



# Oregon Taxes: Myths and Facts

<i>Myths</i>	<b>Facts</b> (Based on latest data as of January 2005)
<i>Oregonians pay higher taxes than people in other states.</i>	Oregon is ranked 46 <sup>th</sup> nationally in combined state and local taxes as a percentage of personal income for state residents. (Only 5 states have lower overall taxes.) But we pay the third highest income taxes. Our low ranking overall is because we have no general sales tax. Our property taxes are average.
<i>Property taxes are one of the largest sources of state government revenue.</i>	All property taxes go directly to fund <b>local</b> government services and schools. The income tax is the largest source of state revenue.
<i>Funding for schools comes mostly from property taxes and the lottery.</i>	Income taxes now pay for more than half of school operating expenses. About 6% comes from the state lottery. Local revenues (mostly property tax) provide about 30% of school funding.
<i>Oregon's corporate taxes are high.</i>	Oregon's corporate tax burden ranks around the middle compared to all states. In most years it is below average. (We ranked 35 <sup>th</sup> in 2001-02.)
<i>Oregon spends more on K-12 schools than most other states.</i>	2003-04 National Education Association statistics rank Oregon 28 <sup>th</sup> out of 51 in per student spending. Oregon spent \$7,587 per student for operating expenses compared to a national average of \$8,208.
<i>Oregon has no limit on state spending.</i>	Oregon does have a spending limit. State law requires that state spending for general government purposes must be no greater than 8% of the total personal income of state residents.
<i>Oregon taxes keep going up and up.</i>	The dollar value of taxes has been going up along with inflation, population and income. As a <b>percent of taxpayers' personal incomes</b> , state and local taxes have gone down, from over 12% in 1990 to under 10% today.
<i>Most tax revenues are spent for welfare and other human services programs like the Oregon Health Plan.</i>	58 % of state income taxes are spent for education, including K-12, community colleges and universities. 22% of state taxes are spent for human services, such as welfare and the Oregon Health Plan. 16% is used for public safety, including police and prisons.
<i>With all the money Oregon gets from fees and charges, the gas tax, and the federal government, there should be plenty of money for schools.</i>	The gas taxes, fees, charges and federal funds are <b>dedicated</b> revenues. While tuition charges and some federal funds are used for schools, dedicated revenues must be spent for specific programs. They cannot be shifted to another part of the budget.
<i>Citizens cannot have an impact on how taxes are spent.</i>	State and local budget information is public information. Citizens can and do have a say in how their taxes are spent. People can join organizations, contact government officials, testify at hearings and serve on citizen budget advisory committees.

**For more information on Oregon's taxes and spending, see [www.lwvor.org](http://www.lwvor.org)**

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