# Portland Region's Impact on State Fiscal Health

**Portland's growth benefits all Oregonians. By investing in the tri-county area, we are fostering economic resilience and opportunities that extend throughout the entire state.**

## Introduction

Oregon's economic vitality is deeply intertwined with the health and prosperity of its largest metropolitan hub: the Portland region, comprising Clackamas, Multnomah, and Washington counties. This report, developed in partnership between the Portland Metro Chamber, Multnomah County, and the City of Portland, seeks to better understand the geographic distribution of state revenue and expenditures. Recent changes to the structure of the regional economy as it evolves into a new post-pandemic normal have revealed the importance of Portland as a cultural hub and economic engine of the region—and this report finds it is also a critical engine powering Oregon's fiscal health. The numbers tell a compelling story: investments made in Portland and Multnomah County ripple across the rest of the state, driving revenue that supports communities statewide. This study demonstrates that a resilient and growing Portland region should not just be a local priority—it's a strategic investment in Oregon's shared future.

Home to nearly 43% of Oregon's residents and half of the jobs statewide, the tri-county region plays a central role in the state's economy (Exhibit 1). With a higher concentration of people and businesses, it supports industries that drive productivity and innovation. As a result, the region generates 57.5% of Oregon's total economic output (GDP), a testament to its economic engine and the interconnected opportunities it creates across the state.

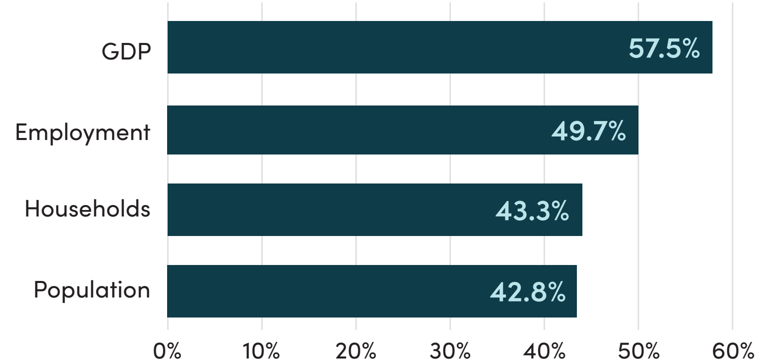
## A Framework Shift

Historically, growth in the Portland metro has benefited the State of Oregon. From 2013 to 2019, the metro outpaced the rest of the state, holding 51.2% of all jobs. The pandemic, however, disrupted this trajectory. While much of Oregon rebounded to pre-pandemic trends, Multnomah County remains 18,000 jobs short, including a 5,000-job loss in 2024. Today, the metro accounts for 49.7% of statewide employment.

Oregon's revenue mix is unique. On a per capita basis, the state ranks 11th nationally for own-source revenue, including transfers.[1] But with incomes below the U.S. average, Oregon's revenue burden moves to 6th highest when adjusted for income. Taxes make up 48% of all state and local revenue, placing Oregon 17th in tax burden per capita and 13th when adjusted for income.

Personal income tax is the engine of Oregon's budget, ranking 8th highest per capita and 3rd as a share of personal income. This tax alone generates 82% of the General Fund for 2023-25. The system is progressive, with the highest 5% of income earners contributing 43% of net in-state personal income tax collections. The average effective tax rate is 6.6% of Adjusted Gross Income, underscoring Oregon's reliance on personal income tax to fund essential services.

