



STATE OF OREGON

Economic and Revenue Outlook: March 2016

February 10th, 2016

Oregon Office of Economic Analysis

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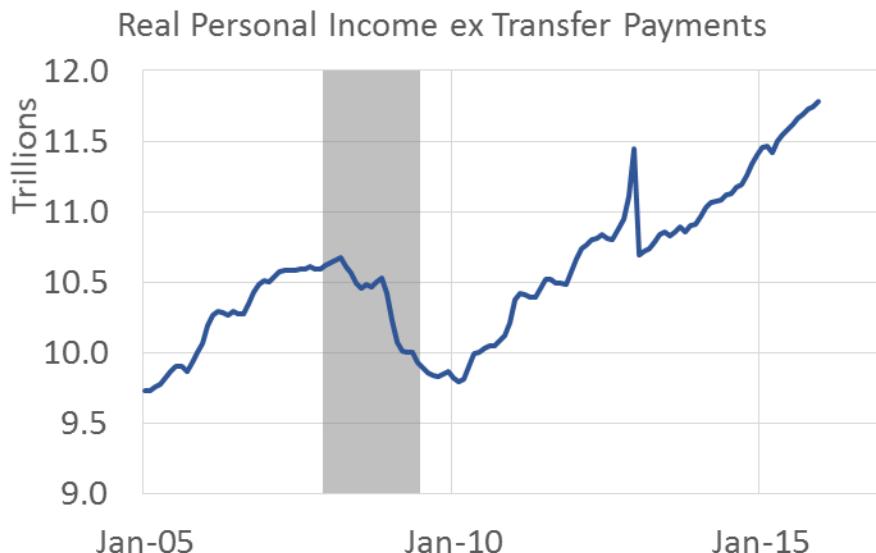
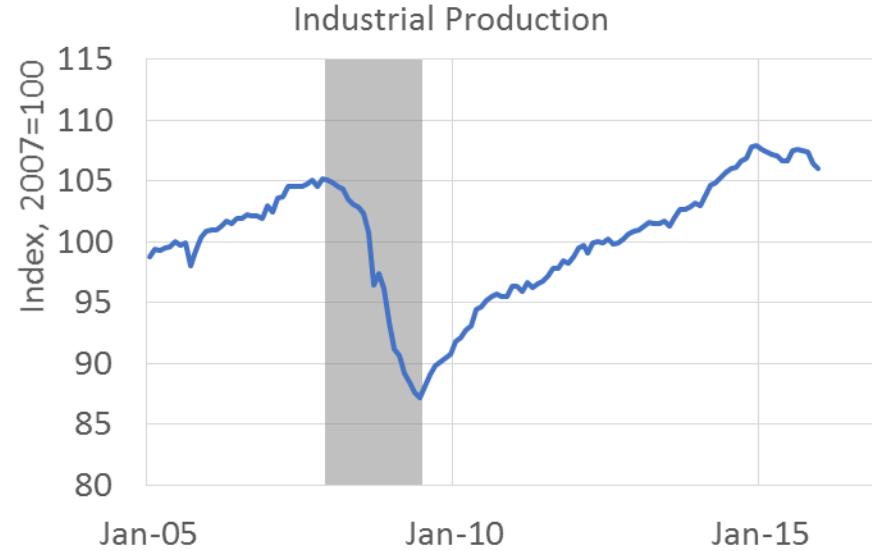
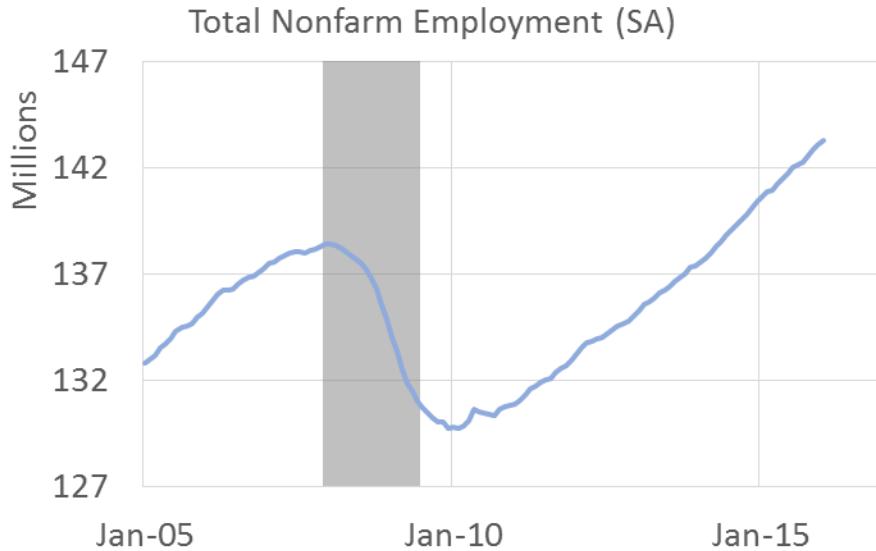


