

Steady as She Goes: State and Local Government Revenues and Spending in Oregon

by Michael Leachman

State and local governments raise and spend money primarily to educate our children, keep our communities safe, arbitrate disputes through the courts, and provide health care and other services for our most vulnerable neighbors. In providing these and other services, Oregon state and local governments are not expecting more from Oregonians today than was expected a generation ago.

Oregon's own-source general revenue has hovered around 15 percent of Oregonians' income over the last 25 years.

- In 2005, own-source general revenue came in at 14.5 percent of income, as it did in 2002 and 2004. Not since 1980 has own-source general revenue been so low as a share of income. If this revenue had held at 15.4 percent of income, where it was in 2000, Oregon would have had nearly \$1.1 billion more in own-source general revenue than actually came in.
- The latest Census data indicate that in 2005 Oregon state and local governments collected taxes totaling 8.9 percent of Oregonians' income. This represents a decline from a decade earlier, in 1995, when taxes totaled 9.9 percent of income, and from two decades earlier, in 1985, when taxes equaled 10.4 percent of income
- An increase in fee revenue partially offsets the revenue lost as taxes have declined. In 2005, total fees and charges collected by Oregon state and local governments equaled 3.7 percent of Oregonians' income, up from 3.3 percent in 1995 and from 2.5 percent in 1985.

Like revenue, spending by state and local governments in Oregon has risen in line with increases in the incomes of Oregonians. Since 1980, own-source state and local government general expenditures as a share of Oregonians' income have held steady, hovering around 15 percent, just as revenue has.

- As of 2005, the latest data available, own-source state and local government spending stood at 14.8 percent of income, in line with the historical pattern.

Oregon state and local governments rank in the middle of the pack among states and the District of Columbia for own-source general revenue as a share of personal income.

- In the 2004-05 fiscal year, Oregon's own-source general revenue comprised of state and local taxes, fees, and miscellaneous general revenue, ranked 29th highest.
- State and local government spending in Oregon also ranks in the middle of the pack nationally. As a share of personal income, own-source general expenditures by Oregon state and local governments ranked 22nd highest among states and the District of Columbia in 2004-05. Total general expenditures, which include federal aid, ranked 24th highest.
- State rankings should not influence Oregonians to determine whether Oregon's level of spending is desirable or affordable. Oregon's ability to afford state and local government spending is dependent on the standards set by Oregonians, not the standards that residents of other states set for their own public goods and services.