



# Oregon

## March 2014 Economic & Revenue Outlook

February 12, 2014

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Office of Economic Analysis



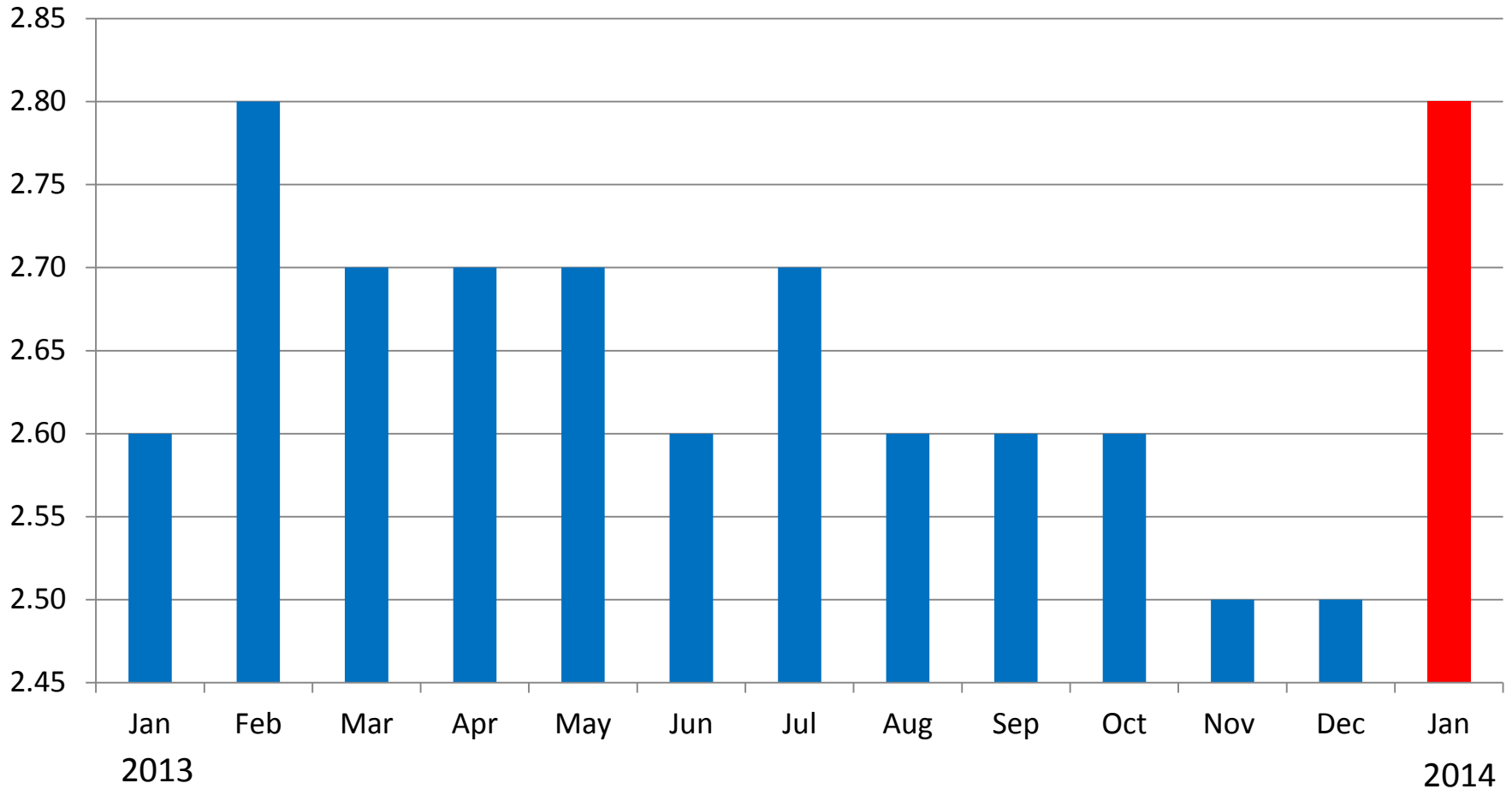
# Oregon

## Economic Outlook



# Economic Outlook Changes

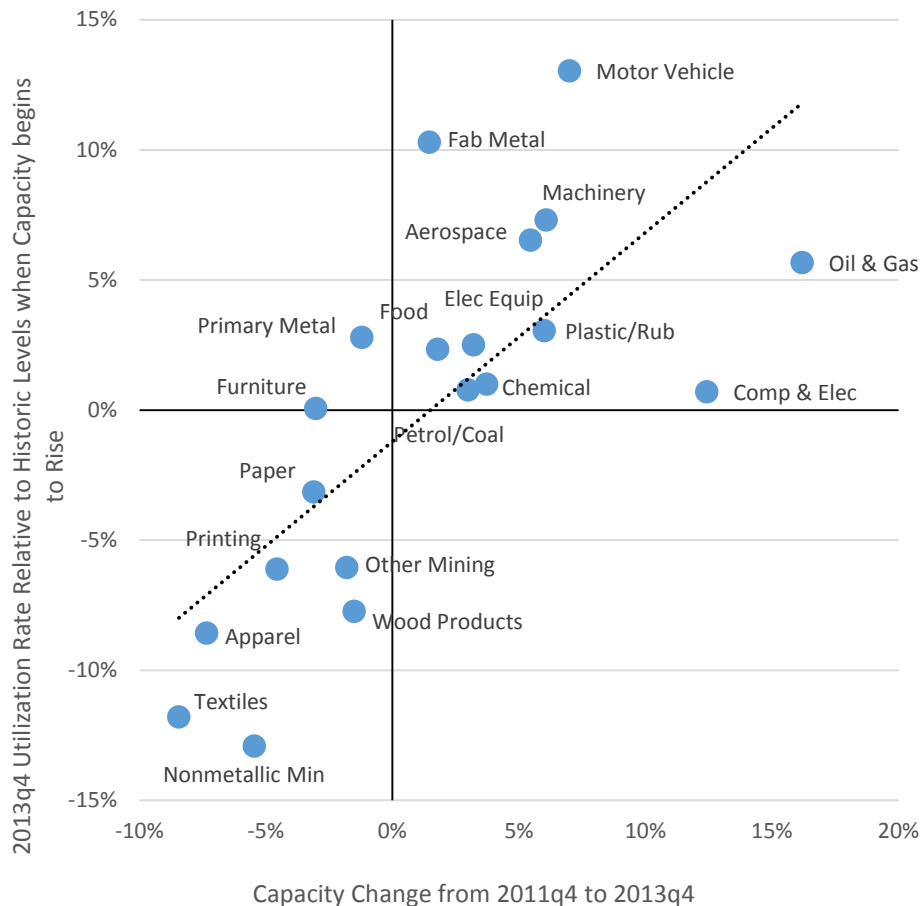
**Blue Chip Consensus: 2014 Real GDP Growth**





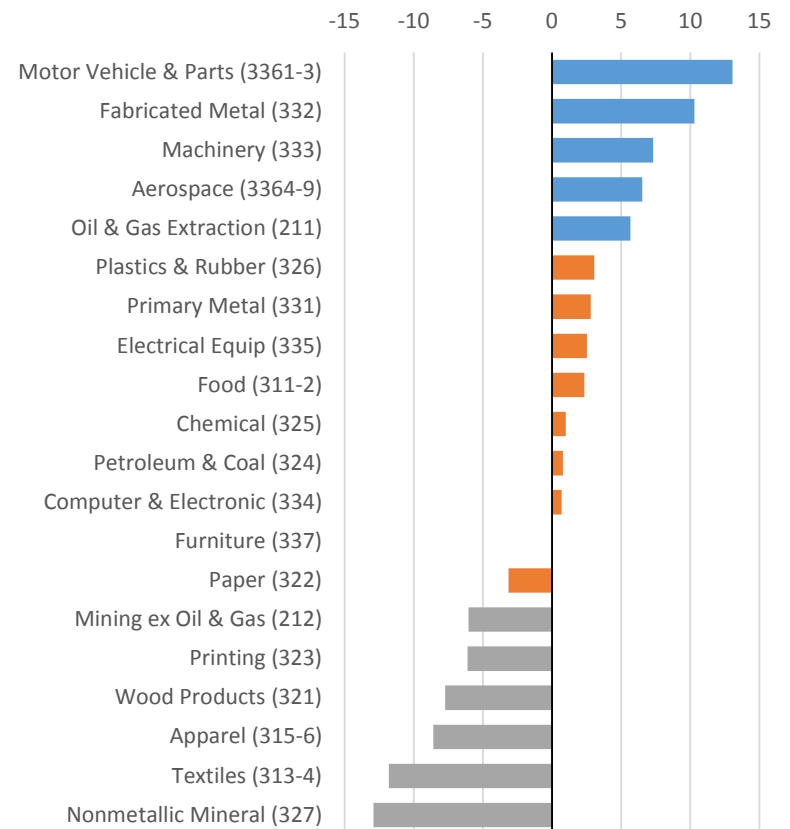
# Businesses Profitable and Reaching Capacity

