

STATE OF OREGON
LEGISLATIVE REVENUE OFFICE

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LRO FORECAST SUMMARY

June 2019

NEW FACTS SINCE THE LAST FORECAST

	1st Qtr 2019 Forecast	1st Qtr 2019 Actuals	Difference
Employment	1,937,091	1,938,676	1,585
Personal Income (\$ billion)	216.0	215.4	-0.6
Personal Income Tax (\$ million)			
Withholding	2,104.1	2,079.9	-24.2
Other Payments less Refunds	-264.8	1.1	266.0
Total	1,839.3	2,081.0	241.8
Corporate Income Tax	41.2	102.6	61.4

NEW FACTS

- First Quarter personal income tax collections were up \$241.8 million (13.1%) from the March 2019 forecast.
- First Quarter corporate income tax collections were up \$61.4 million (149.0%) from the March 2019 forecast.
- Oregon personal income was \$0.6 billion (-0.3%) below the March 2019 forecast.
- Oregon employment was 1,585 jobs (0.1%) above the March 2019 forecast.

2017-19

CHANGE FROM CLOSE OF SESSION (\$ Million)

General Fund Resources	Close of Session	June 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	18,587.0	1,439.7
Corporate	1,077.0	1,692.9	615.9
Other	1,327.6	1,298.2	-29.4
Gross GF Revenue	19,551.9	21,578.1	2,026.2
Shared Services Fund	-33.0	-42.2	-9.3
Rainy Day Fund	-42.5	-82.1	-39.6
Net GF Revenue	19,476.5	21,453.8	1,977.3
Lottery Resources**	1,331.9	1,511.4	179.5
Anticipated Administrative Actions***	-21.5	-10.4	11.1
Net GF and Lottery Resources	21,387.6	23,775.8	2,388.1

** 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 \$1,439.7 (8.4%) million from the 2017 COS estimate.
- Corporate tax revenue is up \$615.9 million (57.2%) from the 2017 COS estimate.
- General Fund gross revenue is up \$2,026.2 million (10.4%) from the 2017 COS estimate.
- Net GF and Lottery resources are up \$2,388.1 million (11.2%) from the 2017 COS estimate.

EFFECT ON 2% KICKER (\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	June 2019 Forecast	Amount +/- Kicker Threshold
Personal & Other	18,475.0	18,844.5	19,885.3	1,040.8
Corporation*	1,059.0	1,080.2	1,674.9	594.7

* 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 \$1,410.3 million is projected for 2019-21.

CORPORATE: Corporate tax revenue of \$615.9 million is projected to be dedicated to K-12 education spending in 2019-21.

2017-19

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	March 2019 Forecast	June 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	17,840.9	18,587.0	746.1
Corporate	1,429.8	1,692.9	263.1
Other	1,382.5	1,298.2	-84.3
Gross GF Revenue	20,653.2	21,578.1	925.0
Shared Services Fund	-33.0	-42.2	-9.3
Rainy Day Fund	-42.0	-82.1	-40.2
Net GF Revenue	20,578.2	21,453.8	875.5
Administrative Actions*	-21.5	-10.4	11.1
Net General Fund Resources	21,377.7	22,264.3	886.6
Lottery Resources**	1,497.5	1,511.4	13.9
Net Combined Resources	22,875.3	23,775.8	900.5

* 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 \$875.5 million (4.3%) from the March 2019 forecast.
- Projected 2017-19 Lottery resources are up \$13.9 million (0.9%) from the March 2019 forecast.
- Projected combined net General Fund and Lottery resources are up \$900.5 million (3.9%) from the March 2019 forecast.

2017-19

EFFECT ON ENDING BALANCE

Current vs. Close of Session
(\$ Million)

General Fund	Close of Session	June 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	21,453.8	1,977.3
Administrative Actions	-21.5	-10.4	11.1
Total Resources	20,055.7	22,264.3	2,208.6
Expenditures	19,858.8	19,942.7	83.9
Ending Balance	196.9	2,321.6	2,124.7
Rainy Day Fund Transfer	196.9	199.4	2.5
Remaining Balance	0.0	2,122.2	2,122.2

ENDING BALANCE

- The projected ending balance is up \$2,124.7 million from the 2017 Close-of-Session estimate.
- The projected ending balance is up \$869.7 million from the March 2019 forecast.
- The Rainy Day Fund is projected to receive \$199.4 million following the 2017-19 biennium.

