Oregon Personal Income Tax Statistics

Characteristics of Filers

2011 Edition

Tax Year 2009

OREGON
DEPARTMENT
OF REVENUE

150-101-406 (Rev. 4-11)

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

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The personal income tax, Oregon's largest source of revenue, is expected to account for 84 percent of the General Fund for the 2009-11 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, and taxpayers, as well as the general public.

The purpose of this publication is to provide a foundation for understanding the characteristics of Oregon personal income tax filers and to present statistical summaries of information about the personal income tax system. This edition of *Oregon Personal Income Tax Statistics* provides detailed statistics for tax year 2009 as well as historical tables and graphs.

The information is based on 2009 income tax returns received by the Oregon Department of Revenue in the 2010 calendar year. Actual tax receipts may vary from this report because some filers failed to pay their full tax liability or paid after 2010. The report does not include information from audits, amended tax returns, or returns received after 2010.

The "Introduction" highlights key statistics such as the number of filers, total income, and total tax liability for 2008 and 2009. It also outlines the structure of the report and explains how personal income tax is currently calculated, including a diagram outlining its main components. The next section provides a historical summary of returns and the following components: income and tax, adjustments, additions, subtractions, deductions, and credits.

Finally, the appendices provide a history of the 2 percent surplus refund (kicker), a description of how the data is compiled for this report, and a glossary of terms.

More detailed tables, a historical summary of significant federal and Oregon tax law changes, and background information are available on the Oregon Department of Revenue website at: www.oregon.gov/DOR/STATS/statistics.shtml

Oregon Personal Income Tax
Selected Statistics, 2008 and 2009

(Dollars in millions except w here indicated)

	2008	2009	% Change
Number of Returns	1,805,843	1,768,397	-2.1%
Full-Year Resident	1,593,363	1,571,302	-1.4%
Part-Year and Nonresident	212,480	197,095	-7.2%
OR Adjusted Gross Income	$90,064	$83,680	-7.1%
Full-Year Resident	$84,059	$78,717	-6.4%
Part-Year and Nonresident	$6,005	$4,963	-17.4%
Taxable Income	$68,420	$63,338	-7.4%
Full-Year Resident	$63,312	$58,828	-7.1%
Part-Year and Nonresident	$5,108	$4,510	-11.7%
Tax Liability*	$5,016	$4,656	-7.2%
Full-Year Resident	$4,659	$4,338	-6.9%
Part-Year and Nonresident	$358	$319	-10.9%
OR Avg. AGI (dollars)	$49,874	$47,320	-5.1%
Full-Year Resident	$52,756	$50,097	-5.0%
Part-Year and Nonresident	$28,260	$25,180	-10.9%
Avg. Tax Liability (dollars)	$2,778	$2,633	-5.2%
Full-Year Resident	$2,924	$2,761	-5.6%
Part-Year and Nonresident	$1,683	$1,616	-4.0%
Effective Tax Rate**	5.6%	5.6%	-0.1%
Full-Year Resident	5.5%	5.5%	-0.6%
Part-Year and Nonresident	6.0%	6.4%	7.8%

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

Highlights

- For tax year 2009, the Oregon Department of Revenue received just under 1.8 million personal income tax returns, a 2.1 percent decrease from tax year 2008.
- The total adjusted gross income (AGI) of 2009 Oregon filers fell to $83.7 billion, down 7.1 percent from $90.1 billion in 2008.
- The average AGI for all filers was $47,320 in 2009, down 5.1 percent from $49,874 in 2008.

- The 2009 total tax liability for all filers was $4.7 billion, down 7.2 percent from $5.0 billion in 2008.
- The average tax liability for all filers was $2,663 in 2009, down 5.2 percent from $2,778 in 2008.
- The number of taxpayers choosing to file their return electronically in 2009 grew 3.4 percent to 1.2 million. Electronic returns represented 67 percent of all returns in 2009 compared to 63 percent in 2008.

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, and following section, “2009 Summary and Historical Trends,” starting on page 7, 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 components of income listed on the federal form include wages, interest, and capital gains. The total is gross income. Tax refers to the tax liability reported on Oregon tax forms.
- **Adjustments**–These elements on the federal form are deductions (often referred to as “above-the-line deductions”) that all filers are allowed to take, including those who claim the standard deduction. They reduce the amount of income that is taxed. Examples include IRA contributions, moving expenses, and student loan interest. Gross income reduced by adjustments is federal AGI.
- **Additions**–These elements represent income or disallowed deductions not taxed by the federal government but taxed by Oregon. 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 Social Security income and qualifying federal pension income.
- **Deductions**–Taxpayers may reduce the amount of income that is taxed by the total of their itemized deductions or the standard deduction, whichever is greater. Oregon allows the same itemized deductions as the federal government with two exceptions: (1) Oregon does not allow a deduction for Oregon income tax or sales tax; and (2) Oregon does allow a deduction of certain medical expenses for elderly taxpayers. Examples of itemized deductions include property taxes paid, charitable gifts, and mortgage interest.
- **Credits**–These elements reduce tax liability on a dollar-for-dollar basis. If total nonrefundable credits exceed gross tax liability (tax before credits), then part of the nonrefundable credits remain unused. Some nonrefundable credits are eligible to be carried over to subsequent years. Refundable credits, on the other hand, are treated the same as payments by the taxpayer. The credits are first used to reduce tax, but if the tax is completely offset, any unused credits are refunded to the taxpayer. The two most common refundable credits are the Oregon earned income credit and the working family child care credit.

- **Payments and Refunds –** Oregon tax withheld, estimated payments, payments included with the return, refunds reported on the return and refund-of-credit payments are described.

The section "2009 Summary and Historical Trends" discusses each of the components in a historical context. Key figures from 2009 are compared to historical numbers to show trends and changes over time. This includes historical data about filers moving to and from Oregon and tax information by county. County maps with selected tax information are provided.

Most exhibits and tables in this publication are devoted to full-year resident returns because they represent approximately 89 percent of all returns filed and 93 percent of tax liability. Full-year resident returns constitute the most stable base for statistical inference. Part-year resident and nonresident returns may include significant income and deductions that are not related to economic activity in Oregon, and only part of the income is subject to Oregon taxation.

There are three 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 data 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.

Appendix A provides a discussion of the surplus refund (kicker) and historical data for 1979 through 2009. **Appendix B** provides additional detail and 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 and addresses of websites for additional information.

Detailed tables are available on the Oregon Department of Revenue website at: www.oregon.gov/DOR/STATS/statistics.shtml. The detail tables provide information for various groups of taxpayers for tax year 2009 only. For tables that include part-year resident and nonresident returns, only the Oregon portion of income is used.

Visit the department's webpage for additional personal income tax information and tax forms at:
www.oregon.gov/DOR/PERTAX/formspit.shtml

Personal Income Tax Calculation

Since 1969, Oregon's personal income tax has been closely tied to federal taxable income, but connected in different ways over time. 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). They 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.

The material in this publication is for tax year 2009 when Oregon was tied to the federal definition of taxable income with some exceptions, including those listed above. The following diagram shows the full-year resident tax computation.

How Oregon Personal Income Tax is Computed

Federal Gross Income

minus

Federal Adjustments to Income

equals

Federal Adjusted Gross Income

plus

Oregon Additions

minus

Oregon Subtractions

minus

Oregon Deductions

equals

Oregon Taxable Income

multiplied by

Tax Rates

plus

Interest on Installment Sales

equals

Gross Tax *

minus

Credits

equals

Tax Liability

*For a small number of filers, Gross Tax includes interest on installment sales, farm capital gains taxed at five percent, or farm taxes calculated from income averaging.

Gross 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 federally taxed
- Retirement plan distributions

Adjustments to income 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

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

Subtractions include:
- Oregon income tax refunds
- Social Security income
- Federal income tax (up to $5,850 for 2009)
- Federal pension income
- U.S. bond interest
- Military active duty pay
- Scholarship awards used for housing expenses

Deductions (standard or itemized):
- **Standard deductions for 2009:**
  - $3,895 if joint filer, or
  - $3,135 if head of household filer, or
  - $1,945 if single filer, or
  - $1,945 if married/RDP filing separately (exception if spouse/RDP itemized), or
  - One of the listed four amounts plus an additional $1,000 for each taxpayer at least age 65 or blind. The additional amount is $1,200 for single and head-of-household filers and double for taxpayers who are both.
  - Exceptions for taxpayers who are nonresident aliens or dependents.

- **Itemized deductions include:**
  - Medical and dental expenses
  - Property taxes
  - Home mortgage interest
  - Investment interest expenses
  - Charitable gifts
  - Casualty or theft losses
  - Special medical deduction

Tax credits include:
- Personal exemption of $58 to $176 for 2009, depending on adjusted gross income
- Earned income (refundable)
- Working family child care (refundable)
- Child and dependent care
- Political contribution
- Elderly or permanently disabled
- Retirement income
- Income tax paid to other states

Tax Rates

The applicable tax rates and brackets are in the table below. The rates are applied to Oregon taxable income. Income for returns with filing status of single or married filing separately is subject to lower brackets. Income for returns with other filing statuses is subject to higher brackets. The 2009 legislature added the top two rates (subsequently confirmed by Oregon voters). The three lower tax rates have been in place since 1987 and have been indexed for inflation since 1993, currently using the U.S. City Average Consumer Price Index (CPI) as the gauge of inflation.

	For persons filing single or married/RDP filing separately	
	If taxable income is:	then tax is:
	Not over $3,050......................................	5% of taxable income
2009	Over $3,050 but not over $7,600	$153 plus 7% of excess over $3,050
Tax Rates	Over $7,600 but not over $125,000	$471 plus 9% of excess over $7,600
	Over $125,000 but not over $250,000….	$11,037 plus 10.8% of excess over $125,000
	Over $250,000…………………………	$24,537 plus 11% of excess over $250,000
	For persons filing joint, head of household, or qualifying widow(er) with dependent child	
	If taxable income is:	then tax is:
	Not over $6,100......................................	5% of taxable income
	Over $6,100 but not over $15,200	$305 plus 7% of excess over $6,100
	Over $15,200 but not over $250,000	$942 plus 9% of excess over $15,200
	Over $250,000 but not over $500,000…	$22,074 plus 10.8% of excess over $250,000
	Over $500,000…………………………	$49,074 plus 11% of excess over $500,000

For part-year residents, tax rates are applied to federal income (the sum of Oregon and non-Oregon income). The resulting tax is apportioned to Oregon 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.

Some Oregon credits, such as the exemption credit, child and dependent care credit, and credit for the elderly or the disabled, are prorated for part-year residents and nonresidents.

A history of Oregon tax rates and brackets is available on the Oregon Department of Revenue website at: www.oregon.gov/DOR/STATS/statistics.shtml. For additional information on adjustments, deductions, subtractions, and credits, refer to:

> The State of Oregon 2011–13 *Tax Expenditure Report*. This publication is available on the web at: www.oregon.gov/DOR/STATS/tax-expenditure-report-2011-2013.shtml
>
> The Oregon Department of Revenue's *Publication 17½, Oregon Individual Income Tax Guide,* 2009 edition. This publication is available on the web at: http://www.oregon.gov/DOR/PERTAX/docs/2009Forms/101-431-09.pdf

2009 Summary and Historical Trends

In this section, data for the 2009 tax year is summarized and compared to data from previous years. The number and types of returns filed are discussed first, followed by income and tax trends. Summaries of adjustments, additions, subtractions, deductions, and credits are followed by information on part-year resident filers and county level data.

Returns

Exhibit 1 shows the number of 2009 returns by form type and filing status. Full-year residents are required to use either Form 40 or Form 40S, part-year residents are to use Form 40P, and nonresidents are to use Form 40N. Of the nearly 1.8 million returns filed for tax year 2009, most filers used Oregon's Form 40. Full-year residents are allowed to use Form 40S only if they meet certain requirements, including using the standard deduction and having income from only wages, interest, ordinary dividends, or unemployment compensation.

Exhibit 1 - 2009 Income Tax Returns by Filing Status and Form Type

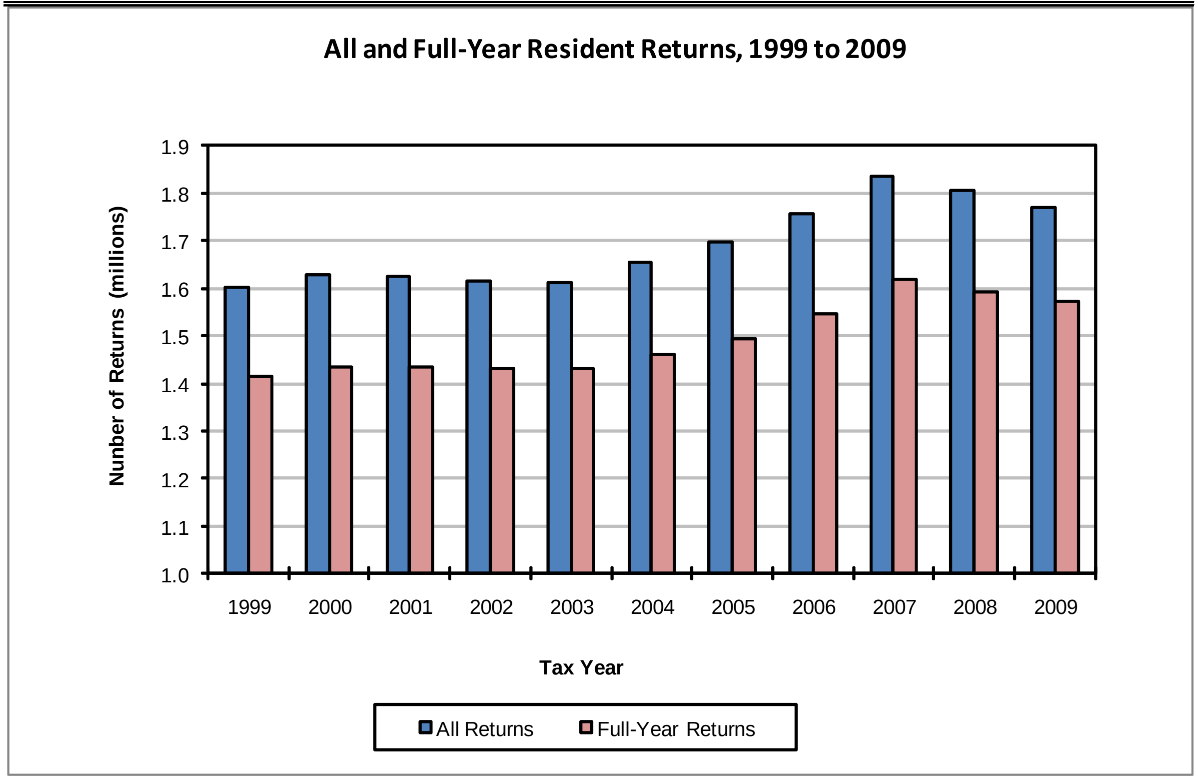
All Returns

Filing Status	Long Form (40)	Short Form (40S)	Nonresident (40N)	Part-Year (40P)	Total
Single	567,350	47,602	31,962	132,816	779,730
Married Filing Jointly	646,098	79,925	18,931	32,149	777,103
RDP Filing Jointly	1,127	35	38	61	1,261
Married Filing Separately	19,157	2,623	1,324	3,229	26,333
RDP Filing Separately	536	8	16	90	650
Head-of-Household	129,346	10,303	4,255	38,442	182,346
Qualifying Widow(er)	845	55	18	56	974
Total	**1,364,459**	**140,551**	**56,544**	**206,843**	**1,768,397**

Returns–Historical Trends

Exhibit 2 shows the trend in returns filed since 1999 for all returns and full-year resident returns. The number of returns filed generally increases each year. However, the number of returns filed in 2009 decreased from 2008, following the trend of the previous year, even though there was a slight increase in Oregon's population in 2009. The decrease is most likely due to the continuation of the effects from the economic downturn beginning in the second half of 2008. It is possible that people who filed in 2008 may not have had enough income in 2009 to require them to file, as the total income reported in 2009 showed a showed a significant decrease. A slight decrease in the number of returns was also seen in the economic downturn of 2001-2003.

