

STATE OF OREGON  
**LEGISLATIVE REVENUE OFFICE**

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## LRO FORECAST SUMMARY

**March 2019**

### NEW FACTS SINCE THE LAST FORECAST

	4th Qtr 2018 Forecast	4th Qtr 2018 Actuals	Difference
Employment	1,924,560	1,920,358	-4,202
Personal Income (\$ billion)	212.5	213.1	0.6
Personal Income Tax (\$ million)			
Withholding	1,976.2	2,039.1	62.9
Other Payments less Refunds	58.3	105.0	46.6
Total	2,034.5	2,144.1	109.6
Corporate Income Tax	64.5	184.8	120.3

#### NEW FACTS

- Fourth Quarter personal income tax collections were up \$109.6 million (5.4%) from the December 2018 forecast.
- Fourth Quarter corporate income tax collections were up \$120.3 million (186.5%) from the December 2018 forecast.
- Oregon personal income was \$0.6 billion (0.3%) above the December 2018 forecast.
- Oregon employment was 4,202 jobs (-0.2%) below the December 2018 forecast.

## 2017-19

### CHANGE FROM CLOSE OF SESSION (\$ Million)

General Fund Resources	Close of Session	March 2019 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	17,840.9	693.6
Corporate	1,077.0	1,429.8	352.8
Other	1,327.6	1,382.5	54.9
Gross GF Revenue	19,551.9	20,653.2	1,101.2
Shared Services Fund	-33.0	-33.0	0.0
Rainy Day Fund	-42.5	-42.0	0.5
Net GF Revenue	19,476.5	20,578.2	1,101.8
Lottery Resources**	1,331.9	1,497.5	165.6
Anticipated Administrative Actions***	-21.5	-21.5	0.0
<b>Net GF and Lottery Resources</b>	<b>21,387.6</b>	<b>22,875.3</b>	<b>1,487.6</b>

\*\* 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 \$693.6 (4.0%) million from the 2017 COS estimate.
- Corporate tax revenue is up \$352.8 million (32.8%) from the 2017 COS estimate.
- General Fund gross revenue is up \$1,102.2 million (5.6%) from the 2017 COS estimate.
- Net GF and Lottery resources are up \$1,487.6 million (7.0%) from the 2017 COS estimate.

### EFFECT ON 2% KICKER (\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	March 2019 Forecast	Amount +/- Kicker Threshold
Personal & Other	18,475.0	18,844.5	19,223.4	379.0
Corporation*	1,059.0	1,080.2	1,411.8	331.6

\* 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 \$748.5 million is projected for 2019-21.

**CORPORATE:** Corporate tax revenue of \$352.8 million is projected to be dedicated to K-12 education spending in 2019-21.

<b>2017-19</b>
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**CHANGE FROM PRIOR FORECAST**  
**(\$ Million)**

<b>Combined Revenue</b>	December 2018 Forecast	March 2019 Forecast	Difference
Beginning Balance	1,000.4	1,000.4	0.0
Transfer to Rainy Day Fund	-179.4	-179.4	0.0
Personal	17,804.7	17,840.9	36.3
Corporate	1,306.6	1,429.8	123.2
Other	1,394.7	1,382.5	-12.2
Gross GF Revenue	20,505.9	20,653.2	147.2
Shared Services Fund	-33.0	-33.0	0.0
Rainy Day Fund	-38.8	-42.0	-3.2
Net GF Revenue	20,434.2	20,578.2	144.1
Administrative Actions*	-21.5	-21.5	0.0
Net General Fund Resources	21,233.6	21,377.7	144.1
Lottery Resources**	1,493.8	1,497.5	3.8
Net Combined Resources	22,727.4	22,875.3	147.8

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

\*\* All lottery resources including dedicated funds.

<b>REVENUE CHANGES</b>
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- Projected 2017-19 Net General Fund resources are up \$144.1 million (0.7%) from the December 2018 forecast.
- Projected 2017-19 Lottery resources are up \$3.8 million (0.3%) from the December 2018 forecast.
- Projected combined net General Fund and Lottery resources are up \$147.8 million (0.7%) from the December 2018 forecast.

<b>2017-19</b>
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## EFFECT ON ENDING BALANCE

Current vs. Close of Session  
(\$ Million)

General Fund	Close of Session	March 2019 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	20,578.2	1,101.8
Administrative Actions	-21.5	-21.5	0.0
Total Resources	20,055.7	21,377.7	1,322.0
Expenditures	19,858.8	19,925.8	67.0
Ending Balance	196.9	1,452.0	1,255.0
Rainy Day Fund Transfer	196.9	199.3	2.3
Remaining Balance	0.0	1,252.7	1,252.7

<b>ENDING BALANCE</b>
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- The projected ending balance is up \$1,255.0 million from the 2017 Close-of-Session estimate.
- The projected ending balance is up \$144.1 million from the December 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	December 2018 Forecast	March 2019 Forecast	Difference
Beginning Balance	1,000.4	1,000.4	0.0
Transfer to Rainy Day Fund	-179.4	-179.4	0.0
Revenue	20,434.2	20,578.2	144.1
Administrative Actions	-21.5	-21.5	0.0
Total Resources	21,233.6	21,377.7	144.1
Expenditures	19,925.8	19,925.8	0.0
Ending Balance	1,307.9	1,452.0	144.1
Rainy Day Fund Transfer	199.3	199.3	0.0
Remaining Balance	1,108.6	1,252.7	144.1