### Constrained Industries Adding to Capacity



### Capacity Constrained Industries

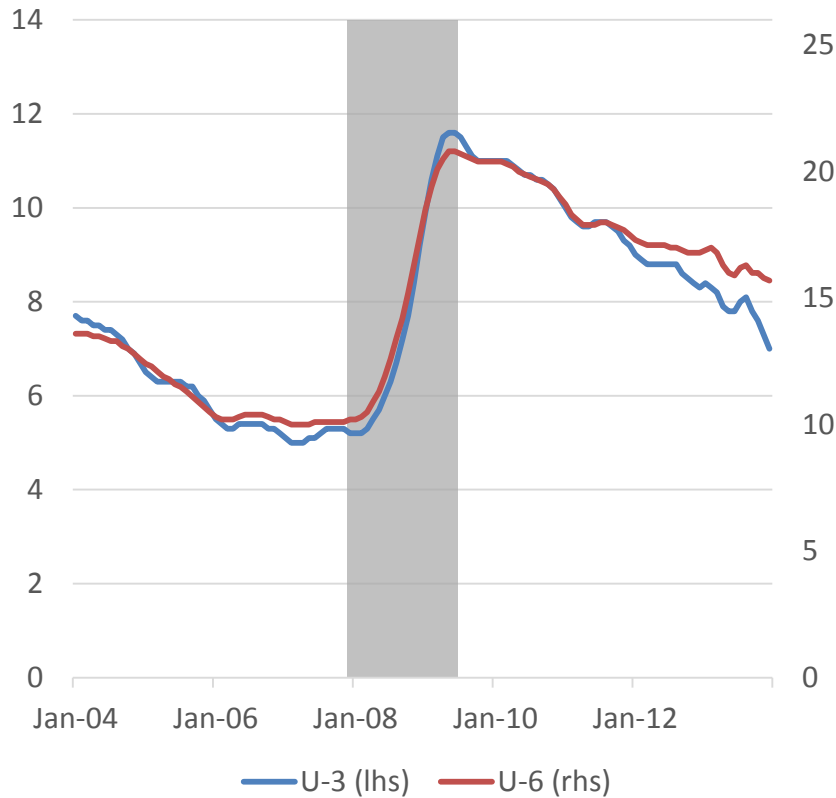
Current Capacity Utilization Rate Relative to Historic Rates When Capacity Begins to Increase



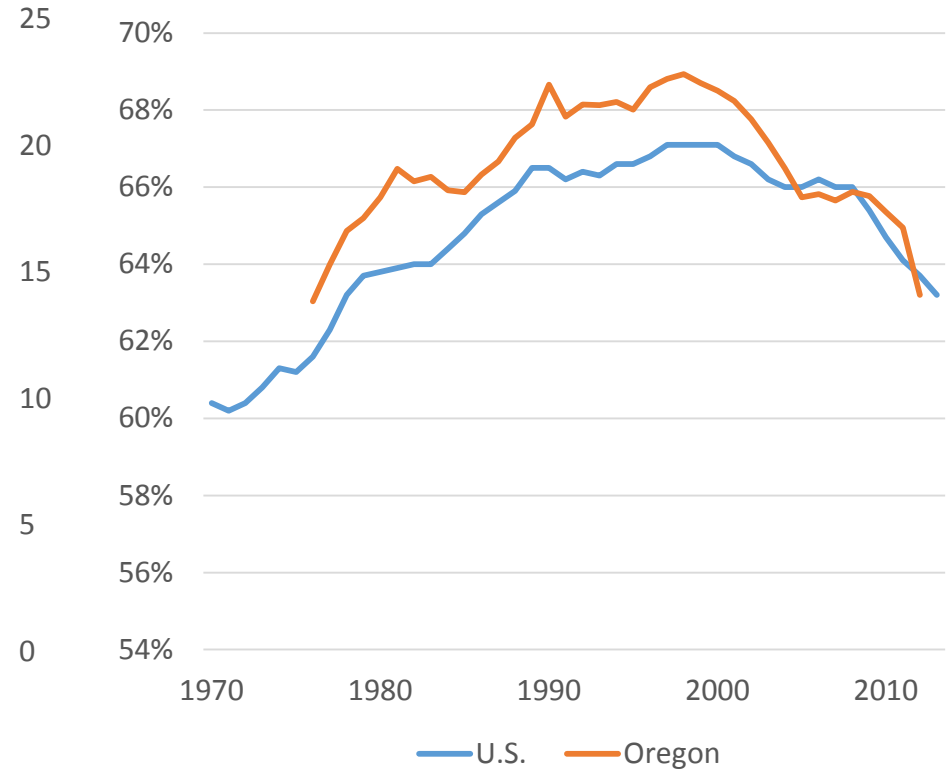


# How Worried Should We Be?

### Oregon's Unemployment Rate(s)



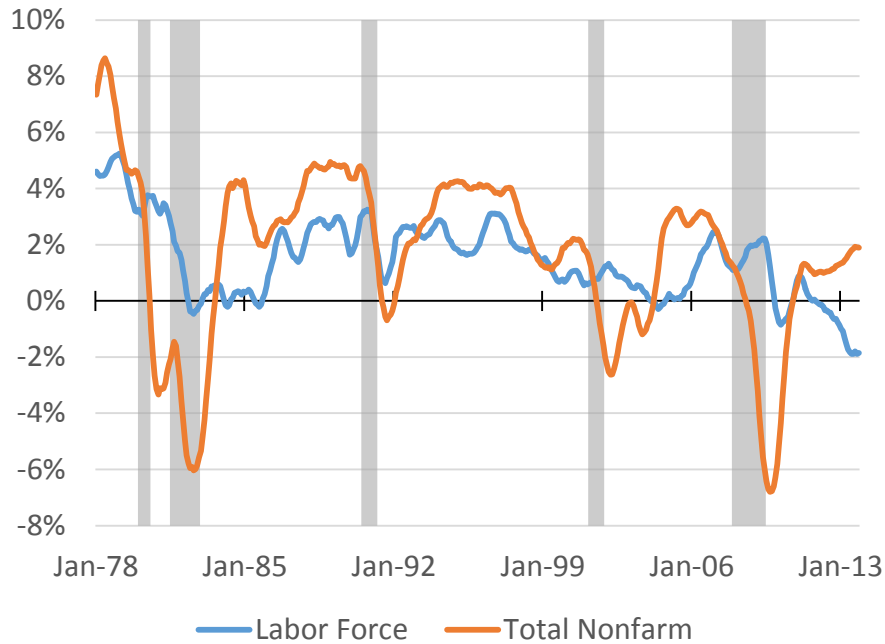
### Labor Force Participation Rate 16 years and older



