

Tax Facts That Matter: 2014 Edition

Who pays more, low- or high-income households?

The income group in Oregon who pays the highest share of their income to state and local taxes:
Lowest-income households.¹

The income group in Oregon who pays the lowest share of their income to state and local taxes:
Highest-income households.²

Have taxes increased as a share of Oregonians' income?

Oregon state and local general revenue as a share of income in 1991: **15.8 percent.**³

Oregon state and local general revenue as a share of income in 2011: **15.5 percent.**⁴

How much do working poor Oregonians pay in Oregon income taxes?

2011 federal poverty threshold for a family of four: **\$23,018.**⁵

Of the 42 states with income taxes, the number that taxed the income of a family of four living at the poverty line in 2011: **15.**⁶

State income tax paid in Oregon by a family of four living at the poverty line in 2011: **\$274.**⁷

Oregon's rank in taxing the income of a family of four living at the poverty line in 2011:
4th highest.⁸

What share of income goes to the top 1 percent?

Share of income going to Oregon's top 1 percent in 2012: **15.9 percent.**⁹

Share of income going to Oregon's bottom 40 percent in 2012: **7.6 percent.**¹⁰

What share of capital gains income goes to top 1 percent?

Share of income from capital gains going to Oregon's top 1 percent in 2012: **72 percent.**¹¹

Share of income from capital gains going to Oregon's bottom 95 percent in 2012: **13 percent.**¹²

How do lottery and income tax revenues compare?

Anticipated state revenue from personal income taxes in 2013-15: **\$13.772 billion.**¹³

Anticipated state revenue from the Oregon Lottery in 2013-15: **\$1.048 billion.**¹⁴

Anticipated state revenue from corporate income taxes in 2013-15: **\$1.006 billion.**¹⁵

Do corporations pay a fair share of income taxes?

Share of Oregon income taxes paid by corporations in 1973-75: **18.5 percent.**¹⁶

Share of Oregon income taxes corporations are projected to pay in 2013-15: **6.8 percent.**¹⁷

Additional state revenue available in 2013-15 for schools, health and human services and public safety if corporations paid the same share of the state's income taxes they paid in 1973-75: **\$2.1 billion.**¹⁸

What it would cost for the state to pay four years of tuition and fees at the University of Oregon for every Oregon high school student graduating this year: **About \$1.7 billion.**¹⁹

Do some profitable corporations pay *nothing* in income taxes?

Number of profitable corporations doing business in Oregon that paid the corporate minimum tax in tax year 2011: **3,550.**²⁰

Number of corporations with Oregon profits that used tax credits to reduce their 2011 tax liability *below* the corporate minimum tax: **38.**²¹

Number of corporations with Oregon profits that paid *nothing* in Oregon corporate income taxes for tax year 2011: **At least 24.**²²

Number of corporations with over \$5 million in Oregon profits that paid *nothing* in Oregon corporate income taxes for tax year 2011: **8.**²³

Name of the problem that allows profitable corporations to avoid the corporate minimum tax: **The Con-way loophole.**²⁴

The names of corporations that paid *nothing* in corporate income taxes that support the public structures that create a strong business climate: **The legislature has yet to make this public.**

Who itemizes deductions and who uses the standard deduction?

Share of all Oregonians who itemized their deductions 2012: **49 percent.**²⁵

Share of all Oregonians who use standard deduction 2012: **51 percent.**²⁶

Share of all Oregonians earning \$100,000 or less in 2012 who itemized: **42 percent.**²⁷

Share of all Oregonians earning \$100,000 or less in 2012 who used standard deduction:
58 percent.²⁸

Share of all Oregon's wealthiest 1 percent who itemized in 2012: **98 percent.**²⁹

Who benefits from the mortgage interest deduction?

Projected cost of the Oregon mortgage interest deduction in 2013-15: **\$1.3 billion.**³⁰

Share of the mortgage interest deduction benefit going to the highest-earning 20 percent of Oregonians in 2009: **60 percent.**³¹

Who benefits from the tax subsidy enacted during the September 2013 special session?

