Oregon Personal Income Tax Statistics - 2019 Edition - Tax Year 2017

Oregon Personal Income Tax Statistics

Characteristics of Filers

2019 Edition

Tax Year 2017

OREGON
DEPARTMENT
OF REVENUE

150-101-406 (Rev. 5-19)

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Oregon
Personal Income Tax Statistics

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Oregon Department of Revenue
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Oregon Personal Income Tax Selected Statistics - 2016 and 2017									
	Full-Year Resident			Part-Year and Nonresident			All Returns		
	2016	2017	Growth	2016	2017	Growth	2016	2017	Growth
Number of Returns	1,751,138	1,785,350	2.0%	289,600	299,803	3.5%	2,040,738	2,085,153	2.2%
Electronic Filed Returns	1,504,565	1,546,747	2.8%	250,786	262,615	4.7%	1,755,351	1,809,362	3.1%
Oregon AGI* ($ millions)	$116,101.2	$123,945.0	6.8%	$9,583.7	$10,219.7	6.6%	$125,684.9	$134,164.7	6.7%
Taxable Inc.* ($ millions)	$91,228.7	$98,021.7	7.4%	$8,554.8	$9,147.1	6.9%	$99,783.5	$107,168.9	7.4%
Tax Liability* ($ millions)	$6,970.1	$7,565.4	8.5%	$611.6	$668.5	9.3%	$7,581.7	$8,233.9	8.6%
Average Oregon AGI ($)	$66,300	$69,423	4.7%	$33,093	$34,088	3.0%	$61,588	$64,343	4.5%
Average Tax Liability ($)	$3,980	$4,237	6.5%	$2,112	$2,230	5.6%	$3,715	$3,949	6.3%
Effective Tax Rate**	6.0%	6.1%		6.4%	6.5%		6.0%	6.1%	

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

- For tax year 2017, the Oregon Department of Revenue received 2.085 million personal income tax returns, a 2.2 percent increase from tax year 2016.
- The total adjusted gross income (AGI) of 2017 Oregon filers grew to $134 billion, up 6.7 percent from the $126 billion in 2016. The average AGI for all filers was $64,343 in 2017, an increase of 4.5 percent from $61,588 in 2016.
- The 2017 total tax liability for all filers was $8.2 billion, up 8.6 percent from $7.6 billion in 2016.
- The average tax liability for all filers was $3,949 in 2017, up 6.3 percent from $3,715 in 2016.
- There were 1.81 million were filed electronically for tax year 2017, a 3.1 percent increase from 2016. Electronically-filed returns represented 87 percent of all returns in 2017, a slight increase from 2016.

Overview

The personal income tax, Oregon's largest source of revenue, is estimated to account for 87 percent of the General Fund for the 2017-19 biennium. Because it is the state's primary revenue source for discretionary spending, information about this tax program is valuable to businesses, government officials, policymakers, taxpayers, and the general public.

This report provides a foundation for understanding the characteristics of Oregon personal income tax filers and presents statistical summaries of information about the personal income tax system. This edition of *Oregon Personal Income Tax Statistics* provides detailed statistics based on tax year 2017 income tax returns received by the Oregon Department of Revenue in the 2018 calendar year and includes historical tables and graphs.

Actual tax receipts may vary from this report because some filers failed to pay their full Oregon tax liability or paid after 2018. The report does not include information from audits, amended tax returns, or original returns received after 2018. Typically, several thousand amended and late returns are received during the following calendar year, which is relatively small compared to the roughly 2 million returns received per tax year.

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

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

The next section, *2017 Characteristics of Filers and Historical Trends* provides a historical summary of returns and the following components: income and tax, adjustments, additions, subtractions, deductions, credits, and payments and refunds.

Appendix A provides a discussion of the surplus refund (kicker) and historical data for 1979 through 2018. *Appendix B* provides additional detail and discussion about return data, statistical reporting, and the components of income for the current report. *Appendix C* provides a glossary of common terms used in this report.

Structure of this Report

The federal and Oregon tax returns are organized into distinct sections, each focusing on a specific component of the income tax system. This report follows that structure and discusses each component separately. The flowchart on page 4 outlines the calculation of income taxes. The main body of this report, *2017 Characteristics of Filers and Historical Trends*, starting on page 9, provides summaries and historical trends for the following components:

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

- **Credits** – These elements reduce tax liability on a dollar-for-dollar basis. If total nonrefundable credits exceed tax before credits, then part of the nonrefundable credits remain unused. Some nonrefundable credits are eligible for carryover to subsequent years. Refundable credits, on the other hand, are treated the same as payments by the taxpayer. The credits reduce tax, but if the credit exceeds the tax liability, the taxpayer gets a refund for any unused credits. The two most common refundable credits are the Oregon earned income tax credit and the working family household and dependent care tax credit.
- **Payments and Refunds –** Oregon tax withheld, estimated payments, payments included with the return, refunds reported on the return and payments from refundable tax credits are described.

Key figures from tax year 2017 are compared to historical numbers to show trends and changes over time. The actual dollar amounts as reported for previous year data are not adjusted for inflation. Also included is historical data about filers moving to and from Oregon and tax information by county, complete with county maps with selected tax information.

Most exhibits and tables in this report are devoted to full-year resident returns as Oregon taxes all of the reported federal taxable income except for specific Oregon subtractions. Full-year resident returns represent 86 percent of all returns filed and 92 percent of tax liability. Part-year resident and nonresident returns may include significant income and deductions not related to economic activity in Oregon, and only part of the income is subject to Oregon taxation. Consequently, full-year resident returns constitute the most stable base for statistical inference.

There are three terms to keep in mind when using this report:

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

Personal Income Tax Calculation

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

Oregon's personal income tax has been connected to federal taxable income since 1969. The connection usually had exceptions, which varied over the years. From 1981 to 1997, the Legislature regularly acted to tie Oregon taxable income to the federal definition as of a specific date. In 1997, the Legislature began a 'rolling reconnect' where Oregon's definition of taxable income would automatically change with federal changes. The Legislature suspended this 'rolling reconnect' for tax years 2003 through 2005 and re-established it for tax years 2006 through 2008. The 2009 Legislature suspended the 'rolling reconnect' and tied Oregon's definition of taxable income to the federal definition as of May 1, 2009 for tax years 2009 and 2010, except for a connection date of December 31, 2008 for discharge of indebtedness (IRC section 108), bonus depreciation (IRC section 168(k)), and expensing of assets (IRC section 179). The Legislature suspended the 'rolling reconnect' because they anticipated passage of the federal American Recovery and

Reinvestment Tax Act of 2009 and did not want to automatically connect to all of its tax provisions. The 2010 Legislature updated the general connection date to December 31, 2009 (the December 31, 2008 connection date remained in place for IRC sections 108, 168(k), and 179). The ‘rolling reconnect’ was re-established for tax years 2011 and forward.

Even though Oregon ties to the federal definition of taxable income, which includes the itemized deductions allowed federally, the starting point for the Oregon personal income tax calculation on the tax return is the federal adjusted gross income (AGI). The itemized deductions are subtracted at a later point in the calculation. The following diagram shows the full-year resident tax calculation.

How Oregon Personal Income Tax is Calculated

Federal Adjusted Gross Income
(Federal Total Income minus Federal Adjustments)

plus

Oregon Additions

minus

Oregon Subtractions and Deductions

equals

Oregon Taxable Income

multiplied by

Tax Rates

equals

Total Tax*

minus

Credits

equals

Tax Liability

**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 income from qualified pass-through entities at reduced rates.*

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

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

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

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

Oregon subtractions include:
- Oregon income tax refunds
- Social Security income
- Federal income tax (up to $6,550 for 2017)
- Federal pension income
- U.S. bond interest
- Military active duty pay
- Scholarship awards used for housing expenses

Oregon deductions
- **Standard deductions for 2017:**
  - $4,350 if joint filer,
  - $3,500 if head of household filer,
  - $2,175 if single filer,
  - $2,175 if married filing separately (exception if spouse itemized),
  - One of the listed four amounts plus an additional $1,000 for each taxpayer at least age 65 or blind, filing married or qualifying widow(er). The additional amount is $1,200 for single and head-of-household filers. For taxpayers who are both, age 65 or older and blind, this additional amount can be doubled.
  - Exceptions for taxpayers who are nonresident aliens or dependents.

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

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

Tax Rates

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

2017 Tax Rates

S Tax Brackets - for persons filing single or married filing separately	
If taxable income is:	then tax is:
Not over $3,400......................................	5% of taxable income
Over $3,400 but not over $8,500............	$170 plus 7% of excess over $3,400
Over $8,500 but not over $125,000........	$527 plus 9% of excess over $8,500
Over $125,000..	$11,012 plus 9.9% of excess over $125,000

J Tax Brackets - for persons married filing jointly, head of household, or qualifying widow(er) with dependent child	
If taxable income is:	then tax is:
Not over $6,800......................................	5% of taxable income
Over $6,800 but not over $17,000..........	$340 plus 7% of excess over $6,800
Over $17,000 but not over $250,000......	$1,054 plus 9% of excess over $17,000
Over $250,000..	$22,024 plus 9.9% of excess over $250,000

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

Oregon apportions part-year residents' tax based on the ratio of Oregon income to federal income. For nonresidents, federal tax and standard or itemized deductions are prorated based on the ratio of Oregon income to federal income and the tax rates are applied to income from Oregon sources.

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

Filing Requirements

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

2017 Minimum Filing Requirements for Full-Year Residents

Filing status	Total income more than
Single	$5,965
Married filing jointly	$11,925
Married filing separately	$5,965
Head of household	$7,440
Qualifying widow(er)	$8,290
Can be claimed as a dependent	$1,050

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

Additional Information

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

- Detailed tables on the statistics of Oregon personal income tax for tax year 2017 and previous years, as well as past personal income tax statistics reports.
- The history of Oregon tax law changes, personal income brackets, tax rates, standard deduction and personal exemption deduction and credits.
- *State of Oregon 2019–21 Tax Expenditure Report*. This gives additional information on adjustments, deductions, subtractions, and credits.

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

- *Publication OR-17, Oregon Individual Income Tax Guide*, 2017 edition and past years. Includes personal income tax filing requirements and a complete list and detailed descriptions of types of income, federal adjustments, and Oregon additions, subtractions and credits.
- Current and past tax forms and instructions.

In this section, we take data for the 2017 tax year and compare it to data from previous years. Previous year data is the actual dollar amounts as reported and not adjusted for inflation. The number and types of returns filed are discussed first, followed by income and tax trends. Summaries of adjustments, additions, subtractions, deductions, credits, payments and refunds are followed by information on part-year resident filers and county-level data.

Returns

Exhibit 1 shows the number of 2017 returns by filing status and form type. Full-year residents use Form OR-40, part-year residents (PY) use Form OR-40-P, and nonresidents (NR) use Form OR-40-N. Of the more than 2.08 million returns filed for tax year 2017, just under 86 percent of filers were full-year residents using Form OR-40.

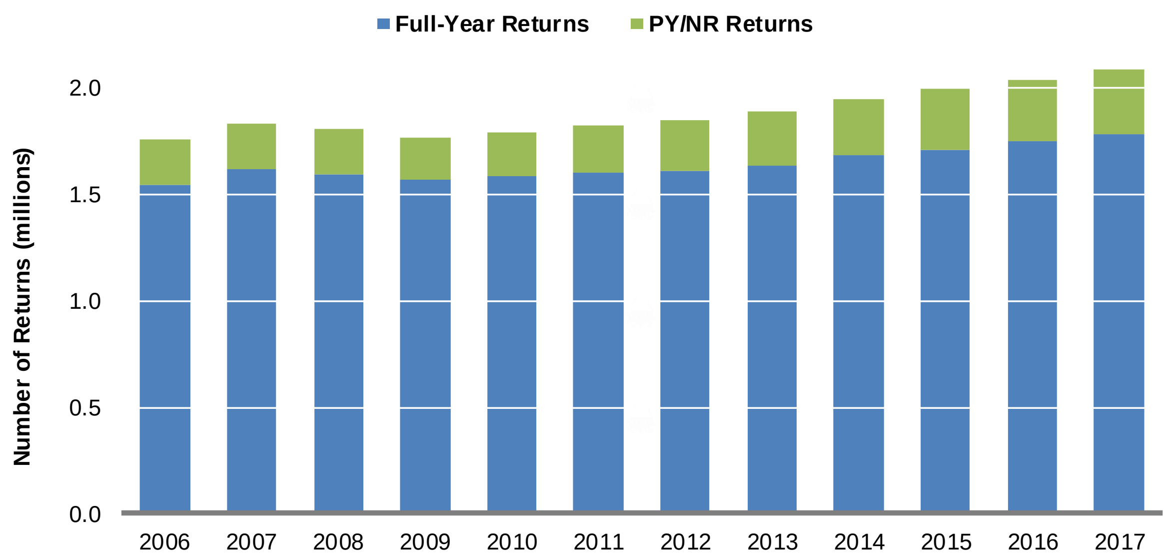
Exhibit 1 - Income Tax Returns by Filing Status and Form Type
All Returns - 2017

Filing Status	Full-Year Resident OR-40	Part-Year (PY) OR-40-P	Nonresident (NR) OR-40-N	Total
Single	862,304	61,129	76,994	**1,000,427**
Married Filing Jointly	706,630	29,626	103,979	**840,235**
Married Filing Separately	31,891	2,405	4,131	**38,427**
Head-of-Household	183,700	6,488	14,939	**205,127**
Qualifying Widow(er)	825	34	78	**937**
Total	**1,785,350**	**99,682**	**200,121**	**2,085,153**

Returns–Historical Trends

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

Exhibit 2 - Income Tax Returns - Historical
Full Year Resident and PY/NR Returns - 2006 to 2017



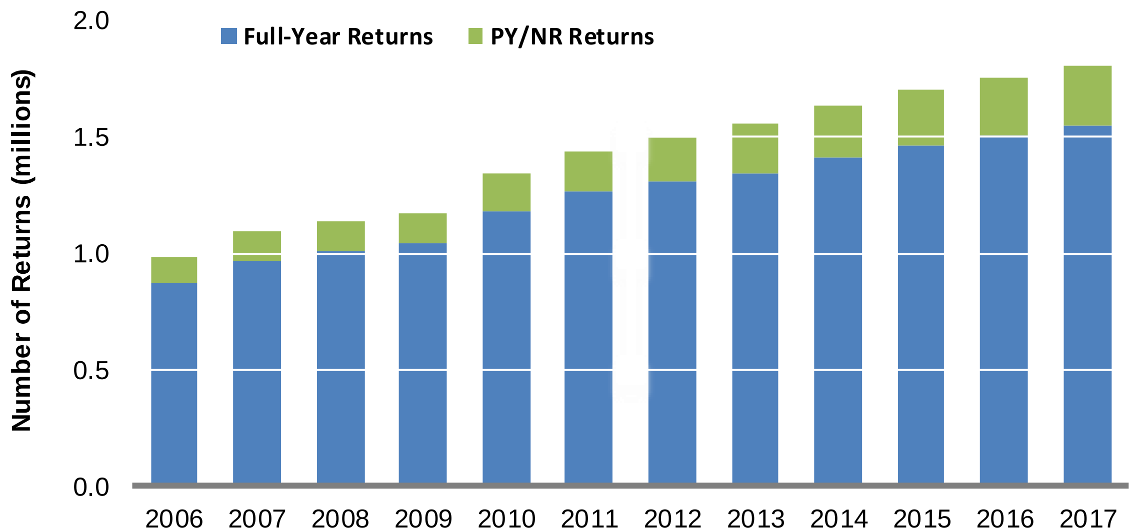
	Oregon Population*		Full-Year Returns		PY/NR Returns		All Returns	
Tax Year	Number	Growth	Number	Growth	Number	Growth	Number	Growth
2006	3,631,440	1.2%	1,546,097	3.4%	209,471	3.7%	1,755,568	3.4%
2007	3,690,500	1.4%	1,617,135	4.6%	217,960	4.1%	1,835,095	4.5%
2008	3,745,455	1.6%	1,593,363	-1.5%	212,480	-2.5%	1,805,843	-1.6%
2009	3,791,075	1.5%	1,571,302	-1.4%	197,095	-7.2%	1,768,397	-2.1%
2010	3,823,465	1.2%	1,581,272	0.6%	210,408	6.8%	1,791,680	1.3%
2011	3,837,300	0.9%	1,599,964	1.2%	224,824	6.9%	1,824,788	1.8%
2012	3,883,735	0.4%	1,612,445	0.8%	233,812	4.0%	1,846,257	1.2%
2013	3,919,020	1.2%	1,636,507	1.5%	249,931	6.9%	1,886,438	2.2%
2014	3,962,710	0.9%	1,679,610	2.6%	263,068	5.3%	1,942,678	3.0%
2015	4,013,845	1.1%	1,711,177	1.9%	282,393	7.3%	1,993,570	2.6%
2016	4,076,350	1.3%	1,751,138	2.3%	289,600	2.6%	2,040,738	2.4%
2017	4,141,100	1.6%	1,785,350	2.0%	299,803	3.5%	2,085,153	2.2%

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

Electronic Returns

Oregon started offering electronic filing with a pilot project in 1993. Between 1994 and 1997, only professional tax preparers could file electronic returns and the number of electronic filers tripled from roughly 35,000 to just over 113,000. When individuals started filing their own returns electronically for the first time in 1998, electronic filings increased by 45 percent. The increase continued in 1999, when part-year and nonresident filers began filing electronically. Electronic filings increased even more in 2004 when the IRS introduced 'e-services,' a web incentive service for tax preparers. In 2010, the IRS started requiring that professional tax preparers who prepare 100 or more returns file federal returns electronically. They tightened those requirements in 2011 to include tax preparers who file 10 or more tax returns. Additionally, beginning in 2011, any filer could submit their Oregon personal income tax return online through Oregon Free Fillable Forms. Exhibit 3 illustrates the growth in electronic filing from 2006 to 2017.