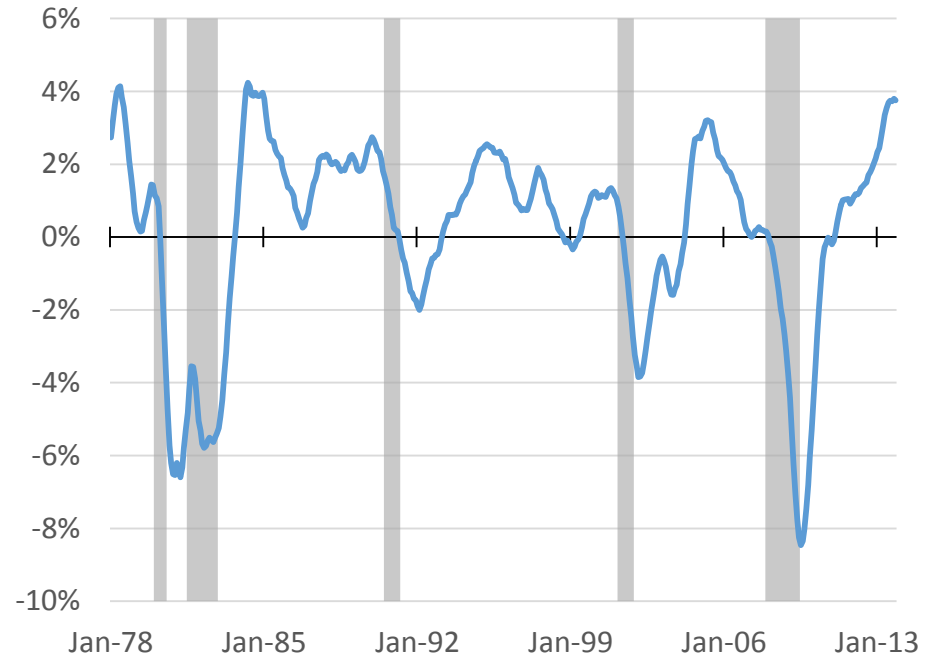


# Labor Supply Response Expected

Oregon's Labor Market  
6 MMA, Year-over-Year Growth



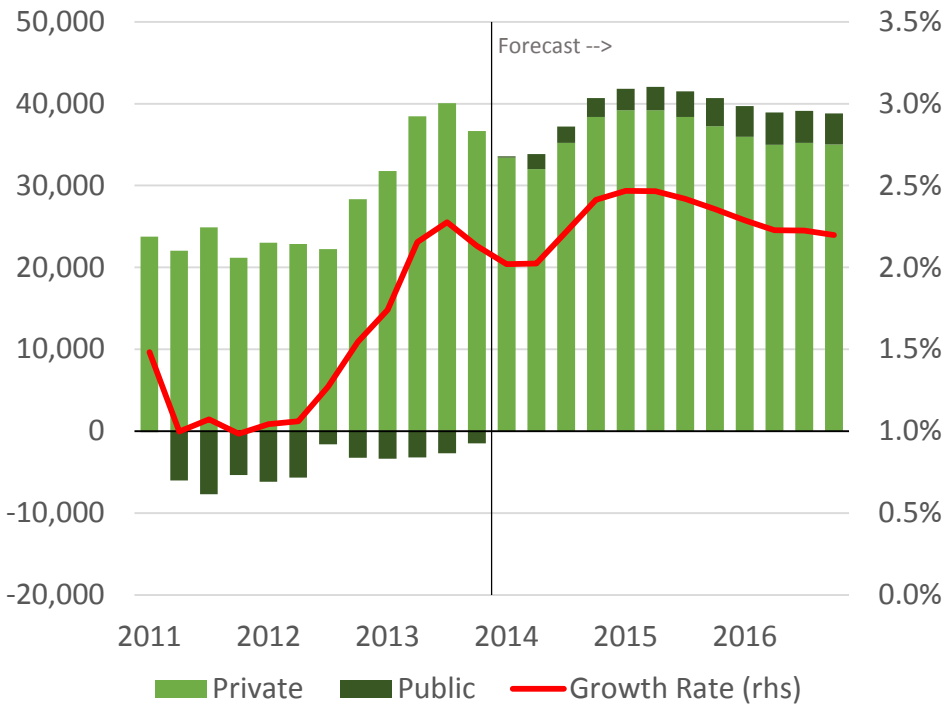
Labor Force Growth on the Way?  
Oregon Job Growth Minus Labor Force Growth



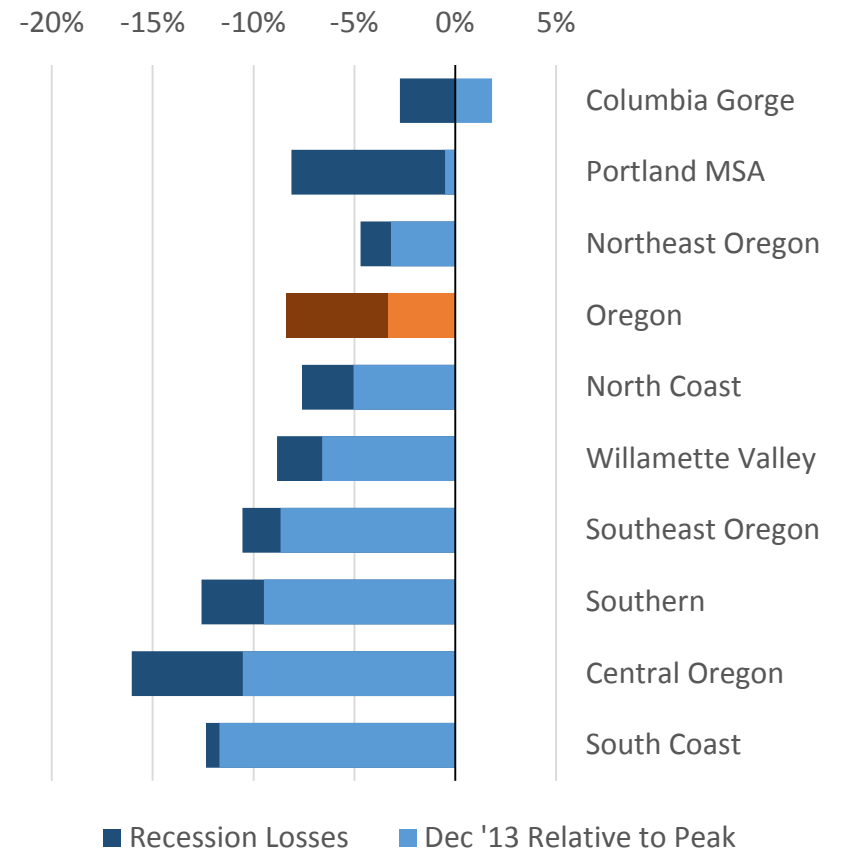


# Job Growth in Oregon

Oregon Employment  
Year-over-Year Job Gains



Employment by Region Over the Great Recession

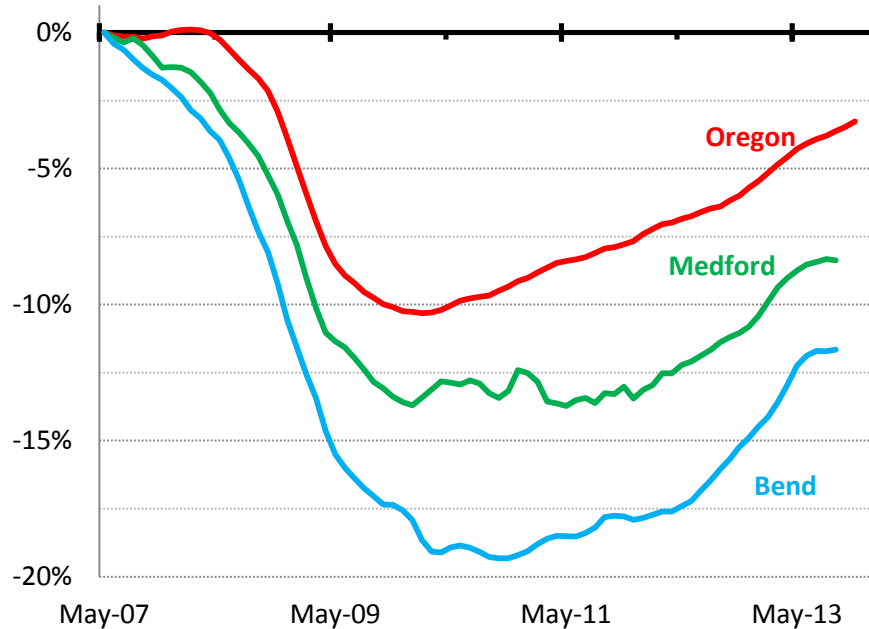




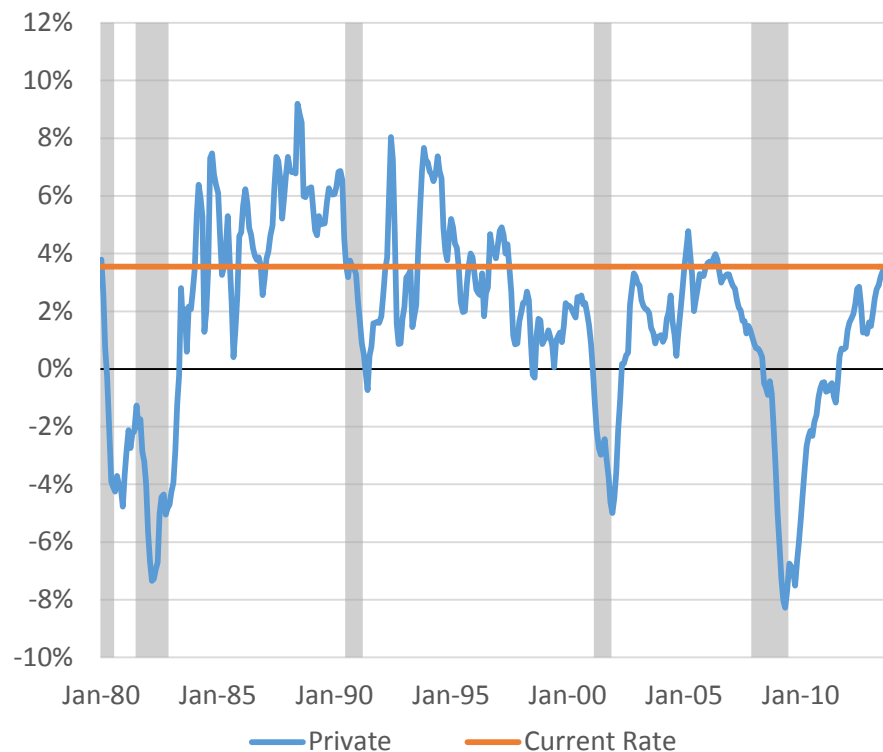
# Bend and Medford slow some, but the party has reached Salem