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Recent Performance

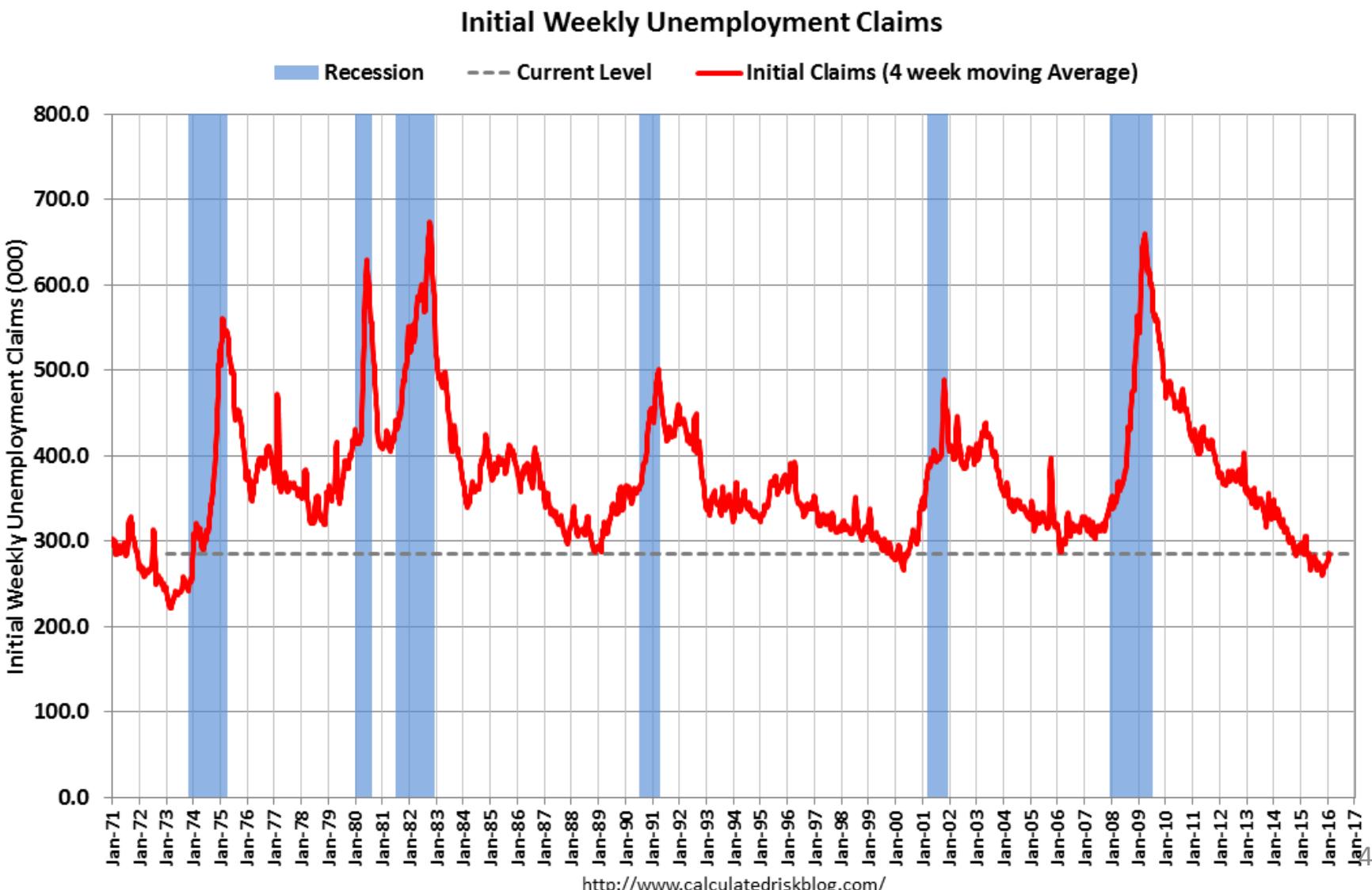


U.S. Economy Still in Expansion





Best Leading Indicator

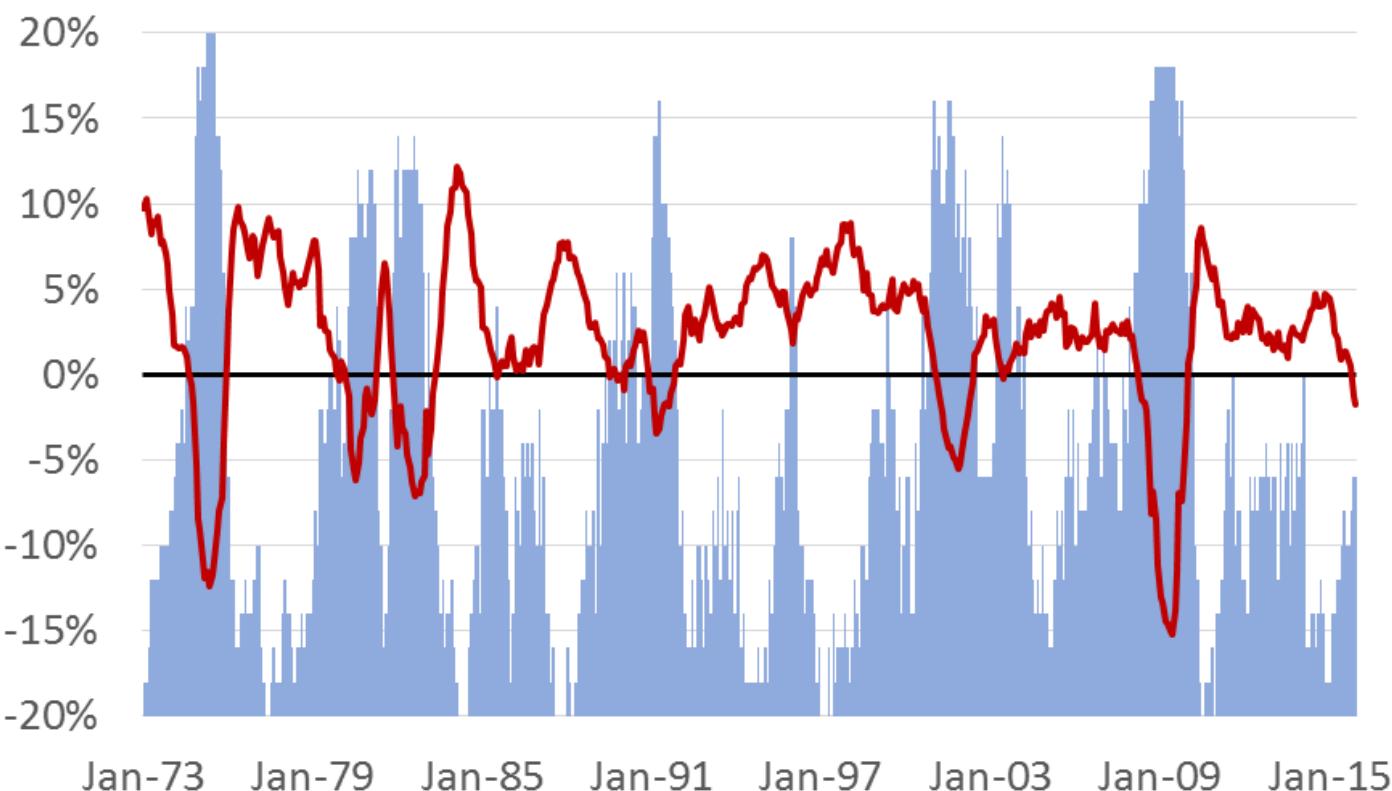




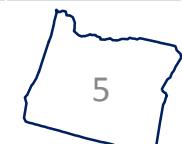
Industrial Production is Weak

Industrial Production and Recessions

■ No. of Sectors Contracting, rhs — IndPro Y/Y, lhs



Date	# Neg.
Nov '74	17
May '80	14
Dec '81	16
Feb '91	17
Apr '01	15
Jul '08	15
Dec '15	7





Oregon: Not Immune to Global Issues





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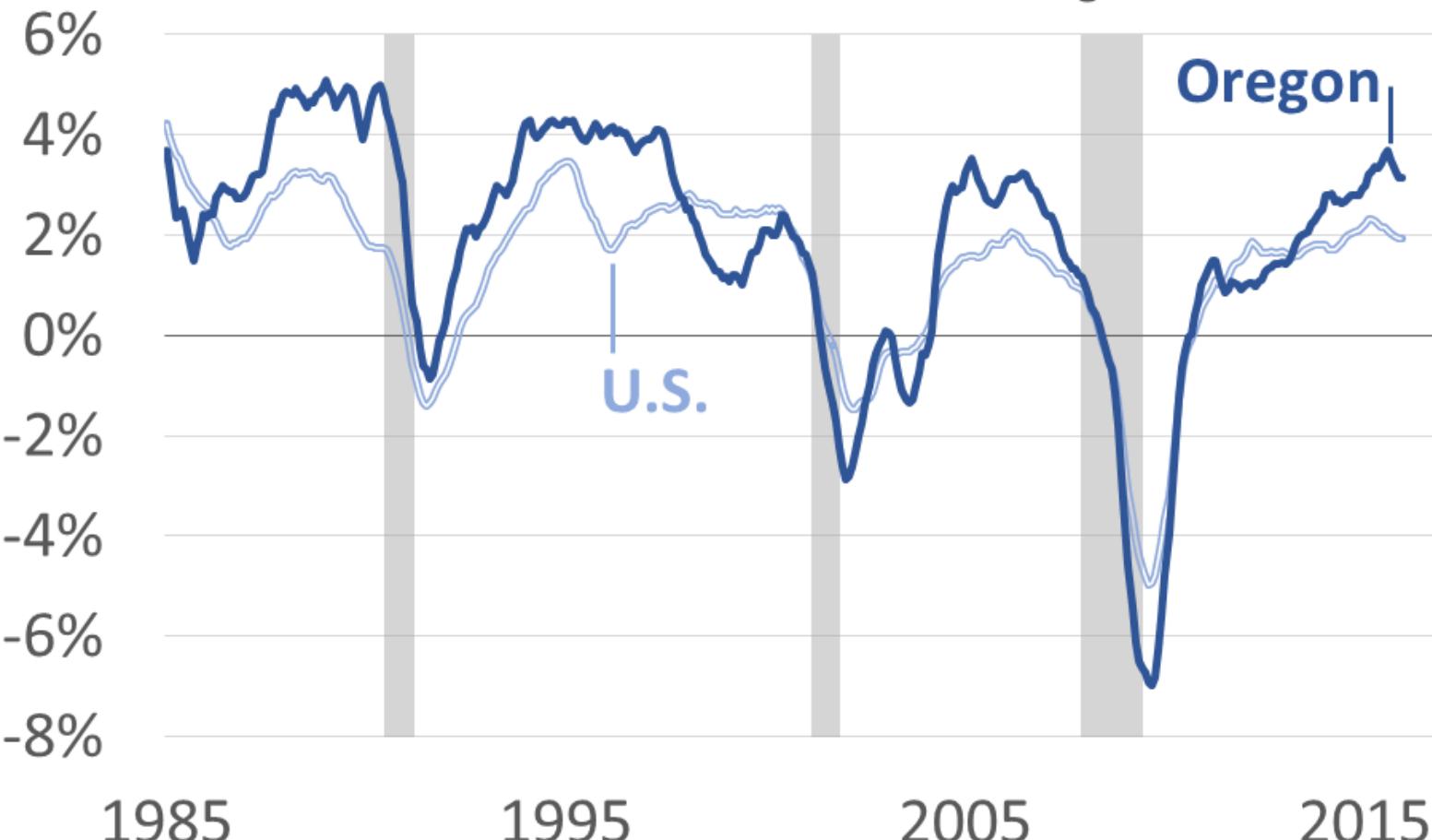
Oregon's Labor Market