Exhibit 3 - Electronically Filed Income Tax Returns
Full Year Resident and PY/NR Returns - 2006 to 2017



	Full-Year Returns		PY/NR Returns		All Returns	
Tax Year	Number	Growth	Number	Growth	Number	Growth
2006	876,064	13.5%	105,422	18.9%	981,486	14.1%
2007	970,743	10.8%	125,139	18.7%	1,095,882	11.7%
2008	1,008,409	3.9%	129,348	3.4%	1,137,757	3.8%
2009	1,046,156	3.7%	130,097	0.6%	1,176,253	3.4%
2010	1,182,915	13.1%	156,854	20.6%	1,339,769	13.9%
2011	1,264,053	6.9%	176,793	12.7%	1,440,846	7.5%
2012	1,308,194	3.5%	189,665	7.3%	1,497,859	4.0%
2013	1,346,561	2.9%	209,676	10.6%	1,556,237	3.9%
2014	1,410,678	4.8%	225,017	7.3%	1,635,695	5.1%
2015	1,461,900	3.6%	244,156	8.5%	1,706,056	4.3%
2016	1,504,565	2.9%	250,786	2.7%	1,755,351	2.9%
2017	1,546,747	2.8%	262,615	4.7%	1,809,362	3.1%

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

Exhibit 4 - Electronic, 2-D and Paper Returns
All Returns - 2006 to 2017

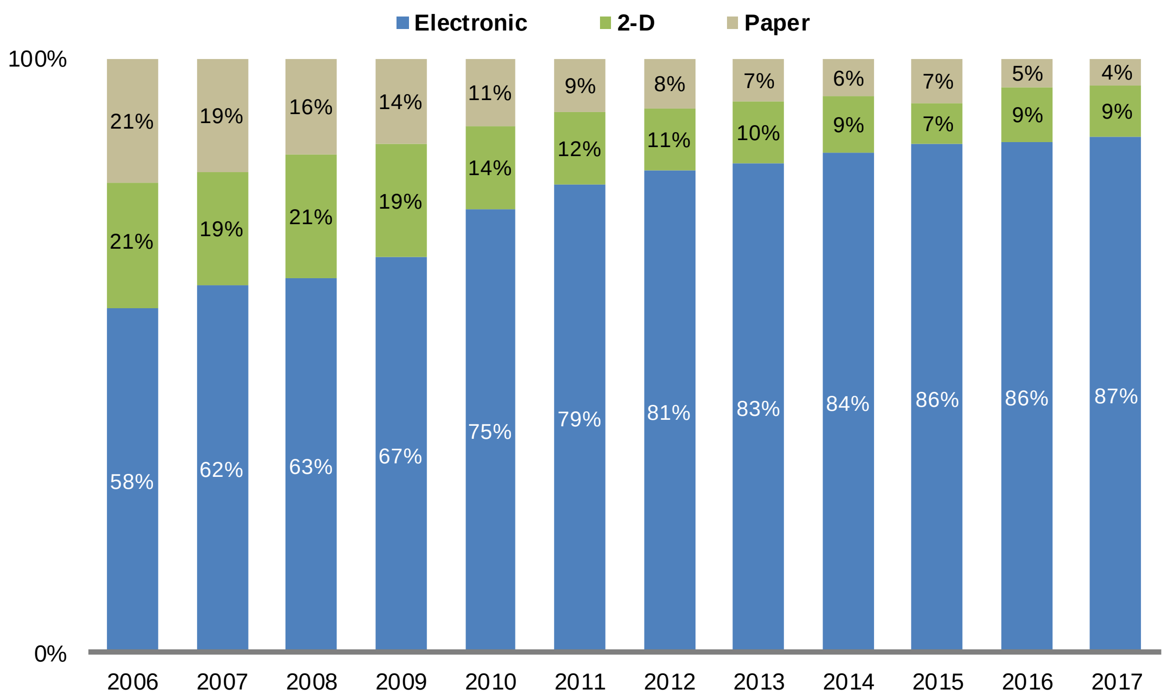
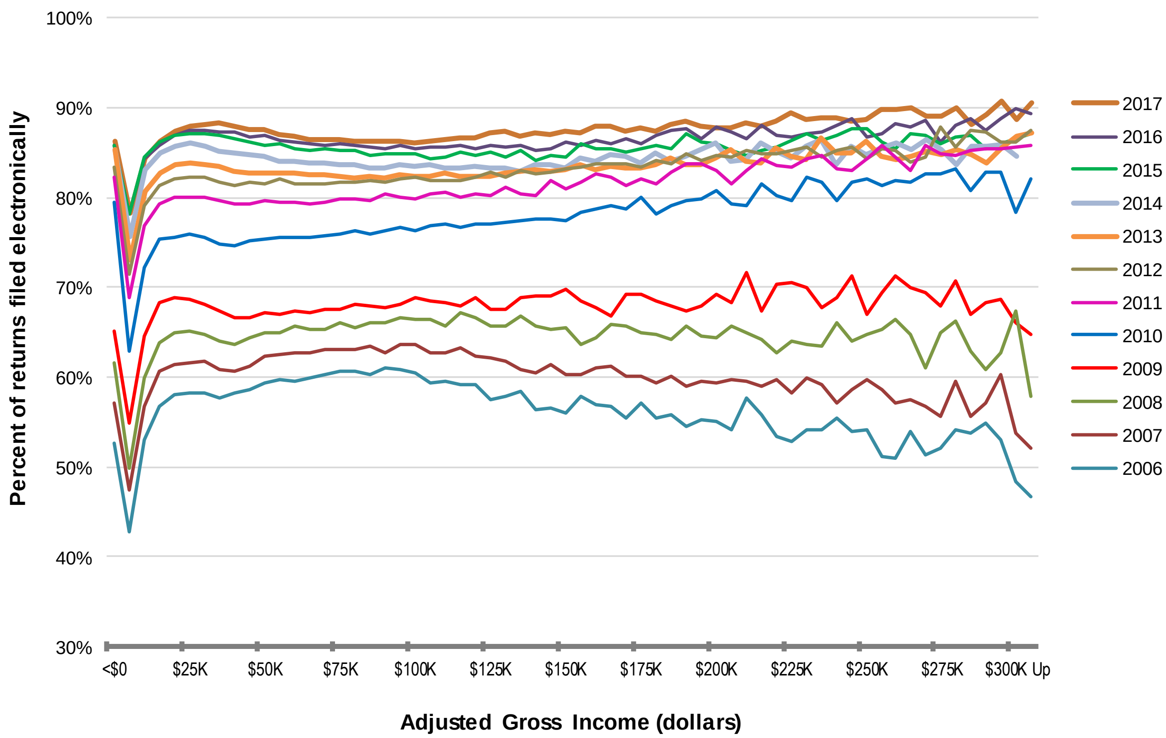


Exhibit 5 shows the percent of full-year resident electronic filers by income level for 2006 to 2017. The percent of returns that file electronically is relatively constant across all incomes, except for individuals that report very low positive incomes, which are often simple returns, and they opt to file more often by paper. The large increase in the percentage of electronic filers seen in 2010 over all income levels was due to the federal requirement that tax preparers who prepare 100 or more returns file federal returns electronically.

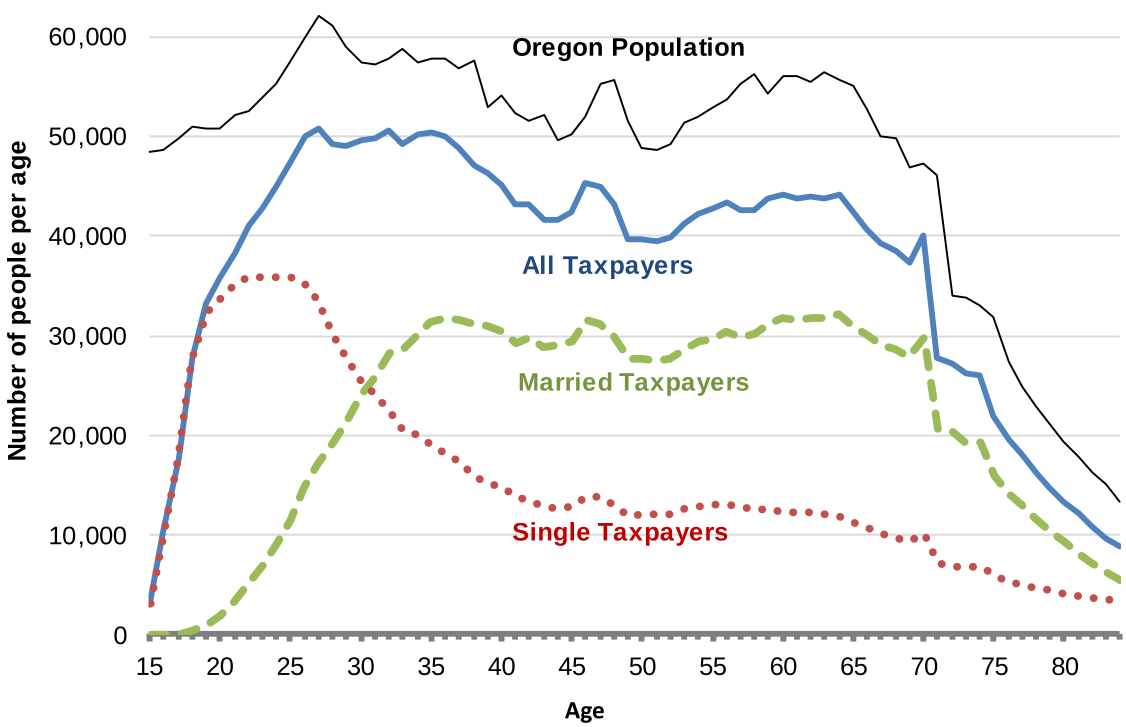
Exhibit 5 - Percent of Returns Filed Electronically by Adjusted Gross Income
All Returns - 2006 to 2017



Age of Taxpayers

Exhibit 6 shows information on all returns filed by full and part-year Oregon residents by age of the taxpayer (includes both the primary and spouse for joint returns). The data shows returns filed by single and married taxpayers separately, along with the overall population of Oregon. The population data cannot be compared directly to the tax return data, as the population data represents the best estimate of the population on July 1, 2017, while tax return data represents tax year 2017 Oregon resident returns submitted during calendar year 2018. However, we see similarities between the population and tax return data. The number of taxpayers represented by the tax returns is less than the overall population, as many taxpayers do not file because they do not have enough income.

Exhibit 6 - Taxpayers by Age
Resident (Full and Part-Year) Returns - 2017

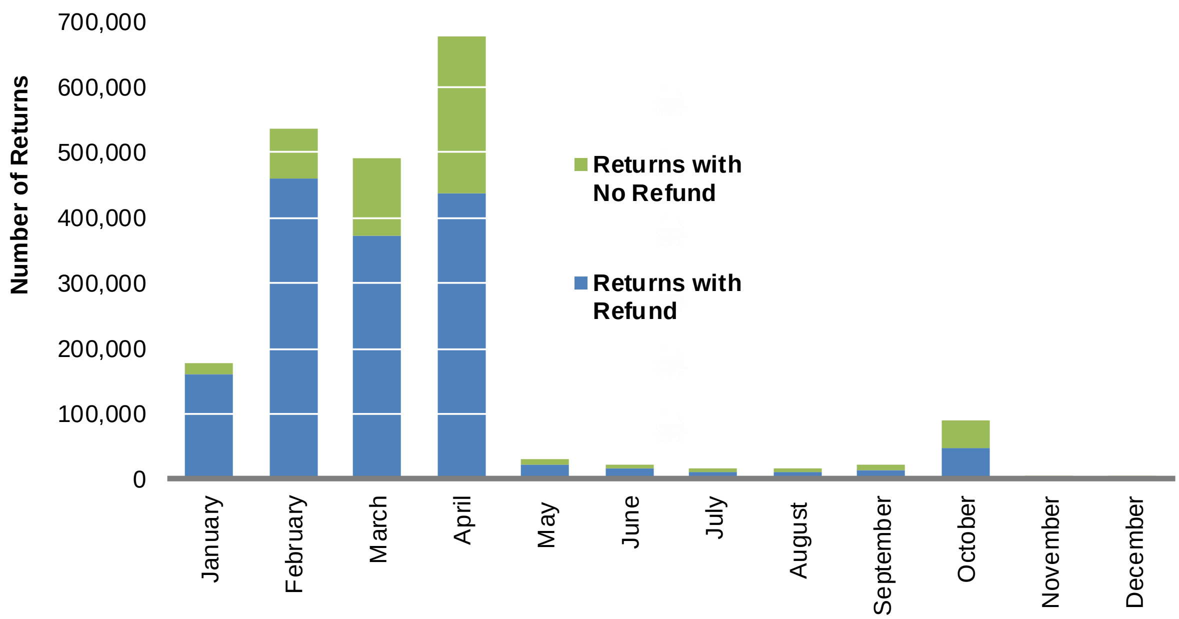


Notes: The chart represents 2.6 million resident (full and part-year) taxpayers.
Age is not known for less than 1 percent of taxpayers, so they are not represented.
Oregon population age data is from the Oregon Office of Economic Analysis.

Timing of Filing Tax Returns

The information in this exhibit is based on original 2017 income tax returns received by the Oregon Department of Revenue in the 2018 calendar year. The department receives returns throughout the year; however, the department receives most of those returns by the April 15 deadline. Exhibit 7 shows the total number of returns submitted by month, broken out into returns that claim a refund and those that do not claim a refund. About a third of the total returns received during the year occurs in April, with about a quarter of the returns received in February. February has the highest number of returns with refunds claimed, as many taxpayers file quickly to receive their refunds as soon as possible. Less than ten percent of taxpayers file in January, as the IRS typically only begins to allow electronic filings in the third or fourth week of January. About four percent of taxpayers file for a six month extension to file their return, which extends the deadline to October 15.

Exhibit 7 - Number of Returns Received by Month
All Returns - 2017



	Return with No Refund	Returns with Refund	All Returns Number	Share	Cumulative
January	16,222	160,162	176,384	8.5%	8.5%
February	74,111	461,317	535,428	25.7%	34.1%
March	118,101	372,565	490,666	23.5%	57.7%
April	240,040	437,552	677,592	32.5%	90.2%
May	8,694	21,505	30,199	1.5%	91.6%
June	6,997	15,171	22,168	1.1%	92.7%
July	5,764	11,469	17,233	0.8%	93.5%
August	6,326	11,260	17,586	0.8%	94.4%
September	8,511	13,430	21,941	1.1%	95.4%
October	41,192	48,104	89,296	4.3%	99.7%
November	1,592	2,356	3,948	0.2%	99.9%
December	1,108	1,604	2,712	0.1%	100.0%
Total	**528,658**	**1,556,495**	**2,085,153**		

Full-year residents accounted for just under 86 percent of the tax returns, 93 percent of Oregon AGI and 92 percent of the tax liability in 2017. Exhibit 8 is a summary of the number of returns, adjusted gross income (AGI), and Oregon tax liability by residency status, as determined by the type of return the taxpayer filed.

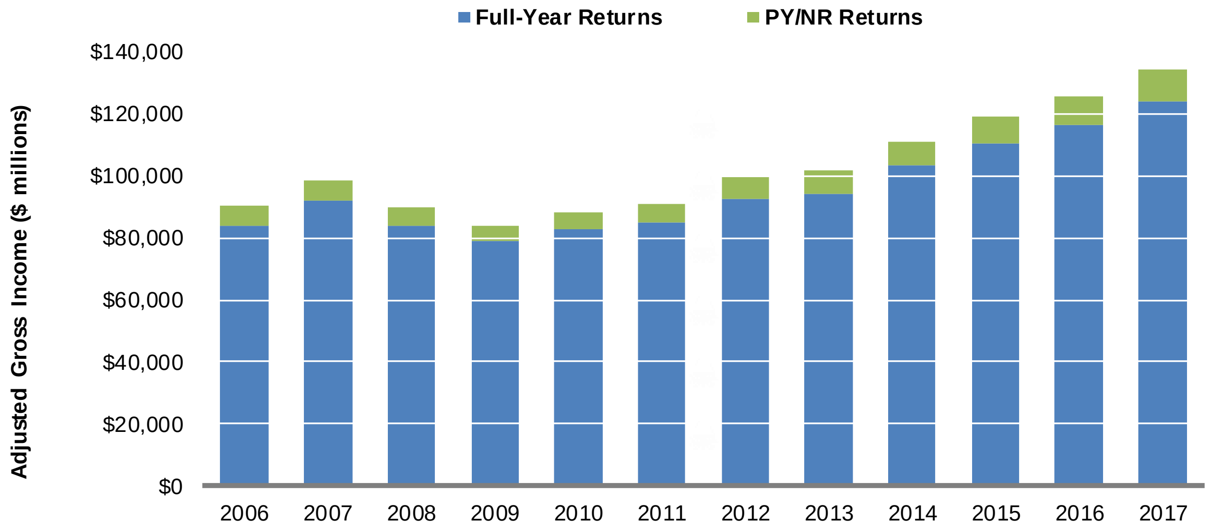
Exhibit 8 - Returns, Adjusted Gross Income, and Tax by Residence Type
All Returns - 2017

	Returns		Adjusted Gross Income		Tax Liability	
Return Type	Number	Share	$ (millions)	Share	$ (millions)	Share
Full-Year (OR-40)	1,785,350	85.6%	$123,945.0	92.4%	$7,565.4	91.9%
Nonresident (OR-40-N)	200,121	9.6%	$7,036.8	5.2%	$459.6	5.6%
Part-Year (OR-40-P)	99,682	4.8%	$3,182.9	2.4%	$208.9	2.5%
Total	**2,085,153**	**100%**	**$134,164.7**	**100%**	**$8,233.9**	**100%**

Oregon Adjusted Gross Income–Historical Trends

Adjusted gross income (AGI) consists of income subject to federal tax minus federal adjustments. For full-year returns, Oregon AGI equals federal AGI. Part-year residents derive their Oregon AGI from all income while the taxpayer was a resident of Oregon. Nonresidents derive their Oregon AGI from income sourced in Oregon. Exhibit 9 (on the following page) shows the trend in Oregon AGI since 2006 for full-year resident returns, part-year resident/nonresident returns (PY/NR) and all returns. Oregon AGI grows in most years due to Oregon's increasing taxpayer population and inflation. The exception occurs in periods of economic downturns, such as in 2008 and 2009. The total Oregon AGI increased 6.7 percent in 2017, going from $126 billion in 2016 to $134 billion in 2017, reflecting the improving economic conditions.