### Private Sector Employment

Seasonally Adjusted, 3 Month Moving Average



### Salem Private Sector Employment Growth



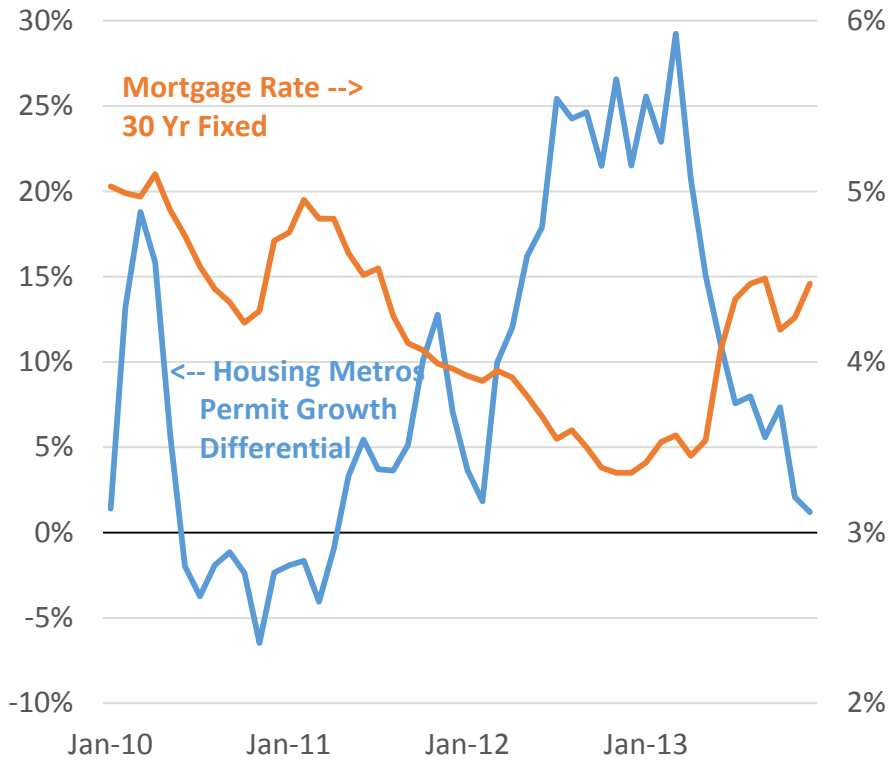




# Housing Outlook

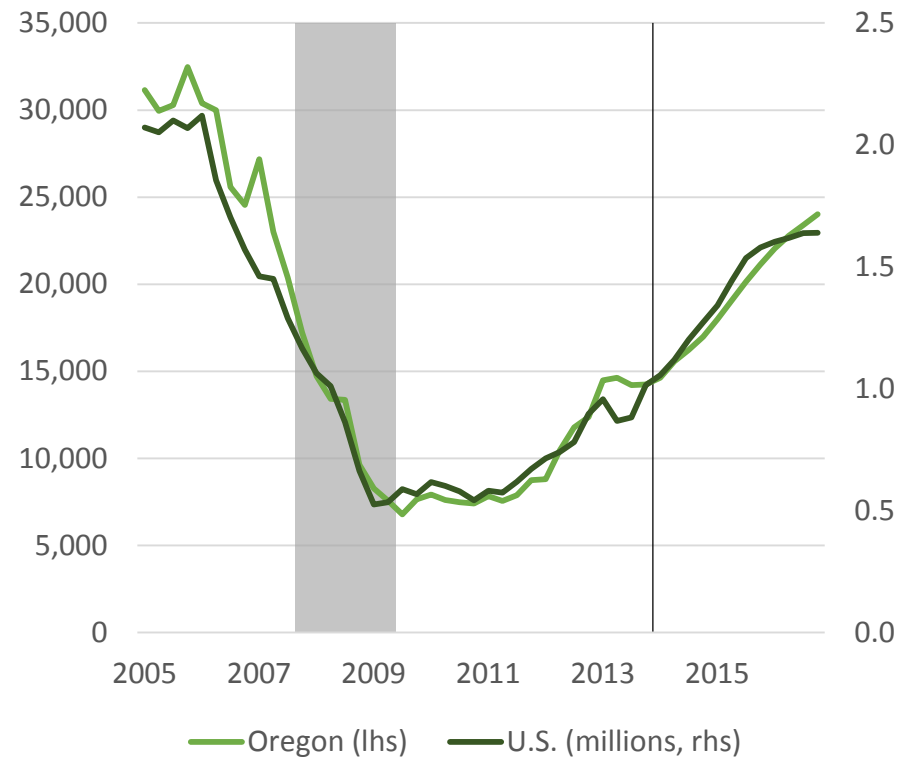
## Short Run Stall

Interest Rates Slow Housing's Rebound



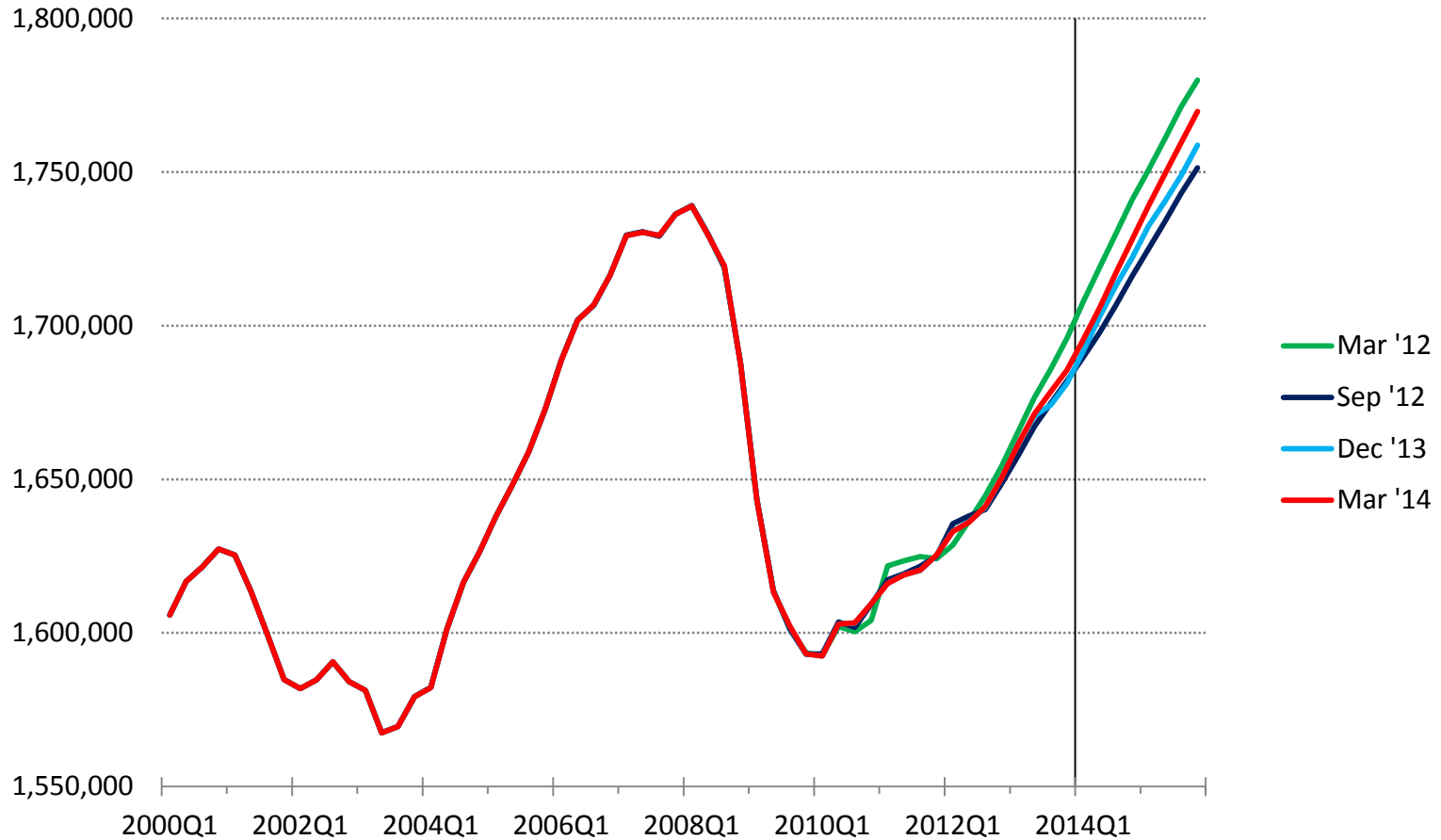