**Exhibit 1:** 2024 Tri-County Share of Economic Conditions

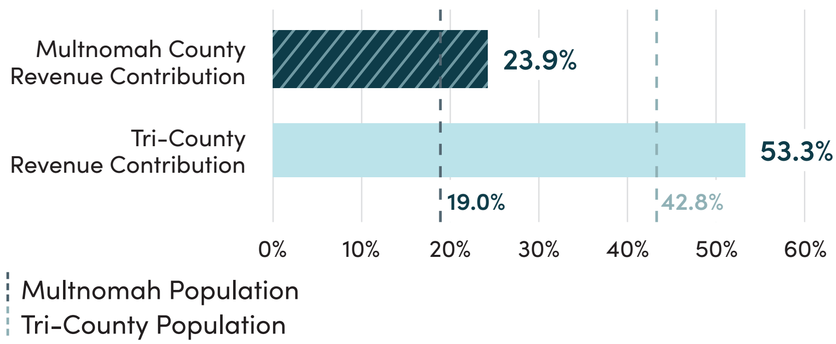



1. Legislative Revenue Office, 2024 Oregon Public Finance: Basic Facts. Report #1 - 24 (Salem, OR: Oregon Legislature, April 8, 2024), https://www.oregonlegislature.gov/lro/Documents/Final%20Basic%20Facts%202024.pdf.

# Regional Contributions to State Revenues

In Oregon's fiscal landscape, the Portland region plays a vital role. After adjusting for population size, it consistently provides an outsized share of tax revenue across nearly all of the state's six major revenue streams.

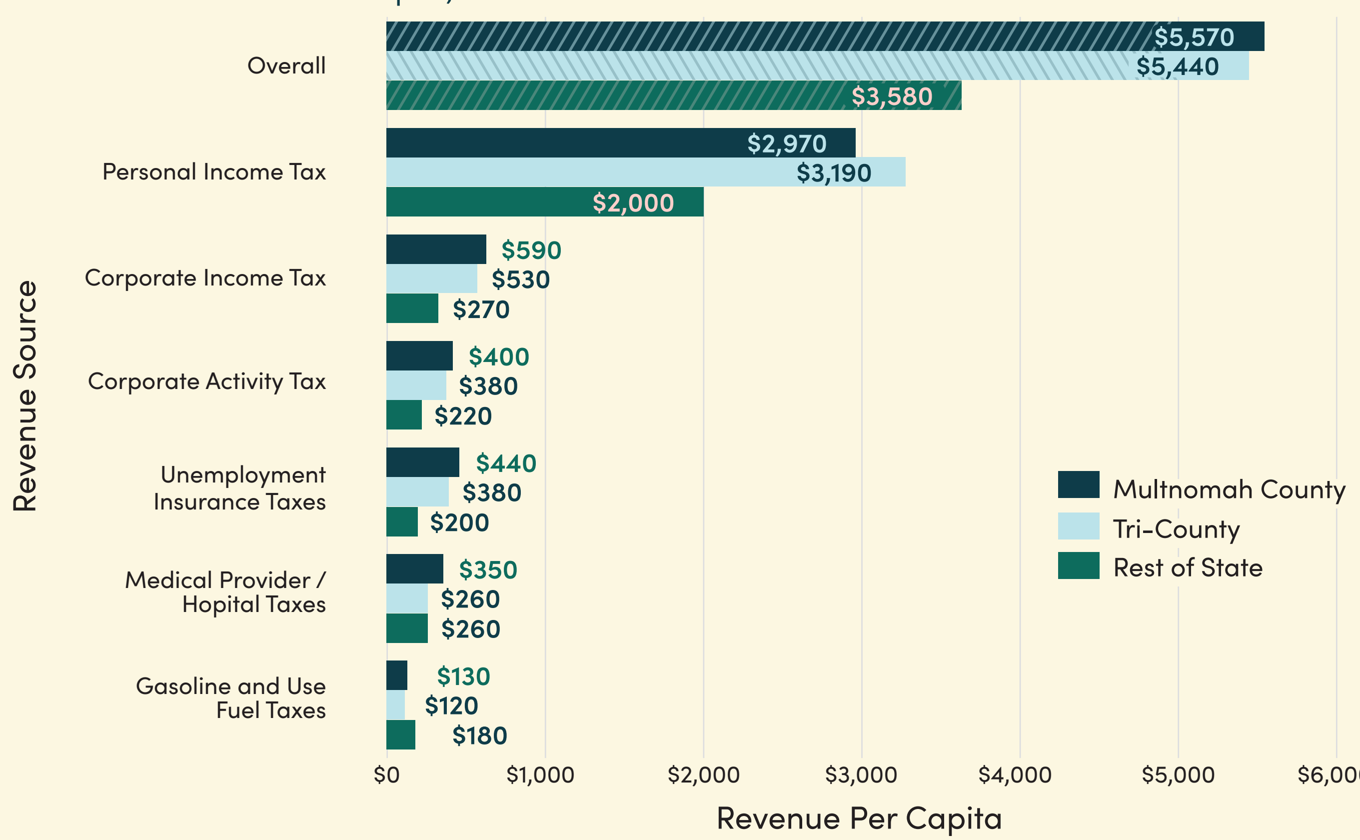
**Exhibit 2:** Share of State Tax Revenue Compared to the Population, Fiscal Year 2023