EXHIBIT 2 - Income Tax Returns

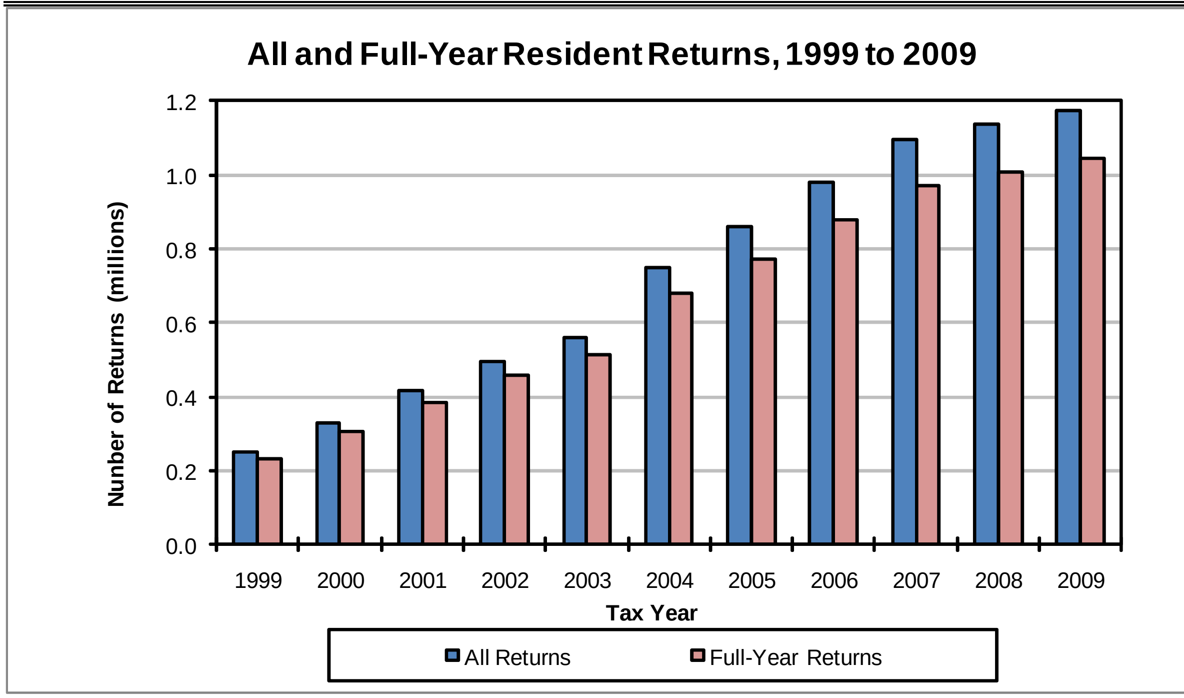


	Oregon Population		All Returns		Full-Year Returns	
Tax Year	Number	% Change	Number	% Change	Number	% Change
1999	3,393,900	1.2%	1,602,850	2.8%	1,414,966	0.8%
2000	3,430,530	1.1%	1,628,413	1.6%	1,435,203	1.4%
2001	3,471,700	1.2%	1,623,813	-0.3%	1,434,864	0.0%
2002	3,504,700	1.0%	1,616,700	-0.4%	1,432,971	-0.1%
2003	3,541,500	1.1%	1,611,785	-0.3%	1,430,750	-0.2%
2004	3,582,600	1.2%	1,653,203	2.6%	1,461,735	2.2%
2005	3,631,440	1.4%	1,697,166	2.7%	1,495,091	2.3%
2006	3,690,500	1.6%	1,755,568	3.4%	1,546,097	3.4%
2007	3,745,455	1.5%	1,835,095	4.5%	1,617,135	4.6%
2008	3,791,075	1.2%	1,805,843	-1.6%	1,593,363	-1.5%
2009	3,823,465	0.9%	1,768,397	-2.1%	1,571,302	-1.4%

Electronic Returns

Oregon started offering electronic filing with a limited pilot project in 1993. The growth in electronic returns over time is dramatic. This growth can be attributed to a number of factors. 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. In 1998, individuals who prepared their own returns were allowed to file electronically for the first time and growth was 45 percent. In 1999, nonresident and part-year resident filers were allowed to file electronically, and growth again increased. Strong growth in electronic filing for 2004 was likely prompted by the IRS introduction of 'e-services,' a web incentive service for tax preparers. In the last two years, the increase electronic filing has slowed to a growth rate of less than 4 percent per year. Exhibit 3 illustrates the growth in electronic filing from 1999 to 2009.

EXHIBIT 3 - Electronically Filed Income Tax Returns



Tax Year	All Returns Number	All Returns % Change	Full-Year Returns Number	Full-Year Returns % Change
1999	249,710	52.1%	233,280	42.1%
2000	330,759	32.5%	307,235	31.7%
2001	414,126	25.2%	382,973	24.7%
2002	494,465	19.4%	457,403	19.4%
2003	558,951	13.0%	514,299	12.4%
2004	748,330	33.9%	678,001	31.8%
2005	860,549	15.0%	771,866	13.8%
2006	981,486	14.1%	876,064	13.5%
2007	1,095,882	11.7%	970,743	10.8%
2008	1,137,757	3.8%	1,008,409	3.9%
2009	1,176,253	3.4%	1,046,156	3.7%

In 2001, Oregon first offered 2-D barcode filing where tax return information is scanned from a barcode submitted on a paper form. The 2-D filing method is a hybrid of paper and electronic filing. Similar to paper forms, 2-D forms must be mailed to the Department of Revenue. Once received, 2-D returns are scanned into an electronic format without requiring manual data entry. Only full-year resident forms were available for 2-D filing until 2007 when nonresident and part-year resident forms were added. In the first year, only 2 percent of returns were filed using 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 filed returns from 12 to 21 percent and it has stayed relatively constant since.

Over the years, more software companies supported Oregon electronic and 2-D filing, and the IRS and the Oregon Department of Revenue offered more training. Electronic and 2-D filings grew to 86 percent and paper filing shrunk to 14 percent by 2009.

EXHIBIT 4 - Paper, Electronic, and 2-D Filers 2001 to 2009

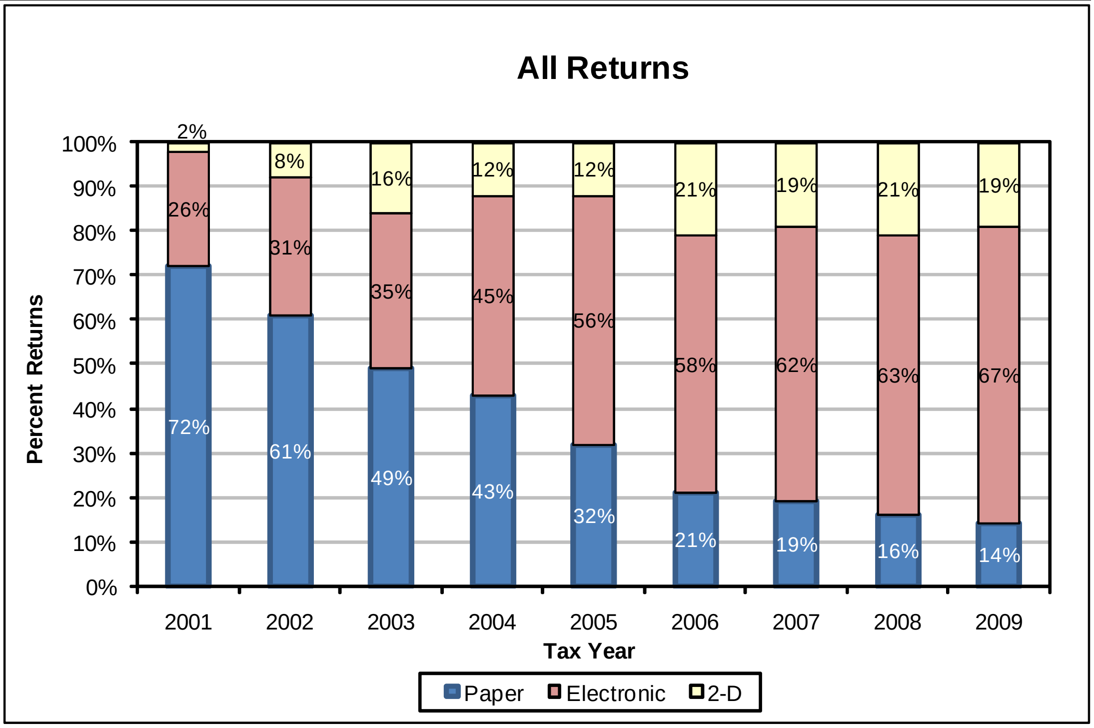
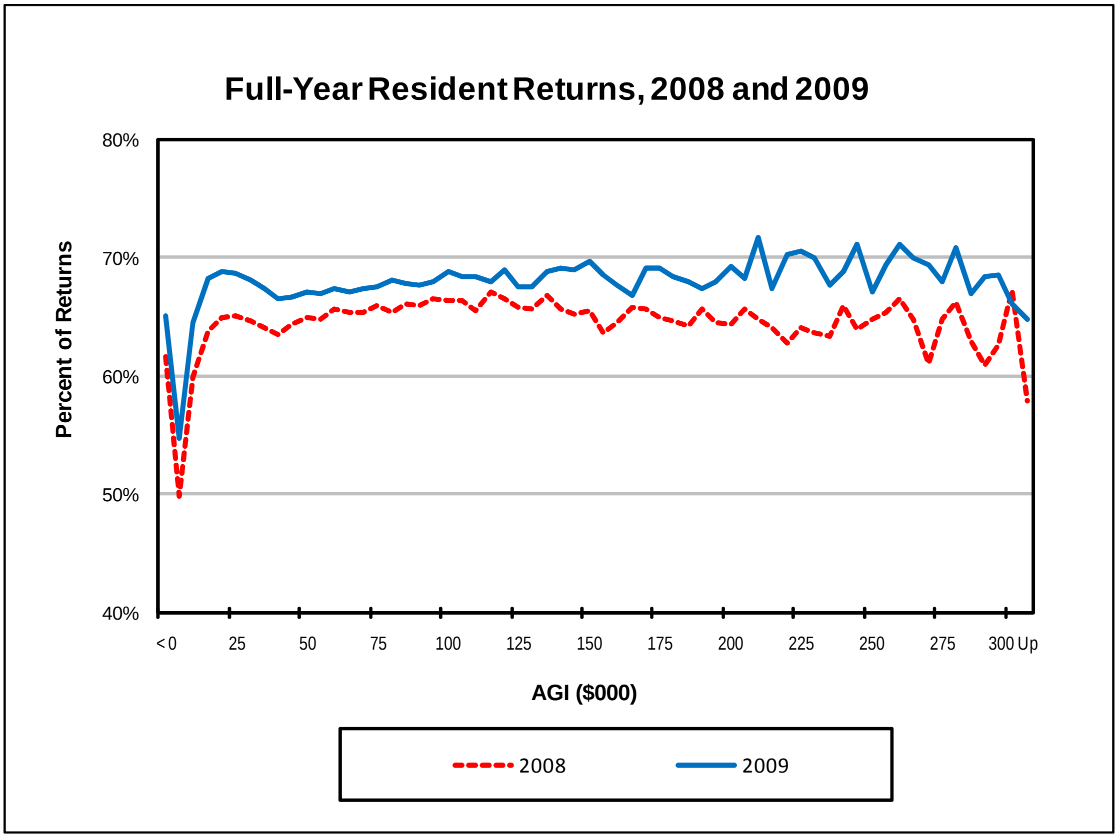


Exhibit 5 shows the percent of full-year resident electronic filers by income level for 2008 and 2009. The exhibit shows that for both years, filers with the lowest and the highest AGI are less likely to file electronic returns. It also shows that the increase in the percentage of electronic filers seen in 2009 occurred over all income levels.

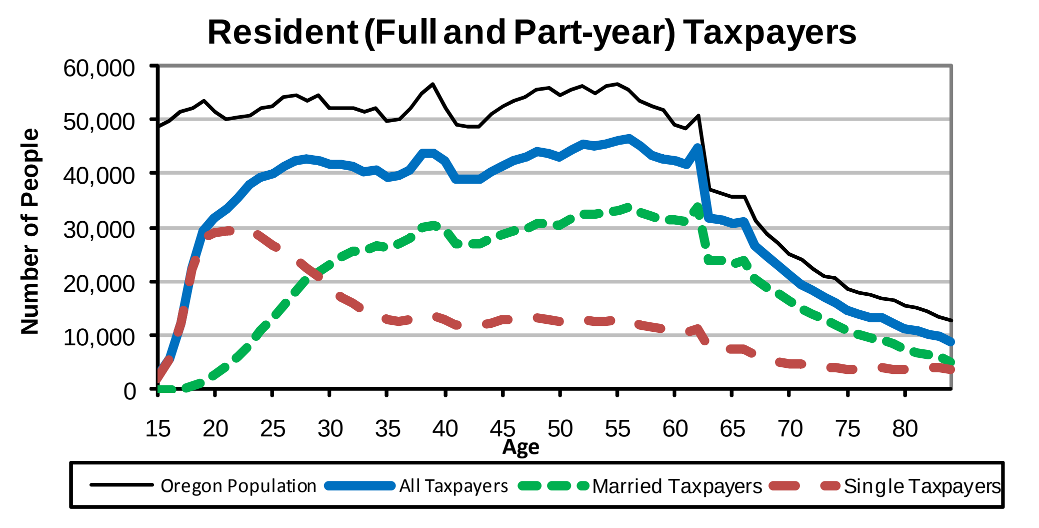
EXHIBIT 5 - Percent of Returns Filed Electronically by AGI

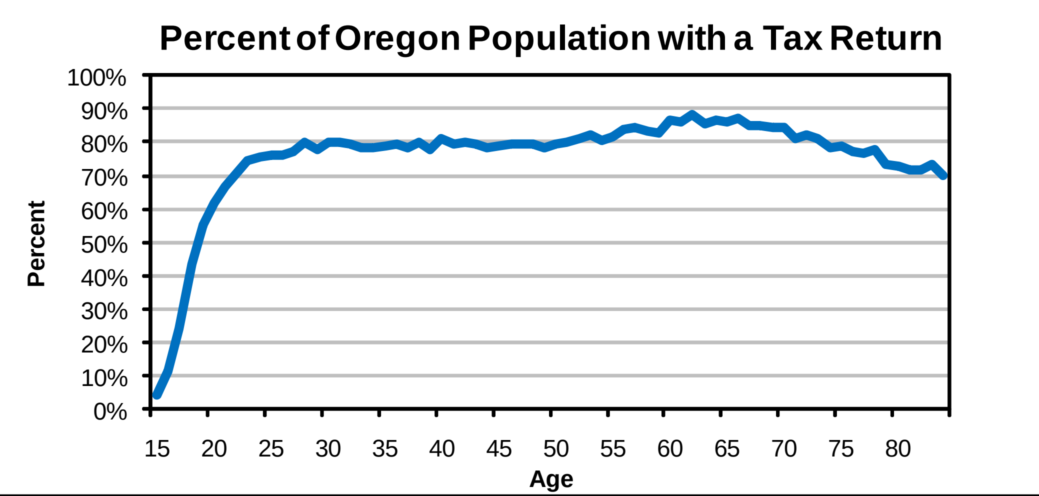


Age of Taxpayers

Exhibit 6 shows information on returns filed by Oregon residents (full-year and part-year) by age of the taxpayer represented (includes both the primary and spouse for joint returns). The top chart shows the Oregon population, all taxpayers, single taxpayers and married taxpayers by age. This exhibit includes children at least 15 years old because parents that set up investments in a child's name are required to file a return when there is taxable income. The bottom chart shows the percentage of Oregonians who filed a tax return. The highest is 88 percent for taxpayers who were age 62 in 2009.