Exhibit 9 - Total Adjusted Gross Income - Historical
Full-Year Resident and PY/NR Returns - 2006 to 2017

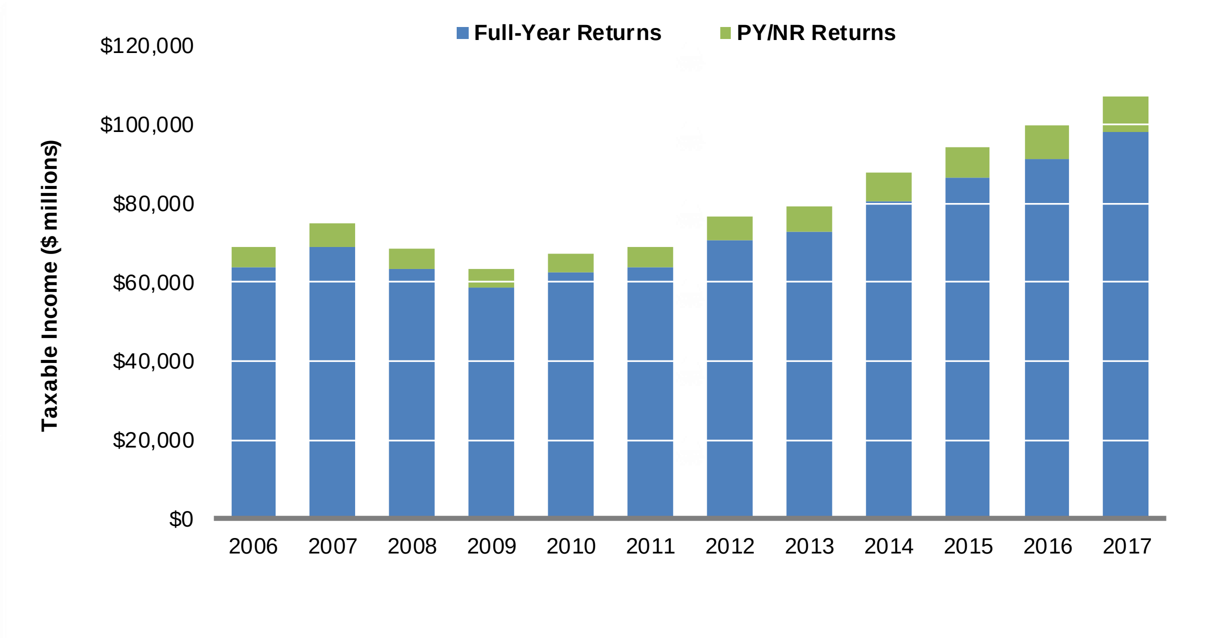


	Full-Year Returns			PY/NR Returns			All Returns		
Tax Year	Average ($)	Total ($ millions)	Growth in Total	Average ($)	Total ($ millions)	Growth in Total	Average ($)	Total ($ millions)	Growth in Total
2006	$54,221	$83,830.7	8.5%	$30,471	$6,382.7	9.9%	$51,387	$90,213.4	8.6%
2007	$56,764	$91,795.1	9.5%	$31,891	$6,950.9	8.9%	$53,810	$98,746.0	9.5%
2008	$52,756	$84,059.4	-8.4%	$28,260	$6,004.8	-13.6%	$49,874	$90,064.2	-8.8%
2009	$50,097	$78,717.4	-6.4%	$25,180	$4,962.9	-17.4%	$47,320	$83,680.4	-7.1%
2010	$52,272	$82,655.9	5.0%	$26,628	$5,602.7	12.9%	$49,260	$88,258.6	5.5%
2011	$53,067	$84,904.9	2.7%	$26,951	$6,059.3	8.1%	$49,849	$90,964.2	3.1%
2012	$57,493	$92,703.6	9.2%	$29,588	$6,918.0	14.2%	$53,959	$99,621.6	9.5%
2013	$57,687	$94,405.0	1.8%	$28,835	$7,206.8	4.2%	$53,864	$101,611.7	2.0%
2014	$61,430	$103,179.0	9.3%	$29,933	$7,874.3	9.3%	$57,165	$111,053.4	9.3%
2015	$64,416	$110,226.4	6.8%	$31,248	$8,824.3	12.1%	$59,717	$119,050.6	7.2%
2016	$66,300	$116,101.2	5.3%	$33,093	$9,583.7	8.6%	$61,588	$125,684.9	5.6%
2017	$69,423	$123,945.0	6.8%	$34,088	$10,219.7	6.6%	$64,343	$134,164.7	6.7%

Taxable Income–Historical Trends

Taxable income is the amount of income subject to Oregon tax and equals Oregon adjusted gross income plus additions, minus subtractions, minus allowable deductions, limited by a minimum of zero. Exhibit 10 shows the trend in Oregon taxable income since 2006 for full-year resident returns, the total of part-year resident/nonresident returns (PY/NR) and all returns. The yearly trends in the total taxable income closely correlates to total Oregon AGI.

Exhibit 10 - Total Taxable Income - Historical
Full-Year Resident and PY/NR Returns - 2006 to 2017

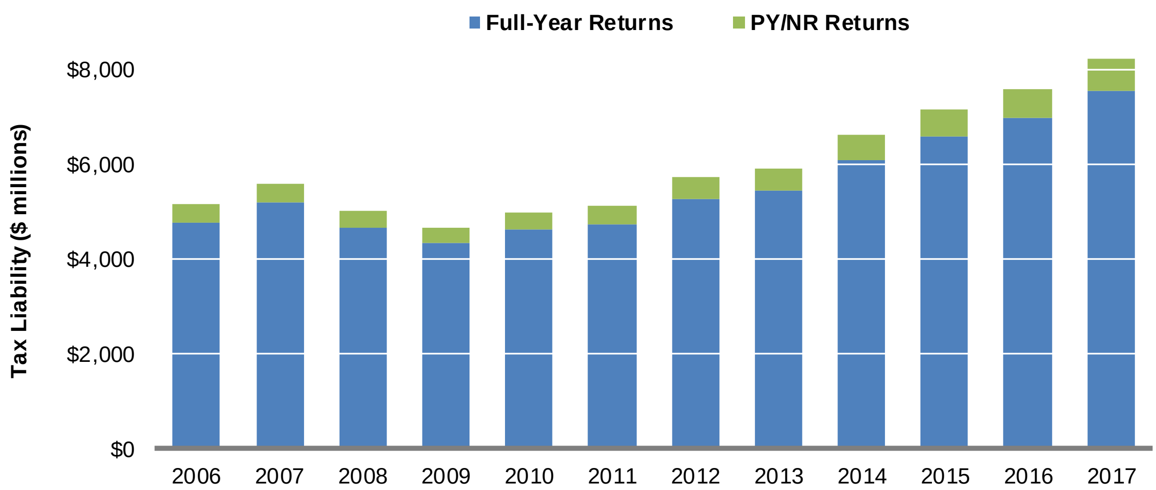


Tax Year	Full-Year Returns Average ($)	Full-Year Returns Total ($ millions)	Full-Year Returns Growth in Total	PY/NR Returns Average ($)	PY/NR Returns Total ($ millions)	PY/NR Returns Growth in Total	All Returns Average ($)	All Returns Total ($ millions)	All Returns Growth in Total
2006	$41,167	$63,648.0	7.5%	$26,018	$5,450.0	9.4%	$39,359	$69,098.0	7.6%
2007	$42,690	$69,035.0	8.5%	$26,867	$5,856.0	7.4%	$40,811	$74,892.0	8.4%
2008	$39,735	$63,312.0	-8.3%	$24,040	$5,108.0	-12.8%	$37,888	$68,420.0	-8.6%
2009	$37,439	$58,828.0	-7.1%	$22,882	$4,510.0	-11.7%	$35,817	$63,338.0	-7.4%
2010	$39,487	$62,439.5	6.1%	$23,369	$4,917.1	9.0%	$37,594	$67,356.7	6.3%
2011	$39,812	$63,697.3	2.0%	$23,333	$5,245.8	6.7%	$37,781	$68,943.1	2.4%
2012	$43,898	$70,782.3	11.1%	$25,756	$6,022.0	14.8%	$41,600	$76,804.3	11.4%
2013	$44,584	$72,962.2	3.1%	$25,320	$6,328.3	5.1%	$42,032	$79,290.5	3.2%
2014	$47,970	$80,570.9	10.4%	$26,924	$7,082.8	11.9%	$45,120	$87,653.7	10.5%
2015	$50,610	$86,601.8	7.5%	$27,822	$7,856.7	10.9%	$47,382	$94,458.5	7.8%
2016	$52,097	$91,228.7	5.3%	$29,540	$8,554.8	8.9%	$48,896	$99,783.5	5.6%
2017	$54,903	$98,021.7	7.4%	$30,511	$9,147.1	6.9%	$51,396	$107,168.9	7.4%

Tax Liability–Historical Trends

Tax liability is the amount of tax owed by a taxpayer. It is equal to the total tax reduced by non-refundable credits and any portion of refundable credits up to the amount of remaining tax. If refundable credits exceed the amount of remaining tax, then the taxpayer has no tax liability and receives a payment for the balance. In 2017, tax liability totaled $8.2 billion, an 8.6 percent increase from 2016. Exhibit 11 shows the trend in total tax liability since 2006 for full-year resident returns, part-year resident/nonresident returns (PY/NR) and all returns. The yearly trends in the total tax liability closely correlates to total Oregon AGI.

Exhibit 11 - Total Personal Income Tax Liability - Historical
Full-Year Resident and PY/NR Returns - 2006 to 2017



	Full-Year Returns			PY/NR Returns			All Returns		
Tax Year	Average ($)	Total ($ millions)	Growth in Total	Average ($)	Total ($ millions)	Growth in Total	Average ($)	Total ($ millions)	Growth in Total
2006	$3,088	$4,775.0	7.6%	$1,795	$375.9	7.9%	$2,934	$5,151.0	7.6%
2007	$3,206	$5,184.8	8.6%	$1,903	$414.8	10.3%	$3,051	$5,599.6	8.7%
2008	$2,924	$4,658.9	-10.1%	$1,683	$357.6	-13.8%	$2,778	$5,016.5	-10.4%
2009	$2,761	$4,337.7	-6.9%	$1,616	$318.5	-10.9%	$2,633	$4,656.2	-7.2%
2010	$2,938	$4,646.2	7.1%	$1,679	$353.2	10.9%	$2,790	$4,999.4	7.4%
2011	$2,968	$4,749.4	2.2%	$1,683	$378.4	7.1%	$2,810	$5,127.8	2.6%
2012	$3,280	$5,288.4	11.3%	$1,859	$434.7	14.9%	$3,100	$5,723.0	11.6%
2013	$3,335	$5,457.2	3.2%	$1,816	$453.9	4.4%	$3,133	$5,911.1	3.3%
2014	$3,637	$6,109.1	11.9%	$1,951	$513.3	13.1%	$3,409	$6,622.4	12.0%
2015	$3,851	$6,590.5	7.9%	$1,987	$561.1	9.3%	$3,587	$7,151.6	8.0%
2016	$3,980	$6,970.1	5.8%	$2,112	$611.6	9.0%	$3,715	$7,581.7	6.0%
2017	$4,237	$7,565.4	8.5%	$2,230	$668.5	9.3%	$3,949	$8,233.9	8.6%

Effective Tax Rates

Exhibit 12 shows tax as a percent of AGI, and tax as a percent of taxable income for full-year resident filers, as compared to the filer's level of adjusted gross income. There are two graphs, one for those computing their tax using the S tax brackets (single and married filing separately) and a second for those for those computing their tax using the J tax brackets (married filing jointly, head of household, and qualifying widow(er)).

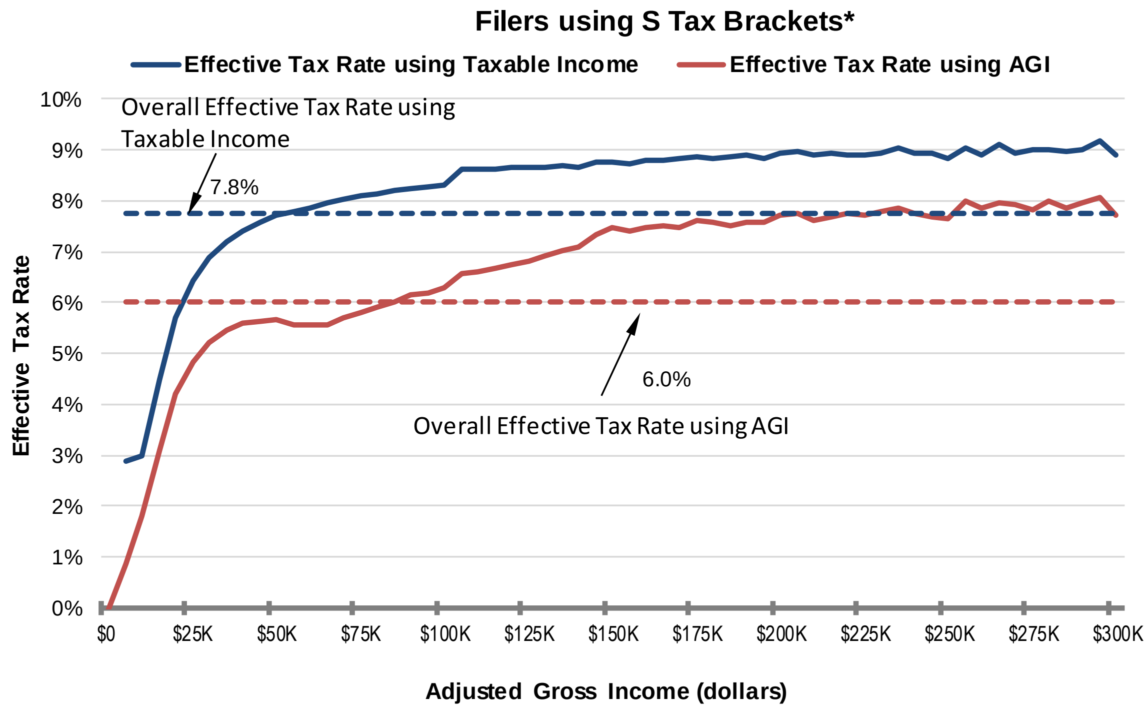
Tax as a percent of AGI (lower curve on both charts) provides the tax rate necessary to apply to AGI to raise the same amount of revenue as current tax law. It averages all deductions and credits used across all filers. Subtractions and deductions lower the effective tax rate. The effective tax rate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

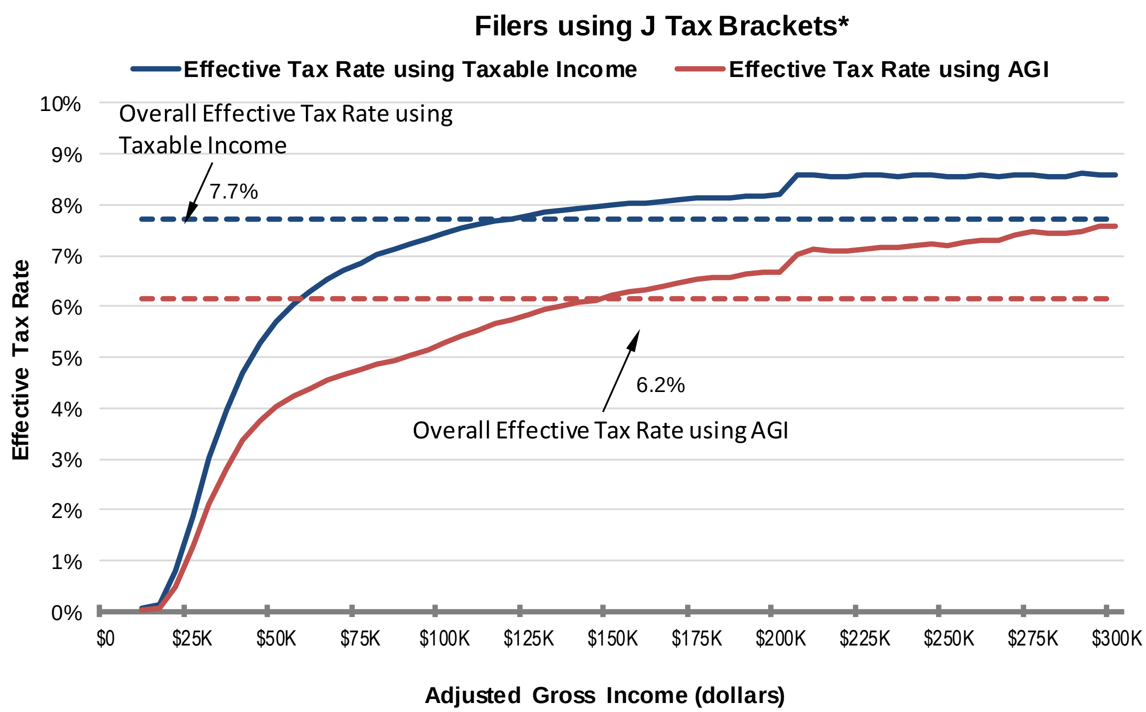
The top curve (on both charts) shows the tax as a percent of taxable income. It has the same general shape as the bottom curve, just shifted up on the percent axis because it is only reduced by tax credits. The rate increases quickly and then gradually approaches 9.9 percent, beyond the limits of this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

An overall effective tax rate is the required rate necessary to raise the same amount of revenue as current tax law, if the tax rate was a flat percentage applied to AGI or taxable income. For example, S filers would pay a flat rate of 6.0 percent and J filers would pay a flat rate of 6.2 percent of their AGI or single and joint filers would pay flat rates of 7.8 percent and 7.7 percent, respectively, of their taxable income.

