%	3.1%	6.0%	10.5%
Yamhill	45,060	2.1%	$3,034.8	2.1%	$180.2	2.0%	1.9%	6.2%	9.0%
Clark Co., Wa.	73,240	3.4%	$3,673.6	2.6%	$236.4	2.6%	-1.2%	4.2%	6.8%
Other Wash.	46,890	2.2%	$1,805.2	1.3%	$128.8	1.4%	6.6%	17.2%	23.7%
California	44,010	2.1%	$1,438.7	1.0%	$68.9	0.8%	2.3%	17.2%	25.2%
Idaho	14,590	0.7%	$470.8	0.3%	$31.2	0.3%	0.7%	7.8%	11.5%
Other	91,450	4.3%	$3,387.0	2.4%	$241.8	2.7%	5.1%	4.3%	4.9%
Total	**2,128,750**	**100%**	**$143,520.4**	**100%**	**$9,036.2**	**100%**	**2.1%**	**7.0%**	**9.7%**

Exhibit 38
Average Adjusted Gross Income
Full-Year Resident Filers
Tax Year 2018

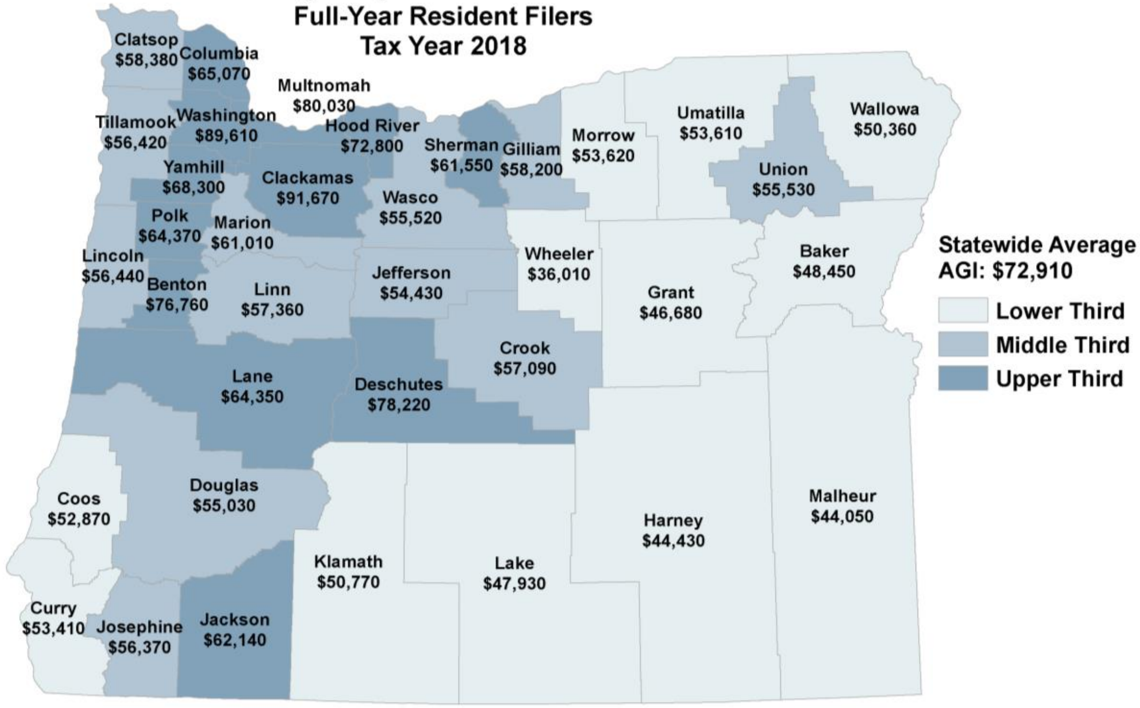


Exhibit 39
Average Tax Liability
Full-Year Resident Filers
Tax Year 2018

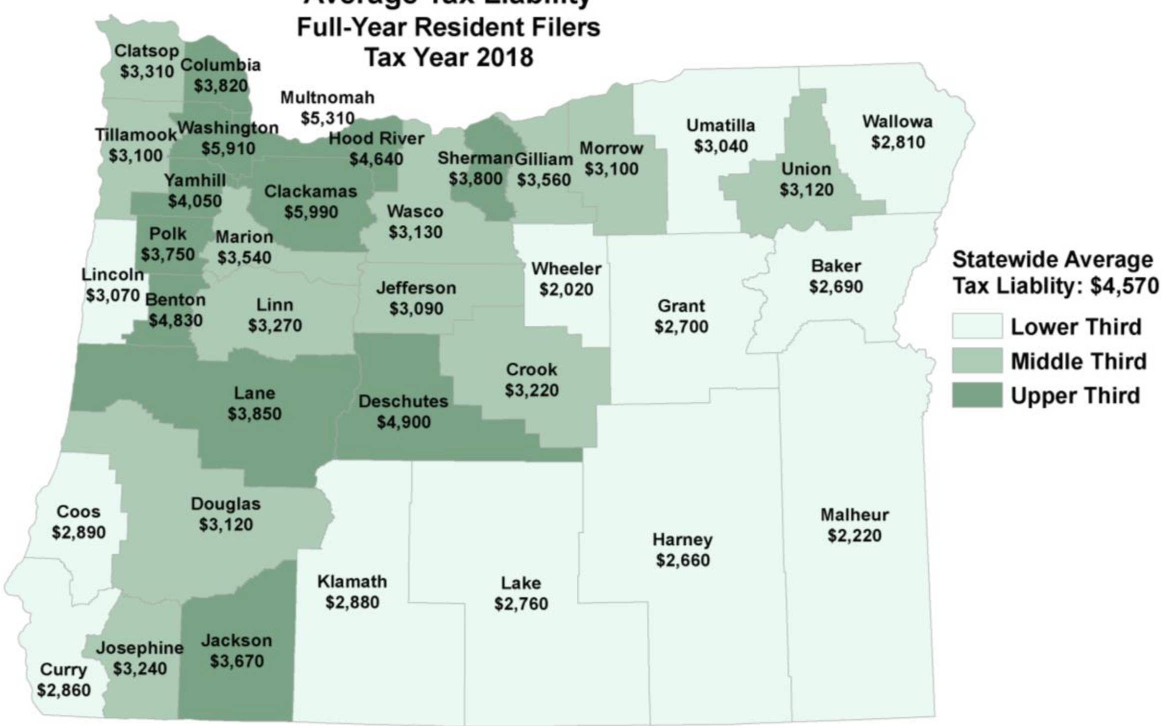
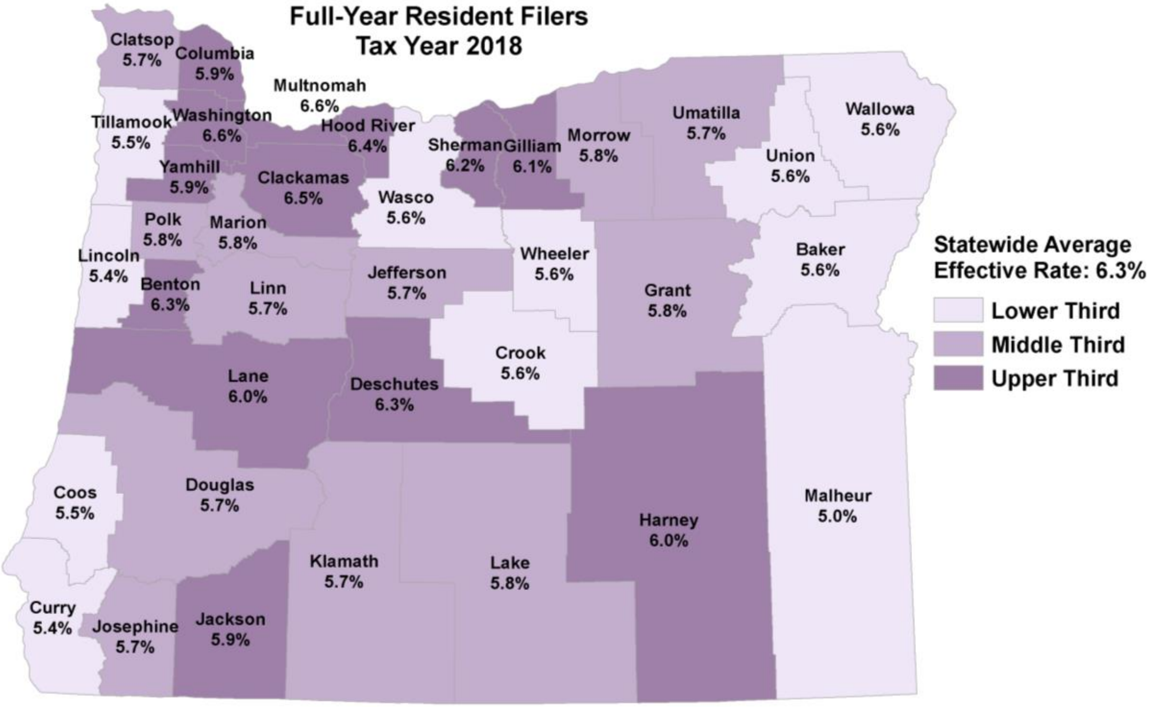
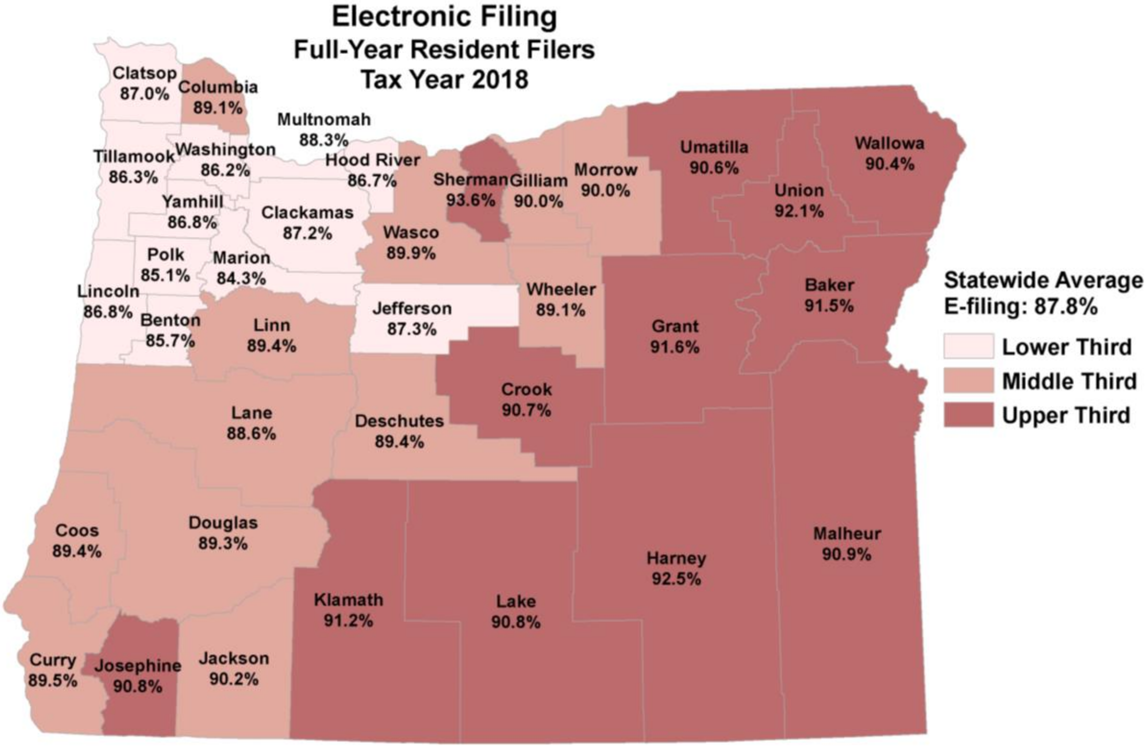