## Long Run Outlook

Housing Starts Forecast



# Outlook Remains Stable

## Oregon Total Nonfarm Employment





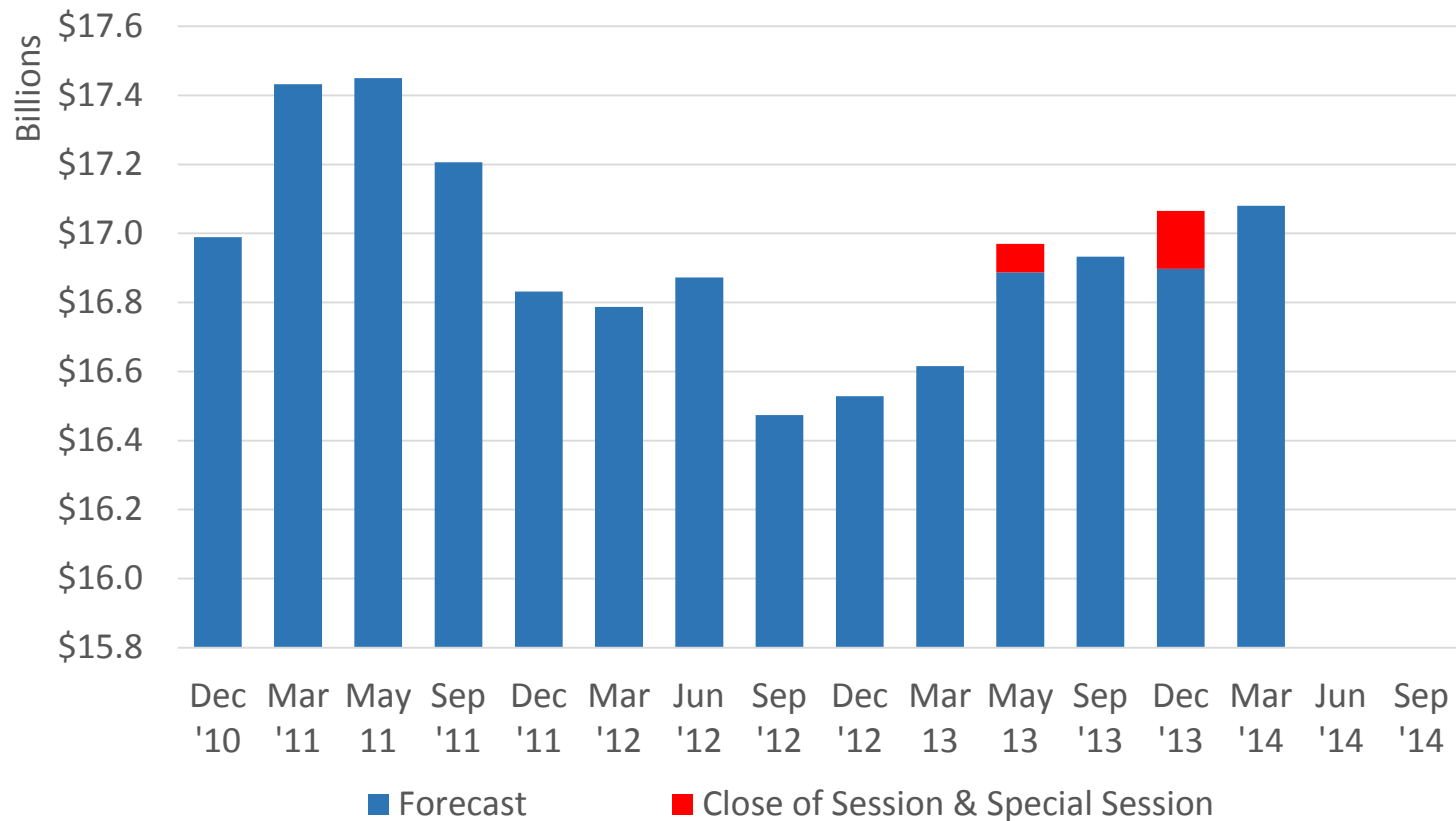
# Oregon

## Revenue Outlook



# Forecast Evolution: Improved Economic Outlook Offset by Weak Recent Tax Collections

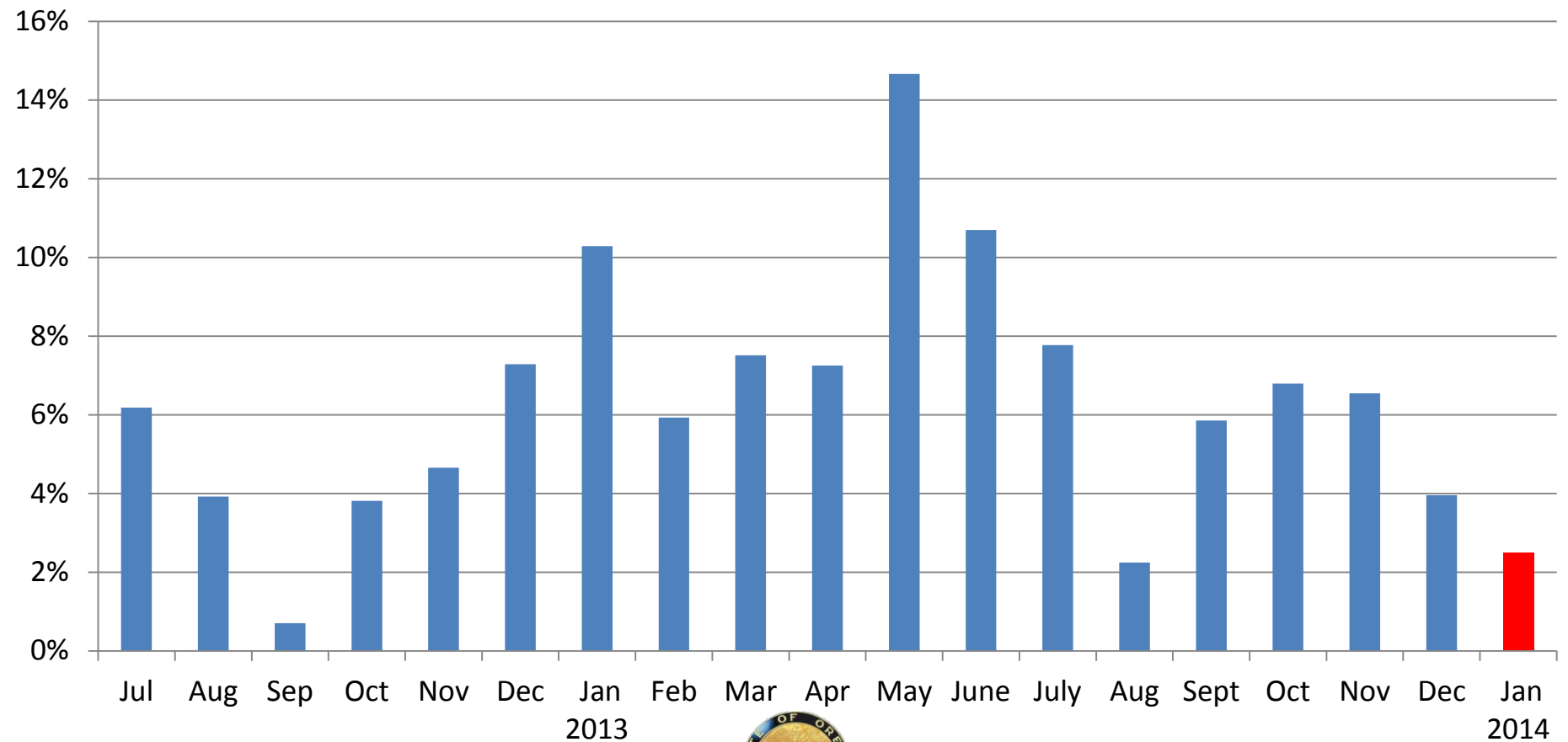
General and Lottery Fund Revenues  
2013-15 BN