There are a couple interesting features to note from the charts. The jump in the curves at an AGI of $100,000 for S filers and at an AGI of $200,000 for J filers is because the personal exemption credit is not allowed above those income values and hence the effective tax rate increases when one can no longer reduce their tax with the personal exemption credit. On the effective rate curve from AGI for S filers, the tax rate goes down between AGIs of about $50,000 to $65,000. This is a result of interaction between Oregon's income tax brackets and the federal tax brackets when filers claim the subtraction for a federal tax liability. This effect is further enhanced for single filers because they effectively have twice the limit of federal tax liability they are allowed to subtract compared to married filing jointly filers. The actual limit is the same for both groups, so for married filing jointly filers the limit per taxpayer is half that.

Exhibit 12 - Effective Tax Rates Derived from AGI and Taxable Income
S and J Full-Year Resident Returns - 2017





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

Distribution of Returns, Income, and Tax by AGI Level

Exhibit 13 shows total Oregon AGI and total tax liability by AGI quintile for 2016 and 2017. A quintile represents a subset of a database that contains 20 percent of all records. It is determined by arranging the records from the lowest income to the highest income and then dividing the data into five equally sized subsets. The fifth quintile is subdivided into the first 15 percent of this quintile, the next four percent and top one percent.

A couple of observations can be made, which show how the tax liability is concentrated by income level. In 2017, the bottom 40 percent of filers by income accounted for just over 4 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 21 percent of the total tax liability.

Exhibit 13 - Income and Tax Liabilty by AGI Quintiles
Full-Year Resident Returns - 2016 and 2017

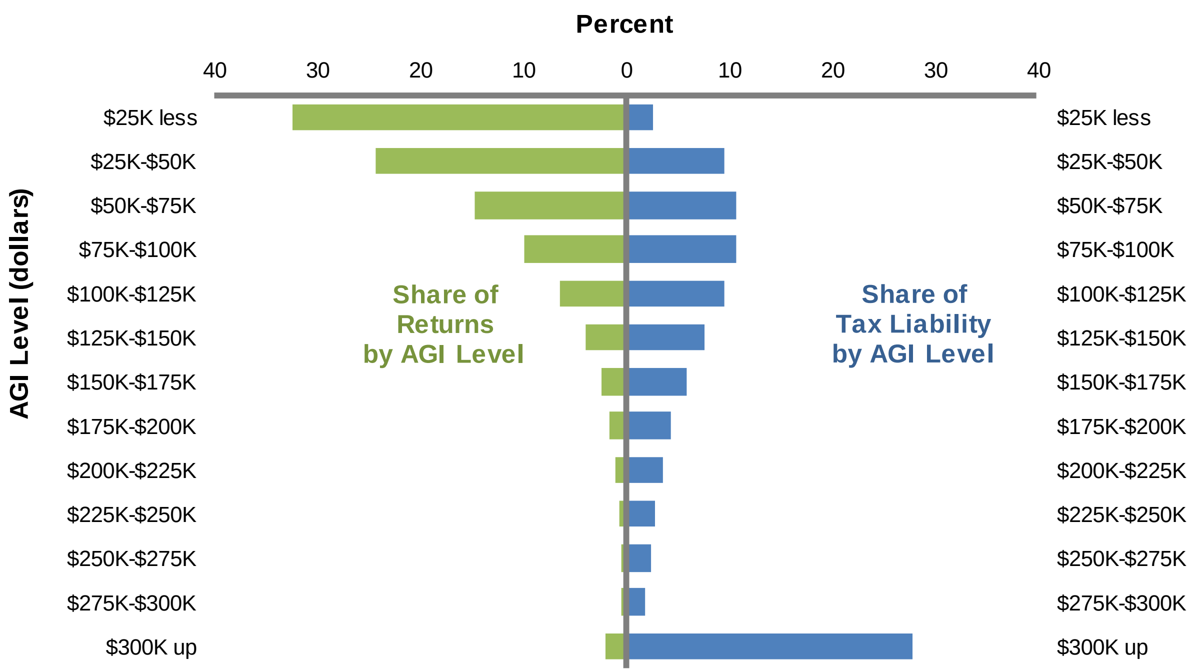
Quintile	Approximate AGI Range in 2017 (dollars)	Total AGI ($ millions) 2016	2017	Total Tax Liability ($ millions) 2016	2017	Share of Total Tax Liability 2016	2017
Lowest 20%	Below $15K	$775.2	$951.3	$42.4	$50.3	0.6%	0.7%
Second 20%	$15K-$31K	$7,666.6	$8,252.3	$266.0	$303.2	3.8%	4.0%
Middle 20%	$31K-$55K	$14,027.6	$14,966.2	$649.1	$711.4	9.3%	9.4%
Fourth 20%	$55K-$96K	$24,672.5	$26,133.3	$1,254.3	$1,350.8	18.0%	17.9%
Next 15%	$96K-$193K	$32,951.4	$34,889.5	$1,998.0	$2,143.2	28.7%	28.3%
Next 4%	$193K-$436K	$17,749.5	$18,946.4	$1,304.7	$1,409.6	18.7%	18.6%
Top 1%	above $436K	$18,258.3	$19,806.0	$1,455.7	$1,596.8	20.9%	21.1%
Total		**$116,101.2**	**$123,945.0**	**$6,970.1**	**$7,565.4**	**100.0%**	**100.0%**

Notes: Each quintile contains one-fifth of the total number of full-year resident returns, which is approximately 350,000.
The AGI breakpoints between the quintiles were slightly less for tax year 2016.

Exhibit 14 (on the following page) shows the percentage of full-year resident returns (left chart) and the percentage of total tax liability (right chart) by AGI levels for 2017.

Approximately 57 percent of filers reported AGI less than $50,000 in 2017. This group paid about 12 percent of the total tax liability. Filers with AGI above $300,000 represented only 2 percent of total returns, but paid just under 28 percent of total tax liability in 2017.

Exhibit 14 - Returns and Tax Liability by AGI Level
Full-Year Resident Returns - 2017



AGI Level (dollars)	Returns Number	Returns Share	Tax Liability $ (millions)	Tax Liability Share
Below $25,000	579,483	32.5%	$198.8	2.6%
$25,000 - $50,000	434,209	24.3%	$718.5	9.5%
$50,000 - $75,000	260,998	14.6%	$805.2	10.6%
$75,000 - $100,000	176,574	9.9%	$817.6	10.8%
$100,000 - $125,000	112,843	6.3%	$731.7	9.7%
$125,000 - $150,000	68,572	3.8%	$582.2	7.7%
$150,000 - $175,000	42,806	2.4%	$451.3	6.0%
$175,000 - $200,000	26,845	1.5%	$337.2	4.5%
$200,000 - $225,000	18,129	1.0%	$274.5	3.6%
$225,000 - $250,000	12,811	0.7%	$220.1	2.9%
$250,000 - $275,000	9,193	0.5%	$178.2	2.4%
$275,000 - $300,000	6,692	0.4%	$144.8	1.9%
Above $300,000	36,195	2.0%	$2,105.4	27.8%
Total	**1,785,350**	**100.0%**	**$7,565.4**	**100.0%**

Distribution of Returns and Tax by Oregon Tax Brackets

Exhibit 15 shows the number of filers and the total tax liability by those filers in each tax bracket. Note that there were about 125,000 returns with no taxable income. There are several reasons why taxpayers file returns that report no taxable income for Oregon. The taxpayer may have had negative income, such as business losses offsetting other positive income and had withholding or made estimated payments and was due a refund, and/or the taxpayer claimed refundable credits such as the Oregon earned income credit and/or the working family household and dependent care credit. In addition, if a taxpayer is required to file federally, they are required to file for Oregon, even if they have no taxable income.

Exhibit 15 - Returns and Tax by Oregon Tax Brackets
Full-Year Resident Returns - 2017

Taxable Income: Single or Married Filing Separately (all others double the amount)	Tax Bracket	Returns Number	Returns Share	Tax Liability (millions)	Tax Liability Share
$0	No Taxable Income	125,491	7.0%	$0.0	0%
$1- $3,400	5%	114,576	6.4%	$2.6	0.03%
$3,401–$8,500	7%	192,270	10.8%	$32.6	0.4%
$8,501-$125,000	9%	1,298,622	72.7%	$5,113.0	67.6%
over $125,000	9.9%	54,391	3.0%	$2,417.1	32.0%
Total		**1,785,350**	**100.0%**	**$7,565.4**	**100.0%**

Types of Income

Exhibit 16 (on the following page) shows the types of income reported on federal tax returns for 2016 and 2017 with the corresponding number of returns that claimed that type of income, the average amount claimed per return, and the total amount of that type of income for full-year resident filers. Note for several types of income (capital gain, other gain, business income, rents/partnerships/S corporations, and farm income), it is possible for an individual to report a loss, represented by a negative number. Wages are the dominant source of income, representing over $81 billion of the $126 billion of total gross income, or 65 percent of the total in 2017. There was especially strong growth in income from capital gains, which increased by over 28 percent in 2017 from the previous year.

Exhibit 16 - Types of Income
Full-Year Resident Returns - 2016 and 2017

Income Type	Number of Returns 2016	Number of Returns 2017	Average ($) 2016	Average ($) 2017	Total ($ millions) 2016	Total ($ millions) 2017	Growth in Total
Wages, Salaries, Tips	1,398,741	1,424,057	$55,361	$57,301	$77,435.4	$81,599.2	5.4%
Interest	521,582	557,846	$1,944	$1,911	$1,013.7	$1,066.3	5.2%
Dividends	347,217	357,216	$7,596	$8,409	$2,637.5	$3,004.0	13.9%
Capital Gain (loss)	337,007	347,337	$20,533	$25,593	$6,919.6	$8,889.3	28.5%
Other Gain (loss)	30,904	30,081	$1,510	$2,498	$46.7	$75.2	61.1%
Business income (loss)	263,486	270,247	$15,579	$15,442	$4,104.9	$4,173.1	1.7%
Rent, Part., S Corp (income or loss)	235,489	233,913	$38,749	$39,184	$9,124.9	$9,165.8	0.4%
IRA distributions	206,108	217,724	$17,103	$18,217	$3,525.2	$3,966.4	12.5%
Pensions	340,397	348,303	$26,721	$27,526	$9,095.7	$9,587.5	5.4%
Social Security benefits	281,290	294,948	$14,473	$14,926	$4,071.1	$4,402.4	8.1%
Unemployment compensation	80,862	78,027	$4,458	$4,639	$360.4	$362.0	0.4%
Farm income (loss)	29,802	29,359	-$8,453	-$9,300	-$251.9	-$273.0	*
State tax refunds	494,076	369,454	$1,441	$1,518	$711.9	$560.7	-21.2%
Alimony	8,748	8,679	$20,154	$20,395	$176.3	$177.0	0.4%
Other income (loss)	134,353	133,100	-$6,020	-$5,155	-$808.9	-$686.2	*
Total					**$118,162.5**	**$126,069.5**	**6.7%**

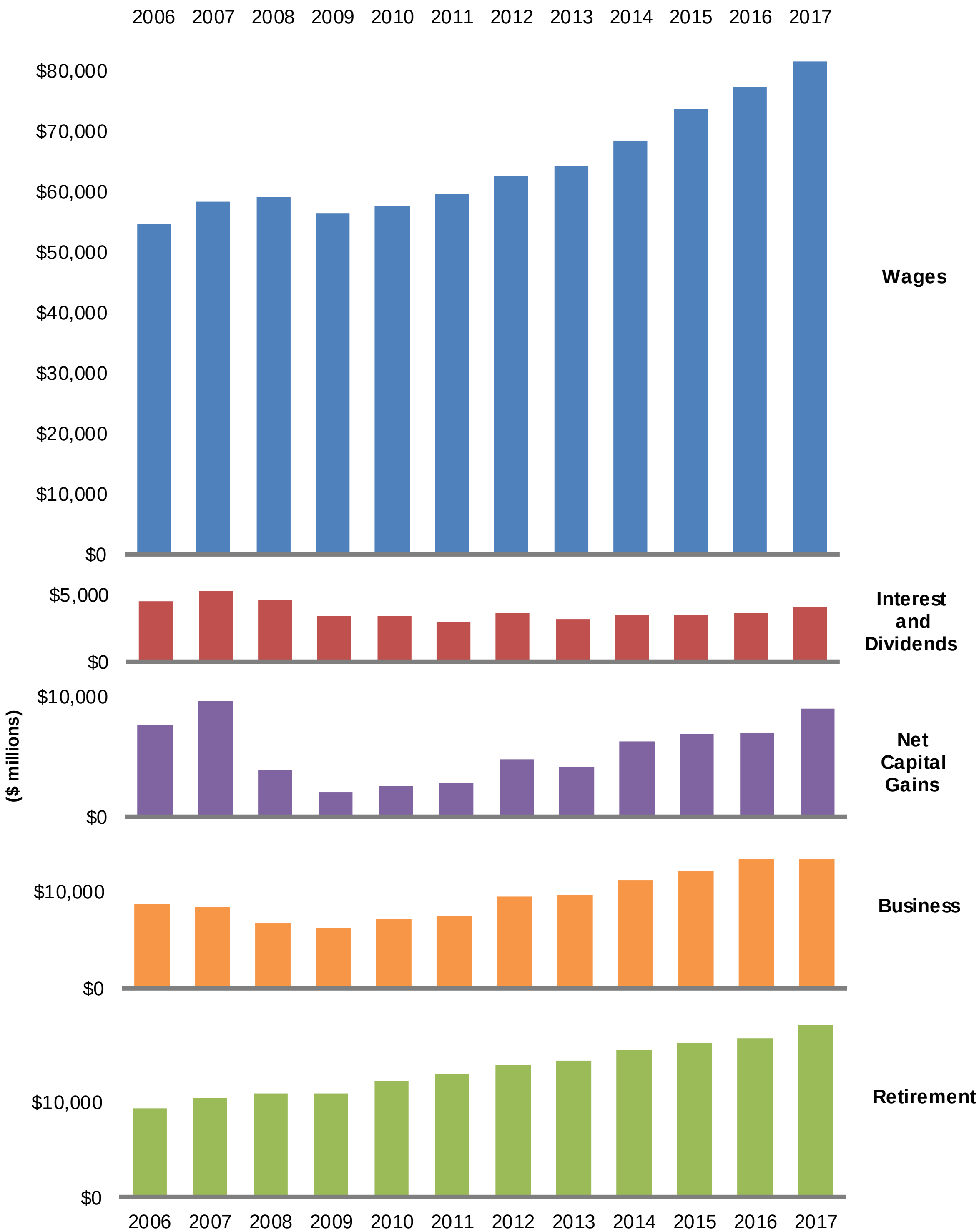
** Growth in total is not computed when the particular income type has a significant negative component*

Categories of Income–Historical

This section discusses the income reported on federal forms historically for similar income types grouped into categories. Exhibit 17 (on the following page) shows these income categories for tax years 2006 through 2017 for full-year resident filers. The interest and dividend income category is comprised of passive types of investments. The category of net capital gains includes capital gains and other gains income. In addition to business income, the business category includes rent, partnerships and S corporation income. The retirement category includes pension income, Social Security income, and IRA distributions. The remaining miscellaneous types of income, including unemployment, farm, state tax refunds, alimony and other income, account for a less than $0.2 billion (or less than a percent) of the total gross income in 2017 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 2017, capital gains accounted for 7.1 percent of the total gross income, but that amount has varied since 2006 from a low of 2.5 percent in 2009 to a high of 10.3 percent in 2007. Retirement income’s share of total income has slowly increased from 11 percent in 2006 to over 14 percent in 2017.

Exhibit 17 - Categories of Income - Historical
Full-Year Resident Returns - 2006 to 2017



Adjustments are deductions that all filers may take if they qualify, regardless of whether they itemize deductions. They are on federal Forms 1040 and 1040A and subtracted from net income when computing federal AGI. Because Oregon ties to federal taxable income, Oregon allows most of these adjustments with a few exceptions. For example, Oregon does not allow the domestic production activities adjustment allowed on federal returns.

Types of Adjustments

Exhibit 18 shows the types of federal adjustments to net income claimed on full-year returns in 2016 and 2017 with the corresponding number of returns claiming the adjustment, the average claimed, and total amount for full-year resident filers.

