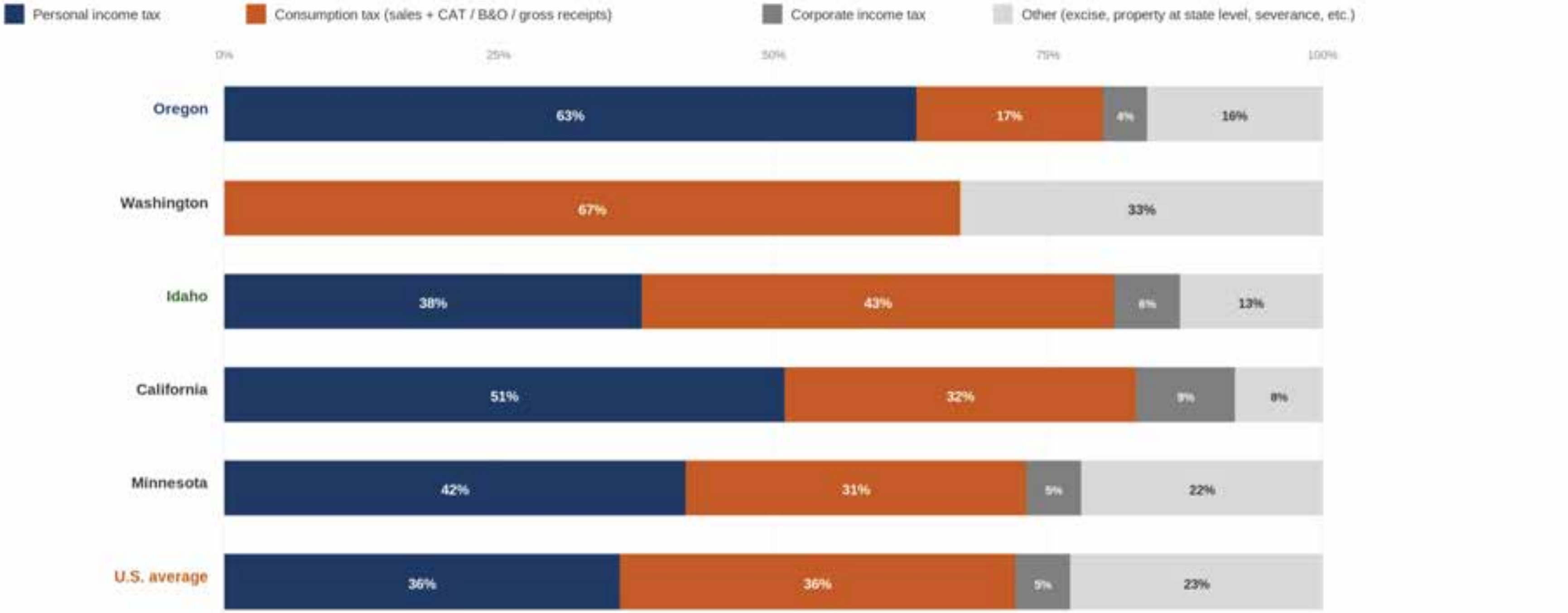
State revenue mix – Oregon is most personal income tax reliant

Share of state-only tax revenue by source. Oregon collects 63% from personal income tax, with no general sales tax; most states are closer to even.



Oregon's anomaly

63% of state revenue comes from PIT — vs. 36% national average. The combination of high PIT reliance + no sales tax makes Oregon an outlier among graduated-PIT states.

Volatility consequence

High PIT reliance + capital-gains-driven top brackets means Oregon's revenue swings with the business cycle. The kicker is the visible symptom — sustained surpluses returned to filers.

Path to balance

A broader consumption tax — expanded CAT or new VAT — could shift Oregon's mix toward peer states without changing total revenue, reducing volatility and the size of kicker rebates.

How expanding the CAT to a consumption tax could rebalance revenue mix

What expansion is needed

Oregon today

Consumption tax revenue:

$4.25B / year

Current CAT only (0.57% on activity > $1M, with the 35% subtraction)

Implied CAT-equivalent rate on consumption:

~0.4% effective

Match U.S. average (36% of revenue from consumption)

Consumption tax revenue:

$9.0B / year

Requires expanding CAT and/or adding a new VAT or sales tax — about +$4.75B

Implied broad-base VAT rate on consumption:

~3.0% on $300B consumption base