<b>2017-19</b>
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<b>Reserve Fund Position</b>				
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	Education Stability Fund *	Rainy Day Fund	General Fund	Reserves Available
	(\$ Millions)			
Beginning Balance	\$384.2	\$376.4		\$760.6
Deposits	\$233.7	\$179.4		\$413.1
Interest	\$22.5	\$39.6		\$62.1
Withdrawals	\$22.5	\$0.0		\$22.5
Projected Ending Balance	\$617.9	\$595.4	\$1,452.0	\$2,665.2

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

<b>2019-21</b>
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**CHANGE FROM PRIOR FORECAST**  
(\$ Million)

Combined Revenue	December 2018 Forecast	March 2019 Forecast	Difference
Beginning Balance	1,307.9	1,452.0	144.1
Transfer to Rainy Day Fund	-199.3	-199.3	0.0
Personal	19,057.8	18,919.1	-138.7
Corporate	1,129.6	1,199.6	69.9
Other	1,326.3	1,313.8	-12.5
Gross GF Revenue	21,513.8	21,432.5	-81.3
Shared Services Fund	-33.1	-33.1	0.0
Rainy Day Fund	-44.1	-45.3	-1.3
PERS UAL Fund	-101.5	-101.5	0.0
Net GF Revenue	21,335.2	21,252.6	-82.5
Net General Fund Resources	22,443.8	22,505.3	61.5
Lottery Resources*	1,487.7	1,493.8	6.1
Net Combined Resources	23,931.5	23,999.1	67.7

\* All lottery resources including dedicated funds

<b>2021-23</b>
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**CHANGE FROM PRIOR FORECAST**  
(\$ Million)

Combined Revenue	December 2018 Forecast	March 2019 Forecast	Difference
Personal	22,067.5	22,002.6	-65.0
Corporate	1,292.1	1,332.6	40.5
Other	1,368.5	1,354.1	-14.4
Gross GF Revenue	24,728.1	24,689.2	-38.8
Shared Services Fund	-33.2	-33.2	0.0
Rainy Day Fund	-48.5	-50.1	-1.6
Net GF Revenue	24,646.4	24,606.0	-40.5
Lottery Resources*	1,547.9	1,551.6	3.7
Net Combined Revenue	26,194.3	26,157.6	-36.7

\* All lottery resources including dedicated funds

<b>2023-25</b>
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**CHANGE FROM PRIOR FORECAST**  
(\$ Million)

Combined Revenue	December 2018 Forecast	March 2019 Forecast	Difference
Personal	24,078.0	24,089.7	11.6
Corporate	1,408.1	1,474.5	66.4
Other	1,441.4	1,425.8	-15.6
Gross GF Revenue	26,927.6	26,990.1	62.4
Shared Services Fund	-33.3	-33.3	0.0
Rainy Day Fund	-50.6	-52.4	-1.7
Net GF Revenue	26,843.7	26,904.4	60.7
Lottery Resources*	1,657.2	1,657.8	0.6
Net Combined Revenue	28,500.9	28,562.2	61.3

\* All lottery resources including dedicated funds

<b>2025-27</b>
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**CHANGE FROM PRIOR FORECAST**  
(\$ Million)

Combined Revenue	December 2018 Forecast	March 2019 Forecast	Difference
Personal	26,128.6	26,133.5	4.9
Corporate	1,593.3	1,674.6	81.3
Other	1,520.1	1,502.2	-17.9
Gross GF Revenue	29,241.9	29,310.2	68.3
Shared Services Fund	-33.4	-33.4	0.0
Rainy Day Fund	-54.6	-56.4	-1.8
Net GF Revenue	29,153.9	29,220.4	66.5
Lottery Resources*	1,751.9	1,751.0	-0.8
Net Combined Revenue	30,905.7	30,971.5	65.7

\* All lottery resources including dedicated funds

<b>Biennial Net Revenue Growth: 1993 - 2027</b>
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	Personal	Corporate	Other	Total
<b>1993-95 to 1995-97</b>	17.1%	18.8%	28.4%	18.3%
<b>1995-97 to 1997-99</b>	13.0%	-13.9%	-17.6%	7.7%
<b>1997-99 to 1999-01</b>	22.6%	28.2%	2.8%	21.5%
<b>1999-01 to 2001-03</b>	-11.9%	-44.4%	97.9%	-7.5%
<b>2001-03 to 2003-05</b>	16.8%	52.5%	-35.4%	11.4%
<b>2003-05 to 2005-07</b>	22.8%	31.7%	6.4%	22.1%
<b>2005-07 to 2007-09</b>	-8.6%	-18.9%	10.2%	-8.0%
<b>2007-09 to 2009-11</b>	3.7%	20.9%	29.8%	6.8%
<b>2009-11 to 2011-13</b>	15.7%	6.8%	-4.1%	13.1%
<b>2011-13 to 2013-15</b>	14.8%	25.0%	-12.4%	13.2%
<b>2013-15 to 2015-17</b>	15.4%	8.1%	25.2%	15.5%
<b>2015-17 to 2017-19</b>	11.0%	16.2%	7.2%	11.1%
<b>2017-19 to 2019-21</b>	6.1%	-24.1%	-5.0%	3.3%
<b>2019-21 to 2021-23</b>	16.3%	21.8%	3.1%	15.8%
<b>2021-23 to 2023-25</b>	9.5%	10.9%	5.3%	9.3%
<b>2023-25 to 2025-27</b>	8.5%	13.8%	5.4%	8.6%