OCPP OREGON CENTER for PUBLIC POLICY
Because facts matter.

Fact Sheet

June 15, 2016

Tax Facts That Matter: 2016 Edition

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

The income group in Oregon that pays the *highest* share of their income to state and local taxes: **Lowest income households.**[1]

The income group in Oregon that pays the *lowest* share of their income to state and local taxes: **The wealthiest 1 percent of households.**[2]

Have taxes increased as a share of Oregonians' income?

Oregon state and local general revenue as a share of income in 1991: **15.7 percent.**[3]

Oregon state and local general revenue as a share of income in 2013: **15.7 percent.**[4]

How much do working poor Oregonians pay in income taxes?

2014 federal poverty threshold for a family of four with two children: **$24,008.**[5]

State income tax paid in Oregon by a family of four living at the poverty line in 2014: **$130.**[6]

Of the 42 states with income taxes, the number that taxed the income of a family of four living at the poverty line in 2014: **14.**[7]

Oregon's rank in taxing the income of a family of four living at the poverty line in 2014: **9th highest.**[8]

What share of income goes to the top 1 percent?

Share of income going to Oregon's top 1 percent in 2014: **15.5 percent.**[9]

Share of income going to Oregon's bottom 40 percent in 2014: **7.4 percent.**[10]

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

Share of income from capital gains going to Oregon's top 1 percent in 2014: **55.3 percent.**[11]

Share of capital gains going to Oregon's top 5 percent in 2014: **73.8 percent**.[12]

Share of income from capital gains going to Oregon's bottom 95 percent in 2014: **26.2 percent**.[13]

How do lottery and income tax revenues compare?

Anticipated state revenue from personal income taxes in 2015-17: **$15.70 billion.**[14]

Anticipated state revenue from the Oregon Lottery in 2015-17: **$1.22 billion.**[15]

Anticipated state revenue from corporate income taxes in 2015-17: **$1.13 billion.**[16]

What's easier: raising taxes or curbing loopholes?

Percent of each chamber needed to enact a bill for raising revenue: **60 percent (three-fifths).**

Percent of each chamber needed to reform or end most tax deductions, exemptions and credits: **50 percent + 1 (simple majority).**[17]

Do corporations pay a fair share of income taxes?

Share of Oregon income taxes paid by corporations in 1973-75: **18.5 percent.**[18]

Share of Oregon income taxes corporations are projected to pay in 2017-19: **5.6 percent.**[19]

Amount of additional money Oregon schools needed in 2015-17 to provide all children a quality education: **$1.8 billion**.[20]

Estimated new revenue for schools, healthcare and senior services each budget period from Initiative Petition 28 (IP 28), which would establish a 2.5 percent tax for C corporations on their Oregon sales above $25 million: **About $6 billion.**[21]

Share of income taxes corporations are projected to pay in 2017-19 if voters approve IP 28: **25.8 percent.**[22]

Who itemizes deductions and who uses the standard deduction?

Share of Oregon taxpayers who itemized their deductions in 2014: **46.1 percent.**[23]

Share of Oregon taxpayers who used the standard deduction in 2014: **53.9 percent.**[24]

Share of Oregon taxpayers earning $100,000 or less in 2014 who itemized: **38.3 percent.**[25]

Share of Oregon taxpayers earning $100,000 or less in 2014 who used the standard deduction: **61.7 percent.**[26]

Share of Oregon's wealthiest 1 percent of taxpayers who itemized in 2013: **95.2 percent.**[27]

Who benefits from the mortgage interest deduction?

Projected cost of the Oregon mortgage interest deduction in 2015-17: **$962 million.**[28]

Share of Oregon taxpayers who benefited from the Oregon mortgage interest deduction in 2011: **33 percent.**[29]

Share of the Oregon mortgage interest deduction benefits going to the highest-earning 20 percent of Oregon taxpayers in 2011: **61 percent.**[30]

Who benefits from the Oregon EITC?

Projected 2015-17 cost of the Oregon Earned Income Tax Credit (EITC): **$105 million.**[31]

Share of Oregon taxpayers benefiting from the Oregon EITC in 2014: **About 16 percent.**[32]

Share of Oregon EITC going to working families in 2014: **100 percent.**[33]

Average benefit of the EITC per working family who received the credit in 2014: **$169.**[34]

Number of working families with young children who will see additional tax benefits from recent improvements in the Oregon EITC: **58,000.**[35]

Endnotes

[1] Institute on Taxation and Economic Policy (ITEP), *Who Pays? A Distributional Analysis of the Tax Systems in All 50 States*, Fifth Edition, January 2015, pp. 103-104, available at http://www.itep.org/pdf/whopaysreport.pdf. Based on permanent law as of December 31, 2014 and 2012 income levels, households in the bottom 20 percent of the income scale, as a group, saw 8.1 percent of their income go to state and local taxes.

