

STATE OF OREGON
LEGISLATIVE REVENUE OFFICE

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LRO FORECAST SUMMARY

September 2018

NEW FACTS SINCE THE LAST FORECAST

	2nd Qtr 2018 Forecast	2nd Qtr 2018 Actuals	Difference
Employment	1,905,876	1,904,866	-1,010
Personal Income (\$ billion)	200.3	200.7	0.4
Personal Income Tax (\$ million)			
Withholding	1,844.3	1,851.2	6.9
Other Payments less Refunds	702.0	780.8	78.8
Total	2,546.3	2,631.9	85.7
Corporate Income Tax	336.8	358.2	21.4

NEW FACTS

- Second Quarter personal income tax collections were up \$85.7 million (3.4%) from the June 2018 forecast.
- Second Quarter corporate income tax collections were up \$21.4 million (6.4%) from the June 2018 forecast.
- Oregon personal income was \$0.4 billion (0.2%) above the June 2018 forecast.
- Oregon employment was 1,010 jobs (-0.1%) below the June 2018 forecast.

2017-19

CHANGE FROM CLOSE OF SESSION (\$ Million)

General Fund Resources	Close of Session	September 2018 Forecast	Difference
Beginning Balance	780.8	1,000.4	219.5
Transfer to Rainy Day Fund	-180.1	-179.4	0.7
Personal	17,147.4	17,772.4	625.0
Corporate	1,077.0	1,284.8	207.8
Other	1,327.6	1,388.5	61.0
Gross GF Revenue	19,551.9	20,445.7	893.8
Shared Services Fund	-33.0	-33.0	0.0
Rainy Day Fund	-42.5	-38.1	4.4
Net GF Revenue	19,476.5	20,374.6	898.2
Lottery Resources**	1,331.9	1,477.8	145.9
Anticipated Administrative Actions***	-21.5	-21.5	0.0
Net GF and Lottery Resources	21,387.6	22,651.9	1,264.3

** All lottery resources including dedicated funds.

*** Administrative Actions equal expenses associated with cash flow management, exclusive of internal borrowing.

CHANGE SINCE CLOSE OF SESSION

- Personal income tax revenue is up \$625 (3.6%) million from the 2017 COS estimate.
- Corporate tax revenue is up \$207.8 million (19.3%) from the 2017 COS estimate.
- General Fund gross revenue is up \$893.8 million (4.6%) from the 2017 COS estimate.
- Net GF and Lottery resources are up \$1,264.3 million (5.9%) from the 2017 COS estimate.

EFFECT ON 2% KICKER (\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	September 2018 Forecast	Amount +/- Kicker Threshold
Personal & Other	18,475.0	18,844.5	19,160.9	316.5
Corporation*	1,059.0	1,080.2	1,266.8	186.6

* As per the AG, the corporate kicker calculation excludes the minimum tax paid by S-corporations because it is a flat tax.

KICKER REFUNDS IMPLIED BY FORECAST

PERSONAL: A personal kicker of \$686.0 million is projected for 2019-21.

CORPORATE: Corporate tax revenue of \$207.8 million is projected to be dedicated to K-12 education spending in 2019-21.

2017-19

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	June 2018 Forecast	September 2018 Forecast	Difference
Beginning Balance	1,000.4	1,000.4	0.0
Transfer to Rainy Day Fund	-179.4	-179.4	0.0
Personal	17,694.8	17,772.4	77.5
Corporate	1,273.7	1,284.8	11.1
Other	1,335.4	1,388.5	53.2
Gross GF Revenue	20,303.9	20,445.7	141.8
Shared Services Fund	-33.0	-33.0	0.0
Rainy Day Fund	-36.6	-38.1	-1.6
Net GF Revenue	20,234.4	20,374.6	140.3
Administrative Actions*	-21.5	-21.5	0.0
Net General Fund Resources	21,033.8	21,174.1	140.3
Lottery Resources**	1,451.2	1,477.8	26.5
Net Combined Resources	22,485.1	22,651.9	166.8

* Administrative Actions equal expenses associated with cash flow management, exclusive of internal borrowing.

** All lottery resources including dedicated funds.

REVENUE CHANGES

- Projected 2017-19 Net General Fund resources are up \$140.3 million (0.7%) from the June 2018 forecast.
- Projected 2017-19 Lottery resources are up \$26.5 million (1.8%) from the June 2018 forecast.
- Projected combined net General Fund and Lottery resources are up \$166.8 million (0.7%) from the June 2018 forecast.

2017-19

EFFECT ON ENDING BALANCE

Current vs. Close of Session
(\$ Million)

General Fund	Close of Session	September 2018 Forecast	Difference
Beginning Balance	780.8	1,000.4	219.5
Transfer to Rainy Day Fund	-180.1	-179.4	0.7
Revenue	19,476.5	20,374.6	898.2
Administrative Actions	-21.5	-21.5	0.0
Total Resources	20,055.7	21,174.1	1,118.4
Expenditures	19,858.8	19,925.8	67.0
Ending Balance	196.9	1,248.4	1,051.4
Rainy Day Fund Transfer	196.9	199.3	2.3
Remaining Balance	0.0	1,049.1	1,049.1

ENDING BALANCE

- The projected ending balance is up \$1,051.4 million from the 2017 Close-of-Session estimate.
- The projected ending balance is up \$140.3 million from the June 2018 forecast.
- The Rainy Day Fund is projected to receive \$199.3 million following the 2017-19 biennium.