Exhibit 18 - Federal Adjustments
Full-Year Resident Returns - 2016 and 2017

	Number of Returns		Average ($)		Total ($ millions)		Growth
Adjustment	2016	2017	2016	2017	2016	2017	in Total
Self-Emp Health Insurance	73,223	72,292	$6,247	$6,658	$457.4	$481.3	5.2%
Self-Employment Tax	212,117	216,318	$1,713	$1,739	$363.3	$376.2	3.5%
SEP, SIMPLE	13,950	14,230	$20,629	$20,796	$287.8	$295.9	2.8%
Domestic Production	11,999	12,240	$17,662	$19,200	$211.9	$235.0	10.9%
IRA Contributions	43,697	43,031	$4,950	$5,051	$216.3	$217.3	0.5%
Student Loan Interest	177,757	180,244	$1,061	$1,066	$188.6	$192.2	1.9%
Alimony Paid	10,766	10,544	$17,517	$17,993	$188.6	$189.7	0.6%
Health Savings Accounts	20,364	22,610	$2,939	$2,993	$59.8	$67.7	13.1%
Tuition and Fees	21,850	14,108	$2,268	$2,289	$49.5	$32.3	-34.8%
Moving Expenses	7,298	6,568	$2,324	$2,396	$17.0	$15.7	-7.2%
Educator Expenses	33,958	32,165	$247	$248	$8.4	$8.0	-4.8%
Employee Business Expenses	1,618	1,538	$2,785	$2,786	$4.5	$4.3	-4.9%
Penalty on Early Withdrawal	3,412	3,609	$218	$266	$0.7	$1.0	29.0%
Other/Unknown	1,277	1,200	$5,813	$6,600	$7.4	$7.9	*
Total					**$2,061.3**	**$2,124.5**	**3.1%**

** Growth is not meaningful in this category*

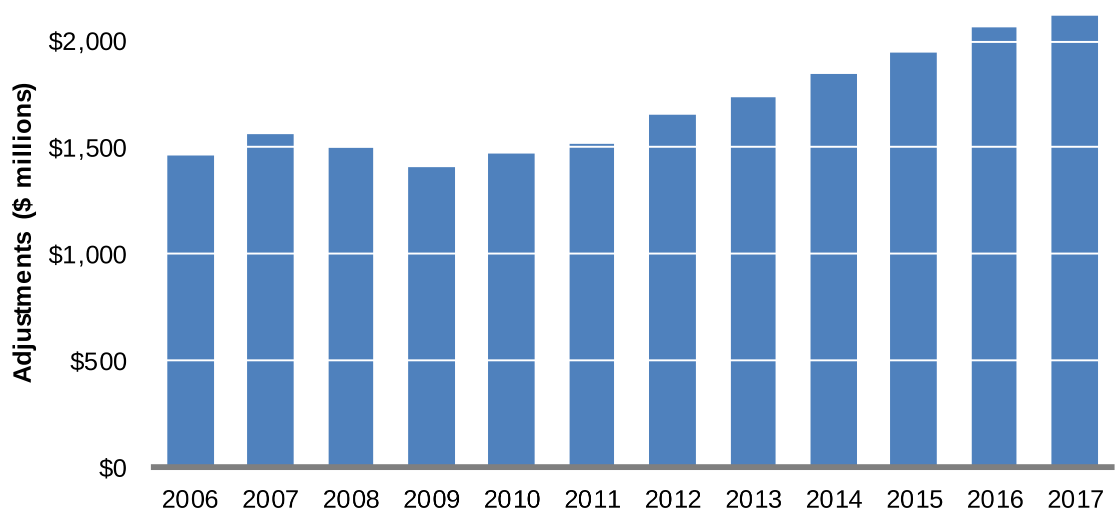
The three adjustments associated with self-employment of those taxpayers who report business income on Schedules C, E or F, together account for about 54 percent of total dollar amount of adjustments claimed. Those self-employed taxpayers may be able to deduct from total income half of payments made 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.

For full-year returns, the total adjustments in 2017 increased by 3.1 percent from the total adjustments in 2016.

Adjustments–Historical

Exhibit 19 shows the trend in total federal adjustments since 2006 for full-year resident returns. The yearly trend in the total federal adjustments closely tracks the total Oregon AGI. Since 2006, the percentage of the total federal adjustments compared to the Oregon AGI has remained fairly constant, between 1.7 and 1.9 percent.

Exhibit 19 - Total Federal Adjustments - Historical
Full-Year Resident Returns - 2006 to 2017



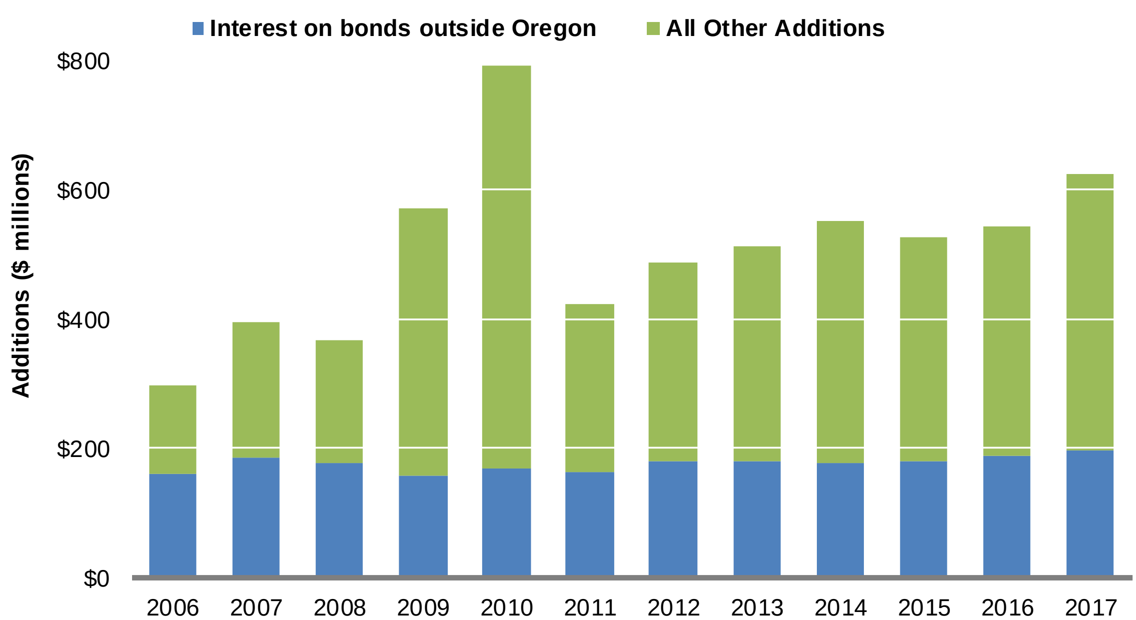
Additions represent income not taxed by the federal government but is taxed by Oregon and the federal deductions to AGI that are not allowed for Oregon. Subtractions represent income taxed by the federal government but is not taxed by Oregon and the Oregon deductions to AGI that are not allowed at the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

Additions

Exhibit 20 shows that additions over the 12 years have more than doubled from nearly $300 million in 2006 to over $624 million in 2017. In 2009 and 2010, total additions increased significantly due to the Oregon disconnection from the IRS rules for depreciating and expensing business property. Taxpayers who claimed the 50 percent bonus depreciation, the $8,000 additional depreciation, or used the higher expensing amounts allowed under Section 179 on their federal income tax return were not allowed to take these deductions for Oregon and were required to add them back to federal AGI. This new addition accounted for approximately $230 million of the total additions in 2009 and for approximately $350 million in 2010. Excluding 2009 and 2010, the largest addition is from income on interest and dividends on state and local government bonds outside Oregon.

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

Exhibit 20 - Oregon Additions - Historical
Full-Year Resident Returns - 2006 to 2017



Subtractions

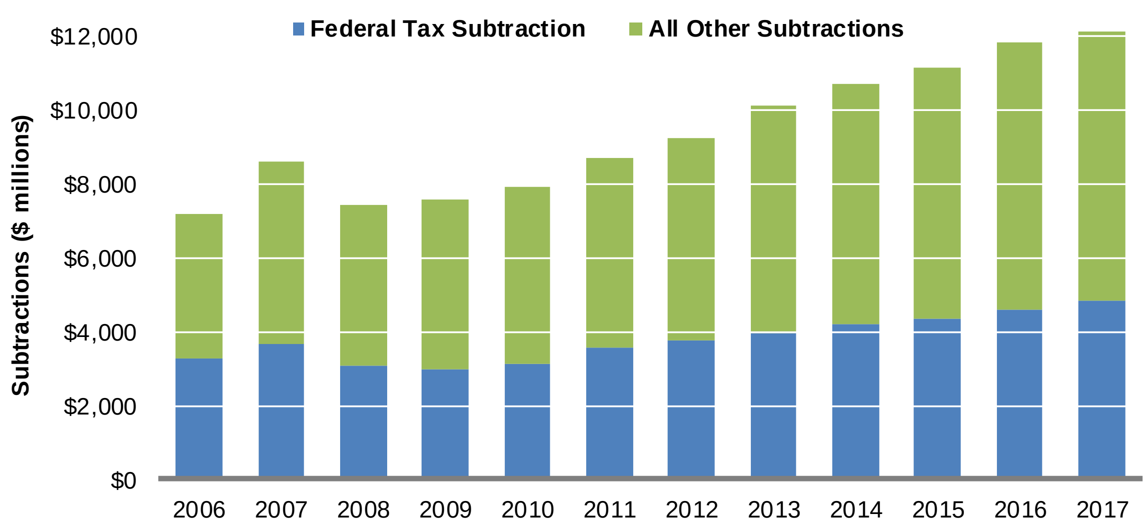
Exhibit 21 shows the number of returns that claimed major subtractions, the average amount per return, and total amount of the subtraction claimed in 2016 and 2017.

Exhibit 21 - Oregon Subtractions
Full-Year Resident Returns - 2016 and 2017

Subtraction	Number of Returns 2016	2017	Average ($) 2016	2017	Total ($ millions) 2016	2017	Growth in Total
Federal Tax	1,190,926	1,233,503	$3,854	$3,934	$4,589.6	$4,852.5	5.7%
Social Security	281,757	294,968	$14,469	$14,927	$4,076.8	$4,402.9	8.0%
Federal Pension	39,519	38,849	$23,895	$23,530	$944.3	$914.1	-3.2%
Income Tax Refunds	476,142	352,709	$1,412	$1,472	$672.2	$519.3	-22.7%
Elderly Medical	270,266	275,942	$1,563	$1,581	$422.5	$436.4	3.3%
Military Pay	13,175	12,800	$22,414	$23,113	$295.3	$295.9	0.2%
Tuition and Fees	100,691	46,309	$2,714	$2,774	$273.3	$128.5	-53.0%
Oregon 529	42,739	46,086	$2,908	$2,958	$124.3	$136.3	9.7%
U.S. Bonds	45,317	50,304	$1,888	$1,646	$85.5	$82.8	-3.2%
Other subtractions	61,580	61,621	$5,715	$6,313	$351.9	$389.0	10.5%
Total					**$11,835.7**	**$12,157.7**	**2.7%**

Exhibit 22 shows Oregon total subtractions generally increasing since 2006. Because the federal income tax subtraction historically represents nearly half of all subtractions, it is shown separately in the exhibit. There was an increase in total subtractions in 2017 of 2.7 percent.

Exhibit 22 - Oregon Subtractions - Historical
Full-Year Resident Returns - 2006 to 2017



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

When taxpayers itemize deductions, Oregon allows the same deductions as allowed at the federal level with the exception that Oregon does not allow a deduction for Oregon state income taxes. The medical expenses of elderly taxpayers deduction became a subtraction beginning in tax year 2013.

While most filers use the same deduction type on both the federal and Oregon returns, some taxpayers will itemize deductions only for the federal return or only for the Oregon return, but not both. The exception can occur if a significant share of the federal itemized amount is due to Oregon state income taxes. In this case, some filers find that their Oregon standard deduction is greater than the total of their other itemized deductions. Alternatively, since the Oregon standard deduction ($2,175 single filer, $4,350 joint filer in 2017) is much lower than the federal standard deduction ($6,350 single filer, $12,700 joint filer in 2017), some filers itemized their deductions for Oregon only.

In 2017, 46 percent of filers itemized their deductions, accounting for about 83 percent of the approximately $17.1 billion in total deductions. The remaining filers claimed their allowed standard deduction.

Exhibit 23 shows the number of returns, average per return, and total amount of the deductions claimed in 2016 and 2017. For those that itemized their deductions for Oregon, also shown is the total amount the allowed federal deductions get reduced by the deduction for state income tax.

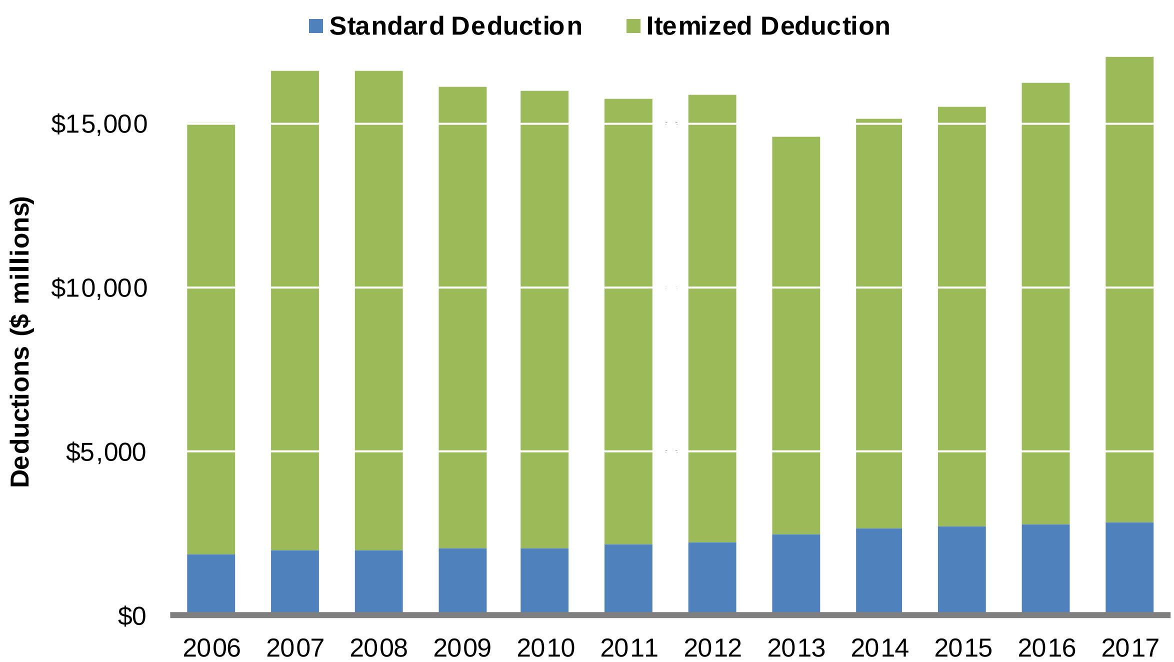
Exhibit 23 - Oregon Deductions
Full-Year Resident Returns - 2016 and 2017

Deduction	Number of Returns 2016	Number of Returns 2017	Average ($) 2016	Average ($) 2017	Total ($ millions) 2016	Total ($ millions) 2017	Growth in Total
Standard	946,201	961,349	$2,939	$2,954	$2,780.6	$2,839.7	2.1%
Itemized							
Total allowed at federal level	804,937	824,001	$23,827	$24,864	$19,179.5	$20,487.6	6.8%
Reduction due to state income tax	739,606	759,758	$7,745	$8,229	$5,728.2	$6,251.9	9.1%
Net itemized*	804,937	824,001	$16,711	$17,276	$13,451.3	$14,235.7	5.8%
Total	**1,751,138**	**1,785,350**	**$9,269**	**$9,564**	**$16,231.9**	**$17,075.4**	**5.2%**

**Federal itemized deductions reduced by state income tax deduction.*

Exhibit 24 shows the total amount filers claimed as either a standard deduction or itemized deductions on their Oregon returns. The percentage of filers who itemize hovered close to 50 percent until 2013 when it has since dropped to close to 46 percent. The decrease in taxpayers who itemized their deductions was mainly due to the additional deduction allowed for medical expenses of elderly taxpayers being converted to a subtraction beginning in tax year 2013.

Exhibit 24 - Oregon Deductions - Historical
Full-Year Resident Returns - 2006 to 2017



Tax Year	Standard Deduction Total ($ millions)	Standard Deduction Share of Filers	Itemized Deduction Total ($ millions)	Itemized Deduction Share of Filers	Total Deductions ($ millions)
2006	$1,899.5	49.3%	$13,121.9	50.7%	$15,021.4
2007	$1,965.5	49.3%	$14,640.3	50.7%	$16,605.8
2008	$1,986.6	49.2%	$14,604.4	50.8%	$16,590.9
2009	$2,034.3	48.6%	$14,069.3	51.4%	$16,103.6
2010	$2,066.6	48.9%	$13,952.2	51.1%	$16,018.8
2011	$2,162.0	50.0%	$13,630.7	50.0%	$15,792.7
2012	$2,261.3	50.7%	$13,622.4	49.3%	$15,883.7
2013	$2,504.2	53.2%	$12,084.7	46.8%	$14,588.9
2014	$2,646.7	54.1%	$12,504.9	45.9%	$15,151.6
2015	$2,734.7	54.3%	$12,811.1	45.7%	$15,545.8
2016	$2,780.6	54.0%	$13,451.3	46.0%	$16,231.9
2017	$2,839.7	53.8%	$14,235.7	46.2%	$17,075.4

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

Tax Rates for Qualified Income from Pass-through Entities

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

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

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

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

Exhibit 25 shows the number of full-year filers that have calculated their net tax using the reduced tax rates on qualified pass-through income for tax years 2015, 2016 and 2017 and the reduction in net tax.

