

# Oregon Personal Income Tax Statistics

Characteristics of Filers

2023 Edition: Tax Year 2021

150-101-406 (Rev. 06-23)

Tax Year 2021



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# **Oregon Personal Income Tax Statistics**

## **Characteristics of Filers**

**2023 Edition  
Tax Year 2021**

**Prepared by**

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Salem OR 97301-2555**

150-101-406 (Rev. 06-23)



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Oregon's largest source of tax revenue is the personal income tax, and it is forecasted<sup>1</sup> to account for about 83 percent of the General Fund for the 2021-23 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, 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 2021 income tax returns received by the Oregon Department of Revenue in the 2022 calendar year. Also included in the report are comparisons of tax year 2021 personal income tax statistics to those of previous tax years.

The document contains the following main sections:

- *Highlights*: Showcases selected high-level statistics with a comparison between the 2020 and 2021 tax years and points out some distinguishing features of the tax year 2021 return data.
- *Personal Income Tax Calculation*: Explains how personal income tax is calculated and includes a diagram outlining its main components.
- *Characteristics of Filers*: 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.

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<sup>1</sup>The source of the most recent forecast, as of date of this publication, is the Oregon Office of Economic Analysis' Economic and Revenue Forecast—accessed from [www.oregon.gov/das/OEA/Documents/forecast0523.pdf](http://www.oregon.gov/das/OEA/Documents/forecast0523.pdf).

## Section I: Introduction

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- *Appendices:*
  - A: Discusses the surplus refund (kicker) and historical data for 1979 through 2021.
  - B: Provides additional discussion about return data, statistical reporting, and the components of income for the current report.
  - C: Contains a glossary of terms 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, 2021* for a complete listing with additional information at the following link: [www.oregon.gov/dor/forms](http://www.oregon.gov/dor/forms).

The data presented in this report includes only people who have filed an Oregon personal income tax return. Some people may not be required to file an Oregon personal income tax return; therefore, the data does not provide a complete picture of income earned by Oregonians and nonresidents with Oregon-sourced income. Others 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 2022. The report does not include information from audits, amended tax returns, or original returns received after December 2022. 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 is available. Such information, publications, and forms are found on the following Oregon Department of Revenue webpages:

[www.oregon.gov/dor/stats](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 2021 and previous years, as well as past personal income tax statistics reports.
- Information about adjustments, deductions, subtractions, and credits within the *State of Oregon 2023–25 Tax Expenditure Report*.

[www.oregon.gov/dor/forms](http://www.oregon.gov/dor/forms)

- Personal income tax filing requirements and a complete list with detailed descriptions of types of taxable and nontaxable income, federal adjustments, and Oregon additions, subtractions, and credits within *Publication OR-17, Oregon Individual Income Tax Guide, 2021* edition and previous yearly editions.
- Personal income tax forms and instructions for current and previous tax years.

This section gives high-level information on Oregon personal income tax returns<sup>2</sup> received for tax year 2021 as presented in Exhibit 1. A return is associated with only one filer. This information focuses on the total number of returns filed, those filed electronically, 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 2020 and 2021

	Full-Year Resident			Part-Year and Nonresident			All Returns		
	2020	2021	Growth	2020	2021	Growth	2020	2021	Growth
Number of Returns	1,919,410	1,898,660	-1.1%	304,610	337,470	10.8%	2,224,020	2,236,140	0.5%
Electronically Filed Returns	1,750,510	1,750,700	0.0%	291,410	315,190	8.2%	2,030,630	2,065,890	1.7%
Oregon AGI* (\$ billions)	\$143.0	\$167.5	17.1%	\$11.2	\$15.1	34.2%	\$154.3	\$182.6	18.4%
Taxable Income* (\$ billions)	\$117.9	\$139.7	18.5%	\$10.8	\$14.1	31.0%	\$128.6	\$153.8	19.6%
Tax Liability* (\$ billions)	\$9.1	\$11.0	21.7%	\$0.8	\$1.0	34.5%	\$9.8	\$12.1	22.8%
Average Oregon AGI (\$)	\$74,520	\$88,240	18.4%	\$36,890	\$44,700	21.2%	\$69,370	\$81,670	17.7%
Average Tax Liability (\$)	\$4,720	\$5,810	23.1%	\$2,560	\$3,100	21.1%	\$4,430	\$5,400	21.9%
Effective Tax Rate**	6.3%	6.6%		6.9%	6.9%		6.4%	6.6%	

\* See glossary of terms in Appendix C.

\*\* Tax liability divided by adjusted gross income.

Income for tax year 2021 showed a historical increase, despite a continuing COVID-19 pandemic. Adjusted gross income (AGI) for full-year filers increased by over 17 percent in tax year 2021 as compared to 2020 and the corresponding tax liability increased by nearly 22 percent. Some additional aspects from Oregon’s tax year 2021 personal income tax return data presented later in the report are highlighted below:

- The effective tax rate for full-year resident filers increased from 6.3 percent for tax year 2020 to 6.6 percent for tax year 2021, as more taxpayers had more income taxed at the highest tax bracket. See Exhibits 19 and 20 for further detail.
- The large increase in total AGI was due to strong growth in several different types of income. Income from wages, the largest category of income, grew by over 7 percent for full-year filers in 2021. However, there was even stronger growth in the following income categories: income from capital gains (up 77 percent), business income from sole proprietors (up 20 percent), income reported on Schedule E mainly from rents, partnerships, and S corporations (up 34 percent), and IRA distributions (up 41 percent). See Exhibit 23.

<sup>2</sup>See also Section IV Characteristics of Filers: Returns and Appendix C: Glossary of Terms for additional information.

## Section II: Highlights

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- The number of returns filed in tax year 2021 slightly increased by 0.5 percent as compared to returns filed for tax year 2020. There was a decrease of just over 1 percent in the number of full-year resident returns filed in 2021, but there was a strong, 11 percent increase in part-year and nonresident returns. See Exhibit 6 for further historical detail.
- As people began to move more often coming out of the COVID-19 pandemic, part-year resident returns increased by over 15 percent in 2021. Also, this was the first time in the 2000s that more part-year resident returns were received from taxpayers moving out of Oregon than taxpayers moving into Oregon. See Exhibit 40.
- Exhibit 12 is a new exhibit that takes a historical look at exemptions and dependents claimed.

## **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 components<sup>3</sup> 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 is tied 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 Jobs Act (TCJA), passed by Congress in late 2017 and taking effect in 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), beginning with tax year 2018, many taxpayers 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 their Oregon income to their 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.

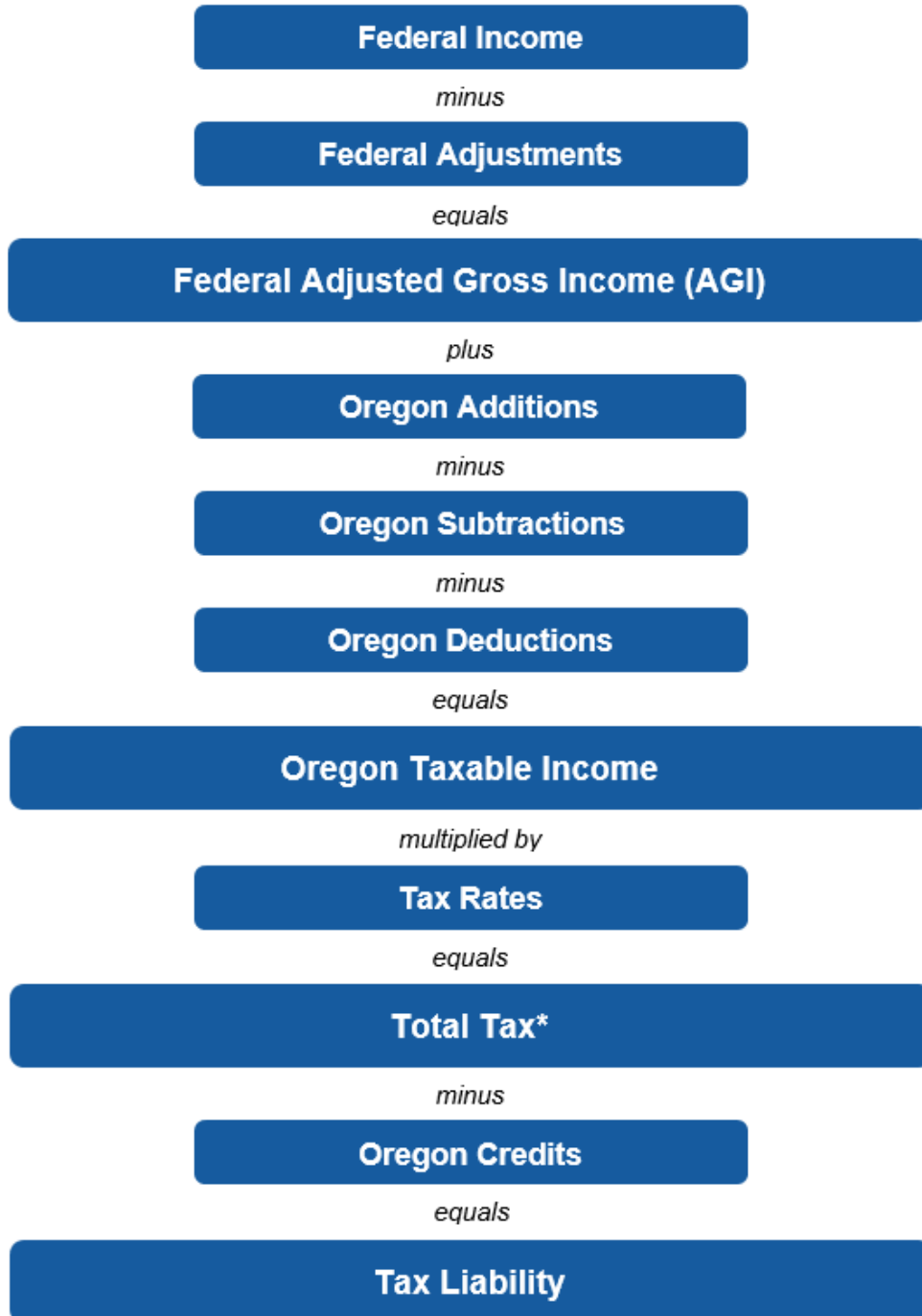
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<sup>3</sup> The Appendix C: Glossary of Terms, gives specific definitions for many of the components. Since the glossary does not define all terms related to Oregon’s personal income tax, see *Publication OR-17, Oregon Individual Income Tax Guide, 2021* at [www.oregon.gov/dor/forms](http://www.oregon.gov/dor/forms) for additional information.

Section III: Personal Income Tax Calculation

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**Exhibit 2—Calculation  
How Oregon Personal Income Tax is Calculated**



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

Examples of federal income types:

- 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. Oregon registered domestic partners (RDPs) are required to file as married filing jointly or married filing separately. 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 gross 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 2021**

<u>Filing status</u>	<u>Gross income more than</u>
Single	\$6,590
Married filing jointly	\$13,175
Married filing separately	\$6,590
Head of household	\$8,265
Qualifying surviving spouse	\$9,185
Can be claimed as a dependent	\$1,100

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

## Section III: Personal Income Tax Calculation

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### Federal Adjustments

Examples of federal adjustments:

- IRA, SIMPLE, and SEP contributions
- Self-employment health insurance
- Moving expenses
- Alimony paid
- Self-employment tax
- Student loan interest
- Educator expenses
- Qualified business expenses
- Health savings account contributions

### Federal Adjusted Gross Income (AGI)

Federal adjusted gross income is the total from all federal income sources minus federal adjustments.<sup>4</sup> 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

Examples of Oregon additions:

- Interest on bonds from other states
- Charitable contribution deductions for which a tax credit is claimed
- 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

Examples of Oregon subtractions:

- Oregon income tax refunds
- Federal income tax (up to \$7,050 for 2021)
- 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.

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<sup>4</sup> See Section IV Characteristics of Filers: Adjustments and Appendix C: Glossary of Terms for additional information.

- **Standard deductions for 2021:**

- \$4,700 if joint filer,
- \$3,780 if head of household filer
- \$2,350 if single filer
- \$2,350 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 surviving spouse. 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, such as:**

- Medical and dental expenses
- Property taxes
- Home mortgage interest
- Charitable gifts

### Oregon Taxable Income

Taxable income is Oregon AGI plus any Oregon additions<sup>5</sup> minus any Oregon subtractions<sup>6</sup> and deductions.<sup>7</sup> 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 legislation in 2019 that created the Corporate Activity Tax also reduced the tax rates of the three lowest brackets by 0.25 percent, which had been 5, 7, and 9 percent, respectively. Beginning with tax year 2021, the new tax rates for the three lowest brackets are 4.75, 6.75, and 8.75 percent, respectively. The income bracket levels have been

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<sup>5</sup> See Section IV Characteristics of Filers: Additions and Appendix C: Glossary of Terms for additional information.

<sup>6</sup> See Section IV Characteristics of Filers: Subtractions and Appendix C: Glossary of Terms for additional information.

<sup>7</sup> See Section IV Characteristics of Filers: Deductions and Appendix C: Glossary of Terms for additional information.

## Section III: Personal Income Tax Calculation

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indexed for inflation since 1993, currently using the U.S. City Average Consumer Price Index (CPI) as the measure of inflation. The 2009 Legislature created two additional income brackets, which were in effect for tax years 2009-2011 after Oregon voters approved the tax increase in January 2010 (Measure 66). The tax rates for those additional brackets were 10.8 percent for returns with taxable income from \$125,001-\$250,000 (S tax bracket) or \$250,001-\$500,000 (J tax bracket), and 11 percent for returns with taxable income above \$250,000 (S tax bracket) or \$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 2021

##### **S Tax Brackets—for persons whose filing status is single or married filing separately**

If taxable income is: .....	then tax is:
Not over \$3,650 .....	4.75% of taxable income
Over \$3,650 but not over \$9,200 .....	\$173 plus 6.75% of excess over \$3,650
Over \$9,200 but not over \$125,000 .....	\$548 plus 8.75% of excess over \$9,200
Over \$125,000 .....	\$10,861 plus 9.9% of excess over \$125,000

##### **J Tax Brackets—for persons whose filing status is married filing jointly, head of household, or qualifying surviving spouse with dependent child**

If taxable income is: .....	then tax is:
Not over \$7,300 .....	4.75% of taxable income
Over \$7,300 but not over \$18,400 .....	\$347 plus 6.75% of excess over \$7,300
Over \$18,400 but not over \$250,000 .....	\$1,096 plus 8.75% of excess over \$18,400
Over \$250,000 .....	\$21,361 plus 9.9% of excess over \$250,000

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### Qualified Business Income Reduced Tax Rate

A reduced tax rate<sup>8</sup> structure on business income from sole proprietorships and 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.

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<sup>8</sup> See Section IV Characteristics of Filers: Qualified Business Income Reduced Tax Rate and Appendix C: Glossary of Terms for additional information.

### Exhibit 5—Tax Rates for Qualified Business Income from Pass-through Entities Tax Year 2021

Qualified Business Income	Tax Rate
\$1 to \$500,000.....	7.0%
\$500,001 to \$1,000,000.....	7.5%
\$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 business from which they receive income must meet certain requirements for that income to qualify for the reduced tax rates. The taxpayer must be an active participant in the partnership, S corporation, or sole proprietorship. The partnership, S corporation, or sole proprietorship must employ at least one person other than the taxpayer or another shareholder/partner of the partnership or S corporation, who must work at least 1,200 hours per year in Oregon; only weeks in which an employee works at least 30 hours count toward the total. The Oregon Legislature in 2021 placed additional requirements on the minimum number of employees based on the business's number of owners, as well as an overall limit of \$5 million on total business income for the taxpayer to be able to qualify for these reduced tax rates.

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 business income 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.

## Section III: Personal Income Tax Calculation

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### Oregon Credits

Examples of Oregon tax credits:

- 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

Tax liability is the amount of tax owed by a taxpayer before accounting for any payments made by the 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<sup>9</sup> 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.

Payment types:

- Withholding
- Estimated payments
- Payment with the submitted return

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<sup>9</sup> See Section IV Characteristics of Filers: Payments and Refunds and Appendix C: Glossary of Terms for additional information.

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 2021 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 (FY) resident returns as Oregon taxes all the reported federal taxable income except for specific Oregon subtractions. Full-year resident returns represent about 85 percent of all returns filed and 91 percent of tax liability. Part-year (PY) resident returns<sup>10</sup> and nonresident (NR) returns<sup>11</sup> 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. Due to rounding<sup>12</sup>, the sum of separate quantities may not correspond exactly to some totals.

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<sup>10</sup> See Section IV Characteristics of Filers: Returns, Income and Tax, Part-Year Residents, and Appendix C: Glossary of Terms for additional information.

<sup>11</sup> See Section IV Characteristics of Filers: Returns, Income and Tax, and Appendix C: Glossary of Terms for additional information.

<sup>12</sup> See Appendix B: Data Validation and Statistical Reporting for rounding details.

## Section IV: Characteristics of Filers

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### Returns

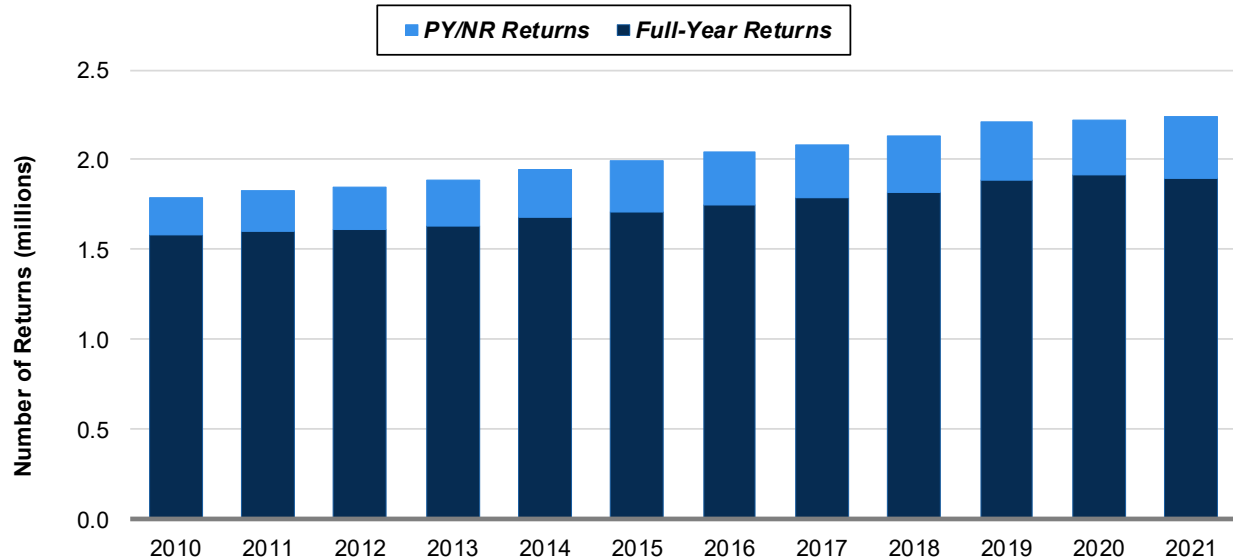
This section gives basic information about Oregon personal income tax returns including historical trends. Information is shown on the overall number of returns, return submittal type (i.e., electronic, 2-D, or paper), when returns are received by the Department of Revenue during the filing season, returns by form type and filing status, number of exemptions claimed by taxpayers, and age of taxpayers.

### Returns—Historical Trends

Exhibits 6a and 6b on the following page show the trend in returns filed since 2010 for full-year resident returns and part-year resident/nonresident (PY/NR) returns. The number of returns filed generally increases each year due to an increase in Oregon's population. However, the number of returns filed can fluctuate depending on economic conditions. The number of returns filed typically has decreased 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. The trend for tax year 2021 was somewhat unusual in that the number of full-year resident returns decreased from that filed for tax year 2020, even though the economic conditions improved significantly, as seen with the large increase in total AGI. However, the improved conditions coming out the COVID-19 pandemic allowed people to be more mobile, therefore increasing part-year resident returns.



### Exhibit 6a—Income Tax Returns (Historical) by Full-year Resident and Part-Year Resident/Nonresident, Tax Years 2010 to 2021



### Exhibit 6b—Income Tax Returns (Historical Details) by Full-year Resident and Part-year Resident/Nonresident, Tax Years 2010 to 2021

Tax Year	Oregon Population*		Full-Year Returns		PY/NR Returns		All Returns	
	Number	Growth	Number	Growth	Number	Growth	Number	Growth
2010	3,837,300	0.6%	1,581,270	0.6%	210,410	6.8%	1,791,680	1.3%
2011	3,854,947	0.5%	1,599,960	1.2%	224,820	6.9%	1,824,790	1.8%
2012	3,878,877	0.6%	1,612,450	0.8%	233,810	4.0%	1,846,260	1.2%
2013	3,911,943	0.9%	1,636,510	1.5%	249,930	6.9%	1,886,440	2.2%
2014	3,953,356	1.1%	1,679,610	2.6%	263,070	5.3%	1,942,680	3.0%
2015	4,002,145	1.2%	1,711,180	1.9%	282,390	7.3%	1,993,570	2.6%
2016	4,062,203	1.5%	1,751,140	2.3%	289,600	2.6%	2,040,740	2.4%
2017	4,124,435	1.5%	1,785,350	2.0%	299,800	3.5%	2,085,150	2.2%
2018	4,176,095	1.3%	1,819,170	1.9%	309,580	3.3%	2,128,750	2.1%
2019	4,214,664	0.9%	1,889,720	3.9%	322,970	4.3%	2,212,690	3.9%
2020	4,243,791	0.7%	1,919,410	1.6%	304,610	-5.7%	2,224,020	0.5%
2021	4,263,827	0.5%	1,898,660	-1.1%	337,470	10.8%	2,236,130	0.5%

\*Oregon Office of Economic Analysis, Demographic Forecast, March 2023 release, population estimate is for July 1 of given year.

