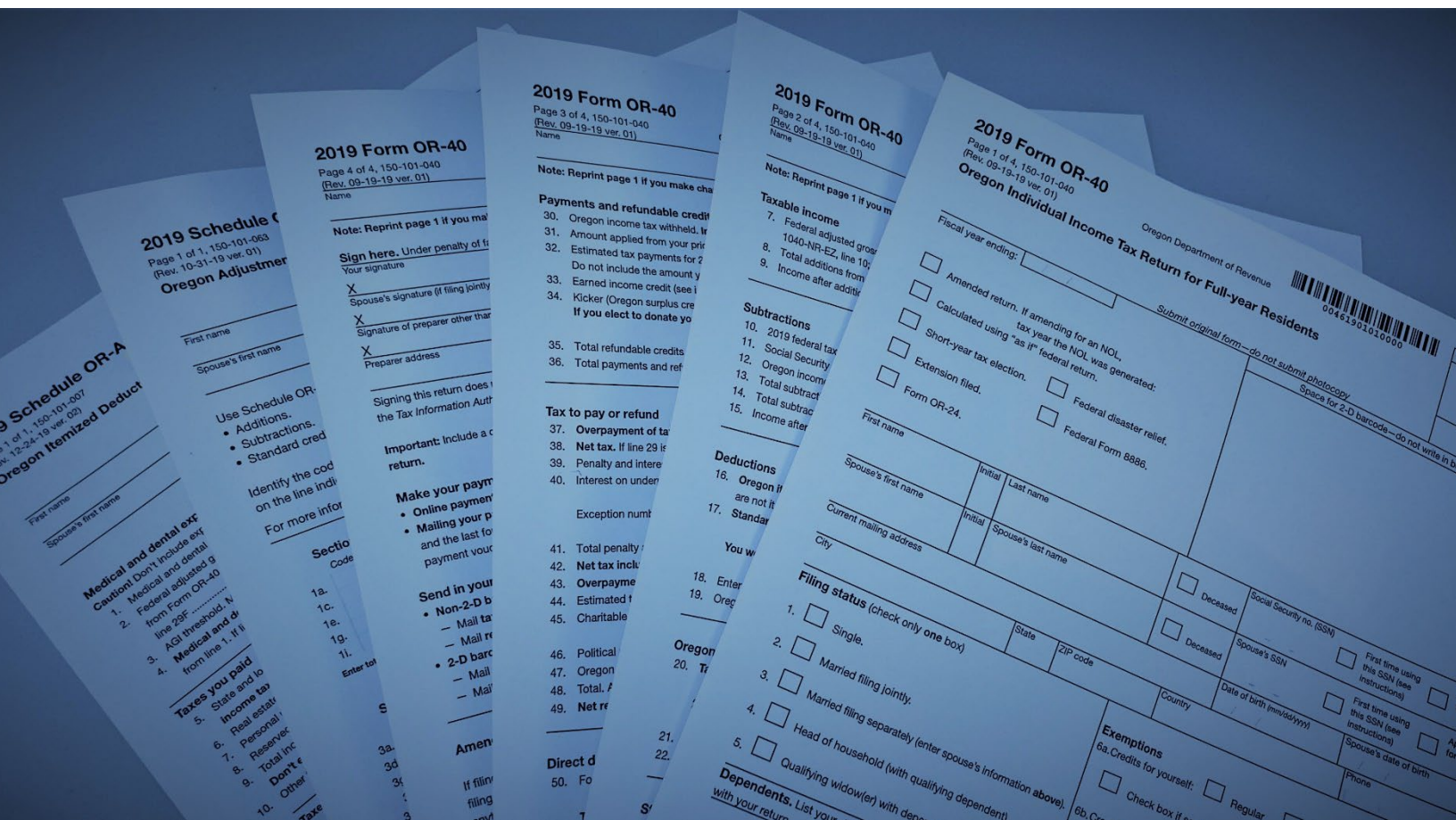


Oregon Personal Income Tax Statistics

Characteristics of Filers

2021 Edition: Tax Year 2019

150-101-406 (Rev. 6-21)



Disclaimer: This report is not for the purpose of providing legal advice.

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Statistical publications are also available on our web site:

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Taxpayer Assistance Information

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Oregon Personal Income Tax Statistics

Characteristics of Filers

**2021 Edition
Tax Year 2019**

Prepared by

**Research Section
Principal analyst: Mark Beilby**

**Oregon Department of Revenue
Salem OR 97301-2555**

150-303-405 (Rev. 6-21)

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Oregon's largest source of tax revenue is the personal income tax, and it accounted for about 84 percent of the General Fund for the 2019-21 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 annual report presents statistical summaries of information about the personal income tax system and provides a foundation for understanding the characteristics of Oregon's personal income tax filers.

The structure of information in the report follows the general flow of calculations on the federal and Oregon tax return forms:

- *Federal Form 1040*: Historical information for federal adjusted gross income (AGI) and detailed information on types of income and adjustments that make up AGI.
- *Oregon Form OR-40*: High-level and historical information on Oregon taxable income, tax liability, additions, subtractions, deductions, reduced tax rates for business income credits, credits, and payments and refunds.
- *Oregon Schedule OR-ASC*: Detailed information on Oregon additions, subtractions, and credits.
- *Oregon Schedule OR-A*: Detailed information on Oregon itemized deductions.

This edition of *Oregon Personal Income Tax Statistics* provides detailed statistics based on tax year 2019 income tax returns received by the Oregon Department of Revenue in the 2020 calendar year and in January 2021, as taxpayers affected by the wildfires¹ that occurred in Oregon in 2020 were allowed until January 15, 2021 to submit returns. Also included in the report are comparisons of tax year 2019 personal income tax statistics to those of previous tax years.

The document contains the following main sections:

- *Highlights*: This section illustrates selected statistics showcasing a comparison between the 2018 and 2019 tax years.
- *Personal Income Tax Calculation*: This section explains how personal income tax is calculated, and includes a diagram outlining its main components.
- *Characteristics of Filers*: This section provides a historical summary of returns, information from the components of the federal and Oregon tax return forms, information on part-year resident and nonresident returns, and county-level data.

¹ The 2020 wildfire season was one of the most destructive on record in the state of Oregon with thousands of homes destroyed. The Department of Revenue granted relief to taxpayers who were victims of the wildfires by extending the due date to file their 2019 personal income tax return to January 15, 2021.

Section I: Introduction

- *Appendices:*

A: Discusses the surplus refund (kicker) and historical data for 1979 through 2019.

B: Provides additional discussion about return data, statistical reporting, and the components of income for the current report.

C: Contains a glossary of terms (section and terms in dark blue) used in this report; however, the glossary does not define all terms related to Oregon's personal income tax. See *Publication OR-17, Oregon Individual Income Tax Guide, 2019* for a complete listing with additional information at the following link: <http://www.oregon.gov/DOR/forms>.

The data presented in this report includes only those people who have filed an Oregon personal income tax return. Because some people may not be required to file an Oregon personal income tax return, the data does not provide a complete picture of income earned by Oregonians and nonresidents with Oregon sourced income. Some people may have income but could have no tax liability after including their standard deduction and personal exemption credit, and therefore may not be required to file a tax return.

Actual tax receipts may vary from this report because some filers failed to pay their full Oregon tax liability or paid after 2020. The report does not include information from audits, amended tax returns, or original returns received after January 2021. 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.

Additional information about Oregon's personal income tax and areas of particular interest are available. Such information, publications, and forms are found on the following Oregon Department of Revenue webpages:

<http://www.oregon.gov/DOR/stats>

- The history of Oregon tax law changes, and tables of changes to personal income brackets, tax rates, standard deduction, and personal exemption deduction and credit through the years.
- Detailed tables on the statistics of Oregon personal income tax for tax year 2019 and previous years, as well as past personal income tax statistics reports.
- Information about adjustments, deductions, subtractions, and credits within the *State of Oregon 2021–23 Tax Expenditure Report*, another Department of Revenue publication.

<http://www.oregon.gov/DOR/forms>

- Personal income tax filing requirements and a complete list with detailed descriptions of types of income, federal adjustments, and Oregon additions, subtractions, and credits within *Publication OR-17, Oregon Individual Income Tax Guide*, 2019 edition and previous yearly editions.
- Personal income tax forms and instructions for current and previous tax years.

The section gives high-level information on Oregon personal income tax returns² received for tax year 2019. A return is associated with only one filer. This information focuses on the total number of returns filed, those filed electronically, and the Oregon adjusted gross income, taxable income and tax liability reported on returns for full-year residents, part-year residents and nonresidents.

Exhibit 1—Oregon Personal Income Tax Selected Statistics Tax Years 2018 and 2019

	Full-Year Resident			Part-Year and Nonresident			All Returns		
	2018	2019	Growth	2018	2019	Growth	2018	2019	Growth
Number of Returns	1,819,170	1,889,720	3.9%	309,580	322,970	4.3%	2,128,750	2,212,690	3.9%
Electronic Filed Returns	1,597,200	1,689,160	5.8%	274,750	291,410	6.1%	1,871,950	1,980,570	5.8%
Oregon AGI* (\$ billions)	\$132.5	\$138.0	4.2%	\$11.0	\$11.4	3.4%	\$143.5	\$149.4	4.1%
Taxable Income* (\$ billions)	\$106.5	\$111.4	4.6%	\$10.1	\$10.5	3.6%	\$116.6	\$121.8	4.5%
Tax Liability* (\$ billions)	\$8.3	\$8.7	4.9%	\$0.7	\$0.8	5.0%	\$9.0	\$9.5	4.9%
Average Oregon AGI (\$)	\$72,850	\$73,050	0.3%	\$35,520	\$35,210	-0.9%	\$67,420	\$67,520	0.1%
Average Tax Liability (\$)	\$4,560	\$4,610	1.1%	\$2,380	\$2,400	0.8%	\$4,240	\$4,280	0.9%
Effective Tax Rate**	6.3%	6.3%		6.7%	6.8%		6.3%	6.3%	

* See glossary of terms in Appendix C.

** Tax liability divided by adjusted gross income.

- For tax year 2019, the Oregon Department of Revenue received 2.21 million personal income tax returns, a 3.9 percent increase from tax year 2018.
- The total Oregon adjusted gross income of 2019 Oregon filers grew to \$149.4 billion, up 4.1 percent from \$143.5 billion in 2018. The average AGI for all filers was \$67,420 in 2019, an increase of 0.1 percent from \$67,420 for 2018.
- The 2019 total tax liability for all filers was \$9.5 billion, up 4.9 percent from \$9.0 billion for 2018.
- The average tax liability for all filers was \$4,280 for 2019, up 0.9 percent from \$4,240 for 2018.
- There were 1.98 million returns filed electronically for tax year 2019, a 5.8 percent increase from 2018. Electronically filed returns represented 90 percent of all returns for tax year 2019, about a 2 percent increase from those filed for tax year 2018.

² See Section IV Characteristics of Filers (1) Returns, pages 14–20, for additional information, and the glossary of terms in Appendix C for specific definition of terms.

Federal Connection

Calculating Oregon's personal income tax starts at the federal level as shown in the Exhibit 2 flowchart, on the following page. This flowchart is a visual representation of the income tax calculation as it relates to the **full-year resident**. This section discusses the components³ of the calculation, provides examples, and presents additional information.

The connection to the federal definition of **taxable income** makes the tax easier for the state of Oregon to administer. Using the same definition of income also helps simplify the Oregon tax return and reduces the number of calculations filers need to make.

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 rolling reconnect was suspended intermittently for several years from 2003 to 2010. Since 2011, the rolling reconnect has been in place.

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**. The itemized deductions are subtracted at a later point in the calculation. One consequence to note from the **Tax Cuts and Job Act (TCJA)**, passed by Congress in late 2017 and beginning tax year 2018, is related to itemized deductions. The number of taxpayers itemizing at the federal level decreased significantly, because the federal standard deduction was increased significantly. However, since the Oregon standard deduction did not change (except for an inflation adjustment), there were large number of taxpayers who itemized their deductions only for their Oregon personal income tax return and claimed the standard deduction on their federal return.

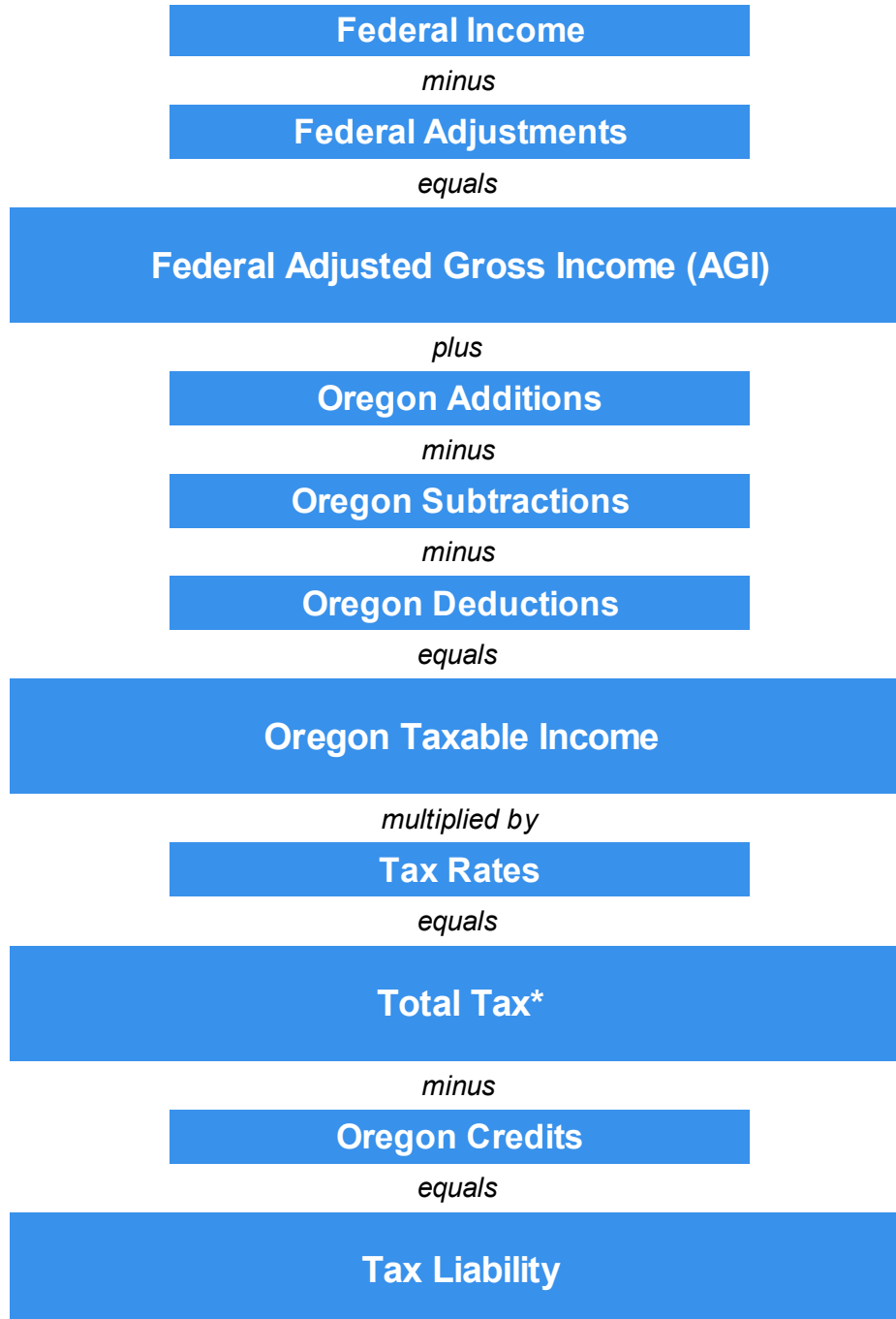
Part-year Residents and Nonresidents (PY/NR) of Oregon

For **part-year residents**, their taxable income is based on income from all sources, and the tax is prorated by the ratio of Oregon income to federal income. Their Oregon income is income from all sources while an Oregon resident and any Oregon sourced income while a nonresident. For **nonresidents**, the federal tax subtraction 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 only 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.

³ The glossary of terms in Appendix C, page 65, gives specific definitions for many of the components. Since the glossary does not define all terms related to Oregon's personal income tax, see *Publication OR-17, Oregon Individual Income Tax Guide, 2019* at <http://www.oregon.gov/DOR/forms> for additional information.

Section III: Personal Income Tax Calculation

Exhibit 2– Calculation How Oregon Personal Income Tax is Calculated



* For a small number of filers, total tax includes tax related to interest on installment sales, farm income averaging, farm capital gains taxed at five percent, or income from qualified pass-through entities taxed at reduced rates.

Federal Income

Federal income is the gross income people receive from all sources in the form of money, goods, property, and services that is not exempt from federal income tax, including any income from sources outside the United States.

Federal income types include:

- 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
- S corporation income/loss
- Estate and trust income/loss
- Unemployment compensation
- Social Security income
- Retirement plan distributions

Filing Requirements

A single person or married persons who have income may not have to file an Oregon personal income tax return if their gross income is below a certain amount. A 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 or registered domestic partner (RDP). Dependents listed on taxpayers’ returns are not considered taxpayers unless they file their own Oregon personal income tax return. Exhibit 3 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.

**Exhibit 3—Minimum Filing Requirements for Full-Year Residents
Tax Year 2019**

Filing status	Gross income more than
Single	\$6,230
Married filing separately	\$6,230
Married filing jointly	\$12,460
Head of household.....	\$7,775
Qualifying widow(er)	\$8,665
Can be claimed as a dependent.....	\$1,100

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

Section III: Personal Income Tax Calculation

Federal Adjusted Gross Income (AGI)

Federal adjusted gross income is the total from all federal income sources minus federal adjustments.⁴ Federal AGI is the starting point on the Oregon personal income tax return for full-year resident filers when they calculate their Oregon personal income tax. For full-year resident filers their federal AGI is the same as their Oregon AGI, and in this report will often be referred to as adjusted gross income or AGI.

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
- Federal income tax (up to \$6,800 for 2019)
- Social Security income
- Federal pension income
- U.S. bond interest
- Military active duty pay
- Scholarship awards used for housing expenses

Oregon deductions

In general, filers are allowed to reduce their Oregon AGI by either their allowed standard deduction or their itemized deduction, whichever is larger.

⁴ See Section IV Characteristics of Filers (3) Adjustments, pages 32–33, for additional information, and the glossary of terms in Appendix C for specific definition of terms.

- **Standard deductions for 2019:**

- \$4,545 if joint filer,
- \$3,655 if head-of-household filer
- \$2,270 if single filer
- \$2,270 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 Taxable Income:

Taxable income is Oregon AGI plus any Oregon additions⁵ minus any Oregon subtractions⁶ and deductions.⁷ If the result is negative, taxable income is set equal to zero.

