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LRO FORECAST SUMMARY

March 2016

NEW FACTS SINCE THE LAST FORECAST

	4th Qtr 2015 Forecast	4th Qtr 2015 Actuals	Difference
Employment	1,791,046	1,796,988	5,942
Personal Income (\$ billion)	177.0	176.6	-0.4
Personal Income Tax (\$ million)			
Withholding	1,631.9	1,644.2	12.3
Other Payments less Refunds	168.3	258.4	90.1
Total	1,800.2	1,902.6	102.4
Corporate Income Tax	108.3	123.1	14.8

NEW FACTS

- Fourth Quarter personal income tax collections were up \$102.4 million (5.7%) from the December 2015 forecast.
- Fourth Quarter corporate income tax collections were up \$14.8 million (13.7%) from the December 2015 forecast.
- Oregon personal income was down \$0.4 billion (-0.2%) from the December 2015 forecast.
- Oregon employment was up 5,942 jobs (0.3%) from the December 2015 forecast.

2015-17

CHANGE FROM CLOSE OF SESSION (\$ Million)

General Fund Resources	Close of Session	March 2016 Forecast	Difference
Beginning Balance	532.9	528.8	-4.1
Transfer to Rainy Day Fund	-158.9	-158.3	0.6
Personal	15,713.5	15,692.1	-21.4
Corporate	1,100.0	1,134.3	34.3
Other	1,184.6	1,179.9	-4.7
Gross GF Revenue	17,998.1	18,006.3	8.3
Shared Services Fund	-32.7	-32.6	0.0
Rainy Day Fund	-10.1	-10.5	-0.4
Net GF Revenue	17,955.3	17,963.2	7.9
Lottery Resources**	1,155.9	1,214.5	58.6
Anticipated Administrative Actions***	-20.2	-14.0	6.2
Net GF and Lottery Resources	19,465.0	19,534.1	69.1

** 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 down \$21.4 million (-0.1%) from the 2015 COS estimate.
- Corporate tax revenue is up \$34.3 million (3.1%) from the 2015 COS estimate.
- General Fund gross revenue is up \$8.3 million (0.0%) from the 2015 COS estimate.
- GF and Lottery resources are up \$69.1 million (0.4%) from the 2015 COS estimate.

EFFECT ON 2% KICKER

Revenue Source	Close of Session	2% Kicker Threshold	March 2016 Forecast	Amount +/- Kicker Threshold
Personal & Other	16,898.0	17,236.0	16,872.0	-364.0
Corporation*	1,082.0	1,103.6	1,116.3	12.6

* 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: There is no personal kicker projected for 2017.

CORPORATE: \$34.3 million in corporate tax revenue is projected to be dedicated to K-12 education spending in 2017-19.

2015-17

CHANGE FROM PRIOR FORECAST (\$ Million)

Combined Revenue	December 2015 Forecast	March 2016 Forecast	Difference
Beginning Balance	476.6	528.8	52.2
Transfer to Rainy Day Fund	-158.9	-158.3	0.6
Personal	15,712.4	15,692.1	-20.3
Corporate	1,134.7	1,134.3	-0.4
Other	1,182.0	1,179.9	-2.1
Gross GF Revenue	18,029.1	18,006.3	-22.8
Shared Services Fund	-32.6	-32.6	0.0
Rainy Day Fund	-10.3	-10.5	-0.2
Net GF Revenue	17,986.1	17,963.2	-23.0
Administrative Actions*	-20.2	-14.0	6.2
Net General Fund Resources	18,283.6	18,319.6	36.0
Lottery Resources**	1,189.7	1,214.5	24.8
Net Combined Resources	19,473.3	19,534.1	60.8

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

** All lottery resources including dedicated funds.

REVENUE CHANGES

- Projected 2015-17 Net General Fund resources are up \$36.0 million (0.2%) from the December 2015 forecast.
- Projected 2015-17 Lottery resources are up \$24.8 million (2.1%) from the December 2015 forecast.
- Projected combined net General Fund and Lottery resources are up \$60.8 million (0.3%) from the December 2015 forecast.

2015-17

EFFECT ON ENDING BALANCE

Current vs. Close of Session
(\$ Million)

General Fund	Close of Session	March 2016 Forecast	Difference
Beginning Balance	532.9	528.8	-4.1
Transfer to Rainy Day Fund	-158.9	-158.3	0.6
Revenue	17,955.3	17,963.2	7.9
Administrative Actions	-20.2	-14.0	6.2
Total Resources	18,309.1	18,319.6	10.5
Expenditures	17,984.7	18,000.6	16.0
Ending Balance	324.4	319.0	-5.4
Rainy Day Fund Transfer	179.8	180.0	0.2
Remaining Balance	144.6	139.0	-5.6

ENDING BALANCE

- The projected ending balance is down \$5.4 million (-1.7%) from the 2015 Close-of-Session estimate.
- The projected ending balance is up \$20.0 million (6.7%) from the December 2015 forecast.
- The Rainy Day Fund is projected to receive \$180.0 million following the 2015-17 biennium.