[www.oregon.gov/das/OEA/Pages/forecastdemographic.aspx](http://www.oregon.gov/das/OEA/Pages/forecastdemographic.aspx)

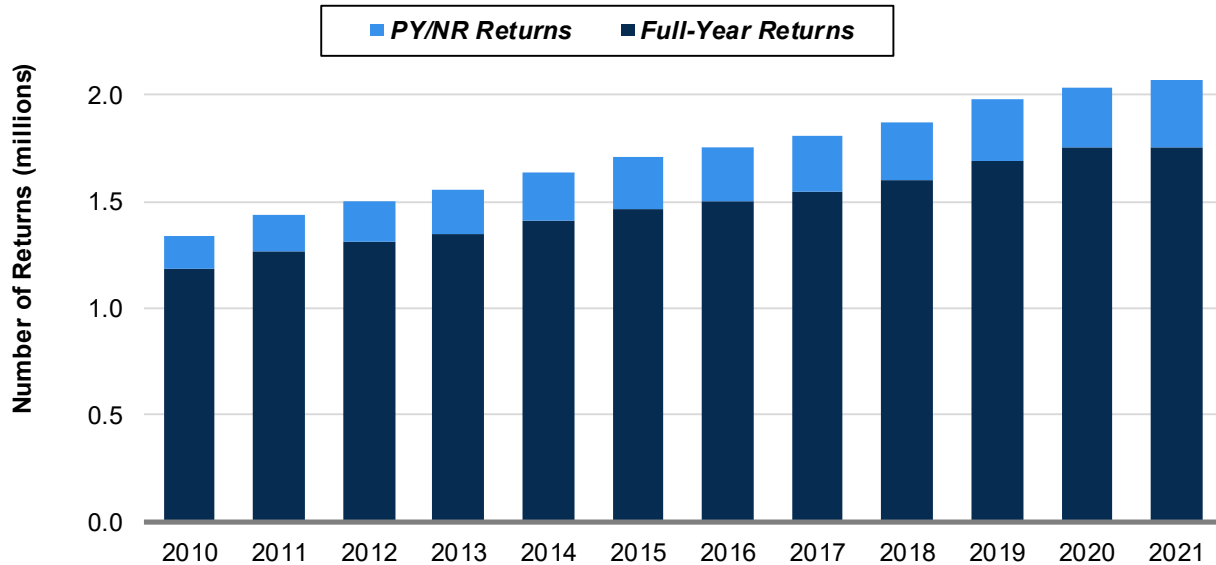
## Section IV: Characteristics of Filers

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### **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 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. The wide availability of tax preparation software for individuals with lower incomes who can file for free has also led to increased electronic filings. Exhibits 7a and 7b illustrate the growth in electronic filing from 2010 to 2021.

### Exhibit 7a—Electronically Filed Income Tax Returns (Historical) by Full-year Resident and Part-year Resident/Nonresident, Tax Years 2010 to 2021



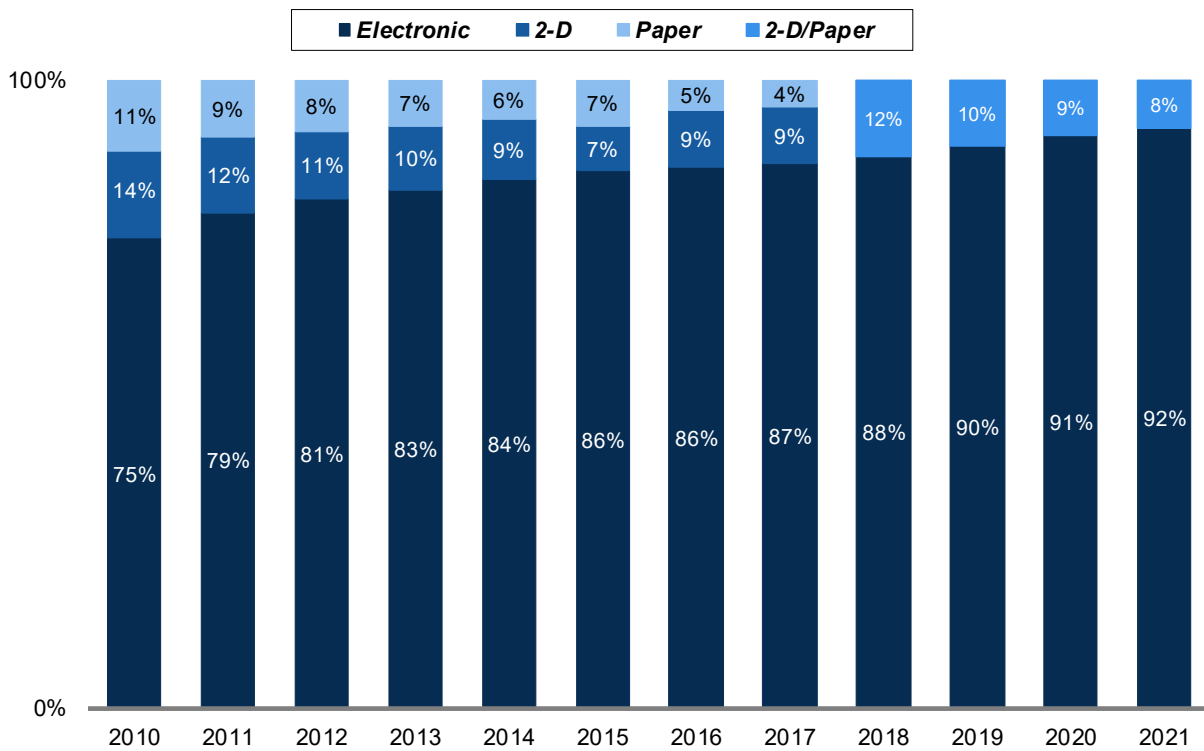
### Exhibit 7b—Electronically Filed Income Tax Returns (Historical Details) by Full-year Resident and Part-year Resident/Nonresident, Tax Years 2010 to 2021

Tax Year	Full-Year Returns		PY/NR Returns		All Returns	
	Number	Growth	Number	Growth	Number	Growth
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%
2020	1,750,510	3.6%	280,120	-3.9%	2,030,630	2.5%
2021	1,750,700	0.0%	315,190	12.5%	2,065,890	1.7%

## Section IV: Characteristics of Filers

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 to 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. The information received from this system does not differentiate paper from 2-D barcode returns.

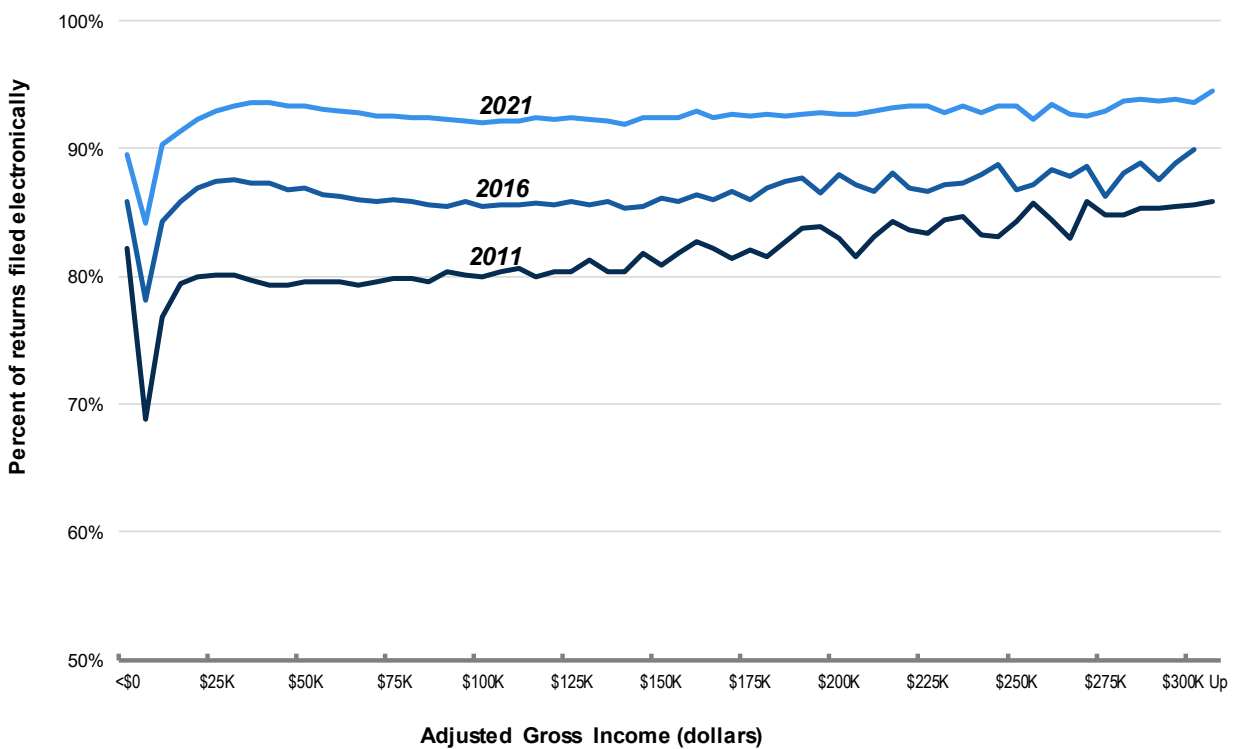
**Exhibit 8—All Returns (Historical) by Electronic, 2-D, and Paper  
Tax Years 2010 to 2021**



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

Exhibit 9 shows the percentage of full-year resident electronically filed returns by income level from 2010 to 2021. For tax year 2021, the percent of returns filed electronically is relatively constant across all incomes, except for individuals who report very low income. These are often simple returns filed by the more senior sector of the population, and they opt to file more often by paper. Returns with adjusted gross income less than \$0 tend to be more complicated returns with business losses and most file electronically close to the overall electronic filing rate.

**Exhibit 9—Percent of Full-Year Resident Returns Filed Electronically by Adjusted Gross Income, Tax Years 2011, 2016, and 2021**

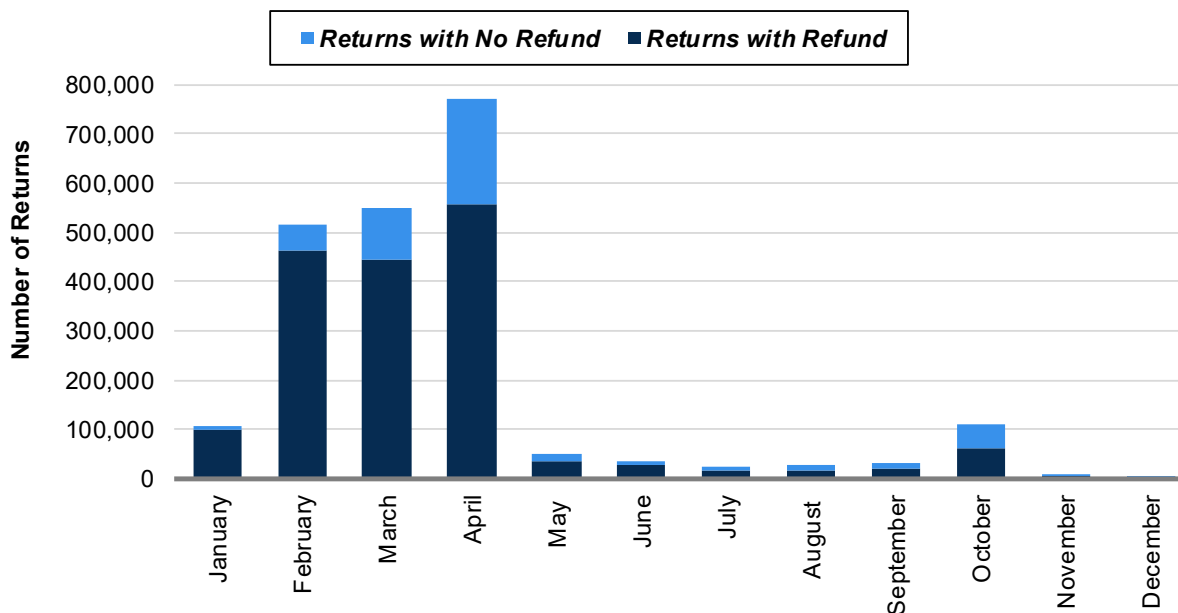


### Timing of Filing Tax Returns

The information in Exhibits 10a and 10b on the following page are based on original 2021 income tax returns received by the Oregon Department of Revenue in the 2022 calendar year. The department receives returns throughout the year and typically receives most of those returns by the April return filing deadline. These exhibits 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 5 percent of taxpayers filed near the extension deadline in October.

Section IV: Characteristics of Filers

**Exhibit 10a–Number of Returns Received from All Returns by Month  
Tax Year 2021**



**Exhibit 10b–Number of Returns Received from All Returns (Details) by Month  
Tax Year 2021**

	Returns with No Refund	Returns with Refund	All Returns		
			Number	Share	Cumulative
January	7,580	96,890	104,470	4.7%	4.7%
February	54,460	462,590	517,050	23.1%	27.8%
March	108,110	443,280	551,390	24.7%	52.5%
April	214,070	557,920	771,990	34.5%	87.0%
May	13,290	36,700	49,990	2.2%	89.2%
June	10,710	25,710	36,420	1.6%	90.8%
July	7,800	17,430	25,230	1.1%	92.0%
August	8,840	17,840	26,680	1.2%	93.2%
September	11,870	20,610	32,470	1.5%	94.6%
October	48,480	62,700	111,180	5.0%	99.6%
November	2,660	4,670	7,330	0.3%	99.9%
December	720	1,220	1,940	0.1%	100.0%
<b>Total</b>	<b>488,580</b>	<b>1,747,560</b>	<b>2,236,140</b>		

### Returns by Filing Status and Form Type

Exhibit 11 shows the number of 2021 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 2.22 million returns filed for tax year 2021, over 85 percent of returns were from full-year resident taxpayers. Additionally, the data is broken out by the filing status of the taxpayer: single, married filing jointly, married filing separately, head of household, and qualifying surviving spouse. The filing status chosen by taxpayer determines some of the pieces of the tax return calculation, such as the amount of standard deduction and which tax brackets to use. The filing status of *qualifying surviving spouse* is a rename of the qualifying widow(er) filing status following the recent nomenclature change of the IRS.

#### Exhibit 11—All Income Tax Returns by Filing Status and Form Type Tax Year 2021

Filing Status	Full-Year Resident OR-40	Part-Year (PY) OR-40-P	Nonresident (NR) OR-40-N	Total
Single	970,190	72,670	89,790	<b>1,132,650</b>
Married Filing Jointly	705,270	32,560	112,380	<b>850,210</b>
Married Filing Separately	36,800	2,790	5,040	<b>44,630</b>
Head-of-Household	185,430	6,450	15,670	<b>207,540</b>
Qualifying Surviving Spouse	980	40	90	<b>1,110</b>
<b>Total</b>	<b>1,898,660</b>	<b>114,510</b>	<b>222,960</b>	<b>2,236,140</b>

## Section IV: Characteristics of Filers

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### **Exemptions and Dependents**

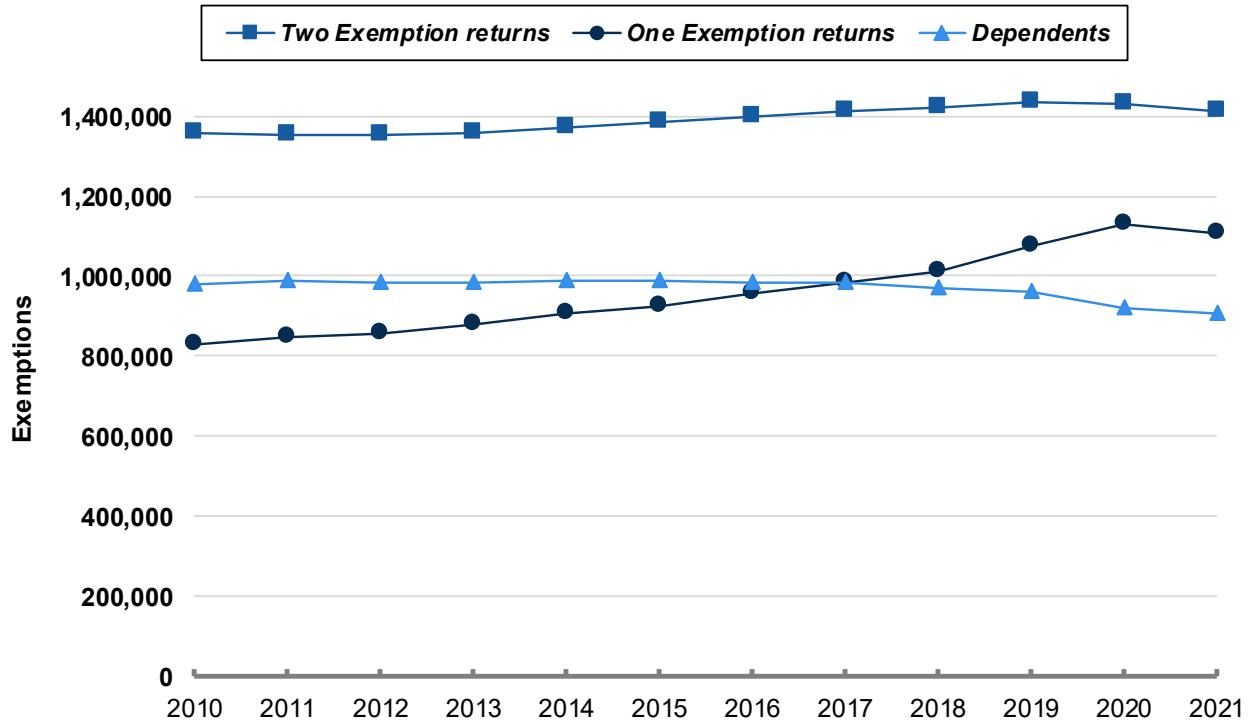
Filers receive one regular exemption for themselves and a second regular exemption for their spouse if using a filing status of married filing jointly. Taxpayers also receive one exemption for each qualifying dependent. Filers receive an additional exemption for each spouse who is severely disabled and for each dependent who has a qualifying disability. If a dependent claimed on a return files their own tax return, they are not allowed to claim any exemptions on their tax return. A dependent may file a return, if for example, they have income from employment or interest from an investment set up by their parents in that dependent's name.

Filers receive a total exemption credit equal to the number of exemptions times the value of an exemption credit per exemption (\$213 for tax year 2021). Filers with an adjusted gross income of over \$100,000 (single or married filing separately) or \$200,000 (married filing jointly, head of household, or qualify surviving spouse) do not receive any exemption credit. Additionally, any taxpayer who has an exemption (or exemptions) for being severely disabled or having a dependent with a qualifying disability cannot claim the corresponding portion of the exemption credit if their adjusted gross income is over \$100,000 for any filing status.

Exhibit 12a and 12b shows the historic trends of regular exemptions (from filer and spouse) and exemptions from dependents for full-year filers for tax years 2010 to 2021. Exemptions related to severely disabled taxpayers and taxpayers with dependents having a qualifying disability are not shown in these exhibits, as the counts are small compared to the overall count of exemptions, and not including them gives a one-to-one relationship between exemptions and people included on a return.



**Exhibit 12a–Exemptions Full-Year Resident Returns by Exemption Categories (Historical), Tax Years 2010 to 2021**



**Exhibit 12b–Exemptions Full-Year Resident Returns by Exemption Categories (Historical Detail), Tax Years 2010 to 2021**

Tax Year	Returns with One Regular Exemption		Returns with Two Regular Exemptions		Returns with Dependents				Total Exemptions	
	Number of Exemptions	Growth	Number of Exemptions	Growth	Number of Returns	Number of Dependents	Growth	Average	Number	Growth
2010	829,950	1.6%	1,356,590	-0.1%	516,790	978,230	1.5%	1.87	3,138,970	0.8%
2011	847,090	2.1%	1,352,780	-0.3%	522,200	988,510	1.1%	1.87	3,164,770	0.7%
2012	855,910	1.0%	1,352,560	0.0%	523,590	985,960	-0.3%	1.89	3,188,370	0.2%
2013	878,140	2.6%	1,355,440	0.2%	522,310	985,410	-0.1%	1.89	3,194,440	0.8%
2014	907,760	3.4%	1,370,830	1.1%	523,550	989,000	0.4%	1.88	3,219,000	1.5%
2015	926,270	2.0%	1,386,320	1.1%	527,440	987,010	-0.2%	1.88	3,267,590	1.0%
2016	958,180	3.4%	1,399,720	1.0%	527,250	985,860	-0.1%	1.87	3,299,600	1.3%
2017	982,960	2.6%	1,412,900	0.9%	529,200	984,430	-0.1%	1.86	3,343,760	1.1%
2018	1,009,710	2.7%	1,419,860	0.5%	530,350	970,140	-1.5%	1.86	3,380,290	0.6%
2019	1,074,900	6.5%	1,432,610	0.9%	528,440	960,300	-1.0%	1.84	3,399,710	2.0%
2020	1,129,270	5.1%	1,430,700	-0.1%	528,790	921,560	-4.0%	1.82	3,467,810	0.4%
2021	1,108,310	-1.9%	1,410,390	-1.4%	516,050	906,590	-1.6%	1.79	3,481,520	-1.6%

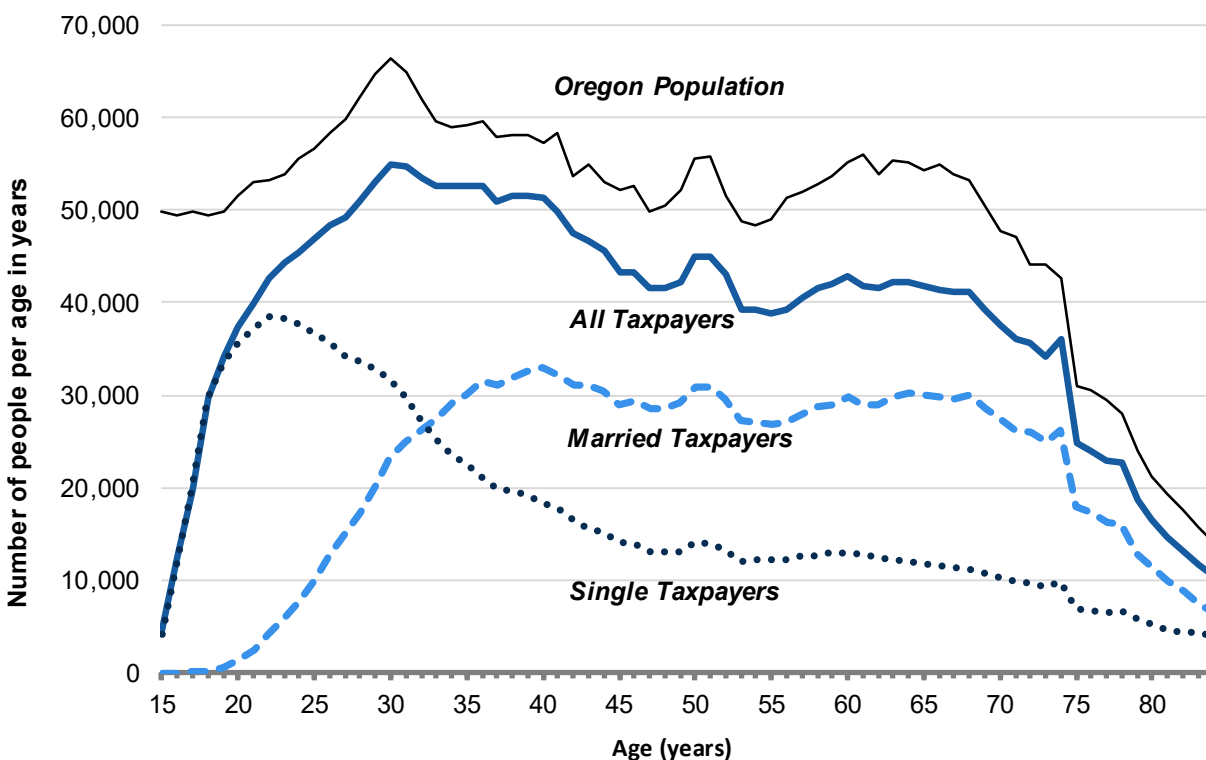
\* Taxpayers with a filing status of Single, Married filing separately, Head of household, or Qualifying surviving spouse receive one regular exemption, except for those taxpayers that are claimed as a dependent on another taxpayer's return  
 \*\*Taxpayers filing Married filing jointly receive two regular exemptions.