Exhibit 25 - Taxpayers Claiming Reduced Tax Rate on Income from Pass-through Entities Full-Year Resident Returns - 2015 to 2017

		Reduction in Net Tax*		
Tax Year	Number of Claims	Average ($)	Total ($ millions)	Growth in Total
2015	13,352	$5,037	$67.3	
2016	22,483	$4,243	$95.4	41.8%
2017	21,296	$4,509	$96.0	0.7%

**Tax before any credits are applied*

Section 7: Credits
2017 Characteristics of Filers and Historical Trends

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

Standard Credits

Standard credits are nonrefundable credits that can only be claimed on the current year's tax return. Credit amounts claimed, but not used in the current year are lost. Exhibit 26 shows standard credits claimed amounts and the amounts actually used to reduce tax liability by full-year return filers in 2017. Generally, the higher the percent used of a particular credit means that the taxpayers claiming that credit had greater tax liabilities as compared to the value of the credit. Shown are all standard credits with a total amount claimed of at least $1.0 million.

Exhibit 26 - Oregon Standard Credits Claimed and Used
Full-Year Resident Returns - 2017

		Average ($)		Total ($ millions)		
	Number of Claims	Amount Claimed	Amount Used	Amount Claimed	Amount Used	Percent Used
Personal Exemption	1,568,275	$397	$360	$623.3	$564.6	90.6%
Income Taxes Paid to Another State	19,911	$2,675	$2,670	$53.3	$53.2	99.8%
Rural Medical Practice	1,877	$4,305	$4,219	$8.1	$7.9	98.0%
Political Contributions	72,869	$70	$65	$5.1	$4.8	93.8%
Oregon Cultral Trust Donation	7,530	$554	$542	$4.2	$4.1	97.8%
Pass-through taxes paid to another state	364	$6,524	$5,382	$2.4	$2.0	82.5%
Retirement	5,141	$336	$162	$1.7	$0.8	48.1%
Other credits*	444	$1,747	$591	$0.8	$0.3	33.8%
Total	**1,676,411**			**$698.8**	**$637.6**	**91.3%**

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

The personal exemption credit was the most widely claimed credit with over 1.5 million full-year filers claiming more than $600 million in credits. The personal exemption credit is available to nearly all filers, with the exception of those claimed as a dependent on another tax return and those single filers with incomes above $100,000 and joint filers with income above $200,000. About 90 percent of the credit amount was used with the remaining 10 percent unused because credits claimed exceeded the tax liability.

Carryforward Credits

Carryforward credits are nonrefundable credits for which any unused portion in the current tax year may be carried to the following tax year. The number of years that a credit can be carried forward varies according to the carryforward rules of that credit. For carryforward credits with more than a $0.5 million used, Exhibit 27 (on the following page) shows data from full-year filers on the amount of carryforward credit from the previous tax year, the amount of credit awarded in the current tax year and the credit used in the current tax year. The credit available for the taxpayer to use in the current year is the carryforward credit plus the credit awarded. Any credit the taxpayer is not able to use in the current year may be carried forward to the following year, if it has not expired.

Exhibit 27 - Oregon Carryforward Credits Used
Full-Year Resident Returns - 2017

Carryfoward Credit	Number of Claims	Carryforward from Previous Year Total ($ millions)	Awarded Current Year Total ($ millions)	Amount Used Total ($ millions)	Amount Used Average ($)
Residential Energy	22,665	$4.6	$22.1	$21.4	$943
Business Energy Credits (1)	958	$17.1	$12.1	$16.6	$17,316
Oregon Production Investment Fund	392	$1.2	$14.7	$13.0	$33,212
Individual Development Account Donation	403	$0.7	$6.9	$7.0	$17,320
Qualified Research Activities (2)	384	$0.6	$3.8	$3.2	$8,408
Biomass Production/Collection	50	$0.5	$1.9	$1.9	$38,343
Oregon Low Income Community Jobs Initiative	12	$1.6	$1.2	$1.9	$156,972
Agriculture Workforce Housing	101	$1.1	$1.7	$1.6	$16,000
Electronic Commerce Zone Investment	29	$2.6	$2.1	$0.9	$30,029
Renewable Energy Development Contributions	37	$0.1	$0.8	$0.8	$21,294
Other credits (3)	696	$1.1	$0.5	$0.6	$895
Total	**25,727**	**$31.2**	**$67.8**	**$68.9**	

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

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

(3) Includes the credits for Child and Dependent Care, Child Care Fund Contributions, Pollution Control Facilities, Crop Donation, Employer-provided Dependent Care Assistance, Alternative Fuel Vehicle Auction, Employer Scholarship, Fish Screening Devices, Reforestation and, Rural technogy workforce development and the following credits available only to S-corporation shareholders: Agriculture Workforce Housing Loans, Lender's Credit for Affordable Housing, and Contributions of Computers or Scientific Equipment for Research.

Refundable Credits

For refundable credits, taxpayers use all of credits they claim, as any excess amount over their tax liability is received as a payment. Exhibit 28 shows amounts claimed for full-year filers for the refundable credits. Section 8 describes payments issued for refundable credits. New in 2016, the working family household and dependent care credit replaced the working family child care credit.

Exhibit 28 - Oregon Refundable Credits Claimed
Full-Year Resident Returns - 2017

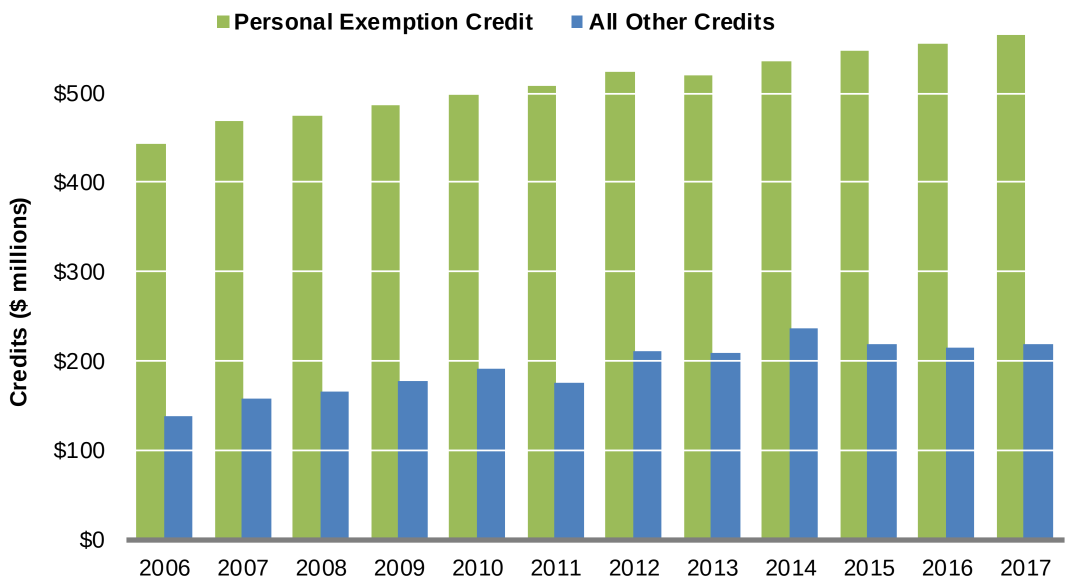
Refundable Credit	Number of Claims	Amount Claimed Average ($)	Amount Claimed Total ($ millions)
Earned Income	246,729	$186	$45.8
Working Family Household and Dependent	29,241	$1,037	$30.3
Claim of Right	35	$2,146	$0.1
Mobile Home Park Closure	<10	NA*	<$0.1
Total	**276,010**		**$76.2**

**Not Available due to low count*

Credits–Historical Trends

Exhibit 29 shows the recent history of Oregon credits used by full-year resident filers. Because most of the total is due to the personal exemption credit, it is shown separately. The amount of all other credits used increased by about 2 percent in 2016 from 2017. Since 2008, the used amount of personal exemption credit grew by an average of about 2 percent annually. An inflation-adjusted increase of the personal exemption credit and an increase in filers drove the growth. The small decrease of 0.6 percent in 2013 was due to the personal exemption credit not being allowed for single filers above AGI of $125,000 and joint filers above AGI of $250,000.

Exhibit 29 - Oregon Credits Used - Historical
Full-Year Resident Returns - 2006 to 2017



Tax Year	Personal Exemption Credit ($ millions)	Growth	All Other Credits ($ millions)	Growth	Total Credits ($ millions)	Growth
2006	$443.4	7.0%	$138.5	12.0%	$581.9	8.1%
2007	$468.3	5.6%	$158.5	14.4%	$626.7	7.7%
2008	$475.0	1.4%	$164.7	3.9%	$639.7	2.1%
2009	$486.4	2.4%	$176.6	7.2%	$663.0	3.6%
2010	$499.0	2.6%	$190.2	7.6%	$689.1	3.9%
2011	$508.6	1.9%	$175.8	-7.6%	$684.4	-0.7%
2012	$523.4	2.9%	$210.7	19.9%	$734.1	7.3%
2013	$520.2	-0.6%	$208.6	-1.0%	$728.8	-0.7%
2014	$536.1	3.0%	$236.0	13.1%	$772.1	5.9%
2015	$546.8	2.0%	$218.3	-7.5%	$765.1	-0.9%
2016	$556.1	1.7%	$214.3	-1.8%	$770.4	0.7%
2017	$564.6	1.5%	$218.1	1.8%	$782.8	1.6%

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

If the taxpayer has refundable credits exceeding the tax liability, the taxpayer receives a payment for the excess portion of the refundable credit. This is in addition to any refund due to excess withholding and/or estimated payments. In 2017, just under 110,000 full-year resident filers received payments for refundable credits.

Exhibit 30 shows payments from Oregon tax withheld and estimated payments for tax years 2016 and 2017 as reported on the tax return along with those who made no pre-payments. This exhibit also shows details on whether a taxpayer is required to make a payment with their return, receives a refund, or has a zero balance. The total amount for returns with tax to pay includes only tax due and does not include penalty and interest. The total amount of refunds does not include any refunds applied as estimated payments for the following tax year or charitable check-off donations. Also shown is the part of refund payments that come from refundable credits.

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

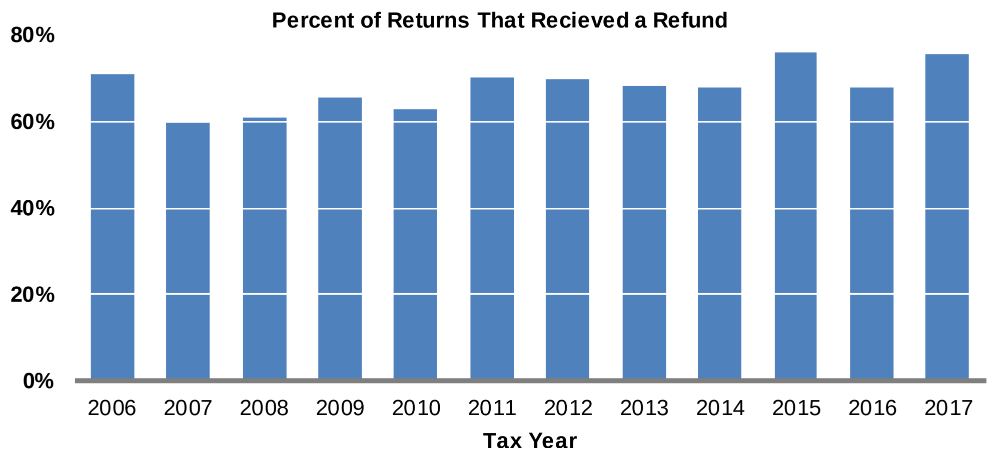
Exhibit 30 - Reported Payments and Refunds on Returns
Full-Year Resident Returns - 2016 and 2017

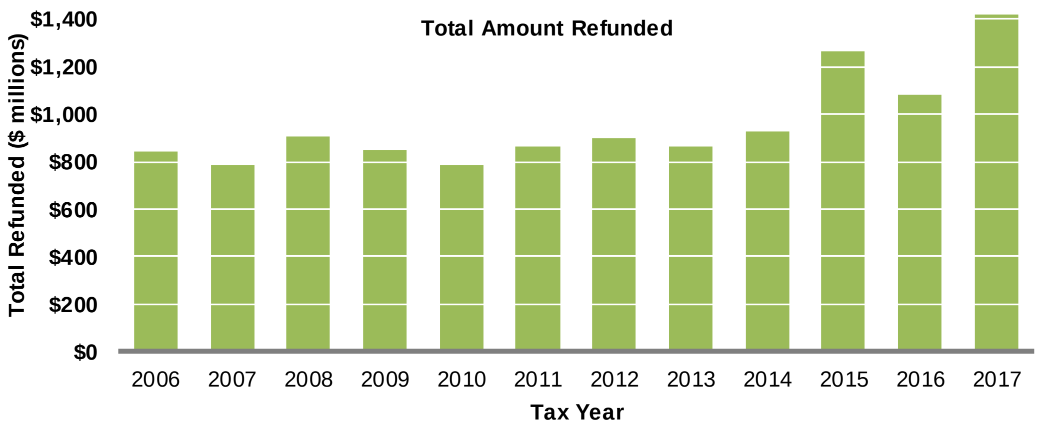
	Number of Returns		Average ($)		Total ($ millions)		Growth
	2016	2017	2016	2017	2016	2017	in Total
Pre-Payments							
Oregon Income tax withheld	1,506,816	1,541,897	$3,861	$4,027	$5,817.8	$6,209.3	6.7%
Estimated tax payments for the current year	145,916	147,776	$10,249	$11,605	$1,495.6	$1,715.0	14.7%
No Pre-payments	187,860	187,232	$0	$0	$0.0	$0.0	0.0%
Kicker Refund Payments	NA	1,512,216	NA	$274	NA	$414.8	
Final Payment Category							
Tax to pay with return*	470,699	380,611	$1,486	$1,614	$699.5	$614.2	-12.2%
Zero balance	91,629	57,086	$0	$0	$0.0	$0.0	0.0%
Refund**	1,189,855	1,347,653	$906	$1,054	$1,078.6	$1,420.2	31.7%
Part or all of refund includes payment for refundable credit	113,365	108,847	$299	$296	$33.9	$32.3	-4.7%

**Tax to pay amounts do not include any penalty and interest.*
***The refund amount is before any amounts are applied to next year's estimated tax and charitable check-off donations.*

Exhibit 31 shows the percent of full-year resident filers who received a refund and the average amount of their refund for tax years 2006 to 2017. The refund amounts include payments received due to a refundable credit. The drop in the percent of returns that received a refund from 2006 to 2007 and the increase from 2010 to 2011 resulted from major changes to the withholding formula. The large increase of refunds in 2015 and 2017 were mostly kicker refund payments.

Exhibit 31 - Refunds - Historical
Full-Year Resident Returns - Tax Years 2006 to 2017

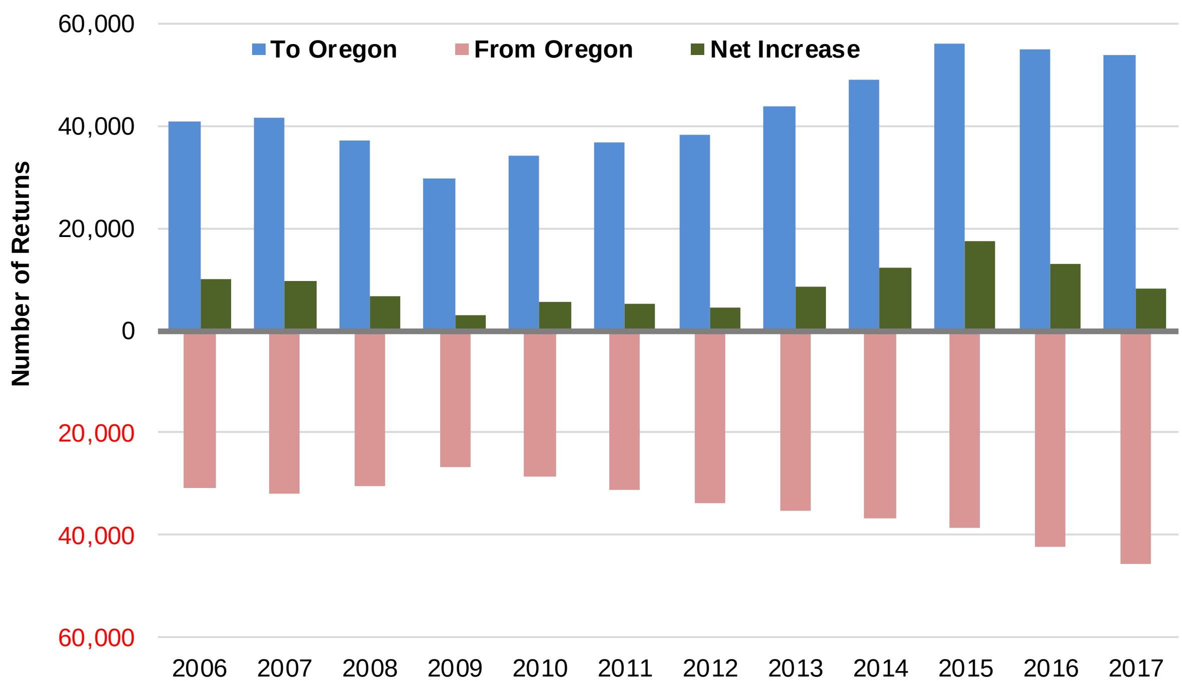




Tax Year	Number of Full-Year Returns	Number of Refunds	Percent of Returns with Refund	Total Refunded ($ millions)	Average Refund ($)
2006	1,546,097	1,098,683	71.1%	$839.3	$764
2007	1,617,135	968,689	59.9%	$788.2	$814
2008	1,593,363	967,673	60.7%	$904.8	$935
2009	1,571,302	1,028,277	65.4%	$849.3	$826
2010	1,581,272	994,237	62.9%	$787.3	$792
2011	1,599,964	1,125,136	70.3%	$860.6	$765
2012	1,612,445	1,125,579	69.8%	$895.7	$796
2013	1,636,507	1,116,103	68.2%	$864.4	$774
2014	1,679,610	1,137,540	67.7%	$924.5	$813
2015	1,711,177	1,298,842	75.9%	$1,267.1	$976
2016	1,751,138	1,189,855	67.9%	$1,078.6	$906
2017	1,785,350	1,347,653	75.5%	$1,420.2	$1,054

Exhibits 32, 33, 34 and 35 show information on part-year residents entering or leaving Oregon. Exhibit 32 shows the total number of filers moving to and from Oregon from 2006 to 2017 based on the address reported on the return. The number of part-year resident return filers moving to Oregon ranged between roughly 30,000 and 56,000 during this period. In every year, the number of filers moving into Oregon exceeded the number moving out.

