

STATE OF OREGON  
**LEGISLATIVE REVENUE OFFICE**

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## LRO FORECAST SUMMARY

**March 2015**

### NEW FACTS SINCE THE LAST FORECAST

	4th Qtr 2014 Forecast	4th Qtr 2014 Actuals	Difference
Employment	1,732,143	1,737,760	5,617
Personal Income (\$ billion)	167.3	167.6	0.3
Personal Income Tax (\$ million)			
Withholding	1,506.4	1,558.5	52.0
Other Payments less Refunds	155.0	172.0	17.0
Total	1,661.5	1,730.5	69.0
Corporate Income Tax	102.7	124.2	21.4

#### NEW FACTS

- Fourth Quarter personal income tax collections were up \$69 million (4.2%) from the December 2014 forecast.
- Fourth Quarter corporate income tax collections were up \$21.4 million (20.9%) from the December 2014 forecast.
- Oregon personal income was up \$0.3 billion (0.2%) from the December 2014 forecast.
- Oregon employment was up 5,617 jobs (0.3%) from the December 2014 forecast.

## 2013-15

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

General Fund Resources	Close of Session	March 2015 Forecast	Difference
Beginning Balance	543.5	475.7	-67.8
Transfer to Rainy Day Fund	-136.9	-136.7	0.2
Personal	13,558.2	13,914.3	356.1
Corporate	1,056.6	1,060.9	4.3
Kicker	-20.3	0.0	20.3
Other	1,027.9	1,025.8	-2.1
Gross GF Revenue	15,622.3	16,000.9	378.6
Shared Services Fund	-57.5	-62.3	-4.7
Rainy Day Fund	-43.0	-11.9	31.1
Net GF Revenue	15,521.8	15,926.8	405.0
Lottery Resources**	1,059.5	1,061.8	2.3
Anticipated Administrative Actions***	-18.2	-3.3	14.9
Net GF and Lottery Resources	16,969.6	17,324.2	354.5

\*\* 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 \$356.1 million (2.6%) from the 2013 COS estimate.
- Corporate tax revenue is up \$4.3 million (0.4%) from the 2013 COS estimate.
- General Fund gross revenue is up \$378.6 million (2.4%) from the 2013 COS estimate.
- GF and Lottery resources are up \$354.5 million (2.1%) from the 2013 COS estimate.

### EFFECT ON 2% KICKER

(\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	March 2015 Forecast	Amount +/- Kicker Threshold
Personal & Other	14,528.5	14,819.1	14,877.8	58.7
Corporation*	976.5	996.0	1,032.2	36.2

\* 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 \$349.3 million is projected for 2015.

**CORPORATE:** \$55.7 million in corporate tax revenue is projected to be dedicated to K-12 education spending in 2015-17.

<b>2013-15</b>
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**CHANGE FROM PRIOR FORECAST**  
(\$ Million)

Combined Revenue	December 2014 Forecast	March 2015 Forecast	Difference
Beginning Balance	475.7	475.7	0.0
Transfer to Rainy Day Fund	-136.7	-136.7	0.0
Personal	13,832.9	13,914.3	81.4
Corporate	1,060.4	1,060.9	0.5
Other	1,019.1	1,025.8	6.6
Gross GF Revenue	15,912.4	16,000.9	88.5
Shared Services Fund	-62.3	-62.3	0.0
Rainy Day Fund	-10.9	-11.9	-1.0
Net GF Revenue	15,839.2	15,926.8	87.6
Anticipated Administrative Actions**	-3.3	-3.3	0.0
Net General Fund Resources	16,174.8	16,262.4	87.6
Lottery Resources*	1,048.6	1,061.8	13.1
Net Combined Resources	17,223.5	17,324.2	100.7

\* All lottery resources including dedicated funds.

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

<b>REVENUE CHANGES</b>
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- Projected 2013-15 Net General Fund resources are up \$87.6 million (0.6%) from the December 2014 forecast.
- Projected 2013-15 Lottery resources are up \$13.1 million (1.3%) from the December 2014 forecast.
- Projected combined net General Fund and Lottery resources are up \$100.7 million (0.6%) from the December 2014 forecast.

<b>2013-15</b>
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## EFFECT ON ENDING BALANCE

Current vs. Close of Session  
(\$ Million)

General Fund	Close of Session	March 2015 Forecast	Difference
Beginning Balance	543.5	475.7	-67.8
Transfer to Rainy Day Fund	-136.9	-136.7	0.2
Revenue	15,521.8	15,926.8	405.0
Administrative Actions	-18.2	-3.3	14.9
Total Resources	15,910.1	16,262.4	352.2
Expenditures	15,608.7	15,914.7	306.0
Ending Balance	301.5	347.7	46.2
Rainy Day Fund Transfer	156.1	159.1	3.1
Remaining Balance	145.4	188.6	43.2

<b>ENDING BALANCE</b>
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- The projected ending balance is up \$46.2 million (15.3%) from the 2013 Close-of-Session estimate.
- The projected ending balance is up \$87.6 million (33.7%) from the December 2014 forecast.
- The Rainy Day Fund is projected to receive \$159.1 million following the 2013-15 biennium.