## Section IV: Characteristics of Filers

### Age of Taxpayers

Exhibit 13 shows information on all returns filed by full and part-year Oregon residents by the age of the taxpayer in years as of July 1, 2021 (includes both the filer 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 is the best estimate of the population on July 1, 2021, while tax return data represents tax year 2021 Oregon resident returns submitted during calendar year 2022. Despite this, 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 13—Full-Year and Part-Year Resident Taxpayer Returns by Age  
Tax Year 2021**



(1) Age of taxpayer on July 1, 2021 computed from the date of birth listed on the return.

(2) The chart represents 2.73 million resident (full and part-year) taxpayers.

(3) Age is not known for less than 1 percent of taxpayers, so they are not represented.

(4) Oregon population age data is from the Oregon Office of Economic Analysis, Demographic Forecast, March 2023 release, population estimate is for July 1, 2021.

[www.oregon.gov/das/OEA/Pages/forecastdemographic.aspx](http://www.oregon.gov/das/OEA/Pages/forecastdemographic.aspx)

## 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 AGI 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 about 85 percent of the tax returns, just under 92 percent of Oregon AGI, and about 91 percent of the tax liability in 2021. Exhibit 14 is a summary of the number of returns, AGI, and Oregon tax liability by residency status, as determined by the type of return the taxpayer filed.

#### Exhibit 14—Returns, Oregon AGI, and Tax Liability from All Returns by Residence Type, Tax Year 2021

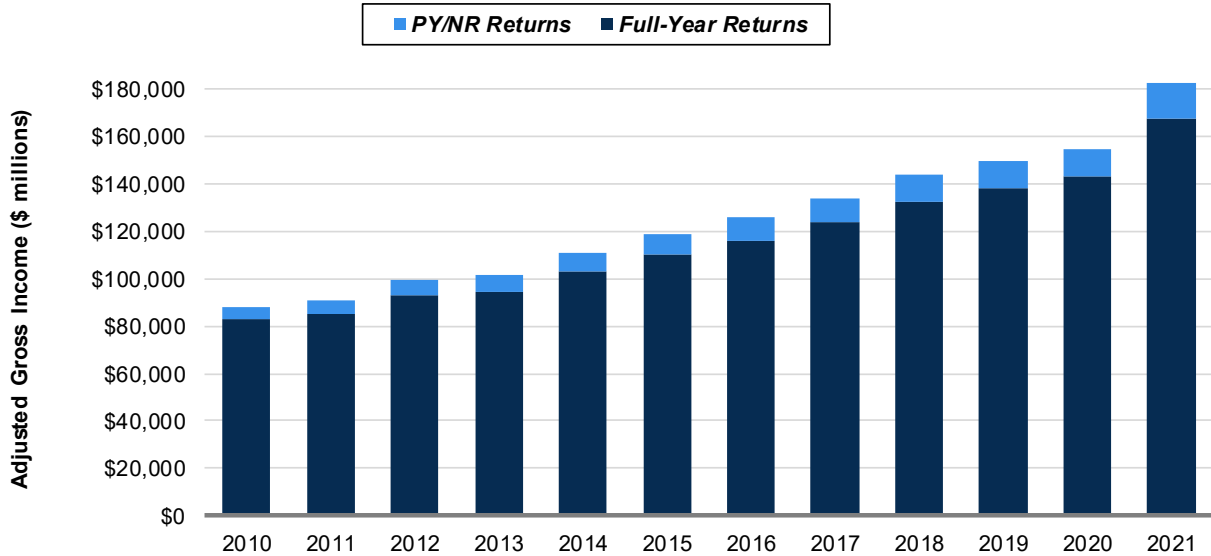
Return Type	Returns		Oregon AGI		Tax Liability	
	Number	Share	\$ (millions)	Share	\$ (millions)	Share
Full-Year (OR-40)	1,898,660	84.9%	\$167,545.5	91.7%	\$11,034.3	91.3%
Part-Year (OR-40-P)	114,510	5.1%	\$5,012.7	2.7%	\$362.5	3.0%
Nonresident (OR-40-N)	222,960	10.0%	\$10,072.9	5.5%	\$685.3	5.7%
<b>Total</b>	<b>2,236,140</b>	<b>100%</b>	<b>\$182,631.0</b>	<b>100%</b>	<b>\$12,082.0</b>	<b>100%</b>

### Oregon Adjusted Gross Income—Historical Trends

Exhibits 15a and 15b on the following page, show the trend in Oregon AGI since 2010 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. Oregon AGI for tax year 2021 showed a historically large increase, as the Oregon AGI as reported on all returns increased more than 18 percent in tax year 2021 as compared to 2020. In 2021, there was strong growth in many types of income such as from wages, with significant growth in the income from the following sources: capital gains, IRA distributions, and business income from sole proprietors, partnerships, and S corporations. See Exhibit 23 for data related to specific types of income.

Section IV: Characteristics of Filers

**Exhibit 15a–Total Oregon Adjusted Gross Income (Historical) by Full-Year Resident and PY/NR Returns, Tax Years 2010 to 2021**



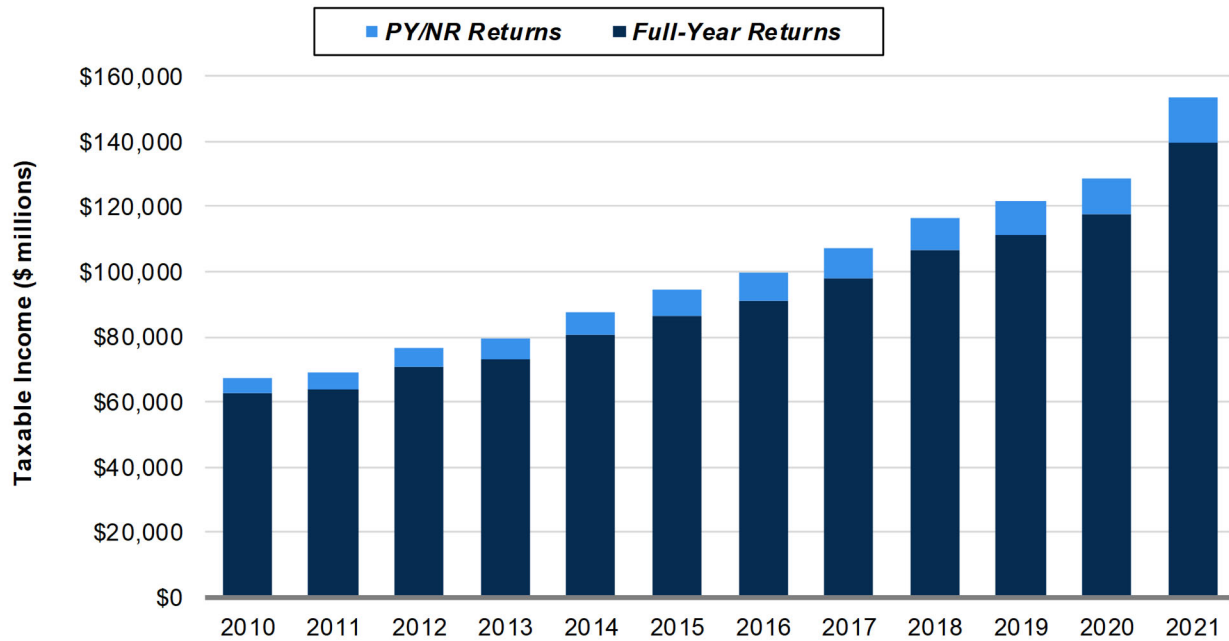
**Exhibit 15b–Total Oregon Adjusted Gross Income (Historical Details) by Full-Year Resident and PY/NR Returns, Tax Years 2010 to 2021**

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
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%
2020	\$74,520	\$143,031.9	3.6%	\$36,890	\$11,237.6	-1.2%	\$69,370	\$154,269.6	3.3%
2021	\$88,240	\$167,545.5	17.1%	\$44,700	\$15,085.5	34.2%	\$81,670	\$182,631.0	18.4%

**Taxable Income–Historical Trends**

Taxable income is the amount of income subject to Oregon tax and equals Oregon AGI plus additions, minus subtractions, minus allowable deductions, limited to a minimum of zero. Exhibits 16a and 16b show the trend in Oregon taxable income since 2010 for full-year resident returns, part-year resident/nonresident returns (PY/NR), and all returns. The yearly trend in the total taxable income closely correlates to total Oregon AGI.

**Exhibit 16a–Total Taxable Income (Historical) by Full-Year Resident and PY/NR Returns, Tax Years 2010 to 2021**



**Exhibit 16b–Total Taxable Income (Historical Details) by Full-Year Resident and PY/NR Returns, Tax Years 2010 to 2021**

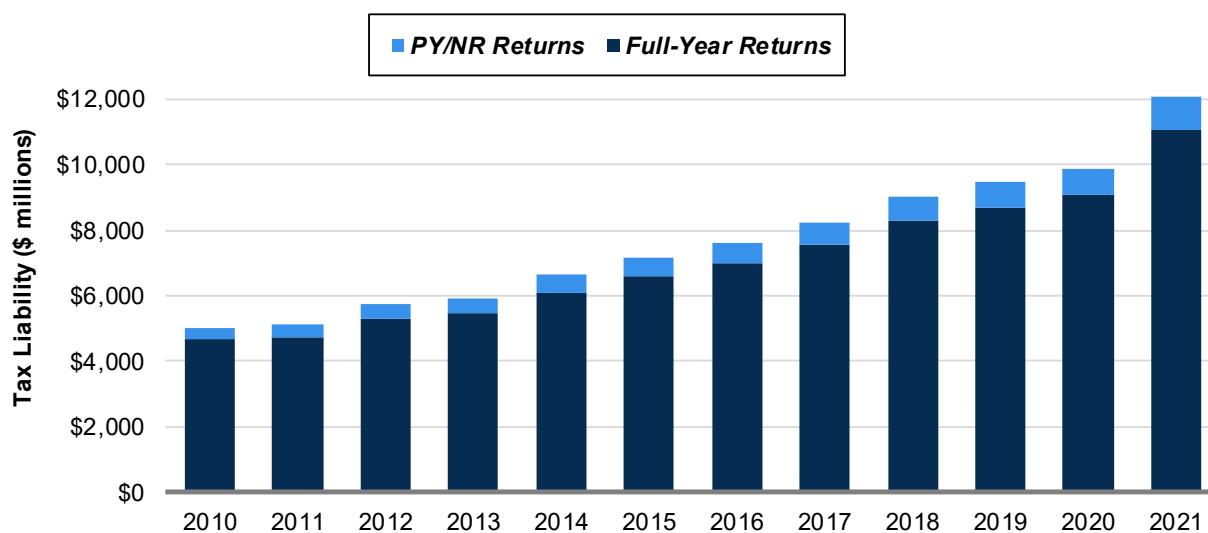
Tax Year	Full-Year Returns			PY/NR Returns			All Returns		
	Average (\$)	Total (\$ millions)	Growth in Total	Average (\$)	Total (\$ millions)	Growth in Total	Average (\$)	Total (\$ millions)	Growth in Total
2010	\$39,490	\$62,439.5	6.1%	\$23,370	\$4,917.1	9.0%	\$37,590	\$67,356.7	6.3%
2011	\$39,810	\$63,697.3	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%
2020	\$61,400	\$117,860.2	5.8%	\$35,330	\$10,763.3	2.9%	\$57,830	\$128,623.5	5.6%
2021	\$73,570	\$139,686.6	18.5%	\$41,780	\$14,101.0	31.0%	\$68,770	\$153,787.6	19.6%

## Section IV: Characteristics of Filers

### 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 the 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 2021, tax liability totaled \$12.1 billion, a substantial increase of 23 percent from 2020. Exhibits 17a and 17b show the trend in total tax liability since 2010 for full-year resident returns, part-year resident/nonresident returns (PY/NR), and all returns.

**Exhibit 17a–Total Personal Income Tax Liability (Historical) by Full-Year Resident and PY/NR Returns, Tax Years 2010 to 2021**



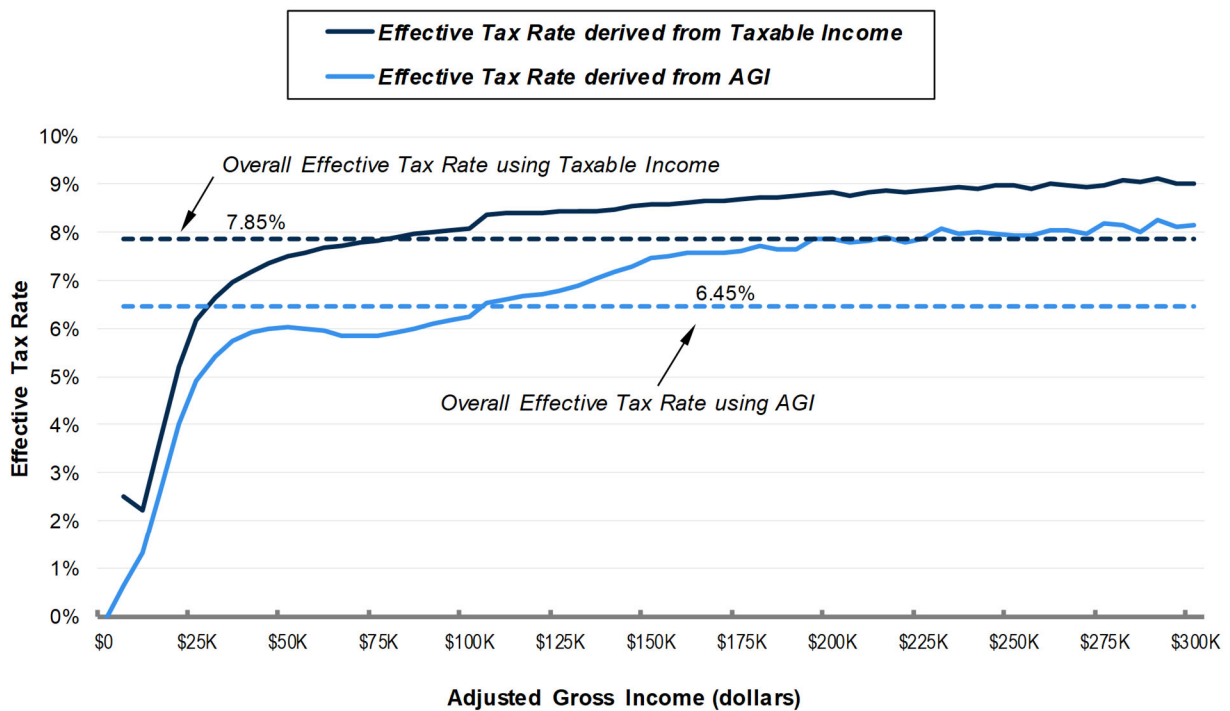
**Exhibit 17b–Total Personal Income Tax Liability (Historical Details) by Full-Year Resident and PY/NR Returns, Tax Years 2010 to 2021**

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
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%
2020	\$4,720	\$9,063.1	4.1%	\$2,560	\$779.1	0.6%	\$4,430	\$9,842.2	3.8%
2021	\$5,810	\$11,034.3	21.7%	\$3,100	\$1,047.7	34.5%	\$5,400	\$12,082.0	22.8%

**Effective Tax Rates**

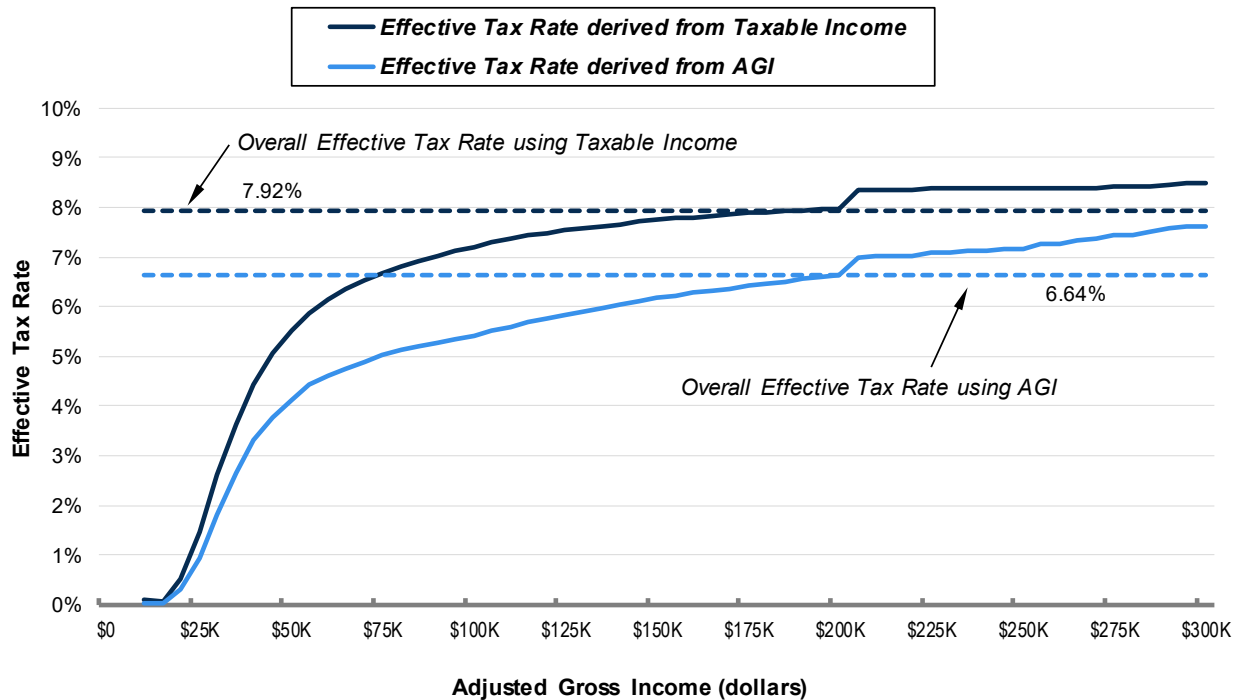
Exhibits 18a and 18b show tax as a percentage of AGI (effective tax rate derived from AGI) and as a percentage of taxable income (effective tax rate derived from taxable income) for full-year resident returns by adjusted gross income. Exhibit 18a shows returns, where tax was computed using the S tax brackets (single or married filing separately filing statuses–S returns), and Exhibit 18b shows returns where tax was computed using the J tax brackets (married filing jointly, head of household, or qualifying surviving spouse statuses–J returns).

**Exhibit 18a–Full-Year Resident Returns Using S Tax Brackets\* by Effective Tax Rates Derived from AGI and Taxable Income, Tax Year 2021**



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

**Exhibit 18b—Full-Year Resident Returns Using J Tax Brackets\*\* by Effective Tax Rates Derived from AGI and Taxable Income, Tax Year 2021**



\*\* J tax brackets are for married filing jointly, head of household and qualifying surviving spouse.

The top curve (on both 18a and 18b charts) shows the effective rate derived from taxable income. The effective rate increases quickly as additional income is taxed at increasing marginal tax rates of 4.75, 6.75, and 8.75 percent and then gradually approaches 9.9 percent beyond the limits of this chart. The effective tax rate cannot reach the highest marginal rate of 9.9 percent because even the highest income taxpayers have some income taxed at the 4.75, 6.75, and 8.75 percent rates. In addition, any tax credits claimed by taxpayers can reduce their effective tax rate.

The bottom curve (on both 18a and 18b charts) shows the effective rate derived from AGI. It has the same general shape as the top curve but shifted down on the percent scale. The effective rate derived from AGI encompasses the net additions, subtractions, and deductions, which on average, lowers the tax relative to AGI.

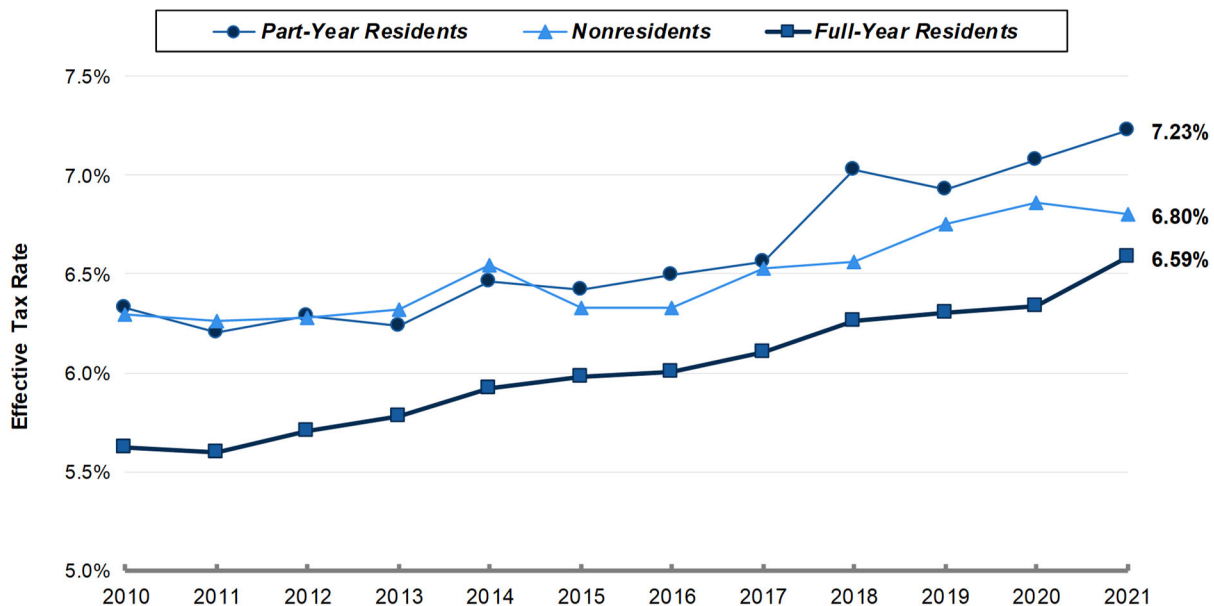
An overall effective tax rate is the required rate necessary to raise the same amount of revenue as current tax law if the tax rate was a flat percentage applied to AGI or taxable income. This is shown by the dotted lines in both charts. For example, S taxpayers would pay a flat rate of 6.45 percent and J taxpayers would pay a flat rate of 6.64 percent of their AGI or taxpayers would pay flat rates of 7.85 percent and 7.92 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 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 the 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.

Exhibit 19 shows the effective tax rate as derived from AGI for tax years 2010 to 2021. Data for returns from full-year residents, part-year residents, and nonresidents are shown separately. The general upward trend of the effective rate is in part due to certain components of Oregon’s personal tax system that are not adjusted for inflation and affect mainly high-income taxpayers. These components include the elimination of the exemption credit above a certain AGI, as mentioned above, the phase-out of the federal tax subtraction with income, and the top tax bracket. As taxpayers’ income increases with inflation over the years, they will have income taxed at a higher effective tax rate. The effective tax rate can also increase when there is an increase in real income beyond inflation for taxpayers who have income that is taxed at the highest marginal tax rate.