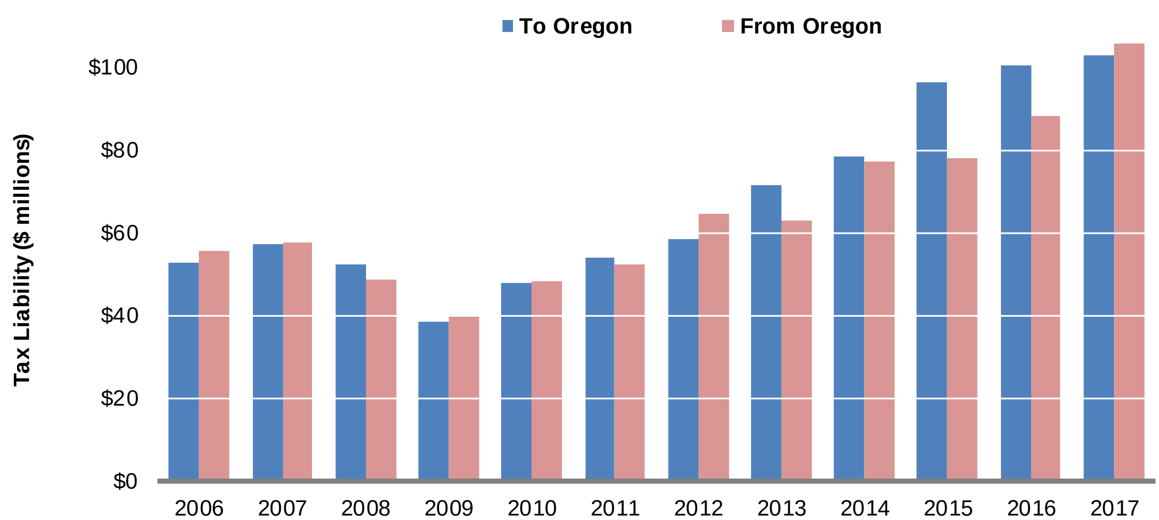
Exhibit 32 - Filers Moving To and From Oregon
Part-Year Resident Returns - 2006 to 2017



	To Oregon		From Oregon		Net Increase	
Tax Year	Filers	Growth	Filers	Growth	Filers	Growth
2006	40,962	-0.6%	30,749	3.2%	10,213	-10.3%
2007	41,497	1.3%	31,946	3.9%	9,551	-6.5%
2008	37,359	-10.0%	30,560	-4.3%	6,799	-28.8%
2009	29,861	-20.1%	26,683	-12.7%	3,178	-53.3%
2010	34,183	14.5%	28,538	7.0%	5,645	77.6%
2011	36,721	7.4%	31,318	9.7%	5,403	-4.3%
2012	38,439	4.7%	33,774	7.8%	4,665	-13.7%
2013	44,004	14.5%	35,348	4.7%	8,656	85.6%
2014	48,887	11.1%	36,612	3.6%	12,275	41.8%
2015	55,964	14.5%	38,646	5.6%	17,318	41.1%
2016	55,157	-1.4%	42,134	9.0%	13,023	-24.8%
2017	53,934	-2.2%	45,748	8.6%	8,186	-37.1%

Exhibit 33 shows the total tax liability reported since 2006 by the two groups of part-year residents: those who move into Oregon and those who move from Oregon. Even though there are more taxpayers who move into Oregon than from Oregon, the average tax liability is greater for those taxpayers moving from Oregon, and hence the annual total tax liability is generally about the same for each group. However, there was a large increase in the total tax liability for those taxpayers who moved into Oregon in 2016 and 2017 due to a large increase in both the number of taxpayers and the average tax liability. There are a couple reasons why the average tax liability is greater for those taxpayers moving from Oregon. For those taxpayers moving from Oregon, they tend on average to have slightly larger federal adjusted gross income (this would also include income not taxed by Oregon, earned during the part of the year they were not Oregon residents) and they tend on average to have a higher percentage of federal adjusted gross income taxed by Oregon.

Exhibit 33 - Total Personal Income Tax Liability - Historical Part-Year Resident Returns - 2006 to 2017



	To Oregon			From Oregon			All Part-Year Residents		
Tax Year	Average ($)	Total ($ millions)	Growth in Total	Average ($)	Total ($ millions)	Growth in Total	Average ($)	Total ($ millions)	Growth in Total
2006	$1,290	$52.8	0.6%	$1,800	$55.4	3.8%	$1,509	$108.2	2.3%
2007	$1,380	$57.3	7.7%	$1,807	$57.7	4.1%	$1,566	$108.2	5.9%
2008	$1,403	$52.4	-9.3%	$1,588	$48.5	-19.0%	$1,486	$115.0	-13.9%
2009	$1,288	$38.5	-36.2%	$1,492	$39.8	-21.9%	$1,384	$100.9	-28.9%
2010	$1,398	$47.8	19.5%	$1,692	$48.3	17.6%	$1,532	$78.3	18.5%
2011	$1,473	$54.1	11.6%	$1,667	$52.2	7.5%	$1,562	$96.1	9.6%
2012	$1,516	$58.3	7.2%	$1,911	$64.5	19.1%	$1,700	$106.3	13.4%
2013	$1,620	$71.3	18.2%	$1,776	$62.8	-2.8%	$1,689	$122.8	8.4%
2014	$1,604	$78.4	9.1%	$2,105	$77.1	18.6%	$1,819	$134.0	13.8%
2015	$1,723	$96.4	18.7%	$2,018	$78.0	1.2%	$1,844	$155.5	10.9%
2016	$1,821	$100.4	4.0%	$2,092	$88.1	11.5%	$1,938	$174.4	7.5%
2017	$1,909	$103.0	2.5%	$2,315	$105.9	16.8%	$2,095	$188.6	9.7%

Exhibit 34 shows the number and percent of in-migrants by county of destination for selected tax years. In 2017, as in previous years, in-migrants moved to counties roughly in proportion to current county populations. The three counties of the Portland metropolitan area, Multnomah, Washington, and Clackamas contain 44 percent of the state's population and attracted 52 percent of in-migrant taxpayers. Lane and Deschutes counties were the next most popular destinations.

Exhibit 34 - Number of Filers Moving to Oregon by County of Destination
Part-Year Resident Returns with Oregon Address - 2007, 2016 and 2017

	2007		2016		2017		County Share of 2017
County	Number	Share	Number	Share	Number	Share	State Population
Baker	132	0.3%	178	0.3%	149	0.3%	0.4%
Benton	1,045	2.5%	1,361	2.5%	1,277	2.4%	2.2%
Clackamas	3,216	7.8%	4,397	8.0%	3,885	7.2%	10.0%
Clatsop	398	1.0%	576	1.0%	601	1.1%	0.9%
Columbia	365	0.9%	415	0.8%	386	0.7%	1.2%
Coos	577	1.4%	690	1.3%	758	1.4%	1.5%
Crook	139	0.3%	200	0.4%	238	0.4%	0.5%
Curry	281	0.7%	400	0.7%	411	0.8%	0.6%
Deschutes	2,382	5.7%	3,531	6.4%	3,552	6.6%	4.4%
Douglas	863	2.1%	1,016	1.8%	1,010	1.9%	2.7%
Gilliam	10	<0.1%	16	<0.1%	23	<0.1%	<0.1%
Grant	52	0.1%	75	0.1%	63	0.1%	0.2%
Harney	74	0.2%	45	0.1%	57	0.1%	0.2%
Hood River	255	0.6%	343	0.6%	336	0.6%	0.6%
Jackson	2,044	4.9%	2,702	4.9%	2,871	5.3%	5.2%
Jefferson	174	0.4%	165	0.3%	155	0.3%	0.6%
Josephine	817	2.0%	989	1.8%	934	1.7%	2.1%
Klamath	676	1.6%	806	1.5%	774	1.4%	1.6%
Lake	72	0.2%	80	0.1%	76	0.1%	0.2%
Lane	3,656	8.8%	4,736	8.6%	4,516	8.4%	8.9%
Lincoln	484	1.2%	758	1.4%	700	1.3%	1.2%
Linn	887	2.1%	1,047	1.9%	967	1.8%	3.0%
Malheur	274	0.7%	314	0.6%	334	0.6%	0.8%
Marion	2,066	5.0%	2,678	4.9%	2,664	4.9%	8.2%
Morrow	62	0.1%	80	0.1%	86	0.2%	0.3%
Multnomah	11,063	26.7%	15,064	27.3%	15,021	27.9%	19.4%
Polk	580	1.4%	811	1.5%	715	1.3%	2.0%
Sherman	13	<0.1%	16	<0.1%	13	<0.1%	<0.1%
Tillamook	180	0.4%	296	0.5%	265	0.5%	0.6%
Umatilla	630	1.5%	672	1.2%	665	1.2%	1.9%
Union	230	0.6%	246	0.4%	235	0.4%	0.6%
Wallowa	65	0.2%	83	0.2%	73	0.1%	0.2%
Wasco	238	0.6%	317	0.6%	265	0.5%	0.7%
Washington	6,788	16.4%	9,253	16.8%	9,081	16.8%	14.4%
Wheeler	7	<0.1%	10	<0.1%	10	<0.1%	<0.1%
Yamhill	700	1.7%	791	1.4%	768	1.4%	2.6%
Total	**41,495**	**100%**	**55,157**	**100%**	**53,934**	**100%**	**100%**

Exhibit 35 (on the following page) shows the number of income tax filers moving from Oregon for selected tax years by state of destination. In 2017, taxpayers moved from Oregon to all 49 other states, Washington, D.C., some U.S. territories, and several other countries. The most frequent destinations were the border states of Washington and California, which attracted almost 45 percent of all out-migrants.

Exhibit 35 - Number of Filers Moving from Oregon by Destination
Part-Year Resident Returns with Non-Oregon Address - 2007, 2016 and 2017

	2007		2016		2017	
State	**Number**	**Share**	**Number**	**Share**	**Number**	**Share**
Alabama	103	0.3%	121	0.3%	128	0.3%
Alaska	420	1.3%	479	1.1%	454	1.0%
Arizona	1,725	5.4%	2,246	5.3%	2,776	6.1%
Arkansas	158	0.5%	156	0.4%	170	0.4%
California	5,510	17.2%	7,331	17.4%	8,298	18.2%
Colorado	1,098	3.4%	1,415	3.4%	1,646	3.6%
Connecticut	103	0.3%	133	0.3%	160	0.3%
Delaware	17	0.1%	33	0.1%	43	0.1%
Florida	635	2.0%	1,111	2.6%	1,208	2.6%
Georgia	313	1.0%	410	1.0%	445	1.0%
Hawaii	430	1.3%	546	1.3%	632	1.4%
Idaho	1,570	4.9%	2,155	5.1%	2,204	4.8%
Illinois	452	1.4%	618	1.5%	740	1.6%
Indiana	234	0.7%	353	0.8%	343	0.8%
Iowa	211	0.7%	248	0.6%	247	0.5%
Kansas	181	0.6%	200	0.5%	233	0.5%
Kentucky	139	0.4%	186	0.4%	201	0.4%
Louisiana	107	0.3%	180	0.4%	184	0.4%
Maine	95	0.3%	133	0.3%	151	0.3%
Maryland	202	0.6%	266	0.6%	263	0.6%
Massachusetts	300	0.9%	436	1.0%	465	1.0%
Michigan	299	0.9%	529	1.3%	551	1.2%
Minnesota	395	1.2%	581	1.4%	599	1.3%
Mississippi	71	0.2%	84	0.2%	88	0.2%
Missouri	316	1.0%	420	1.0%	453	1.0%
Montana	664	2.1%	783	1.9%	816	1.8%
Nebraska	139	0.4%	181	0.4%	219	0.5%
Nevada	896	2.8%	1,123	2.7%	1,257	2.7%
New Hampshire	71	0.2%	96	0.2%	104	0.2%
New Jersey	168	0.5%	192	0.5%	257	0.6%
New Mexico	341	1.1%	321	0.8%	440	1.0%
New York	635	2.0%	964	2.3%	954	2.1%
North Carolina	399	1.2%	599	1.4%	613	1.3%
North Dakota	73	0.2%	140	0.3%	135	0.3%
Ohio	332	1.0%	505	1.2%	551	1.2%
Oklahoma	269	0.8%	248	0.6%	251	0.5%
Pennsylvania	357	1.1%	485	1.2%	526	1.2%
Rhode Island	26	0.1%	48	0.1%	56	0.1%
South Carolina	142	0.4%	219	0.5%	255	0.6%
South Dakota	95	0.3%	112	0.3%	136	0.3%
Tennessee	265	0.8%	350	0.8%	439	1.0%
Texas	1,330	4.2%	1,890	4.5%	2,061	4.5%
Utah	795	2.5%	1,000	2.4%	1,040	2.3%
Vermont	65	0.2%	101	0.2%	106	0.2%
Virginia	348	1.1%	428	1.0%	494	1.1%
Washington	8,336	26.1%	10,701	25.4%	10,891	23.8%
West Virginia	42	0.1%	36	0.1%	49	0.1%
Wisconsin	311	1.0%	410	1.0%	489	1.1%
Wyoming	241	0.8%	186	0.4%	190	0.4%
Washington, D.C.	79	0.2%	123	0.3%	122	0.3%
Outside U.S.	443	1.4%	523	1.2%	584	1.3%
Total	**31,946**	**100%**	**42,134**	**100%**	**45,717**	**100%**

Section 10: County Data
2017 Characteristics of Filers and Historical Trends

This section provides tax information by county to demonstrate how taxpayer characteristics vary by region. Exhibit 36 (on the following page) shows a breakdown of the number of returns filed, total Oregon AGI, and total tax liability by county, and the percent change from 2016 to 2017. Exhibits 37 and 38 are maps showing average AGI and tax liability for full-year returns in each county. Exhibit 39 shows effective tax rates by county. Exhibit 40 shows electronic filing rates for each county.

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

- Number of returns: Deschutes (2.8 percent), Benton (2.5 percent), and Morrow (2.3 percent)
- Adjusted gross income: Josephine (14.6 percent), Wheeler (13.5 percent), Coos (12.9 percent), Tillamook (11.1 percent), and Marion (10.4 percent)
- Tax liability: Josephine (23.9 percent), Coos (19.6 percent), and Tillamook (17.1 percent)

The map in Exhibit 37 (p. 46) shows the counties with the highest average AGI were Clackamas ($86,347) and Washington ($86,160). The counties with the lowest average AGI were Wheeler ($35,364), Harney ($40,042) and Malheur ($42,147).

The map in Exhibit 38 (p. 46) shows that the counties with the highest AGI also had the highest tax liabilities. The largest average of $5,571 was in Clackamas County followed by $5,508 in Washington County. The counties with the lowest average tax liability were Wheeler County ($1,921), Malheur County ($2,055), and Harney County ($2,152).

The map in Exhibit 39 (p. 47) shows effective tax rates (tax divided by AGI) for each county. The counties with the highest effective tax rates were Multnomah (6.5 percent), Washington (6.5 percent), and Clackamas (6.4 percent). The counties with the lowest effective tax rates were Jefferson County (4.9 percent) and Malheur (4.9 percent). Because of Oregon's progressive tax bracket structure, populations with a greater income have a higher effective tax rate. Populations with relatively more subtractions, deductions and credits have a lower effective tax rate.

The map in Exhibit 40 (p. 47) shows electronic filing rates for each county. Sherman County (91.8 percent), Union County (91.0 percent), Harney County (90.8 percent), and Malheur County (90.8 percent), which are all in the eastern part of Oregon, had the highest electronic filing rates. The counties with the lowest rates were Marion County (82.7 percent) and Polk County (83.2 percent) which are both in the western part.