Current vs. Prior Forecast  
(\$ Million)

General Fund	December 2014 Forecast	March 2015 Forecast	Difference
Beginning Balance	475.7	475.7	0.0
Transfer to Rainy Day Fund	-136.7	-136.7	0.0
Revenue	15,839.2	15,926.8	87.6
Administrative Actions	-3.3	-3.3	0.0
Total Resources	16,174.8	16,262.4	87.6
Expenditures	15,914.7	15,914.7	0.0
Ending Balance*	260.2	347.7	87.6
Rainy Day Fund Transfer	159.1	159.1	0.0
Remaining Balance	101.0	188.6	87.6

\* Includes the Supplemental Ending Balance.

<b>2013-15</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	\$7.4	\$61.9		\$69.3
Deposits	\$171.2	\$148.6		\$319.8
Interest	\$1.1	\$1.5		\$2.6
Withdrawals	-\$1.1	\$0.0		-\$1.1
Projected Ending Balance	\$178.6	\$211.9	\$347.7	\$738.2

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

<b>2015-17</b>
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**CHANGE FROM PRIOR FORECAST**  
(\$ Million)

Combined Revenue	December 2014 Forecast	March 2015 Forecast	Difference
Beginning Balance	260.2	347.7	87.6
Transfer to Rainy Day Fund	-159.1	-159.1	0.0
Personal	15,636.6	15,489.7	-147.0
Corporate	1,080.0	1,102.9	22.9
Other	1,003.4	1,003.7	0.3
Gross GF Revenue	17,720.0	17,596.3	-123.7
Shared Services Fund	-94.9	-94.9	0.0
Rainy Day Fund	-9.8	-10.0	-0.2
Net GF Revenue	17,615.3	17,491.4	-123.9
Administrative Actions*	-20.2	-20.2	0.0
Net General Fund Resources	17,696.1	17,659.7	-36.4
Lottery Resources*	1,092.4	1,107.5	15.0
Net Combined Resources	18,788.5	18,767.2	-21.3

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

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

<b>Combined Revenue</b>	December 2014 Forecast	March 2015 Forecast	Difference
Personal	17,145.0	17,359.3	214.3
Corporate	1,043.2	1,045.5	2.3
Other	1,040.3	1,036.2	-4.0
Gross GF Revenue	19,228.4	19,441.0	212.6
Shared Services Fund	-63.6	-63.6	0.0
Rainy Day Fund	-38.0	-38.3	-0.3
Net GF Revenue	19,126.8	19,339.1	212.4
Lottery Resources*	1,186.3	1,194.3	8.1
Net Combined Revenue	20,313.0	20,533.4	220.4

\* All lottery resources including dedicated funds

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

<b>Combined Revenue</b>	December 2014 Forecast	March 2015 Forecast	Difference
Personal	19,047.7	19,228.8	181.1
Corporate	1,078.4	1,103.6	25.3
Other	1,118.0	1,112.6	-5.4
Gross GF Revenue	21,244.1	21,445.1	201.0
Shared Services Fund	0.0	0.0	0.0
Rainy Day Fund	-39.6	-40.7	-1.1
Net GF Revenue	21,204.4	21,404.4	200.0
Lottery Resources*	1,251.6	1,260.2	8.5
Net Combined Revenue	22,456.1	22,664.6	208.5

\* All lottery resources including dedicated funds

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

Combined Revenue	December 2014 Forecast	March 2015 Forecast	Difference
Personal	21,134.7	21,181.5	46.8
Corporate	1,156.4	1,182.4	26.0
Other	1,184.9	1,178.5	-6.5
Gross GF Revenue	23,476.1	23,542.4	66.3
Shared Services Fund	0.0	0.0	0.0
Rainy Day Fund	-42.7	-43.7	-1.0
Net GF Revenue	23,433.4	23,498.7	65.3
Lottery Resources*	1,331.3	1,340.4	9.1
Net Combined Revenue	24,764.7	24,839.1	74.4

\* All lottery resources including dedicated funds

<b>Biennial Net Revenue Growth: 1993 - 2021</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>	14.4%	18.7%	-12.8%	12.4%
<b>2013-15 to 2015-17</b>	11.1%	4.2%	-2.1%	9.8%
<b>2015-17 to 2017-19</b>	12.3%	-7.8%	3.2%	10.6%
<b>2017-19 to 2019-21</b>	11.2%	5.5%	7.4%	10.7%
<b>2019-21 to 2021-23</b>	10.2%	7.1%	5.9%	9.8%