

STATE OF OREGON
LEGISLATIVE REVENUE OFFICE

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LRO FORECAST SUMMARY

March 2014

NEW FACTS SINCE THE LAST FORECAST

	4th Qtr 2013 Forecast	4th Qtr 2013 Actuals	Difference
Employment	1,681,255	1,685,595	4,340
Personal Income (\$ billion)	158.8	159.6	0.8
Personal Income Tax (\$ million)			
Withholding	1,417.6	1,435.6	18.0
Other Payments less Refunds	137.0	129.4	-7.6
Total	1,554.6	1,565.0	10.4
Corporate Income Tax	97.2	87.1	-10.1

NEW FACTS

- Fourth Quarter personal income tax collections were up \$10.4 million (0.7%) from the December 2013 forecast.
- Fourth Quarter corporate income tax collections were down \$10.1 million (-10.4%) from the December 2013 forecast.
- Oregon personal income was up \$0.8 billion (0.5%) from the December 2013 forecast.
- Oregon employment was up 4,340 jobs (0.3%) from the December 2013 forecast.

2013-15

CHANGE FROM CLOSE OF SESSION (\$ Million)

General Fund Resources	Close of Session	March 2014 Forecast	Difference
Beginning Balance	543.5	462.0	-81.5
Transfer to Rainy Day Fund	-136.9	-136.9	0.0
Personal	13,558.2	13,771.6	213.4
Corporate	1,056.6	1,005.9	-50.7
Kicker	-20.3	0.0	20.3
Other	1,027.9	1,004.4	-23.5
Gross GF Revenue	15,622.3	15,781.9	159.6
Shared Services Fund	-57.5	-57.5	0.0
Rainy Day Fund	-43.0	-9.8	33.2
Net GF Revenue	15,521.8	15,714.6	192.8
Lottery Resources**	1,059.5	1,053.1	-6.4
Anticipated Administrative Actions***	-18.2	-12.7	5.6
Net GF and Lottery Resources	16,969.6	17,080.1	110.4

** 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 \$213.4 million (1.6%) from the 2013 COS estimate.
- Corporate tax revenue is down \$50.7 million (-4.8%) from the 2013 COS estimate.
- General Fund revenue is up \$192.8 million (1.2%) from the 2013 COS estimate.
- GF and Lottery resources are up \$110.4 million (0.7%) from the 2013 COS estimate.

EFFECT ON 2% KICKER

(\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	March 2014 Forecast	Amount +/- Kicker Threshold
Personal & Other	14,586.0	14,877.7	14,776.0	-101.8
Corporation*	976.5	996.0	979.3	-16.7

* 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: No personal kicker is projected for 2015.

CORPORATE: No corporate revenue is projected to be dedicated to education spending in 2015-17.

2013-15

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	December 2013 Forecast	March 2014 Forecast	Difference
Beginning Balance	462.0	462.0	0.0
Transfer to Rainy Day Fund	-136.9	-136.9	0.0
Personal	13,716.1	13,771.6	55.5
Corporate	1,030.5	1,005.9	-24.6
Other	1,016.3	1,004.4	-11.9
Gross GF Revenue	15,762.8	15,781.9	19.0
Shared Services Fund	-57.5	-57.5	0.0
Rainy Day Fund	-10.0	-9.8	0.2
Net GF Revenue	15,695.3	15,714.6	19.3
Anticipated Administrative Actions**	-13.6	-12.7	0.9
Net General Fund Resources	16,006.9	16,027.0	20.1
Lottery Resources*	1,058.4	1,053.1	-5.3
Net Combined Resources	17,065.3	17,080.1	14.8

* All lottery resources including dedicated funds.

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

REVENUE CHANGES

- Projected 2013-15 Net General Fund resources are up \$20.1 million (0.1%) from the December 2013 forecast.
- Projected 2013-15 Lottery resources are down \$5.3 million (-0.5%) from the December 2013 forecast.
- Projected combined net General Fund and Lottery resources are up \$14.8 million (0.1%) from the December 2013 forecast.

2013-15

EFFECT ON ENDING BALANCE

Current vs. Close of Session
(\$ Million)

General Fund	Close of Session	March 2014 Forecast	Difference
Beginning Balance	543.5	462.0	-81.5
Transfer to Rainy Day Fund	-136.9	-136.9	0.0
Revenue	15,521.8	15,714.6	192.8
Administrative Actions	-18.2	-12.7	5.6
Total Resources	15,910.1	16,027.0	116.9
Expenditures	15,608.7	15,789.7	181.0
Ending Balance*	301.5	237.3	-64.1
Rainy Day Fund Transfer	156.1	157.9	1.8
Remaining Balance	145.4	79.5	-65.9

* Includes the Supplemental Ending Balance.