Traditional Advantage Regained

Total Nonfarm Employment

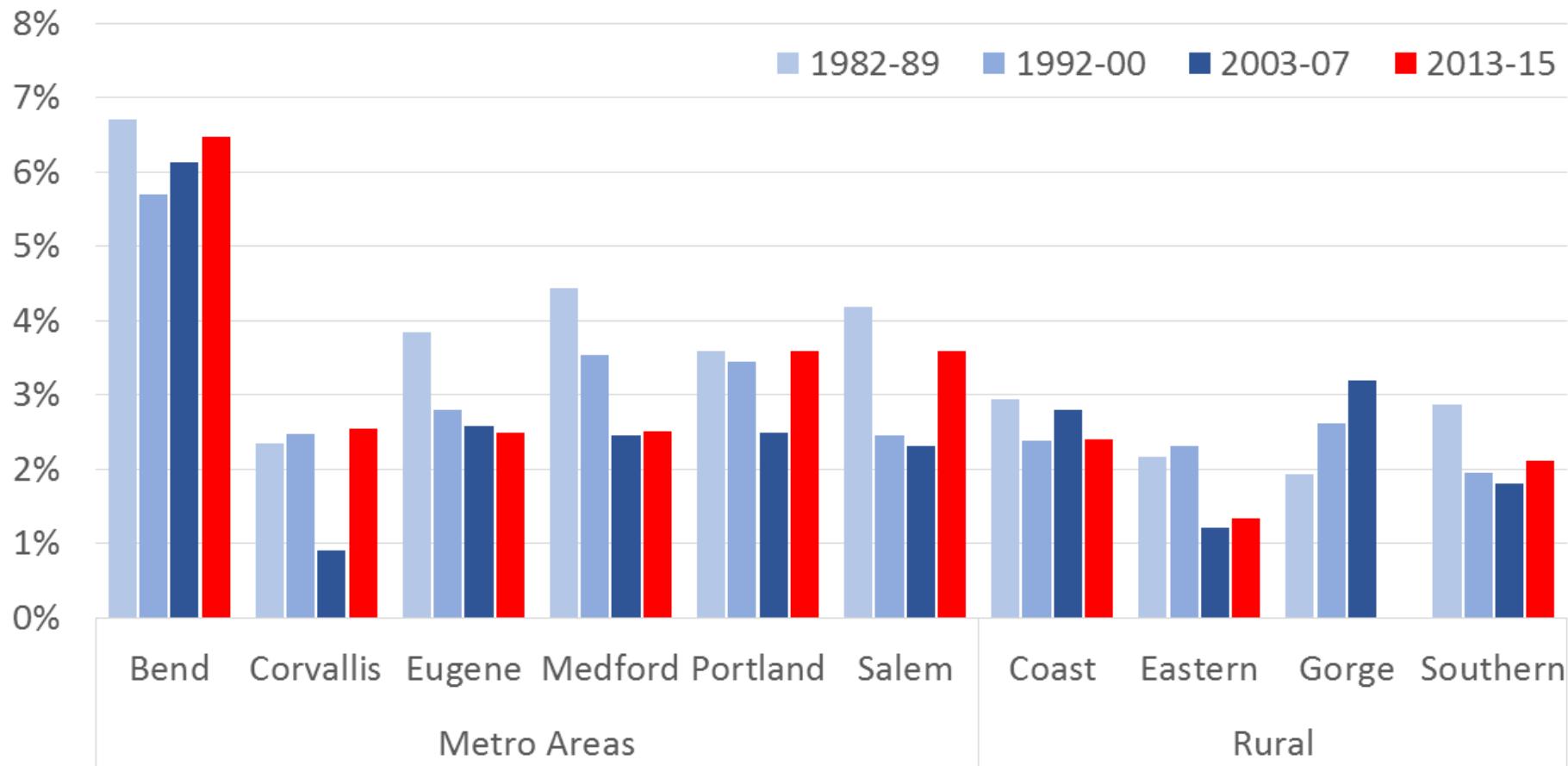
Year-over-Year Percent Change





Most Regions Full Throttle

Oregon Employment Growth



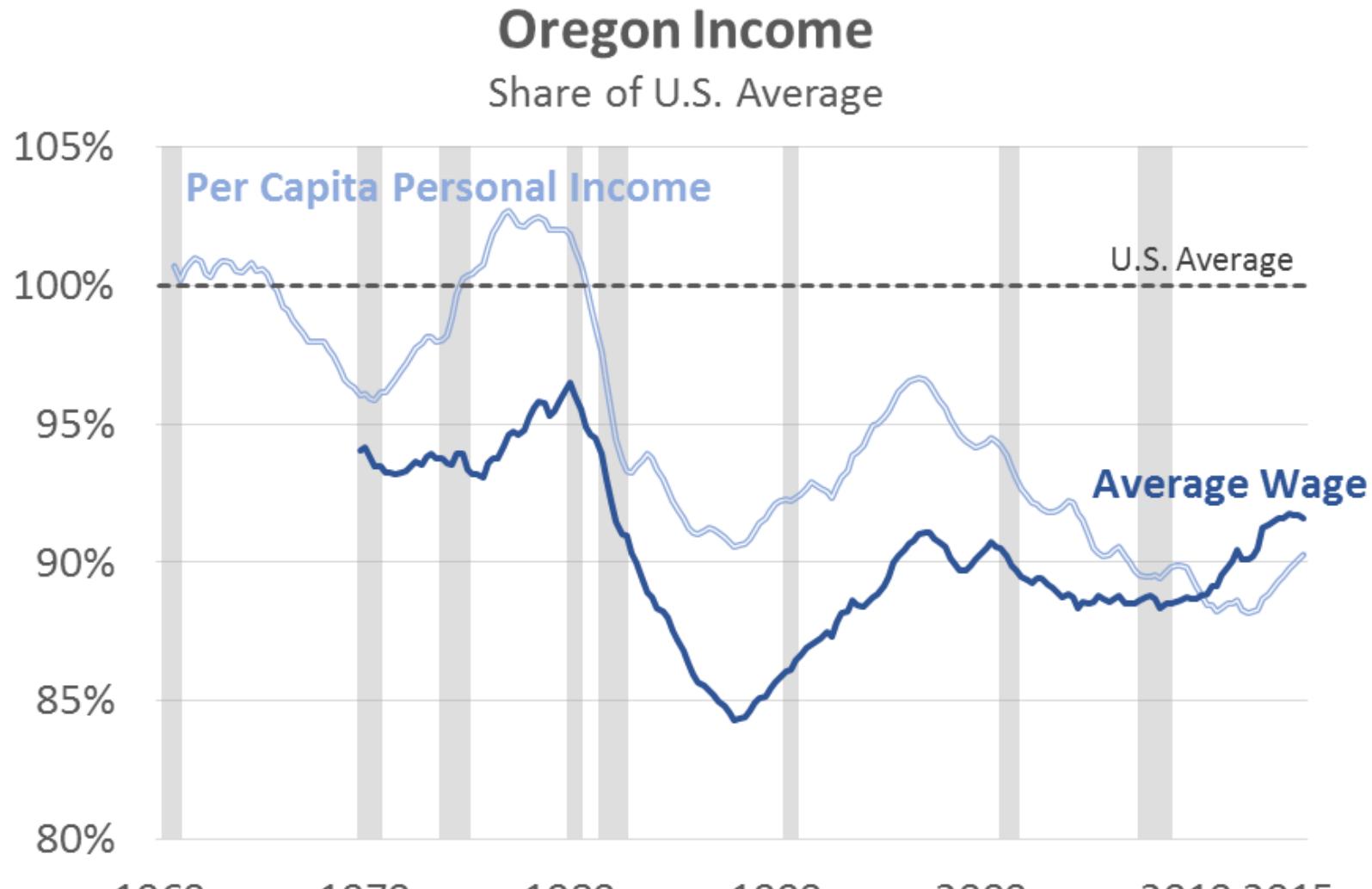
Coast: Clatsop, Lincoln, Tillamook Eastern: Baker, Crook, Grant, Harney, Jefferson, Malheur, Morrow, Umatilla, Union, Wallowa
Gorge: Gilliam, Hood River, Sherman, Wasco, Wheeler Southern: Coos, Curry, Douglas, Josephine, Klamath, Lake
Data: QCEW | Source: Oregon Employment Department, Oregon Office of Economic Analysis





