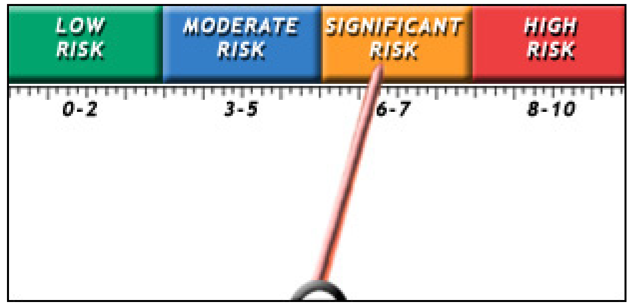
CENTER ON BUDGET AND POLICY PRIORITIES

820 First Street, NE, Suite 510, Washington, DC 20002
Tel: 202-408-1080 Fax: 202-408-1056 center@cbpp.org www.cbpp.org

OREGON

Most states have structural weaknesses in their tax systems that put them at risk of experiencing gaps between revenues and necessary expenditures in coming years. The Center evaluated each state's likelihood of facing a structural deficit by determining how many of ten "risk factors" applied to each state. Oregon is rated as having a significant risk of a structural deficit based on its score of six on the risk scale for structural deficits.



- In Oregon, corporate income taxes as a share of total taxes declined by 8.2 percentage points from 1979-2002, surpassing the US average decline of 5.5 percentage points.

- Oregon's income tax preferences for its seniors exceed the US average.

- The top bracket of Oregon's income tax starts at a relatively low level making it a less progressive tax. An individual earning $30,000 in Oregon pays income tax at the same rate as someone earning $300,000.

- Between 1994 and 2000, Oregon reduced personal and corporate income taxes. Between 2000 and 2004, Oregon increased tobacco taxes. This is problematic since income taxes provide stronger growth over the long term than excise taxes.

- Oregon has a statutory spending cap which limits spending to 8% of projected personal income over the two-year budget period. Oregon has three types of limits on local property tax revenue growth: limits on the overall property tax rate, property tax revenue and assessment increases. Lastly, it has a supermajority requirement for all tax increases.

- Two other national studies (Boyd 2002 and Baker, Besendorf & Kottlikoff 2002) found that Oregon has a structural gap.

- Lastly, although this paper did not categorize Oregon as having unusually high spending needs, it does face some spending pressures from: Medicaid and a growing elderly population.