# PIT Collections Stall Heading into the Peak Tax Filing Season

## Recent Personal Income Tax Collections % change over year ago, 3 month moving sum



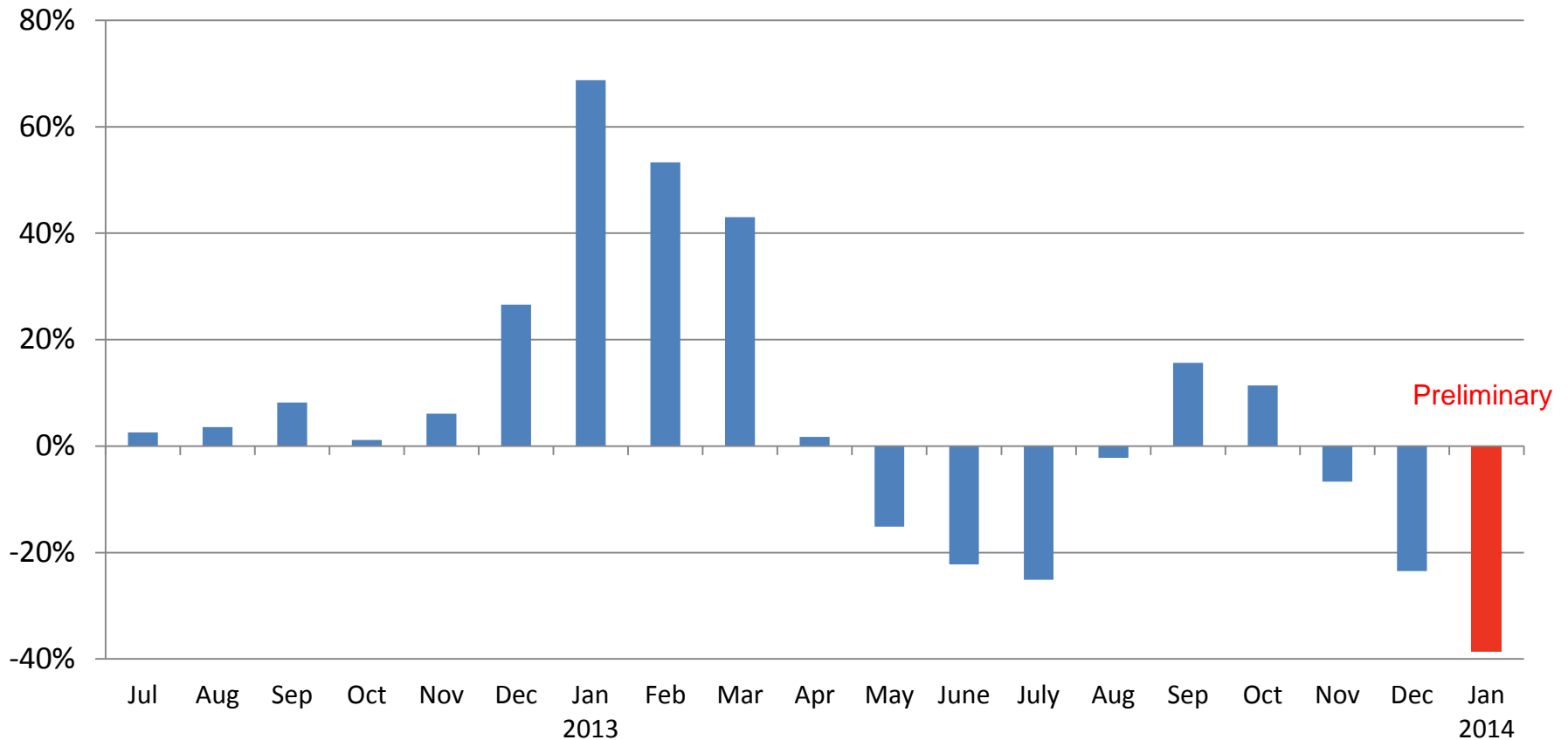
\* Preliminary

Note: Jan 2014 would be even weaker if not for IRS processing delay



# Corporate Taxes: How Far Will They Fall?

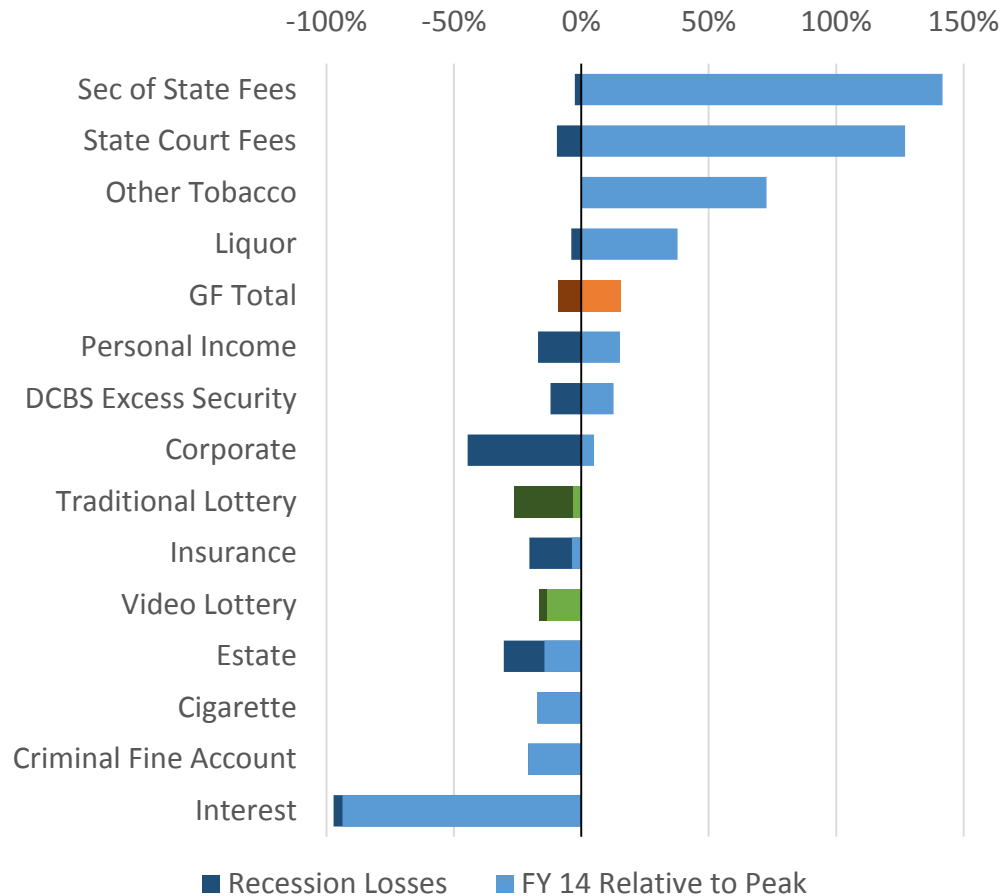
**Corporate Excise Tax Collections**  
**% change over year ago, 3 month moving sum**





# Performance of Revenue Instruments Has Varied

## Oregon Revenue and the Great Recession





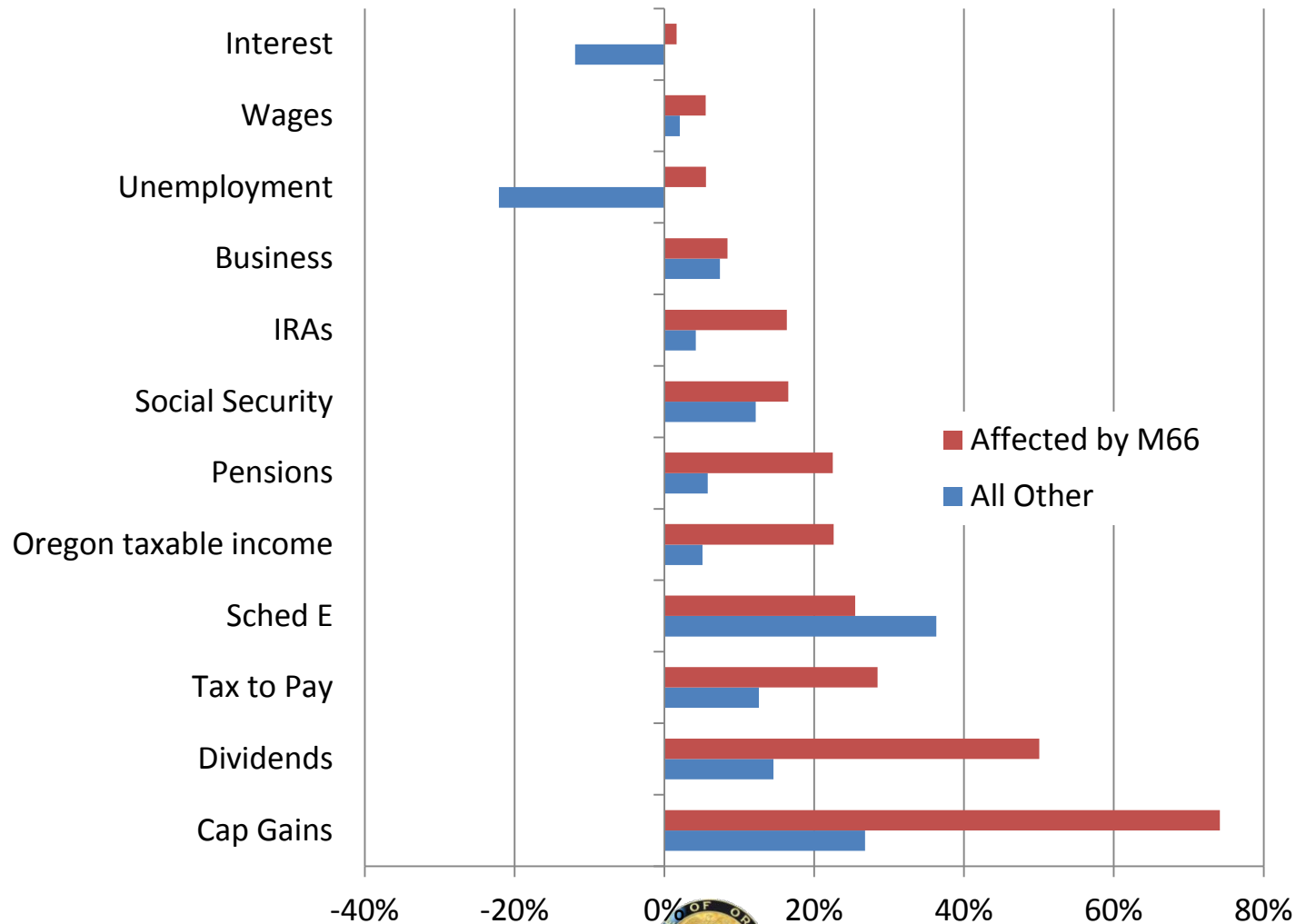
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## Personal Income Tax Issues



