

STATE OF OREGON
LEGISLATIVE REVENUE OFFICE

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LRO FORECAST SUMMARY

December 2015

NEW FACTS SINCE THE LAST FORECAST

	3rd Qtr 2015 Forecast	3rd Qtr 2015 Actuals	Difference
Employment	1,781,781	1,779,942	-1,839
Personal Income (\$ billion)	175.4	174.1	-1.3
Personal Income Tax (\$ million)			
Withholding	1,562.1	1,551.5	-10.5
Other Payments less Refunds	332.2	324.0	-8.3
Total	1,894.3	1,875.5	-18.8
Corporate Income Tax	200.9	198.2	-2.7

NEW FACTS

- Third Quarter personal income tax collections were down \$18.8 million (-1.0%) from the September 2015 forecast.
- Third Quarter corporate income tax collections were down \$2.7 million (-1.3%) from the September 2015 forecast.
- Oregon personal income was down \$1.3 billion (-0.7%) from the September 2015 forecast.
- Oregon employment was down 1,839 jobs (-0.1%) from the September 2015 forecast.

2015-17

CHANGE FROM CLOSE OF SESSION (\$ Million)

General Fund Resources	Close of Session	December 2015 Forecast	Difference
Beginning Balance	532.9	476.6	-56.3
Transfer to Rainy Day Fund	-158.9	-158.9	0.0
Personal	15,713.5	15,712.4	-1.1
Corporate	1,100.0	1,134.7	34.7
Other	1,184.6	1,182.0	-2.6
Gross GF Revenue	17,998.1	18,029.1	31.0
Shared Services Fund	-32.7	-32.6	0.0
Rainy Day Fund	-10.1	-10.3	-0.2
Net GF Revenue	17,955.3	17,986.1	30.9
Lottery Resources**	1,155.9	1,189.7	33.8
Anticipated Administrative Actions***	-20.2	-20.2	0.0
Net GF and Lottery Resources	19,465.0	19,473.3	8.3

** 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 down \$1.1 million from the 2015 COS estimate.
- Corporate tax revenue is up \$34.7 million (3.2%) from the 2015 COS estimate.
- General Fund gross revenue is up \$31 million (0.2%) from the 2015 COS estimate.
- GF and Lottery resources are up \$8.3 million from the 2015 COS estimate.

EFFECT ON 2% KICKER

(\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	December 2015 Forecast	Amount +/- Kicker Threshold
Personal & Other	16,898.0	17,236.0	16,894.4	-341.6
Corporation*	1,082.0	1,103.6	1,116.7	13.0

* 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: There is no personal kicker projected for 2017.

CORPORATE: \$34.7 million in corporate tax revenue is projected to be dedicated to K-12 education spending in 2017-19.

2015-17

**CHANGE FROM PRIOR FORECAST
(\$ Million)**

Combined Revenue	September 2015 Forecast	December 2015 Forecast	Difference
Beginning Balance	476.9	476.6	-0.3
Transfer to Rainy Day Fund	-158.9	-158.9	0.0
Personal	15,718.2	15,712.4	-5.8
Corporate	1,095.5	1,134.7	39.2
Other	1,186.6	1,182.0	-4.5
Gross GF Revenue	18,000.2	18,029.1	28.9
Shared Services Fund	-32.6	-32.6	0.0
Rainy Day Fund	-10.9	-10.3	0.6
Net GF Revenue	17,956.6	17,986.1	29.5
Administrative Actions*	-20.2	-20.2	0.0
Net General Fund Resources	18,254.4	18,283.6	29.2
Lottery Resources**	1,162.6	1,189.7	27.1
Net Combined Resources	19,417.1	19,473.3	56.3

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

** All lottery resources including dedicated funds.

REVENUE CHANGES

- Projected 2015-17 Net General Fund resources are up \$29.2 million (0.2%) from the September 2015 forecast.
- Projected 2015-17 Lottery resources are up \$27.1 million (2.3%) from the September 2015 forecast.
- Projected combined net General Fund and Lottery resources are up \$56.3 million (0.3%) from the September 2015 forecast.

2015-17

EFFECT ON ENDING BALANCE

Current vs. Close of Session
(\$ Million)

General Fund	Close of Session	December 2015 Forecast	Difference
Beginning Balance	532.9	476.6	-56.3
Transfer to Rainy Day Fund	-158.9	-158.9	0.0
Revenue	17,955.3	17,986.1	30.9
Administrative Actions	-20.2	-20.2	0.0
Total Resources	18,309.1	18,283.6	-25.4
Expenditures	17,984.7	17,984.7	0.0
Ending Balance	324.4	299.0	-25.4
Rainy Day Fund Transfer	179.8	179.8	0.0
Remaining Balance	144.6	119.1	-25.4

ENDING BALANCE

- The projected ending balance is down \$25.4 million (-7.8%) from the 2013 Close-of-Session estimate.
- The projected ending balance is up \$29.2 million (10.8%) from the September 2015 forecast.
- The Rainy Day Fund is projected to receive \$179.8 million following the 2015-17 biennium.