Tax Rates and Total Tax

The total tax before any tax credits are subtracted consists of the amount of tax computed from taxable income using the current tax rates. The applicable tax rates and taxable income brackets are shown in Exhibit 4. 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

⁵ See Section IV Characteristics of Filers (4) Additions, pages 34–35, for additional information, and the glossary of terms in Appendix C for specific definition of terms.

⁶ See Section IV Characteristics of Filers (5) Subtractions, pages 36–37, for additional information, and the glossary of terms in Appendix C for specific definition of terms.

⁷ See Section IV Characteristics of Filers (6) Deductions, pages 38–40, for additional information, and the glossary of terms in Appendix C for specific definition of terms.

Section III: Personal Income Tax Calculation

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.

Exhibit 4—Tax Brackets Tax Year 2019

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

If taxable income is:	then tax is:
Not over \$3,550	5% of taxable income
Over \$3,550 but not over \$8,900	\$178 plus 7% of excess over \$3,550
Over \$8,900 but not over \$125,000	\$552 plus 9% of excess over \$8,900
Over \$125,000	\$11,001 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 \$7,100	5% of taxable income
Over \$7,100 but not over \$17,800	\$355 plus 7% of excess over \$7,100
Over \$17,800 but not over \$250,000	\$1,104 plus 9% of excess over \$17,800
Over \$250,000	\$22,002 plus 9.9% of excess over \$250,000

Qualified Business Income Reduced Tax Rate

A reduced tax rate⁸ structure on business income from pass-through entities (PTE) that meet certain requirements is available to Oregon personal income taxpayers. Beginning with tax year 2015, taxpayers with qualifying business income from a partnership, S corporation, or sole proprietorship (added beginning tax year 2018) can elect to use the following marginal tax rates on that income as referenced in Exhibit 5.

Exhibit 5—Tax Rates for Qualified Income from Pass-through Entities Tax Year 2019

Qualified Business Income	Tax Rate
\$1 to \$250,000	7.0%
\$250,001 to \$500,000	7.2%
\$500,001 to \$1,000,000	8.7%
\$1,000,001 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

⁸ See Section IV Characteristics of Filers (7) Qualified Business Income Reduced Tax Rate, page 41, for additional information.

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 count toward 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 tax rates in Exhibit 5 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 total 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 income in addition to their qualifying 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 deductions to the qualifying income.

Oregon tax credits include:

- Earned income (refundable)
- Retirement income
- Income tax paid to other states
- Rural health practitioners
- Working family household and dependent care (refundable)
- Oregon Cultural Trust contributions
- Political contributions

Tax Liability

Taxable liability, otherwise known as **tax liability**, is the amount of tax owed by a **taxpayer**. It is the **total tax** reduced by **credits**, notably 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 payment for the excess portion of the refundable credit.

Payments and Refunds

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**⁹ 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 plus any payment for the excess portion of a refundable credit.

⁹ See Section IV Characteristics of Filers (9) Payments and Refunds, page 46, for additional information, and the glossary of terms in Appendix C for specific definition of terms.

Section III: Personal Income Tax Calculation

Payment types include:

- Withholding
- Estimated payments
- Payment with the submitted return

An individual who files a personal income tax return is considered a filer. A return, either physical or electronic, is associated with only one filer. For joint returns, the person listed first on the tax return is the filer. The federal and Oregon tax returns are organized into distinct sections, each focusing on a specific component of the income tax system. This section discusses each component separately as a characteristic and provides summaries as well as historical trends. Key figures from tax year 2019 are compared to historical numbers to show trends and changes over time. Previous year data is the actual dollar amounts as reported and 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 (FYR) returns as Oregon taxes all 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 (PY) resident returns¹⁰ and nonresident (NR) returns¹¹ 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.

The number and types of returns filed are discussed first, followed by income and tax trends. Summaries of adjustments, additions, subtractions, deductions, reduced tax rates for business income, credits, and payments and refunds are followed by information on part-year resident returns and county-level data.

¹⁰ See Section IV Characteristics of Filers (1) Returns, pages 14–20, (2) Income and Tax, pages 21–31, and (10) Part-Year Residents, pages 49–53, for additional information, and the glossary of terms in Appendix C for specific definition of terms.

¹¹ See Section IV Characteristics of Filers (1) Returns, pages 14–20, and (2) Income and Tax, pages 21–31, for additional information, and the glossary of terms in Appendix C for specific definition of terms.

Section IV: Characteristics of Filers

1. Returns

The information making up the return is divided in several ways and described in this section: filing status, number of returns, return form type, return submittal type (i.e., electronic, 2-D, or paper), age of taxpayers, and historical trends.

Returns by Filing Status and Form Type

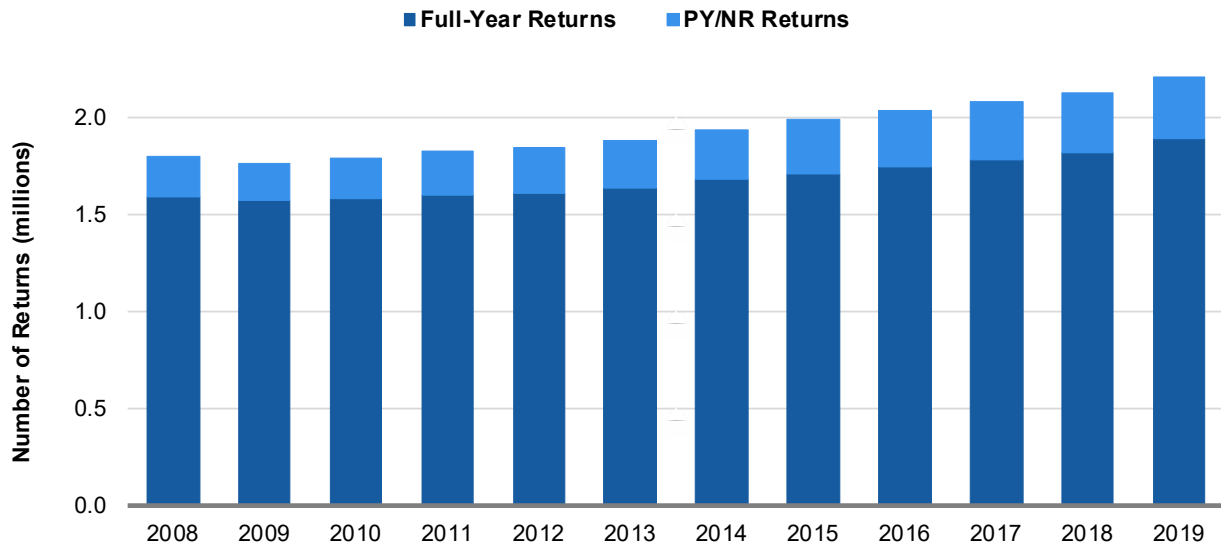
Exhibit 6 shows the number of 2019 returns by filing status and form type. Full-year residents use Form OR-40, part-year residents use Form OR-40-P, and nonresidents use Form OR-40-N. Of the more than 2.21 million returns filed for tax year 2019, over 85 percent of returns represented by taxpayers who were residents for the full year.

Exhibit 6—All Income Tax Returns By Filing Status and Form Type, Tax Year 2019

Filing Status	Full-Year Resident OR-40	Part-Year (PY) OR-40-P	Nonresident (NR) OR-40-N	Total
Single	947,670	66,280	87,810	1,101,770
Married Filing Jointly	716,390	28,770	110,120	855,290
Married Filing Separately	35,510	2,620	4,520	42,640
Head-of-Household	189,230	6,580	15,850	211,650
Qualifying Widow(er)	920	60	360	1,340
Total	1,889,720	104,320	218,650	2,212,690

Returns—Historical Trends

Exhibits 7a and 7b, on the following page, show the trend in returns filed since 2008 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 7a—Income Tax Returns (Historical)
By Full-year Resident and Part-year Resident/Nonresident, Tax Years 2008 to 2019**

**Exhibit 7b—Income Tax Returns (Historical Details)
By Full-year Resident and Part-year Resident/Nonresident, Tax Years 2008 to 2019**

Tax Year	Oregon Population*		Full-Year Returns		PY/NR Returns		All Returns	
	Number	Growth	Number	Growth	Number	Growth	Number	Growth
2008	3,745,455	1.5%	1,593,360	-1.5%	212,480	-2.5%	1,805,840	-1.6%
2009	3,791,075	1.2%	1,571,300	-1.4%	197,100	-7.2%	1,768,400	-2.1%
2010	3,823,465	0.9%	1,581,270	0.6%	210,410	6.8%	1,791,680	1.3%
2011	3,837,300	0.4%	1,599,960	1.2%	224,820	6.9%	1,824,790	1.8%
2012	3,883,735	1.2%	1,612,450	0.8%	233,810	4.0%	1,846,260	1.2%
2013	3,919,020	0.9%	1,636,510	1.5%	249,930	6.9%	1,886,440	2.2%
2014	3,962,710	1.1%	1,679,610	2.6%	263,070	5.3%	1,942,680	3.0%
2015	4,013,845	1.3%	1,711,180	1.9%	282,390	7.3%	1,993,570	2.6%
2016	4,076,350	1.6%	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	4.3%
2019	4,236,400	1.0%	1,889,720	3.9%	322,970	4.3%	2,212,690	3.9%

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

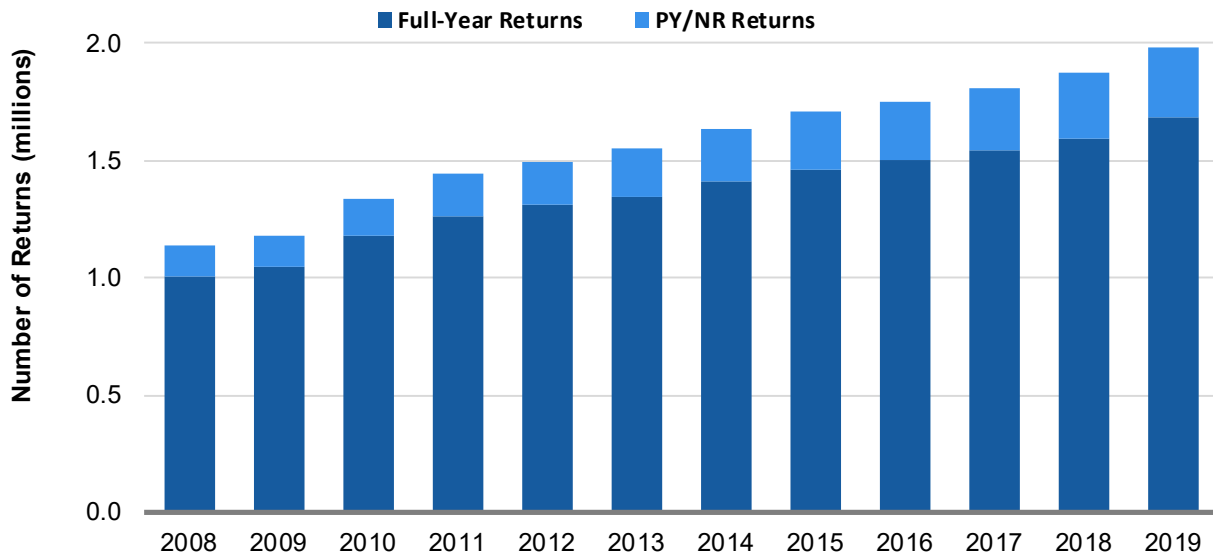
Electronic Returns

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 a web service to help

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tax preparers file electronically. 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. Exhibits 8a and 8b illustrates the growth in electronic filing from 2008 to 2019.

**Exhibit 8a—Electronically Filed Income Tax Returns (Historical)
By Full-year Resident and Part-year Resident/Nonresident, Tax Years 2008 to 2019**

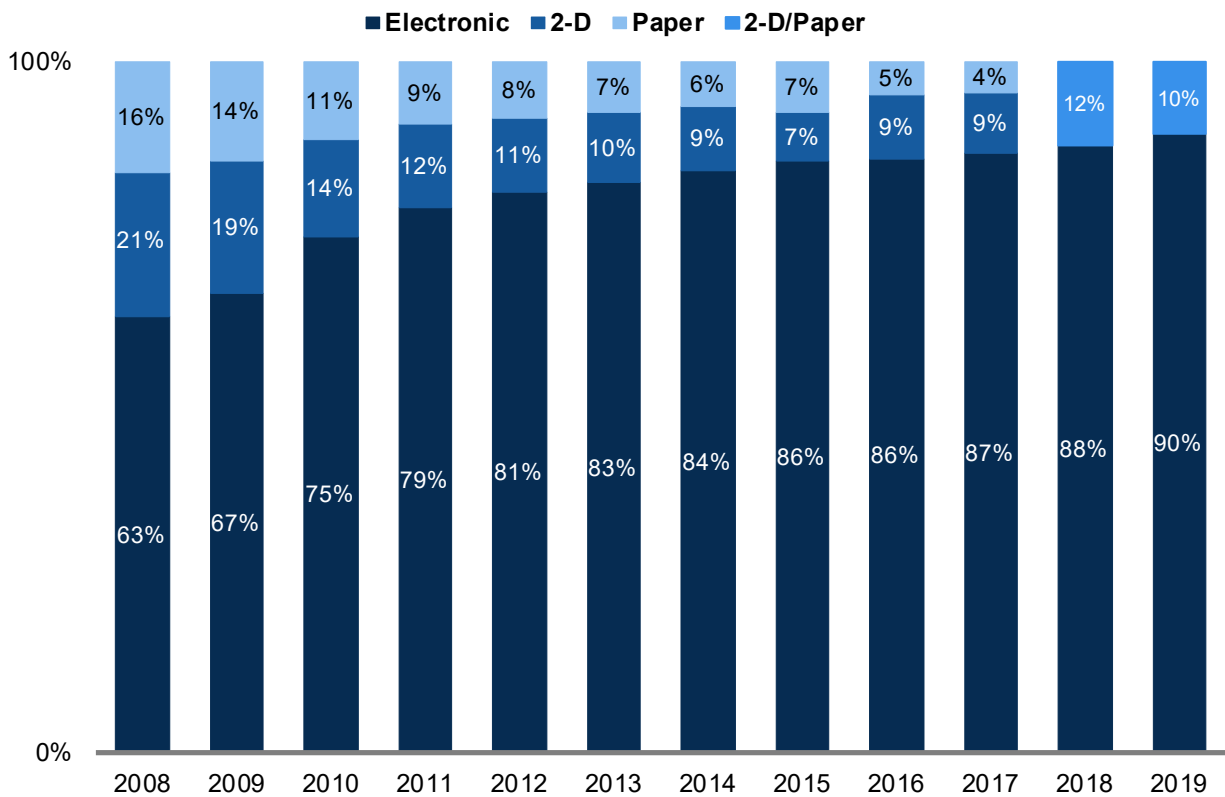


**Exhibit 8b—Electronically Filed Income Tax Returns (Historical Details)
By Full-year Resident and Part-year Resident/Nonresident, Tax Years 2008 to 2019**

Tax Year	Full-Year Returns		PY/NR Returns		All Returns	
	Number	Growth	Number	Growth	Number	Growth
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%
2019	1,689,160	5.8%	291,410	6.1%	1,980,570	5.8%

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 two percent of filed returns 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 for tax year 2010, both paper and 2-D filed returns have generally decreased. The slight increase in paper returns in 2015 was due an issue in processing 2-D returns, so some of the 2-D barcode returns were manually entered. Toward the end of processing tax year 2018 returns, the Department of Revenue installed a new imaging system to process paper and 2-D returns and the information received from this system does not differentiate paper and 2-D barcode returns.

**Exhibit 9—All Returns (Historical)
By Electronic, 2-D, and Paper, Tax Years 2008 to 2019**



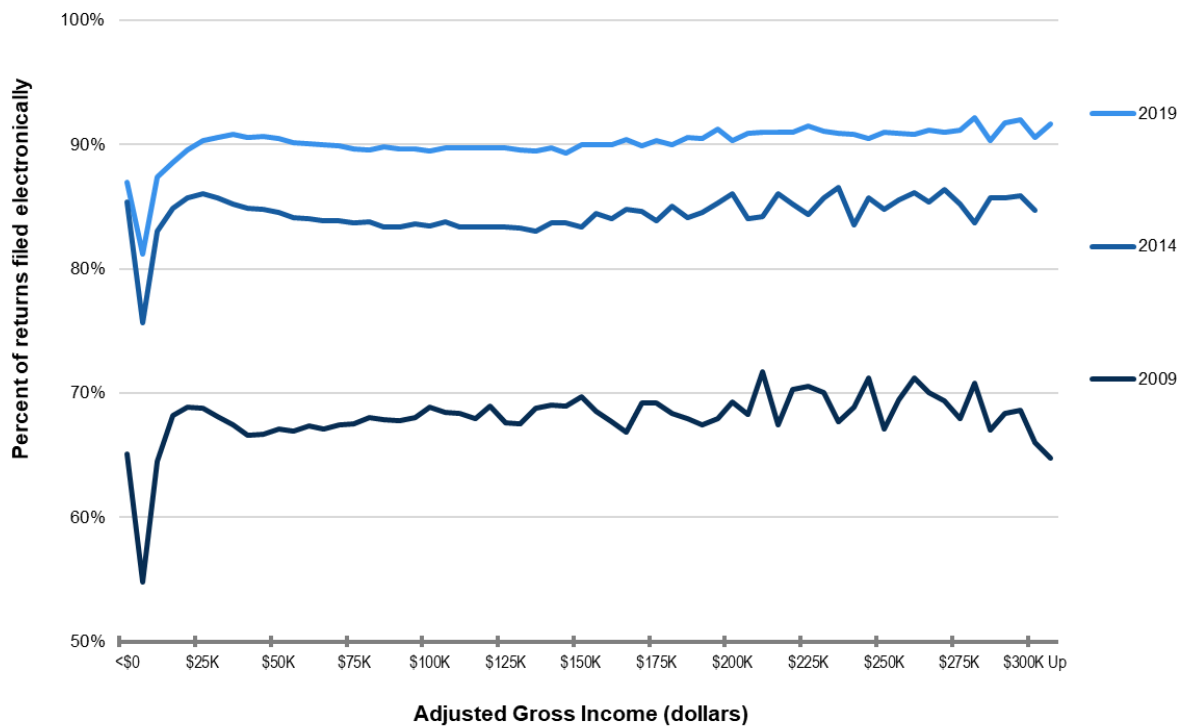
Beginning in tax year 2018, the data for 2D barcode returns and paper returns are combined.

Exhibit 10 shows the percent of full-year resident electronic returns by income level for 2008 to 2019. The percent of returns filed electronically is relatively constant across all incomes, except for individuals who report very low positive incomes, which are often simple returns, and they

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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.