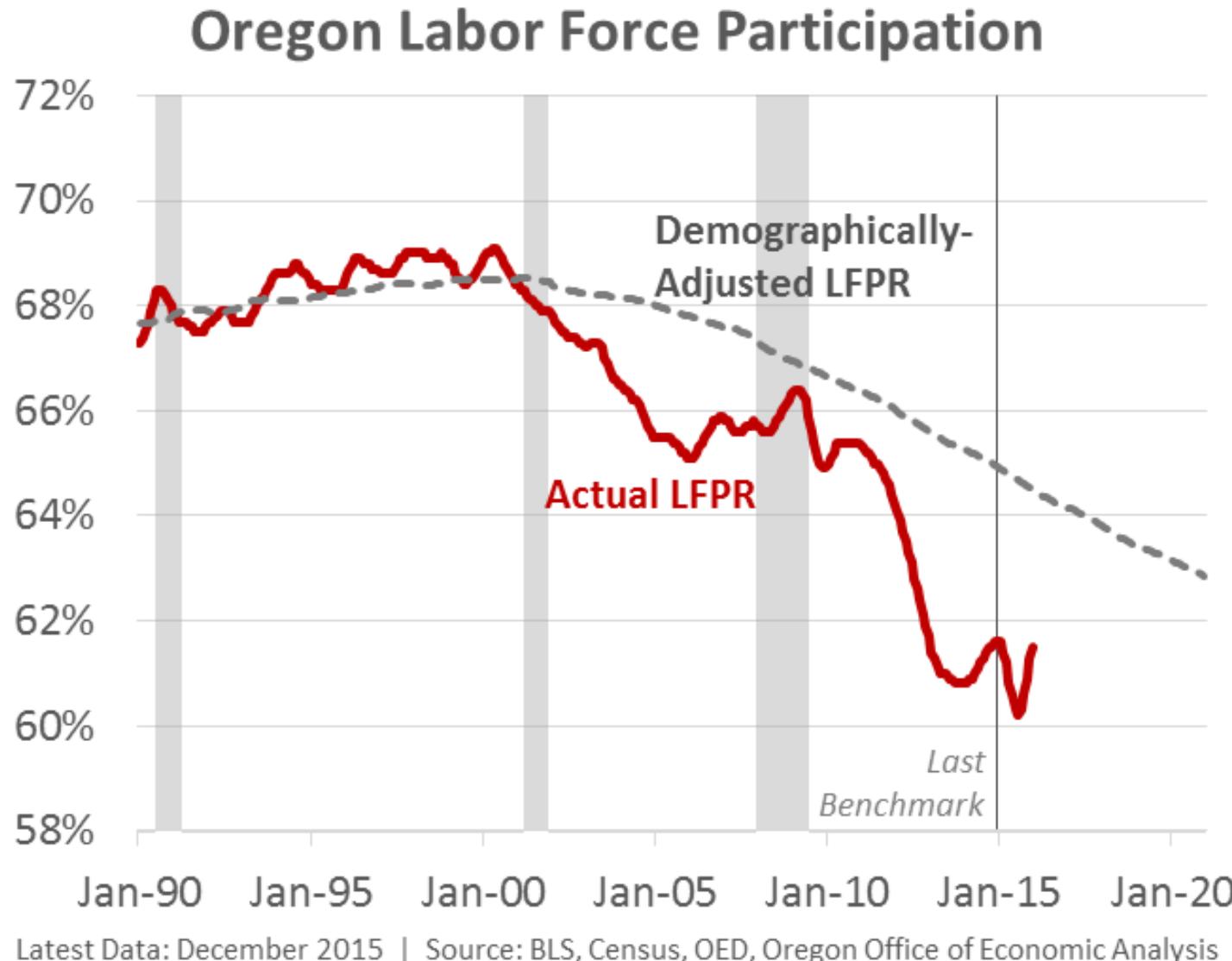
Translates into Stronger Income Gains

Wage Gains Broad Based, Not Due to Composition Effects





Participation: Mostly Structural

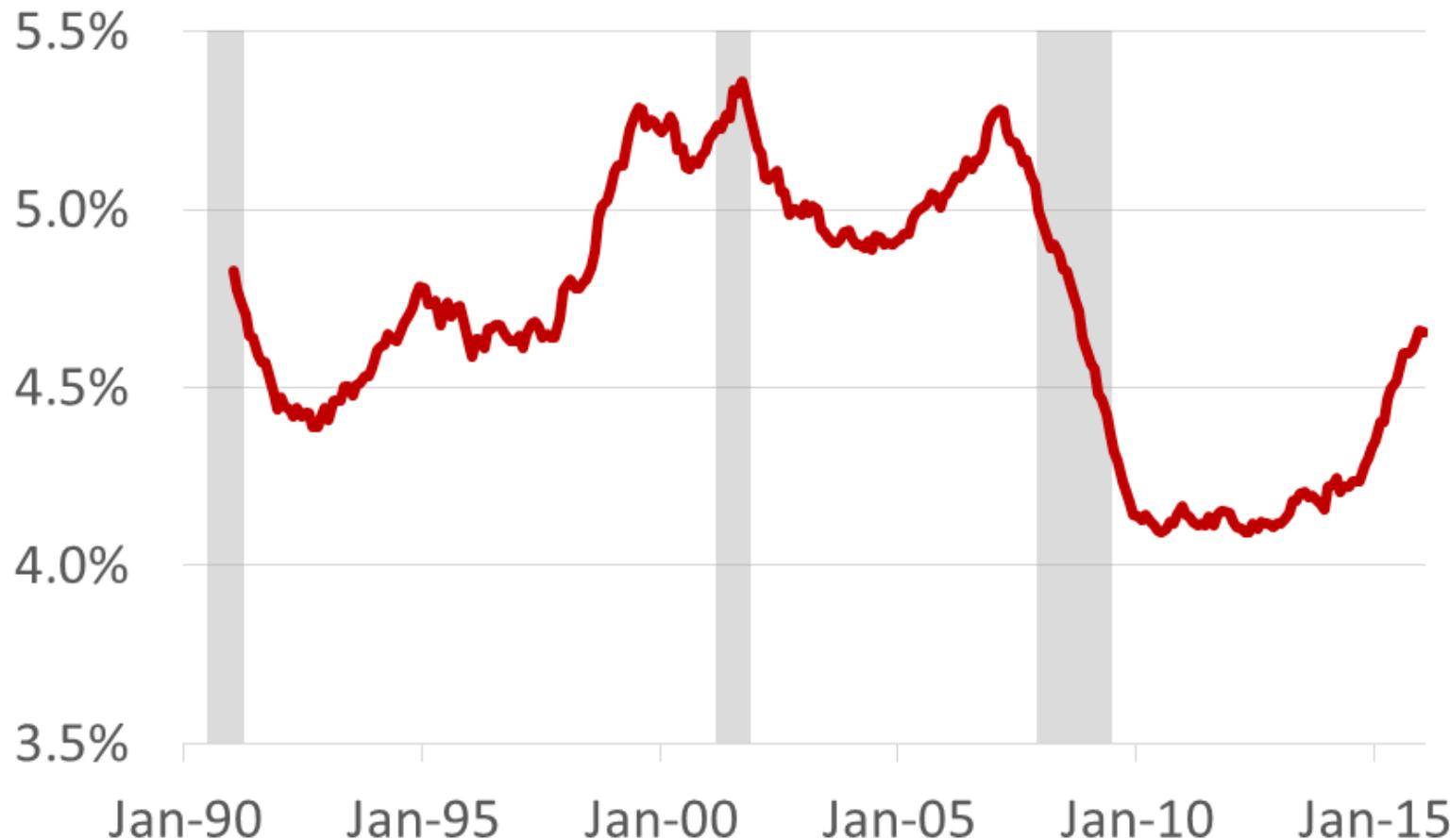




Businesses Casting Wider Net

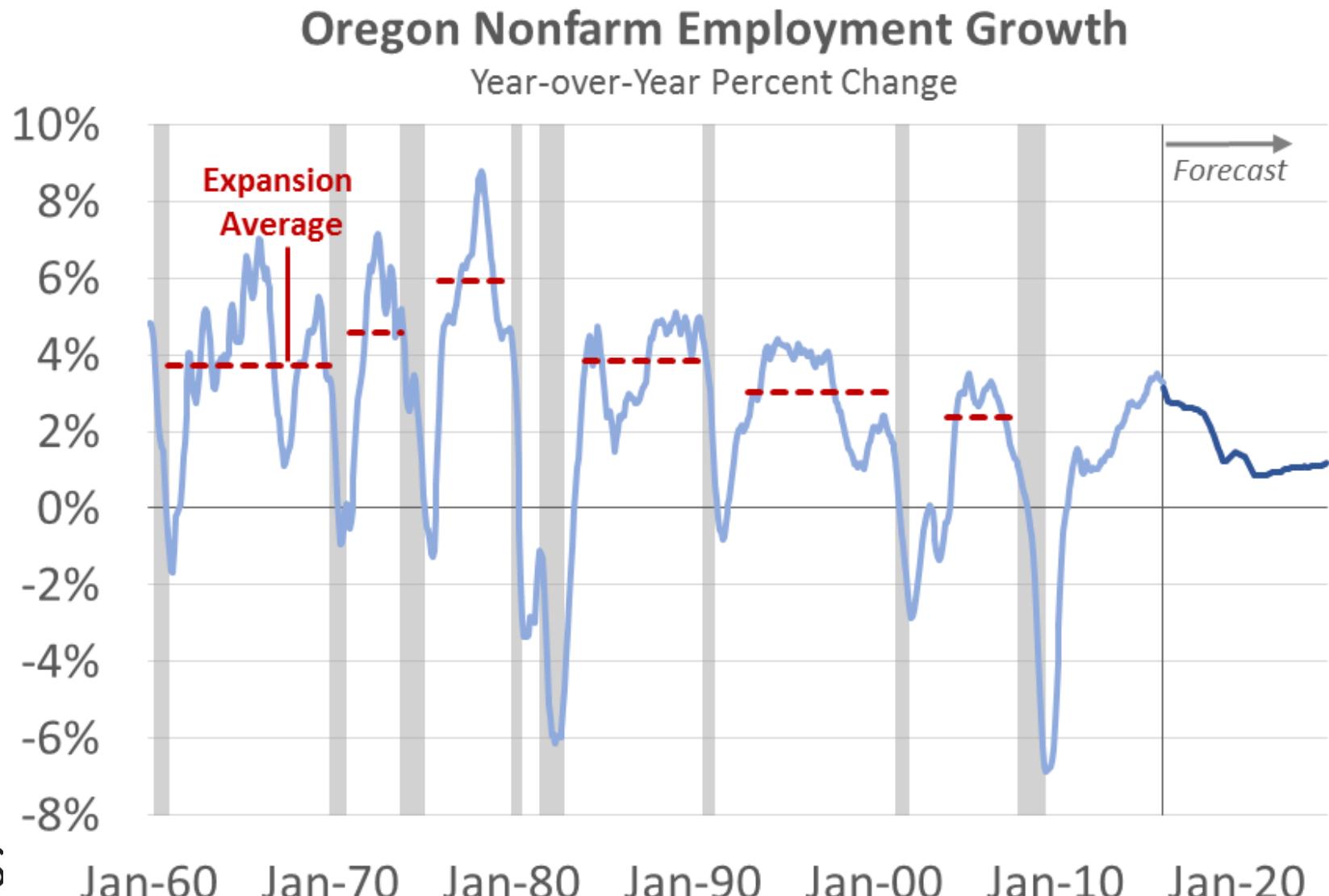
Pulling Workers Back In