EXHIBIT 6 - 2009 Taxpayers by Age





Notes: Age is not known for less than 2 percent of taxpayers, so they are not represented.
The chart represents 2.33 million resident (full and part-year) taxpayers
Oregon population age is based on Department of Administrative Services data.

Exhibit 7 is a summary of the number of returns, adjusted gross income (AGI), and Oregon tax liability by residency status. While full-year residents accounted for 89 percent of the returns, full-year residents accounted for 94 percent of Oregon AGI and 93 percent of the tax liability in 2009.

EXHIBIT 7 - Returns, AGI, and Tax by Residence Type

All Returns

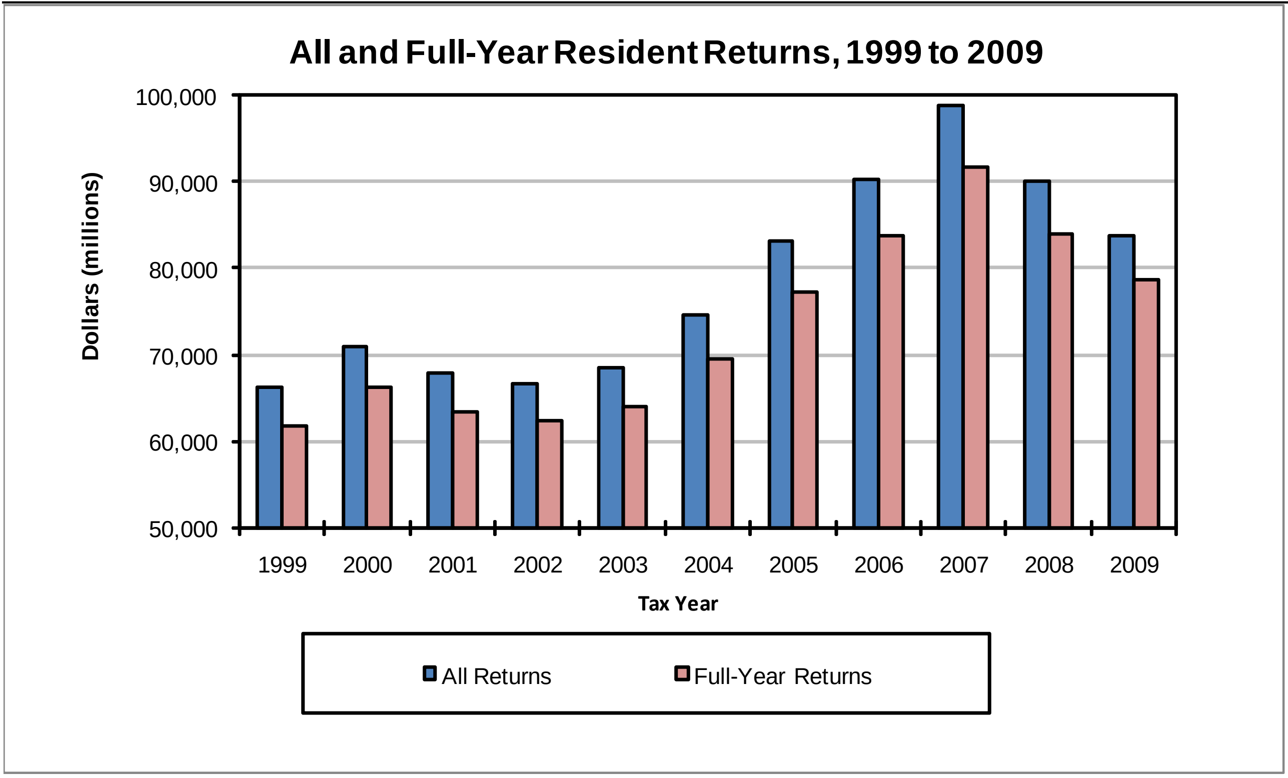
	Returns		**AGI**		**Tax Liability**	
Return Type	Number	Percent	$ (millions)	Percent	$ (millions)	Percent
Full-Year (40 & 40S)	1,571,302	88.9%	78,717	94.1%	4,338	93.2%
Nonresident (40N)	140,551	7.9%	3,652	4.4%	240	5.2%
Part-Year (40P)	56,544	3.2%	1,311	1.6%	78	1.7%
Total	**1,768,397**	**100%**	**83,680**	**100%**	**4,656**	**100%**

Income–Historical Trends

Total Oregon AGI decreased by 7.1 percent to $83.7 billion in 2009. Exhibit 8 shows the level of AGI for tax years 1999 to 2009. AGI grew each year with the exception of the economic downturn from 2001 to 2002 and again in 2008 to 2009. AGI declined by an average of 3 percent annually in 2001 and 2002 and began to recover in 2003. Growth since 2003 was relatively strong with an average increase of about 8 percent annually. Recently, in 2008 and 2009, AGI has declined by an average of 8 percent annually.

About half of the AGI decrease for full-year resident returns in 2009 as compared to 2008 is attributed to a 4.4 percent decrease in wages. An additional third of the AGI decrease can be attributed to the nearly 50 percent decrease in net capital gain income. The remaining part of the AGI decrease is mostly attributed to a significant decrease in dividend and interest income.

EXHIBIT 8 - Total Adjusted Gross Income

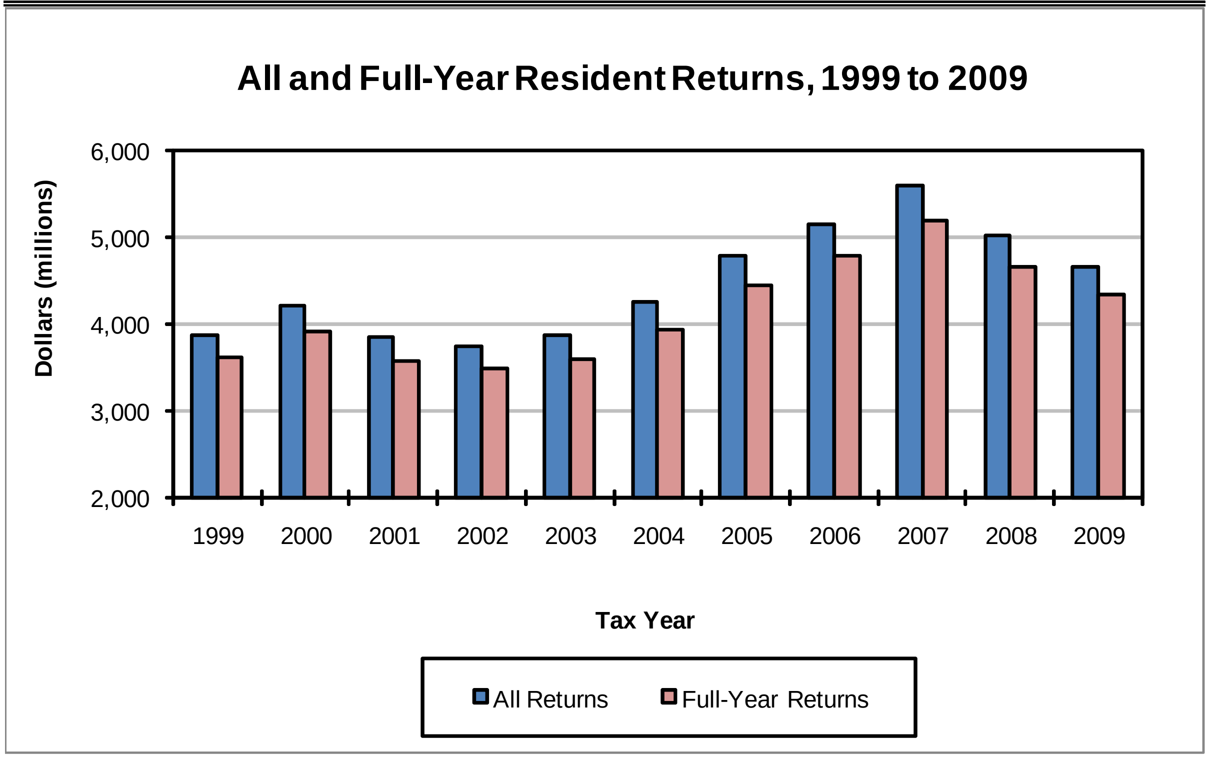


Tax Year	All Returns AGI ($ millions)	All Returns Percent Change	Full-Year Returns AGI ($ millions)	Full-Year Returns Percent Change
1999	66,331	6.8%	61,807	6.9%
2000	71,023	7.1%	66,259	7.2%
2001	67,806	-4.5%	63,351	-4.4%
2002	66,624	-1.7%	62,361	-1.6%
2003	68,464	2.8%	63,958	2.6%
2004	74,577	8.9%	69,415	8.5%
2005	83,058	11.4%	77,248	11.3%
2006	90,213	8.6%	83,831	8.5%
2007	98,746	9.5%	91,795	9.5%
2008	90,064	-8.8%	84,059	-8.4%
2009	83,680	-7.1%	78,717	-6.4%

Tax-Historical Trends

In 2009, tax liability totaled $4.7 billion, a 7.2 percent decrease from the previous year. The yearly trends in the total tax liability closely track the total AGI.

EXHIBIT 9 - Total Personal Income Tax Liability



	All Returns		Full-Year Returns	
Tax Year	Tax ($ millions)	Percent Change	Tax ($ millions)	Percent Change
1999	3,872	7.8%	3,602	7.7%
2000	4,196	8.4%	3,903	8.3%
2001	3,836	-8.6%	3,567	-8.6%
2002	3,741	-2.5%	3,484	-2.3%
2003	3,858	3.1%	3,588	3.0%
2004	4,245	10.0%	3,939	9.8%
2005	4,786	12.7%	4,437	12.6%
2006	5,151	7.6%	4,775	7.6%
2007	5,600	8.7%	5,185	8.6%
2008	5,016	-10.4%	4,659	-10.1%
2009	4,656	-7.2%	4,338	-6.9%

Effective Tax Rates

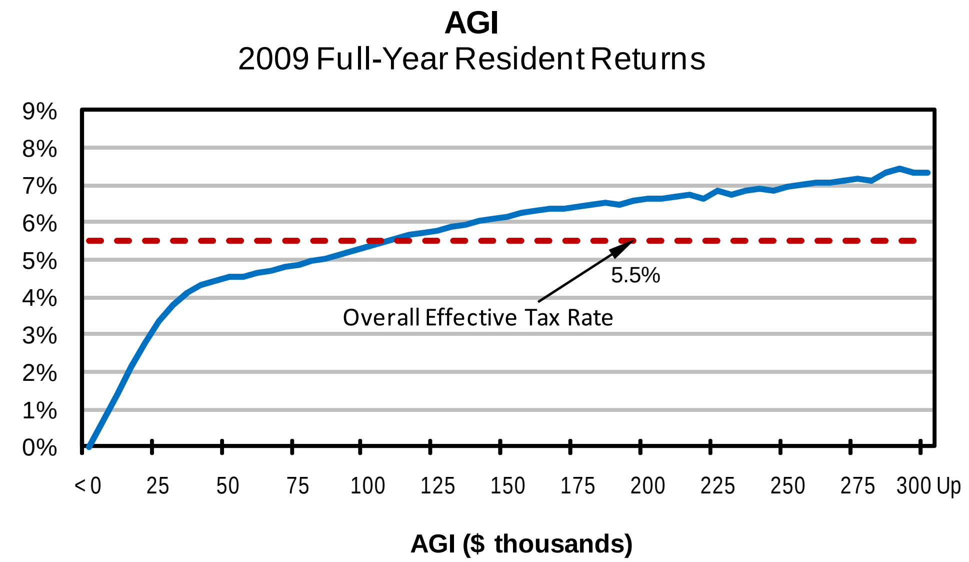
Exhibit 10 shows two effective tax rates for full-year resident filers in 2009: tax as a percent of AGI and tax as a percent of taxable income.

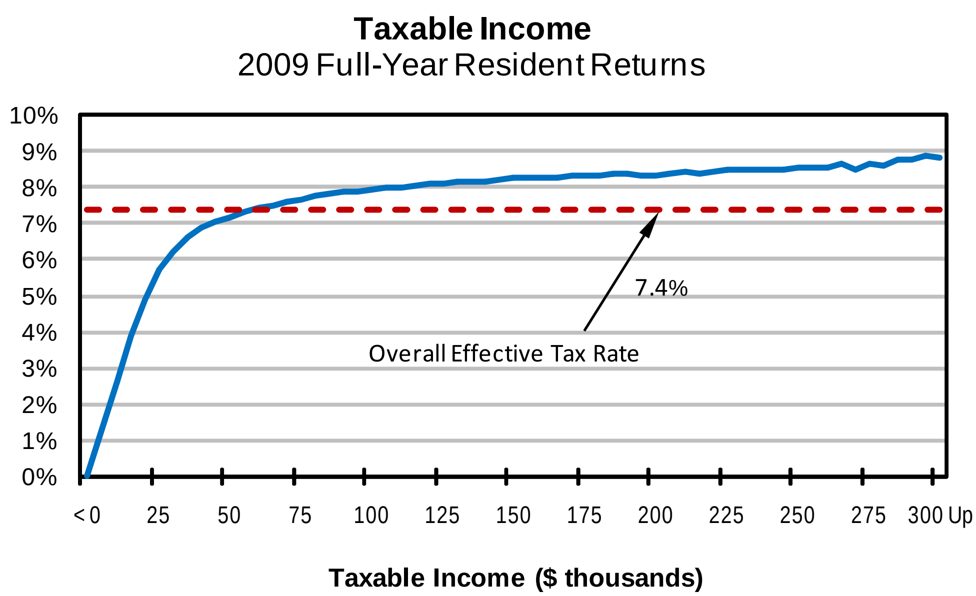
Tax as a percent of AGI (top chart) provides the tax rate necessary to apply to AGI to raise the same amount of revenue as current tax law. It essentially averages all deductions and credits used across all filers. The effective tax rate is influenced significantly by subtractions and deductions (standard and itemized), which lower it. The effective tax rate increases 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 9 percent (or 10.8 or 11 percent if the taxpayer has a significant amount of income in those either of those brackets). The rate climbs quickly from zero to about 4.5 percent for filers with income of roughly $40,000. The rate continues to increase, but at a slower pace.

Tax as a percent of taxable income (bottom chart) shows the effective tax rate at each taxable income level. It has the same general shape as the top chart, just shifted up on the percent axis because it is only reduced by tax credits. The rate increases quickly to about 7 percent, and then gradually approaches 11 percent beyond the limits of this chart. The effective rate cannot reach 11 percent, because even the highest income taxpayers have some income taxed at the 5, 7, 9 and 10.8 percent rates.

Also shown on each chart is the overall effective tax rate. The overall effective tax rate is the required rate, if the tax rate was a flat percentage applied to AGI or taxable income. The overall effective tax rate applied to AGI is 5.5 percent, and the overall effective tax rate applied to taxable income is 7.4 percent.

EXHIBIT 10 - Effective Tax Rates





Distribution of Returns, Income, and Tax by AGI Level

Exhibit 11 shows the number of returns, AGI, and the amount of tax liability by AGI quintile. The fifth quintile is broken into first 15 percent of the fifth quintile, the next four percent and top one percent. In 2009, the top one percent accounted for 20 percent of the total tax liability.