Exhibit 40
Effective Tax Rate*
Full-Year Resident Filers
Tax Year 2018



*Effective tax rate using AGI. See section 2, p.20.

Exhibit 41
Electronic Filing
Full-Year Resident Filers
Tax Year 2018



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.

Unlike for individuals, corporations do not receive a kicker refund. With the passage of Measure 85 in 2012, corporation kicker amounts go to the General Fund to provide additional funding for K through 12 public education beginning with the 2013-15 biennium. The information included here pertains only to the personal income tax kicker.

Prior to 1995, taxpayers claimed the refund 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 taxpayers received the credit on their tax year 1989 returns. The Legislature voted to suspend the kicker for the 1989-91 biennium.

The 1995 Oregon Legislature decided to issue taxpayers a check for the refund instead of as a tax credit on the Oregon tax form. The amount of the refund was based on tax liability for the first full calendar year of the biennium. The 2007 Oregon Legislature changed the basis of the refund to tax before credits. This change increased refunds to filers with large credits relative to their pre-credit liability, and decreased the refund for those with very few credits. In 2009, the Legislature based the refund on tax before credits except for the credit for taxes paid to another state.

Two Percent Personal Income Kicker History*

Biennium	Tax Year	Surplus/ Shortfall ($ millions)	Credit or Refund Percent	Mean ($)	Median ($)
1979-81	1981	-141	None	----	----
1981-83	1983	-115	None	----	----
1983-85	1985	89	7.7%	81	48
1985-87	1987	221	16.6%	192	103
1987-89	1989	175	9.8%	133	69
1989-91	1991	186	Suspended	----	----
1991-93	1993	60	None	----	----
1993-95	1994/5	163	6.3%	111	55
1995-97	1996/7	432	14.4%	287	140
1997-99	1998/9	167	4.6%	103	49
1999-01	2000/1	254	6.0%	155	70
2001-03	2002/3	-1,249	None	---	---
2003-05	2004/5	-401	None	---	---
2005-07	2006/7	1,071	18.6%	609	295
2007-09	2008	-1,113	None	---	---
2009-11	2010	-1,050	None	---	---
2011-13	2012	124	None	---	---
2013-15	2014	402	5.6%	212	99
2015-17	2016	464	5.6%	252	126

** 2019 Oregon Public Finance Basic Facts, Research Report #1-19,Legislative Revenue Office*

In 2011, the Legislature changed the return mechanism for the kicker from a refund check back to a credit on the Oregon return. Most recently, revenues for the 2015-2017 biennium exceeded the forecast by $464 million, resulting in a refund of 5.6 percent of the taxpayer's 2016 pre-credit liability. Taxpayers claimed the refundable credit on their 2017 tax return.

Appendix B

Data Validation and Statistical Reporting

Information presented in this publication comes from Oregon tax returns the Oregon Department of Revenue (DOR) received during calendar year 2019 following tax year 2018. If an amended return for tax year 2018 was received by the end of calendar year 2019, any information from the amended return that changed from that of the original return is used in the data for the publication. Late original or amended returns received later than calendar year 2019 are not included.

Aside from initial adjustments made during return processing, data concerning return adjustments from audit activity is not included nor accounted for. The department uses considerable data validation in an attempt to maintain accuracy of reported information and ensure the internal consistency of individual returns.

Data Validation

The majority of returns are filed electronically and are initially processed by the DOR computer system automatically. Paper returns submitted with a 2-D barcode are scanned for the tax return information. The system is also capable of retrieving the tax return information from scanned versions of paper returns without a 2-D barcode. For paper returns that cannot be read properly by the scanning system, the tax return information must be entered manually. During the initial processing of all returns, returns with errors are identified.

Some of the errors will result in letters to taxpayers or some human intervention to make corrections before final processing. Following processing, there are additional data checks to identify returns that are not internally consistent. In many cases, the physical returns are inspected in an effort to identify systematic errors and encode data handling rules for those returns.

To the extent that it is possible, the department modifies inconsistent data in a manner believed to correct errors on the returns. The data handling procedures are used for the purpose of this report and are not connected with other DOR business. Examples of the data handling procedures used include:

- If the return reports a tax liability that is incorrect given the reported income and tax rates, they replace the reported amount with the corrected amount.
- If the return claims a credit or subtraction that is larger than the allowance, the reported amount is replaced by the maximum amount allowed.
- If the amount reported for the total of nonrefundable credits exceeds the amount of pre-credit tax liability, the amount used for each credit is calculated by proportionally reducing those credits so their sum equals the pre-credit tax liability.
- The city reported in the address on a return is screened for spelling and corrected as appropriate. (Reported cities do not always match with officially incorporated cities.)
- If a line on a return is blank, the associated value is set to zero.
- If the date of birth would make a filer's age unreasonable, the age is set to missing. (Age is the taxpayer's age on July 1 of the tax year to match Oregon population data)

If an amount on a return is computed based on other line items (e.g., tax liability depends on income, subtractions, credits, etc.) and data handling alters the line items on which it depends, the amount is recomputed.

Statistical Reporting

Following the finalization of the data handling, the DOR Research Section creates statistical summaries. All summaries are derived from the complete base of returns; they are not based on statistical samples. Means, sums, percentages, etc. are computed using their simple arithmetic definitions (computations are performed using SAS and Excel).

Rates that span several years (e.g., percent increase in income from 2007 to 2018) are computed as the percentage change between the first and last years, and then annualized. For summaries associated with claims of certain adjustments, additions, subtractions, or credits, zeros in the data are excluded when calculating means (except as noted). A return is counted as claiming the item if the associated amount is non-zero.