Current vs. Prior Forecast
(\$ Million)

General Fund	December 2015 Forecast	March 2016 Forecast	Difference
Beginning Balance	476.6	528.8	52.2
Transfer to Rainy Day Fund	-158.9	-158.3	0.6
Revenue	17,986.1	17,963.2	-23.0
Administrative Actions	-20.2	-14.0	6.2
Total Resources	18,283.6	18,319.6	36.0
Expenditures	17,984.7	18,000.6	16.0
Ending Balance	299.0	319.0	20.0
Rainy Day Fund Transfer	179.8	180.0	0.2
Remaining Balance	119.1	139.0	19.8

2015-17

Reserve Fund Position				
	Education Stability Fund *	Rainy Day Fund	General Fund	Reserves Available
(\$ Millions)				
Beginning Balance	\$179.4	\$211.8		\$391.1
Deposits	\$191.9	\$168.6		\$360.6
Interest	\$5.6	\$6.3		\$11.8
Withdrawals	\$5.6	\$0.0		\$5.6
Projected Ending Balance	\$371.3	\$386.7	\$319.0	\$1,076.9

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

2017-19

CHANGE FROM PRIOR FORECAST (\$ Million)

Combined Revenue	December 2015 Forecast	March 2016 Forecast	Difference
Personal	17,512.0	17,354.5	-157.5
Corporate	1,094.4	1,058.2	-36.2
Other	1,075.0	1,077.5	2.6
Gross GF Revenue	19,681.4	19,490.3	-191.1
Shared Services Fund	-32.7	-32.7	0.0
Rainy Day Fund	-40.6	-39.0	1.6
Net GF Revenue	19,608.1	19,418.6	-189.6
Lottery Resources*	1,278.9	1,302.7	23.8
Net Combined Revenue	20,887.1	20,721.3	-165.7

* All lottery resources including dedicated funds

2019-21**CHANGE FROM PRIOR FORECAST
(\$ Million)**

Combined Revenue	December 2015 Forecast	March 2016 Forecast	Difference
Personal	19,413.4	19,242.9	-170.5
Corporate	1,073.8	1,046.1	-27.7
Other	1,151.3	1,171.6	20.3
Gross GF Revenue	21,638.5	21,460.5	-178.0
Shared Services Fund	-32.8	-32.8	0.0
Rainy Day Fund	-41.5	-40.3	1.2
Net GF Revenue	21,564.3	21,387.5	-176.8
Lottery Resources*	1,360.7	1,385.5	24.8
Net Combined Revenue	22,925.0	22,773.0	-152.0

* All lottery resources including dedicated funds

2021-23**CHANGE FROM PRIOR FORECAST
(\$ Million)**

Combined Revenue	December 2015 Forecast	March 2016 Forecast	Difference
Personal	21,466.0	21,438.9	-27.1
Corporate	1,115.4	1,077.9	-37.4
Other	1,209.4	1,251.7	42.3
Gross GF Revenue	23,790.8	23,768.6	-22.2
Shared Services Fund	-32.9	-32.9	0.0
Rainy Day Fund	-42.0	-40.3	1.7
Net GF Revenue	23,716.0	23,695.4	-20.5
Lottery Resources*	1,446.5	1,462.3	15.8
Net Combined Revenue	25,162.4	25,157.7	-4.7

* All lottery resources including dedicated funds

2023-25**CHANGE FROM PRIOR FORECAST
(\$ Million)**

Combined Revenue	December 2015 Forecast	March 2016 Forecast	Difference
Personal	23,469.8	23,468.2	-1.5
Corporate	1,167.1	1,118.2	-48.9
Other	1,262.8	1,328.4	65.6
Gross GF Revenue	25,899.6	25,914.8	15.2
Shared Services Fund	-32.9	-32.9	0.0
Rainy Day Fund	-42.8	-40.9	1.9
Net GF Revenue	25,823.9	25,841.0	17.1
Lottery Resources*	1,537.3	1,547.8	10.5
Net Combined Revenue	27,361.2	27,388.8	27.6

* 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	14.8%	25.0%	-12.4%	13.2%
2013-15 to 2015-17	12.7%	1.7%	14.5%	12.1%
2015-17 to 2017-19	10.6%	-9.3%	-8.7%	8.1%
2017-19 to 2019-21	10.9%	-1.3%	8.7%	10.1%
2019-21 to 2021-23	11.4%	3.2%	6.8%	10.8%
2021-23 to 2023-25	9.5%	3.8%	6.1%	9.1%