EXHIBIT 11 - 2009 Returns, Income, and Tax by AGI Quintiles

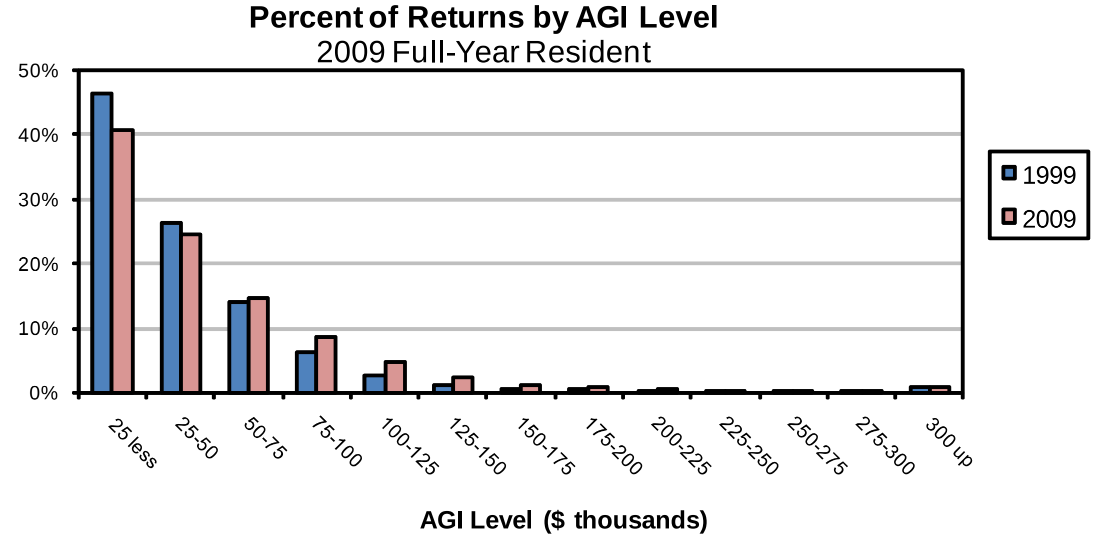
Full-Year Returns

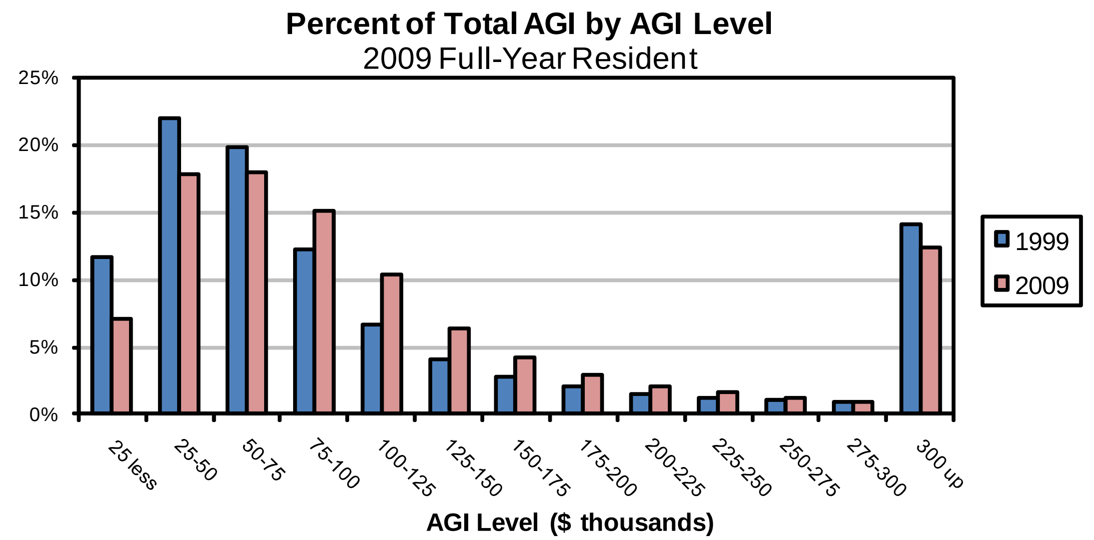
Quintile	AGI Level	Number of Returns	Total AGI ($ thous)	Total Tax Liability ($ thous)	% Total Tax Liability
First 20%	Less than $11,534	314,272	-289,926	24,401	0.6%
Second 20%	$11,834–$24,369	314,241	5,574,633	161,765	3.7%
Middle 20%	$24,369–$42,990	314,273	10,349,305	427,607	9.9%
Fourth 20%	$42,990–$75,019	314,261	18,050,740	843,094	19.4%
Next 15%	$75,019–$139,956	235,691	23,304,273	1,264,006	29.1%
Next 4%	$139,956–$285,982	62,851	11,550,043	755,957	17.4%
Top 1%	$285,982 +	15,713	10,178,370	860,887	19.8%
Total		**1,571,302**	**78,717,439**	**4,337,718**	**100.0%**

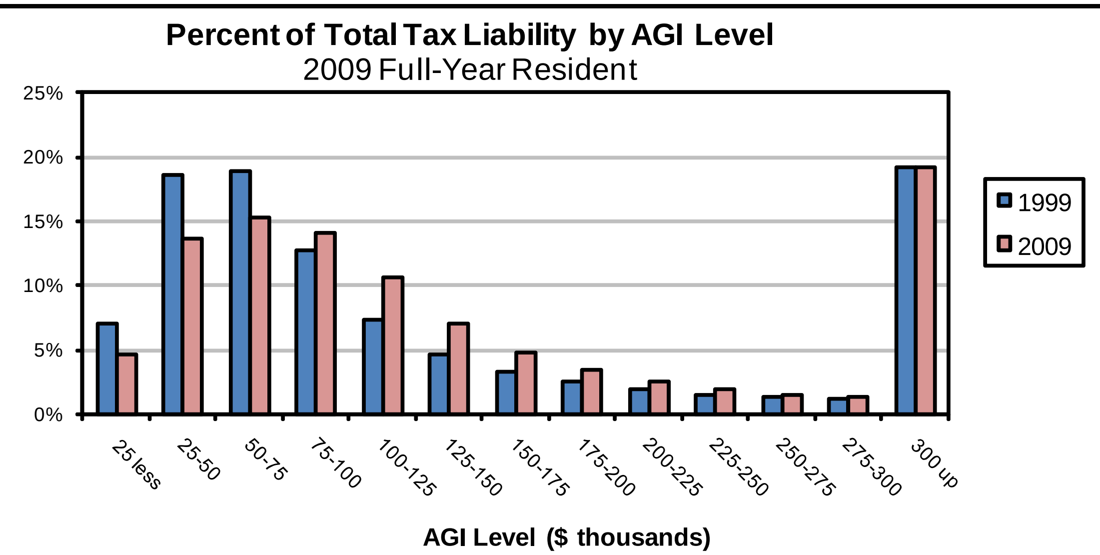
Exhibit 12 contains three charts that show the percentages of full-year resident returns, the percentages of total AGI, and the percentages of total tax by AGI levels for 1999 and 2009. The information conveys the differences among the concentrations of returns, AGI, and tax liability and how differences changed from ten ago.

The first chart shows the distribution of returns filed by AGI. The majority of filers reported AGI less than $50,000 for both 1999 and 2009. The second chart shows how much of the total AGI is contributed by filers in each AGI level. The third chart shows the percent of total tax liability by AGI. Filers with $300,000 or greater AGI represents less than 1.0 percent of total returns, but contributed 13 percent of total AGI and 19 percent of total tax liability in 2009.

EXHIBIT 12 - 2009 Returns, Income, and Tax by AGI Level







Distribution of Returns and Tax by Oregon Tax Brackets

The 2009 legislature created two new income brackets, which took effect for tax year 2009 after Oregon voters approved the tax increase in January 2010 (Measure 66).The marginal tax rates are now 10.8 percent for filers with taxable income from $125,001-$250,000 (single) and $250,001-$500,000 (joint); and 11 percent for filers with taxable income above 250,000 (single) and above $500,000 (joint). Exhibit 13 shows the number of filers in each tax bracket and the total tax liability by those filers in each tax bracket. Taxpayers who are in tax brackets with rates of 7 percents and above, a portion of their income is also taxed at a lower rate.

EXHIBIT 13 - 2009 Returns and Tax by Oregon Tax Brackets

Full-Year Resident Returns

Taxable Income: Single or Married/RDP Filing Separately (all others double the amount)	Tax Bracket (maximum tax rate)	Returns		Tax Liability	
		Number	Percent	$ (thous)	Percent
$0	No Taxable Income	151,420	9.6%	2	0.0%
$1- $2,900	5%	124,700	7.9%	1,909	0.0%
$2,901–$7,300	7%	207,525	13.2%	29,182	0.7%
$7,301-$125,000	9%	1,067,679	67.9%	3,375,181	77.8%
$125,001-$250,000	10.8%	14,437	0.9%	363,949	8.4%
Over $250,000	11%	5,541	0.4%	567,496	13.1%
Total		**1,571,302**	**100.0%**	**4,337,718**	**100.0%**

Notes: Some taxpayers with no taxable balance, have a tax liabilty because of interest on certain installment sales.

Components of Gross Income

Exhibit 14 shows the gross income components from the federal tax forms. The retirement component includes pension income, Social Security income, and IRA distributions. The miscellaneous component includes alimony, unemployment, and other income. As shown in Exhibit 14, wages are the dominant source of income, representing $56.5 billion of the $80.1 billion total gross income, or 70 percent. To arrive at the adjusted gross income, the federal adjustments are subtracted from the total gross income, which was approximately $1.4 billion in 2009.

EXHIBIT 14 - Components of Gross Income 2008 and 2009

Full-Year Resident Returns

	Gross Income ($ millions)			**Percent of Total**	
Income Component	2008	2009	% Change	2008	2009
Wages, Salaries, Tips	59,050	56,450	-4.4%	69.0%	70.5%
Retirement	10,822	10,767	-0.5%	12.6%	13.4%
Net Capital Gains	3,834	2,018	-47.4%	4.5%	2.5%
Dividends & Interest	4,607	3,428	-25.6%	5.4%	4.3%
Rent, Partnership, S Corp	3,797	3,596	-5.3%	4.4%	4.5%
Business	2,789	2,653	-4.9%	3.3%	3.3%
Miscellaneous	963	1,485	54.1%	1.1%	1.9%
Farm	-300	-272	-9.3%	-0.4%	-0.3%
Total	**85,562**	**80,126**	**-6.4%**	**100.0%**	**100.0%**

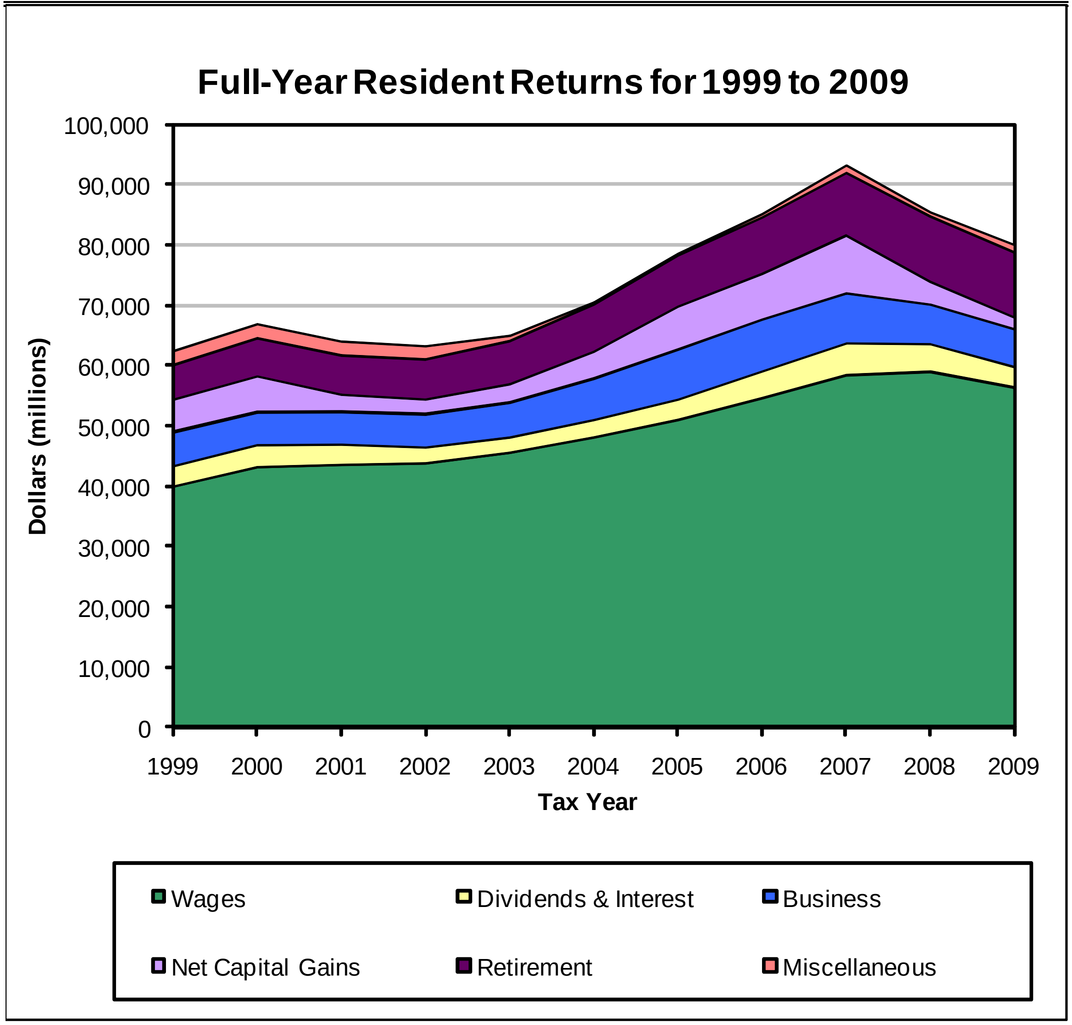
Components of Gross Income–Historical

This section discusses federal gross income historically using similar income components. Exhibit 15 shows these income sources for tax years 1999 through 2009 for full-year resident filers. In this exhibit, income from rent, partnerships, and S corporations is included in the business category; farm income is included in the miscellaneous category.

Overall, gross income rose steadily throughout the 1990s, followed by a dip in 2001 and 2002. Two factors caused this decline. First, there was a significant decrease in net capital gain income. Second, the total of all other income components experienced a flattening. These effects resulted in net declines in 2001 and 2002, followed by increases in 2003–2007. The decline of gross income in 2008 was similar to what happen in 2001 and 2002 with a significant decrease in net capital gain income. However, in 2009, in addition to a significant decrease in net capital gain income, there was also a significant decrease in wage income.

The composition of income for 2009 differed very little from 2008. Wages comprised the greatest share of income, representing roughly 70 percent of income for all full-year returns in 2009. The next most significant income source was retirement at 13 percent. Capital gains are the most volatile income component, changing more than 50 percent in some years.

EXHIBIT 15 - Components of Gross Income



Note: Due to improvements in data handling for 2003, roughly $1.1 billion was moved from Miscellaneous to other categories with most (86 percent) moved to Wages.

Exhibit 16 illustrates the distribution of federal adjustments to gross income (above-the-line deductions) claimed on full-year returns in 2009. Adjustments are deductions that all filers may take if they qualify, regardless of whether they itemize deductions. They are found on federal Forms 1040 and 1040A and are subtracted from gross income when computing federal AGI. Oregon ties to federal AGI with a few exceptions. For example, the domestic production activities deduction allowed on federal returns is not permitted for Oregon.