In tables summarizing amounts by AGI quintile, ranking is used to determine in which quintile each return is placed. Due to ties in ranks, the number of returns represented by each quintile differs slightly.

Appendix C

Glossary of Terms

Additions. Additions represent income not taxed by the federal government but is taxed by Oregon and the federal deductions to AGI that are not allowed for Oregon.

Adjusted gross income (AGI). AGI consists of income subject to federal tax minus federal adjustments. For full-year returns, Oregon AGI equals federal AGI.

Adjustments. Federal adjustments include IRA deductions, student loan interest deductions, medical savings account deductions, moving expenses, one-half of self-employment taxes, self-employed health insurance deductions, self-employed SEP deductions, penalties on early withdrawal of savings, alimony paid, certain business expenses, and health savings account deductions.

These adjustments are subtracted from total net income to compute federal AGI on federal Form 1040 Schedule 1.

Biennium. The period of two fiscal years for which the state budgets are determined. For example, July 1, 2015 to June 30, 2017 is referred to as the 2015–2017 biennium.

Business income. Profit or loss from sole proprietorship business (not partnership and corporate income). Reported on federal Schedule C.

Capital gains. For tax years 1986 and earlier, this figure indicates the amount after the 60 percent capital gains exemption. Beginning with tax year 1987, this figure indicates 100 percent of the net capital gains. Reported on federal Schedule D.

Credits. Total amount of tax credits. Includes personal exemption credit, Oregon earned income credit, working family household and dependent care credit, retirement income credit, credit for elderly and disabled, child and dependent care credit, political contribution credit, credit for taxes paid to another state, and other credits.

Deductions. Items that may be subtracted from income to arrive at taxable income.

Demographic. A statistical characteristic of human populations.

Donations. Optional check-offs by which taxpayers may designate all or part of a tax refund as a contribution to charities such as:

— Oregon Nongame Wildlife Fund

— AIDS/HIV The Research and Education Group Fund

— Prevent Child Abuse Fund

— Alzheimer's Disease Research Fund

— Stop Domestic and Sexual Violence Fund

Earned income credit. *See **Federal earned income credit** or **Oregon earned income credit.***

Effective tax rate. Tax liability divided by taxable income or adjusted gross income.

Exemptions (number of). Total number of exemptions claimed (self, spouse, and dependents plus special exemptions for severely disabled adults and disabled children). Individuals who are claimed as dependents on their parents' returns but who receive separate income claim zero exemptions on their own return.

Exemption tax credit. A credit for each exemption claimed on a return. In 2018, the exemption credit was $201 per exemption, however it was not allowed for an AGI above $200,000 for married/RDP filing jointly, head of household, or qualifying widow(er) filers or above $100,000 for single or married/RDP filing separately filers. Exemption credits have been indexed for inflation since tax year 1987.

Farm income. The amount of farm income reported on federal Schedule F. It does not include the farm income of any farm operated as a partnership or corporation.

Federal earned income credit. A federal, refundable income tax credit for low-income working taxpayers. The amount depends on income and the number of dependent children.

Federal education credits. For 2018, the American Opportunity Credit had a maximum of $2,500 per qualified student, and the Lifetime

Learning Credit had a maximum of $2,000 per return.

Federal pension subtraction. The portion of federal pension income earned before October 1, 1991, that can be subtracted from adjusted gross income on the Oregon return.

Federal tax subtraction. An Oregon subtraction for federal income tax liability. For 2018, the deduction is limited to $6,650 per return and phased out for higher income taxpayers.

Federally taxable Social Security. Oregon does not tax Social Security income. The taxable portion of Social Security from the taxpayer's federal return is included in Exhibit 16. The Social Security subtraction is reported in Exhibit 21.

Full-year returns. Returns filed by full-year Oregon residents (Form 40).

Head of household. Filing status available for unmarried individuals who furnished over half of the cost of maintaining a household for the entire year for at least one qualifying relative.

Interest on installment sales. Interest on deferred tax liability for certain installment sales. Added to Oregon tax before credits.

Itemized returns. Returns claiming itemized deductions rather than taking the standard deduction.

J Tax Brackets. The tax bracket used to compute tax for taxpayers with filing statuses married filing jointly, head of household, and qualifying widow(er). The income breakpoints for the J brackets are twice that of the S brackets.

