

## OREGON

### Sales Taxes

**State Sales Tax:** None, but 7% would raise an estimated \$6 billion

**Gasoline Tax:** \* 25.0 cents/gallon 1.5 billion gallons

**Diesel Fuel Tax:** \* 24.3 cents/gallon 500 million gallons

(Local fuel taxes may add 1 to 3 cents)

**Cigarette Tax:** \$1.18/pack of 20, 290 million packs sold.

**Wine Tax:** \$2.60/30 gal wine 1.4 million 9-liter cases

**Beer Tax:** \$.0084/pint 260 million pints

**Personal Income:** \$10.4 billion in revenue in 2009

**Corporate Income:** \$841 million in revenue in 2009

### Personal Income Taxes

**Tax Rate Range:** Low - 5%; High - 11%. Starting in tax year 2009 the personal income tax rate is 10.8% on taxable income over \$125,000 but not over \$250,000, and 11% on taxable income over \$250,000. For tax years after 2011, the highest rate will be 9.9% on taxable income over \$125,000.

**Income Brackets:** \*\* Lowest - \$3,050; Highest - \$250,000

**Number of Brackets:** 3

**Personal Tax Credits:** Single - \$169; Married - \$348; Dependents - \$169

**Additional Credits:** Credit equal to 40% of federal credit

**Standard Deduction:** Single - \$1,865; Married filing jointly - \$3,735; Deduction greater if age 65 or older.

**Additional Deduction:** Single over 65 - \$1,200; Married over 65 filing jointly \$2,000

**Medical/Dental Deduction:** Full only for age 59 or older, if itemized. Oregon allows a tax credit on long-term care insurance premiums. The credit is the smaller of 15% of premiums paid or \$500.

**Federal Income Tax Deduction:** \$5,000 (\$2,500 if married filing separately)

**Retirement Income Taxes:** Federal income tax rules generally determine the amount of your pension that is taxed by Oregon. However, you may subtract some pensions on your Oregon return that were taxed on your federal return. Pensions not taxed are Social Security benefits, Veterans Administration benefits and Railroad Board benefits. Oregon allows a subtraction for part or all of the payments you receive from the federal pension system. Generally, retirement income is subject to Oregon tax. A tax credit of up to 9% of taxable pension income is available to recipients of pension income, including most private pension income, whose household income was less than \$22,5000 (single) and \$45,000 (joint), and who received less than \$7,500/\$15,000 in Social Security or Railroad Retirement benefits. The credit is the lesser of tax liability or 9% of taxable pension income. For more information on the Oregon retirement income credit, [click here](#).

**Retired Military Pay:** Federal retirees, including military personnel, may be able to subtract some or all of their federal pension income. This includes benefits paid to the retiree or to the surviving spouse. The subtraction amount is based on the number of months of federal service before and after October 1, 1991. Retirees can subtract their entire federal pension if all the months of federal service occurred before October 1, 1991. If there are no months of service before October 1, 1991, retirees cannot subtract any federal pension. If service included months before and after October 1, 1991, retirees can subtract a percentage of their pension income.

**Military Disability Retired Pay:** Retirees who entered the military before Sept. 24, 1975, and members receiving disability retirements based on combat injuries or who could receive disability payments from the VA are covered by laws giving disability broad exemption from federal income tax. Most military retired pay based on service-related disabilities also is free from federal income tax, but there is no guarantee of total protection.

**VA Disability Dependency and Indemnity Compensation:** VA benefits are not taxable because they generally are for disabilities and are not subject to federal or state taxes.

**Military SBP/SSBP/RCSBP/RSFPP:** Generally subject to state taxes for those states with income tax. Check with state department of revenue office.

### Property Taxes

Oregon does not grant homeowners a homestead exemption. Tax rates are set by the counties and any special considerations are levied by [county officials](#). Homeowners 62 or older may delay paying property taxes based on certain income criteria. The state offers a Disabled Citizen Property Tax Deferral Program and a Senior Citizen Property Tax Deferral Program. Both deferral programs allow qualified taxpayers to defer payment of their property taxes on their homes. The state pays the taxes to the county, maintains the account, and charges 6% simple interest, which also is deferred. Taxes are owed when the taxpayer receiving the deferral dies, sells the property, ceases to live permanently on the property, or the property changes ownership.

To qualify for either program, the taxpayer must live on the property and have a total household income of less than \$36,500 for the year before application. Participants may remain on either program as long as their federal adjusted gross income does not exceed that amount. If a participant's income exceeds the \$36,500 limit, part of the taxes still may be deferred. Participants can come in and out of the programs if their income changes. In addition to meeting the income limitation and property ownership requirement, disabled persons must be receiving or be eligible to receive federal Social Security Disability benefits to qualify. Residents must be 62 years old or older to qualify for the Senior Citizen Property Tax Deferral Program. Call 800-356-4222 or 503-376-4988 for details or [click here](#). For other property tax information, [click here](#).

### Inheritance and Estate Taxes

An Oregon inheritance tax return is required to be filed whenever a federal estate tax return (Form 706) is required to be filed. For a resident decedent, Oregon taxes real property and tangible personal property located in Oregon and intangible personal property wherever it is located. For a nonresident decedent, Oregon taxes real property, tangible personal property, and intangible personal property located in Oregon. An exemption is allowed for intangible personal property located in Oregon if a like exemption is allowed by the state of residence.

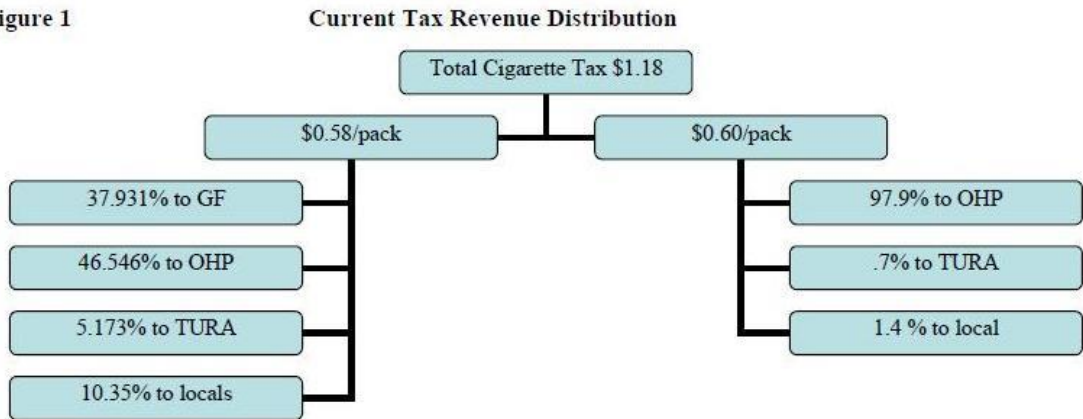
For further information, visit the [Oregon Department of Revenue](#) site or call 503-378-4988.

\* Tax rates do not include local option taxes of 1 to 2 cents.

\*\* For joint returns, the taxes are twice the tax imposed on half the income.

**Note:** Oregon has a statutory provision for automatic adjustment of tax brackets, personal exemption or standard deductions to the rate of inflation.

Figure 1



(OTP) General Fund (53.84%),

Oregon Health Plan (41.54%),

Tobacco Use Reduction Account (4.62%)

Because Oregon's tobacco taxes were increased at different times for different purposes the current cigarette tax is treated as two separate rates in the existing statutes: 58 cents (ORS 323.030, and 455), and 60 cents (ORS 323.031, and 475). Figure 1 shows the distribution of tobacco tax revenue under current law.