Share of People Outside of the Labor Force Who Find a Job Each Month





Economic Outlook





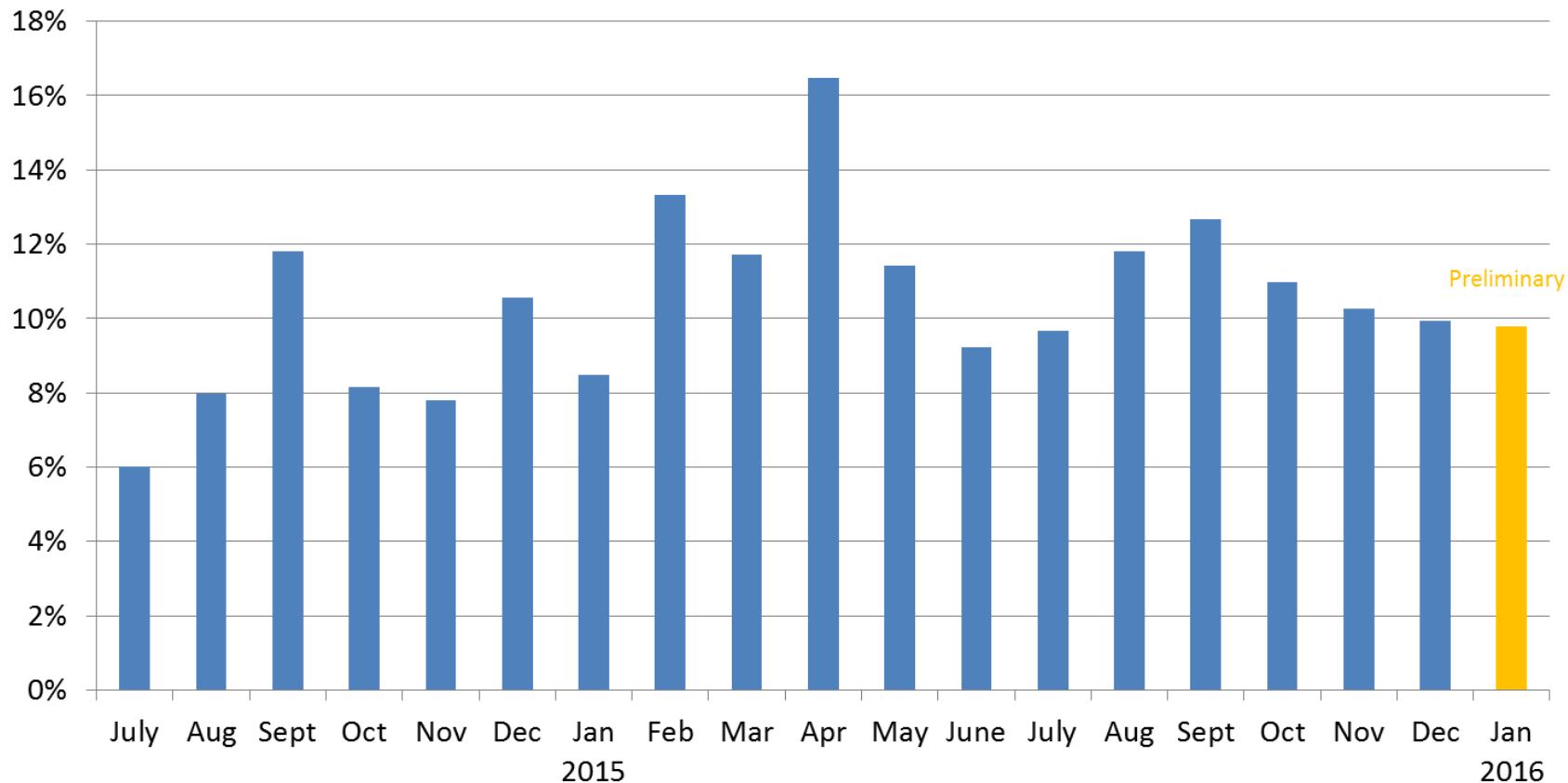
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Revenue Trends



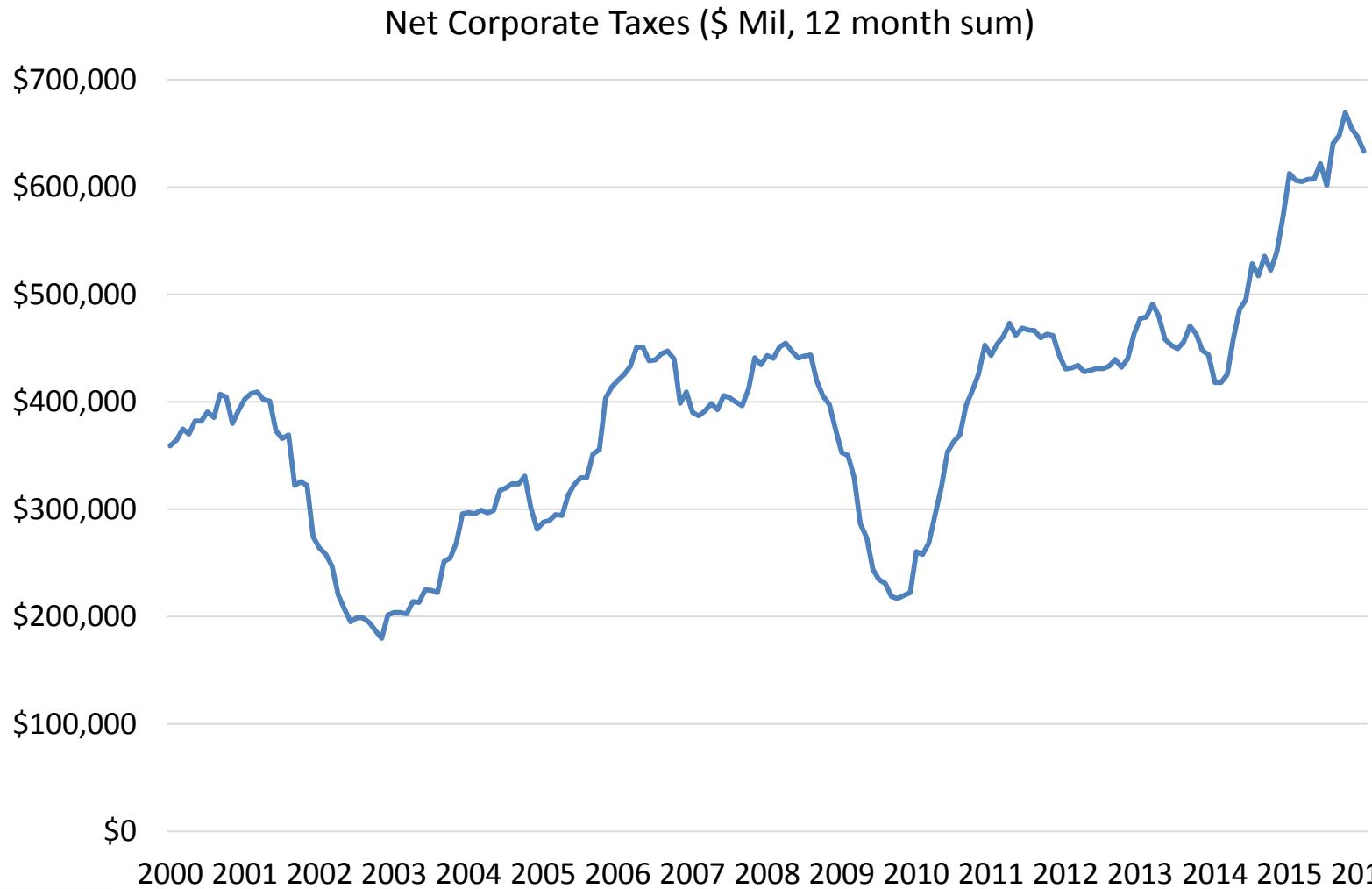
Personal Income Tax Collections Remain Healthy