**Exhibit 19—Full-Year Resident Returns Effective Tax Rate Derived from AGI  
Tax Years 2010 to 2021**



## Section IV: Characteristics of Filers

### Distribution of Returns, Income, and Tax by Oregon Tax Brackets and AGI Level

Exhibit 20 shows the number of filers, total AGI, and total tax liability by those filers in each tax bracket. Note that there are over 25,000 more taxpayers with income in the top tax bracket in 2021, as compared to 2020 as inflation was one of the factors that moved more taxpayers into the top tax bracket. Additionally in 2021, there was a large increase in real income beyond inflation of taxpayers who had income taxed in the top bracket. This is seen in the large increase in AGI for those taxpayers and reflected in the effective tax rate increasing from 8.1 percent to 8.3 percent.

Also shown is the effective tax rate as derived from AGI for each tax bracket. Note that the effective tax rate in each tax bracket is less than the highest marginal tax rate applied to a taxpayer's taxable income, as taxpayers have some proportion of their income taxed at a lower marginal tax rate and in addition, taxpayers have subtractions, deductions, and tax credits which also lower their tax liability.

#### Exhibit 20—Full-Year Resident Returns and Tax Liability by Oregon Tax Brackets Tax Years 2020 and 2021

2021 Taxable Income: Single or Married Filing Separately (all others double the amount)		2021	2021 Returns		2021 Total AGI	2021 Tax Liability		2021
		Tax Bracket	Number	Share	\$ (millions)	\$ (millions)	Share	Effective Tax Rate*
\$0		No Taxable Income	123,230	6.5%	\$835.8	\$0.0	0%	0.0%
\$1- \$3,650		4.75%	94,090	5.0%	\$1,066.3	\$2.0	<0.1%	0.2%
\$3,651-\$9,200		6.75%	160,050	8.4%	\$2,955.7	\$25.7	0.2%	0.9%
\$9,200-\$125,000		8.75%	1,419,930	74.8%	\$105,467.1	\$6,248.2	56.6%	5.9%
Over \$125,000		9.9%	101,370	5.3%	\$57,220.6	\$4,758.3	43.1%	8.3%
<b>Total</b>			<b>1,898,660</b>	<b>100.0%</b>	<b>\$167,545.5</b>	<b>\$11,034.3</b>	<b>100.0%</b>	<b>6.6%</b>

2020 Taxable Income: Single or Married Filing Separately (all others double the amount)		2020	2020 Returns		2020 Total AGI	2020 Tax Liability		2020
		Tax Bracket	Number	Share	\$ (millions)	\$ (millions)	Share	Effective Tax Rate*
\$0		No Taxable Income	164,870	8.6%	-\$745.7	\$0.0	0%	0.0%
\$1- \$3,600		4.75%	113,190	5.9%	\$1,250.9	\$1.8	<0.1%	0.1%
\$3,601-\$9,050		6.75%	190,030	9.9%	\$3,356.7	\$30.2	0.3%	0.9%
\$9,051-\$125,000		8.75%	1,375,780	71.7%	\$98,664.6	\$5,762.4	63.6%	5.8%
Over \$125,000		9.9%	75,540	3.9%	\$40,505.3	\$3,268.7	36.1%	8.1%
<b>Total</b>			<b>1,919,410</b>	<b>100.0%</b>	<b>\$143,031.9</b>	<b>\$9,063.1</b>	<b>100.0%</b>	<b>6.3%</b>

\*Effective tax rate derived from AGI

Exhibit 21 shows total Oregon AGI, total tax liability, and share of total tax liability by AGI quintile for 2020 and 2021 for full-year resident returns. Quintiles<sup>13</sup> represent subsets of the data that each contains 20 percent of all data records grouped by the values of a particular variable in order. For example, quintiles by income are determined by arranging the set of records from the lowest income to the highest income and then dividing the data into five equally sized subsets. In the data presented in Exhibit 21, the fifth quintile is further subdivided into the first 15 percent, 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 2021, the bottom 40 percent of filers by income accounted for 5 percent of the total tax liability, while the top 40 percent accounted for over 86 percent of the total tax liability. The top one percent of full-year filers accounted for about 24 percent of the total tax liability compared to 22 percent in 2020. The top one percent paying a greater portion of Oregon's tax liability is indicative of taxpayers having more income taxed in the top income bracket.

### Exhibit 21—Income and Tax Liability Full-Year Resident Returns by AGI Quintiles Tax Years 2020 and 2021

AGI Quintile	Approximate AGI Range in 2021 (dollars)	Total AGI (\$ millions)		Total Tax Liability (\$ millions)		Share of Total Tax Liability	
		2020	2021	2020	2021	2020	2021
Lowest 20%	Below \$19K	\$119.0	\$2,080.6	\$41.2	\$71.9	0.5%	0.7%
Second 20%	\$19K-\$38K	\$9,134.9	\$10,708.4	\$354.4	\$471.0	3.9%	4.3%
Middle 20%	\$38K-\$64K	\$16,921.0	\$18,858.0	\$861.4	\$997.7	9.5%	9.0%
Fourth 20%	\$64K-\$113K	\$29,698.0	\$32,574.3	\$1,609.0	\$1,825.8	17.8%	16.5%
Next 15%	\$113K-\$242K	\$40,327.8	\$44,702.4	\$2,523.7	\$2,923.8	27.8%	26.5%
Next 4%	\$242K-\$588K	\$22,438.3	\$26,262.4	\$1,702.5	\$2,060.3	18.8%	18.7%
Top 1%	above \$588K	\$24,392.9	\$32,359.2	\$1,971.0	\$2,683.8	21.7%	24.3%
<b>Total</b>		<b>\$143,031.9</b>	<b>\$167,545.5</b>	<b>\$9,063.1</b>	<b>\$11,034.3</b>	<b>100.0%</b>	<b>100.0%</b>

(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 2020.

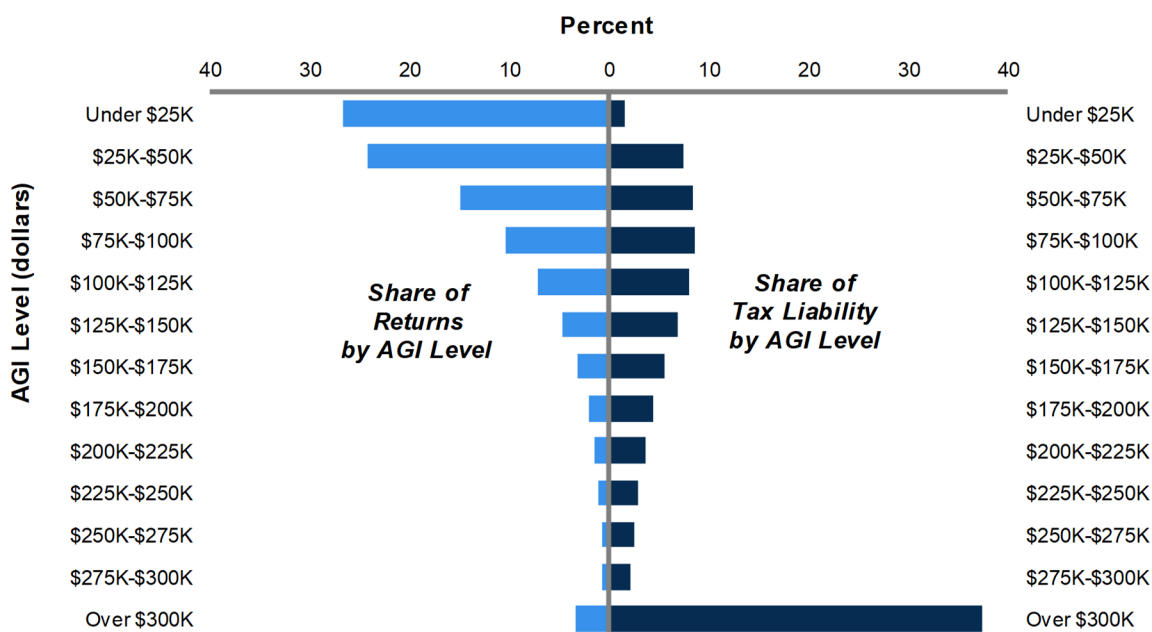
Exhibits 22a and 22b on the following page, compare the percentage of full-year resident returns (left side) to the percentage of total tax liability (right side) by AGI levels for 2021.

Approximately 51 percent of filers reported AGI less than \$50,000 in 2021. This group reported about 9 percent of the total tax liability. Filers with AGI above \$300,000 represented only 3.4 percent of total returns but reported over 37 percent of total tax liability in 2021.

<sup>13</sup> See Appendix B: Data Validation and Statistical Reporting and Appendix C: Glossary of Terms for additional information.

Section IV: Characteristics of Filers

**Exhibit 22a—Full-Year Resident Returns and Tax Liability by AGI Levels  
Tax Year 2021**



**Exhibit 22b—Full-Year Resident Returns and Tax Liability (Details) by AGI Levels  
Tax Year 2021**

AGI Level (dollars)	Returns		Tax Liability	
	Number	Share	\$ (millions)	Share
Under \$25,000	503,810	26.5%	\$171.7	1.6%
\$25,000 - \$50,000	459,260	24.2%	\$833.0	7.5%
\$50,000 - \$75,000	284,130	15.0%	\$940.3	8.5%
\$75,000 - \$100,000	194,980	10.3%	\$942.6	8.5%
\$100,000 - \$125,000	133,900	7.1%	\$887.1	8.0%
\$125,000 - \$150,000	88,610	4.7%	\$757.7	6.9%
\$150,000 - \$175,000	58,950	3.1%	\$622.4	5.6%
\$175,000 - \$200,000	39,330	2.1%	\$494.1	4.5%
\$200,000 - \$225,000	26,750	1.4%	\$404.7	3.7%
\$225,000 - \$250,000	19,430	1.0%	\$334.1	3.0%
\$250,000 - \$275,000	14,270	0.8%	\$277.7	2.5%
\$275,000 - \$300,000	11,090	0.6%	\$243.1	2.2%
Over \$300,000	64,140	3.4%	\$4,126.0	37.4%
<b>Total</b>	<b>1,898,660</b>	<b>100.0%</b>	<b>\$11,034.3</b>	<b>100.0%</b>

## Types of Income

Exhibit 23 shows the types of income reported on federal Form 1040 for 2020 and 2021 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. For several types of income (capital gain, other gains, 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 \$101 billion of the \$169 billion total gross income, or 60 percent of the total in 2021.

In addition to strong growth in wages of over 7 percent for full-year filers in 2021, there was even stronger growth in these income categories: income from capital gains – up 77 percent; business income from sole proprietors – up 20 percent; income reported on Schedule E mainly from rents, partnerships, and S corporations – up 34 percent; and IRA distributions – up 41 percent.

### Exhibit 23—Full-Year Resident Returns by Types of Income Tax Years 2020 and 2021

Income Type	Number of Returns		Average (\$)		Total (\$ millions)		Growth in Total
	2020	2021	2020	2021	2020	2021	
Wages, Salaries, Tips	1,494,960	1,465,910	\$62,840	\$68,950	\$93,936.7	\$101,074.1	7.6%
Interest	679,770	626,640	\$1,870	\$1,660	\$1,269.2	\$1,040.6	-18.0%
Dividends	403,750	418,710	\$8,850	\$9,750	\$3,572.2	\$4,083.8	14.3%
Capital Gain (loss)	391,550	442,700	\$25,940	\$40,650	\$10,157.4	\$17,997.6	77.2%
Other Gain (loss)	25,810	25,110	\$4,160	\$9,460	\$107.3	\$237.4	121.2%
Business Income (loss)	279,110	289,280	\$15,690	\$18,180	\$4,378.6	\$5,259.2	20.1%
Rent, Part., S Corp (income or loss)	224,210	223,270	\$46,630	\$62,590	\$10,454.0	\$13,975.0	33.7%
IRA Distributions	191,670	233,190	\$20,830	\$24,070	\$3,992.7	\$5,613.9	40.6%
Pensions	366,080	359,320	\$29,520	\$31,300	\$10,806.6	\$11,246.0	4.1%
Social Security Benefits	324,280	338,930	\$16,560	\$17,700	\$5,369.3	\$5,999.1	11.7%
Unemployment Compensation	397,210	223,830	\$12,380	\$12,540	\$4,915.9	\$2,805.8	-42.9%
Farm Income (loss)	27,860	27,570	-\$11,920	-\$13,430	-\$332.0	-\$370.3	*
State Tax Refunds	106,860	74,470	\$1,570	\$1,240	\$167.5	\$92.5	-44.8%
Alimony	5,910	5,030	\$24,030	\$24,650	\$141.9	\$124.1	-12.6%
Other Income (loss)	482,890	141,790	-\$8,120	\$1,500	-\$3,919.7	\$213.2	*
<b>Total</b>					<b>\$145,017.5</b>	<b>\$169,391.8</b>	<b>16.8%</b>

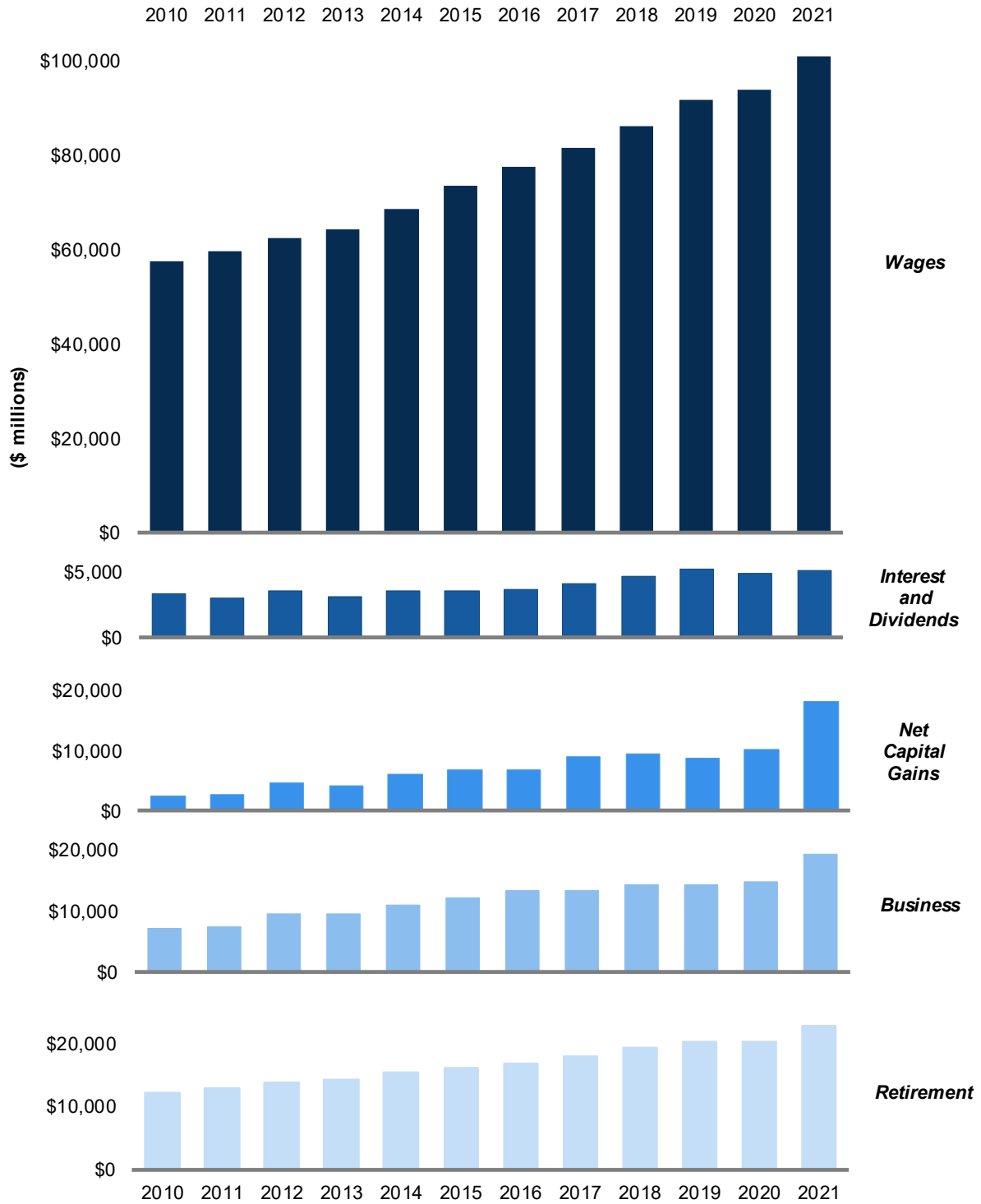
\* Growth in total is not computed when the particular income type has a significant negative component.

### **Categories of Income—Historical**

This section discusses the income reported on federal returns historically for similar income types grouped into categories. Exhibit 24 on the following page shows these income categories for tax years 2010 through 2021 for full-year resident filers. The interest and dividend income category is comprised of passive types of investments. The category of net capital gains includes capital gains and other gains of 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, namely unemployment, farm, state tax refunds, alimony and other income, account for a net of about \$3 billion (or less than 2 percent) of the total gross income in 2021 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 2021, capital gains accounted for 10.8 percent of the total gross income, that percentage has varied since 2010, from a low of 3 percent in 2010 to a high of nearly 11 percent in 2021. On the other hand, retirement income's share of total income has remained relatively steady since 2010 at roughly 13.5 to 15 percent.

**Exhibit 24—Full-Year Resident Returns (Historical) by Categories of Income  
Tax Years 2010 to 2021**



## Section IV: Characteristics of Filers

### 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 25 below shows the types of federal adjustments claimed on full-year resident returns in 2020 and 2021 with the corresponding number of returns claiming the adjustment, the average claimed, and the total amount.

#### Exhibit 25—Full-Year Resident Returns by Federal Adjustments Tax Years 2020 and 2021

Adjustment	Number of Returns		Average (\$)		Total (\$ millions)		Growth in Total
	2020	2021	2020	2021	2020	2021	
Self-Emp Health Insurance	64,590	63,100	\$7,280	\$7,470	\$470.2	\$471.2	0.2%
Self-Employment Tax	217,770	233,120	\$1,850	\$1,990	\$403.0	\$462.8	14.8%
SEP, SIMPLE	14,430	15,280	\$22,780	\$24,520	\$328.7	\$374.7	14.0%
IRA Contributions	41,230	41,430	\$5,280	\$5,240	\$217.8	\$217.2	-0.3%
Alimony Paid	7,680	6,530	\$20,550	\$20,610	\$157.9	\$134.6	-14.7%
Health Savings Accounts	27,440	25,850	\$3,020	\$3,200	\$83.0	\$82.8	-0.3%
Student Loan Interest	144,700	60,820	\$690	\$790	\$99.6	\$48.3	-51.5%
Educator Expenses	33,230	32,720	\$250	\$250	\$8.4	\$8.3	-1.2%
Employee Business Expenses	1,820	1,750	\$4,550	\$4,620	\$8.3	\$8.1	-2.1%
Moving Expenses	550	580	\$1,960	\$2,290	\$1.1	\$1.3	23.2%
Penalty on Early Withdrawal	2,980	2,920	\$1,120	\$430	\$3.3	\$1.2	-62.5%
Tuition and Fees	17,740	0	\$2,390	\$0	\$42.3	\$0.0	*
Charitable Contributions	504,610	0	\$240	\$0	\$123.0	\$0.0	*
Other/Unknown	8,300	4,670	\$4,690	\$7,650	\$39.0	\$35.7	*
<b>Total</b>					<b>\$1,985.6</b>	<b>\$1,846.3</b>	<b>-7.0%</b>

\* Growth is not meaningful in this category.

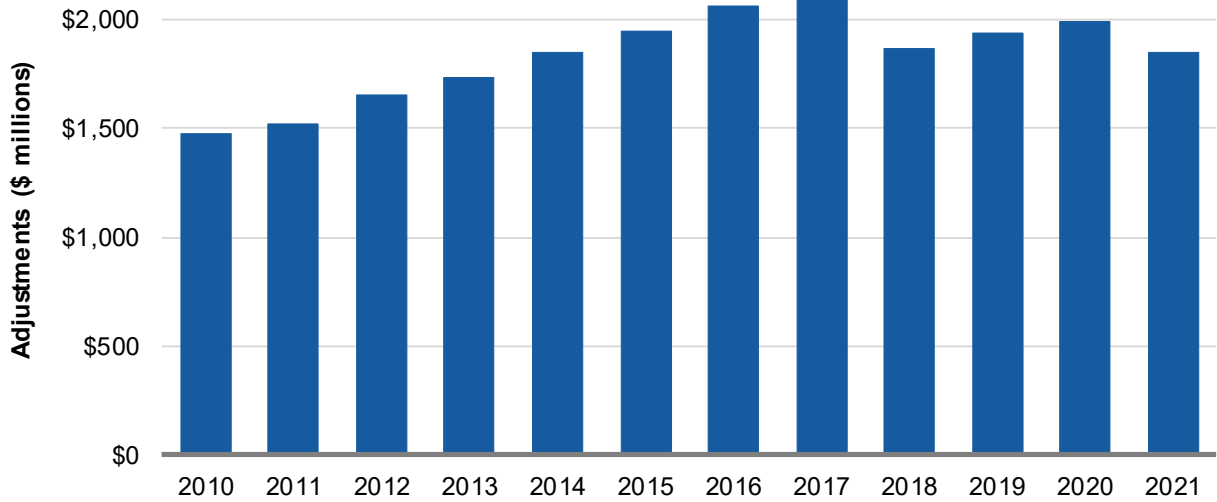
The first three adjustments listed above are associated with self-employed taxpayers who report business income on Schedules C, E, or F, and together account for about 71 percent of the total dollar amount of adjustments claimed. Those taxpayers may be able to deduct from total income half of payments 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 charitable contributions that was added to the federal 1040 for 2020 for taxpayers that did not itemize deductions was moved on the 1040 to a point after the adjusted gross income calculation for 2021. On the Oregon Form 40 this was claimed as a subtraction (see Exhibit 28) or included in itemized charitable contributions claimed on the Oregon Schedule OR-A (see Exhibit 31). The adjustment for tuition and fees is no longer available at the federal level beginning with tax year 2021.



**Adjustments–Historical**

Exhibit 26 below shows the trend in total federal adjustments since 2010 for full-year resident returns.

**Exhibit 26–Full-Year Resident Returns (Historical) by Total Federal Adjustments  
Tax Years 2010 to 2021**



## Section IV: Characteristics of Filers

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### 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.