Kicker. *See **State surplus refund.***

Married Filing Jointly. Filing status available for married couples. The married couple file one return representing the combined income of the two spouses.

Married Filing Separately. Filing status available for married individuals. Each married individual files a separate return.

Miscellaneous income. Positive and negative income reported on the federal return as alimony, unemployment, farm, state tax refunds and other income.

Net federal tax. The sum of basic federal tax, alternate minimum tax, and tax on IRAs, minus federal tax credits.

Nonresident returns. Returns filed by individuals with income earned in Oregon whose permanent homes were outside Oregon for the entire tax year (Form 40N).

Oregon earned income credit. This credit started in 1997 and equaled 5 percent of the federal credit amount. In tax year 2006, the Oregon earned income credit became a refundable credit. In 2008, the percentage was increased to 6 percent of the federal credit and in 2015, the percentage was increased further to 8 percent of the federal credit. In 2017, the credit increased to 11 percent of the federal credit for taxpayers with a dependent under the age of three.

Oregon medical subtraction for elderly. Depending on adjusted gross income, elderly taxpayers may subtract up to $1,800 in eligible medical expenses from their taxable income.

The age eligibility was 62 or older for tax years 2014 and 2015, and increases by one year every two tax years until it reaches age 66 for 2020.

The subtraction replaces a deduction beginning in tax year 2013.

Other income. Income or losses reported on the other income line of the federal return. It is derived from a variety of sources such as gambling winnings, activity not for profit, cancelled debts, net operating losses, etc.

Part-year resident returns. Returns filed by individuals who permanently moved either into or out of Oregon during the tax year (Form 40P).

Qualifying Widow(er). Filing status available for unmarried individuals whose spouse died during the previous two years and did not remarry in the current tax year and has a child that can be claimed as a dependent.

Quintile (income). A subset of a database that contains 20 percent of all records; it is determined by arranging the records from the lowest income to the highest income and then dividing the database into five equally sized subsets.

Retirement income credit. Beginning with 1991 returns, filers who meet the income and age restrictions and have income from pensions, annuities, IRAs, or deferred income compensation plans are entitled to a retirement income credit.

Taxpayers 62 or older may qualify. Household income limits are $45,000 for joint returns and $22,500 for other returns.

Returns (number of). The number of returns filed.

S Tax Brackets. The tax brackets used to compute tax for taxpayers with filing statuses single and married filing separately. The income breakpoints for the S brackets are half that of the J brackets.

Single. Filing status for unmarried individuals who do not qualify as head of household or a qualifying widow(er).

Standard and itemized deductions. The total deduction amount taken, whether a standard deduction or itemized deductions.

State surplus refund (kicker). Oregon is required by law to refund excess revenue when revenues collected for the biennium are more than two percent higher than was forecast at the time the budget was adopted.

Before 1995, refunds were made in the form of a credit on the tax return for the second year of the biennium. Then surplus refunds became a direct payment. Before 2007, the refund was based on tax liability. Beginning in 2007, the refund was based on tax before credits. Then in 2009, the refund became based on tax before credits except for the credit for taxes paid to another state. Beginning in 2011, taxpayers again receive any kicker refund through a credit on their income tax return rather than through a mailed refund check.

Subtractions. Subtractions represent income taxed by the federal government but not taxed by Oregon and Oregon deductions to AGI that are not allowed federally.

Tax after credits. Amount of tax liability after subtracting credits.

Tax due. Amount of remaining tax liability after subtracting tax credits and payments.

Tax from rates. The amount of state tax computed from taxable income using the current tax rates, before tax credits are subtracted.

Tax liability. The amount of tax owed by a taxpayer. It is the total tax reduced by non-refundable credits and further reduced by any portion of refundable credits up to the amount of remaining tax. If refundable credits exceed the amount of remaining tax, then the taxpayer has no tax liability and receives a refund for the balance plus any payments.

Tax withheld. Payments of tax withheld by employers from salaries and wages. Amount withheld is based on wages earned during the pay period and the number of withholding allowances claimed. Tax also may be withheld from other income sources such as pensions and IRA distributions.

Taxable income. Oregon AGI plus additions, minus subtractions, minus allowable deductions. The amount of income subject to Oregon tax. Set to zero if negative.

Taxable pensions. Includes taxable pension income, federally taxable Social Security income, and IRA distributions.

Working family household and dependent care credit. A refundable credit available to low-income families with qualifying child care expenses. The amount is based on adjusted gross income and household size.