EXHIBIT 16 - 2009 Federal Adjustments

Full-Year Resident Returns

Adjustment	Number of Returns	Percent of Total	Amount Claimed ($ thous)	Percent of Total	Average Claim ($)
Self-Employment Tax	183,285	34.1%	261,712	18.6%	1,428
Student Loan Interest	130,755	24.3%	115,055	8.2%	880
Self-Emp Health Insurance	60,488	11.2%	333,838	23.7%	5,519
IRA Contributions	38,273	7.1%	162,184	11.5%	4,238
Educator Expenses	35,086	6.5%	8,431	0.6%	240
Tuition and Fees	29,184	5.4%	61,601	4.4%	2,111
Penalty on Early Withdrawal	12,330	2.3%	2,833	0.2%	230
SEP, SIMPLE	12,124	2.3%	215,400	15.3%	17,766
Health Savings Accounts	10,447	1.9%	29,520	2.1%	2,826
Alimony Paid	9,799	1.8%	132,938	9.4%	13,566
Domestic Production	8,241	1.5%	70,156	5.0%	8,513
Moving Expenses	5,773	1.1%	10,198	0.7%	1,766
Employee Business Expenses	1,421	0.3%	3,840	0.3%	2,702
Other/Unknown	771	0.1%	995	0.1%	1,291
Total	**537,977**	**100.0%**	**1,408,701**	**100.0%**	**2,619**

Exhibit 16 shows that the most frequently claimed deduction was for federal self-employment taxes. Taxpayers who are self-employed are required to pay their own Social Security and Medicare taxes. These payments, called self-employment taxes, are the taxes that are shared between an employer and employee for those who aren't self-employed. This deduction allows self-employed taxpayers to subtract half of these taxes (the employer portion) from their gross income. Oregonians deducted $261.7 million of self-employment taxes for tax year 2009.

The three adjustments associated with self-employment (self-employment tax, self-employment health insurance, and tax deferred SEP and SIMPLE plans) together account for 58 percent of total dollar amount of adjustments claimed. About 13 percent of full-year resident returns claimed at least one of these adjustments.

For full year returns, the total adjustments in 2009 were down 6 percent from the total adjustments in 2008 of $1.5 billion.

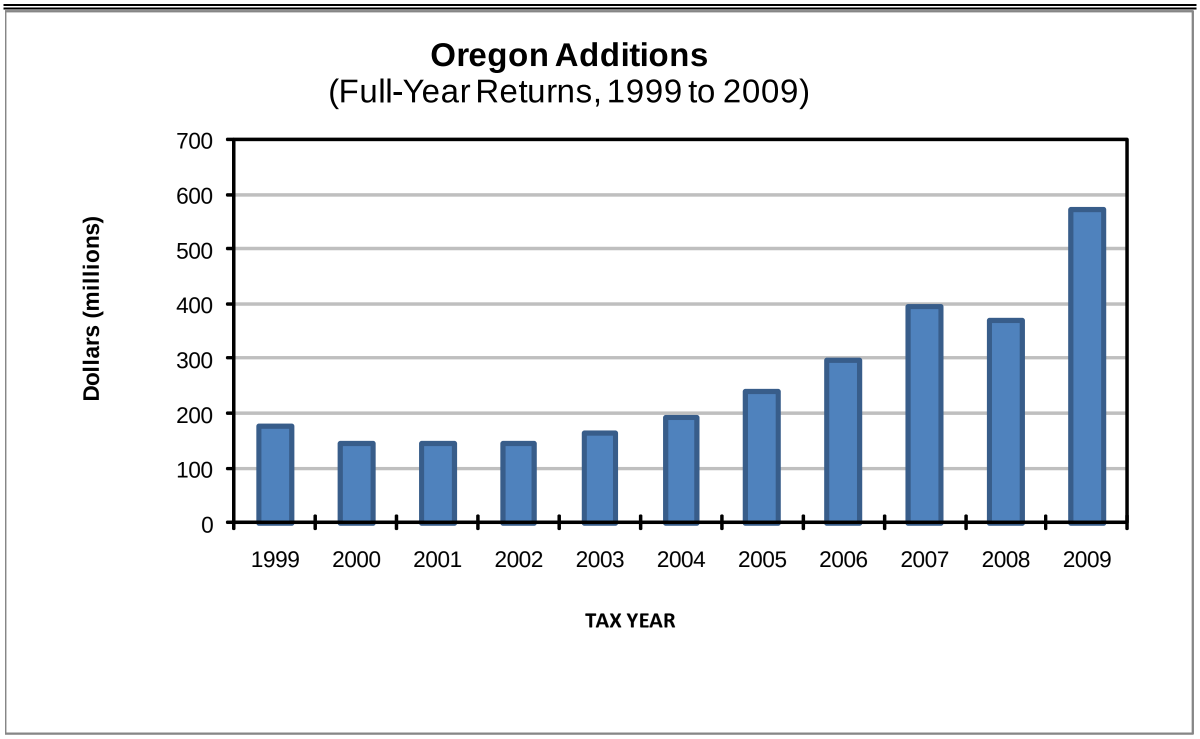
Additions and subtractions adjust the federal AGI to account for income that Oregon taxes or does not tax, respectively.

Additions

Exhibit 17 shows that additions over the decade more than tripled from $180 million in 1999 to $570 million in 2009. Additions increased significantly by $204 million from 2008 to 2009. The majority of this large increase was due a new addition in 2009, because Oregon disconnected from the IRS rules for depreciating and expensing business property. Taxpayers who claimed the 50 percent bonus depreciation, the $8,000 additional depreciation, or used the higher expensing amounts allowed under Section 179 on their federal income tax return were not allow to take these additional deductions for Oregon and were required to add them back to the federal AGI.

Although total additions are small compared 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 17 - Oregon Additions



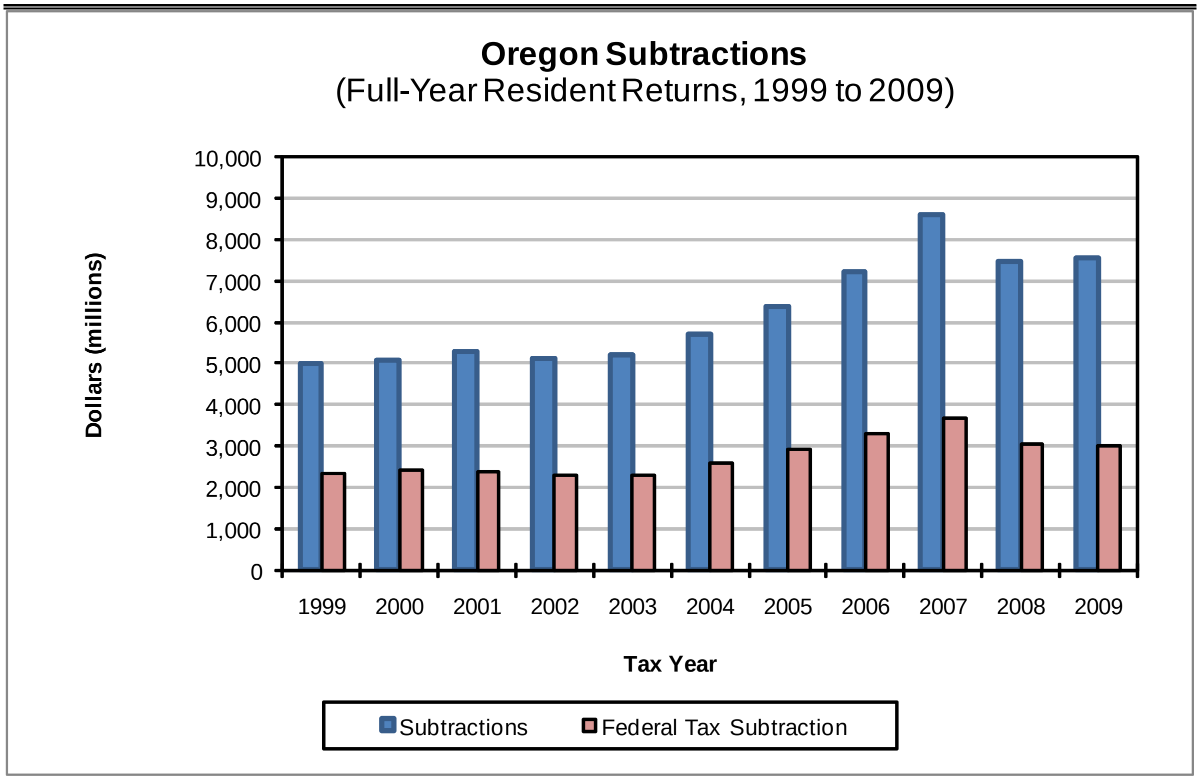
Subtractions

Exhibit 18 shows Oregon total subtractions generally increasing since 1999. Because the federal income tax subtraction represents almost half of all subtractions, it is shown separately in the exhibit.

There was a small increase in subtractions in 2009 of 1.6 percent following a 13 percent decrease in 2008. There was a small 2 percent decrease in the federal tax subtraction, however all other subtraction increased by 4 percent.

The federal tax subtraction historically is the largest subtraction and the maximum amount that can be subtracted on a tax return increased in recent years; however, the total amount of the federal tax subtraction decreased slightly in 2009. There are two reasons for this decrease. First, beginning in 2009, the federal tax subtraction is phased out for incomes above $125,000 for taxpayers filing as single or married/RDP filing separately and $250,000 for all other taxpayers. Second, if a filer received a refundable federal credit for 2009 such as the Making Work Pay credit, First Time Homebuyers credit or education credit, it reduced the total amount of the federal tax subtraction.

EXHIBIT 18 - Oregon Subtractions



For each major subtraction, Exhibit 19 shows the number of claimants, the average and total amount of the subtraction claimed, and the share each subtraction represents of the total amount subtracted.

EXHIBIT 19 - 2009 Oregon Subtractions

Full-Year Resident Returns

Subtraction	Number of Returns	Total ($ millions)	Percent of Total	Average ($)
Federal Tax	918,085	3,000	39.6%	3,268
Income Tax Refunds	401,432	519	6.9%	1,293
Social Security	200,492	2,257	29.8%	11,256
Other	166,925	680	9.0%	4,075
U.S. Bonds	62,260	122	1.6%	1,955
Federal Pension	42,857	995	13.1%	23,228
Total		**7,574**	**100.0%**	

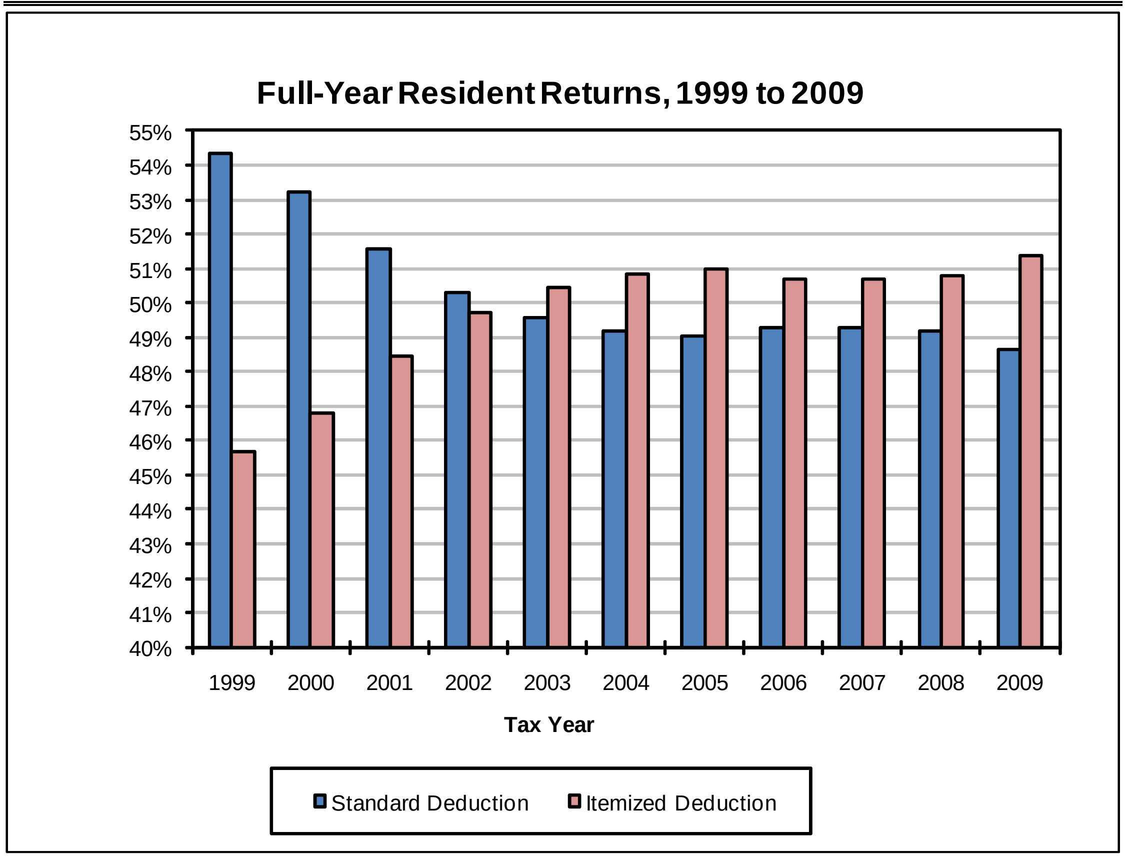
In general, taxpayers who itemize their federal deductions also itemize their Oregon deductions. The most significant of these deductions include home mortgage interest, local income and property taxes, charitable contributions, and qualified medical expenses.

Exhibit 20 shows the percent of filers claiming either a standard deduction or itemized deductions on their Oregon return. The share of full-year resident filers using itemized deductions grew steadily from about 46 percent in 1999 to 51 percent in 2009. Although the quantity of returns was similar for the two deduction types, the total dollar amount for itemized deductions far exceeded the amount for standard deductions, accounting for 88 percent of the $16.1 billion in total deductions for full-year returns.

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

While most filers use the same deduction type on both the federal and Oregon returns, some taxpayers will itemize deductions only for the federal return or only for the Oregon return, but not both. The exception can occur if a significant share of the federal itemized amount is due to Oregon state income taxes. In this case, some filers find that their Oregon standard deduction is greater than the total of their other itemized deductions. Alternatively, since the Oregon standard deduction is much lower than the federal standard deduction, some filers itemized their deductions for Oregon only, especially those claiming a special medical deduction.

EXHIBIT 20 - Filing Type: Percent Standard and Itemized Deductions



Most credits are not refundable which means they can only be used to reduce tax liability to zero. If a filer has more nonrefundable credits than tax liability, the excess credits are not used unless they can be carried forward to the next tax year. Refundable credits are used after all nonrefundable credits and may reduce tax liability to zero or below. When tax liability goes below zero due to refundable credits and other payments, a refund is issued to the taxpayer.

Credits Claimed, Credits Used

Exhibit 21 shows the credits claimed and used by full-year return filers in 2009 separated by nonrefundable and refundable credits.

The personal exemption credit was the most widely claimed credit with nearly 1.5 million full-year filers claiming a total of $486.4 million. About 88 percent of the credit amount was used with the remaining 12 percent unused because credits claimed exceeded the tax liability.

While the average personal exemption credit claimed was $372, on average only $325 was used. The credit for income taxes paid to another state was the largest nonrefundable credit average claimed and percent used.