In order to conduct this analysis, each of the sources of state tax revenue was modeled at the county level, then aggregated to understand the share generated by Multnomah County and the entire region. For example, the tri-county area represents 42.8% of Oregon's population but it contributes 53.3% of the state's tax revenue (Exhibit 2). This contribution is also notable in Multnomah County, which, despite comprising only 19% of the state's population, accounts for 23.9% of the state's tax revenue. Similar patterns can be observed across five of the six largest revenue streams. The only exception: gasoline and use fuel taxes.

State tax revenue per capita in Multnomah County is 56% higher than in the rest of the state, with $5,570 compared to $3,580, as shown in Exhibit 3. The per capita amount of revenue generated in Multnomah County is slightly higher than the entirety of the rest of the tri-county area ($5,570 versus $5,440). These figures highlight the collaborative role that both residents and businesses in Portland and Multnomah County play in supporting Oregon's fiscal foundation.

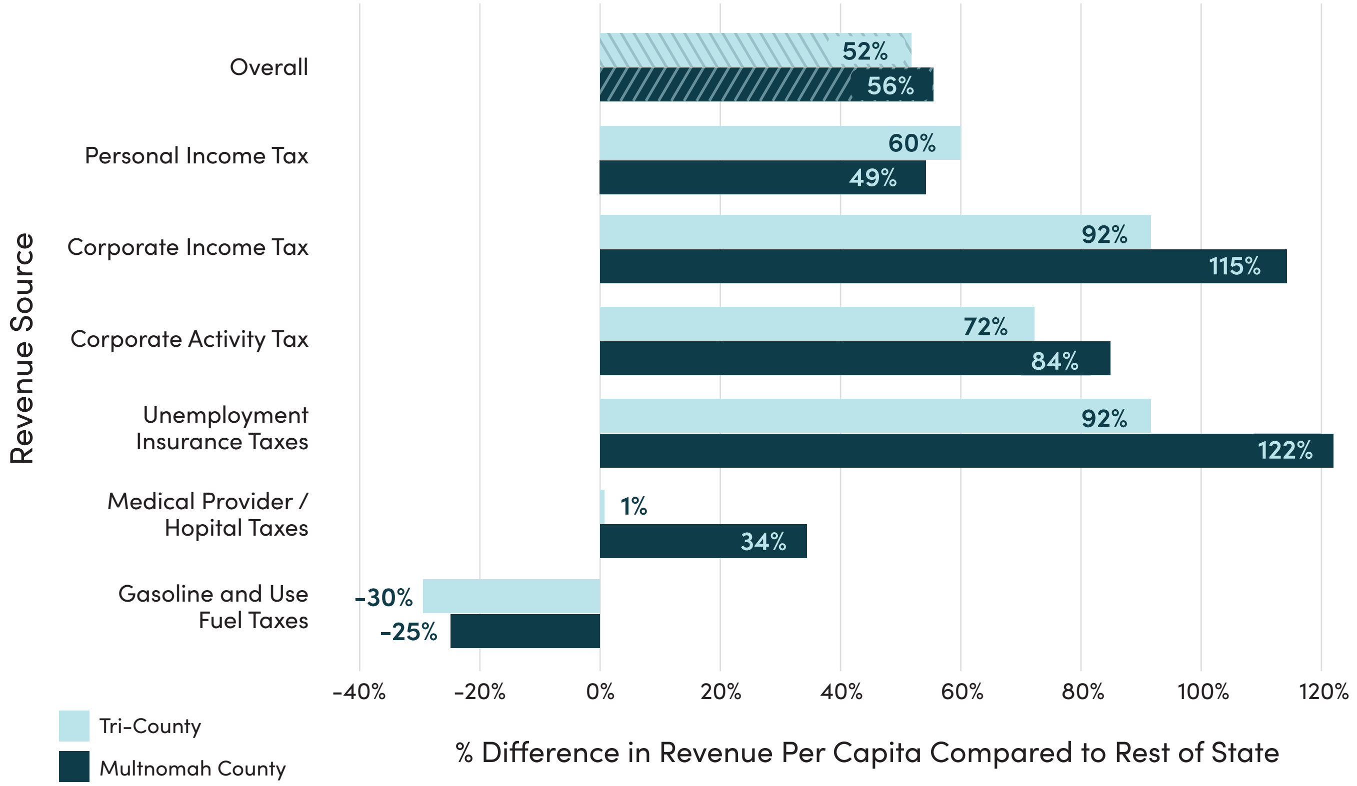
**Exhibit 3:** Tax Revenue Per Capita, Fiscal Year 2023