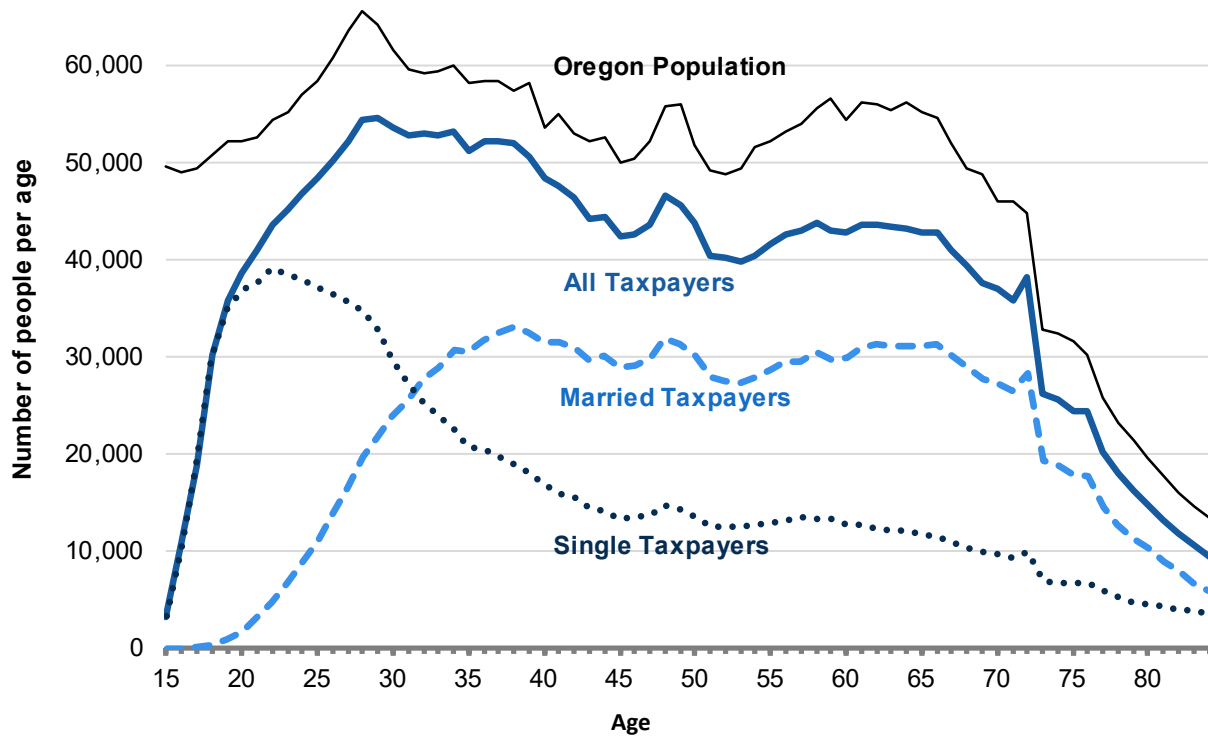
**Exhibit 10—Percent of Full-Year Resident Returns Filed Electronically
By Adjusted Gross Income, Tax Years 2009, 2014, and 2019**



Age of Taxpayers

Exhibit 11 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 Oregon population. 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, 2019, while tax return data represents tax year 2019 Oregon resident returns submitted during calendar year 2020; 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 11—Resident (Full and Part-Year) Taxpayer Returns By Age, Tax Year 2019



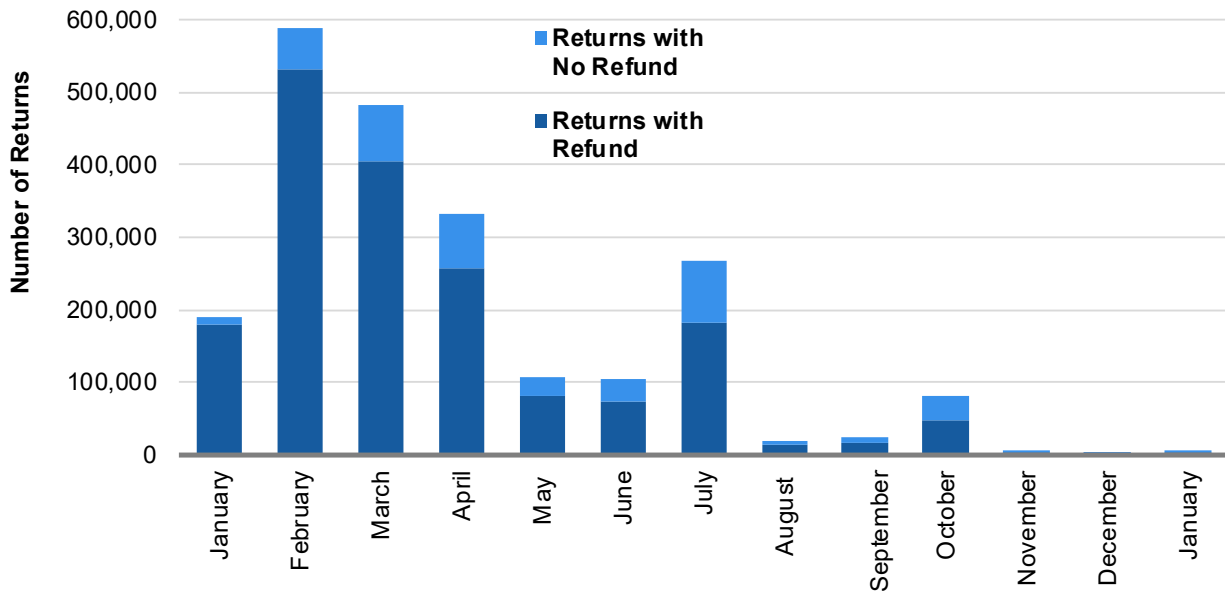
- (1) The chart represents 2.8 million resident (full and part-year) taxpayers.
- (2) Age is not known for less than 1 percent of taxpayers, so they are not represented.
- (3) Oregon population age data is from the Oregon Office of Economic Analysis.

Timing of Filing Tax Returns

The information in Exhibit 12 is based on original 2019 income tax returns received by the Oregon Department of Revenue in the 2020 calendar year and January 2021 from those taxpayers affected by the wildfires. The department receives returns throughout the year and typically the department receives most of those returns by the April 15 deadline. Tax year 2019 was unusual, because in March 2020 the department extended the due date until July 15, 2020 following the federal personal income tax due date extension because of the COVID-19 pandemic. Exhibits 12 a and b, on the following page, show 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 4 percent of taxpayers filed near the extension deadline of October 15.

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**Exhibit 12a—Number of Returns Received, from All Returns
By Month, Tax Year 2019**



**Exhibit 12b—Number of Returns Received, from All Returns (Details)
By Month, Tax Year 2019**

	Returns with No Refund	Returns with Refund	All Returns		
			Number	Share	Cumulative
January	10,910	178,450	189,360	8.6%	8.6%
February	54,860	532,640	587,500	26.6%	35.1%
March	79,160	404,460	483,610	21.9%	57.0%
April	74,220	257,660	331,890	15.0%	72.0%
May	27,490	80,190	107,680	4.9%	76.8%
June	30,400	73,960	104,370	4.7%	81.6%
July	86,130	181,910	268,040	12.1%	93.7%
August	6,280	14,040	20,320	0.9%	94.6%
September	8,100	15,190	23,290	1.1%	95.6%
October	33,710	48,140	81,850	3.7%	99.3%
November	2,150	4,010	6,160	0.3%	99.6%
December	1,180	2,130	3,310	0.2%	99.8%
January	2,010	3,310	5,320	0.2%	100.0%
Total	416,600	1,796,090	2,212,690		

2. Income and Tax

This section looks at income and tax in several different ways, including categorical by resident type, historical trends, effective tax rates, distribution by income, and types of income.

Oregon Adjusted Gross Income and Tax Liability by Residence Type

Federal adjusted gross income (AGI) consists of income subject to federal tax minus federal adjustments. For full-year residents, Oregon adjusted gross income equals federal AGI. Part-year residents derive their Oregon AGI from all income while the taxpayer was a resident of Oregon and any Oregon sourced income while they were a nonresident. Nonresidents derive their Oregon AGI from income sourced in Oregon.

Full-year residents accounted for over 85 percent of the tax returns, 92 percent of Oregon adjusted gross income, and 92 percent of the tax liability in 2019. Exhibit 13 is a summary of the number of returns, adjusted gross income, and Oregon tax liability by residency status, as determined by the type of return the taxpayer filed.

Exhibit 13—Returns, Oregon AGI, and Tax Liability from All Returns By Residence Type, Tax Year 2019

Return Type	Returns		Oregon AGI		Tax Liability	
	Number	Share	\$ (millions)	Share	\$ (millions)	Share
Full-Year (OR-40)	1,889,720	85.4%	\$138,036.4	92.4%	\$8,704.0	91.8%
Part-Year (OR-40-P)	104,320	4.7%	\$3,649.8	2.4%	\$253.0	2.7%
Nonresident (OR-40-N)	218,650	9.9%	\$7,722.4	5.2%	\$521.8	5.5%
Total	2,212,690	100%	\$149,408.6	100%	\$9,478.8	100%

Oregon Adjusted Gross Income—Historical Trends

Exhibits 14a and 14b, on the following page, show the trend in Oregon AGI since 2008 for full-year resident returns, part-year resident/nonresident returns 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 4.1 percent in 2019, going from \$143.5 billion in 2018 to \$149.4 billion in 2019.

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Exhibit 14a–Total Oregon Adjusted Gross Income (Historical) By Full-Year Resident and PY/NR Returns, Tax Years 2008 to 2019

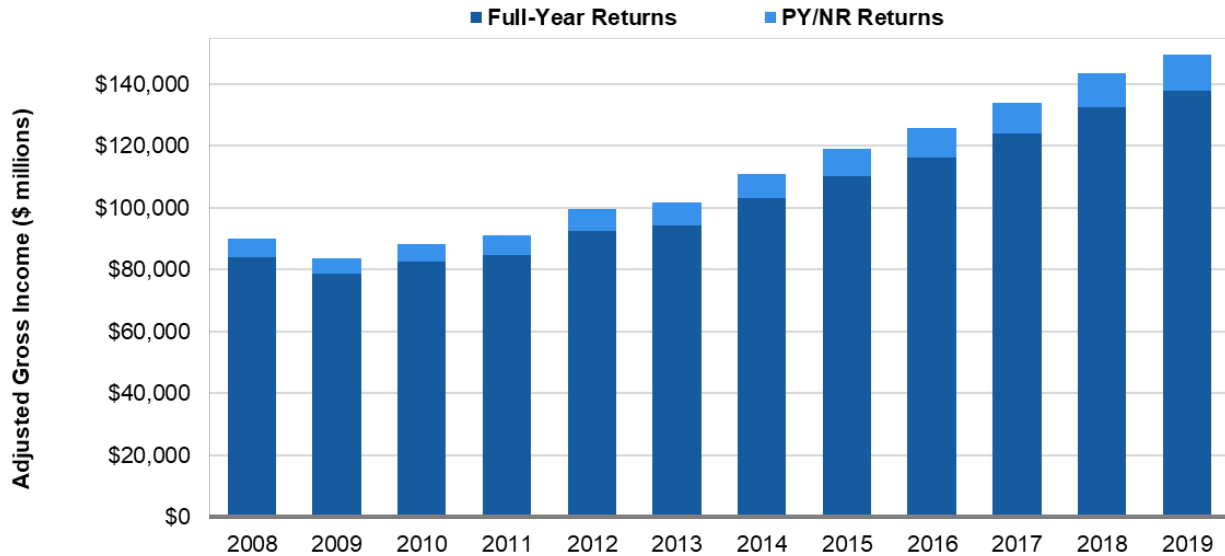


Exhibit 14b–Total Oregon Adjusted Gross Income (Historical Details) By Full-Year Resident and PY/NR Returns, Tax Years 2008 to 2019

Tax Year	Full-Year Returns			PY/NR Returns			All Returns		
	Average (\$)	Total (\$ millions)	Growth in Total	Average (\$)	Total (\$ millions)	Growth in Total	Average (\$)	Total (\$ millions)	Growth in Total
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%
2019	\$73,050	\$138,036.4	4.2%	\$35,210	\$11,372.1	3.4%	\$67,520	\$149,408.6	4.1%

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. Exhibits 15a and 15b, on the following page, show the trend in Oregon taxable income since 2008 for full-year resident returns, the total of part-year resident/nonresident returns (PY/NR), and all returns. The yearly trend in the total taxable income closely correlate to total Oregon AGI.

Exhibit 15a–Total Taxable Income (Historical) By Full-Year Resident and PY/NR Returns, Tax Years 2008 to 2019

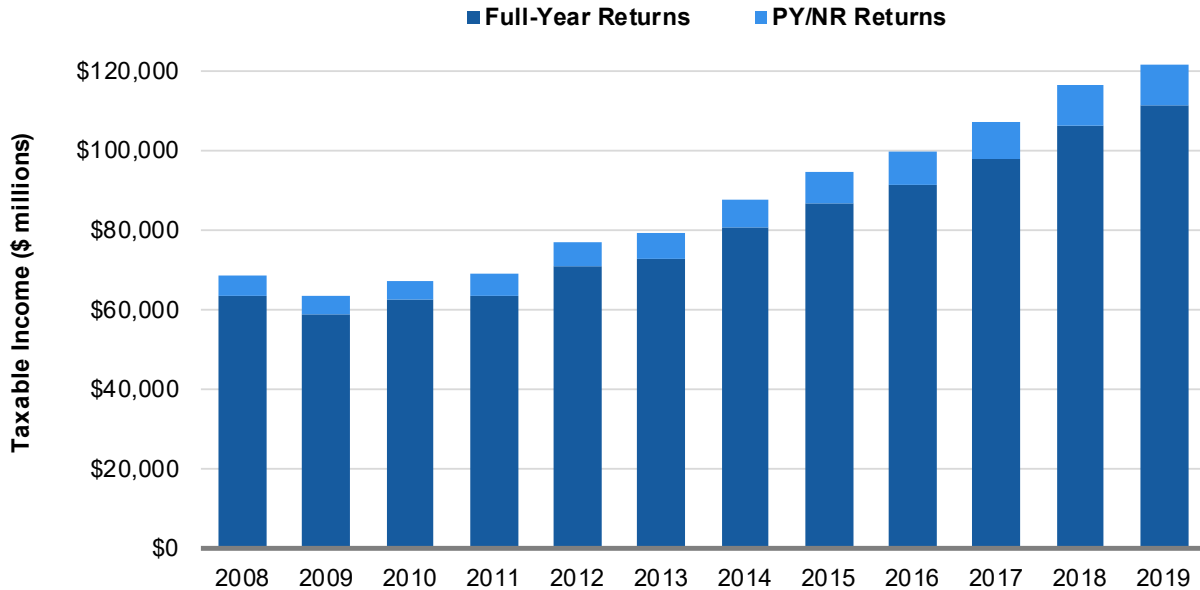


Exhibit 15b–Total Taxable Income (Historical Details) By Full-Year Resident and PY/NR Returns, Tax Years 2008 to 2019

Tax Year	Full-Year Returns			PY/NR Returns			All Returns		
	Average (\$)	Total (\$ millions)	Growth in Total	Average (\$)	Total (\$ millions)	Growth in Total	Average (\$)	Total (\$ millions)	Growth in Total
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%
2019	\$58,930	\$111,370.6	4.6%	\$32,370	\$10,455.3	3.6%	\$55,060	\$121,825.9	4.5%

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 2019, tax liability totaled \$9.5 billion, a 4.9 percent increase from 2018. Exhibits 16a and 16b, on the following page, show the trend in total tax liability since 2008 for full-year resident returns, part-year resident/nonresident returns (PY/NR) and all returns. The yearly trend in the total tax liability closely correlates to total Oregon AGI.

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Exhibit 16a–Total Personal Income Tax Liability (Historical) By Full-Year Resident and PY/NR Returns, Tax Years 2008 to 2019

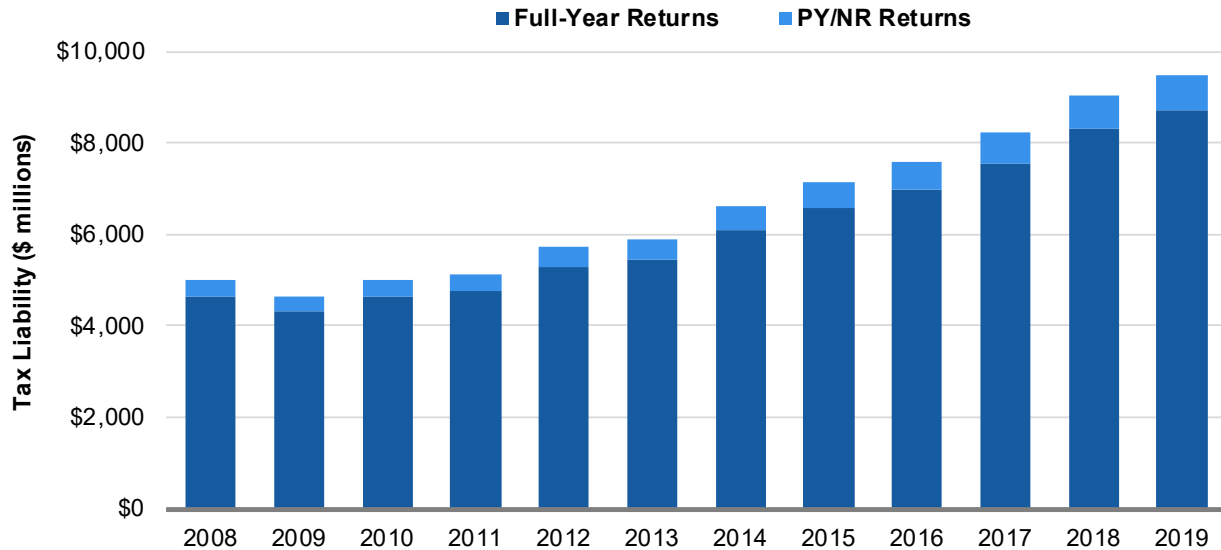


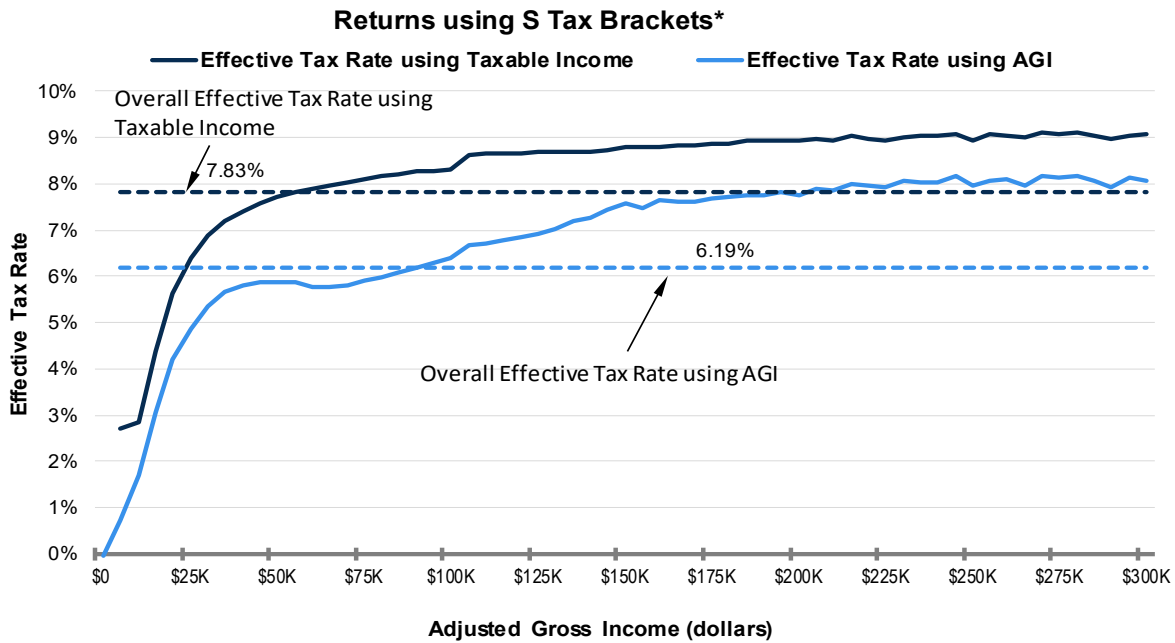
Exhibit 16b–Total Personal Income Tax Liability (Historical Details) By Full-Year Resident and PY/NR Returns, Tax Years 2008 to 2019