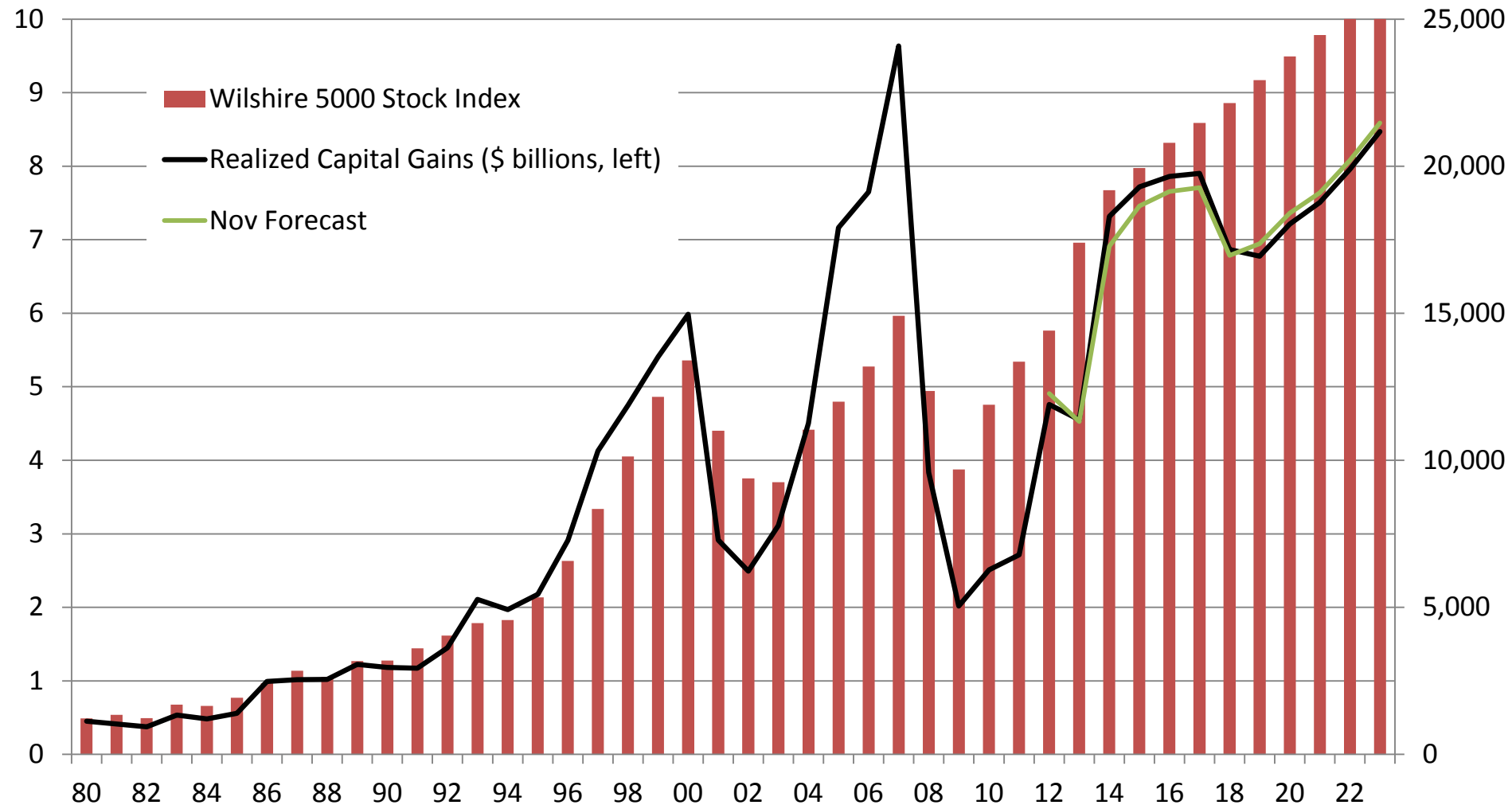


# Final Matched Returns for 2012





# Hangover Expected on 2013 Tax Returns





# Are Low Estimated Income Tax Payments a Sign of Things to Come?

<b>Tax Year</b>	<b>Dec-Jan Estimated Payments</b>	<b>Nonwage Income*</b>	<b>Q2 Final PIT Payments</b>
<b>2008</b>	<b>-28.4%</b>	<b>-35.1%</b>	<b>-45.4%</b>
<b>2009</b>	<b>-15.2%</b>	<b>-21.4%</b>	<b>-2.8%</b>
<b>2010</b>	<b>11.5%</b>	<b>11.0%</b>	<b>17.9%</b>
<b>2011</b>	<b>5.6%</b>	<b>0.6%</b>	<b>3.3%</b>
<b>2012</b>	<b>28.8%</b>	<b>35.6%</b>	<b>25.1%</b>
<b>2013</b>	<b>0.1%</b>	<b>-5.7%</b>	<b>8.4%</b>

- Nonwage income includes interest, dividends, business (Sched C), capital gains, and S Corp/Rental (Sched E)
- 2013 estimated PIT payments through January 29





# Oregon

March 2014 Revenue Forecast Details

# March 2014 General Fund Forecast Summary

Table R.1

## 2013-15 General Fund Forecast Summary

(Millions)	2013 COS Forecast	December 2013 Forecast	March 2014 Forecast	Change from Prior Forecast	Change from COS Forecast
<b>Structural Revenues</b>					
Personal Income Tax	\$13,558.2	\$13,716.1	\$13,771.6	\$55.5	\$213.4
Corporate Income Tax	\$1,056.6	\$1,030.5	\$1,005.9	-\$24.6	-\$50.7
All Other Revenues	\$1,027.9	\$1,016.3	\$1,004.4	-\$11.9	-\$23.5
<b>Gross GF Revenues</b>	<b>\$15,642.6</b>	<b>\$15,762.8</b>	<b>\$15,781.9</b>	<b>\$19.0</b>	<b>\$139.3</b>
Offsets and Transfers	-\$120.8	-\$67.5	-\$67.3	\$0.2	\$53.5
Administrative Actions <sup>1</sup>	-\$18.2	-\$13.6	-\$12.7	\$0.9	\$5.6
Legislative Actions	-\$136.9	-\$136.9	-\$136.9	\$0.0	\$0.0
<b>Net Available Resources</b>	<b>\$15,910.1</b>	<b>\$16,006.9</b>	<b>\$16,027.0</b>	<b>\$20.1</b>	<b>\$116.9</b>
<b>Confidence Intervals</b>					
67% Confidence	+/- 6.6%		<b>\$1,034.9</b>	<b>\$14.75B to \$16.82B</b>	
95% Confidence	+/- 13.1%		<b>\$2,069.9</b>	<b>\$13.71B to \$17.85B</b>	

<sup>1</sup> Reflects cost of cashflow management actions, exclusive of internal borrowing.