ENDING BALANCE

- The projected ending balance is down \$64.1 million (-21.3%) from the 2013 Close-of-Session estimate.
- The projected ending balance is up \$20.1 million (9.3%) from the December 2013 forecast.
- The Rainy Day Fund is projected to receive \$157.9 million following the 2013-15 biennium.

Current vs. Prior Forecast
(\$ Million)

General Fund	December 2013 Forecast	March 2014 Forecast	Difference
Beginning Balance	462.0	462.0	0.0
Transfer to Rainy Day Fund	-136.9	-136.9	0.0
Revenue	15,695.3	15,714.6	19.3
Administrative Actions	-13.6	-12.7	0.9
Total Resources	16,006.9	16,027.0	20.1
Expenditures	15,789.7	15,789.7	0.0
Ending Balance*	217.2	237.3	20.1
Rainy Day Fund Transfer	157.9	157.9	0.0
Remaining Balance	59.3	79.5	20.1

* Includes the Supplemental Ending Balance.

2013-15

Reserve Fund Position				
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	Education Stability Fund *	Rainy Day Fund	General Fund	Reserves Available
	(\$ Millions)			
Beginning Balance	\$7.4	\$61.9		\$69.3
Deposits	\$169.5	\$146.7		\$316.2
Interest	\$1.0	\$1.7		\$2.8
Withdrawals	-\$1.0	\$0.0		-\$1.0
Projected Ending Balance	\$176.9	\$210.2	\$237.3	\$624.5

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

2015-17

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	December 2013 Forecast	March 2014 Forecast	Difference
Personal	15,389.6	15,464.4	74.8
Corporate	1,069.0	1,049.3	-19.7
Other	1,001.1	983.1	-18.0
Gross GF Revenue	17,459.7	17,496.8	37.1
Shared Services Fund	-75.6	-75.6	0.0
Rainy Day Fund	-10.0	-9.5	0.5
Net GF Revenue	17,374.1	17,411.7	37.5
Lottery Resources*	1,149.2	1,140.3	-8.9
Net Combined Revenue	18,523.3	18,552.0	28.6

2017-19

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	December 2013 Forecast	March 2014 Forecast	Difference
Personal	16,929.0	16,931.4	2.4
Corporate	1,043.3	1,026.9	-16.3
Other	1,063.1	1,045.7	-17.4
Gross GF Revenue	19,035.4	19,004.0	-31.3
Shared Services Fund	-40.5	-40.5	0.0
Rainy Day Fund	-54.0	-38.6	15.4
Net GF Revenue	18,940.9	18,924.9	-16.0
Lottery Resources*	1,312.4	1,301.2	-11.2
Net Combined Revenue	20,253.3	20,226.2	-27.1

* All lottery resources including dedicated funds

2019-21

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	December 2013 Forecast	March 2014 Forecast	Difference
Personal	18,666.0	18,681.3	15.3
Corporate	1,073.1	1,066.8	-6.3
Other	1,142.7	1,123.4	-19.3
Gross GF Revenue	20,881.9	20,871.5	-10.3
Shared Services Fund	0.0	0.0	0.0
Rainy Day Fund	-57.0	-41.1	15.9
Net GF Revenue	20,824.9	20,830.4	5.5
Lottery Resources*	1,431.4	1,419.0	-12.4
Net Combined Revenue	22,256.2	22,249.4	-6.8

* All lottery resources including dedicated funds

2021-23

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	December 2013 Forecast	March 2014 Forecast	Difference
Personal	20,512.6	20,561.1	48.5
Corporate	1,167.2	1,154.8	-12.4
Other	1,220.5	1,189.2	-31.3
Gross GF Revenue	22,900.3	22,905.1	4.8
Shared Services Fund	0.0	0.0	0.0
Rainy Day Fund	-61.0	-43.1	17.9
Net GF Revenue	22,839.3	22,862.0	22.7
Lottery Resources*	1,565.9	1,552.5	-13.4
Net Combined Revenue	24,405.2	24,414.5	9.3

* 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	13.3%	12.7%	-14.6%	10.9%
2013-15 to 2015-17	12.2%	4.4%	-2.1%	10.8%
2015-17 to 2017-19	9.8%	-5.0%	6.4%	8.7%
2017-19 to 2019-21	10.6%	3.8%	7.4%	10.1%
2019-21 to 2021-23	10.1%	8.4%	5.9%	9.8%