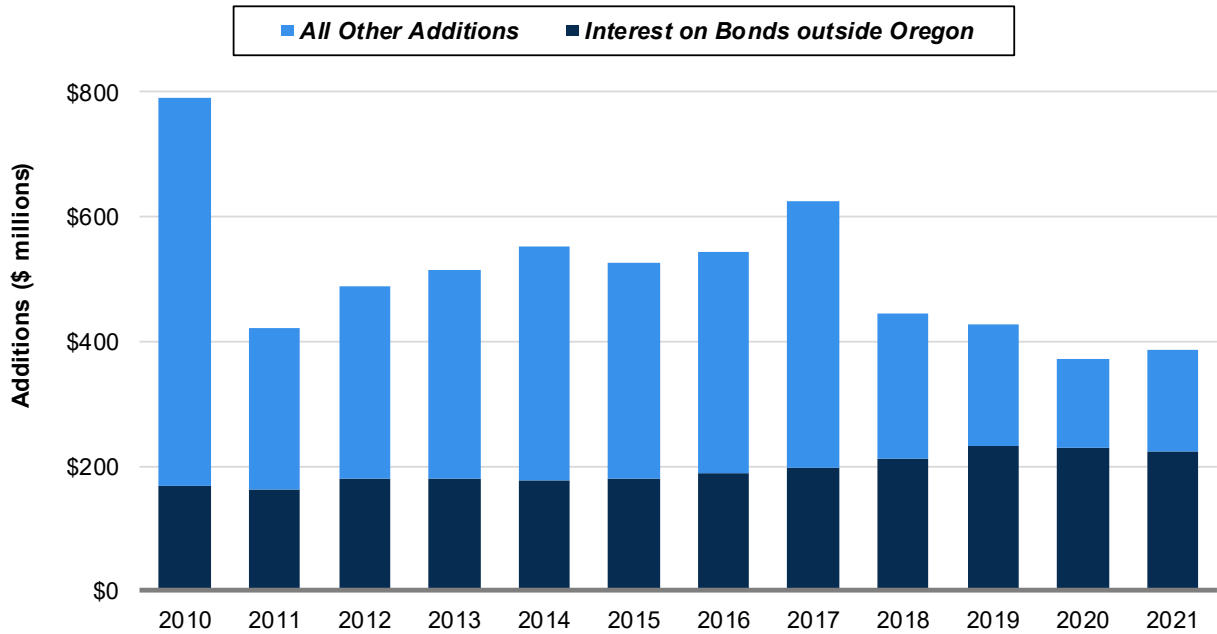
Exhibit 27 on the following page shows total Oregon additions from 2010 to 2021. In 2009 and 2010, total additions increased significantly because Oregon disconnected from the IRS rules for depreciating and expensing business property. Excluding 2009 and 2010, the largest addition is for income on interest and dividends income from state and local government bonds outside Oregon.

Oregon disconnected from the federal adjustment for domestic production, so an Oregon addition was required through tax year 2017 for taxpayers who claimed the federal adjustment. Because the Tax Cuts and Jobs Act eliminated the domestic production adjustment beginning tax year 2018, an Oregon addition was no longer required, contributing to the overall drop in additions after 2017.

One action of the Legislative Assembly in 2018 was to disconnect from the federal 20 percent qualified business income deduction enacted by the Tax Cuts and Jobs Act. Because this is a deduction from federal AGI (also known as a below-the-line deduction), and the full-year resident Oregon return starts with federal AGI, the deduction is not included on the Oregon return, so an Oregon addition is not needed. From the federal 2021 return data, about 340,000 full-year returns claimed \$2.93 billion for the qualified business income deduction, which was not deducted in their Oregon taxable income.

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

**Exhibit 27—Full-Year Resident Returns (Historical) by Oregon Additions  
Tax Years 2010 to 2021**



## Section IV: Characteristics of Filers

### 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 return. 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 28 shows the number of returns that claimed the most common subtractions, the average amount per return, and the total amount of the subtraction claimed in 2020 and 2021. The subtraction for charitable contributions for taxpayers who did not itemize deductions on their 2021 federal return was listed on the federal return as an adjustment for tax year 2020 (see Exhibit 25). The total for other subtractions increased significantly in 2021 as compared to 2020, even though the subtraction for tuition and fees (included in other subtractions for 2020) was no longer available in 2021. This large increase was predominately due to subtractions related to business income increasing in 2021. The three subtractions with the largest increase were: partnership and S corporation modifications, \$281 million – up from \$86 million; federal business credits \$148 million – up from \$21 million; and passive activity losses \$85 million – up from \$21 million.

### Exhibit 28—Full-Year Resident Returns by Oregon Subtractions Tax Years 2020 and 2021

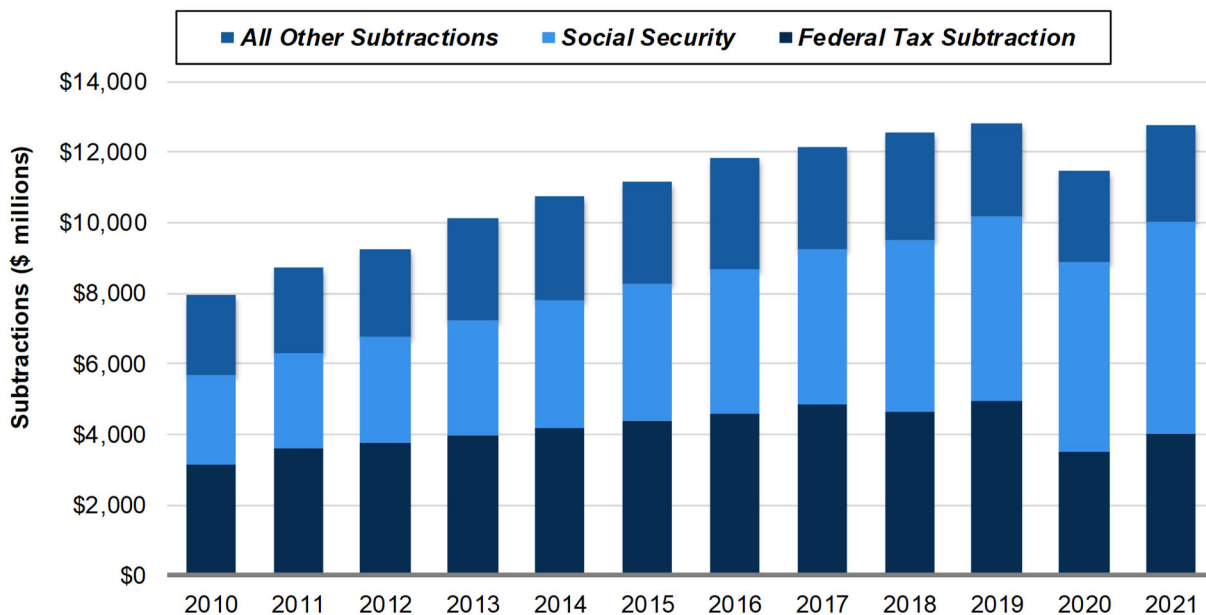
Subtraction	Number of Returns		Average (\$)		Total (\$ millions)		Growth in Total
	2020	2021	2020	2021	2020	2021	
Social Security	324,480	338,900	\$16,570	\$17,700	\$5,375.4	\$5,999.3	11.6%
Federal Tax	893,610	990,510	\$3,920	\$4,070	\$3,506.8	\$4,028.8	14.9%
Federal Pension	36,260	35,130	\$23,800	\$23,830	\$863.0	\$837.0	-3.0%
Elderly Medical	270,230	263,750	\$1,590	\$1,600	\$428.8	\$421.3	-1.7%
Military Pay	11,980	11,490	\$26,530	\$27,410	\$317.7	\$314.8	-0.9%
U.S. Bonds	61,280	54,620	\$1,800	\$1,720	\$110.6	\$94.1	-14.8%
Income Tax Refunds	105,660	71,590	\$1,570	\$1,220	\$165.8	\$87.3	-47.4%
Oregon 529**	19,690	12,950	\$3,030	\$3,150	\$59.6	\$40.7	-31.6%
Charitable Contributions	0	165,070	\$0	\$280	\$0.0	\$45.5	*
Other Subtractions	68,130	66,520	\$9,500	\$13,170	\$647.2	\$876.0	35.4%
<b>Total</b>					<b>\$11,474.8</b>	<b>\$12,744.9</b>	<b>11.1%</b>

\* Growth is not meaningful in this category.

\*\* Subtraction for a contribution to an Oregon 529 account expired in 2019 and with carryforward allowed for tax years 2020-2023. This subtraction was replaced with a refundable tax credit beginning in tax year 2020. See Exhibit 35.

Exhibit 29 shows Oregon total subtractions generally increasing since 2010. The subtractions that taxpayers are allowed for their federal tax liability and Social Security benefits are shown separately, as they account for about 79 percent of the total subtractions. The reduction of the federal tax subtraction from 2019 to 2020 and 2021 was due primarily to federal legislation in response to the COVID-19 pandemic, specifically the refundable Recovery Rebate Credit for tax years 2020 and 2021. Generally, qualifying taxpayers received advance payments of the credit (Economic Impact Payments). Taxpayers had to subtract the total amount of the credit from both any advance payments and any credit claimed on their federal return when calculating their allowed subtraction for federal tax.

**Exhibit 29—Full-Year Resident Returns (Historical) by Oregon Subtractions  
Tax Years 2010 to 2021**



## Section IV: Characteristics of Filers

### Deductions

Filers may reduce the amount of taxable income by deducting the greater of the Oregon standard deduction or the sum of their Oregon itemized deductions. Exhibit 30 shows the number of returns, average deduction per return, and total amount of the standard and itemized deductions claimed in 2020 and 2021 for full-year resident returns.

#### Exhibit 30—Full-Year Resident Returns by Oregon Deductions Tax Years 2020 and 2021

Deduction	Number of Returns		Average (\$)		Total (\$ millions)		Growth in Total
	2020	2021	2020	2021	2020	2021	
Standard	1,120,450	1,095,690	\$3,120	\$3,170	\$3,494.7	\$3,469.4	-0.7%
Net Itemized*	798,960	802,980	\$17,660	\$17,840	\$14,107.1	\$14,324.8	1.5%
<b>Total</b>	<b>1,919,410</b>	<b>1,898,660</b>	<b>\$9,170</b>	<b>\$9,370</b>	<b>\$17,601.7</b>	<b>\$17,794.2</b>	<b>1.1%</b>

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

### Itemized Deductions

Taxpayers also may choose to itemize their deductions on their federal return rather than taking the federal standard deduction. 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 2021 those amounts were \$12,550 for single filers and \$25,100 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 losses (except for those related to federally declared disasters) and various miscellaneous itemized deductions over 2 percent above AGI were eliminated. The net effect of the changes was that the percentage of Oregon taxpayers who itemized at the federal level dropped from about 39 percent in 2017 to 13 percent in 2021. Because the Oregon standard deduction did not change (except for inflation adjustments), the percentage 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.

Since 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, to supplant the federal Schedule A with this increase in “Oregon-only” itemizers in mind. The department now requires any taxpayer claiming itemized deductions to use the new schedule. Exhibit 31 shows the itemized deductions as claimed on the Schedule OR-A for full-year resident filers.

### Exhibit 31—Full-Year Resident Returns by Oregon Itemized Deductions Schedule OR-A, Tax Years 2020 and 2021

Itemized Deduction	Number of Returns		Average (\$)		Total (\$ millions)		Growth in Total
	2020	2021	2020	2021	2020	2021	
Medical and Dental Expenses	241,400	224,200	\$8,500	\$9,150	\$2,050	\$2,050	0.0%
Taxes Paid*	737,200	741,900	\$4,290	\$4,600	\$3,160	\$3,420	8.2%
Interest Paid**	597,800	591,400	\$9,080	\$8,290	\$5,430	\$4,900	-9.8%
Gifts to Charity***	558,500	539,200	\$5,250	\$6,860	\$2,930	\$3,700	26.3%
Other Miscellaneous	19,900	21,000	\$11,570	\$15,860	\$230	\$330	43%

\* 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.

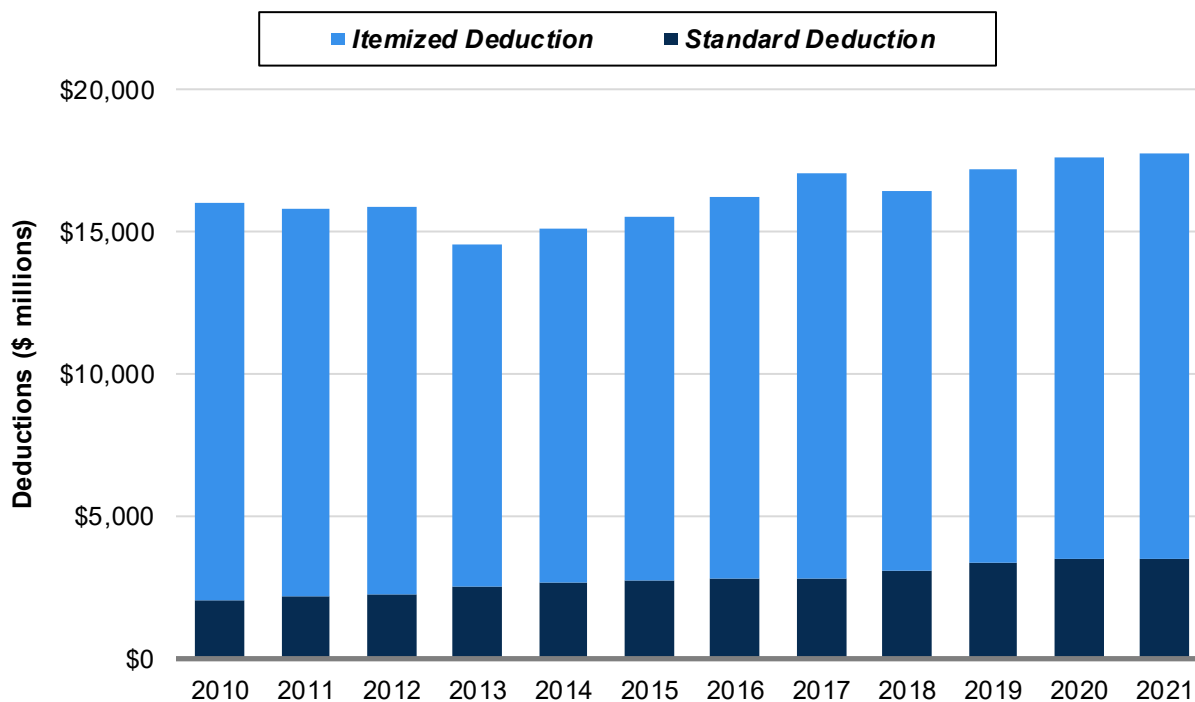
\*\* Includes interest paid for mortgage interest and points, mortgage insurance premiums, and investment interest.

\*\*\* Does not include charitable contributions taken as a subtraction for taxpayers that do not itemize deductions for Oregon, see Exhibit 28.

Exhibits 32a and 32b on the following page 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 the number of taxpayers who itemized their deductions was mainly due to a special itemized deduction 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, as explained above.

## Section IV: Characteristics of Filers

### Exhibit 32a—Full-Year Resident Returns (Historical) by Oregon Deductions Tax Years 2010 to 2021 (Historical)



### Exhibit 32b—Full-Year Resident Returns (Historical Details) by Oregon Deductions, Tax Years 2010 to 2021

Tax Year	Standard Deduction		Itemized Deduction		Total Deductions (\$ millions)
	Total (\$ millions)	Share of Returns	Total (\$ millions)	Share of Return	
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
2020	\$3,494.7	58.4%	\$14,107.1	41.6%	\$17,601.7
2021	\$3,469.4	57.7%	\$14,324.8	42.3%	\$17,794.2



### Qualified Business Income Reduced Tax Rate

A reduced tax rate structure on income businesses that meet certain requirements is available to Oregon personal income taxpayers. See Section III, Personal Income Tax Calculation, Tax Rates, for details.

Exhibit 33 shows the number of full-year filers who have calculated their tax using the reduced tax rate structure on qualified business income for tax years 2015 through 2021 and the reduction in net tax before any credits are applied.

#### Exhibit 33—Full-Year Resident Returns by Taxpayers Claiming the Qualified Business Income Reduced Tax Rate, Tax Years 2015 to 2021

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%
2020	23,140	\$5,150	\$119.1	2.0%
2021	23,480	\$5,220	\$122.6	2.9%

\* Tax before any credits are applied

## Section IV: Characteristics of Filers

### 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 the 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 payment for the excess portion of the refundable credits. Some credits are specifically geared for businesses, but the tax credit may be claimed on the personal income tax return, if the taxpayer is the owner of a sole proprietorship or a shareholder in an S corporation that received the credit, or if the taxpayer purchased a transferable tax credit from another entity.

### 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 34 shows the amounts claimed for standard credits and the amounts used to reduce tax liability by full-year return filers in 2021. Generally, the higher the percentage of a particular credit used, the greater the taxpayer's tax liability as compared to the value of the credit. The standard credits shown have a total amount claimed of at least \$1 million.

#### Exhibit 34—Full-Year Resident Returns by Oregon Standard Credits Claimed and Used, Tax Year 2021

	Number of Claims	Average (\$)		Total (\$ millions)		Percent Used
		Amount Claimed	Amount Used	Amount Claimed	Amount Used	
Exemption	1,610,360	\$400	\$370	\$649.0	\$588.0	91%
Income Taxes Paid to Another State	22,520	\$4,130	\$4,130	\$93.1	\$92.9	>99%
Pass-through Taxes Paid to Another State	940	\$21,880	\$21,780	\$20.6	\$20.5	>99%
Rural Medical Practice	1,490	\$4,200	\$4,150	\$6.3	\$6.2	99%
Oregon Cultural Trust Donation	7,410	\$570	\$560	\$4.2	\$4.2	98%
Political Contributions	46,910	\$71	\$65	\$3.3	\$3.0	91%
Retirement	4,390	\$370	\$180	\$1.6	\$0.8	48%
Other Credits*	300	\$1,700	\$1,300	\$0.5	\$0.4	76%
<b>Total</b>	<b>1,694,320</b>			<b>\$778.6</b>	<b>\$716.0</b>	<b>92%</b>

\* 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 exemption credit was the most widely claimed credit with over 1.6 million full-year filers claiming \$649 million in credits. The exemption credit is available to nearly all filers, except for those claimed as a dependent on another tax return, single and married filing separate filers with AGI above \$100,000, and married filing jointly, head of household, and qualifying surviving spouse filers with AGI above \$200,000. About 91 percent of the allowable credit amount was used, with the remaining 9 percent unused because the credit amount 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 35 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 \$400,000 available. The credit available for the taxpayer to use in the current year is the amount carried forward from a prior year plus the credit amount awarded for the current year. Any credit the taxpayer is not able to use in the current year may be carried forward to the following year if the carryforward period has not expired.

### Exhibit 35—Full-Year Resident Returns by Oregon Carryforward Credits Used Tax Year 2021

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	140	\$1.7	\$13.2	\$13.6	\$99,800
Oregon Production Investment Fund	160	\$1.4	\$12.0	\$12.4	\$78,000
Individual Development Account Donation	300	\$1.0	\$7.1	\$7.1	\$24,200
Business Energy Credits*	40	\$0.9	\$1.3	\$1.4	\$36,200
Bovine Manure Production/Collection	20	\$0.1	\$3.0	\$1.8	\$95,900
Agriculture Workforce Housing	40	\$0.4	\$0.7	\$0.8	\$19,800
Residential Energy	250	\$0.9	\$0.0	\$0.2	\$900
Crop donation	60	\$0.2	\$0.2	\$0.2	\$2,600
University Venture Development Fund contrib.	30	\$0.2	\$0.2	\$0.2	\$6,200
Other Credits**	40	\$2.1	\$0.2	\$0.4	\$10,400
<b>Total</b>	<b>1,070</b>	<b>\$8.9</b>	<b>\$37.8</b>	<b>\$38.2</b>	

\* Includes credits for business energy facilities, energy conservation projects, transportation projects, and renewable energy resource equipment manufacturing facilities.

\*\* Includes the credits claimed for child care fund contributions, electronic commerce zone investment, pollution control facilities, Oregon Low Income Community Jobs Initiative, fish screening devices, and the following credits available only to S corporation shareholders: lender's credit for affordable housing, lender's credit for energy conservation, standard and alternative qualified research activities credits, and short line railroad rehabilitation.

## Section IV: Characteristics of Filers

### 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 36 shows amounts claimed by full-year filers for the refundable credits for tax year 2021. Beginning in tax year 2020, there are two new refundable tax credits for Oregon 529 College Savings Network account contributions and ABLE account contributions, which replaced corresponding subtractions. Payments issued for refundable credits are described on page 52.

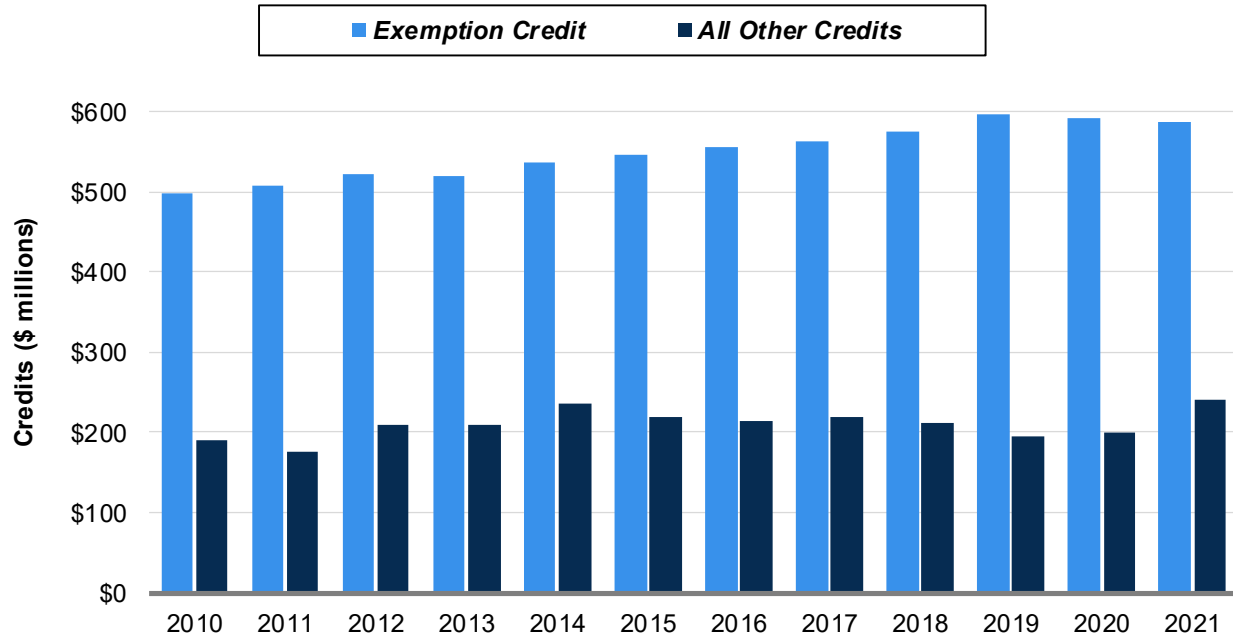
#### Exhibit 36—Full-Year Resident Returns by Oregon Refundable Credits Claimed Tax Year 2021

Refundable Credit	Number of Claims	Amount Claimed	
		Average (\$)	Total (\$ millions)
Oregon Earned Income	302,210	\$170	\$51.2
Working Family Household and Dependent Care	13,590	\$1,040	\$14.1
Oregon 529 Account Contributions	41,730	\$210	\$8.9
ABLE Account Contributions	1,200	\$180	\$0.2
Claim of Right	50	\$1,290	\$0.1
<b>Total</b>	<b>358,780</b>		<b>\$74.4</b>

### Credits—Historical Trends

Exhibits 37a and 37b on the following page show the recent history of Oregon credits used by full-year resident filers. Because most of the total is due to the exemption credit, it is shown separately. The decrease of 0.5 percent in 2020 was due to the decreased tax rate for the first three tax brackets. This decrease lowered taxpayers' tax before applying credits, so there was less tax available to which the exemption credit could apply. The continued decrease of 0.9 percent in 2021 was predominately due to the AGI limits on claiming the exemption credit (\$100,000 for single or married filing separately or \$200,000 for married filing jointly, head of household, or qualify surviving spouse) not being adjusted for inflation. In 2021, there were over 40,000 more taxpayers than in 2020 who were not able to claim the exemption credit, because their AGI was over the limit.