EXHIBIT 21 - 2009 Oregon Credits Claimed and Used

Full-Year Resident Returns

		Total ($ millions)		**Average ($)**		
	Number of Claims	Amount Claimed	Amount Used	Amount Claimed	Amount Used	**Percent Used**
Nonrefundable Credits:						
Personal Exemption	1,496,526	556.6	486.4	372	325	87.4%
Political Contributions	93,022	6.3	5.8	67	62	92.0%
Other	98,690	99.1	84.5	1,004	856	85.3%
Child and Dependent Care	38,674	8.6	7.5	223	193	86.5%
Income Taxes Paid to Another State	12,659	28.0	27.9	2,209	2,201	99.7%
Retirement	6,178	1.7	0.8	275	134	48.6%
Elderly or Disabled	1,279	0.24	0.06	186	48	25.7%
Total	**1,747,028**	**700.5**	**612.9**			**87.5%**
Refundable Credits:						
Earned Income	252,759	29.9	29.9	118	118	100.0%
Working Family Child Care	25,266	20.2	20.2	799	799	100.0%
Mobile Home Park Closure	54	0.05	0.05	999	999	100.0%
Total	**278,079**	**50.1**	**50.1**			**100.0%**
Total	**2,025,107**	**750.6**	**663.0**			**88.3%**

Refundable Credits

The working family child care credit, Oregon earned income credit, and involuntary mobile home move credit are the only credits that are refundable. The working family child care credit is a credit for low income families with child care expenses. The credit is based on qualifying child care expenses, household size, and AGI. To qualify in 2009, a filer must have at least $7,850 of earned income from Oregon, have $3,100 or less of investment income, meet AGI requirements, and pay qualifying child care expenses.

The Oregon earned income credit is allowed for those who qualify for the federal Earned Income Credit. The Oregon credit is 6 percent of the federal earned income credit.

The involuntary mobile home move credit is a credit for $5,000. To be eligible, filers must own a mobile home, occupy it as their principal residence, rent space in a park, receive notice that the park is closing, and move out along with all members of their household. The credit is claimed the year they move out of the closing park.

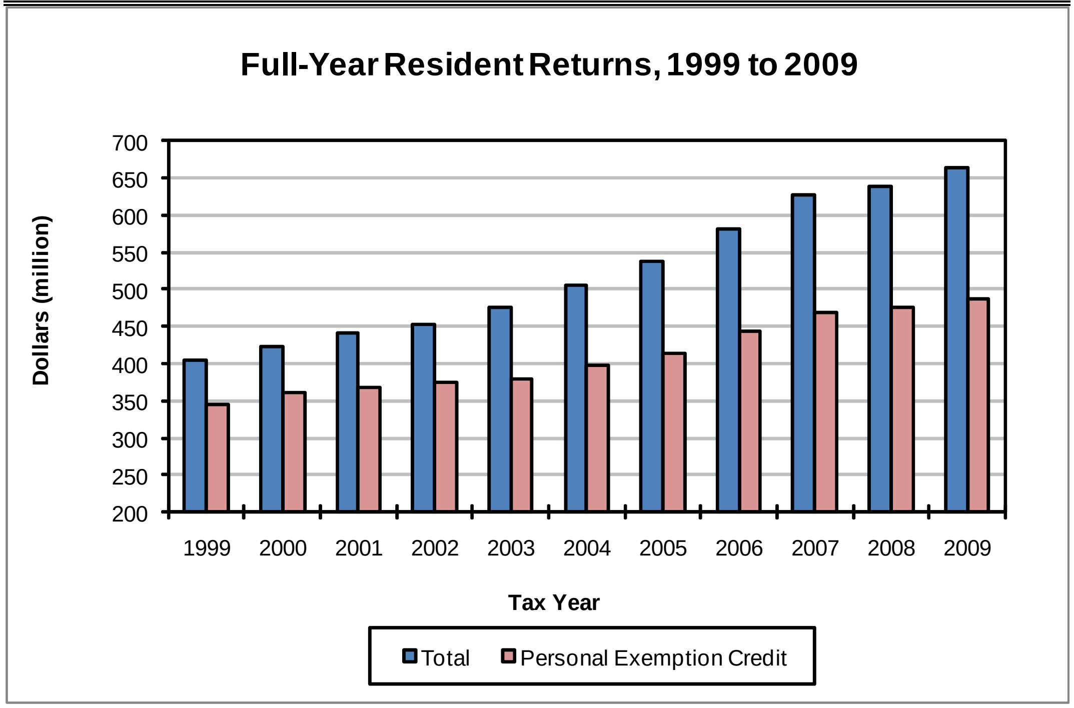
Exhibit 21 shows that the amount claimed for refundable credits equals the amount used because filers use all of the refundable credit. In 2009, there were 278,079 claims for refundable credits totaling $50.1 million. Payments issued for refundable credits are described in the next section.

Credits–Historical Trends

Exhibit 22 shows the recent history of Oregon credits used by full-year resident filers and the steady growth over time. Because most of the total is due to the personal exemption credit, it is shown separately.

The Oregon earned income and working family child care credits were first allowed in 1997 and accounted for $14.8 million in credits. The two credits have since more than tripled to $50.1 million in 2009. In total, full-year resident filers used $663 million in credits for 2009, an increase of 64 percent since 1999. The personal exemption credit accounted for $486 million in 2009, an increase of 41 percent since 1999.

EXHIBIT 22 - Oregon Credits Used



Tax Year	Total Credits ($ millions)	Total Credits % Change	Personal Exemption Credit ($ millions)	Personal Exemption Credit % Change
1999	405.2	2.5%	345.3	2.3%
2000	422.6	4.3%	361.1	4.6%
2001	440.7	4.3%	368.9	2.2%
2002	452.0	2.6%	373.9	1.4%
2003	475.9	5.3%	380.1	1.7%
2004	506.6	6.5%	397.4	4.5%
2005	538.2	6.2%	414.6	4.3%
2006	581.9	8.1%	443.4	7.0%
2007	626.7	7.7%	468.3	5.6%
2008	639.7	2.1%	475.0	1.4%
2009	663.0	3.6%	486.4	2.4%

The amount a taxpayer is required to pay with the tax return is typically less than the final tax liability (the gross tax minus all credits, which cannot be less than zero). This is because most taxpayers have already made payments by having Oregon tax withheld from their paycheck or making estimated tax payments. If these payments are less than the tax liability, then a 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 had refundable credits exceeding the tax liability (after subtracting non-refundable credits), the taxpayer received a refund for the excess portion of the refundable credit. This is added on to any refund due to excess withholding or estimated payments. In 2009, there were 119,293 full-year resident filers that received refunds averaging $201, compared to 108,928 filers that received an average refund of $205 in 2008.

Exhibit 23 shows the Oregon tax withheld and estimated payments for the 2009 tax year as reported on the tax return. This exhibit also shows details on the final payment category: 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 refunds that come from refundable credits.

EXHIBIT 23 - 2009 Reported Payments and Refunds

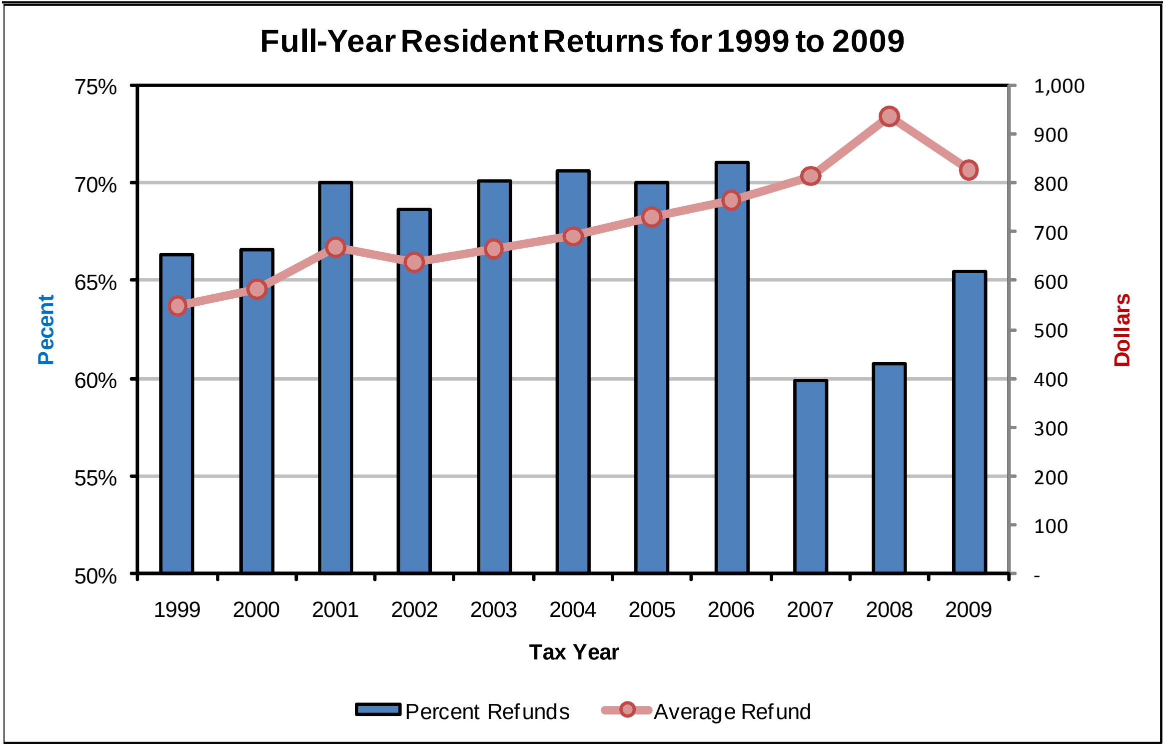
Full-Year Resident Returns

	Number of Returns	Percent of full-year filers	Total ($ millions)	Average ($)
Payment Types				
Oregon Income tax withheld	1,300,020	82.7%	3,906	3,004
Estimated tax payments for the current year	144,371	9.2%	856	5,932
Final Payment Category				
Tax to pay with return	426,923	27.2%	401	939
Zero balance	114,623	7.3%	0	0
Refund	1,028,277	65.4%	849	826
Part or all of refund includes refund-of-credit payment	119,293	7.6%	24	201

Notes: Tax to pay amounts do not include any penalty and interest.
The refund amount is before any amounts are applied to next years estimated tax and chariatable checkoff donations.

Exhibit 24 shows the percent of full-year resident filers who received a refund and the average amount of their refund for tax years 1999-2009. The refund amounts include refunds received due to a refundable credit.

EXHIBIT 24 - Refunds 1999-2009

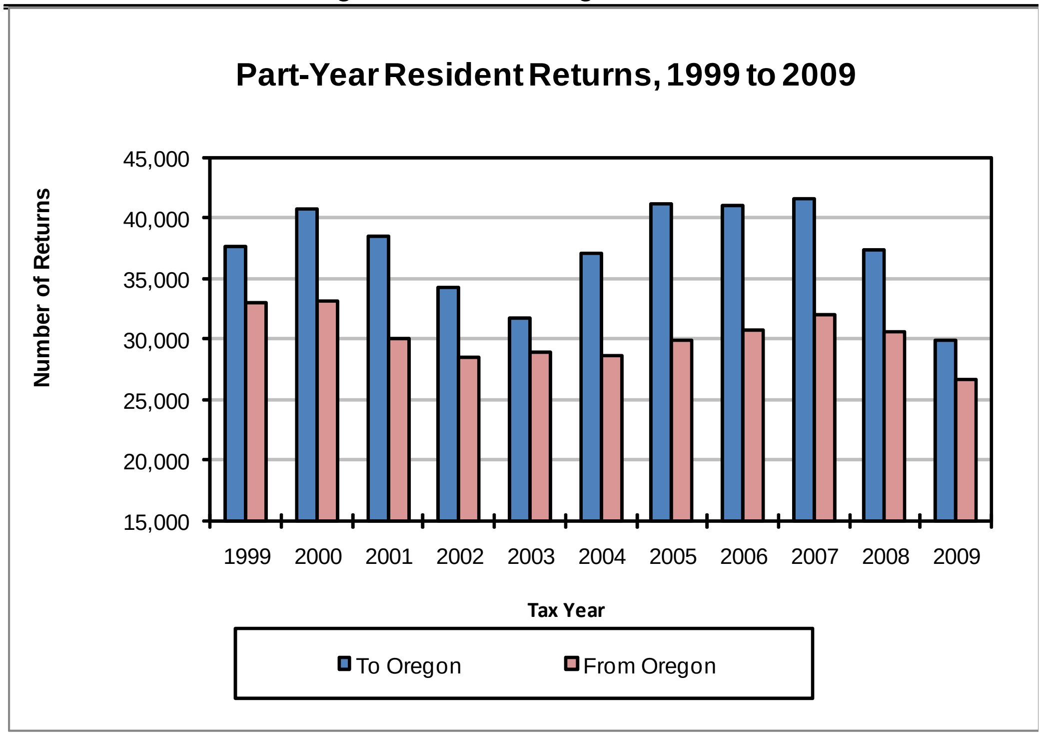


Tax Year	Number of Full-Year Returns	Number of Refunds	Percent of Returns with Refund	Total Refunded ($ millions)	Average Refund ($)
1999	1,414,966	938,476	66.3%	515	548
2000	1,435,203	954,934	66.5%	556	583
2001	1,434,684	1,004,081	70.0%	671	668
2002	1,432,971	983,631	68.6%	627	638
2003	1,430,750	1,002,609	70.1%	667	665
2004	1,461,735	1,031,989	70.6%	713	691
2005	1,495,091	1,046,222	70.0%	765	731
2006	1,546,097	1,098,683	71.1%	839	764
2007	1,617,135	968,689	59.9%	788	814
2008	1,593,363	967,673	60.7%	905	935
2009	1,571,302	1,028,277	65.4%	849	826

The number of part-year resident return filers moving to Oregon (based on the address reported on the return) ranged between roughly 31,000 and 42,000 from 1999 to 2009. Exhibits 25, 26, and 27 show information on part-year residents entering or leaving Oregon.

Exhibit 25 shows the total number of filers moving to and from Oregon between 1999 and 2009. In every year, the number of filers moving into Oregon exceeded the number moving out.

EXHIBIT 25 - Filers Moving To and From Oregon



Tax Year	To Oregon Filers	To Oregon % Change	From Oregon Filers	From Oregon % Change
1999	37,653	-3.2%	32,964	2.8%
2000	40,651	8.0%	33,159	0.6%
2001	38,466	-5.4%	30,052	-9.4%
2002	34,196	-11.1%	28,523	-5.1%
2003	31,695	-7.3%	28,840	1.1%
2004	36,989	16.7%	28,643	-0.7%
2005	41,196	11.4%	29,809	4.1%
2006	40,962	-0.6%	30,749	3.2%
2007	41,497	1.3%	31,946	3.9%
2008	37,359	-10.0%	30,560	-4.3%
2009	29,861	-20.1%	26,683	-12.7%

Exhibit 26 shows the number and percent of in-migrants by county of destination for selected tax years. In 2009, as in previous years, in-migrants were drawn to counties roughly in proportion to current county populations. The three counties of the Portland metropolitan area—Multnomah, Washington, and Clackamas—contain 42.7 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 27 shows the number of income tax filers moving from Oregon for selected tax years by state of destination. In 2009, 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 47 percent of all out-migrants.