Tax Year	Full-Year Returns			PY/NR Returns			All Returns		
	Average (\$)	Total (\$ millions)	Growth in Total	Average (\$)	Total (\$ millions)	Growth in Total	Average (\$)	Total (\$ millions)	Growth in Total
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%
2019	\$4,610	\$8,704.0	4.9%	\$2,400	\$774.7	5.0%	\$4,280	\$9,478.8	4.9%

Effective Tax Rates

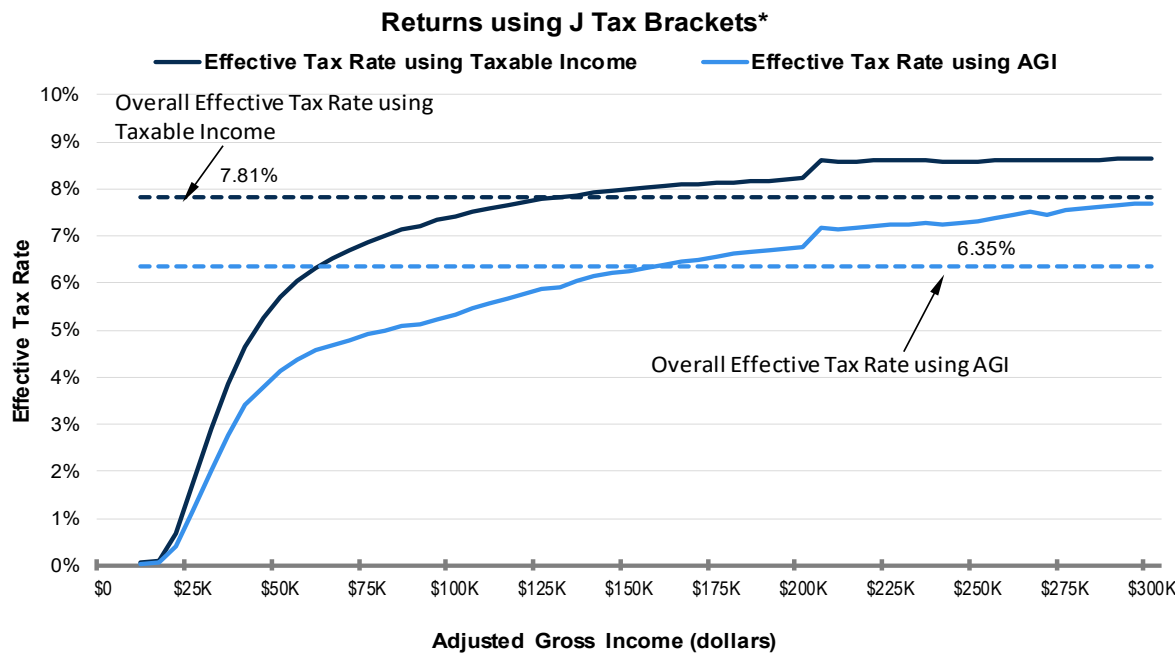
On the following page, Exhibits 17a and 17b show tax as a percent of AGI and tax as a percent of taxable income for full-year resident returns by adjusted gross income. Exhibit 17a shows returns whose tax was computed using the S tax brackets (single, or married filing separately filing statuses—S returns), and Exhibit 17b shows for returns whose tax was computed using the J tax brackets (married filing jointly, head of household, or qualifying widow(er) filing statuses—J returns).

**Exhibit 17a—Full-Year Resident Returns Using S Tax Brackets
By Effective Tax Rates Derived from AGI and Taxable Income, Tax Year 2019**



* S tax brackets are for single and married filing separately.

**Exhibit 17b—Full-Year Resident Returns Using J Tax Brackets
By Effective Tax Rates Derived from AGI and Taxable Income, Tax Year 2019**



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

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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 6.35 percent of their AGI or taxpayers would pay flat rates of 7.83 percent and 7.81 percent, respectively, of their taxable income.

There are a couple of 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 credit 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 \$55,000 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 that 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 of single taxpayers.

Distribution of Returns, Income, and Tax by AGI Level

A **quintile**¹² 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. Exhibit 18, on the following page, shows total Oregon AGI and total tax liability by AGI quintile for 2018 and 2019. The fifth quintile is subdivided into the first 15 percent of this quintile, the next four percent and the top one percent.

A couple of observations can be made, which show how the tax liability is concentrated by income level. In 2019, the bottom 40 percent of filers by income accounted for 5 percent of the

¹² See Appendix B: Data Validation and Statistical Reporting, pages 63–64, for additional information, and the glossary of terms in Appendix C for specific definition of terms.

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 18—Income and Tax Liability Full-Year Resident Returns By AGI Quintiles, Tax Years 2018 and 2019

Quintile	Approximate AGI Range in 2019 (dollars)	Total AGI (\$ millions)		Total Tax Liability (\$ millions)		Share of Total Tax Liability	
		2018	2019	2018	2019	2018	2019
Lowest 20%	Below \$16K	\$1,258.3	\$918.2	\$59.9	\$58.0	0.7%	0.7%
Second 20%	\$16K-\$33K	\$8,876.9	\$9,345.1	\$352.5	\$372.4	4.2%	4.3%
Middle 20%	\$33K-\$57K	\$15,945.5	\$16,707.6	\$802.1	\$845.2	9.7%	9.7%
Fourth 20%	\$57K-\$101K	\$27,749.8	\$29,078.2	\$1,494.7	\$1,565.9	18.0%	18.0%
Next 15%	\$101K-\$205K	\$37,112.8	\$39,071.9	\$2,335.8	\$2,473.9	28.1%	28.4%
Next 4%	\$205K-\$460K	\$20,373.0	\$21,373.1	\$1,548.5	\$1,635.9	18.7%	18.8%
Top 1%	above \$460K	\$21,206.6	\$21,542.3	\$1,705.0	\$1,752.7	20.5%	20.1%
Total		\$132,522.9	\$138,036.4	\$8,298.5	\$8,704.0	100.0%	100.0%

(1) Each quintile contains one-fifth of the total number of full-year resident returns, which is approximately 378,000.

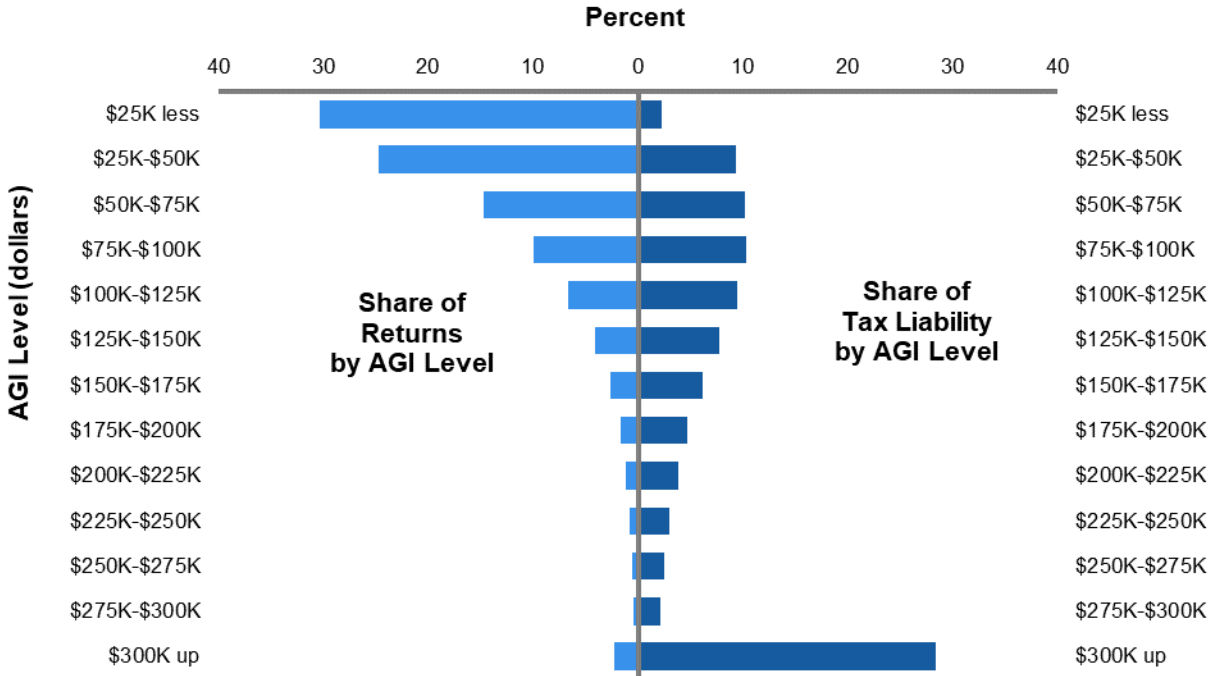
(2) The AGI breakpoints between the quintiles were slightly less for tax year 2018.

Exhibit 19a and 19b below shows the percentage of full-year resident returns (left chart) and the percentage of total tax liability (right chart) by AGI levels for 2019.

Approximately 55 percent of filers reported AGI less than \$50,000 in 2019. 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 2019.

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**Exhibit 19a—Full-Year Resident Returns and Tax Liability
By AGI Levels, Tax Year 2019**



**Exhibit 19b—Full-Year Resident Returns and Tax Liability (Details)
By AGI Levels, Tax Year 2019**

AGI Level (dollars)	Returns		Tax Liability	
	Number	Share	\$ (millions)	Share
Below \$25,000	572,390	30.3%	\$197.4	2.3%
\$25,000 - \$50,000	466,450	24.7%	\$813.8	9.4%
\$50,000 - \$75,000	276,970	14.7%	\$891.7	10.2%
\$75,000 - \$100,000	188,090	10.0%	\$893.0	10.3%
\$100,000 - \$125,000	125,260	6.6%	\$823.0	9.5%
\$125,000 - \$150,000	78,370	4.1%	\$673.8	7.7%
\$150,000 - \$175,000	50,150	2.7%	\$534.5	6.1%
\$175,000 - \$200,000	32,310	1.7%	\$411.4	4.7%
\$200,000 - \$225,000	21,650	1.1%	\$333.1	3.8%
\$225,000 - \$250,000	14,980	0.8%	\$261.2	3.0%
\$250,000 - \$275,000	11,020	0.6%	\$217.5	2.5%
\$275,000 - \$300,000	8,240	0.4%	\$181.8	2.1%
Above \$300,000	43,840	2.3%	\$2,471.8	28.4%
Total	1,889,720	100.0%	\$8,704.0	100.0%

Distribution of Returns and Tax by Oregon Tax Brackets

Exhibit 20 shows the number of filers and the total tax liability by those filers in each tax bracket. Note that there were about 130,000 returns with no taxable income. A couple of possible reasons that taxpayers file returns reporting no taxable income for Oregon are: first, the taxpayer may have had negative income (such as business losses offsetting other positive income) and yet had withholding or made estimated payments and was, thus, due a refund, and, second, the taxpayer had positive income, but after applying Oregon subtractions and deductions, their taxable income was zero, so they were still due a refund, as they had withholding and/or made estimated payments.

Exhibit 20—Full-Year Resident Returns and Tax By Oregon Tax Brackets, Tax Year 2019

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	132,650	7.0%	\$0.0	0%
\$1- \$3,450	5%	114,260	6.0%	\$2.5	0.03%
\$3,451–\$8,700	7%	187,420	9.9%	\$34.0	0.4%
\$8,701-\$125,000	9%	1,386,940	73.4%	\$5,774.7	66.3%
over \$125,000	9.9%	68,440	3.6%	\$2,892.9	33.2%
Total		1,889,720	100.0%	\$8,704.0	100.0%

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

Types of Income

Exhibit 21, on the following page, shows the types of income reported on federal Form 1040 for 2018 and 2019 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 \$92 billion of the \$140 billion total [gross income](#), or 66 percent of the total in 2019.

Section IV: Characteristics of Filers

Exhibit 21—Full-Year Resident Returns By Types of Income, Tax Years 2018 and 2019

Income Type	Number of Returns		Average (\$)		Total (\$ millions)		Growth in Total
	2018	2019	2018	2019	2018	2019	
Wages, Salaries, Tips	1,449,680	1,510,180	\$59,400	\$60,820	\$86,109.1	\$91,856.6	6.7%
Interest	674,530	756,990	\$1,880	\$2,000	\$1,265.5	\$1,514.0	19.6%
Dividends	368,270	380,250	\$9,210	\$9,760	\$3,391.8	\$3,710.6	9.4%
Capital Gain (loss)	345,300	355,390	\$27,070	\$24,180	\$9,345.7	\$8,595.1	-8.0%
Other Gain (loss)	29,690	27,370	\$4,620	\$5,090	\$137.2	\$139.3	1.5%
Business Income (loss)	271,690	279,230	\$15,900	\$15,790	\$4,319.8	\$4,409.7	2.1%
Rent, Part., S Corp (income or loss)	229,900	227,250	\$43,050	\$43,410	\$9,897.3	\$9,864.3	-0.3%
IRA Distributions, Pensions	442,550	453,740	\$32,940	\$33,270	\$14,577.5	\$15,098.1	3.6%
Social Security Benefits	309,100	319,070	\$15,660	\$16,320	\$4,841.5	\$5,206.8	7.5%
Unemployment Compensation	69,180	73,670	\$4,910	\$5,050	\$339.5	\$371.7	9.5%
Farm Income (loss)	28,510	27,950	-\$11,730	-\$11,930	-\$334.5	-\$333.5	*
State Tax Refunds	458,450	88,930	\$1,640	\$1,220	\$752.0	\$108.4	-85.6%
Alimony	8,370	7,040	\$21,430	\$23,780	\$179.4	\$167.3	-6.7%
Other Income (loss)	135,730	135,920	-\$3,160	-\$5,390	-\$429.5	-\$732.4	*
Total					\$134,392.1	\$139,975.9	4.2%

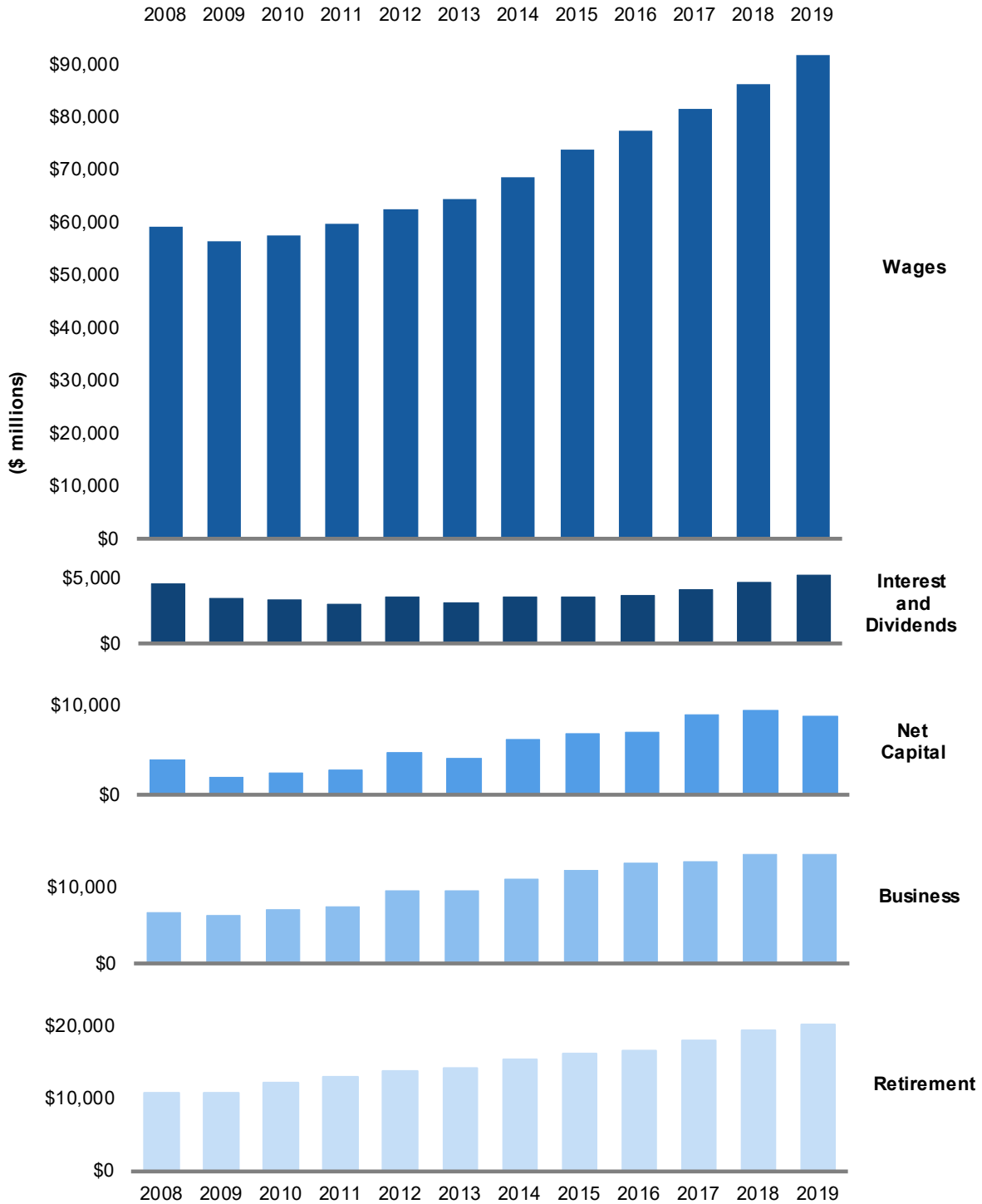
* Growth in total is not computed when the particular income type has a significant negative component.