# A Closer Look at Revenue Disparities

Residents and businesses in the Portland metro area contribute a disproportionately large share of the state's revenue. For example, after reviewing 37 revenue sources, the Portland region contributes 60% more per capita in personal income tax, 92% more per capita in corporate income tax, and 72% more per capita in corporate activity tax (Exhibit 4). Contributions per capita in Multnomah County are even higher in corporate income tax and corporate activity tax (115% and 84% more per capita respectively), highlighting the importance of a thriving regional economy to the entirety of the state.

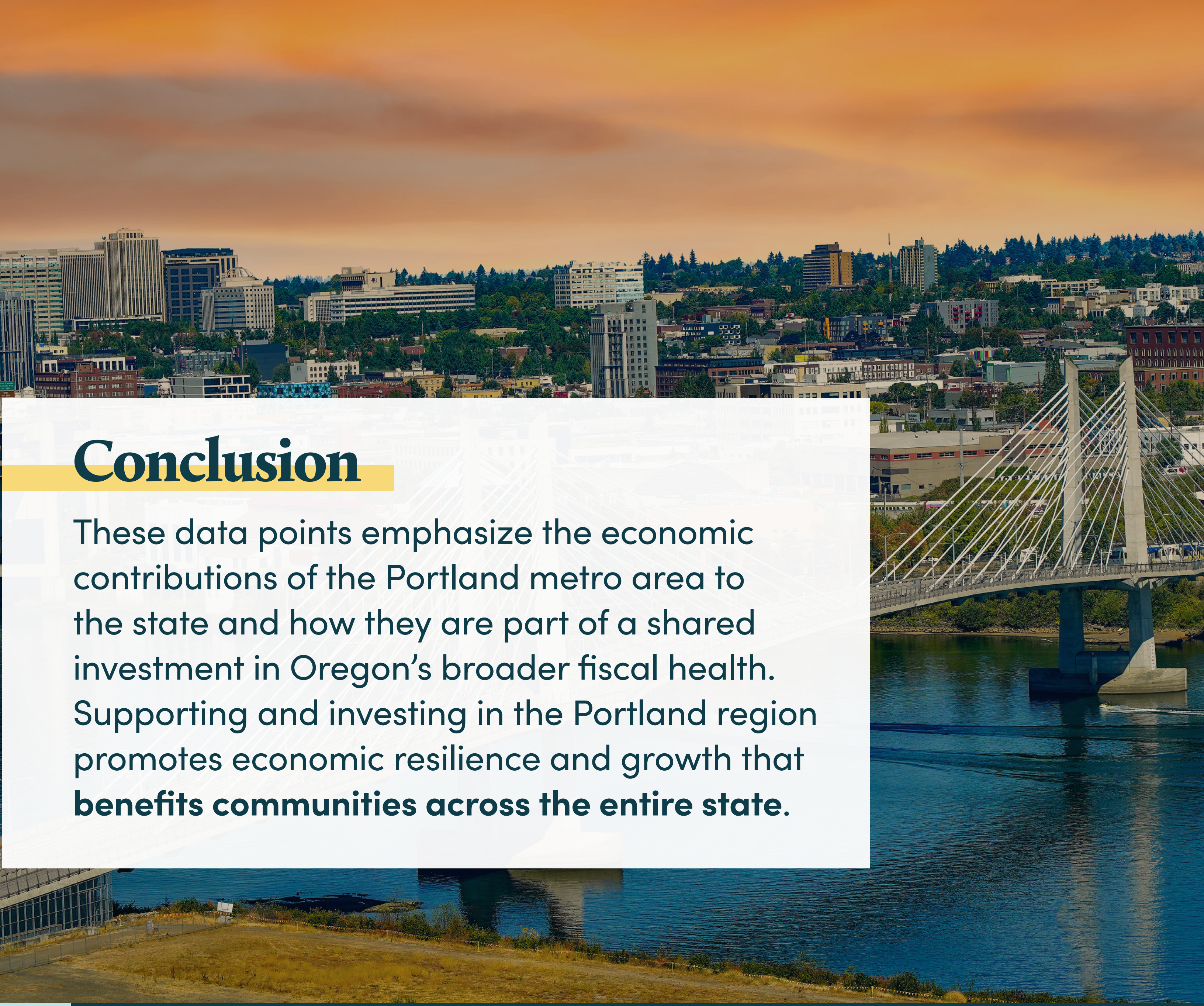
**Exhibit 4:** Top Sources Percent Difference Compared to Rest of the State, Fiscal Year 2023




# Understanding State Expenditures

While revenue contributions can be calculated with an understanding of the variation across counties statewide, the expenditure side of Oregon's budget is more complicated. Calculating per capita expenditures is extraordinarily challenging, as the state does not track spending by specific geographic distribution. Instead, funds are allocated to programs and departments, without a mechanism to consistently monitor where in the state those funds are ultimately spent. State agencies distribute funding across programs and regions using formulas based on population size, need, and other relevant factors.