EXHIBIT 26 - Number of Filers Moving to Oregon by County of Desitnation

	1999		2008		2009	
County	Number	Percent	Number	Percent	Number	Percent
Baker	151	0.4%	139	0.4%	121	0.4%
Benton	839	2.2%	906	2.4%	730	2.4%
Clackamas	3,366	8.9%	2,962	7.9%	2,312	7.7%
Clatsop	310	0.8%	402	1.1%	345	1.2%
Columbia	327	0.9%	299	0.8%	231	0.8%
Coos	514	1.4%	472	1.3%	427	1.4%
Crook	124	0.3%	127	0.3%	80	0.3%
Curry	296	0.8%	291	0.8%	214	0.7%
Deschutes	1,897	5.0%	1,718	4.6%	1,524	5.1%
Douglas	883	2.3%	687	1.8%	647	2.2%
Gilliam	18	0.0%	16	0.0%	14	0.0%
Grant	57	0.2%	60	0.2%	51	0.2%
Harney	58	0.2%	54	0.1%	49	0.2%
Hood River	211	0.6%	249	0.7%	221	0.7%
Jackson	2,115	5.6%	1,796	4.8%	1,571	5.3%
Jefferson	97	0.3%	102	0.3%	86	0.3%
Josephine	831	2.2%	604	1.6%	594	2.0%
Klamath	708	1.9%	532	1.4%	419	1.4%
Lake	76	0.2%	49	0.1%	59	0.2%
Lane	3,471	9.2%	3,233	8.7%	2,442	8.2%
Lincoln	460	1.2%	442	1.2%	373	1.2%
Linn	624	1.7%	705	1.9%	554	1.9%
Malheur	300	0.8%	250	0.7%	208	0.7%
Marion	1,995	5.3%	1,900	5.1%	1,406	4.7%
Morrow	79	0.2%	80	0.2%	69	0.2%
Multnomah	9,224	24.5%	10,474	28.0%	8,249	27.6%
Polk	395	1.0%	496	1.3%	359	1.2%
Sherman	8	0.0%	14	0.0%	14	0.0%
Tillamook	216	0.6%	181	0.5%	148	0.5%
Umatilla	568	1.5%	573	1.5%	509	1.7%
Union	217	0.6%	209	0.6%	199	0.7%
Wallowa	75	0.2%	71	0.2%	46	0.2%
Wasco	202	0.5%	195	0.5%	198	0.7%
Washington	6,350	16.9%	6,439	17.2%	4,880	16.3%
Wheeler	8	0.0%	8	0.0%	8	0.0%
Yamhill	583	1.5%	624	1.7%	497	1.7%
Total	**37,653**	**100%**	**37,359**	**100.0%**	**29,854**	**100%**

EXHIBIT 27 - Number of Filers Moving from Oregon by Destination

	1999		2008		2009	
State	Number	Percent	Number	Percent	Number	Percent
Alabama	100	0.3%	97	0.3%	90	0.3%
Alaska	424	1.3%	441	1.5%	469	1.8%
Arizona	1,864	5.7%	1,574	5.2%	1,468	5.6%
Arkansas	130	0.4%	141	0.5%	124	0.5%
California	7,113	21.9%	5,490	18.2%	4,753	18.1%
Colorado	1,220	3.7%	1,118	3.7%	890	3.4%
Connecticut	111	0.3%	89	0.3%	74	0.3%
Delaware	24	0.1%	24	0.1%	14	0.1%
Florida	676	2.1%	643	2.1%	555	2.1%
Georgia	313	1.0%	282	0.9%	258	1.0%
Hawaii	342	1.1%	415	1.4%	370	1.4%
Idaho	1,565	4.8%	1,476	4.9%	1,180	4.5%
Illinois	481	1.5%	518	1.7%	406	1.5%
Indiana	239	0.7%	259	0.9%	197	0.7%
Iowa	163	0.5%	206	0.7%	181	0.7%
Kansas	162	0.5%	146	0.5%	171	0.7%
Kentucky	129	0.4%	141	0.5%	93	0.4%
Louisiana	94	0.3%	145	0.5%	159	0.6%
Maine	87	0.3%	59	0.2%	63	0.2%
Maryland	178	0.5%	179	0.6%	220	0.8%
Massachusetts	408	1.3%	334	1.1%	294	1.1%
Michigan	354	1.1%	311	1.0%	283	1.1%
Minnesota	449	1.4%	381	1.3%	338	1.3%
Mississippi	67	0.2%	55	0.2%	56	0.2%
Missouri	334	1.0%	289	1.0%	300	1.1%
Montana	625	1.9%	530	1.8%	471	1.8%
Nebraska	122	0.4%	135	0.4%	134	0.5%
Nevada	944	2.9%	830	2.8%	714	2.7%
New Hampshire	86	0.3%	80	0.3%	78	0.3%
New Jersey	161	0.5%	121	0.4%	132	0.5%
New Mexico	307	0.9%	294	1.0%	320	1.2%
New York	533	1.6%	579	1.9%	537	2.0%
North Carolina	337	1.0%	409	1.4%	290	1.1%
North Dakota	78	0.2%	62	0.2%	78	0.3%
Ohio	354	1.1%	301	1.0%	295	1.1%
Oklahoma	204	0.6%	267	0.9%	227	0.9%
Pennsylvania	340	1.0%	310	1.0%	305	1.2%
Rhode Island	23	0.1%	35	0.1%	21	0.1%
South Carolina	103	0.3%	242	0.8%	129	0.5%
South Dakota	75	0.2%	89	0.3%	88	0.3%
Tennessee	220	0.7%	281	0.9%	216	0.8%
Texas	1,158	3.6%	1,206	4.0%	1,213	4.6%
Utah	786	2.4%	717	2.4%	643	2.4%
Vermont	80	0.2%	67	0.2%	59	0.2%
Virginia	357	1.1%	363	1.2%	349	1.3%
Washington	8,057	24.8%	7,652	25.4%	6,428	24.5%
West Virginia	30	0.1%	44	0.1%	40	0.2%
Wisconsin	308	0.9%	290	1.0%	239	0.9%
Wyoming	169	0.5%	279	0.9%	173	0.7%
Other	56	0.2%	105	0.3%	92	0.4%
Total	**32,540**	**100.0%**	**30,101**	**100%**	**26,277**	**100%**

This section provides tax information by county to show how taxpayer characteristics vary by region. Exhibit 28 shows a breakdown of the number of returns filed, total Oregon AGI, and total tax liability by county, and the percent change from 2008 to 2009. Exhibits 29 and 30 are maps showing average AGI and tax liability for all returns in each county, and Exhibit 31 shows effective tax rates by county.

Nearly all counties showed a decrease in the number of returns, total AGI and tax liability. The following Oregon counties had positive growth:

- Number of returns: Hood River and Wheeler
- Adjusted gross income: Sherman and Wheeler
- Tax liability: Sherman

The map in Exhibit 29 shows that the counties with the highest average AGI were Clackamas ($62,155), Washington ($61,983), Benton ($56,232), and Multnomah ($53,250).
The map in Exhibit 30 shows that counties with the highest AGI also had the highest tax liabilities. The largest average of $3,643 was in Washington County followed by $3,641 in Clackamas County. The statewide average was $2,761.

The map in Exhibit 31 shows effective tax rates (tax divided by AGI) for each county. Sherman County had the highest effective tax rate at 6.3 percent. Jefferson County had the lowest rate at 4.2 percent.

EXHIBIT 28 - 2009 Distribution of Returns, AGI, and Tax Liability by County

County or Area	Returns Number	Returns Share	Adjusted Gross Income ($ thous)	AGI Share	Total Tax Liability ($ thous)	Tax Share	% Change 2008 to 2009 No. of Returns	% Change 2008 to 2009 Total AGI	% Change 2008 to 2009 Total Tax
Baker	6,444	0.4%	$229,119	0.3%	$10,965	0.2%	-1.7%	-5.1%	-9.2%
Benton	34,046	1.9%	$1,873,643	2.2%	$106,530	2.3%	-2.9%	-5.6%	-5.9%
Clackamas	162,267	9.2%	$9,988,286	11.9%	$585,570	12.6%	-1.8%	-8.7%	-8.7%
Clatsop	15,532	0.9%	$632,308	0.8%	$30,941	0.7%	-2.1%	-6.5%	-10.9%
Columbia	19,845	1.1%	$977,643	1.2%	$50,713	1.1%	-3.7%	-7.1%	-10.1%
Coos	24,932	1.4%	$935,449	1.1%	$45,042	1.0%	-3.2%	-7.5%	-10.0%
Crook	8,157	0.5%	$306,812	0.4%	$14,854	0.3%	-5.1%	-12.4%	-16.4%
Curry	9,464	0.5%	$347,092	0.4%	$16,179	0.3%	-2.3%	-5.9%	-8.8%
Deschutes	66,914	3.8%	$3,174,840	3.8%	$173,797	3.7%	-2.6%	-11.9%	-11.7%
Douglas	42,090	2.4%	$1,587,711	1.9%	$76,910	1.7%	-2.8%	-6.4%	-8.9%
Gilliam	805	0.0%	$33,439	0.0%	$1,859	0.0%	-1.0%	-12.4%	-17.3%
Grant	2,949	0.2%	$98,094	0.1%	$5,107	0.1%	-1.4%	-3.9%	-6.5%
Harney	2,900	0.2%	$85,242	0.1%	$4,240	0.1%	-3.1%	-11.4%	-16.7%
Hood River	9,996	0.6%	$484,115	0.6%	$28,199	0.6%	2.2%	-2.5%	1.5%
Jackson	85,101	4.8%	$3,656,816	4.4%	$186,861	4.0%	-2.4%	-7.2%	-7.4%
Jefferson	8,302	0.5%	$301,892	0.4%	$12,767	0.3%	-4.4%	-7.3%	-12.3%
Josephine	32,528	1.8%	$1,257,474	1.5%	$60,401	1.3%	-2.5%	-2.9%	-2.4%
Klamath	25,508	1.4%	$958,820	1.1%	$47,897	1.0%	-3.3%	-8.9%	-10.3%
Lake	2,959	0.2%	$95,933	0.1%	$5,065	0.1%	-2.4%	-10.1%	-11.3%
Lane	143,987	8.1%	$6,520,105	7.8%	$347,060	7.5%	-2.7%	-7.4%	-8.0%
Lincoln	19,501	1.1%	$781,108	0.9%	$36,915	0.8%	-2.3%	-7.2%	-9.4%
Linn	46,328	2.6%	$1,926,273	2.3%	$96,206	2.1%	-2.2%	-7.7%	-11.1%
Malheur	9,969	0.6%	$323,915	0.4%	$15,052	0.3%	-1.9%	-7.1%	-8.4%
Marion	123,637	7.0%	$5,510,234	6.6%	$285,047	6.1%	-1.9%	-5.3%	-7.5%
Morrow	4,242	0.2%	$170,847	0.2%	$9,398	0.2%	2.9%	2.3%	2.5%
Multnomah	323,609	18.3%	$16,915,178	20.2%	$985,664	21.2%	-1.2%	-5.2%	-4.2%
Polk	29,539	1.7%	$1,446,080	1.7%	$72,952	1.6%	-1.4%	-4.7%	-5.7%
Sherman	833	0.0%	$40,524	0.0%	$2,539	0.1%	0.0%	10.7%	21.2%
Tillamook	10,637	0.6%	$430,080	0.5%	$20,467	0.4%	-2.7%	-5.4%	-7.5%
Umatilla	27,926	1.6%	$1,176,103	1.4%	$62,351	1.3%	-0.7%	-1.7%	-1.4%
Union	10,692	0.6%	$427,094	0.5%	$22,212	0.5%	-0.9%	-6.0%	-7.0%
Wallowa	3,216	0.2%	$107,239	0.1%	$5,166	0.1%	-1.0%	-10.5%	-13.9%
Wasco	10,005	0.6%	$403,469	0.5%	$20,212	0.4%	-0.1%	-5.3%	-6.0%
Washington	222,857	12.6%	$13,622,179	16.3%	$801,559	17.2%	-1.5%	-6.5%	-7.3%
Wheeler	554	0.0%	$15,150	0.0%	$723	0.0%	2.0%	1.8%	-9.7%
Yamhill	38,312	2.2%	$1,862,592	2.2%	$97,063	2.1%	-1.7%	-8.1%	-11.1%
Clark Co., Wa	55,820	3.2%	$2,204,592	2.6%	$126,133	2.7%	-3.8%	-6.2%	-6.1%
Other Wash.	33,717	1.9%	$697,841	0.8%	$64,836	1.4%	-4.1%	-32.5%	-8.4%
California	28,003	1.6%	$619,598	0.7%	$30,795	0.7%	-3.0%	-12.5%	-6.8%
Idaho	10,842	0.6%	$249,428	0.3%	$14,741	0.3%	0.1%	0.2%	0.9%
Other	53,432	3.0%	$1,206,013	1.4%	$75,245	1.6%	-3.5%	-12.4%	-8.4%
Total	**1,768,397**	**100.0%**	**$83,680,367**	**100.0%**	**$4,656,234**	**100.0%**	**-2.1%**	**-7.1%**	**-7.2%**