Categories of Income—Historical

This section discusses the income reported on federal returns historically for similar income types grouped into categories. Exhibit 22, on the following page, shows these income categories for tax years 2008 through 2019 for full-year resident filers. The interest and dividends 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, partnership, and S corporation income. The retirement category includes taxable pensions, such as, pension income, taxable portions of Social Security income, and taxable IRA distributions. The remaining miscellaneous income types, including unemployment, farm, state tax refunds, alimony and other income, account for about a net \$0.4 billion reduction (or less than a percent) of the total gross income in 2019 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 2019, capital gains accounted for 6.2 percent of the total gross income, but that amount has varied since 2008, from a low of 2.5 percent in 2009 to a high of 7.1 percent in 2017 and 2018. On the other hand, retirement income's share of total income has remained relatively steady since 2010 at roughly 14.5 percent.

**Exhibit 22—Full-Year Resident Returns (Historical)
By Categories of Income, Tax Years 2008 to 2019**



Section IV: Characteristics of Filers

3. Adjustments

Adjustments are elements on the federal Form 1040 that 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. Adjustments are subtracted from total federal income when computing federal AGI. Examples include IRA contributions, moving expenses, and student loan interest.

Types of Adjustments

Exhibit 23 below shows the types of federal adjustments claimed on full-year returns in 2018 and 2019 with the corresponding number of returns claiming the adjustment, the average claimed, and total amount.

**Exhibit 23—Full-Year Resident Returns
By Federal Adjustments, Tax Years 2018 and 2019**

Adjustment	Number of Returns		Average (\$)		Total (\$ millions)		Growth in Total
	2018	2019	2018	2019	2018	2019	
Self-Emp Health Insurance	69,660	68,700	\$6,990	\$7,100	\$487.1	\$488.0	0.2%
Self-Employment Tax	216,910	223,460	\$1,790	\$1,800	\$389.0	\$402.3	3.4%
SEP, SIMPLE	13,730	13,730	\$21,700	\$22,110	\$298.1	\$303.6	1.9%
Student Loan Interest	178,180	183,630	\$1,070	\$1,090	\$190.1	\$199.7	5.1%
IRA Contributions	40,380	38,820	\$5,020	\$5,130	\$202.5	\$199.1	-1.7%
Alimony Paid	8,890	8,920	\$20,380	\$20,770	\$181.1	\$185.3	2.3%
Health Savings Accounts	24,740	26,430	\$3,020	\$3,030	\$74.8	\$80.2	7.2%
Tuition and Fees	0	17,243	\$0	\$2,310	\$0.0	\$39.7	*
Employee Business Expenses	2,550	2,320	\$4,090	\$4,300	\$10.4	\$10.0	-4.2%
Educator Expenses	31,550	32,830	\$250	\$250	\$7.9	\$8.2	4.4%
Penalty on Early Withdrawal	4,260	4,440	\$490	\$790	\$2.1	\$3.5	65.8%
Moving Expenses	600	610	\$1,630	\$1,790	\$1.0	\$1.1	10.7%
Other/Unknown	2,480	2,020	\$10,150	\$9,260	\$25.1	\$18.7	*
Total					\$1,869.2	\$1,939.5	3.8%

* Growth is not meaningful in this category.

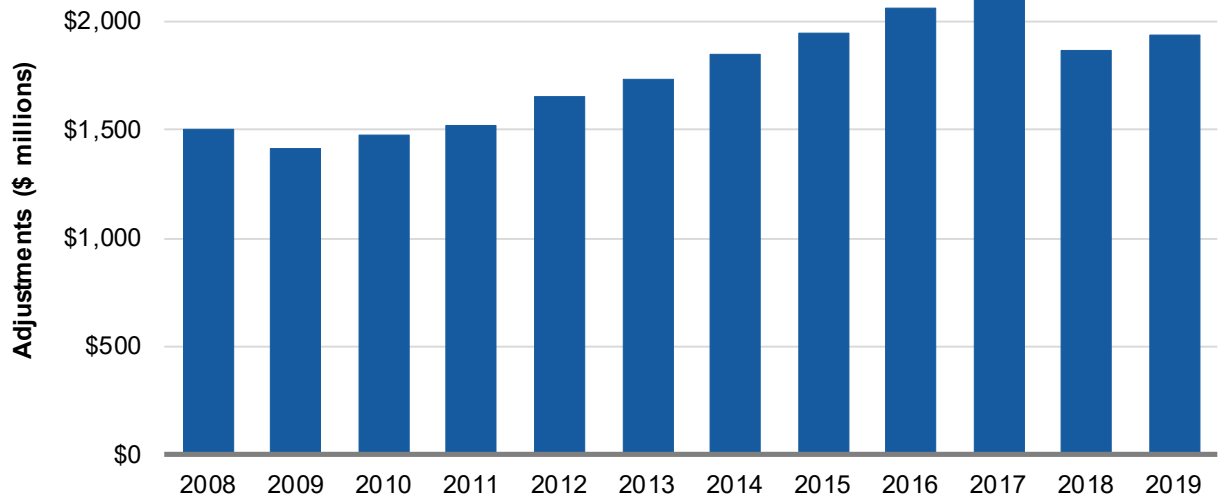
The first three adjustments listed above are associated with self-employed taxpayers who report business income on Schedules C, E, or F, and together account for about 62 percent of the total dollar amount of adjustments claimed. Those taxpayers may be able to deduct from total income half of payments 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.

The adjustment for tuition and fees was initially eliminated beginning tax year 2018. This adjustment has since been retroactively reinstated by Congress, but any recent amended returns are not included in the 2018 data.

Adjustments–Historical

Exhibit 24 below shows the trend in total federal adjustments since 2008 for full-year resident returns.

**Exhibit 24–Full-Year Resident Returns (Historical)
By Total Federal Adjustments, Tax Years 2008 to 2019**



4. Additions

Additions are elements that 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 charitable donations not allowed for Oregon.

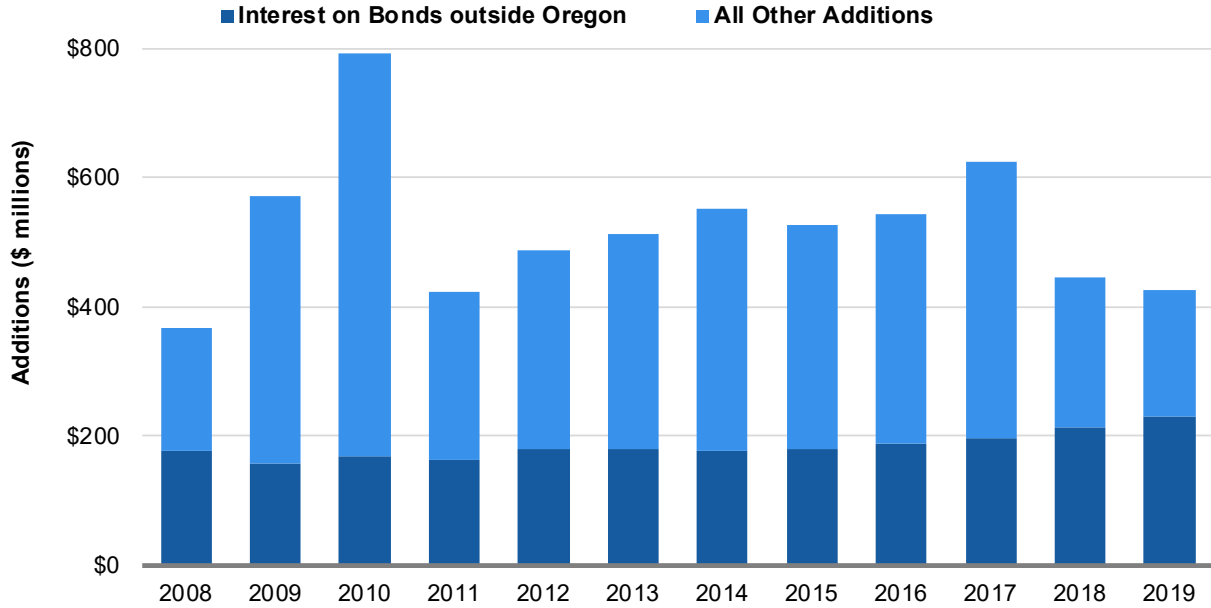
Exhibit 25, on the following page, shows total Oregon additions from 2008 to 2019. In 2009 and 2010, total additions increased significantly due to an Oregon addition created because Oregon disconnected from the IRS rules for depreciating and expensing business property. Excluding 2009 and 2010, the 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 who claim the federal adjustment. Because the TCJA eliminated the domestic production adjustment beginning tax year 2018, an Oregon addition was not required, contributing to the overall drop in additions in 2018.

One action of the Legislative Assembly in 2018 related to the TJCA was to disconnect from the new federal 20 percent qualified business income deduction. Because of the way the 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 2019 return data, about 303,000 full-year returns claimed \$2.17 billion 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 Oregon tax liability.

**Exhibit 25—Full-Year Resident Returns (Historical)
By Oregon Additions, Tax Years 2008 to 2019**



Section IV: Characteristics of Filers

5. Subtractions

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. They are subtracted from AGI on the Oregon form. Examples include qualifying federal pension income, interest from US bonds, and medical expenses beyond what is allowed at the federal level for elderly taxpayers.

Exhibit 26 below shows the number of returns that claimed major subtractions, the average amount per return, and total amount of the subtraction claimed in 2018 and 2019.

Exhibit 26—Full-Year Resident Returns By Oregon Subtractions, Tax Years 2018 and 2019

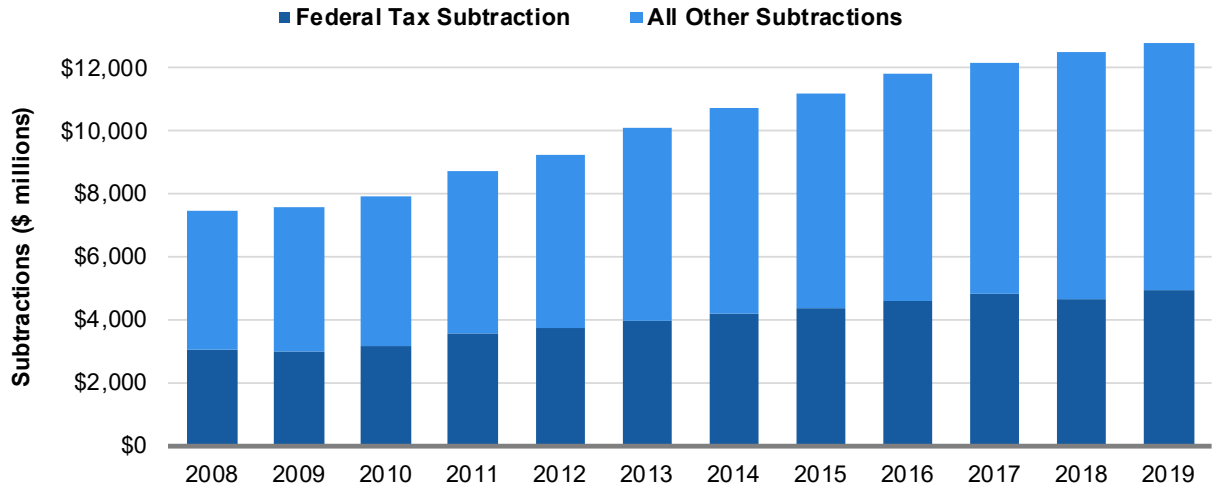
Subtraction	Number of Returns		Average (\$)		Total (\$ millions)		Growth in Total
	2018	2019	2018	2019	2018	2019	
Federal Tax	1,190,770	1,247,790	\$3,910	\$3,970	\$4,660.0	\$4,955.4	6.3%
Social Security	309,240	318,990	\$15,660	\$16,320	\$4,844.0	\$5,206.9	7.5%
Federal Pension	38,570	37,190	\$23,550	\$23,880	\$908.1	\$888.2	-2.2%
Income Tax Refunds	450,790	87,710	\$1,580	\$1,190	\$712.9	\$104.5	-85.3%
Elderly Medical	270,560	276,790	\$1,600	\$1,600	\$432.3	\$441.5	2.1%
Military Pay	12,690	12,270	\$24,170	\$25,040	\$306.7	\$307.2	0.1%
Tuition and Fees	0	81,550	\$0	\$2,720	\$0.0	\$221.8	*
Oregon 529	47,640	47,440	\$3,010	\$2,990	\$143.2	\$141.8	-1.0%
U.S. Bonds	57,980	66,170	\$2,140	\$2,450	\$124.2	\$162.1	30.5%
Other subtractions	70,870	64,020	\$5,780	\$5,750	\$409.7	\$368.0	-10.2%
Total					\$12,541.2	\$12,797.5	2.0%

* Growth is not meaningful in this category.

Congress eliminated the federal adjustment for tuition and fees beginning with tax year 2018. Those taxpayers who claimed a federal education credit and previously claimed the Oregon subtraction, 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 retroactively 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 27, on the following page, shows Oregon total subtractions generally increasing since 2008. The subtraction that a taxpayer is allowed for their federal tax liability is shown separately as it accounts for nearly 40 percent of the total subtractions. The reduction of the federal tax subtraction from 2017 to 2018 was due to the changes in the federal income tax from the TCJA starting in 2018, which reduced overall federal tax.

**Exhibit 27—Full-Year Resident Returns (Historical)
By Oregon Subtractions, Tax Years 2008 to 2019**



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6. Deductions

Taxpayers may reduce the amount of taxable income by deduction(s), either the greater of the standard deduction or their itemized deductions. Exhibit 28 below shows the number of returns, average per return, and total amount of the standard and itemized deductions claimed in 2018 and 2019 for full-year resident returns.

Exhibit 28—Full-Year Resident Returns By Oregon Deductions, Tax Years 2018 and 2019

Deduction	Number of Returns		Average (\$)		Total (\$ millions)		Growth in Total
	2018	2019	2018	2019	2018	2019	
Standard	1,032,140	1,092,720	\$3,020	\$3,060	\$3,117.6	\$3,344.5	7.3%
Net Itemized*	787,030	797,000	\$16,900	\$17,360	\$13,299.0	\$13,837.9	4.1%
Total	1,819,170	1,889,720	\$9,020	\$9,090	\$16,416.6	\$17,182.5	4.7%

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

Itemized Returns

Returns claiming itemized deductions rather than taking the standard deduction are considered **itemized returns**. 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.

Beginning with tax year 2018, Congress made changes to the federal standard and itemized deductions. First, the federal standard deduction was increased significantly, and for 2019 those amounts were \$12,200 for **single** filers and \$24,400 for **joint** filers. Additionally, the itemized deduction for state and local taxes is now limited to \$10,000 and the itemized deductions for casualty and thefts (except for those related to federally declared disasters) and various miscellaneous itemized 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 for 2017 to 15 percent for 2019. Because the Oregon standard deduction did not change (except for inflation adjustments and for 2019 the standard deduction amounts for a single filer are \$2,270, and \$4,545 for a joint filer), the percent of taxpayers itemizing for Oregon and the total amount of itemized deductions have decreased slightly since 2017, but not significantly compared to that at the federal level.

Because many Oregon taxpayers (beginning in 2018) itemized 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 29, on the following page, shows the itemized deductions as claimed on the Schedule OR-A for full-year resident filers.

Exhibit 29—Full-Year Resident Returns By Oregon Itemized Deductions - Schedule OR-A, Tax Years 2018 and 2019

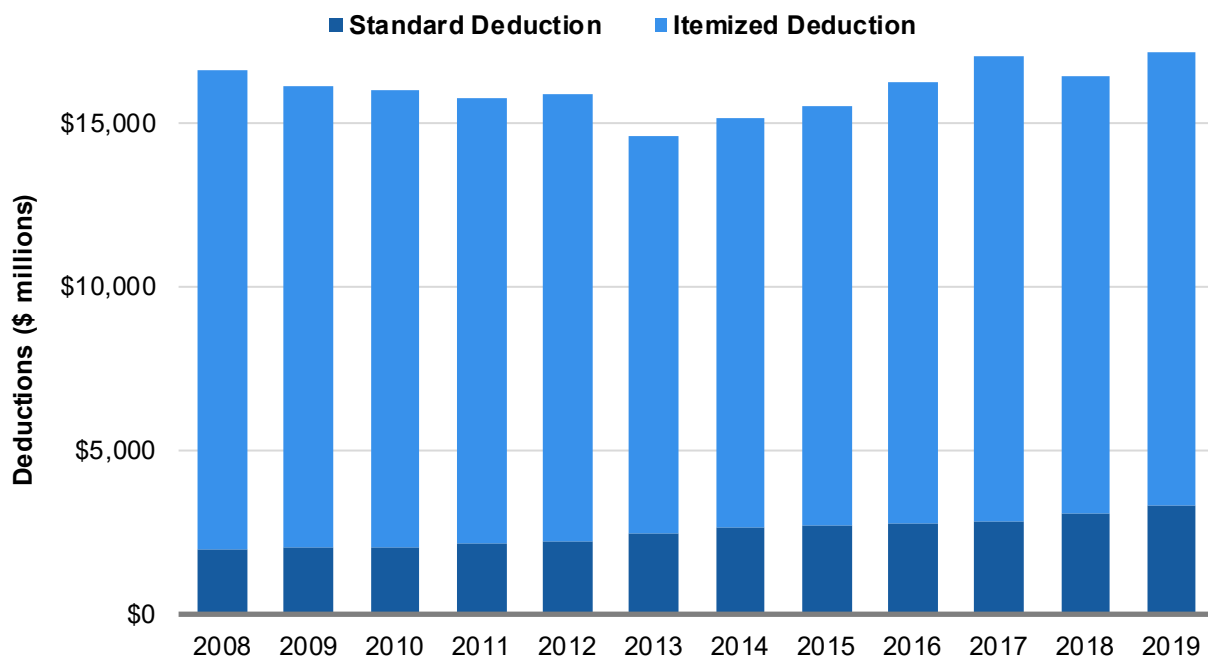
Itemized Deduction	Returns		Average (\$)		Total (\$ millions)		Growth in Total
	2018	2019	2018	2019	2018	2019	
Medical and Dental Expenses	246,000	241,400	\$8,300	\$8,500	\$2,040	\$2,050	0.5%
Taxes Paid (1)	728,800	737,200	\$4,170	\$4,290	\$3,040	\$3,160	3.9%
Interest Paid (2)	588,000	597,800	\$8,560	\$9,080	\$5,040	\$5,430	7.7%
Gifts to Charity	572,400	558,500	\$5,200	\$5,250	\$2,970	\$2,930	-1.3%
Other Miscellaneous	19,500	19,900	\$10,450	\$11,570	\$200	\$230	15%

(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.