Projected cost in the next budget period of the 2013 special session tax subsidy allegedly for "small business owners:" **\$205 million.**³²

Share of Oregon taxpayers benefiting from the subsidy: **About 6 percent.**³³

Share of the subsidy going to the top 1 percent: **About 85 percent.**³⁴

Number of millionaire business owners sharing an estimated \$10.6 million from the subsidy:
257.³⁵

Average tax savings from tax subsidy for member of the top 1 percent getting the subsidy:
About \$6,011.³⁶

Who benefits from the Oregon EITC?

Projected 2015-17 cost of the Oregon Earned Income Tax Credit (EITC): **\$100 million.**³⁷

Share of Oregon taxpayers benefiting from the Oregon EITC: **About 16 percent.**³⁸

Share of the benefits of the EITC going to low- to middle-income Oregonians: **99.9 percent.**³⁹

Share of the benefit of the EITC going to the top 1 percent: **Zero percent.**⁴⁰

Average benefit of the EITC per working family that received the credit in 2012: **\$123.**⁴¹

How has Oregon's economy performed since voters raised taxes on the wealthy and corporations?

Year that Oregonians enacted Measures 66 and 67, increasing taxes on high-income households and profitable corporations: **2010.**

Among all states, Oregon's rank in economic growth (measured by gross state product) for 2010 through 2012: **3rd highest.**⁴²

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Endnotes

¹ Institute on Taxation and Economic Policy (ITEP), *Who Pays? A Distributional Analysis of the Tax Systems in All 50 States*, Fourth Edition, January 2013, pp. 99-100, available at <http://www.itep.org/pdf/whopaysreport.pdf>. Based on permanent law as of January 2, 2013 and 2010 income levels, households in the bottom 20 percent of the income scale, as a group, saw 8.3 percent of their income go to state and local taxes.

² ITEP, *Who Pays?*, pp. 99-100. Based on permanent law as of January 2, 2013 and 2010 income levels, households in the top 1 percent of the income scale, as a group, saw 7 percent of their income go to state and local taxes.

³ OCPP analysis of state finance data from U.S. Census Bureau, Annual Survey of State and Local Government Finances and Census of Governments, available from the Urban Institute-Brookings Institution Tax Policy Center, State and Local Finance Data Query System at slfdqs.taxpolicycenter.org. Income is personal income plus capital gains, from U.S. Bureau of Economic Analysis (BEA) and Oregon Department of Revenue. State and local revenue is "own-source" general revenue, revenue generated by state and local governments for general purposes.

⁴ OCPP analysis of Census Bureau, BEA and Oregon Department of Revenue data. See note 3.

⁵ Oliff, Phil, Chris Mai and Nick Johnson, Center on Budget and Policy Priorities (CBPP), *Impact of State Income Taxes on Low-Income Families in 2011*, updated April 17, 2012, p. 2.

⁶ CBPP, *Impact of State Income Taxes on Low-Income Families*, p. 12.

⁷ CBPP, *Impact of State Income Taxes on Low-Income Families*, p. 14.

⁸ CBPP, *Impact of State Income Taxes on Low-Income Families*, p. 14.

⁹ OCPP analysis of Oregon Department of Revenue data.

¹⁰ Ibid.

¹¹ OCPP analysis of Oregon Department of Revenue data. Capital gains are net capital gains.

¹² Ibid.

¹³ Oregon Office of Economic Analysis (OEA), *Oregon Economic and Revenue Forecast*, March 2014, p. 26, available at <http://www.oregon.gov/DAS/OEA/docs/economic/forecast0314.pdf>.

¹⁴ OEA, *Economic and Revenue Forecast*, March 2014, p. 53.

¹⁵ OEA, *Economic and Revenue Forecast*, March 2014, p. 26.