### Exhibit 37a—Full-Year Resident Returns (Historical) by Oregon Credits Used Tax Years 2010 to 2021



### Exhibit 37b—Full-Year Resident Returns (Historical Details) By Oregon Credits Used, Tax Years 2010 to 2021

Tax Year	Exemption Credit		All Other Credits		Total Credits	
	(\$ millions)	Growth	(\$ millions)	Growth	(\$ millions)	Growth
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%
2020	\$593.3	-0.5%	\$199.8	2.0%	\$793.1	0.1%
2021	\$588.0	-0.9%	\$240.6	20.4%	\$828.6	4.5%

## Section IV: Characteristics of Filers

### Payments and Refunds

Exhibit 38 shows payments from Oregon tax withheld and estimated payments for tax years 2020 and 2021 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 do not include any refunds applied as estimated payments for the following tax year, charitable checkoff donations, deposits to Oregon 529 plan accounts, or political party contributions. Also shown is the part of the refund that includes payments for refundable credits. In 2021, just over 110,000 full-year resident filers received payments for refundable credits.

This exhibit also shows the state surplus (“kicker”) refunds distributed to taxpayers as a payment via refundable credit for the 2019-21 biennia. These credits were distributed for this biennium through the tax year 2021 personal income tax process; however, the amount was based on the taxpayers’ 2020 tax liability. Taxpayers claimed the kicker credit on their tax return similar to a refundable credit. The effect of the kicker is seen in increased refunds in 2021. There was no kicker for tax year 2020, as if a kicker does happen, the payments are only distributed on odd tax year returns.

### Exhibit 38—Full-Year Resident Returns by Reported Payments and Refunds on Returns, Tax Years 2020 and 2021

	Number of Returns		Average (\$)		Total (\$ millions)		Growth in Total
	2020	2021	2020	2021	2020	2021	
<i>Pre-Payments</i>							
Oregon Income Tax Withheld	1,645,450	1,643,400	\$4,500	\$4,890	\$7,410.7	\$8,043.5	8.5%
Estimated Tax Payments* for the Current Year	153,670	160,440	\$12,090	\$15,600	\$1,857.6	\$2,502.4	34.7%
No Pre-payments	216,280	199,320	\$0	\$0	\$0.0	\$0.0	0.0%
<i>Kicker Refund Payments</i>	NA	1,618,220	NA	\$1,000	NA	\$1,615	
<i>Final Payment Category</i>							
Tax to Pay with Return**	560,850	338,440	\$1,980	\$3,340	\$1,113.1	\$1,131.5	1.7%
Zero Balance	113,230	52,900	\$0	\$0	\$0.0	\$0.0	0.0%
Refund***	1,245,340	1,507,330	\$1,080	\$1,510	\$1,347.1	\$2,283.2	69.5%
Part or All of Refund Includes Payment for Refundable Credit	108,390	111,640	\$270	\$230	\$28.8	\$25.2	-12.5%

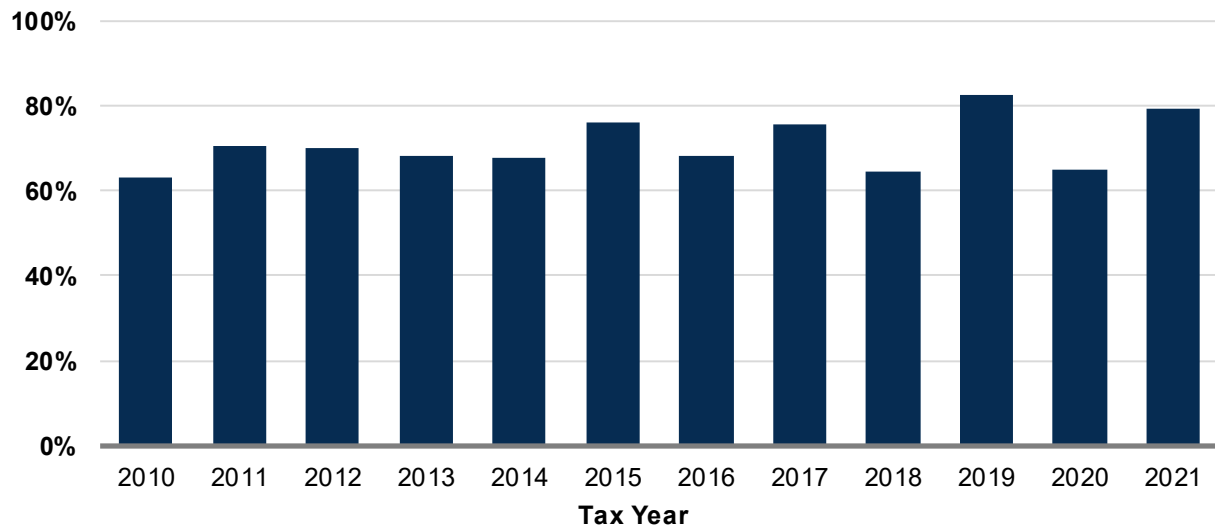
\* Includes refund applied from previous year tax returns

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

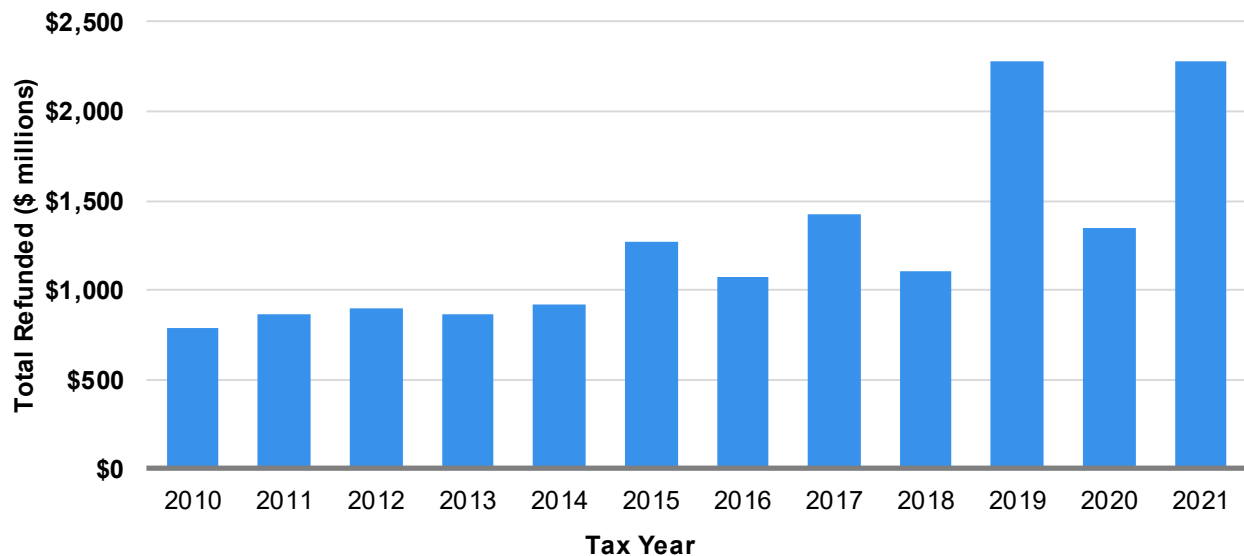
\*\*\* The refund amount is before any amounts are applied to next year’s estimated tax and charitable check-off donations.

Exhibits 39a, 39b, and 39c show the percentage of full-year resident filers who received a refund and the average amount of their refund for tax years 2010 to 2021. The refund amounts include payments received due to a refundable credit. The increase in the percentage of returns that received a refund from 2010 to 2011 resulted from changes to the withholding formula. The large increase in refunds in 2015, 2017, 2019, and 2021 were mostly due to kicker refunds.

**Exhibit 39a—Full-Year Resident Returns (Historical) by Refund Percentages  
Tax Years 2010 to 2021**



**Exhibit 39b—Full-Year Resident Returns (Historical) by Refund Amounts  
Tax Years 2010 to 2021**



Section IV: Characteristics of Filers

**Exhibit 39c–Full-Year Resident Returns (Historical Details) by Refunds  
Tax Years 2010 to 2021**

<b>Tax Year</b>	<b>Number of Full-Year Returns</b>	<b>Number of Refunds</b>	<b>Percent of Returns with Refund</b>	<b>Total Refunded (\$ millions)</b>	<b>Average Refund (\$)</b>
2010	1,581,270	994,240	62.9%	\$787.3	\$790
2011	1,599,960	1,125,140	70.3%	\$860.6	\$760
2012	1,612,450	1,125,580	69.8%	\$895.7	\$800
2013	1,636,510	1,116,100	68.2%	\$864.4	\$770
2014	1,679,610	1,137,540	67.7%	\$924.5	\$810
2015	1,711,180	1,298,840	75.9%	\$1,267.1	\$980
2016	1,751,140	1,189,860	67.9%	\$1,078.6	\$910
2017	1,785,350	1,347,650	75.5%	\$1,420.2	\$1,050
2018	1,819,170	1,171,210	64.4%	\$1,107.3	\$950
2019	1,889,720	1,561,810	82.6%	\$2,275.3	\$1,460
2020	1,919,410	1,245,340	64.9%	\$1,347.1	\$1,080
2021	1,898,660	1,507,320	79.4%	\$2,283.2	\$1,510

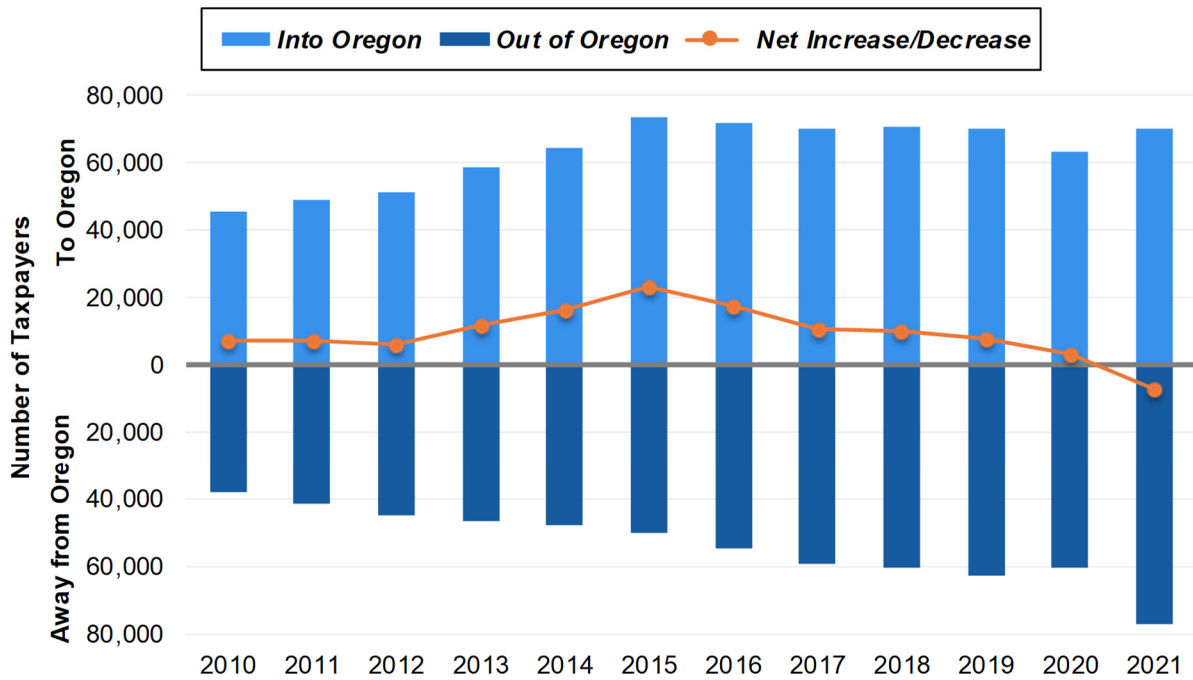


**Part-Year Residents and Nonresidents**

**Part-Year Resident Returns**

Exhibits 40 through 43 on the next few pages show information on taxpayers who were residents in Oregon for only part of calendar year 2021 for two groups: those moving to Oregon and those moving out of Oregon. Exhibits 40a and 40b below and on the next page show the total number of taxpayers (joint returns count as two taxpayers) moving into or out of Oregon in tax years 2010 to 2021, based on the address reported on the return. The number of part-year resident taxpayers moving to Oregon ranged between roughly 40,000 and 75,000 during this period. In every year shown in this exhibit, except for 2021, the number of taxpayers moving into Oregon exceeded those moving out. The number of taxpayers moving out of Oregon exceeded those moving into Oregon for the first time in at least 30 years in 2021.

**Exhibit 40a—Part-Year Resident Returns (Historical) by Number of Taxpayers\* Moving into and out of Oregon, Tax Years 2010 to 2021**



## Section IV: Characteristics of Filers

### Exhibit 40b–Part-Year Resident Returns (Historical Details) by Numbers of Taxpayers\* Moving into and out of Oregon, Tax Years 2010 to 2021

Tax Year	Into Oregon		Out of Oregon		Net Increase/Decrease	
	Taxpayers	Growth	Taxpayers	Growth	Taxpayers	Growth
2010	45,510	14.0%	38,150	7.1%	7,360	71.5%
2011	48,770	7.2%	41,650	9.2%	7,120	-3.2%
2012	50,940	4.4%	44,790	7.5%	6,160	-13.6%
2013	58,460	14.8%	46,630	4.1%	11,830	92.2%
2014	64,410	10.2%	47,940	2.8%	16,480	39.2%
2015	73,380	13.9%	50,450	5.2%	22,940	39.2%
2016	71,880	-2.1%	54,640	8.3%	17,240	-24.8%
2017	69,820	-2.9%	59,490	8.9%	10,330	-40.1%
2018	70,490	1.0%	60,400	1.5%	10,090	-2.4%
2019	70,290	-0.3%	62,810	4.0%	7,480	-25.8%
2020	63,220	-10.1%	60,220	-4.1%	3,000	-59.9%
2021	69,870	10.5%	77,200	28.2%	-7,330	**

\*Joint returns count as two taxpayers

\*\*Growth not meaningful

Exhibit 41 on the following page shows the number and share of in-migrants (taxpayers – joint returns count as two) by county of destination for selected tax years. In 2021 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 43 percent of the state’s population and attracted 51 percent of in-migrant income tax filers. Lane and Deschutes counties were the next most popular destinations.

### Exhibit 41—Part-Year Resident Returns with Oregon Address by Number of Taxpayers Moving into Oregon by Destination, Tax Years 2011, 2020, and 2021

County	2011		2020		2021		County Share of 2021 State Population
	Number	Share	Number	Share	Number	Share	
1 Baker	170	0.3%	210	0.3%	190	0.3%	0.4%
2 Benton	1,350	2.8%	1,590	2.5%	2,010	2.9%	2.2%
3 Clackamas	4,110	8.4%	4,940	7.8%	5,360	7.7%	10.0%
4 Clatsop	490	1.0%	820	1.3%	910	1.3%	1.0%
5 Columbia	400	0.8%	490	0.8%	560	0.8%	1.2%
6 Coos	650	1.3%	930	1.5%	1,050	1.5%	1.5%
7 Crook	180	0.4%	310	0.5%	330	0.5%	0.6%
8 Curry	330	0.7%	580	0.9%	530	0.8%	0.6%
9 Deschutes	2,730	5.6%	5,380	8.5%	5,340	7.6%	4.8%
10 Douglas	920	1.9%	1,380	2.2%	1,410	2.0%	2.6%
11 Gilliam	<30	<0.1%	<30	<0.1%	<30	<0.1%	<0.1%
12 Grant	70	0.1%	70	0.1%	80	0.1%	0.2%
13 Harney	60	0.1%	100	0.2%	80	0.1%	0.2%
14 Hood River	320	0.7%	390	0.6%	390	0.6%	0.6%
15 Jackson	2,560	5.2%	3,440	5.4%	3,180	4.6%	5.3%
16 Jefferson	200	0.4%	240	0.4%	210	0.3%	0.6%
17 Josephine	900	1.8%	1,240	2.0%	1,090	1.6%	2.1%
18 Klamath	730	1.5%	1,020	1.6%	1,020	1.5%	1.6%
19 Lake	90	0.2%	110	0.2%	110	0.2%	0.2%
20 Lane	3,660	7.5%	5,190	8.2%	5,610	8.0%	9.0%
21 Lincoln	700	1.4%	960	1.5%	940	1.3%	1.2%
22 Linn	880	1.8%	1,240	2.0%	1,320	1.9%	3.1%
23 Malheur	320	0.7%	430	0.7%	510	0.7%	0.8%
24 Marion	2,100	4.3%	2,910	4.6%	3,220	4.6%	8.1%
25 Morrow	90	0.2%	140	0.2%	130	0.2%	0.3%
26 Multnomah	12,790	26.2%	15,770	24.9%	18,460	26.4%	19.1%
27 Polk	540	1.1%	990	1.6%	960	1.4%	2.1%
28 Sherman	<30	<0.1%	<30	<0.1%	<30	<0.1%	<0.1%
29 Tillamook	230	0.5%	370	0.6%	370	0.5%	0.7%
30 Umatilla	760	1.6%	810	1.3%	1,020	1.5%	1.9%
31 Union	270	0.6%	310	0.5%	340	0.5%	0.6%
32 Wallowa	60	0.1%	90	0.1%	120	0.2%	0.2%
33 Wasco	280	0.6%	360	0.6%	320	0.5%	0.6%
34 Washington	8,960	18.4%	9,340	14.8%	11,610	16.6%	14.2%
35 Wheeler	<30	<0.1%	<30	<0.1%	<30	<0.1%	<0.1%
36 Yamhill	830	1.7%	1,050	1.7%	1,070	1.5%	2.5%
<b>Total</b>	<b>48,770</b>	<b>100%</b>	<b>63,220</b>	<b>100%</b>	<b>69,870</b>	<b>100%</b>	<b>100%</b>

Exhibit 42 on the following page, shows the number of income taxpayers moving out of Oregon for selected tax years by state of destination. In 2021, taxpayers moved out of 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 38 percent of all out-migrant income taxpayers.

## Section IV: Characteristics of Filers

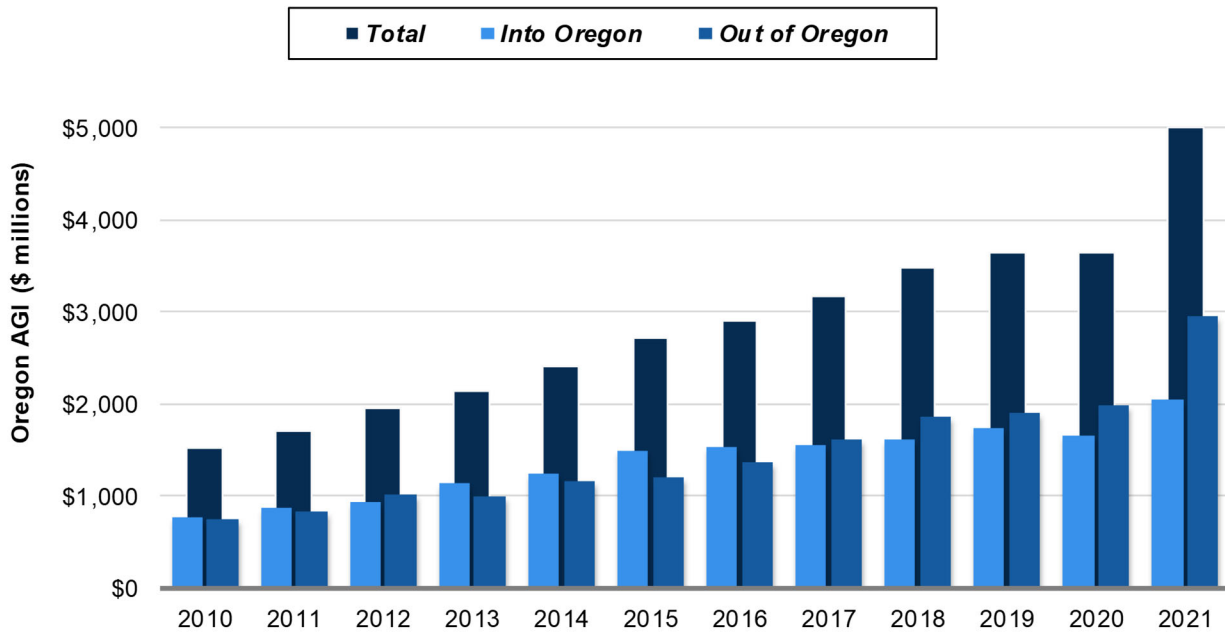
### Exhibit 42—Part-Year Resident Returns with Non-Oregon Address by Number of Taxpayers Moving from Oregon by Destination, Tax Years 2011, 2020, and 2021

State	2011		2020		2021	
	Number	Share	Number	Share	Number	Share
Alabama	110	0.3%	270	0.4%	350	0.5%
Alaska	650	1.6%	570	0.9%	610	0.8%
Arizona	2,590	6.2%	3,910	6.5%	4,970	6.4%
Arkansas	170	0.4%	350	0.6%	500	0.6%
California	7,800	18.7%	9,080	15.1%	10,530	13.6%
Colorado	1,530	3.7%	2,080	3.5%	2,480	3.2%
Connecticut	150	0.4%	200	0.3%	240	0.3%
Delaware	40	0.1%	50	0.1%	50	0.1%
Florida	970	2.3%	1,810	3.0%	3,140	4.1%
Georgia	400	1.0%	660	1.1%	930	1.2%
Hawaii	590	1.4%	810	1.3%	920	1.2%
Idaho	1,960	4.7%	3,660	6.1%	4,200	5.4%
Illinois	660	1.6%	850	1.4%	1,040	1.3%
Indiana	300	0.7%	490	0.8%	650	0.8%
Iowa	260	0.6%	350	0.6%	400	0.5%
Kansas	230	0.6%	320	0.5%	400	0.5%
Kentucky	170	0.4%	300	0.5%	400	0.5%
Louisiana	160	0.4%	210	0.3%	260	0.3%
Maine	100	0.2%	220	0.4%	300	0.4%
Maryland	260	0.6%	290	0.5%	390	0.5%
Massachusetts	420	1.0%	500	0.8%	640	0.8%
Michigan	490	1.2%	680	1.1%	910	1.2%
Minnesota	580	1.4%	730	1.2%	900	1.2%
Mississippi	80	0.2%	150	0.2%	190	0.2%
Missouri	400	1.0%	750	1.2%	920	1.2%
Montana	740	1.8%	1,300	2.2%	1,890	2.4%
Nebraska	190	0.5%	250	0.4%	310	0.4%
Nevada	1,180	2.8%	1,490	2.5%	1,910	2.5%
New Hampshire	70	0.2%	180	0.3%	210	0.3%
New Jersey	220	0.5%	240	0.4%	340	0.4%
New Mexico	390	0.9%	580	1.0%	720	0.9%
New York	930	2.2%	850	1.4%	1,520	2.0%
North Carolina	570	1.4%	960	1.6%	1,360	1.8%
North Dakota	230	0.6%	170	0.3%	220	0.3%
Ohio	410	1.0%	670	1.1%	870	1.1%
Oklahoma	320	0.8%	530	0.9%	780	1.0%
Pennsylvania	440	1.1%	680	1.1%	860	1.1%
Rhode Island	40	0.1%	80	0.1%	100	0.1%
South Carolina	180	0.4%	390	0.6%	670	0.9%
South Dakota	130	0.3%	260	0.4%	470	0.6%
Tennessee	310	0.7%	760	1.3%	1,450	1.9%
Texas	1,840	4.4%	3,450	5.7%	5,870	7.6%
Utah	980	2.4%	1,560	2.6%	1,760	2.3%
Vermont	110	0.3%	170	0.3%	210	0.3%
Virginia	500	1.2%	730	1.2%	920	1.2%
Washington	9,380	22.5%	13,810	22.9%	16,060	20.8%
West Virginia	40	0.1%	70	0.1%	140	0.2%
Wisconsin	410	1.0%	580	1.0%	720	0.9%
Wyoming	260	0.6%	320	0.5%	470	0.6%
Washington, D.C.	120	0.3%	100	0.2%	190	0.2%
Outside U.S.	670	1.6%	780	1.3%	920	1.2%
<b>Total</b>	<b>41,650</b>	<b>100%</b>	<b>60,220</b>	<b>100%</b>	<b>77,200</b>	<b>100%</b>

**Oregon Adjusted Gross Income and Tax Liability**

Exhibits 43a below, and 42b and 43c on the following page show the total Oregon adjusted gross income as reported by part-year residents for tax years 2010 to 2021, including the two groups of those who move into Oregon and those who move out of Oregon. Additionally, Exhibit 43b shows the total Oregon tax liability of all part-year residents.