Exhibits 30a and 30b, below and on the following page, respectively, show 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 (i.e., Oregon medical subtraction for elderly) allowed for medical expenses of elderly taxpayers being converted to a subtraction beginning in tax year 2013. The decrease from 2017 to 2018 was due to changes in federal itemized deductions beginning in 2018.

Exhibit 30a—Full-Year Resident Returns (Historical) By Oregon Deductions, Tax Years 2008 to 2019



Section IV: Characteristics of Filers

**Exhibit 30b—Full-Year Resident Returns (Historical Details)
By Oregon Deductions, Tax Years 2008 to 2019**

Tax Year	Standard Deduction		Itemized Deduction		Total Deductions (\$ millions)
	Total (\$ millions)	Share of Returns	Total (\$ millions)	Share of Return	
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
2019	\$3,344.5	57.8%	\$13,837.9	42.2%	\$17,182.5

7. Qualified Business Income Reduced Tax Rate

A reduced tax rate structure on income from pass-through entities that meet certain requirements is available to Oregon personal income taxpayers. Beginning with tax year 2015, taxpayers with qualifying business income from a partnership, S corporation, or sole proprietorship (added beginning tax year 2018) can elect to use that tax rate structure on that income. See Section III, Personal Income Tax Calculation, Tax Rates, for details.

Exhibit 31 below shows the number of full-year filers who have calculated their tax before any credits are applied using the reduced tax rate structure on qualified business income for tax years 2015 through 2019 and the reduction in net tax.

**Exhibit 31—Full-Year Resident Returns
By Taxpayers Claiming the Qualified Business Income Reduced Tax Rate, Tax Years 2015 to 2019**

Tax Year	Number of Claims	Reduction in Tax*		Growth in Total
		Average (\$)	Total (\$ millions)	
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%
2019	25,950	\$4,500	\$116.8	4.6%

* Tax before any credits are applied

Section IV: Characteristics of Filers

8. Credits

A tax credit reduces tax liability on a dollar-for-dollar basis. Most credits are not refundable, which means they can 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 credits. 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 32 shows amounts claimed for the standard credits and the amounts used to reduce tax liability by full-year return filers in 2019. 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 32—Full-Year Resident Returns By Oregon Standard Credits Claimed and Used, Tax Year 2019

	Number of Claims	Average (\$)		Total (\$ millions)		Percent Used
		Amount Claimed	Amount Used	Amount Claimed	Amount Used	
Personal Exemption	1,642,230	\$400	\$360	\$658.5	\$596.5	91%
Income Taxes Paid to Another State	20,410	\$2,640	\$2,630	\$53.8	\$53.7	99.8%
Rural Medical Practice	1,590	\$4,200	\$4,140	\$6.7	\$6.6	99%
Pass-through Taxes Paid to Another State	710	\$7,940	\$7,930	\$5.6	\$5.6	100%
Political Contributions	73,170	\$68	\$64	\$5.0	\$4.6	93%
Oregon Cultral Trust Donation	6,840	\$560	\$540	\$3.8	\$3.7	98%
Retirement	4,700	\$350	\$180	\$1.7	\$0.8	51%
Other Credits*	370	\$1,920	\$890	\$0.7	\$0.3	47%
Total	1,750,020			\$735.8	\$672.0	91%

* 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, also known as the exemption credit, was the most widely claimed credit with over 1.6 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 from 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. Exhibit 33 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 for carryforward credits with at least \$0.5 million in available credits. 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 33—Full-Year Resident Returns By Oregon Carryforward Credits Used, Tax Year 2019

Carryforward Credit	Number Using Credits	Carryforward from	Awarded	Amount Used	
		Previous Year Total (\$ millions)	Current Year Total (\$ millions)	Total (\$ millions)	Average (\$)
College Opportunity Grant Contributions	203	\$1.6	\$13.3	\$13.7	\$67,600
Oregon Production Investment Fund	262	\$1.5	\$13.3	\$13.4	\$51,200
Individual Development Account Donation	280	\$1.1	\$4.8	\$4.9	\$17,500
Residential Energy	3,833	\$3.2	\$3.5	\$4.7	\$1,200
Business Energy Credits (1)	140	\$8.8	\$0.8	\$3.1	\$22,000
Bovine Manure Production/Collection	28	\$0.0	\$2.4	\$2.1	\$76,000
Agriculture Workforce Housing	51	\$0.9	\$1.1	\$1.3	\$26,100
Electronic Commerce Zone Investment	11	\$2.8	\$0.0	\$0.4	\$36,800
University Venture Develop. Fund Contributions	38	\$0.1	\$0.5	\$0.4	\$11,100
Qualified Research Activities (2)	27	\$0.5	\$0.0	\$0.3	\$11,200
Other Credits (3)	207	\$0.8	\$0.5	\$0.7	\$3,300
Total	5,080	\$21.5	\$40.3	\$45.1	

(1) Includes credits for business energy facilities, energy conservation projects, transportation projects, and renewable energy resource equipment 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 technology workforce development and the following credits available only to S corporation shareholders: agriculture workforce housing loans, lender's credit for affordable housing, lender's credit for: energy conservation, and contributions of computers or scientific equipment for research.

Refundable Credits

For refundable credits such as the Oregon earned income credit, and the working family household and dependent care credit, taxpayers use all their credits claimed, and any excess amount over their tax liability is received as a payment. Exhibit 34, on the following page, shows amounts claimed for full-year filers for the refundable credits for tax year 2019. Payments issued for refundable credits are described in Section 8.

Section IV: Characteristics of Filers

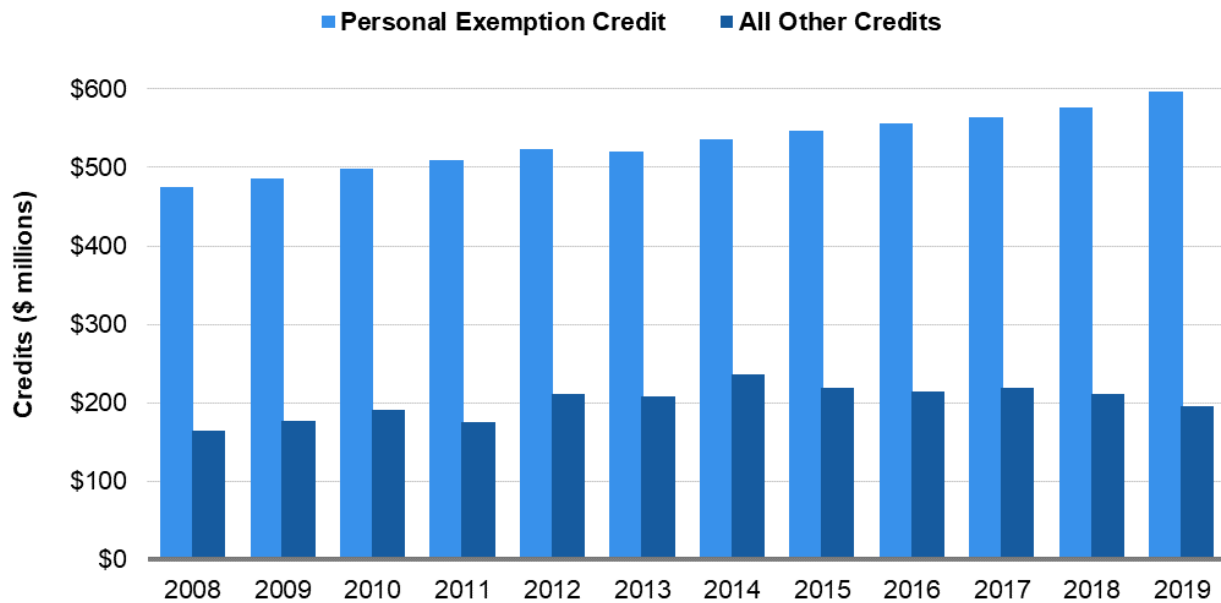
**Exhibit 34—Full-Year Resident Returns
By Oregon Refundable Credits Claimed, Tax Year 2019**

Refundable Credit	Number of Claims	Amount Claimed	
		Average (\$)	Total (\$ millions)
Oregon Earned Income	247,500	\$183	\$45.3
Working Family Household and Dependent Care	26,310	\$1,140	\$29.9
Claim of Right	40	\$1,810	\$0.1
Total	273,850		\$75.3

Credits—Historical Trends

Exhibits 35a and 35b show 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 7 percent from 2018 to 2019 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 35a—Full-Year Resident Returns (Historical)
By Oregon Credits Used, Tax Years 2008 to 2019**



**Exhibit 35b—Full-Year Resident Returns (Historical Details)
By Oregon Credits Used, Tax Years 2008 to 2019**

Tax Year	Personal Exemption Credit		All Other Credits		Total Credits	
	(\$ millions)	Growth	(\$ millions)	Growth	(\$ millions)	Growth
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%
2019	\$596.5	3.5%	\$195.9	-7.2%	\$792.4	0.6%

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9. Payments and Refunds

Exhibit 36 shows payments from Oregon tax withheld and estimated payments for tax years 2018 and 2019 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 checkoff donations. Also shown is the part of the refund that includes payments for refundable credits. In 2019, just over 100,000 full-year resident filers received payments for refundable credits.

This exhibit also shows the state surplus (i.e., kicker) refunds¹³ distributed to taxpayers for the 2017-19 biennia. These credits were distributed for this biennium through the tax year 2019 personal income tax process; however, the amount was based on the taxpayers' tax year 2018 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 2019, as there were no kicker refunds in 2018.

Exhibit 36—Full-Year Resident Returns By Reported Payments and Refunds on Returns, Tax Years 2018 and 2019

	Number of Returns		Average (\$)		Total (\$ millions)		Growth in Total
	2018	2019	2018	2019	2018	2019	
<i>Pre-Payments</i>							
Oregon Income Tax Withheld	1,577,700	1,641,390	\$4,230	\$4,370	\$6,673.8	\$7,166.2	7.4%
Estimated Tax Payments for the Current Year	151,480	149,060	\$11,510	\$10,990	\$1,744.1	\$1,638.0	-6.1%
No Pre-payments	185,400	192,780	\$0	\$0	\$0.0	\$0.0	0.0%
<i>Kicker Refund Payments</i>	NA	1,609,948	NA	\$930	NA	\$1,496.9	
<i>Final Payment Category</i>							
Tax to Pay with Return*	563,920	273,510	\$1,700	\$2,360	\$956.4	\$646.6	-32.4%
Zero Balance	84,040	54,400	\$0	\$0	\$0.0	\$0.0	0.0%
Refund**	1,171,210	1,561,810	\$950	\$1,460	\$1,107.3	\$2,275.3	105.5%
Part or All of Refund Includes Payment for Refundable Credit	99,400	104,090	\$320	\$300	\$31.5	\$31.6	0.5%

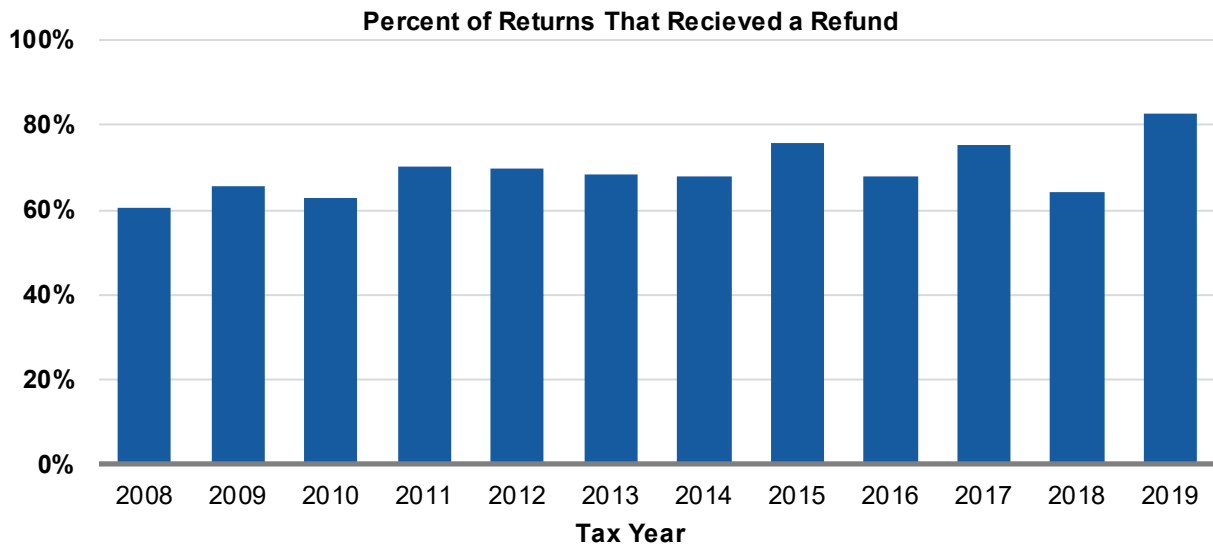
* Tax to pay amounts do not include any penalty and interest.

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

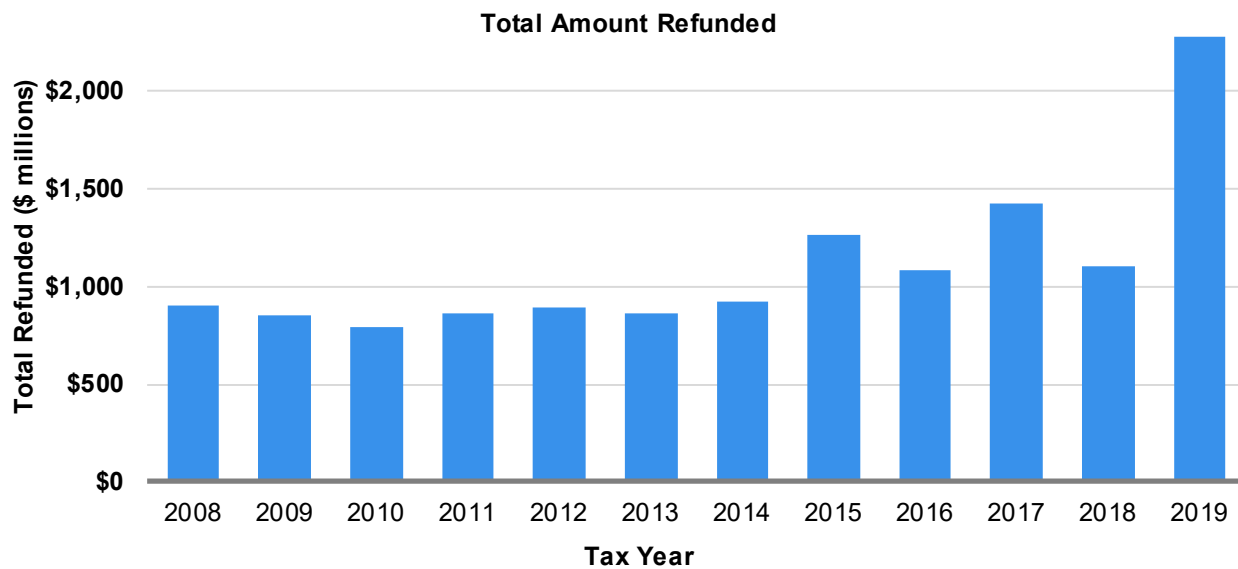
¹³ See Appendix A: Two Percent Surplus Refund (Kicker) History, pages 61–62, for additional information, and the glossary of terms in Appendix C for specific definition of terms.

Exhibits 37a, 37b, and 37c show the percent of full-year resident filers who received a refund and the average amount of their refund for tax years 2008 to 2019. 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, 2017, and 2019 were mostly due to kicker refunds.

**Exhibit 37a—Full-Year Resident Returns (Historical)
By Refund Percentages, Tax Years 2008 to 2019**



**Exhibit 37b—Full-Year Resident Returns (Historical)
By Refund Amounts, Tax Years 2008 to 2019**



Section IV: Characteristics of Filers

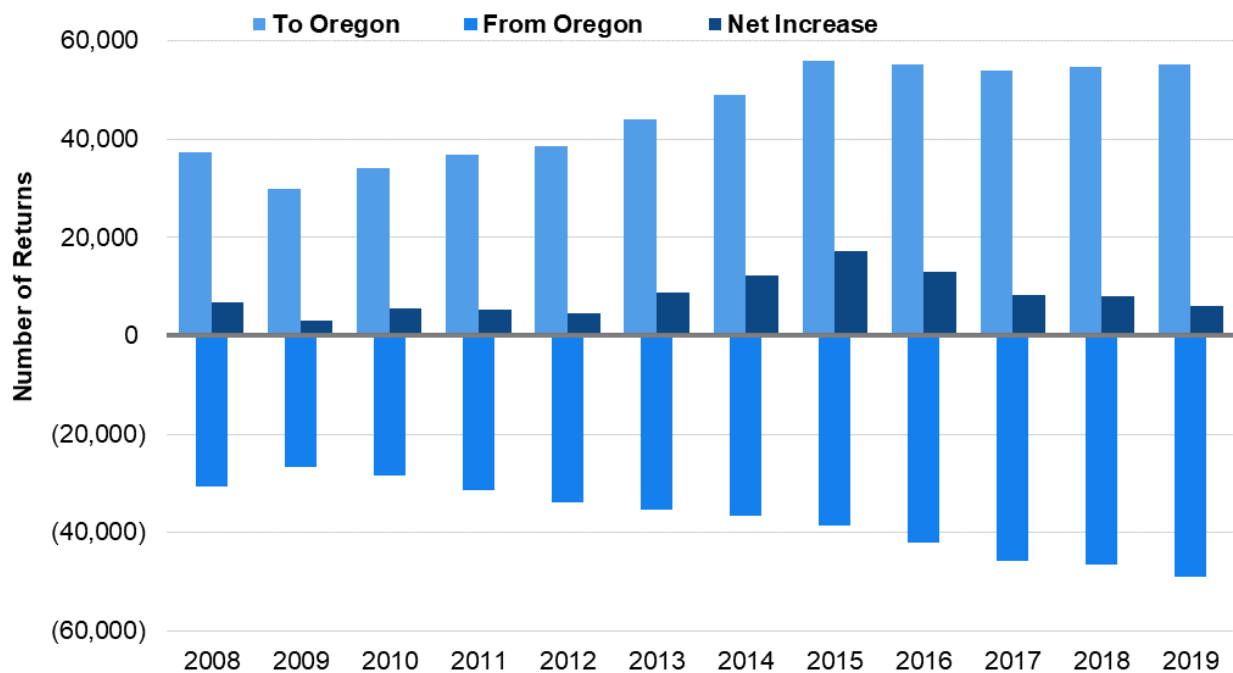
**Exhibit 37c–Full-Year Resident Returns (Historical Details)
By Refunds, Tax Years 2008 to 2019**