Current vs. Prior Forecast
(\$ Million)

General Fund	March 2019 Forecast	June 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	20,578.2	21,453.8	875.5
Administrative Actions	-21.5	-10.4	11.1
Total Resources	21,377.7	22,264.3	886.6
Expenditures	19,925.8	19,942.7	16.9
Ending Balance	1,452.0	2,321.6	869.7
Rainy Day Fund Transfer	199.3	199.4	0.2
Remaining Balance	1,252.7	2,122.2	869.5

2017-19

Reserve Fund Position

	Education Stability Fund *	Rainy Day Fund	General Fund	Reserves Available
	(\$ Millions)			
Beginning Balance	\$384.2	\$376.4		\$760.6
Deposits	\$235.9	\$195.6		\$431.5
Interest	\$22.4	\$23.3		\$45.7
Withdrawals	\$22.4	\$0.0		\$22.4
Projected Ending Balance	\$620.1	\$595.3	\$2,321.6	\$3,537.0

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

2019-21

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	March 2019 Forecast	June 2019 Forecast	Difference
Beginning Balance	1,452.0	2,321.6	869.7
Transfer to Rainy Day Fund	-199.3	-199.4	-0.2
Personal	18,919.1	18,705.1	-214.1
Corporate	1,199.6	1,245.8	46.2
Other	1,313.8	1,372.9	59.0
Gross GF Revenue	21,432.5	21,323.7	-108.8
Shared Services Fund	-33.1	-45.3	-12.2
Rainy Day Fund	-45.3	-56.8	-11.4
PERS UAL Fund	-101.5	-101.5	0.0
Net GF Revenue	21,252.6	21,120.2	-132.4
Net General Fund Resources	22,505.3	23,242.4	737.1
Lottery Resources*	1,493.8	1,527.2	33.4
Net Combined Resources	23,999.1	24,769.6	770.5

* All lottery resources including dedicated funds

2021-23

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	March 2019 Forecast	June 2019 Forecast	Difference
Personal	22,002.6	22,286.7	284.1
Corporate	1,332.6	1,420.1	87.5
Other	1,354.1	1,399.2	45.1
Gross GF Revenue	24,689.2	25,105.9	416.7
Shared Services Fund	-33.2	-50.0	-16.9
Rainy Day Fund	-50.1	-64.7	-14.6
Net GF Revenue	24,606.0	24,991.2	385.2
Lottery Resources*	1,551.6	1,575.5	23.8
Net Combined Revenue	26,157.6	26,566.7	409.1

* All lottery resources including dedicated funds

2023-25

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	March 2019 Forecast	June 2019 Forecast	Difference
Personal	24,089.7	24,274.2	184.6
Corporate	1,474.5	1,559.7	85.2
Other	1,425.8	1,465.6	39.8
Gross GF Revenue	26,990.1	27,299.6	309.5
Shared Services Fund	-33.3	-48.8	-15.5
Rainy Day Fund	-52.4	-71.1	-18.7
Net GF Revenue	26,904.4	27,179.7	275.3
Lottery Resources*	1,657.8	1,703.9	46.1
Net Combined Revenue	28,562.2	28,883.6	321.5

* All lottery resources including dedicated funds

2025-27

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	March 2019 Forecast	June 2019 Forecast	Difference
Personal	26,133.5	26,261.3	127.8
Corporate	1,674.6	1,774.2	99.6
Other	1,502.2	1,537.3	35.1
Gross GF Revenue	29,310.2	29,572.7	262.5
Shared Services Fund	-33.4	-49.3	-15.9
Rainy Day Fund	-56.4	-80.8	-24.4
Net GF Revenue	29,220.4	29,442.6	222.2
Lottery Resources*	1,751.0	1,804.0	53.0
Net Combined Revenue	30,971.5	31,246.6	275.2

* 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	15.6%	34.8%	0.7%	15.8%
2017-19 to 2019-21	0.6%	-32.5%	5.8%	-1.6%
2019-21 to 2021-23	19.2%	24.6%	1.9%	18.3%
2021-23 to 2023-25	8.9%	9.8%	4.7%	8.8%
2023-25 to 2025-27	8.2%	13.8%	4.9%	8.3%