EXHIBIT 29
Average Adjusted Gross Income Full-Year Resident Filers Tax Year 2009

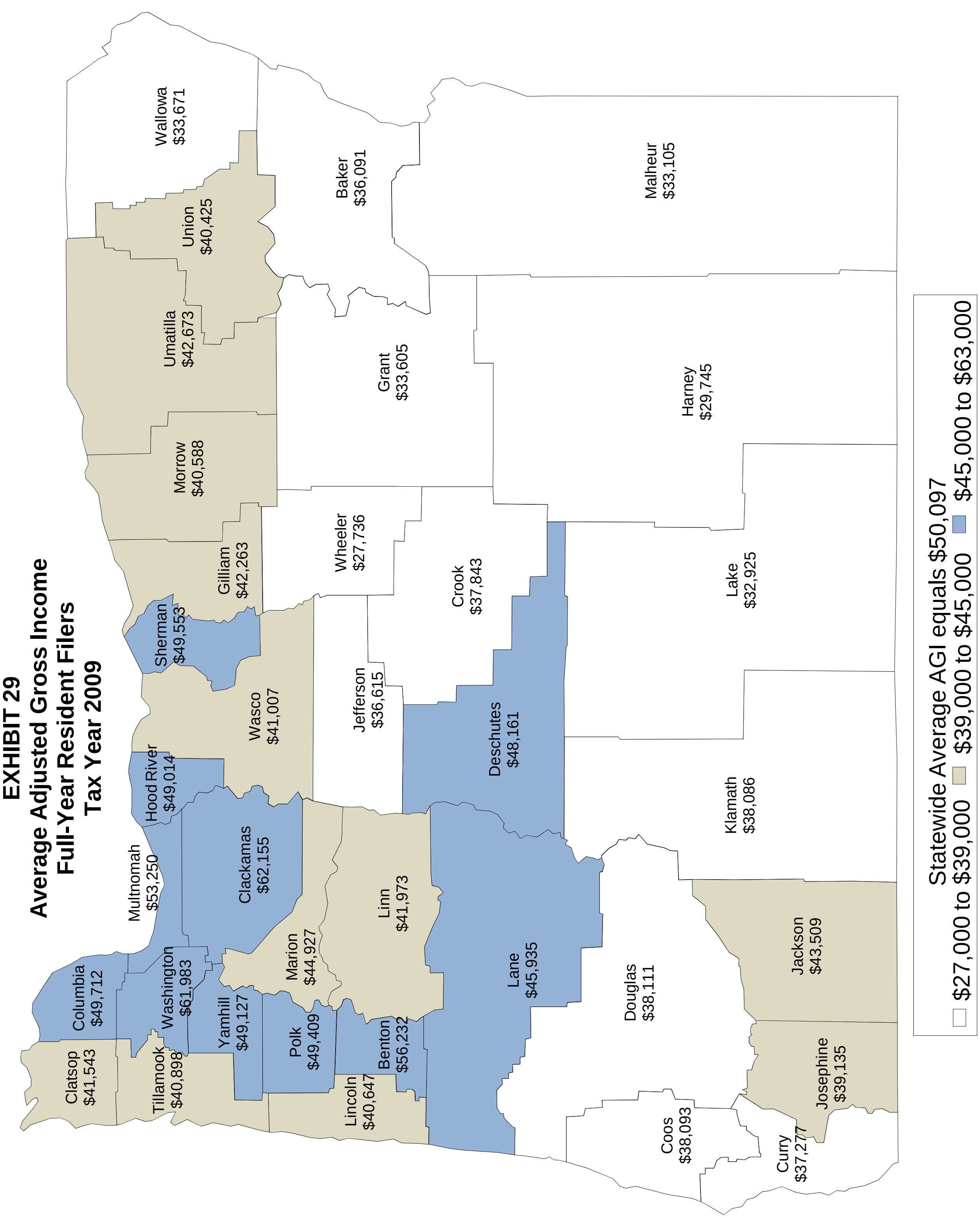
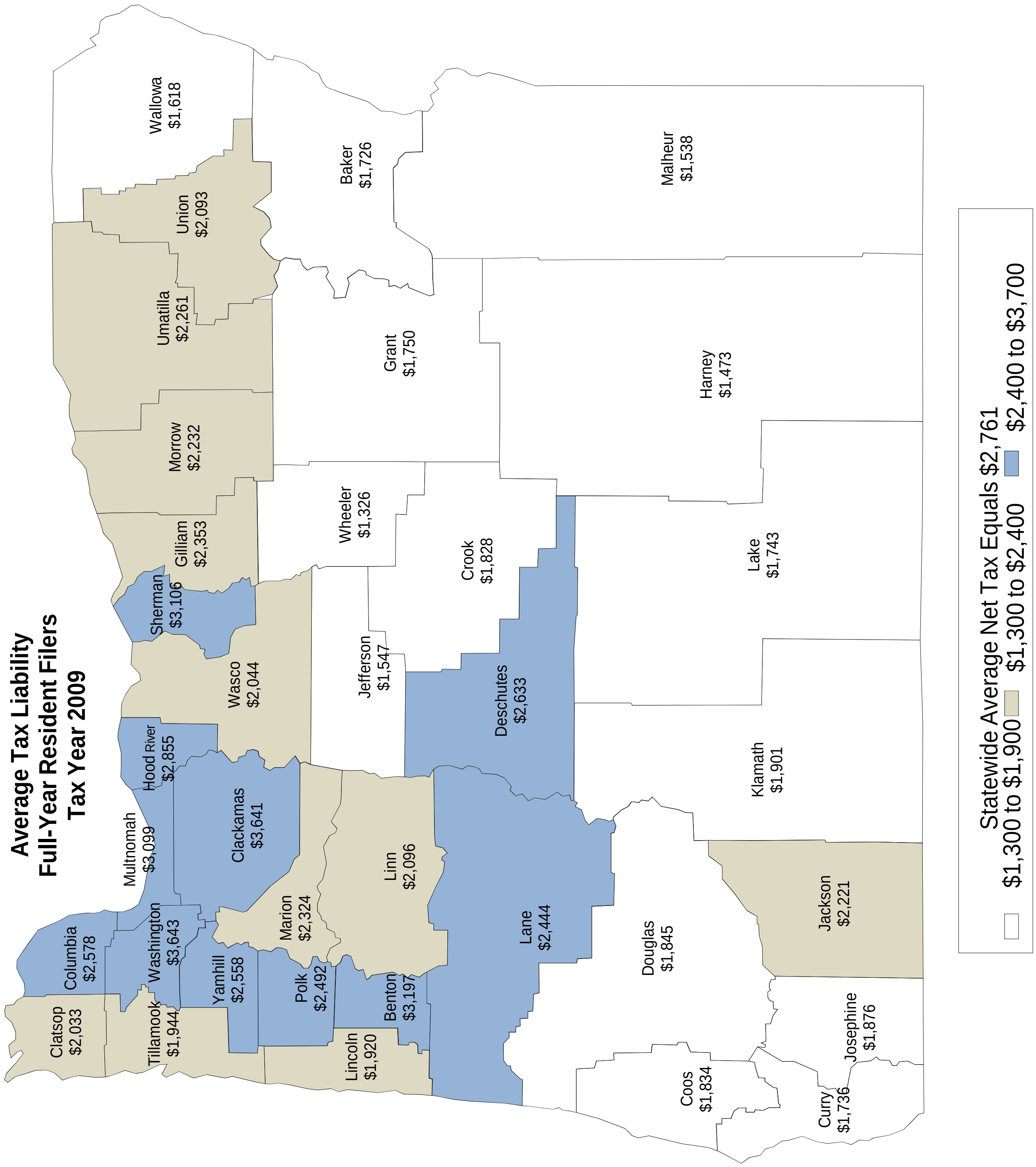


EXHIBIT 30
Average Tax Liability
Full-Year Resident Filers
Tax Year 2009



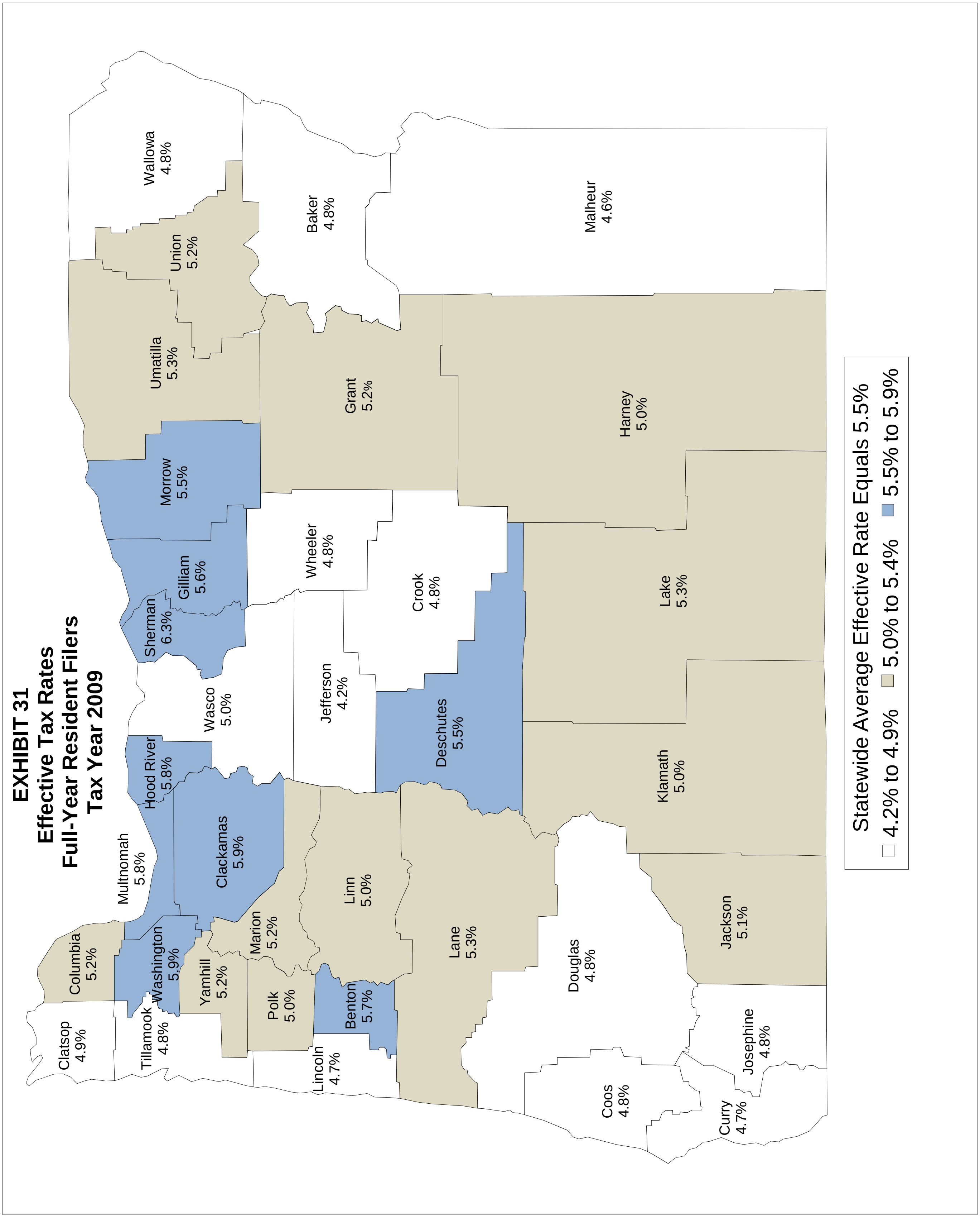


EXHIBIT 31
Effective Tax Rates
Full-Year Resident Filers
Tax Year 2009
Wallowa 4.8%
Union 5.2%
Umatilla 5.3%
Morrow 5.5%
Gilliam 5.6%
Sherman 6.3%
Wasco 5.0%
Hood River 5.8%
Multnomah 5.8%
Clackamas 5.9%
Columbia 5.2%
Washington 5.9%
Clatsop 4.9%
Tillamook 4.8%
Yamhill 5.2%
Marion 5.2%
Polk 5.0%
Lincoln 4.7%
Benton 5.7%
Linn 5.0%
Lane 5.3%
Baker 4.8%
Grant 5.2%
Wheeler 4.8%
Jefferson 4.2%
Crook 4.8%
Deschutes 5.5%
Malheur 4.6%
Harney 5.0%
Lake 5.3%
Klamath 5.0%
Douglas 4.8%
Coos 4.8%
Curry 4.7%
Josephine 4.8%
Jackson 5.1%
Statewide Average Effective Rate Equals 5.5%
4.2% to 4.9%
5.0% to 5.4%
5.5% to 5.9%

Appendix A

2 Percent Surplus Refund (Kicker) History

The 1979 Oregon Legislature passed the "2 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 2 percent.

This limitation is applied separately to corporate income tax revenue, and the sum of personal income tax revenue and all other General Fund revenue. If revenues from the corporation income tax exceed their forecast by more than 2 percent, then all revenue in excess of the forecast is refunded to corporations. If revenues from all other General Fund sources exceed their forecast by more than 2 percent, the total excess is refunded to individuals through the personal income tax program. The information included here pertains only to the personal income tax kicker.

Prior to 1994, these refunds were made via a tax credit on the Oregon tax form for the calendar year in which the biennium ended. For example, actual revenues exceeded the forecast amount for the 1987–89 biennium (which ended on June 30, 1989), so the credit was allowed on 1989 tax returns.

The 1995 Oregon Legislature changed the method by which the refund was issued to taxpayers. Since 1995, the refunds have been made as direct payments to taxpayers via a check. Prior to the 2007 kicker, 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.

2 Percent Personal Income Kicker History

Biennium	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	1995	163	6.3%	111	55
1995-97	1997	432	14.4%	287	140
1997-99	1999	167	4.6%	103	49
1999-01	2001	254	6.0%	155	70
2001-03	2003	-1,249	None	---	---
2003-05	2005	-401	None	---	---
2005-07	2007	1,071	18.6%	609	295
2007-09	2009	-1,113	None	---	---

** Prior to 1995, the kicker was returned to taxpayers via a credit on the tax return, so "Year" corresponds to the tax year. Since 1995, refund checks have been mailed directly to taxpayers. In these cases, "Year" reflects the year when the kicker was distributed.*

Refund checks are mailed to taxpayers in the year in which the biennium ends and are commonly referred to as "kicker checks." For example, actual revenues for all components of the General Fund except the corporate tax exceeded the forecast amount for the 2005–07 biennium, so refunds were required. Based on 2006 income tax liability before credits, taxpayers were issued checks in the fall of 2007. Since the inception of the kicker law, refunds have been issued for seven of the 14 biennia.

For the 1989–91 biennium, the surplus of $186 million would have resulted in a credit of approximately 10 percent, but the Legislature voted to suspend the kicker. The 2005-07 biennium had revenues that exceeded the forecast by $1.07 billion, resulting in a refund of 18.6 percent of pre-credit liability.

Information presented in this publication comes primarily from Oregon tax returns that were received by the Oregon Department of Revenue (DOR) during the calendar year following the tax year. Amended returns and returns received later are not included.

Aside from initial adjustments made during return processing, data concerning return adjustments (e.g., from audit activity) is not included nor accounted for. Considerable data validation is used in an attempt to maintain accuracy of reported information and ensure the internal consistency of individual returns.

Data Handling

As returns are received, initial screening is performed to identify obvious errors. Following that, the return data are independently double entered into the DOR computer system and processed through a system that identifies tax amount errors.

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

To the extent that it is possible, inconsistent data are modified 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, the reported amount is replaced with the corrected amount.
- If the return claims a credit or subtraction that is larger than what is statutorily allowed, 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.)
- To determine counties and cities accurately, address standardization software is used.
- If a line on a return is blank, the associated value is set to zero.
- Missing data concerning the federal tax is imputed using data provided by the IRS.
- 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.)

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, statistical summaries are created. 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 1993 to 2000) 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 what quintile each return is placed. Due to ties in ranks, the number of returns represented by each quintile differs slightly.

Components of Income

Components of income as displayed in Exhibits 14 and 15 use simple categorization of income based on the line items of the income section of the federal tax returns. They are summarized by line item with several exceptions.

- Interest and Dividends: interest and dividend line items are grouped to form this component.
- Retirement: IRA distributions, pensions and annuities, and taxable Social Security line items are grouped to form this component.
- Miscellaneous: alimony, unemployment and other income line items, as well as income that is of an unknown source due to missing data, are grouped to form this component.

For Exhibit 15, additional grouping is done. Farm income is grouped in the miscellaneous component and rental real estate, royalties, partnerships, S corporations, trusts, etc., are grouped with the business component.

Additions. Amounts added to federal AGI to reflect differences between Oregon and federal tax laws.

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 gross income to compute federal AGI on federal Forms 1040 and 1040A.

Biennium. The period of two fiscal years for which the state budgets are determined. For example, July 1, 2007 to June 30, 2009 is referred to as the 2007–2009 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 child 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 2009, the exemption credit was $176 or $58 per exemption. 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 2009, 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 election on interest and dividends of a minor child. The amount of interest and dividend income earned by a minor child that is subject to federal tax.

Beginning in 1989, parents can elect to report the child's income on their own return. This addition was combined with other additions beginning on 1996 returns.

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 deduction. An Oregon deduction for federal income tax liability. For 2009, the deduction is limited to $5,850 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 14. The Social Security subtraction is reported in Exhibit 19.

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

Head of household. Filing status available for unmarried persons 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.

Joint returns. Returns representing the combined income of two taxpayers allowed to file together because they are spouses or Oregon registered domestic partners.

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

Minor child income addition. See ***Federal election on interest and dividends of a minor child.***

Miscellaneous income. Positive and negative income reported on the federal return as alimony, unemployment 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.

Oregon special medical deduction. Beginning with 1991 returns, filers who itemized and met the age requirement were entitled to an additional deduction of the lesser of Schedule A line 1 or line 3.

The age eligibility was 58 or older for 1991 and 1992 returns, and increased by one year every two tax years until it reached age 62. It has been fixed at age 62 since 1999.

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).

Property sales. The sum of capital gains/losses and other gains/losses (lines 13 and 14 on federal Form 1040) from selling property.

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.

Real property. Land and land improvements, including buildings, timber, and orchard trees.

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.

Separate returns. Returns filed by married individuals who are not filing joint returns.

Single returns. Returns filed by single individuals who do not qualify as head of household.

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 2 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.

Subtractions. Amounts subtracted from federal AGI to reflect differences between Oregon and federal tax laws.

Tangible property. Any capital asset having physical existence, including real property.

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 nonrefundable 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.

Unknown income. Total adjusted gross income is listed as “unknown” when the taxpayer does not identify the specific component(s) of income.

Working family child care credit. A credit available to low-income families with qualifying child care expenses. The amount is based on ad