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



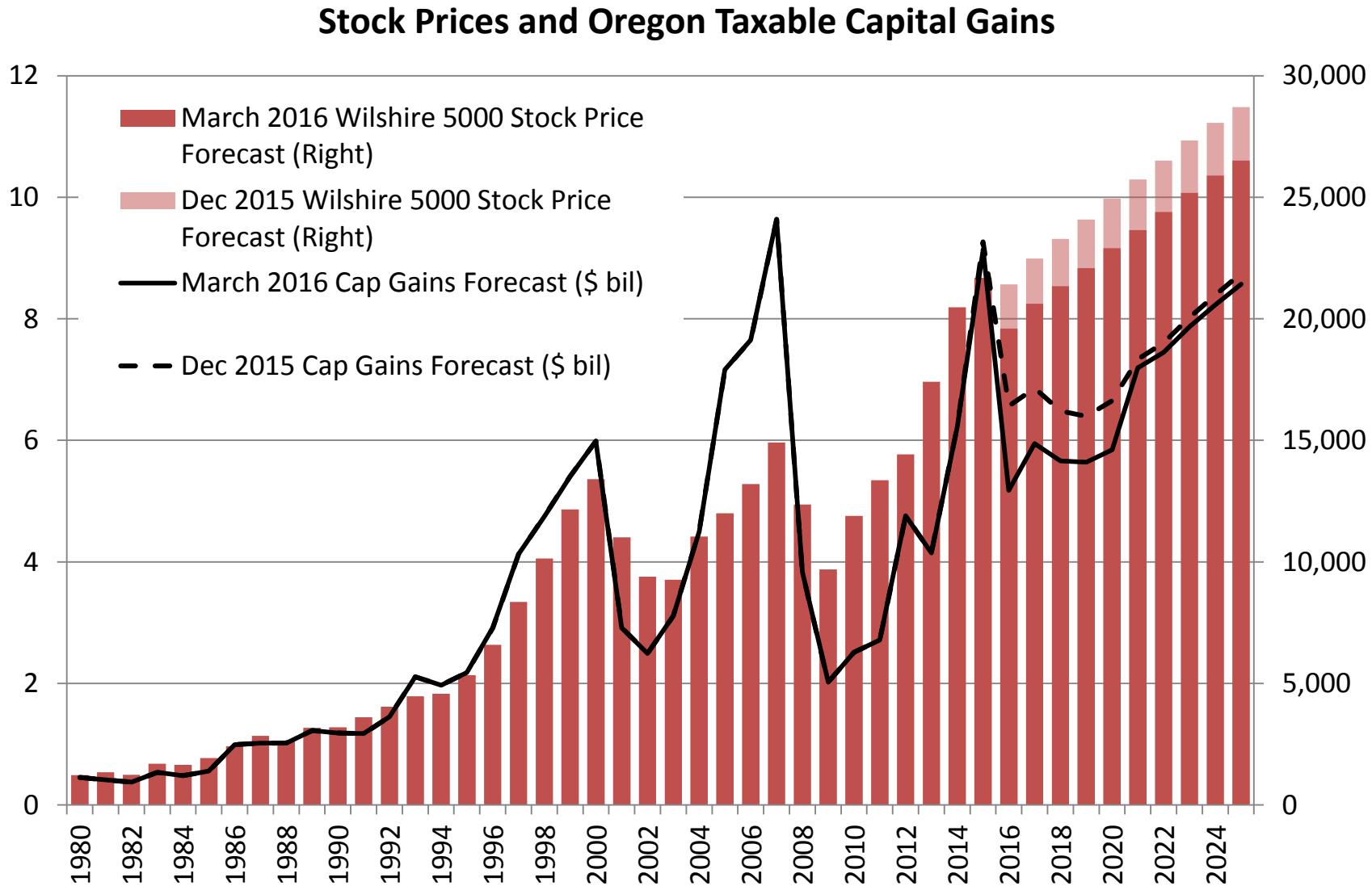


Corporate Taxes Turn Down





Herein Lies the Problem





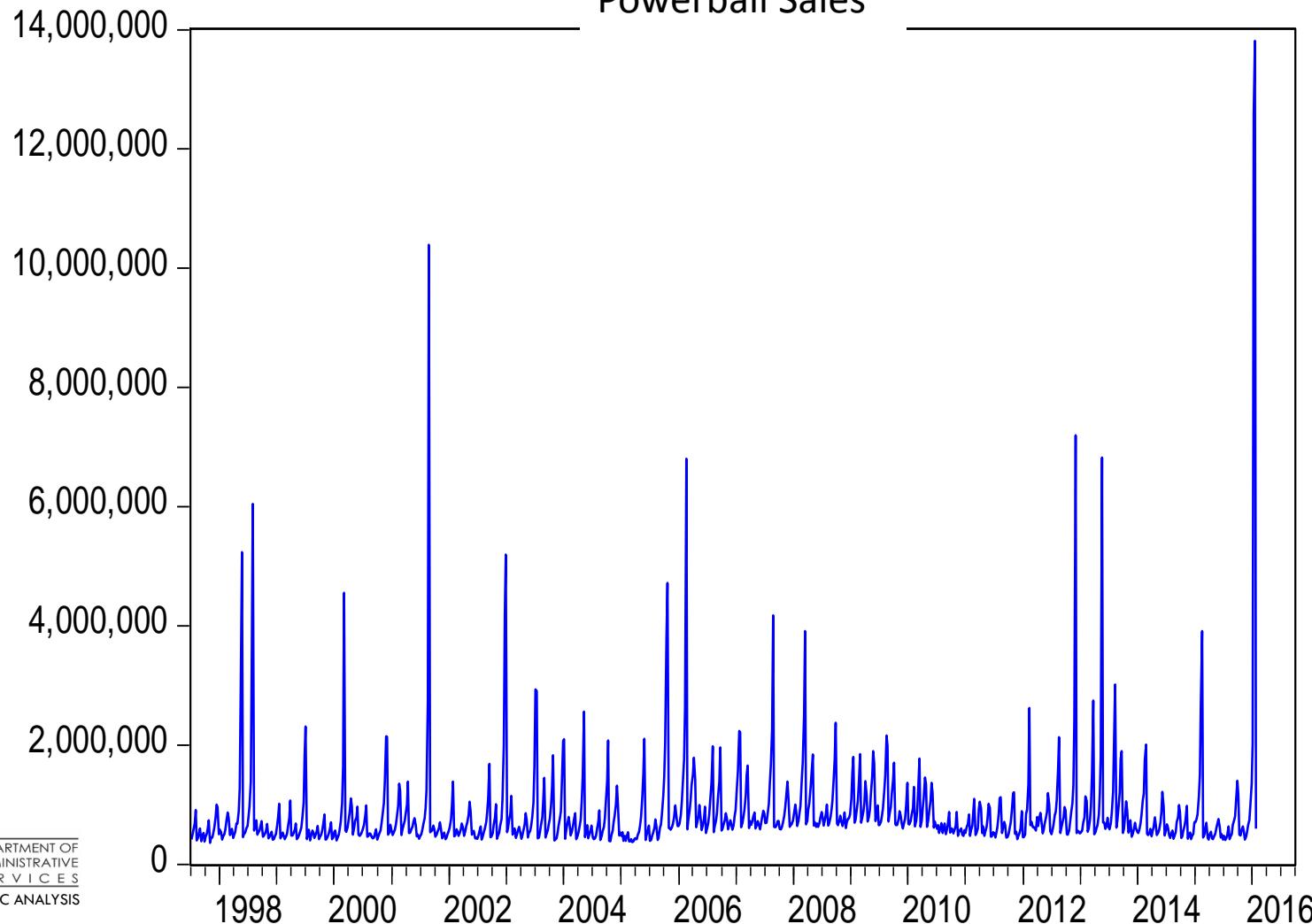
Here Comes April

Tax Year	Dec-Jan Estimated Payments (\$ mil)	% change	Non-Labor Income* (% change)	Q2 Final PIT Payments (% change)
2008	268	-28.4%	-35.4%	-45.4%
2009	227	-15.2%	-22.2%	-2.8%
2010	253	11.5%	10.9%	17.9%
2011	268	5.6%	0.9%	3.3%
2012	345	28.8%	36.0%	25.1%
2013	346	0.5%	-5.2%	-7.0%
2014	416	20.0%	23.4%	15.9%
2015	455	9.4%	12.2% Forecast	8.5%



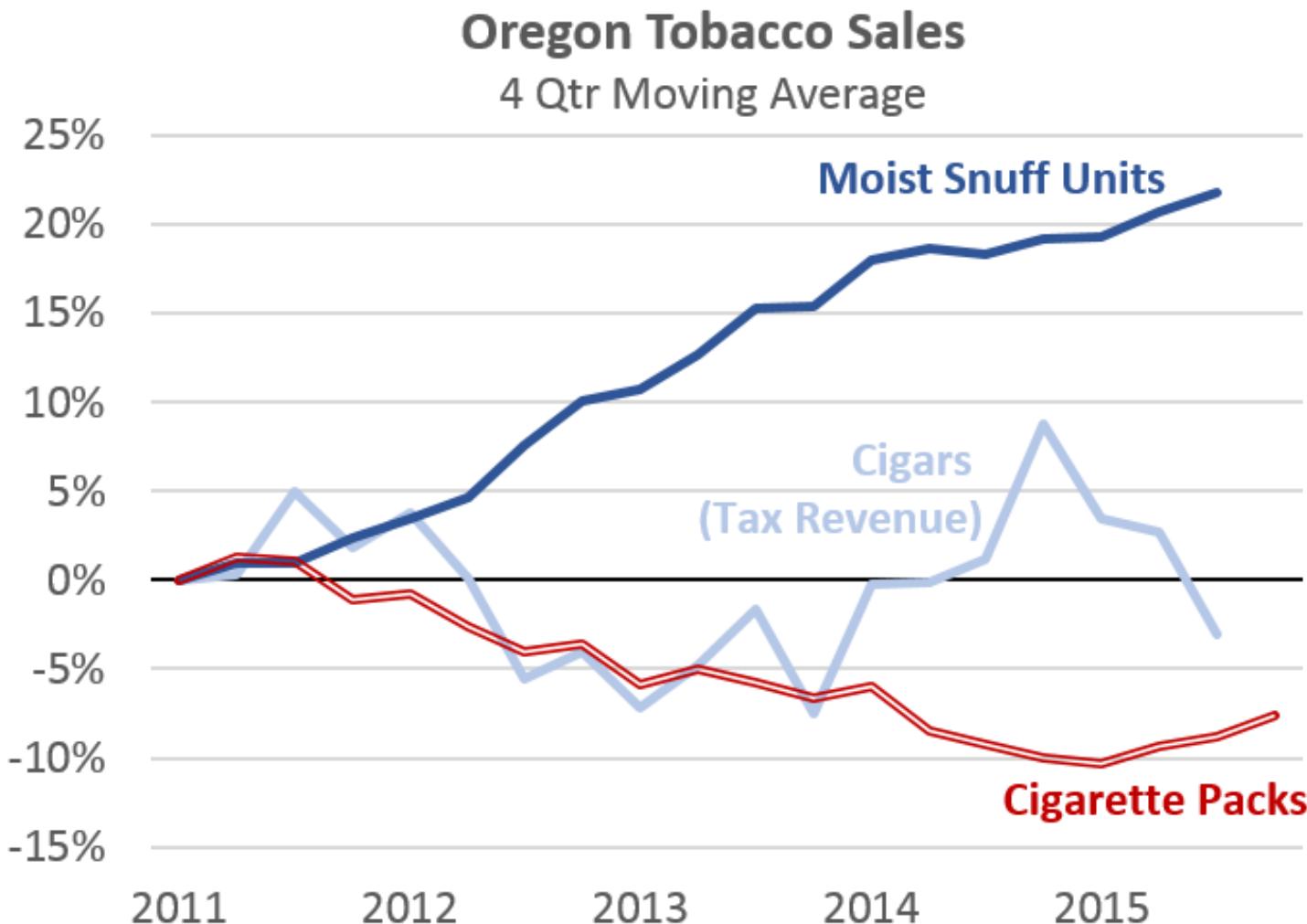
Jackpot!