Exhibit 36 - Distribution of Returns, AGI, and Tax Liability by County and Selected Areas
All Returns - 2017

County or Area	Returns Number	Returns Share	Adjusted Gross Income ($ millions)	Adjusted Gross Income Share	Total Tax Liability ($ millions)	Total Tax Liability Share	% Change 2016 to 2017 No. of Returns	% Change 2016 to 2017 Total AGI	% Change 2016 to 2017 Total Tax
Baker	6,607	0.3%	$292.1	0.2%	$15.3	0.2%	0.5%	0.4%	1.2%
Benton	38,357	1.8%	$2,689.9	2.0%	$164.8	2.0%	2.5%	4.7%	5.8%
Clackamas	189,367	9.1%	$16,124.5	12.0%	$1,029.0	12.5%	1.0%	2.8%	3.0%
Clatsop	17,126	0.8%	$932.1	0.7%	$50.9	0.6%	0.8%	5.3%	6.6%
Columbia	22,353	1.1%	$1,379.2	1.0%	$78.6	1.0%	1.5%	4.7%	5.9%
Coos	25,725	1.2%	$1,343.2	1.0%	$74.2	0.9%	1.6%	12.9%	19.6%
Crook	9,835	0.5%	$521.4	0.4%	$28.1	0.3%	2.0%	4.4%	4.3%
Curry	9,756	0.5%	$469.9	0.4%	$24.7	0.3%	1.5%	5.3%	11.2%
Deschutes	87,652	4.2%	$6,192.1	4.6%	$380.3	4.6%	2.8%	6.0%	6.3%
Douglas	43,498	2.1%	$2,126.2	1.6%	$114.9	1.4%	1.2%	1.7%	4.1%
Gilliam	780	<0.1%	$41.8	<0.1%	$2.4	<0.1%	1.4%	-1.4%	-0.6%
Grant	2,896	0.1%	$127.2	0.1%	$6.9	0.1%	0.6%	1.5%	-2.1%
Harney	2,827	0.1%	$112.3	0.1%	$6.1	0.1%	-2.1%	2.6%	4.7%
Hood River	11,321	0.5%	$744.5	0.6%	$45.9	0.6%	1.4%	6.4%	7.6%
Jackson	95,971	4.6%	$5,514.3	4.1%	$312.2	3.8%	1.9%	6.8%	8.6%
Jefferson	9,269	0.4%	$415.5	0.3%	$20.2	0.2%	1.3%	4.8%	6.3%
Josephine	35,080	1.7%	$1,873.5	1.4%	$105.2	1.3%	1.9%	14.6%	23.9%
Klamath	26,658	1.3%	$1,256.7	0.9%	$68.8	0.8%	1.7%	4.9%	4.9%
Lake	3,002	0.1%	$137.7	0.1%	$7.8	0.1%	1.2%	5.3%	7.8%
Lane	161,124	7.7%	$9,784.3	7.3%	$570.6	6.9%	1.8%	6.9%	8.3%
Lincoln	20,764	1.0%	$1,078.1	0.8%	$55.7	0.7%	1.1%	6.8%	7.4%
Linn	53,048	2.5%	$2,819.9	2.1%	$154.3	1.9%	1.6%	5.8%	7.4%
Malheur	10,108	0.5%	$415.0	0.3%	$20.3	0.2%	1.2%	4.3%	5.2%
Marion	142,356	6.8%	$8,406.2	6.3%	$475.3	5.8%	1.8%	10.4%	13.6%
Morrow	4,395	0.2%	$220.1	0.2%	$12.3	0.1%	2.3%	1.3%	-0.2%
Multnomah	377,891	18.1%	$28,106.5	20.9%	$1,829.8	22.2%	1.8%	7.2%	8.9%
Polk	34,645	1.7%	$2,117.2	1.6%	$120.4	1.5%	1.9%	5.5%	9.0%
Sherman	740	<0.1%	$43.2	<0.1%	$2.5	<0.1%	-3.6%	-4.8%	-5.7%
Tillamook	11,699	0.6%	$656.8	0.5%	$37.2	0.5%	1.4%	11.1%	17.1%
Umatilla	30,115	1.4%	$1,515.4	1.1%	$82.7	1.0%	0.9%	0.9%	0.5%
Union	10,921	0.5%	$567.9	0.4%	$30.7	0.4%	0.5%	5.5%	7.3%
Wallowa	3,317	0.2%	$158.7	0.1%	$8.7	0.1%	1.3%	6.6%	12.8%
Wasco	10,955	0.5%	$563.2	0.4%	$30.8	0.4%	-0.8%	3.0%	5.1%
Washington	267,624	12.8%	$22,566.3	16.8%	$1,461.2	17.7%	2.3%	8.0%	10.4%
Wheeler	514	<0.1%	$18.0	<0.1%	$1.0	<0.1%	0.2%	13.5%	12.9%
Yamhill	44,238	2.1%	$2,856.5	2.1%	$165.4	2.0%	1.5%	6.1%	9.0%
Clark Co., Wa.	74,139	3.6%	$3,524.3	2.6%	$221.3	2.7%	6.7%	7.0%	7.3%
Other Wash.	43,997	2.1%	$1,540.4	1.1%	$104.1	1.3%	-3.8%	-3.1%	-1.5%
California	43,006	2.1%	$1,227.7	0.9%	$55.0	0.7%	5.5%	1.2%	8.5%
Idaho	14,490	0.7%	$436.7	0.3%	$28.0	0.3%	5.7%	6.7%	6.7%
Other	86,987	4.2%	$3,248.2	2.4%	$230.4	2.8%	9.1%	24.7%	29.1%
Total	**2,085,153**	**100%**	**$134,164.7**	**100%**	**$8,233.9**	**100%**	**2.2%**	**6.7%**	**8.6%**

Exhibit 37
Average Adjusted Gross Income
Full-Year Resident Filers
Tax Year 2017

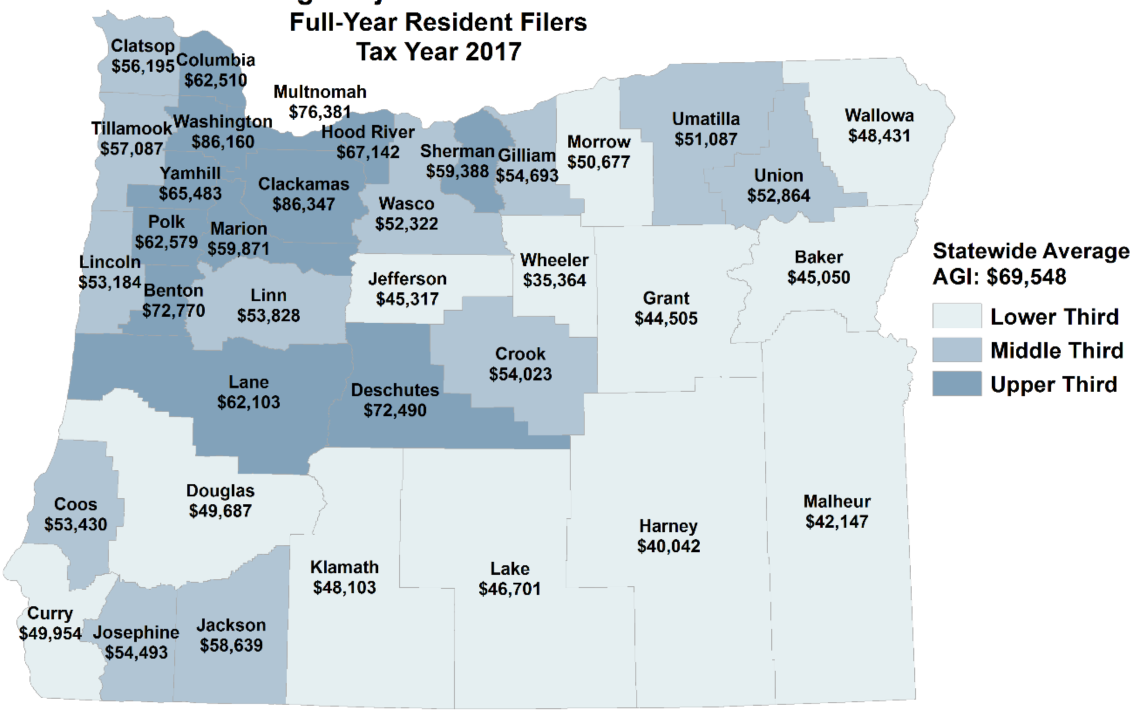


Exhibit 38
Average Tax Liability
Full-Year Resident Filers
Tax Year 2017

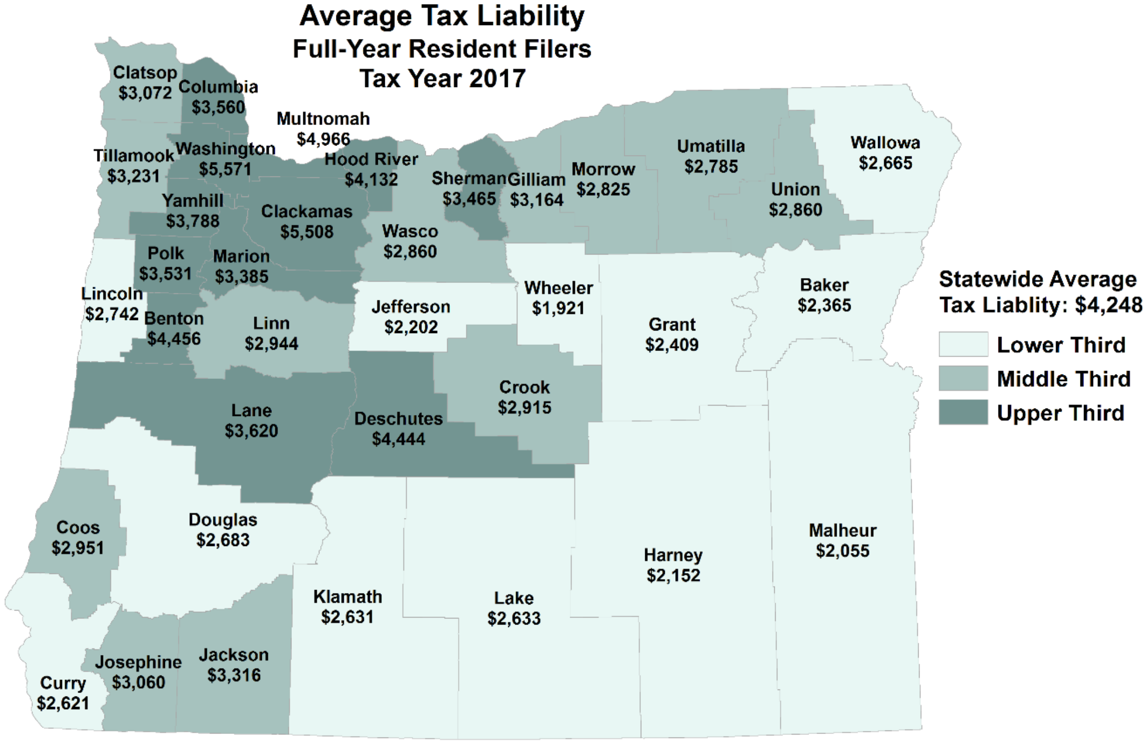
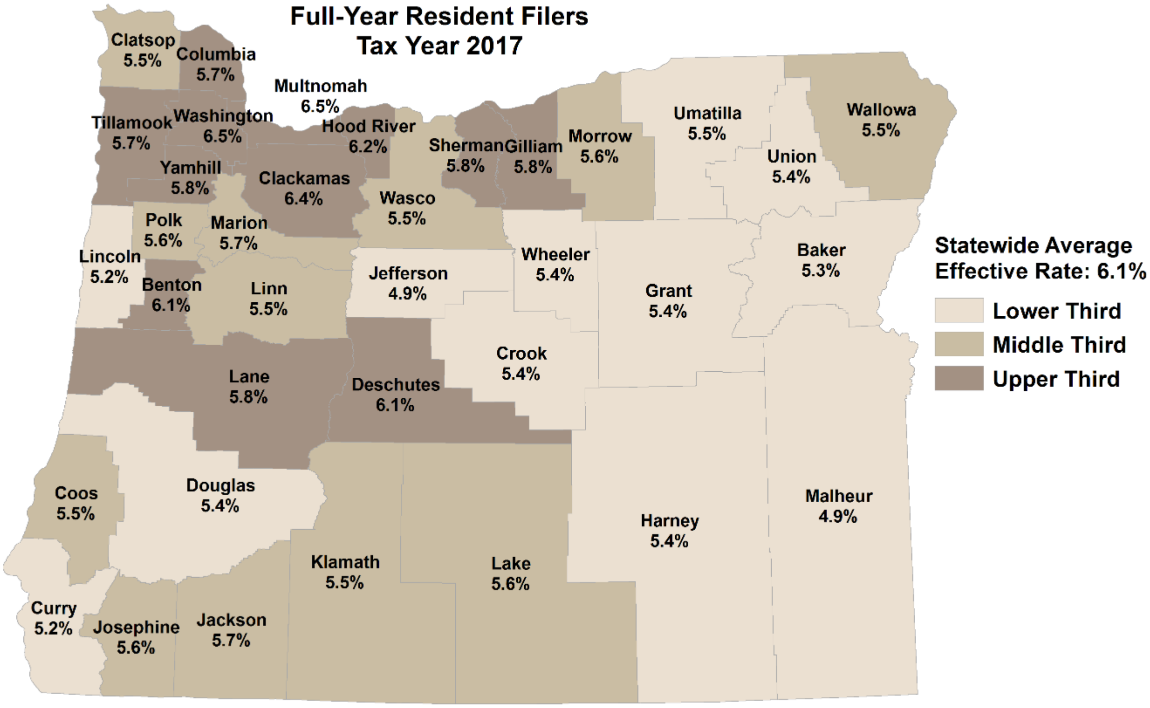
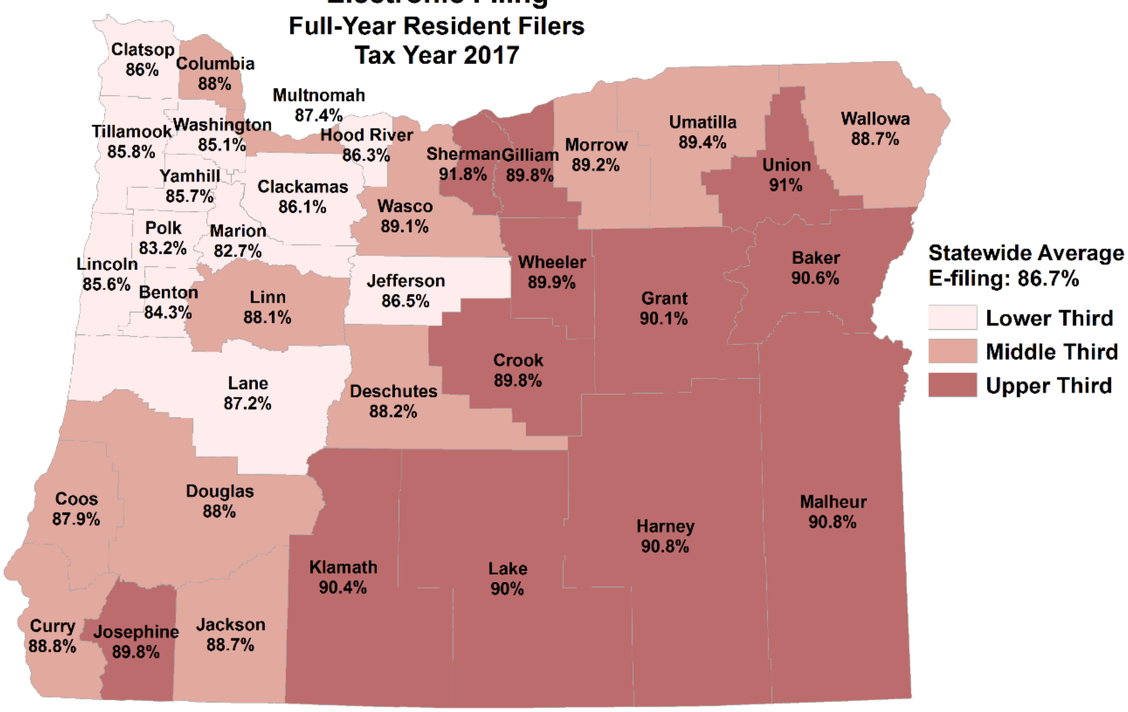


Exhibit 39
Effective Tax Rates*
Full-Year Resident Filers
Tax Year 2017



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

Exhibit 40
Electronic Filing
Full-Year Resident Filers
Tax Year 2017



The 1979 Oregon Legislature passed the "Two percent kicker" law, which requires the state to refund excess revenue to taxpayers when actual General Fund revenues exceed the forecast amount by more than two percent.

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

Prior to 1995, taxpayers claimed the refund via a tax credit on the Oregon tax form for the calendar year in which the biennium ended. For example, actual revenues exceeded the forecast amount for the 1987–89 biennium (which ended on June 30, 1989), so taxpayers received the credit on their tax year 1989 returns. The Legislature voted to suspend the kicker for the 1989-91 biennium.

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

Two Percent Personal Income Kicker History*

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

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

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

Appendix B
Data Validation and Statistical Reporting

Information presented in this publication comes from Oregon tax returns the Oregon Department of Revenue (DOR) received during calendar year 2018 following tax year 2017. If an amended return for tax year 2017 was received by the end of calendar year 2017, any information from the amended return that changed from that of the original return is used in the data for the publication. Late original or amended returns received later than calendar year 2018 are not included.

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

Data Validation

The department performs initial screening on returns to identify obvious errors. They independently double enter information from paper returns into the DOR computer system that processes the return and identifies tax amount errors. The system automatically processes electronic returns.

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

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

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

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

Statistical Reporting

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

Rates that span several years (e.g., percent increase in income from 2006 to 2017) are computed as the percentage change between the first and last years, and then annualized. For summaries associated with claims of certain adjustments, additions, subtractions, or credits, zeros in the data are excluded when calculating means (except as noted). A return is counted as claiming the item if the associated amount is non-zero.

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

Appendix C
Glossary of Terms

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

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

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

These adjustments are subtracted from total net income to compute federal AGI on federal Forms 1040 and 1040A.

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

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

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

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

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

Demographic. A statistical characteristic of human populations.

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

— Oregon Nongame Wildlife Fund

— AIDS/HIV The Research and Education Group Fund

— Prevent Child Abuse Fund

— Alzheimer's Disease Research Fund

— Stop Domestic and Sexual Violence Fund

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

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

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

Exemption tax credit. A credit for each exemption claimed on a return. In 2016, the exemption credit was $195 per exemption, however it was not allowed for an AGI above $200,000 for married/RDP filing jointly, head of household, or qualifying widow(er) filers or above $100,000 for single or married/RDP filing separately filers. Exemption credits have been indexed for inflation since tax year 1987.

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

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

Federal education credits. For 2016, the American Opportunity Credit had a maximum of $2,500 per qualified student, and the Lifetime

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

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

Federal tax subtraction. An Oregon subtraction for federal income tax liability. For 2017, the deduction is limited to $6,550 per return and phased out for higher income taxpayers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The subtraction replaces a deduction beginning in tax year 2013.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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