Tax Year	Number of Full-Year Returns	Number of Refunds	Percent of Returns with Refund	Total Refunded (\$ millions)	Average Refund (\$)
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
2019	1,889,720	1,561,810	82.6%	\$2,275.3	\$1,457

10. Part-Year Residents

The following exhibits, on the next few pages, show information on *part-year residents* entering or leaving Oregon. Exhibits 38a and 38b, on the following page, show the total number of filers moving to and from Oregon from 2008 to 2019 based on the address reported on the return. The number of part-year resident 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 38a—Part-Year Resident Returns (Historical)
By Filers Moving To and From Oregon, Tax Years 2008 to 2019**



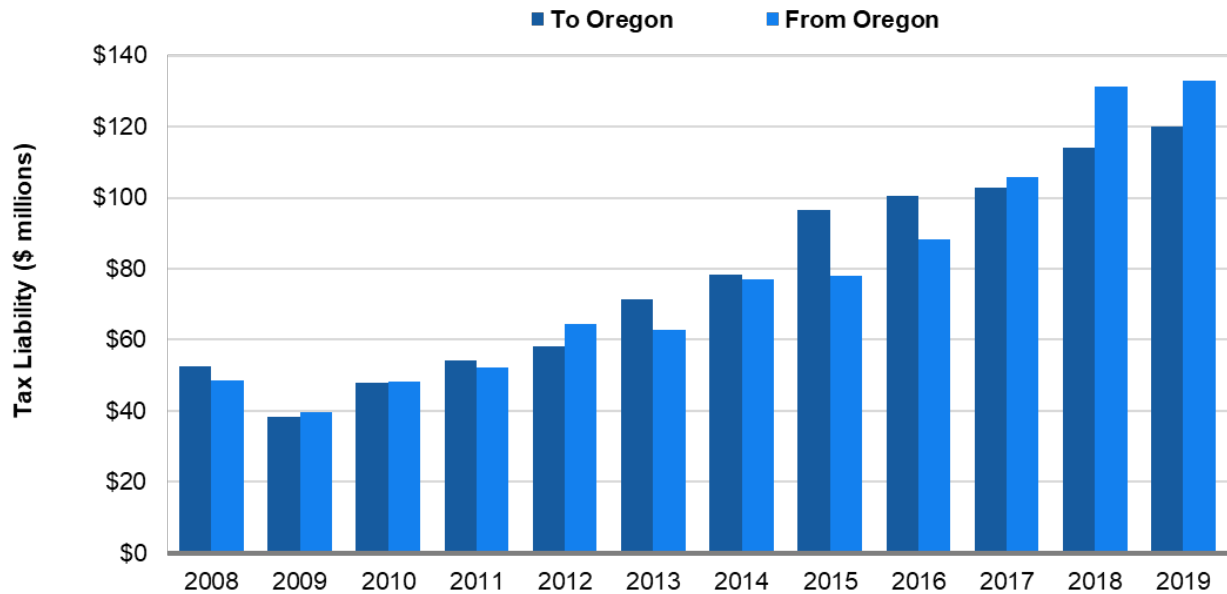
Section IV: Characteristics of Filers

**Exhibit 38b—Part-Year Resident Returns (Historical Details)
By Filers Moving To and From Oregon, Tax Years 2008 to 2019**

Tax Year	To Oregon		From Oregon		Net Increase	
	Filers	Growth	Filers	Growth	Filers	Growth
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%
2019	55,190	0.8%	49,130	5.3%	6,060	-25.3%

Exhibits 39a and 39b show the total tax liability reported since 2008 by the two groups of part-year residents: those who move into Oregon and those who move from Oregon.

**Exhibit 39a—Part-Year Resident Returns (Historical)
By Total Personal Income Tax Liability, Tax Years 2008 to 2019**



**Exhibit 39b—Part-Year Resident Returns (Historical Details)
By Total Personal Income Tax Liability, Tax Years 2008 to 2019**

Tax Year	To Oregon			From Oregon			All Part-Year Residents		
	Average (\$)	Total (\$ millions)	Growth in Total	Average (\$)	Total (\$ millions)	Growth in Total	Average (\$)	Total (\$ millions)	Growth in Total
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%
2019	\$2,170	\$120.0	5.1%	\$2,710	\$132.9	1.3%	\$2,420	\$253.0	3.1%

Exhibit 40, on the following page, shows the number and percent of in-migrants by county of destination for selected tax years. In 2019, 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.

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Exhibit 40—Part-Year Resident Returns with Oregon Address By Number of Filers Moving to Oregon by County of Destination, Tax Years 2009, 2018 and 2019

County	2009		2018		2019		County Share of 2019 State Population
	Number	Share	Number	Share	Number	Share	
Baker	120	0.4%	150	0.3%	160	0.3%	0.4%
Benton	730	2.4%	1,270	2.3%	1,260	2.3%	2.2%
Clackamas	2,310	7.7%	4,030	7.4%	4,160	7.5%	10.0%
Clatsop	350	1.2%	630	1.2%	610	1.1%	0.9%
Columbia	230	0.8%	370	0.7%	470	0.9%	1.2%
Coos	430	1.4%	730	1.3%	760	1.4%	1.5%
Crook	80	0.3%	240	0.4%	240	0.4%	0.6%
Curry	210	0.7%	430	0.8%	460	0.8%	0.5%
Deschutes	1,520	5.1%	3,640	6.6%	3,690	6.7%	4.6%
Douglas	650	2.2%	1,010	1.8%	970	1.8%	2.6%
Gilliam	10	<0.1%	20	<0.1%	20	<0.1%	<0.1%
Grant	50	0.2%	60	0.1%	70	0.1%	0.2%
Harney	50	0.2%	60	0.1%	70	0.1%	0.2%
Hood River	220	0.7%	340	0.6%	300	0.5%	0.6%
Jackson	1,570	5.3%	2,550	4.7%	2,770	5.0%	5.2%
Jefferson	90	0.3%	190	0.3%	160	0.3%	0.6%
Josephine	590	2.0%	880	1.6%	990	1.8%	2.0%
Klamath	420	1.4%	840	1.5%	780	1.4%	1.6%
Lake	60	0.2%	100	0.2%	80	0.1%	0.2%
Lane	2,440	8.2%	4,760	8.7%	4,610	8.4%	8.9%
Lincoln	370	1.2%	780	1.4%	740	1.3%	1.1%
Linn	550	1.8%	1,000	1.8%	1,010	1.8%	3.0%
Malheur	210	0.7%	330	0.6%	390	0.7%	0.8%
Marion	1,410	4.7%	2,610	4.8%	2,710	4.9%	8.2%
Morrow	70	0.2%	80	0.1%	90	0.2%	0.3%
Multnomah	8,250	27.6%	15,630	28.5%	15,800	28.6%	19.4%
Polk	360	1.2%	760	1.4%	780	1.4%	2.0%
Sherman	10	<0.1%	10	<0.1%	20	<0.1%	<0.1%
Tillamook	150	0.5%	290	0.5%	310	0.6%	0.6%
Umatilla	510	1.7%	680	1.2%	740	1.3%	1.9%
Union	200	0.7%	270	0.5%	230	0.4%	0.6%
Wallowa	50	0.2%	70	0.1%	70	0.1%	0.2%
Wasco	200	0.7%	280	0.5%	260	0.5%	0.6%
Washington	4,880	16.3%	8,860	16.2%	8,560	15.5%	14.5%
Wheeler	10	<0.1%	10	<0.1%	10	<0.1%	<0.1%
Yamhill	500	1.7%	790	1.4%	850	1.5%	2.6%
Total	29,850	100%	54,750	100%	55,190	100%	100%

Exhibit 41, on the following page, shows the number of income tax filers moving from Oregon for selected tax years by state of destination. In 2019, 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 41 percent of all out-migrants.

**Exhibit 41—Part-Year Resident Returns with Non-Oregon Address
By Number of Filers Moving from Oregon by Destination, Tax Years 2009, 2018 and 2019**

State	2009		2018		2019	
	Number	Share	Number	Share	Number	Share
Alabama	90	0.3%	160	0.3%	200	0.4%
Alaska	440	1.6%	410	0.9%	460	0.9%
Arizona	1,570	5.9%	2,750	5.9%	3,100	6.3%
Arkansas	140	0.5%	170	0.4%	230	0.5%
California	5,490	20.6%	8,170	17.5%	8,510	17.3%
Colorado	1,120	4.2%	1,660	3.6%	1,750	3.6%
Connecticut	90	0.3%	160	0.3%	180	0.4%
Delaware	20	0.1%	30	0.1%	30	0.1%
Florida	640	2.4%	1,230	2.6%	1,370	2.8%
Georgia	280	1.0%	580	1.2%	530	1.1%
Hawaii	420	1.6%	660	1.4%	760	1.5%
Idaho	1,480	5.5%	2,240	4.8%	2,400	4.9%
Illinois	520	1.9%	750	1.6%	740	1.5%
Indiana	260	1.0%	370	0.8%	380	0.8%
Iowa	210	0.8%	280	0.6%	270	0.5%
Kansas	150	0.6%	190	0.4%	240	0.5%
Kentucky	140	0.5%	210	0.5%	200	0.4%
Louisiana	150	0.6%	170	0.4%	210	0.4%
Maine	60	0.2%	120	0.3%	130	0.3%
Maryland	180	0.7%	280	0.6%	270	0.5%
Massachusetts	330	1.2%	480	1.0%	480	1.0%
Michigan	310	1.2%	600	1.3%	620	1.3%
Minnesota	380	1.4%	580	1.2%	570	1.2%
Mississippi	60	0.2%	90	0.2%	100	0.2%
Missouri	290	1.1%	430	0.9%	510	1.0%
Montana	530	2.0%	850	1.8%	890	1.8%
Nebraska	140	0.5%	200	0.4%	190	0.4%
Nevada	830	3.1%	1,320	2.8%	1,300	2.6%
New Hampshire	80	0.3%	100	0.2%	130	0.3%
New Jersey	120	0.4%	230	0.5%	270	0.5%
New Mexico	290	1.1%	430	0.9%	450	0.9%
New York	580	2.2%	1,000	2.1%	960	2.0%
North Carolina	410	1.5%	680	1.5%	700	1.4%
North Dakota	60	0.2%	150	0.3%	170	0.3%
Ohio	300	1.1%	570	1.2%	590	1.2%
Oklahoma	270	1.0%	340	0.7%	390	0.8%
Pennsylvania	310	1.2%	600	1.3%	570	1.2%
Rhode Island	40	0.1%	50	0.1%	70	0.1%
South Carolina	240	0.9%	250	0.5%	260	0.5%
South Dakota	90	0.3%	170	0.4%	150	0.3%
Tennessee	280	1.0%	470	1.0%	510	1.0%
Texas	1,210	4.5%	2,190	4.7%	2,540	5.2%
Utah	720	2.7%	1,120	2.4%	1,140	2.3%
Vermont	70	0.3%	100	0.2%	130	0.3%
Virginia	360	1.3%	550	1.2%	570	1.2%
Washington	7,650	28.7%	11,010	23.6%	11,340	23.1%
West Virginia	40	0.1%	50	0.1%	70	0.1%
Wisconsin	290	1.1%	460	1.0%	460	0.9%
Wyoming	280	1.0%	210	0.5%	240	0.5%
Washington, D.C.	110	0.4%	100	0.2%	120	0.2%
Outside U.S.	410	1.5%	680	1.5%	710	1.4%
Total	26,680	114%	46,640	100%	49,130	100%

Section IV: Characteristics of Filers

11. County Data

This section provides tax information by county to demonstrate how taxpayer characteristics vary by region. Exhibit 42, 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 2018 to 2019 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: Gilliam (6.3 percent), Crook (5.5 percent), and Deschutes (7.3 percent)
- Adjusted gross income: Crook (9.7 percent), and Deschutes (8.5 percent), and Morrow (12.3 percent)
- Tax liability: Crook (12.0 percent), and Deschutes (10.3 percent), and Morrow (8.6 percent)

Exhibits 43 through 46, pages 56-57, 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 43, page 56, shows the counties with the highest average AGI were Clackamas (\$91,170) and Washington (\$90,300). The counties with the lowest average AGI were Wheeler (\$31,210), Harney (\$41,480), Malheur (\$44,400), and Grant (\$44,930).

The map in Exhibit 44, page 56, shows that the counties with the highest AGI also had the highest tax liabilities, which were Clackamas and Washington both with an average tax liability of \$5,990. The counties with the lowest average tax liability were Wheeler (\$1,940), Malheur (\$2,260), and Harney (\$2,340).

The map in Exhibit 45, page 57, shows the effective tax rate (tax divided by AGI) for each county. The counties with the highest effective tax rates were Multnomah (6.7 percent), Washington (6.6 percent), and Clackamas (6.6 percent). The counties with the lowest effective tax rate were Malheur (5.1 percent) and Jefferson (5.2 percent). Because of Oregon's progressive tax bracket structure, populations with a greater income have a higher effective tax rate.

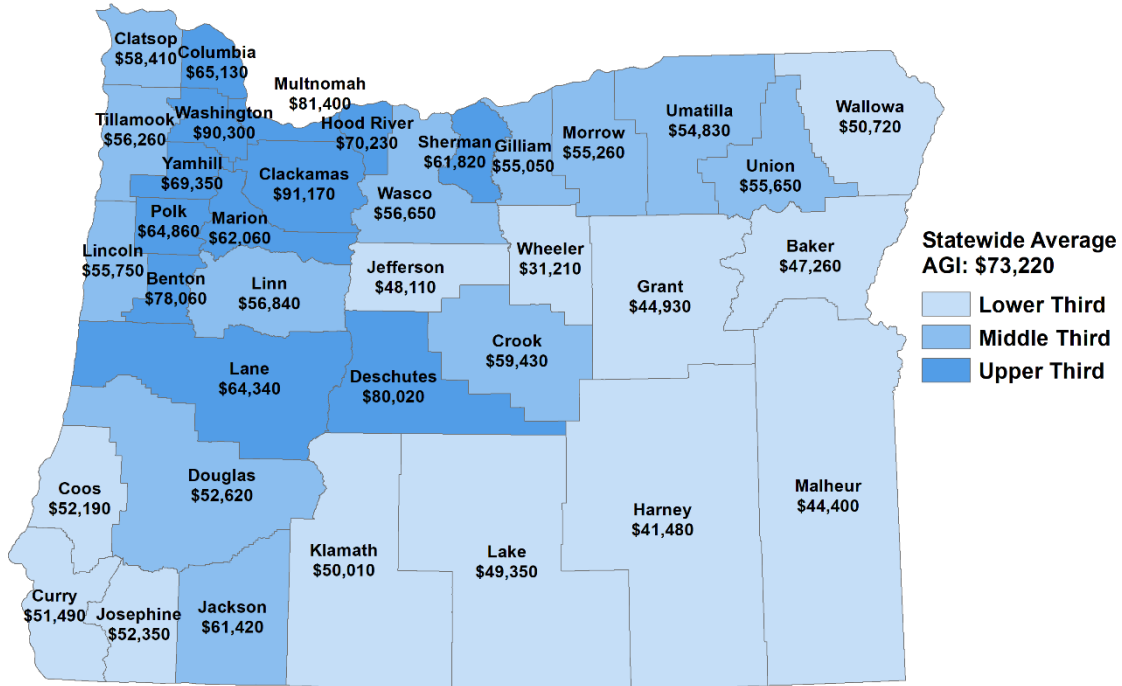
The map in Exhibit 46, page 57, shows electronic filing rate for each county. The counties with the highest electronic filing rates were Sherman (93.6 percent), Harney (93.4 percent), Union (93.0 percent), Baker (92.8 percent), and Malheur (92.6 percent), which are all in the eastern part of Oregon. The county with the lowest electronic filing rate was Marion (86.3 percent) where the Oregon Department of Revenue is located.