- ¹⁶ OCPP analysis of data from the Oregon Legislative Revenue Office.
- ¹⁷ OCPP analysis of data from OEA, *Oregon Economic and Revenue Forecast*, March 2014, pp. 43-44.
- ¹⁸ Assuming the current level of personal income tax collections. OCPP analysis of data from Oregon Legislative Revenue Office and OEA, *Oregon Economic and Revenue Forecast*, March 2014, pp. 43-48.
- ¹⁹ OCPP analysis of data from Oregon University System, *2013 Factbook*, January 2014. Oregon University System (OUS) researchers project 38,429 Oregon high school graduates in 2013-14. Tuition and fees at the University of Oregon for the 2013-14 academic year totaled \$9,703. Factoring in an annual increase in tuition of 4.2 percent (the increase from the previous year) four years of tuition and fees would be about \$43,000.
- ²⁰ In this fact sheet “profitable” or “profits” means Oregon taxable income; “corporations” means C corporations. Oregon Department of Revenue, *Oregon Corporate Excise and Income Tax*, 2013 Edition, p. 3-13, available at http://www.oregon.gov/dor/BUS/docs/corporate-excise-income_102-405_2013.pdf.
- ²¹ Oregon Department of Revenue, *Oregon Corporate Excise and Income Tax*, 2013 Edition, p. 3-13.
- ²² OCPP analysis of data from Oregon Department of Revenue, *Oregon Corporate Excise and Income Tax*, 2013 Edition, p. 3-13 and email correspondence from Mary Fitzpatrick, Oregon Department of Revenue, to Jason Gettel, OCPP, February 28, 2014. The number of corporations with \$0 in tax liability is subject to change as amended returns are filed and audits take place.
- ²³ Oregon Department of Revenue, *Oregon Corporate Excise and Income Tax*, 2013 Edition, p. 3-13. The number of corporations with \$0 in tax liability is subject to change as amended returns are filed and audits take place.
- ²⁴ The trucking company, Con-way, Inc., went to court to avoid paying the corporate minimum tax and won. See: *Con-way, Inc. & Affiliates v. Dept of Revenue, State of Oregon*, SC S060141, May 31, 2013.
- ²⁵ OCPP analysis of Oregon Department of Revenue data.
- ²⁶ Ibid.
- ²⁷ Excluding returns with negative adjusted gross income. OCPP analysis of Oregon Department of Revenue data.
- ²⁸ Ibid.
- ²⁹ OCPP analysis of Oregon Department of Revenue data.
- ³⁰ State of Oregon, *2013-15 Tax Expenditure Report*, pp. 90-1.
- ³¹ Ibid.
- ³² Oregon Legislative Revenue Office estimate.
- ³³ Institute on Taxation and Economic Policy estimate, September 23, 2013.
- ³⁴ Ibid.
- ³⁵ Oregon Legislative Revenue Office, *2013 Special Session Summary: Tax Policy Changes*, Research Report #4-13, November 2013, p. 9.
- ³⁶ Institute on Taxation and Economic Policy estimate, September 23, 2013.
- ³⁷ OCPP analysis of Oregon Legislative Revenue Office estimates. Includes estimates of extending the Oregon Earned Income Tax Credit (EITC) enacted by the 2013 Regular Legislative Session (HB 3367) and estimates of increasing the Oregon EITC from 6 to 8 percent of the federal credit enacted in the 2013 Special Legislative Session (HB 3601).
- ³⁸ OCPP analysis of Oregon Department of Revenue data.
- ³⁹ OCPP analysis of Oregon Department of Revenue data. Low- to middle-income means income tax filers with incomes in the bottom three quintiles (bottom 60 percent) of Oregon taxpayers.
- ⁴⁰ Oregon Department of Revenue data.
- ⁴¹ Oregon Department of Revenue data. The average EITC will increase in future years due to the federal credit being annually adjusted to account for cost of living increases and due to the increase of the Oregon EITC from 6 to 8 percent of the federal credit enacted in 2013 and scheduled to take effect in tax year 2014.
- ⁴² OCPP analysis of BEA data. Oregon’s gross state product growth trailed only that of North Dakota and Texas over this time period.