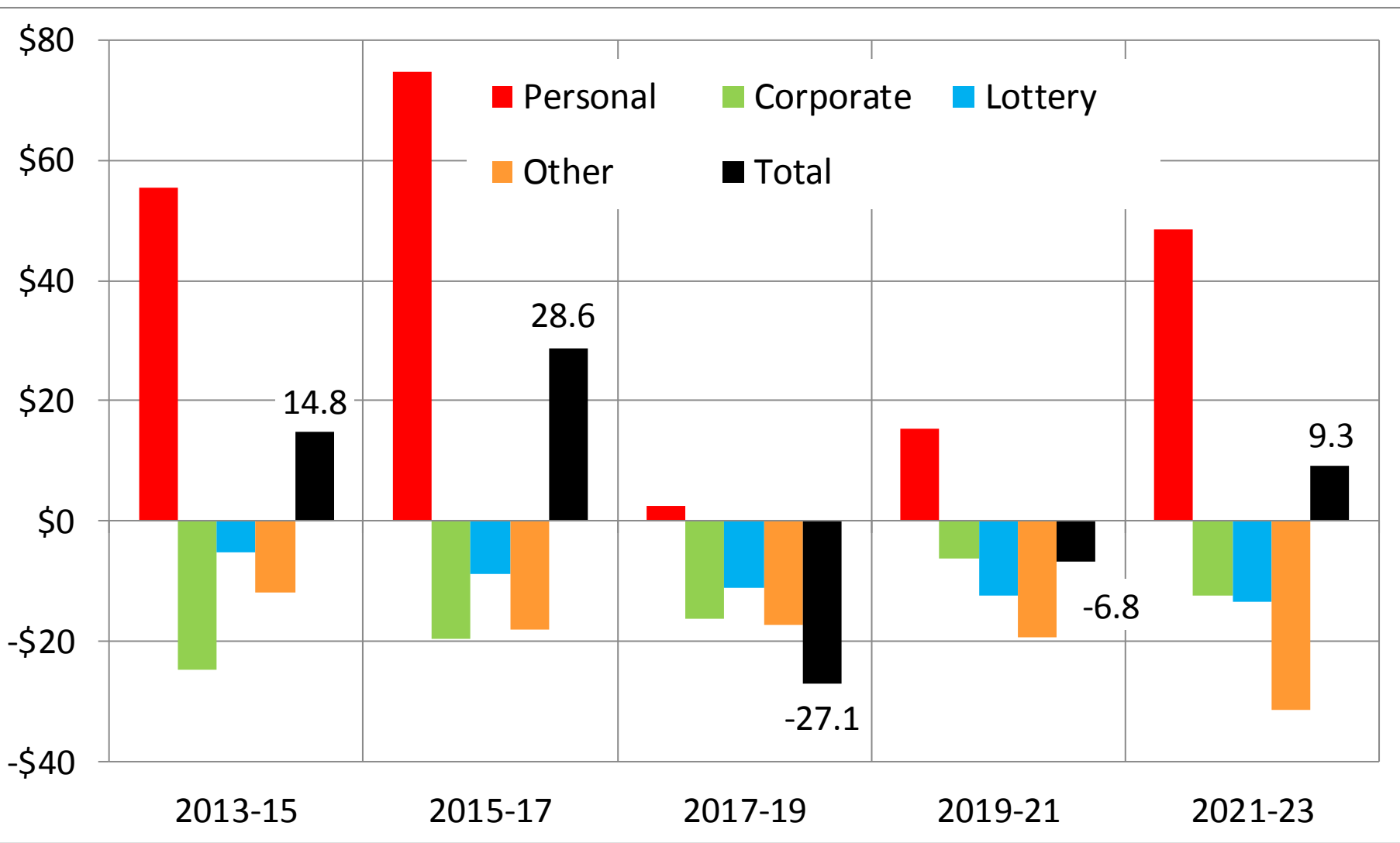
Positive Factor	Negative Factor
Personal Income Taxes (More Jobs)	Corporate Income Taxes
HB3601/M67 Rainy Day Transfer Estimate (FY2017+)	Estate Taxes
	Cigarette Taxes
	Court Fees
	Video Lottery





# Forecast Changes

Difference from September forecast, \$ millions



# 10-Year Forecast

## Table R.2

### General Fund Revenue Forecast Summary (Millions of Dollars, Current Law)

Revenue Source	Forecast 2011-13		Forecast 2013-15		Forecast 2015-17		Forecast 2017-19		Forecast 2019-21		Forecast 2021-23	
	Biennium	% Chg	Biennium	% Chg	Biennium	% Chg	Biennium	% Chg	Biennium	% Chg	Biennium	% Chg
Personal Income Taxes	12,118.2	15.8%	13,771.6	13.6%	15,464.4	12.3%	16,931.4	9.5%	18,681.3	10.3%	20,561.1	10.1%
Corporate Income Taxes	883.9	6.8%	1,005.9	13.8%	1,049.3	4.3%	1,026.9	-2.1%	1,066.8	3.9%	1,154.8	8.2%
All Others	1,164.9	-5.0%	1,004.4	-13.8%	983.1	-2.1%	1,045.7	6.4%	1,123.4	7.4%	1,189.2	5.9%
<b>Gross General Fund</b>	<b>14,167.0</b>	<b>13.1%</b>	<b>15,781.9</b>	<b>11.4%</b>	<b>17,496.8</b>	<b>10.9%</b>	<b>19,004.0</b>	<b>8.6%</b>	<b>20,871.5</b>	<b>9.8%</b>	<b>22,905.1</b>	<b>9.7%</b>
<i>Offsets and Transfers</i>	<i>(12.0)</i>		<i>(67.3)</i>		<i>(85.1)</i>		<i>(79.1)</i>		<i>(41.1)</i>		<i>(43.1)</i>	
<b>Net Revenue</b>	<b>14,155.0</b>	<b>13.0%</b>	<b>15,714.6</b>	<b>11.0%</b>	<b>17,411.7</b>	<b>10.8%</b>	<b>18,924.9</b>	<b>8.7%</b>	<b>20,830.4</b>	<b>10.1%</b>	<b>22,862.0</b>	<b>9.8%</b>

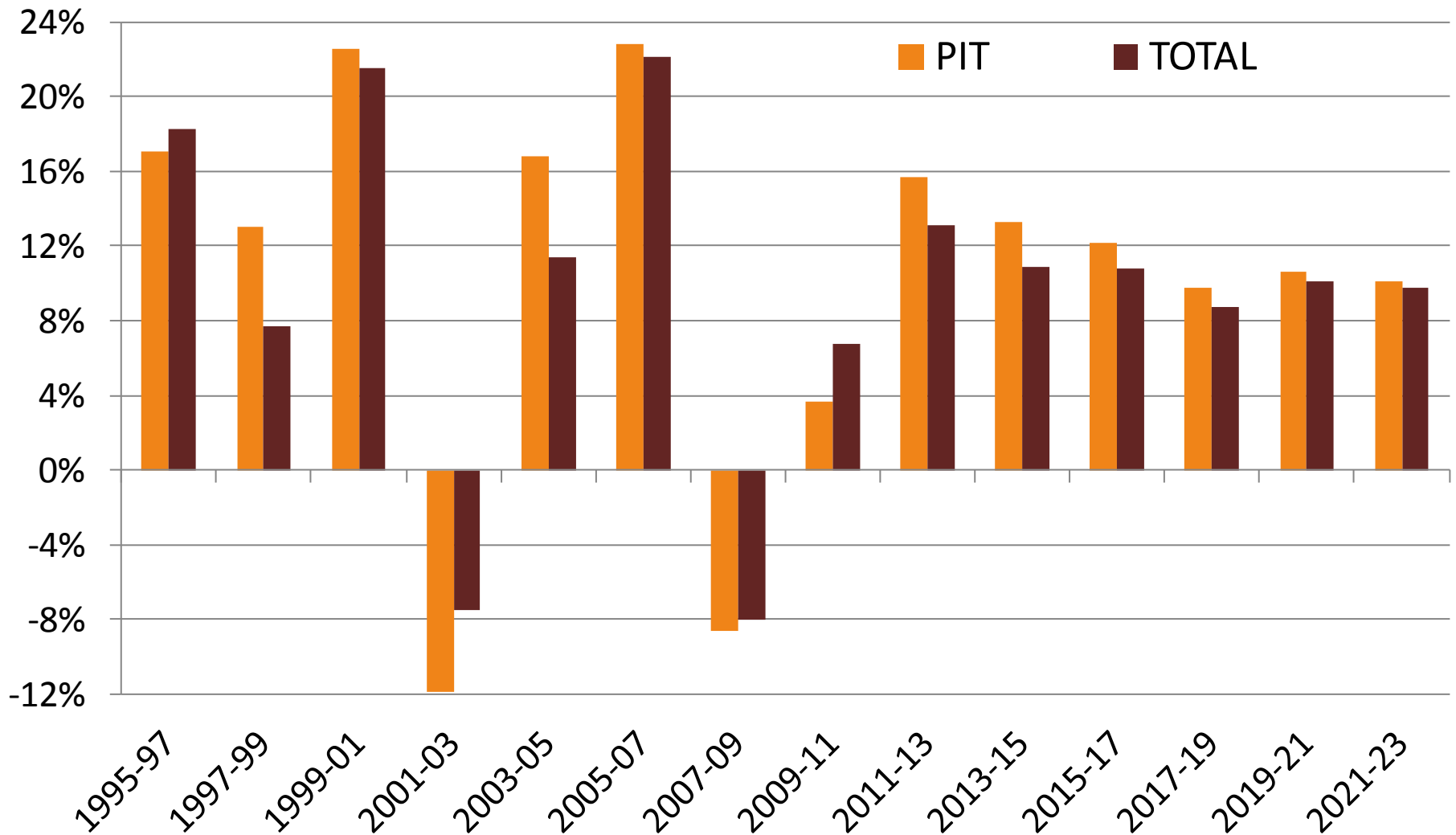
Other taxes include General Fund portions of the Eastern Oregon Severance Tax, Western Oregon Severance Tax and Amusement Device Tax.

Commercial Fish Licenses & Fees and Pari-mutual Receipts are included in Other Revenues





# Biennial Revenue Growth







# For More Information

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