[2] ITEP, *Who Pays?*, pp. 103-104. Based on permanent law as of December 31, 2014 and 2012 income levels, households in the top 1 percent of the income scale, as a group, saw 6.5 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] U.S. Census Bureau, *2014 Poverty Thresholds by Size of Family and Number of* Children, available at https://www.census.gov/hhes/www/poverty/data/threshld.

[6] OCPP analysis of National Center for Children in Poverty data. For more see "Income tax burden for 2-parent family of 4 at 100% federal poverty threshold (2014)," National Center for Children in Poverty, available at http://nccp.org/tools/table.php?db=pol&data=text&state=&ids=26-456,26-454&states=&title=50-State%20Data&pol=&sort=1&dir=1&hide=2#1.

[7] OCPP analysis of National Center for Children in Poverty data.

[8] OCPP analysis of National Center for Children in Poverty data.

[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] Ibid.

[14] Oregon Office of Economic Analysis (OEA), *Oregon Economic and Revenue Forecast*, June 2016, p. 43, available at http://www.oregon.gov/das/OEA/Documents/forecast0616.pdf.

[15] OEA, *Economic and Revenue Forecast*, June 2016, p. 52.

[16] OEA, *Economic and Revenue Forecast*, June 2016, p. 43.

[17] A recent Oregon Supreme Court ruling held that bills closing an existing tax expenditure are not bills for raising revenue and, therefore, do not require a three-fifths supermajority. For more *see City of Seattle v. Dept. of Rev.* 357 Or 718 (2015), available at http://www.ocpp.org/media/uploads/pdf/2016/06/20150911-seattle-v-dept-revenue.pdf.

[18] OCPP analysis of data from Oregon Legislative Revenue Office.

[19] OCPP analysis of OEA data, *Oregon Economic and Revenue Forecast*, June 2016.

[20] The Oregon Quality Education Model (QEM) estimates it would cost $9.158 billion to fully fund K-12 schools in Oregon during the current budget period, not including the cost of full day kindergarten. The 2015-17 Legislatively Adopted Budget appropriated $7.376 billion for K-12 education. For more on the QEM see *Quality Education Model: Final Report*, Quality Education Commission, August 2014, available at http://www.ode.state.or.us/superintendent/priorities/final-2014-qem-report-volume-i-(2).pdf. For more on the budget see *2015-17 Budget Highlights Update*, Oregon Legislative Fiscal Office, March 2016, available at https://www.oregonlegislature.gov/lfo/Documents/2015-17%20Budget%20Highlights%20Update.pdf.

[21] *Initiative Petition 28 Description and Analysis*, Oregon Legislative Revenue Office, May 2016, p. 17, available at http://www.ocpp.org/media/uploads/pdf/2016/05/20160523-LRO-IP28-report.pdf.

[22] OCPP analysis of Oregon Legislative Revenue Office and Oregon Office of Economic Analysis data.

[23] OCPP analysis of Oregon Department of Revenue data. Data is for all filers in tax year 2014.

[24] Ibid.

[25] Excluding returns with negative adjusted gross income. OCPP analysis of Oregon Department of Revenue data. Data is for all filers in tax year 2014.

[26] Ibid.

[27] OCPP analysis of Oregon Department of Revenue data. Data is for all filers in tax year 2014.

[28] State of Oregon, 2015-17 Tax Expenditure Report, pp. 91-2.

[29] OCPP analysis of Oregon Department of Revenue data. Figure is for full year filers.

[30] State of Oregon, 2015-17 Tax Expenditure Report, pp. 91-2.

[31] State of Oregon. 2015-17 Tax Expenditure Report, p. 135.

[32] OCPP analysis of Oregon Department of Revenue data. Data is for full year returns in tax year 2014.

[33] Ibid.

[34] Oregon Department of Revenue data. Data is for full year returns in tax year 2014.

[35] The 2016 Oregon Legislature voted to increase Oregon's match of the federal EITC from 8 to 11 percent for families with children under age three for tax years 2017 through 2019. The Oregon Legislative Revenue Office estimated that this change would benefit some 58,000 families, increasing their average EITC from $229 to $315. Legislative Revenue Office estimates available at http://www.ocpp.org/media/uploads/pdf/2016/05/20160501-LRO-EITC-increase-analysis.pdf.

This work is made possible in part by the support of the Ford Foundation, the Stoneman Family Foundation, Meyer Memorial Trust, the Redtail Fund of the Oregon Community Foundation, AFT Oregon, the Oregon Education Association, the Oregon School Employees Association, SEIU Local 503, United Food and Commercial Workers Local 555, and by the generous support of organizations and individuals.

The Center is a part of the State Priorities Partnership (www.statepriorities.org) and the Economic Analysis and Research Network (www.earncentral.org).