**Exhibit 43a—Part-Year Resident Returns (Historical) by Total Oregon Adjusted Gross Income, Tax Years 2010 to 2021**



## Section IV: Characteristics of Filers

### Exhibit 43b—Part-Year Resident Returns (Historical Details) by Total Oregon AGI and Personal Income Tax Liability, Tax Years 2010 to 2021

Tax Year	Returns		Oregon Adjusted Gross Income			Tax Liability		
	Number	Growth	Average (\$)	Total (\$ millions)	Growth in Total	Average (\$)	Total (\$ millions)	Growth in Total
2010	62,721	9.8%	\$24,210	\$1,518.4	13.6%	\$1,530	\$96.1	18.5%
2011	68,039	7.8%	\$25,190	\$1,713.8	11.4%	\$1,560	\$106.3	9.6%
2012	72,213	5.8%	\$27,040	\$1,952.6	12.2%	\$1,700	\$122.8	13.4%
2013	79,352	9.0%	\$27,070	\$2,148.2	9.1%	\$1,690	\$134.0	8.4%
2014	85,499	7.2%	\$28,150	\$2,407.0	10.8%	\$1,820	\$155.5	13.8%
2015	94,610	9.6%	\$28,720	\$2,717.5	11.4%	\$1,840	\$174.4	10.9%
2016	97,291	2.8%	\$29,830	\$2,902.6	6.4%	\$1,940	\$188.6	7.5%
2017	99,682	2.4%	\$31,930	\$3,182.9	8.8%	\$2,100	\$208.9	9.7%
2018	101,387	1.7%	\$34,380	\$3,485.7	8.7%	\$2,420	\$245.1	14.8%
2019	104,318	2.8%	\$34,990	\$3,649.8	4.5%	\$2,420	\$253.0	3.1%
2020	96,873	-7.7%	\$37,680	\$3,650.4	0.0%	\$2,670	\$258.4	2.1%
2021	114,510	15.4%	\$43,770	\$5,012.7	27.2%	\$3,170	\$362.5	28.7%

### Exhibit 43c—Part-Year Resident Returns (Historical Details) by Total Oregon Adjusted Gross Income, Tax Years 2010 to 2021

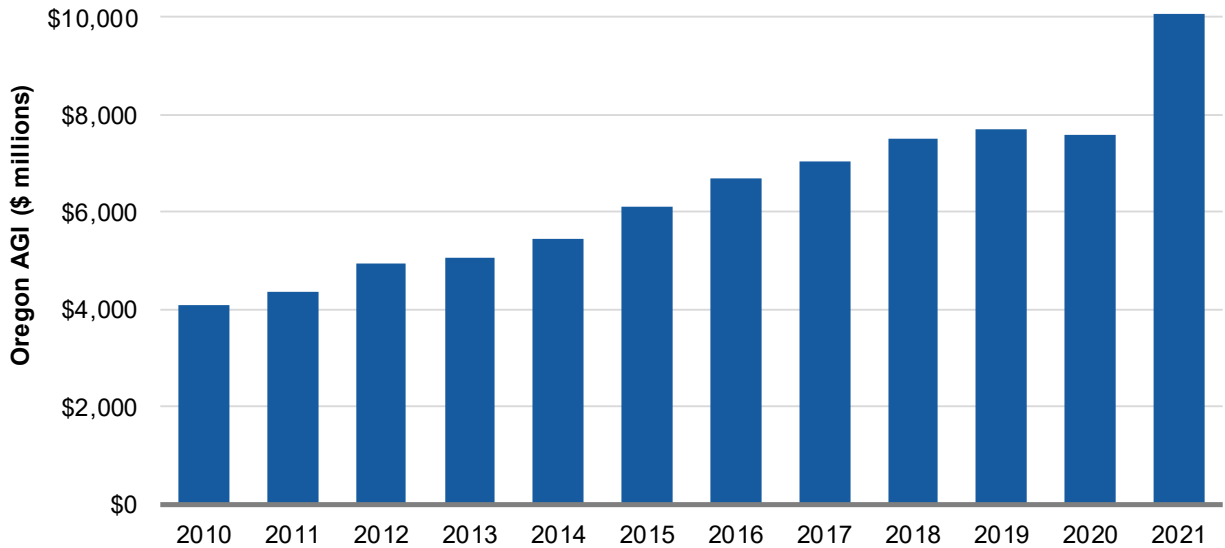
Tax Year	Into Oregon					Out of Oregon				
	Returns Number	Growth	Average (\$)	Total (\$ millions)	Growth in Total	Returns Number	Growth	Average (\$)	Total (\$ millions)	Growth in Total
2010	34,180	12.6%	\$22,670	\$775.0	17.6%	28,540	6.5%	\$26,050	\$743.3	9.5%
2011	36,720	6.9%	\$23,830	\$874.9	11.4%	31,320	8.9%	\$26,780	\$838.8	11.4%
2012	38,440	4.5%	\$24,540	\$943.2	7.2%	33,770	7.3%	\$29,890	\$1,009.4	16.9%
2013	44,000	12.6%	\$25,950	\$1,141.9	17.4%	35,350	4.5%	\$28,470	\$1,006.3	-0.3%
2014	48,890	10.0%	\$25,440	\$1,243.6	8.2%	36,610	3.5%	\$31,780	\$1,163.4	13.5%
2015	55,960	12.6%	\$26,860	\$1,503.5	17.3%	38,650	5.3%	\$31,410	\$1,214.1	4.2%
2016	55,160	-1.5%	\$27,840	\$1,535.7	2.1%	42,130	8.3%	\$32,440	\$1,366.9	11.2%
2017	53,930	-2.3%	\$28,920	\$1,559.9	1.6%	45,750	7.9%	\$35,480	\$1,623.0	15.8%
2018	54,750	1.5%	\$29,720	\$1,626.9	4.1%	46,640	1.9%	\$39,850	\$1,858.8	12.7%
2019	55,190	0.8%	\$31,630	\$1,745.4	6.8%	49,130	5.1%	\$38,760	\$1,904.4	2.4%
2020	49,640	-11.2%	\$33,280	\$1,652.3	-5.6%	47,230	-4.0%	\$42,310	\$1,998.2	4.7%
2021	55,330	10.3%	\$37,090	\$2,052.2	19.5%	59,180	20.2%	\$50,030	\$2,960.4	32.5%

## Nonresident Returns

People who are not residents of Oregon but have income that is sourced in Oregon may be required to pay Oregon personal income tax. Exhibits 44 and 45 on the next few pages show information on nonresidents with income from Oregon sources.

Exhibits 44a and 44b the following page show the number of returns, total Oregon AGI, and total tax liability of nonresidents for tax years 2010 through 2021.

### Exhibit 44a–Nonresident Returns (Historical) by Total Oregon Adjusted Gross Income, Tax Years 2010 to 2021



### Exhibit 44b–Nonresident Returns (Historical Details) by Total Oregon AGI and Personal Income Tax Liability, Tax Years 2020 to 2021

Tax Year	Returns		Oregon Adjusted Gross Income			Tax Liability		
	Number	Growth	Average (\$)	Total (\$ millions)	Growth in Total	Average (\$)	Total (\$ millions)	Growth in Total
2010	147,687	4.8%	\$27,660	\$4,084.3	10.6%	\$1,740	\$257.1	6.6%
2011	156,785	5.8%	\$27,720	\$4,345.6	6.0%	\$1,740	\$272.1	5.5%
2012	161,599	3.0%	\$30,730	\$4,965.4	12.5%	\$1,930	\$311.9	12.7%
2013	170,579	5.3%	\$29,660	\$5,058.6	1.8%	\$1,880	\$319.9	2.5%
2014	177,569	3.9%	\$30,790	\$5,467.4	7.5%	\$2,020	\$357.8	10.6%
2015	187,783	5.4%	\$32,520	\$6,106.7	10.5%	\$2,060	\$386.7	7.5%
2016	192,309	2.4%	\$34,740	\$6,681.1	8.6%	\$2,200	\$423.0	8.6%
2017	200,121	3.9%	\$35,160	\$7,036.8	5.1%	\$2,300	\$459.6	8.0%
2018	208,191	3.9%	\$36,080	\$7,511.8	6.3%	\$2,370	\$492.6	6.7%
2019	218,652	4.8%	\$35,320	\$7,722.4	2.7%	\$2,390	\$521.8	5.6%
2020	207,739	-5.3%	\$36,520	\$7,587.2	-1.8%	\$2,510	\$520.7	-0.2%
2021	222,963	6.8%	\$45,180	\$10,072.9	24.7%	\$3,070	\$685.3	24.0%

## Section IV: Characteristics of Filers

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Exhibit 45 on the following page shows the number of returns, total Oregon AGI, and total tax liability of nonresidents by state of residence, based on the address reported on the return. There are several things to note. Many of the nonresident returns with an Oregon address are military personnel who are temporarily stationed in Oregon. Residents of Washington State account for about 15 percent of nonresident returns. Many of these Washington residents commute to the Portland area for employment. California residents account for about 13 percent of nonresident returns but only 5 percent of total nonresident tax liability.

For many California residents, California also taxes their Oregon-source income. For residents of California as well as residents of Arizona, Indiana, and Virginia, Oregon grants a tax credit for income tax paid to the nonresident's home state on mutually taxed income, which in general, reduces their Oregon personal income tax liability.



**Exhibit 45–Nonresident Returns, AGI, and Tax Liability by State and Selected Areas, Tax Year 2021**

State	Returns		Oregon AGI		Total Tax Liability		Effective Tax Rate
	Number	Share	(\$ millions)	Share	(\$ millions)	Share	
Alabama	570	0.3%	\$14.3	0.1%	\$0.9	0.1%	6.6%
Alaska	1,190	0.5%	\$32.2	0.3%	\$2.7	0.4%	8.3%
Arizona	5,520	2.5%	\$344.1	3.4%	\$18.5	2.7%	5.4%
Arkansas	450	0.2%	\$12.9	0.1%	\$1.0	0.1%	7.8%
California	31,640	14.2%	\$1,300.9	12.9%	\$34.0	5.0%	2.6%
Colorado	3,360	1.5%	\$133.8	1.3%	\$11.0	1.6%	8.2%
Connecticut	650	0.3%	\$28.2	0.3%	\$2.6	0.4%	9.3%
Delaware	120	0.1%	\$3.5	0.0%	\$0.2	0.0%	6.9%
Florida	4,400	2.0%	\$168.7	1.7%	\$16.3	2.4%	9.7%
Georgia	1,450	0.7%	\$41.9	0.4%	\$3.3	0.5%	7.8%
Hawaii	1,880	0.8%	\$77.8	0.8%	\$6.2	0.9%	8.0%
Idaho	12,550	5.6%	\$550.0	5.5%	\$41.4	6.0%	7.5%
Illinois	1,960	0.9%	\$100.7	1.0%	\$8.4	1.2%	8.3%
Indiana	670	0.3%	\$24.3	0.2%	\$1.3	0.2%	5.5%
Iowa	410	0.2%	\$8.3	0.1%	\$0.6	0.1%	6.8%
Kansas	610	0.3%	\$17.9	0.2%	\$1.3	0.2%	7.1%
Kentucky	440	0.2%	\$13.7	0.1%	\$0.9	0.1%	6.7%
Louisiana	620	0.3%	\$14.6	0.1%	\$1.1	0.2%	7.3%
Maine	230	0.1%	\$28.1	0.3%	\$2.7	0.4%	9.5%
Maryland	780	0.3%	\$22.9	0.2%	\$1.7	0.2%	7.4%
Massachusetts	1,160	0.5%	\$41.2	0.4%	\$3.5	0.5%	8.6%
Michigan	1,170	0.5%	\$92.8	0.9%	\$8.6	1.3%	9.3%
Minnesota	1,210	0.5%	\$43.2	0.4%	\$3.5	0.5%	8.2%
Mississippi	410	0.2%	\$10.2	0.1%	\$0.7	0.1%	7.0%
Missouri	1,110	0.5%	\$44.8	0.4%	\$3.4	0.5%	7.6%
Montana	1,760	0.8%	\$69.8	0.7%	\$5.7	0.8%	8.1%
Nebraska	350	0.2%	\$7.8	0.1%	\$0.6	0.1%	7.8%
Nevada	2,990	1.3%	\$338.3	3.4%	\$30.8	4.5%	9.1%
New Hampshire	250	0.1%	\$10.9	0.1%	\$0.9	0.1%	8.2%
New Jersey	1,050	0.5%	\$21.6	0.2%	\$2.2	0.3%	10.4%
New Mexico	780	0.3%	\$20.0	0.2%	\$1.6	0.2%	7.8%
New York	3,260	1.5%	\$117.5	1.2%	\$11.2	1.6%	9.5%
North Carolina	1,530	0.7%	\$59.7	0.6%	\$4.8	0.7%	8.1%
North Dakota	220	0.1%	\$64.6	0.6%	\$6.4	0.9%	9.9%
Ohio	1,000	0.4%	\$50.6	0.5%	\$4.3	0.6%	8.4%
Oklahoma	620	0.3%	\$12.8	0.1%	\$1.0	0.1%	7.6%
Oregon	11,330	5.1%	\$529.9	5.3%	\$38.7	5.6%	7.3%
Pennsylvania	1,170	0.5%	\$35.0	0.3%	\$2.8	0.4%	8.0%
Rhode Island	120	0.1%	\$4.8	0.0%	\$0.3	0.0%	7.1%
South Carolina	760	0.3%	\$20.2	0.2%	\$1.4	0.2%	6.7%
South Dakota	400	0.2%	\$24.6	0.2%	\$1.3	0.2%	5.4%
Tennessee	1,250	0.6%	\$46.4	0.5%	\$3.7	0.5%	8.0%
Texas	5,990	2.7%	\$238.2	2.4%	\$17.7	2.6%	7.4%
Utah	2,590	1.2%	\$100.8	1.0%	\$7.7	1.1%	7.6%
Vermont	170	0.1%	\$2.3	0.0%	\$0.2	0.0%	7.0%
Virginia	1,530	0.7%	\$38.4	0.4%	\$1.5	0.2%	3.9%
Washington	102,800	46.1%	\$4,844.0	48.1%	\$345.3	50.4%	7.1%
West Virginia	90	0.0%	\$2.3	0.0%	\$0.2	0.0%	6.6%
Wisconsin	960	0.4%	\$38.1	0.4%	\$3.1	0.4%	8.0%
Wyoming	490	0.2%	\$20.4	0.2%	\$2.1	0.3%	10.3%
Washington, D.C	250	0.1%	\$9.9	0.1%	\$0.8	0.1%	8.0%
Outside U.S.	4,730	2.1%	\$121.9	1.2%	\$13.4	2.0%	7.7%
<b>Total</b>	<b>222,960</b>	<b>100%</b>	<b>\$10,072.9</b>	<b>99%</b>	<b>\$685.3</b>	<b>100%</b>	<b>6.8%</b>

## Section IV: Characteristics of Filers

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### County Data

This section provides tax information by county to demonstrate how taxpayer characteristics vary by region. Exhibit 46 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 2020 to 2021 of those quantities by county and other selected areas outside of Oregon.

Most counties showed a decrease in the number of returns; however, all counties showed an increase in total AGI and tax liability. The following Oregon counties led the state in percentage growth:

- Number of returns: Benton (1.6 percent), Crook (1.3 percent), and Wallowa (1.3 percent).
- Adjusted gross income: Wheeler (53.2 percent), Baker (29.5 percent), and Deschutes (26.9 percent).
- Tax liability: Wheeler (68.5 percent), Lincoln (34.6 percent), and Douglas (33.8 percent).

Exhibits 47 through 51, pages 66-68, are maps showing the average AGI, tax liability, effective tax rate, electronic filing rate, and percent of filers claiming the Oregon earned income tax credit for full-year resident returns in each county.

The map in Exhibit 47, page 66, shows that the counties with the highest average AGI were Clackamas (\$111,890), Deschutes (\$109,530), and Washington (\$106,330). The counties with the lowest average AGI were Harney (\$50,580) and Malheur (\$52,430).

The map in Exhibit 48, page 66, shows that the counties with the highest AGI also had the highest tax liabilities, which were Clackamas (\$7,660), Deschutes (\$7,560), and Washington (\$7,170). The counties with the lowest average tax liability were Malheur (\$2,840) and Harney (\$2,930).

The map in Exhibit 49, page 67, shows the effective tax rate (tax divided by AGI) for each county. The counties with the highest effective tax rates were Deschutes and Multnomah both at 6.9 percent. The counties with the lowest effective tax rate were Malheur (5.4 percent) and Jefferson (5.5 percent). Because of Oregon's progressive tax bracket structure, populations with a greater income have a higher effective tax rate.

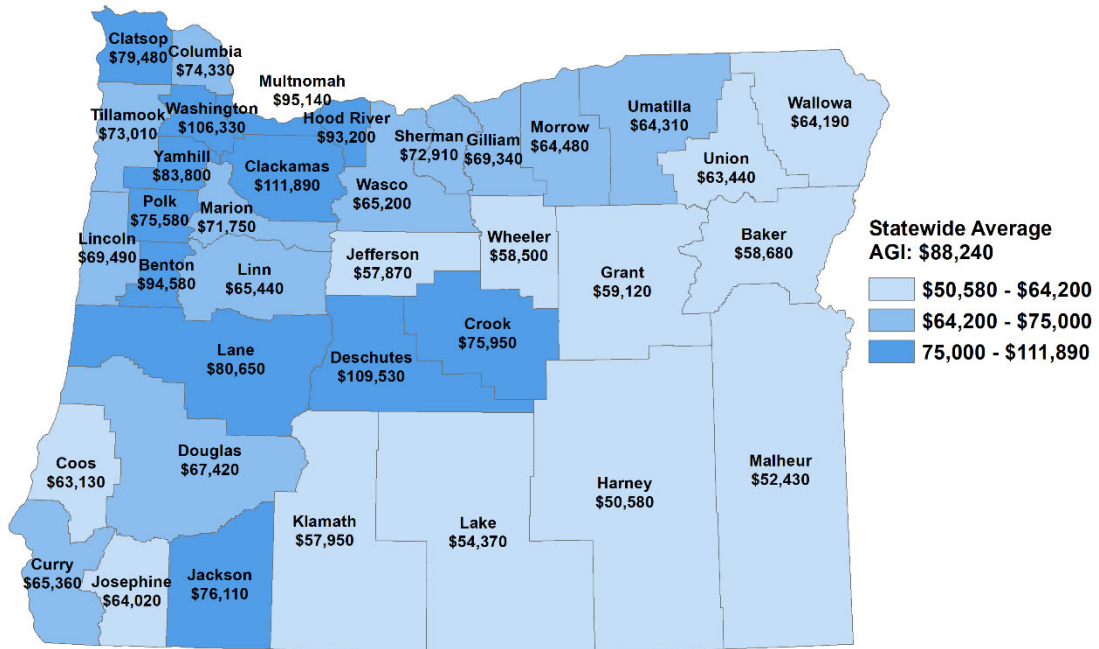
The map in Exhibit 50, page 67, shows the electronic filing rate for each county. The counties with the highest electronic filing rates were Gilliam (96.0 percent) and Sherman (95.7 percent). Nine of the top 12 are in eastern Oregon. The county with the lowest electronic filing rate was Marion (90.1 percent) where the main building of the Oregon Department of Revenue is located.