One exception where we can estimate expenditures across counties is school funding. Oregon's school funding follows an equalization formula, ensuring students receive similar support regardless of where they live, even if their county contributes more. High-contributing communities don't see a direct return on their local tax dollars, but the system guarantees education dollars are allocated by formula—making it one of the few areas of the state budget with certainty on where exactly in the state money is being spent.



# Conclusion

These data points emphasize the economic contributions of the Portland metro area to the state and how they are part of a shared investment in Oregon's broader fiscal health. Supporting and investing in the Portland region promotes economic resilience and growth that **benefits communities across the entire state**.

## Data Sources and Notes

These calculations are for within state sources of revenue; there are outside contributors to state revenue, including approximately $1 billion paid in personal income tax by out-of-state residents annually.

IMPLAN economic impact modeling software was used to estimate corporate activity at the North American Industry Classification System (NAICS) level. Sector-specific revenue was allocated to counties based on their share of statewide activity in each sector.

**SOURCES:** *Oregon State Agency Expenditures Report, Oregon Education School District Expenditures Report, Oregon Legislative Revenue Office, Oregon Department of Revenue, 2022-2018 5-year American Community Survey, IMPLAN, U.S. Census Bureau Population Estimates Program, Oregon Employment Department, Bureau of Economic Analysis.*

MULTNOMAH COUNTY

PORTLAND METRO CHAMBER EST. 1870

KINDER MORGAN INC.

ECOnorthwest