Exhibit 42—Distribution of All Returns, AGI, and Tax Liability By County and Selected Areas, Tax Year 2019

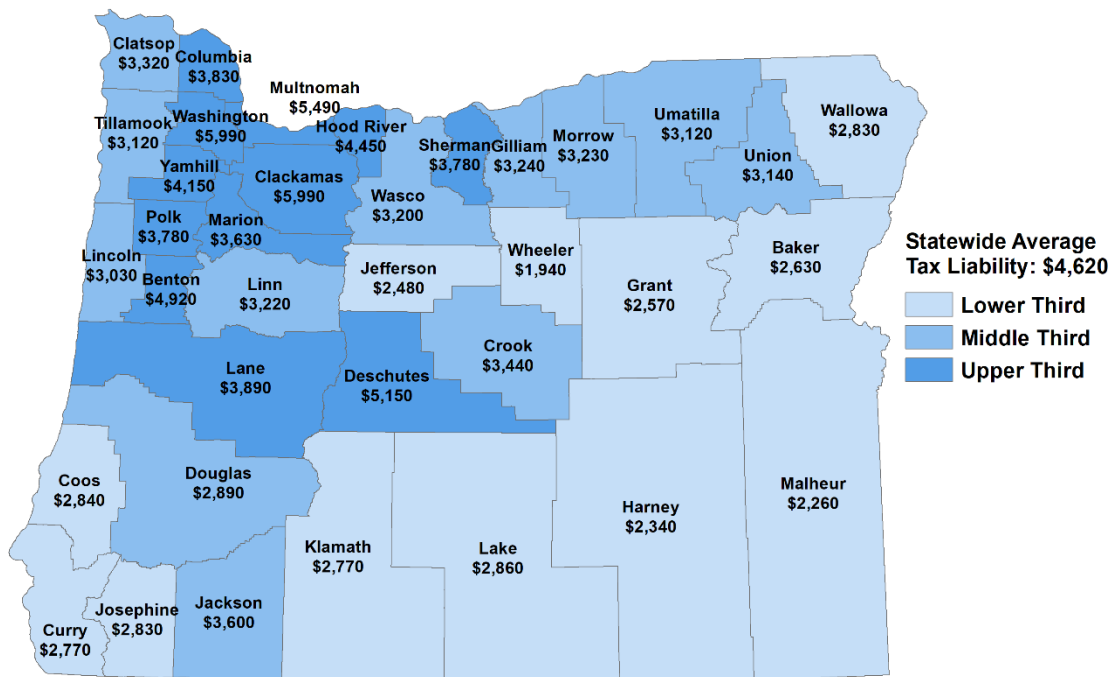
County or Area	Returns		Adjusted Gross Income		Total Tax Liability		% Change 2018 to 2019		
	Number	Share	(\$ millions)	Share	(\$ millions)	Share	No. of Returns	Total AGI	Total Tax
Baker	6,890	0.3%	\$320.4	0.2%	\$17.9	0.2%	3.1%	0.7%	1.0%
Benton	39,750	1.8%	\$2,998.7	2.0%	\$189.2	2.0%	1.9%	4.0%	4.2%
Clackamas	198,020	8.9%	\$17,802.2	11.9%	\$1,170.2	12.3%	2.8%	2.2%	2.7%
Clatsop	18,430	0.8%	\$1,048.5	0.7%	\$59.6	0.6%	4.0%	4.5%	4.8%
Columbia	23,460	1.1%	\$1,505.7	1.0%	\$88.6	0.9%	3.0%	2.9%	3.0%
Coos	27,150	1.2%	\$1,388.9	0.9%	\$75.8	0.8%	3.7%	2.3%	2.0%
Crook	10,930	0.5%	\$640.2	0.4%	\$37.0	0.4%	5.5%	9.7%	12.0%
Curry	10,360	0.5%	\$515.2	0.3%	\$27.8	0.3%	3.8%	-0.1%	0.6%
Deschutes	95,880	4.3%	\$7,478.9	5.0%	\$481.5	5.1%	5.3%	8.5%	10.3%
Douglas	45,980	2.1%	\$2,381.4	1.6%	\$131.1	1.4%	4.1%	-0.3%	-3.1%
Gilliam	830	<0.1%	\$44.7	<0.1%	\$2.6	<0.1%	6.3%	0.2%	-3.4%
Grant	3,020	0.1%	\$133.7	0.1%	\$7.7	0.1%	1.5%	-2.4%	-3.1%
Hamey	2,960	0.1%	\$121.2	0.1%	\$6.8	0.1%	1.3%	-5.4%	-10.7%
Hood River	11,760	0.5%	\$830.0	0.6%	\$52.3	0.6%	1.9%	0.8%	-0.5%
Jackson	100,750	4.6%	\$6,069.6	4.1%	\$356.3	3.8%	3.4%	2.2%	1.6%
Jefferson	9,880	0.4%	\$469.6	0.3%	\$24.2	0.3%	2.9%	-8.8%	-16.9%
Josephine	36,970	1.7%	\$1,895.2	1.3%	\$102.6	1.1%	3.8%	-3.9%	-9.5%
Klamath	27,860	1.3%	\$1,365.6	0.9%	\$75.8	0.8%	2.8%	1.6%	-0.5%
Lake	3,120	0.1%	\$150.5	0.1%	\$8.7	0.1%	3.0%	6.6%	7.4%
Lane	170,040	7.7%	\$10,712.6	7.2%	\$648.4	6.8%	3.4%	3.7%	4.8%
Lincoln	22,280	1.0%	\$1,200.8	0.8%	\$66.1	0.7%	4.9%	2.7%	3.9%
Linn	56,830	2.6%	\$3,186.1	2.1%	\$180.3	1.9%	4.0%	3.1%	2.5%
Malheur	10,680	0.5%	\$457.8	0.3%	\$23.3	0.2%	4.9%	4.9%	5.7%
Marion	149,610	6.8%	\$9,157.8	6.1%	\$535.4	5.6%	3.4%	5.1%	5.9%
Morrow	4,740	0.2%	\$258.0	0.2%	\$15.1	0.2%	4.2%	7.3%	8.6%
Multnomah	399,530	18.1%	\$31,678.9	21.2%	\$2,139.9	22.6%	3.9%	5.8%	7.5%
Polk	37,120	1.7%	\$2,368.6	1.6%	\$138.1	1.5%	4.8%	5.6%	5.8%
Sherman	830	<0.1%	\$50.9	<0.1%	\$3.1	<0.1%	4.0%	4.9%	3.7%
Tillamook	12,480	0.6%	\$689.9	0.5%	\$38.4	0.4%	4.3%	4.0%	5.3%
Umatilla	31,560	1.4%	\$1,698.2	1.1%	\$97.0	1.0%	3.3%	5.2%	6.0%
Union	11,300	0.5%	\$620.3	0.4%	\$35.0	0.4%	2.0%	2.7%	2.9%
Wallowa	3,400	0.2%	\$170.2	0.1%	\$9.5	0.1%	0.2%	1.1%	1.5%
Wasco	11,480	0.5%	\$637.3	0.4%	\$36.0	0.4%	2.5%	4.0%	4.4%
Washington	280,910	12.7%	\$24,880.5	16.7%	\$1,654.1	17.5%	3.0%	3.9%	4.6%
Wheeler	540	<0.1%	\$16.5	<0.1%	\$1.0	<0.1%	2.9%	-13.3%	-4.7%
Yamhill	46,840	2.1%	\$3,200.5	2.1%	\$191.5	2.0%	4.0%	5.5%	6.3%
Clark Co., Wa.	78,660	3.6%	\$3,863.9	2.6%	\$251.1	2.6%	7.4%	5.2%	6.2%
Other Wash.	47,260	2.1%	\$1,764.8	1.2%	\$128.5	1.4%	0.8%	-2.2%	-0.2%
California	45,430	2.1%	\$1,378.5	0.9%	\$66.4	0.7%	3.2%	-4.2%	-3.6%
Idaho	15,470	0.7%	\$519.9	0.3%	\$36.0	0.4%	6.0%	10.4%	15.3%
Other	101,720	4.6%	\$3,736.3	2.5%	\$268.9	2.8%	11.2%	10.3%	11.2%
Total	2,212,690	100%	\$149,408.6	100%	\$9,478.8	100%	3.9%	4.1%	4.9%

Section IV: Characteristics of Filers

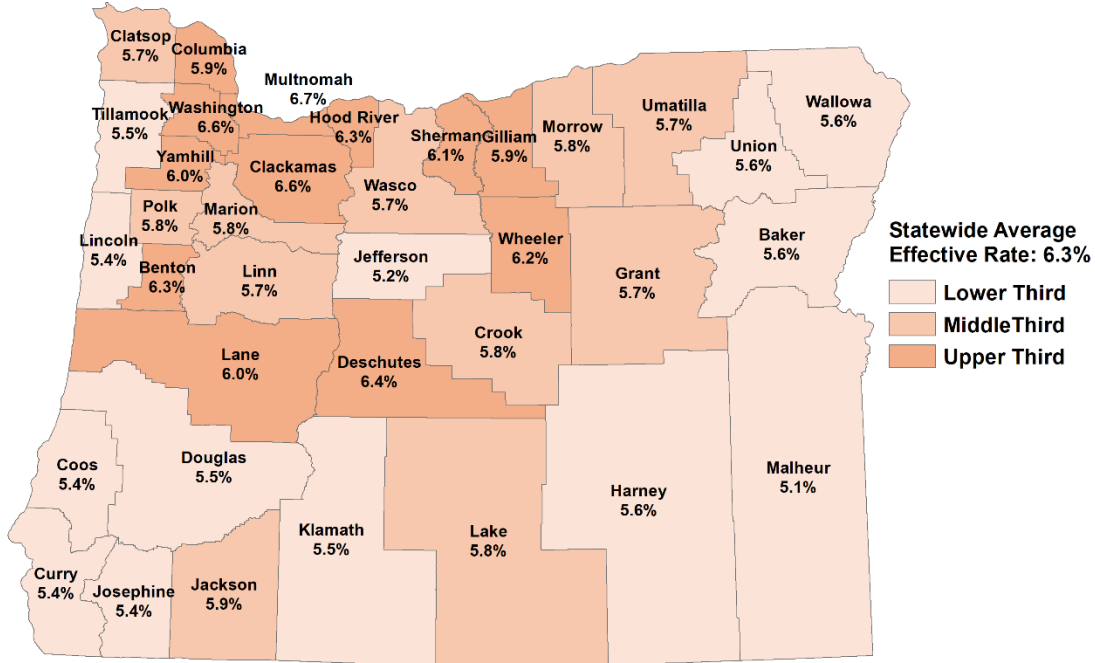
**Exhibit 43—Full-Year Resident Returns
By Average Adjusted Gross Income (AGI) per County, Tax Year 2019**



**Exhibit 44—Full-Year Resident Returns
By Tax Liability per County, Tax Year 2019**

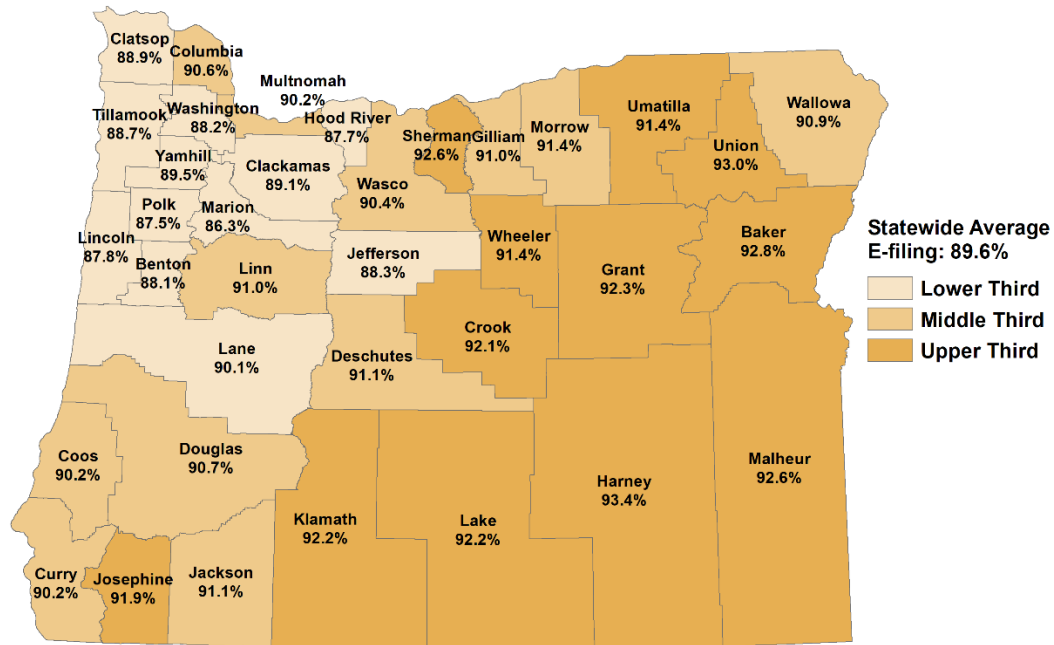


**Exhibit 45—Full-Year Resident Returns
By Effective Rate per County, Tax Year 2019**



* Effective tax rate using Oregon AGI. See section 2, page 24.

**Exhibit 46—Full-Year Resident Returns
By E-filing per County, Tax Year 2019**



Two Percent Surplus Refund (Kicker) History

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.

Exhibit 47–Personal Income Kicker History* Two Percent Kicker, Biennia 1979-81 to 2017-19

Biennium	Tax Year	Surplus/ Shortfall (\$ millions)	Credit or Refund	
			Percent	Mean (\$)
1979-81	1981	-\$141	None	---
1981-83	1983	-\$115	None	---
1983-85	1985	\$89	7.7%	\$81
1985-87	1987	\$221	16.6%	\$192
1987-89	1989	\$175	9.8%	\$133
1989-91	1991	\$186	Suspended	---
1991-93	1993	\$60	None	---
1993-95	1994/5	\$163	6.3%	\$111
1995-97	1996/7	\$432	14.4%	\$287
1997-99	1998/9	\$167	4.6%	\$103
1999-01	2000/1	\$254	6.0%	\$155
2001-03	2002/3	-\$1,249	None	---
2003-05	2004/5	-\$401	None	---
2005-07	2006/7	\$1,071	18.6%	\$609
2007-09	2008	-\$1,113	None	---
2009-11	2010	-\$1,050	None	---
2011-13	2012	\$124	None	---
2013-15	2014	\$402	5.6%	\$212
2015-17	2016	\$464	5.6%	\$252
2017-19	2018	\$1,688	17.2%	\$914

* 2021 Oregon Public Finance Basic Facts, Research Report #1-21, Legislative Revenue Office.

Unlike 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.

Appendix A: Two Percent Surplus Refund (Kicker) History

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.

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 2017-2019 biennium exceeded the forecast by \$1,688 million, resulting in a refund of 17.17 percent of the taxpayer's 2018 pre-credit liability. Taxpayers claimed the refundable credit on their 2019 tax return.

Information presented in this publication comes from tax year 2019 Oregon personal income tax returns the Oregon Department of Revenue (DOR) received during calendar year 2020 and January 2021. If an amended return for tax year 2019 was received by January 2021, any information from the amended return that changed from that of the original return is used in the data for the publication. Original or amended returns received later than January 2021 are not included. Return data through January 2021 was included because victims of Oregon wildfires were given an extension.

Aside from initial adjustments made during return processing, data 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, whether submitted with or without a 2-D barcode are scanned by the new imaging system, which went online in late 2018. The imaged version of paper returns is used to retrieve the tax information. 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 return 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.

Appendix B: Data Validation and Statistical Reporting

- 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 database 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 2008 to 2019) 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.

Additions. Elements that represent income not taxed by the federal government but taxed by Oregon and federal deductions from AGI that Oregon does not allow.

Adjusted gross income (AGI). *See Federal adjusted gross income or Oregon adjusted gross income.*

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, 2019 to June 30, 2021 is referred to as the 2019–2021 biennium.

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

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.

Charitable checkoff donations. Optional donations by which taxpayers may designate all or part of a tax refund as a contribution to a charity or charities as listed on Schedule OR-DONATE.

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. *See also Earned income credit, Exemption tax credit, Federal earned income credit, Federal education credits, Oregon earned income credit, Personal exemption credit, Retirement income credit, or Working family household and dependent care credit.*

Deductions. Taxpayers may reduce the amount of taxable income by the greater of the standard deduction or their itemized deductions. For 2019 the standard deduction amounts are \$2,270 for a single filer, \$3,655 for a taxpayer filing as head of household, and \$4,545 for a joint filer. Itemized deductions include deductions for medical expenses, property taxes, home mortgage interest, and gifts to charity.

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. *See also Personal exemption credit.*

Exemption credit. *See Personal exemption credit.*

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. *See also sole proprietorship.*

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

Federal earned income tax credit (EITC). A federal, refundable income tax credit for low-income working taxpayers. The amount depends on income and the number of dependent children. *See also Oregon earned income credit.*

Federal education credits. For 2019, 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 income. The gross income people receive from all sources that is not exempt from federal income tax. *See also Gross income.*

Federal income tax subtraction. An Oregon subtraction for federal income tax liability. For 2019, the deduction is limited to \$6,800 per return and phased out for higher income taxpayers.

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

Filer. 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.

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

Gross income. All income people receive in the form of money, goods, property, and services that is not exempt from federal income tax, including any income from sources outside the United States.

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.

Joint. Filing status. *See also Married Filing Jointly and Registered domestic partners (RDP).*

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

Oregon adjusted gross income (Oregon AGI). For full-year resident filers, Oregon AGI is the same as Federal AGI. Generally, for nonresidents, Oregon AGI is the components of Federal AGI that come from Oregon sources. For part-year residents, Oregon AGI is the components of Federal AGI that come from all sources while a resident of Oregon and any components of Federal AGI that come from Oregon sources while a nonresident. *See Federal Adjusted gross income.*

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. *See also Federal earned income tax credit.*

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 eligible age was 62 or older for tax years 2014 and 2015 and increased by one year every two tax years until it reached age 66 for 2020. The subtraction replaced 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, canceled debts, net operating losses, etc.

Pass-through entity (PTE). A business entity that is formed as a sole proprietorship, partnership, or S corporation for tax purposes. The income of the business is “passed through” to the owners/shareholders

and taxed through the personal income tax. *See also Sole proprietorship, Partnership, and S corporation.*

Partnership. A partnership is the relationship between two or more persons who join to carry on a trade or business, with each person contributing money, property, labor, or skill and each expecting to share in the profits and losses of the business whether or not a formal partnership agreement is made. A partnership does not pay tax on its income but “passes through” any profits or losses to its partners. Partners must include partnership items on their tax or information returns. *See also Pass-through entity.*

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

Personal exemption credit. A credit for each exemption claimed on a return. The exemption credit (as also called) is available to nearly all filers, except for those claimed as a dependent on another tax return and those single or married filing separately filers with AGI above \$100,000 and for all other filers with AGI above \$200,000. For taxpayers whose exemption credit contains special exemptions for severely disabled adults and disabled children, the exemption credit from those components is not allowed for all taxpayers with AGI above \$100,000. In 2019, the exemption credit was \$206 per exemption. Exemption credits have been indexed for inflation since tax year 1987.

Qualifying Widow(er). Filing status available for unmarried individuals whose spouse died during the previous two years and who did not remarry in the current tax year and who 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.

Registered domestic partners (RDP). Are required to use a married filing jointly or married filing separately. An Oregon registered domestic partner is not eligible to use the single filing status on their Oregon return. RDPs must complete a federal return as if they were filing as married filing jointly or married filing separately.

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.

Return. A personal income tax return. This may refer to the physical or electronic return submitted by the taxpayer. Once the information from the return is entered into the system, this information at the taxpayer level is also referred to as the return. In this publication, this term is used most often to refer to an Oregon personal income tax return.

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

S corporation. Refers to Internal Revenue Code subchapter "S." S corporations are pass-through entities, in which the corporation's income and losses are "passed through" to the S corporation's shareholders, where they are taxed as personal income. A corporation qualifying under this section can have no more than 100 shareholders, which

should be U.S. citizens or residents. *See also Pass-through entity.*

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).

Sole proprietorship. A business that is owned and run by an individual. With a sole proprietorship, the individual and business are one and the same. *See also Business income, Farm income, and Pass-through entity.*

Social Security income (federally taxable). Oregon does not tax Social Security income. The taxable portion of Social Security from the taxpayer's federal return is included in Exhibit 21. The Social Security subtraction is reported in Exhibit 26.

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 Cuts and Job Act (TCJA). An Act passed by Congress at the end of 2017 and among other items in the bill made some major changes to the federal income tax beginning in tax year 2018. With Oregon's connection to the federal income tax, the effect of some of these changes flow through to Oregon's personal income tax. Some examples of these changes with flow through effects are limitations or eliminations of several federal adjustments and itemized deductions.

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

Tax filer. See *Filer*.

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 after credits is the amount of tax liability after subtracting credits.

Taxpayer(s). An individual or individuals represented by a return. In the case of joint returns, there are two taxpayers represented: the filer and the spouse (or registered domestic partner). Dependents listed on taxpayers' returns are not considered taxpayers unless they file their own Oregon personal income tax return.

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.

Total tax. The amount of Oregon tax computed from taxable income using the current tax rates before tax credits are subtracted. For some filers, total tax includes tax related to interest on installment sales, farm income averaging, farm capital gains taxed at five percent, or income from qualified pass-through entities taxed at reduced rates.

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.



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