### Exhibit 46—Distribution of All Returns, AGI, and Tax Liability by County and Selected Areas, Tax Year 2021

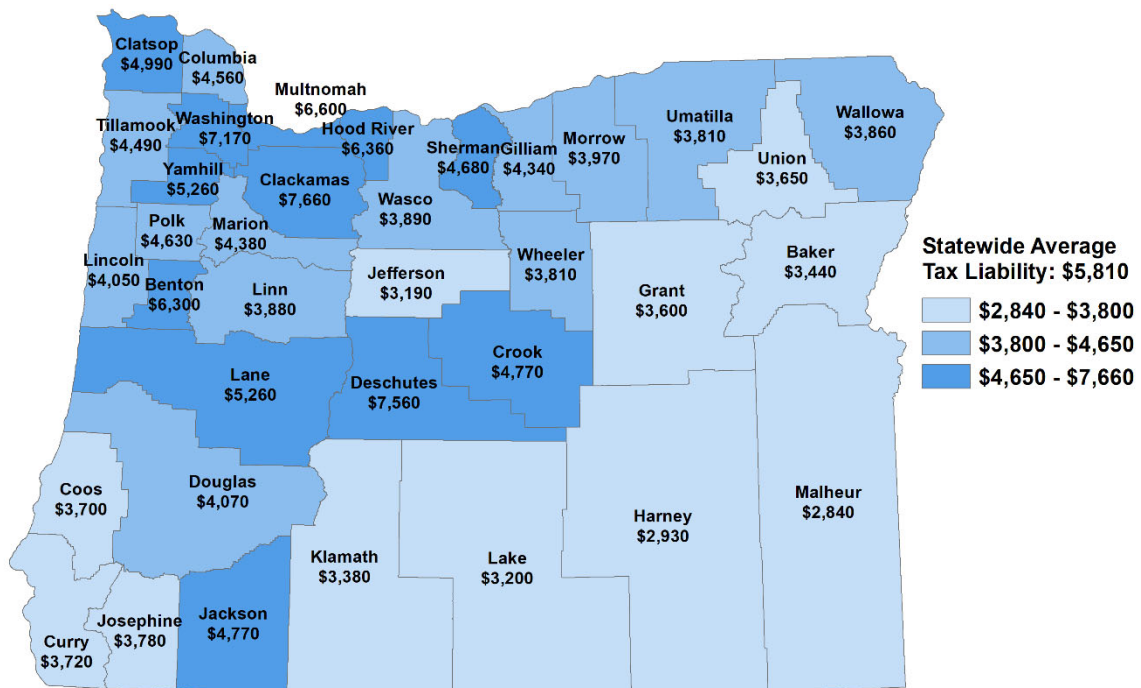
County or Area	Returns		Adjusted Gross Income		Total Tax Liability		% Change 2020 to 2021		
	Number	Share	(\$ millions)	Share	(\$ millions)	Share	No. of Returns	Total AGI	Total Tax
Baker	7,070	0.3%	\$407.8	0.2%	\$23.9	0.2%	0.5%	29.5%	28.3%
Benton	41,290	1.8%	\$3,749.3	2.1%	\$249.7	2.1%	1.6%	22.9%	30.8%
Clackamas	198,460	8.9%	\$21,923.8	12.0%	\$1,503.2	12.4%	-0.4%	17.2%	20.2%
Clatsop	18,680	0.8%	\$1,439.0	0.8%	\$90.4	0.7%	-1.3%	24.5%	32.7%
Columbia	23,770	1.1%	\$1,741.9	1.0%	\$106.8	0.9%	-0.9%	11.9%	15.7%
Coos	27,510	1.2%	\$1,700.6	0.9%	\$99.9	0.8%	-1.7%	11.0%	16.6%
Crook	11,590	0.5%	\$867.1	0.5%	\$54.5	0.5%	1.3%	20.9%	26.4%
Curry	10,630	0.5%	\$676.1	0.4%	\$38.6	0.3%	-0.4%	21.2%	23.5%
Deschutes	99,480	4.4%	\$10,626.9	5.8%	\$734.8	6.1%	0.7%	26.9%	31.0%
Douglas	47,140	2.1%	\$3,135.5	1.7%	\$189.6	1.6%	-0.6%	24.4%	33.8%
Gilliam	820	<0.1%	\$55.4	<0.1%	\$3.5	<0.1%	-1.5%	11.2%	14.4%
Grant	3,090	0.1%	\$179.7	0.1%	\$11.0	0.1%	0.6%	19.7%	25.5%
Haremy	3,020	0.1%	\$150.5	0.1%	\$8.7	0.1%	-3.1%	12.2%	16.4%
Hood River	12,000	0.5%	\$1,094.0	0.6%	\$74.8	0.6%	0.6%	25.3%	33.3%
Jackson	101,190	4.5%	\$7,581.8	4.2%	\$475.9	3.9%	-1.6%	19.8%	26.6%
Jefferson	10,280	0.5%	\$589.4	0.3%	\$32.5	0.3%	0.4%	19.1%	25.5%
Josephine	37,500	1.7%	\$2,357.4	1.3%	\$139.3	1.2%	-1.4%	22.3%	31.7%
Klamath	28,730	1.3%	\$1,634.5	0.9%	\$95.3	0.8%	-0.1%	14.0%	17.8%
Lake	3,190	0.1%	\$169.6	0.1%	\$10.0	0.1%	-1.3%	8.7%	10.0%
Lane	171,750	7.7%	\$13,569.8	7.4%	\$885.9	7.3%	-0.7%	23.7%	31.9%
Lincoln	22,500	1.0%	\$1,530.4	0.8%	\$89.4	0.7%	-1.2%	23.9%	34.6%
Linn	57,740	2.6%	\$3,728.3	2.0%	\$221.1	1.8%	0.1%	14.6%	19.6%
Malheur	11,010	0.5%	\$556.8	0.3%	\$30.1	0.2%	0.0%	12.0%	12.6%
Marion	151,650	6.8%	\$10,751.3	5.9%	\$656.1	5.4%	-0.6%	15.5%	20.0%
Morrow	4,860	0.2%	\$308.5	0.2%	\$19.0	0.2%	-2.0%	10.3%	11.8%
Multnomah	388,310	17.4%	\$35,918.0	19.7%	\$2,495.0	20.7%	-2.0%	14.1%	18.2%
Polk	38,390	1.7%	\$2,859.4	1.6%	\$175.1	1.4%	0.1%	17.2%	23.4%
Sherman	820	<0.1%	\$59.1	<0.1%	\$3.8	<0.1%	-3.0%	6.5%	6.9%
Tillamook	12,600	0.6%	\$907.7	0.5%	\$55.9	0.5%	-0.8%	23.2%	32.9%
Umatilla	31,960	1.4%	\$2,018.2	1.1%	\$119.8	1.0%	-1.2%	14.6%	16.7%
Union	11,450	0.5%	\$711.8	0.4%	\$41.1	0.3%	-0.6%	10.5%	11.6%
Wallowa	3,550	0.2%	\$224.6	0.1%	\$13.5	0.1%	1.3%	22.2%	28.0%
Wasco	11,520	0.5%	\$738.0	0.4%	\$44.1	0.4%	-2.0%	13.4%	19.1%
Washington	282,180	12.6%	\$29,408.1	16.1%	\$1,987.9	16.5%	-0.4%	13.5%	16.5%
Wheeler	550	<0.1%	\$31.5	<0.1%	\$2.1	<0.1%	-0.9%	53.2%	68.5%
Yamhill	47,300	2.1%	\$3,909.8	2.1%	\$245.8	2.0%	-0.4%	18.9%	24.8%
Clark Co., Wa.	74,320	3.3%	\$3,652.5	2.0%	\$247.0	2.0%	-1.6%	4.0%	7.7%
Other Wash.	47,790	2.1%	\$2,485.3	1.4%	\$191.7	1.6%	6.7%	41.1%	44.8%
California	45,940	2.1%	\$2,181.8	1.2%	\$96.7	0.8%	7.3%	57.5%	56.5%
Idaho	16,790	0.8%	\$808.6	0.4%	\$59.0	0.5%	5.0%	17.4%	20.8%
Other	117,750	5.3%	\$6,191.2	3.4%	\$459.4	3.8%	22.3%	48.5%	48.0%
<b>Total</b>	<b>2,236,140</b>	<b>100%</b>	<b>\$182,631.0</b>	<b>100%</b>	<b>\$12,081.6</b>	<b>100%</b>	<b>0.5%</b>	<b>18.4%</b>	<b>22.8%</b>

Section IV: Characteristics of Filers

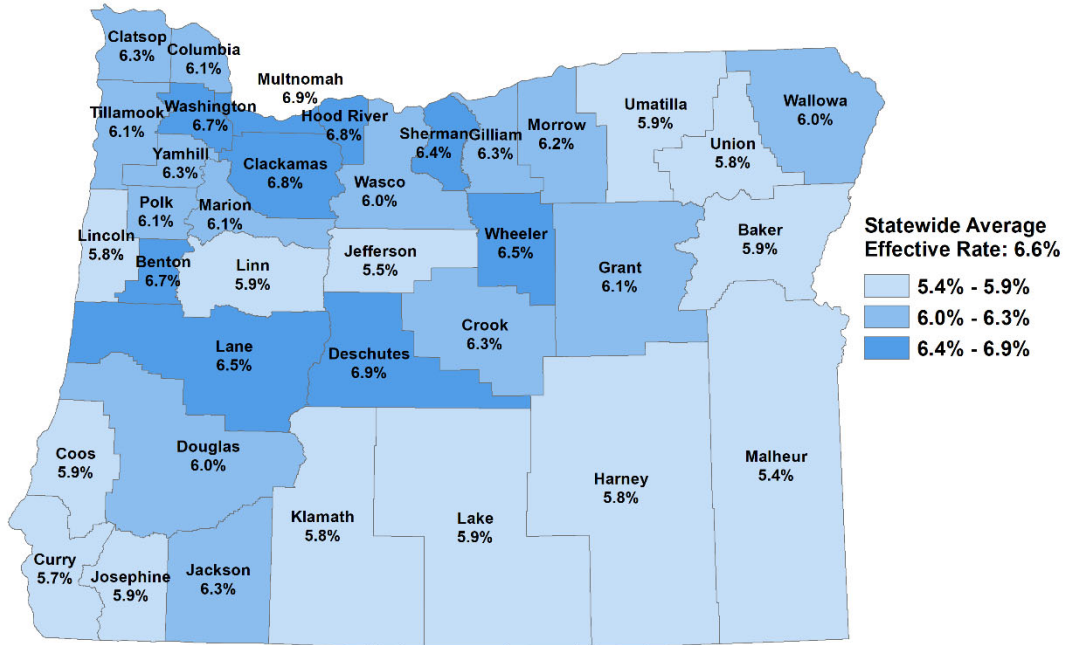
**Exhibit 47—Full-Year Resident Returns by Average Adjusted Gross Income (AGI) Per County, Tax Year 2021**



**Exhibit 48—Full-Year Resident Returns by Tax Liability Per County, Tax Year 2021**

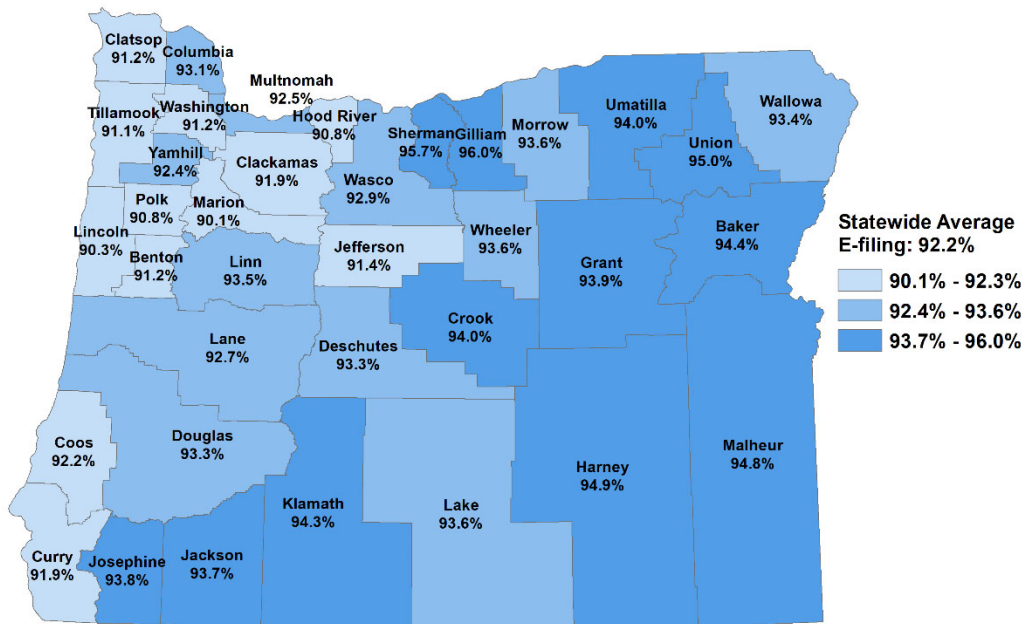


**Exhibit 49—Full-Year Resident Returns by Effective Rate\*  
Per County, Tax Year 2021**



\* Effective tax rate using Oregon AGI. See page 24.

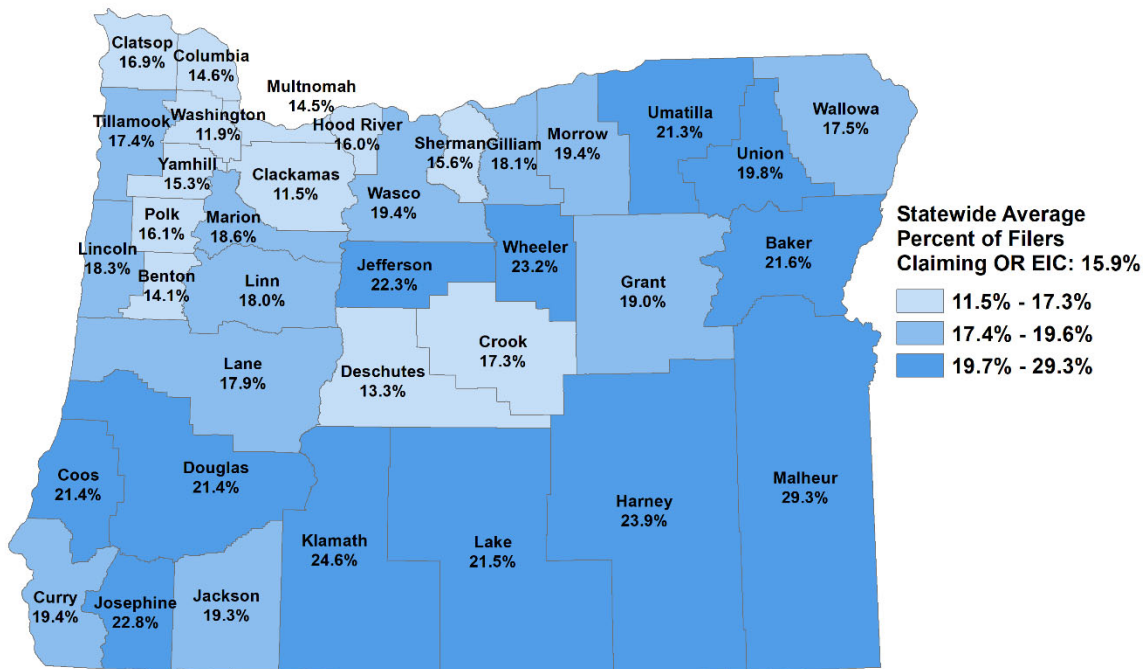
**Exhibit 50—Full-Year Resident Returns by E-filing  
Per County, Tax Year 2021**



## Section IV: Characteristics of Filers

The map in Exhibit 51 shows the percentage of filers claiming the Oregon earned income credit (EIC) for each county. The counties with the highest percent were Malheur (29.3 percent), Klamath (24.6 percent), Harney (23.9 percent), and Wheeler (23.2 percent). The counties with the lowest percentage of filers claiming the Oregon EIC were Clackamas (11.5 percent) and Washington (11.9 percent).

### Exhibit 51—Full-Year Resident Returns by Oregon Earned Income Credit (EIC) Claim Rate Per County, Tax Year 2021









## 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 2 percent.

### Exhibit 52—Personal Income Kicker History\* Biennia 1979-81 to 2019-21

Biennium	Tax Year	Surplus/ Shortfall (\$ millions)	Credit or Refund	
			Percent	Average (\$)
1979-81	1981	-\$141	None	---
1981-83	1983	-\$115	None	---
1983-85	1985	\$89	7.70%	\$80
1985-87	1987	\$221	16.60%	\$190
1987-89	1989	\$175	9.80%	\$130
1989-91	1991	\$186	Suspended	---
1991-93	1993	\$60	None	---
1993-95	1994/5	\$163	6.27%	\$110
1995-97	1996/7	\$432	14.37%	\$290
1997-99	1998/9	\$167	4.57%	\$100
1999-01	2000/1	\$254	6.02%	\$160
2001-03	2002/3	-\$1,249	None	---
2003-05	2004/5	-\$401	None	---
2005-07	2006/7	\$1,071	18.60%	\$610
2007-09	2008	-\$1,113	None	---
2009-11	2010	-\$1,050	None	---
2011-13	2012	\$124	None	---
2013-15	2014	\$402	5.60%	\$210
2015-17	2016	\$464	5.60%	\$250
2017-19	2018	\$1,688	17.17%	\$910
2019-21	2020	\$1,898	17.34%	\$990

\* 2023 Oregon Public Finance Basic Facts, Research Report #1-23, Legislative Revenue Office.

## Appendix A: Two Percent Surplus Refund (Kicker) History

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

Before 1995, taxpayers claimed the refund via a tax credit on the Oregon return for the calendar year that included the date on 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 claimed the credit on their tax year 1989 returns. Although actual revenues again exceeded the forecast amount two years later, the Legislature voted to suspend the kicker for the 1989-91 biennium.

The 1995 Oregon Legislature decided to issue taxpayers a check for the refund instead of having taxpayers claim a tax credit on the Oregon return. The amount of the refund was based on tax liability after credits 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 particularly increased refunds to filers with large credits relative to their pre-credit liability, especially taxpayers claiming credits for taxes paid to other states. 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 refund mechanism for the kicker from a refund check back to a credit claimed on the Oregon return. Most recently, revenues for the 2019-2021 biennium exceeded the forecast by \$1,898 million, resulting in a refund of 17.34 percent of the taxpayer's 2021 liability after the credit for taxes paid to another state but before other credits. Taxpayers claimed this kicker refund as a refundable credit on their 2021 tax return.

Information presented in this publication comes from tax year 2021 Oregon personal income tax returns the Oregon Department of Revenue (DOR) received during calendar year 2022. If an amended return for tax year 2021 was received by December 2022, any information from the amended return that changed from the original return is used in the data for the publication. Original or amended returns received later than December 2022 are not included.

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

### **Data Validation**

Most 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 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 to find systematic errors and encode data handling rules for those returns.

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

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

## Appendix B: Data Validation and Statistical Reporting

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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).

The following are the general rounding guidelines used in this report – return counts to the nearest multiple of 10, total dollar amounts to the nearest \$0.1 million, average dollar amount to the nearest multiple of \$10, and percentages to the nearest 0.1 percent. Due to rounding, the sum of separate quantities may not correspond exactly to some totals.

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 may differ slightly.

**Additions.** 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.** Deductions from income subject to federal tax, such as IRA contributions, student loan interest, medical savings account contributions, moving expenses, one-half of self-employment taxes, self-employed health insurance premiums, self-employed SEP contributions, penalties on early withdrawal of savings, alimony paid, certain business expenses, and health savings account contributions. Adjustments are subtracted from total federal income to compute AGI; reported on federal Form 1040, Schedule 1.

**Biennium.** The period of two fiscal years for which the state budgets are determined. For example, July 1, 2021, to June 30, 2023, is referred to as the 2021–2023 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 (itemized or standard).** Taxpayers may reduce the amount of taxable income by the greater of the standard deduction or their itemized deductions. For 2021 the standard deduction amounts are \$2,350 for a single filer, \$3,780 for a taxpayer filing as head of household, and \$4,700 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 returns. *See also Exemption credit.*

## Appendix C: Glossary of Terms

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**Exemption credit.** A credit for each exemption claimed on a return, subject to AGI limitations and indexed for inflation. In 2021, the exemption credit was \$213 per exemption.

**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).** Total 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 2021, 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 2021, the deduction is limited to \$7,050 per return (half if married filing separately) 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 AGI 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 (FY) 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 dependent.

**Interest on installment sales.** Interest on deferred tax on income from certain property sold using the installment method. Added to Oregon tax before credits.

**J Tax Brackets.** The tax brackets that are used to compute tax for taxpayers with filing statuses married filing jointly, head of household, and qualifying surviving spouse. 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 files 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, alternative minimum tax, tax on IRAs, and other income taxes, minus federal tax credits.

**Nonresident (NR) returns.** Returns filed by individuals with income earned in Oregon whose permanent homes (domiciles) 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 component of federal AGI that comes 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 (EIC).** A refundable credit equal to a percentage of the federal EITC amount. In 2021, the credit was 12 percent of the federal EITC for taxpayers with a dependent under the age of three, and 9 percent for all others. *See also Federal earned income tax credit.*

**Oregon medical subtraction for elderly.** A subtraction of up to \$1,800 in eligible medical expenses per taxpayer or spouse who meet the minimum age requirement, subject to income limitations that are not indexed for inflation. The minimum age was 66 for 2021.

**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).** For purposes of this publication, a business that is typically formed as a partnership or S corporation or treated as such for tax purposes. The income

of the business is “passed through” to the partners/shareholders and taxed through the personal income tax. *See also Sole proprietorship, Partnership, and S corporation.*

**Partnership.** A partnership is a 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).

**Qualifying Surviving Spouse** Filing status available for unmarried individuals whose spouse died during the previous two years, who did not remarry in the current tax year, and who have a child that can be claimed as a dependent.

**Quintile (income).** A subset of a database that contains 20 percent of all records and 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).** Same-sex couples who are not married but are registered as domestic partners under Oregon law. RDPs are considered to be married individuals and are not eligible to use the single filing status on an Oregon return. RDPs must complete a federal return as if they were filing as married taxpayers filing jointly or separately and submit it with their Oregon return.

## Appendix C: Glossary of Terms

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**Retirement income credit.** A nonrefundable credit that is not indexed for inflation, for filers who meet income and age requirements and have income from pensions, annuities, IRAs, or deferred income compensation plans. Taxpayers 62 or older may qualify. Household income may include nontaxable income; limits are \$45,000 for joint filers and \$22,500 for all others.

**Return.** A form filed by a taxpayer to report their income and tax. This may refer to the physical or electronic form 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 corporations electing to be taxed under 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 Subchapter S can have no more than 100 shareholders, who must 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.

**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 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).** A refund of excess revenue when revenues collected for the biennium are more than two percent higher than was forecast at the time the budget was adopted.

**Subtractions.** Income that is taxed by the federal government but not taxed by Oregon and Oregon deductions from AGI that are not allowed federally.

**Tax Cuts and Job Act (TCJA).** The common name of Public Law 115-97, an act passed by Congress at the end of 2017. The TCJA 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 flows 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 owed after subtracting tax credits and payments, which include withholding and estimated payments.

**Tax filer.** *See Filer.*

**Tax liability.** The amount of tax owed by a taxpayer before accounting for any payments made by the 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.



**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. The amount withheld is based on wages earned during the pay period and the number of withholding allowances claimed. Tax may also 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.** Category of income that includes taxable pension income, federally taxable Social Security income, and taxable 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 sole proprietorships or pass-through entities taxed at reduced rates.

**Working family household and dependent care credit.** A refundable credit that is available to low-income families with qualifying dependent care expenses. The amount is based on AGI, expenses paid, and household size.