Oregon Weekly
Powerball Sales





Surprising Cigarette Sales



Cigarette data through 2015q4, Other Tobacco Products through 2015q3
Source: Oregon Department of Revenue, Oregon Office of Economic Analysis



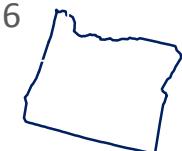
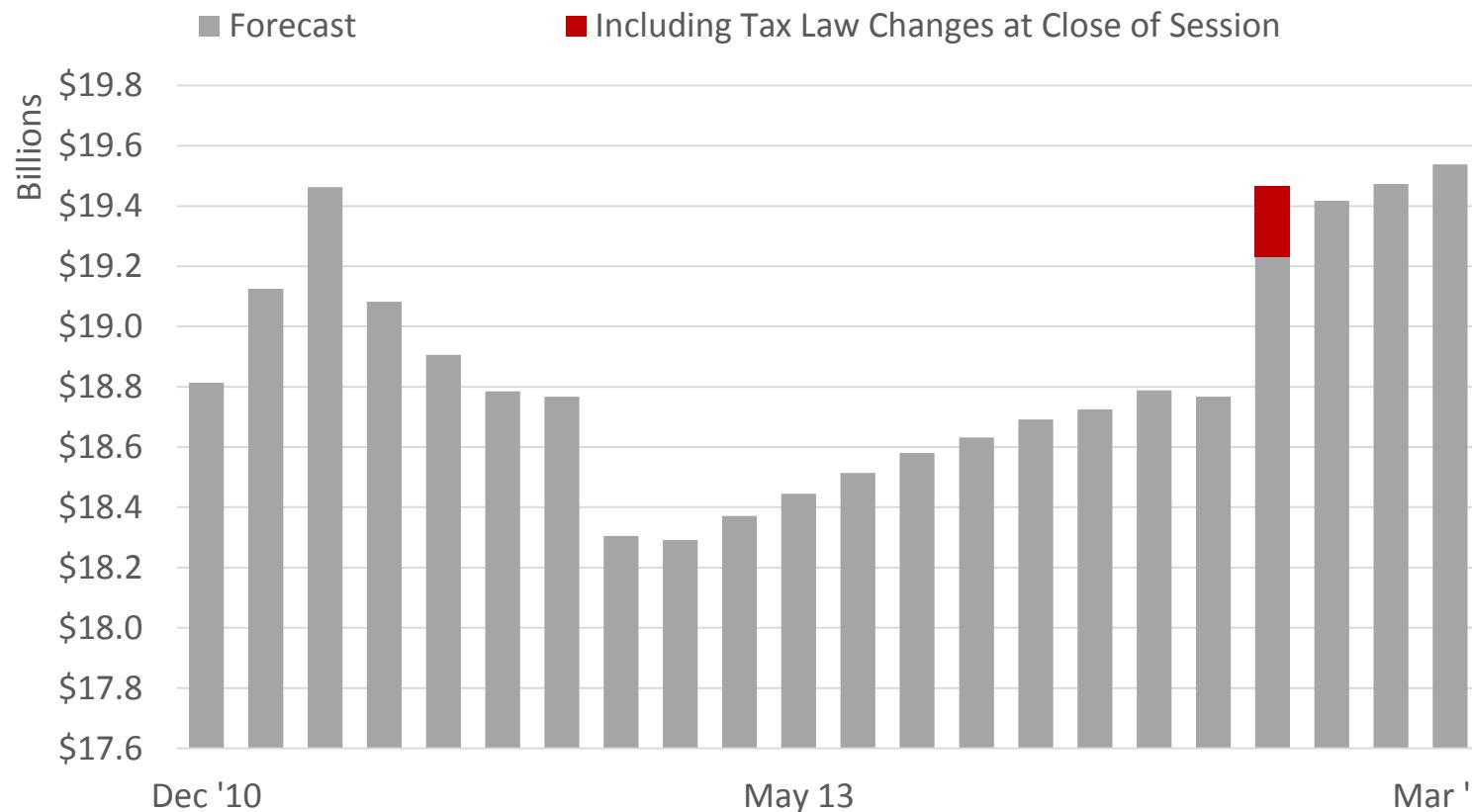
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Revenue Outlook



2015-17 Forecast Evolution

2015-17 General and Lottery Fund Resources Evolution by Forecast Release Date





March 2016 General Fund Forecast Summary

Table R.1

2015-17 General Fund Forecast Summary

(Millions)	2015 COS Forecast	December 2015 Forecast	March 2016 Forecast	Change from Prior Forecast	Change from COS Forecast	Positive Factor	Negative Factor
Structural Revenues							
Personal Income Tax	\$15,713.5	\$15,712.4	\$15,692.1	-\$20.3	-\$21.4	Lottery Sales	Personal Income Taxes
Corporate Income Tax	\$1,100.0	\$1,134.7	\$1,134.3	-\$0.4	\$34.3		
All Other Revenues	\$1,184.6	\$1,182.0	\$1,179.9	-\$2.1	-\$4.7	Estate Taxes	Liquor
Gross GF Revenues	\$17,998.1	\$18,029.1	\$18,006.3	-\$22.8	\$8.3	Criminal Fines	Court Fees
Offsets and Transfers	-\$42.8	-\$43.0	-\$43.2	-\$0.2	-\$0.4		
Administrative Actions ¹	-\$20.2	-\$20.2	-\$14.0	\$6.2	\$6.2	Spending Adjustments	
Legislative Actions	-\$158.9	-\$158.9	-\$158.3	\$0.6	\$0.6		
Net Available Resources	\$18,309.1	\$18,283.6	\$18,319.6	\$36.0	\$10.5		
Confidence Intervals							
67% Confidence	+/- 6.4%		\$1,144.9		\$16.86B to \$19.15B	Full Impact: \$36.0 Net Increase Less \$16.0 Additional Spending Plus \$24.8 Lottery Funds	
95% Confidence	+/- 12.7%		\$2,289.8		\$15.72B to \$20.30B		

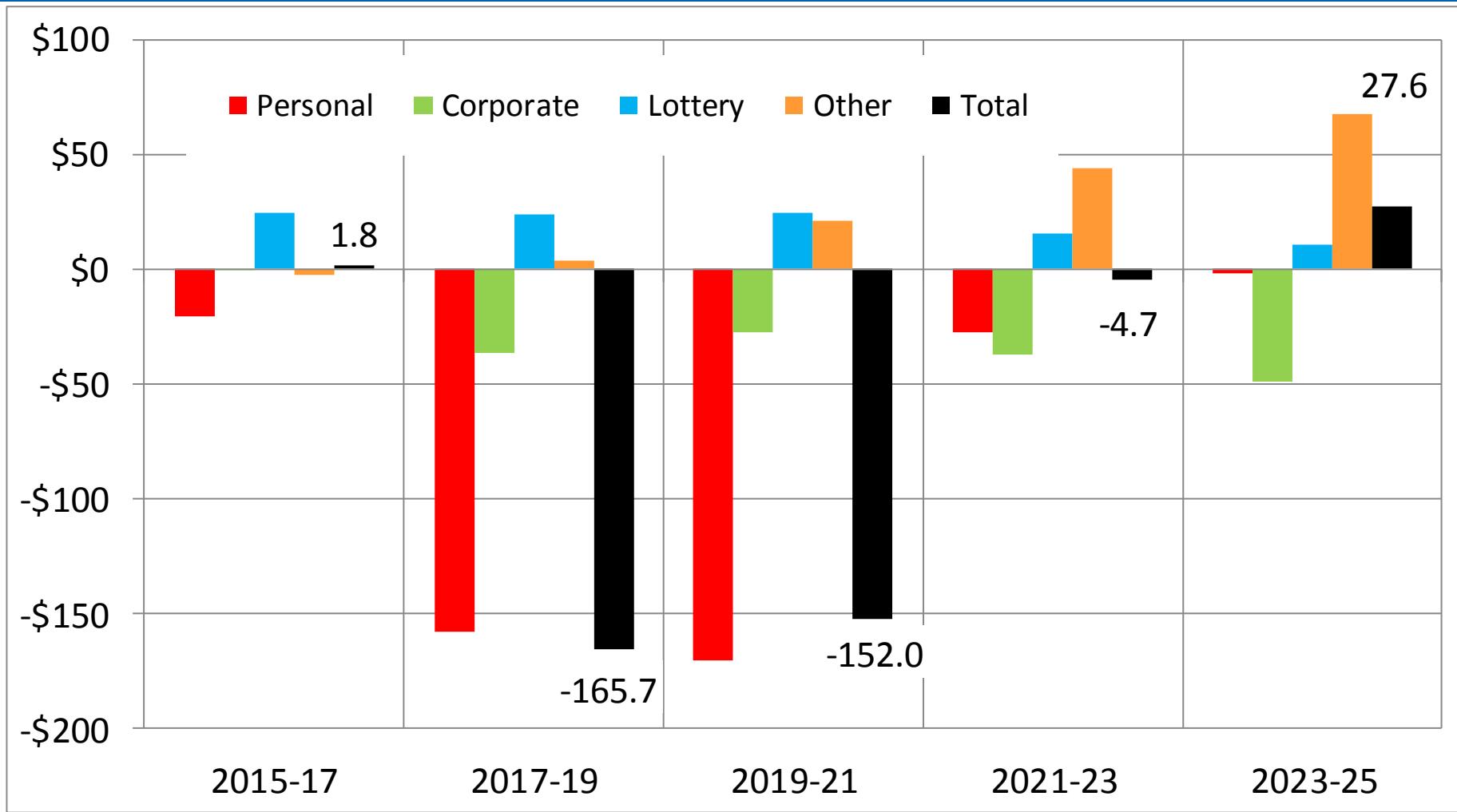
1 Reflects cost of cashflow management actions, exclusive of internal borrowing.