Current vs. Prior Forecast
(\$ Million)

General Fund	September 2015 Forecast	December 2015 Forecast	Difference
Beginning Balance	476.9	476.6	-0.3
Transfer to Rainy Day Fund	-158.9	-158.9	0.0
Revenue	17,956.6	17,986.1	29.5
Administrative Actions	-20.2	-20.2	0.0
Total Resources	18,254.4	18,283.6	29.2
Expenditures	17,984.7	17,984.7	0.0
Ending Balance	269.8	299.0	29.2
Rainy Day Fund Transfer	179.8	179.8	0.0
Remaining Balance	89.9	119.1	29.2

2015-17

Reserve Fund Position				
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	Education Stability Fund *	Rainy Day Fund	General Fund	Reserves Available
	(\$ Millions)			
Beginning Balance	\$179.4	\$211.8		\$391.1
Deposits	\$187.9	\$169.2		\$357.1
Interest	\$6.5	\$7.3		\$13.8
Withdrawals	\$6.5	\$0.0		\$6.5
Projected Ending Balance	\$367.3	\$388.2	\$299.0	\$1,054.5

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

2017-19

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	September 2015 Forecast	December 2015 Forecast	Difference
Personal	17,575.9	17,512.0	-63.8
Corporate	1,096.1	1,094.4	-1.7
Other	1,075.2	1,075.0	-0.2
Gross GF Revenue	19,747.2	19,681.4	-65.7
Shared Services Fund	-32.7	-32.7	0.0
Rainy Day Fund	-40.9	-40.6	0.3
Net GF Revenue	19,673.6	19,608.1	-65.4
Lottery Resources*	1,260.7	1,278.9	18.2
Net Combined Revenue	20,934.3	20,887.1	-47.2

* All lottery resources including dedicated funds

2019-21

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	September 2015 Forecast	December 2015 Forecast	Difference
Personal	19,404.5	19,413.4	8.9
Corporate	1,110.0	1,073.8	-36.2
Other	1,152.3	1,151.3	-1.0
Gross GF Revenue	21,666.8	21,638.5	-28.2
Shared Services Fund	-32.8	-32.8	0.0
Rainy Day Fund	-43.6	-41.5	2.1
Net GF Revenue	21,590.4	21,564.3	-26.1
Lottery Resources*	1,339.3	1,360.7	21.4
Net Combined Revenue	22,929.7	22,925.0	-4.7

* All lottery resources including dedicated funds

2021-23

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	September 2015 Forecast	December 2015 Forecast	Difference
Personal	21,364.8	21,466.0	101.2
Corporate	1,141.7	1,115.4	-26.3
Other	1,211.8	1,209.4	-2.4
Gross GF Revenue	23,718.3	23,790.8	72.5
Shared Services Fund	-32.9	-32.9	0.0
Rainy Day Fund	-47.2	-42.0	5.3
Net GF Revenue	23,638.3	23,716.0	77.7
Lottery Resources*	1,424.6	1,446.5	21.9
Net Combined Revenue	25,062.8	25,162.4	99.6

* All lottery resources including dedicated funds

2023-25

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	September 2015 Forecast	December 2015 Forecast	Difference
Personal	23,329.9	23,469.8	139.8
Corporate	1,287.6	1,167.1	-120.5
Other	1,264.7	1,262.8	-2.0
Gross GF Revenue	25,882.3	25,899.6	17.3
Shared Services Fund	-32.9	-32.9	0.0
Rainy Day Fund	-46.2	-42.8	3.4
Net GF Revenue	25,803.1	25,823.9	20.8
Lottery Resources*	1,513.9	1,537.3	23.4
Net Combined Revenue	27,317.1	27,361.2	44.1

* All lottery resources including dedicated funds

Biennial Net Revenue Growth: 1993 - 2021

	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	12.8%	1.8%	14.7%	12.2%
2015-17 to 2017-19	11.5%	-6.3%	-9.1%	9.0%
2017-19 to 2019-21	10.9%	-2.0%	7.1%	10.0%
2019-21 to 2021-23	10.6%	4.0%	5.0%	10.0%
2021-23 to 2023-25	9.3%	4.7%	4.4%	8.9%