Current vs. Prior Forecast
(\$ Million)

General Fund	June 2018 Forecast	September 2018 Forecast	Difference
Beginning Balance	1,000.4	1,000.4	0.0
Transfer to Rainy Day Fund	-179.4	-179.4	0.0
Revenue	20,234.4	20,374.6	140.3
Administrative Actions	-21.5	-21.5	0.0
Total Resources	21,033.8	21,174.1	140.3
Expenditures	19,925.8	19,925.8	0.0
Ending Balance	1,108.1	1,248.4	140.3
Rainy Day Fund Transfer	199.3	199.3	0.0
Remaining Balance	908.8	1,049.1	140.3

2017-19

Reserve Fund Position				
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	Education Stability Fund *	Rainy Day Fund	General Fund	Reserves Available
	(\$ Millions)			
Beginning Balance	\$384.2	\$376.4		\$760.6
Deposits	\$230.5	\$195.6		\$426.1
Interest	\$22.7	\$23.6		\$46.4
Withdrawals	\$22.7	\$0.0		\$22.7
Projected Ending Balance	\$614.7	\$595.7	\$1,248.4	\$2,458.7

*Excludes funds in the Oregon Growth and the Oregon Resource and Technology Development subaccounts.

2019-21

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	June 2018 Forecast	September 2018 Forecast	Difference
Beginning Balance	1,108.1	1,248.4	140.3
Transfer to Rainy Day Fund	-199.3	-199.3	0.0
Personal	19,180.8	19,073.3	-107.5
Corporate	1,075.4	1,118.9	43.6
Other	1,309.9	1,310.7	0.8
Gross GF Revenue	21,566.1	21,502.9	-63.2
Shared Services Fund	-33.1	-33.1	0.0
Rainy Day Fund	-39.1	-43.7	-4.6
PERS UAL Fund	-145.0	-145.0	0.0
Net GF Revenue	21,348.9	21,281.2	-67.7
Net General Fund Resources	22,257.7	22,330.3	72.5
Lottery Resources*	1,412.0	1,421.5	9.6
Net Combined Resources	23,669.7	23,751.8	82.1

* All lottery resources including dedicated funds

2021-23

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	June 2018 Forecast	September 2018 Forecast	Difference
Personal	21,912.2	21,977.5	65.4
Corporate	1,238.0	1,281.9	43.9
Other	1,391.1	1,349.4	-41.8
Gross GF Revenue	24,541.3	24,608.8	67.5
Shared Services Fund	-33.2	-33.2	0.0
Rainy Day Fund	-41.5	-48.1	-6.6
Net GF Revenue	24,466.7	24,527.6	60.9
Lottery Resources*	1,523.0	1,534.6	11.6
Net Combined Revenue	25,989.7	26,062.2	72.5

* All lottery resources including dedicated funds

2023-25

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	June 2018 Forecast	September 2018 Forecast	Difference
Personal	24,041.3	24,063.1	21.8
Corporate	1,343.1	1,392.8	49.7
Other	1,464.2	1,417.6	-46.6
Gross GF Revenue	26,848.6	26,873.4	24.9
Shared Services Fund	-33.3	-33.3	0.0
Rainy Day Fund	-45.9	-50.2	-4.3
Net GF Revenue	26,769.3	26,789.9	20.6
Lottery Resources*	1,609.1	1,621.3	12.3
Net Combined Revenue	28,378.4	28,411.3	32.8

* All lottery resources including dedicated funds

2025-27

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	June 2018 Forecast	September 2018 Forecast	Difference
Personal	26,135.8	26,225.4	89.6
Corporate	1,509.1	1,568.4	59.3
Other	1,542.9	1,492.7	-50.2
Gross GF Revenue	29,187.7	29,286.5	98.8
Shared Services Fund	-33.4	-33.4	0.0
Rainy Day Fund	-50.0	-54.2	-4.2
Net GF Revenue	29,104.3	29,198.9	94.6
Lottery Resources*	1,699.0	1,711.9	13.0
Net Combined Revenue	30,803.3	30,910.8	107.6

* All lottery resources including dedicated funds

Biennial Net Revenue Growth: 1993 - 2027

	Personal	Corporate	Other	Total
1993-95 to 1995-97	17.1%	18.8%	28.4%	18.3%
1995-97 to 1997-99	13.0%	-13.9%	-17.6%	7.7%
1997-99 to 1999-01	22.6%	28.2%	2.8%	21.5%
1999-01 to 2001-03	-11.9%	-44.4%	97.9%	-7.5%
2001-03 to 2003-05	16.8%	52.5%	-35.4%	11.4%
2003-05 to 2005-07	22.8%	31.7%	6.4%	22.1%
2005-07 to 2007-09	-8.6%	-18.9%	10.2%	-8.0%
2007-09 to 2009-11	3.7%	20.9%	29.8%	6.8%
2009-11 to 2011-13	15.7%	6.8%	-4.1%	13.1%
2011-13 to 2013-15	14.8%	25.0%	-12.4%	13.2%
2013-15 to 2015-17	15.4%	8.1%	25.2%	15.5%
2015-17 to 2017-19	10.6%	4.4%	7.7%	10.0%
2017-19 to 2019-21	7.9%	-28.5%	-5.7%	4.8%
2019-21 to 2021-23	14.6%	38.4%	3.0%	14.9%
2021-23 to 2023-25	9.5%	8.8%	5.1%	9.2%
2023-25 to 2025-27	9.0%	12.8%	5.3%	9.0%