Full Impact:
\$36.0 Net Increase
Less \$16.0 Additional Spending
Plus \$24.8 Lottery Funds



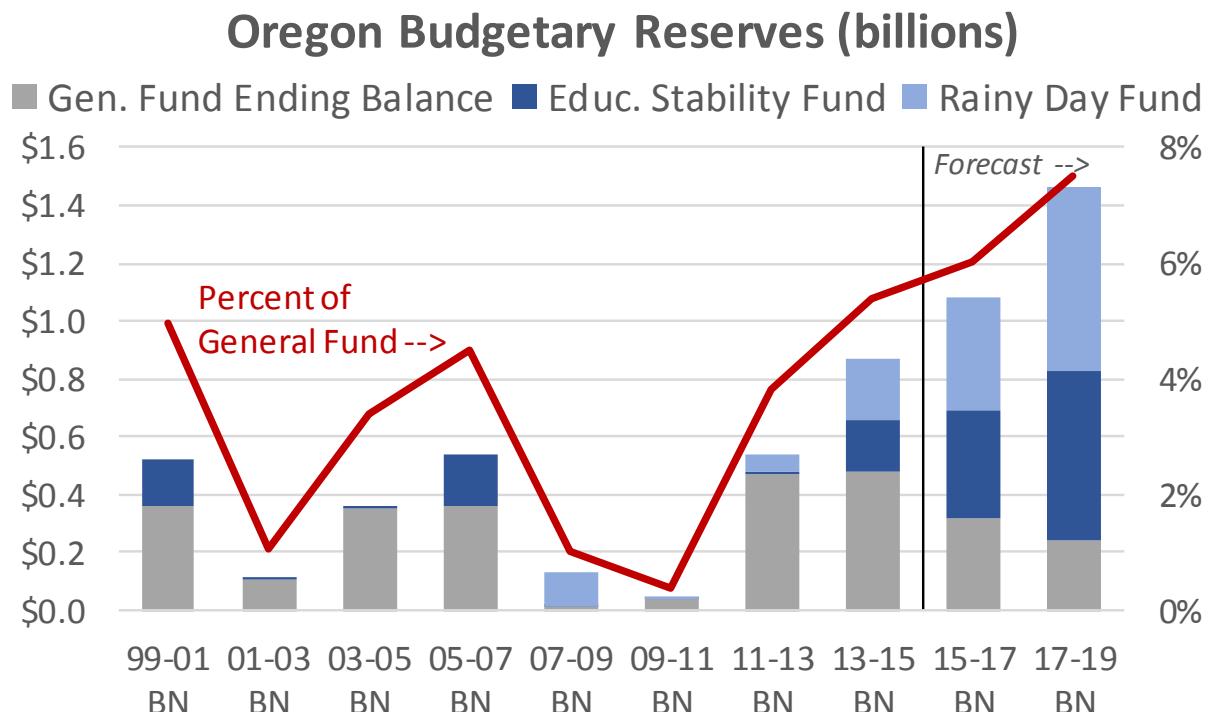
Forecast Changes

Difference from December Forecast, \$ millions





Reserves

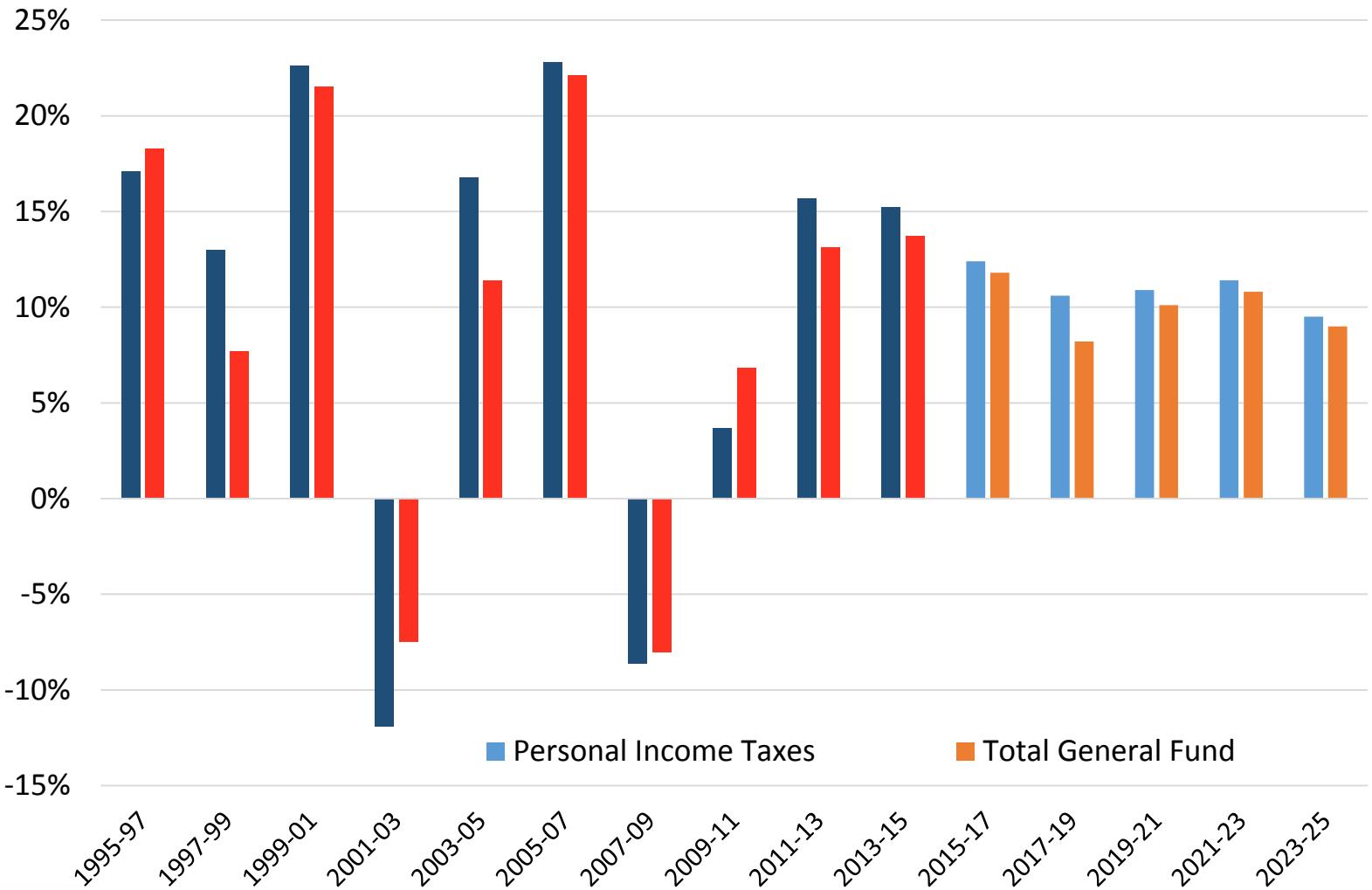


Effective Reserves (\$ millions)

	<u>Feb</u> <u>2016</u>	<u>End</u> <u>2015-17</u>
ESF	\$257.5	\$375.5
RDF	\$212.4	\$386.5
Reserves	\$469.9	\$762.1
Ending Balance	\$319.0	\$319.0
Total	\$788.9	\$1,081.0
% of GF	4.4%	6.0%



Biennial Revenue Growth





For More Information

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