



STATE OF OREGON

Economic and Revenue Outlook: March 2016

February 10th, 2016

Oregon Office of Economic Analysis

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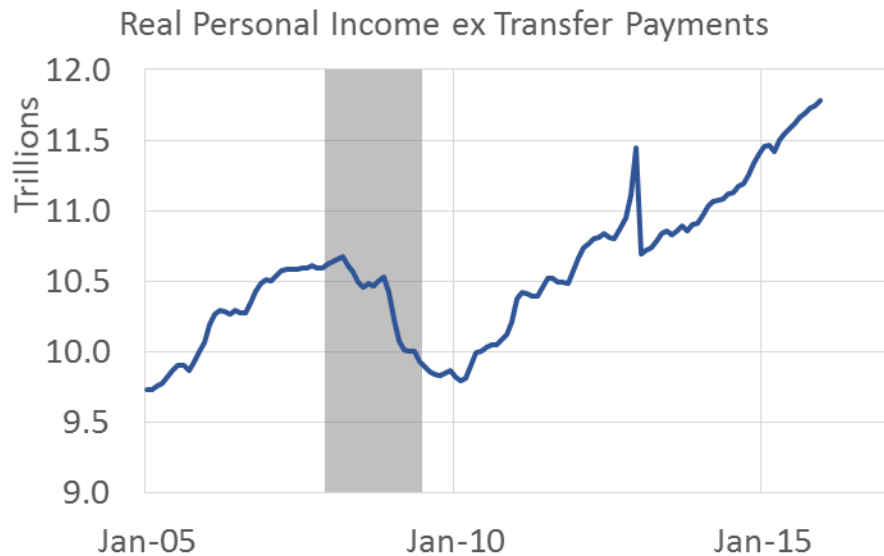
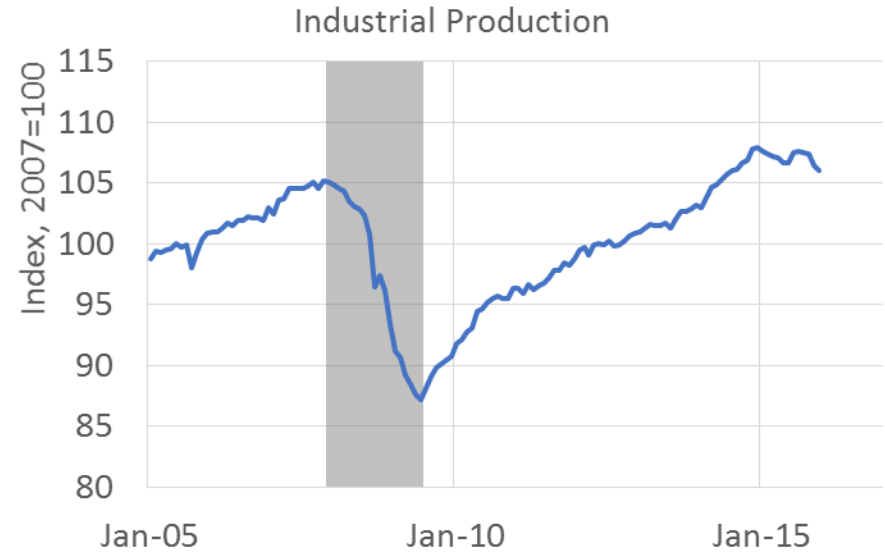
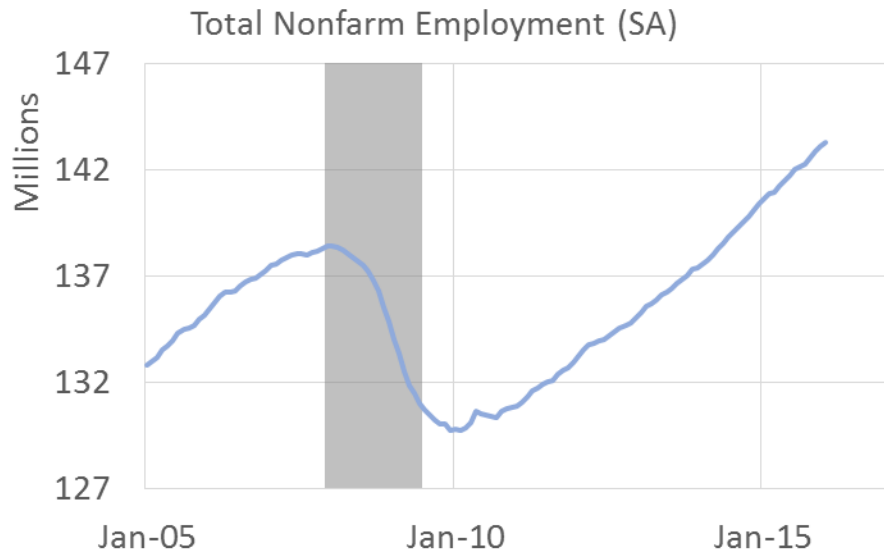


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Recent Performance

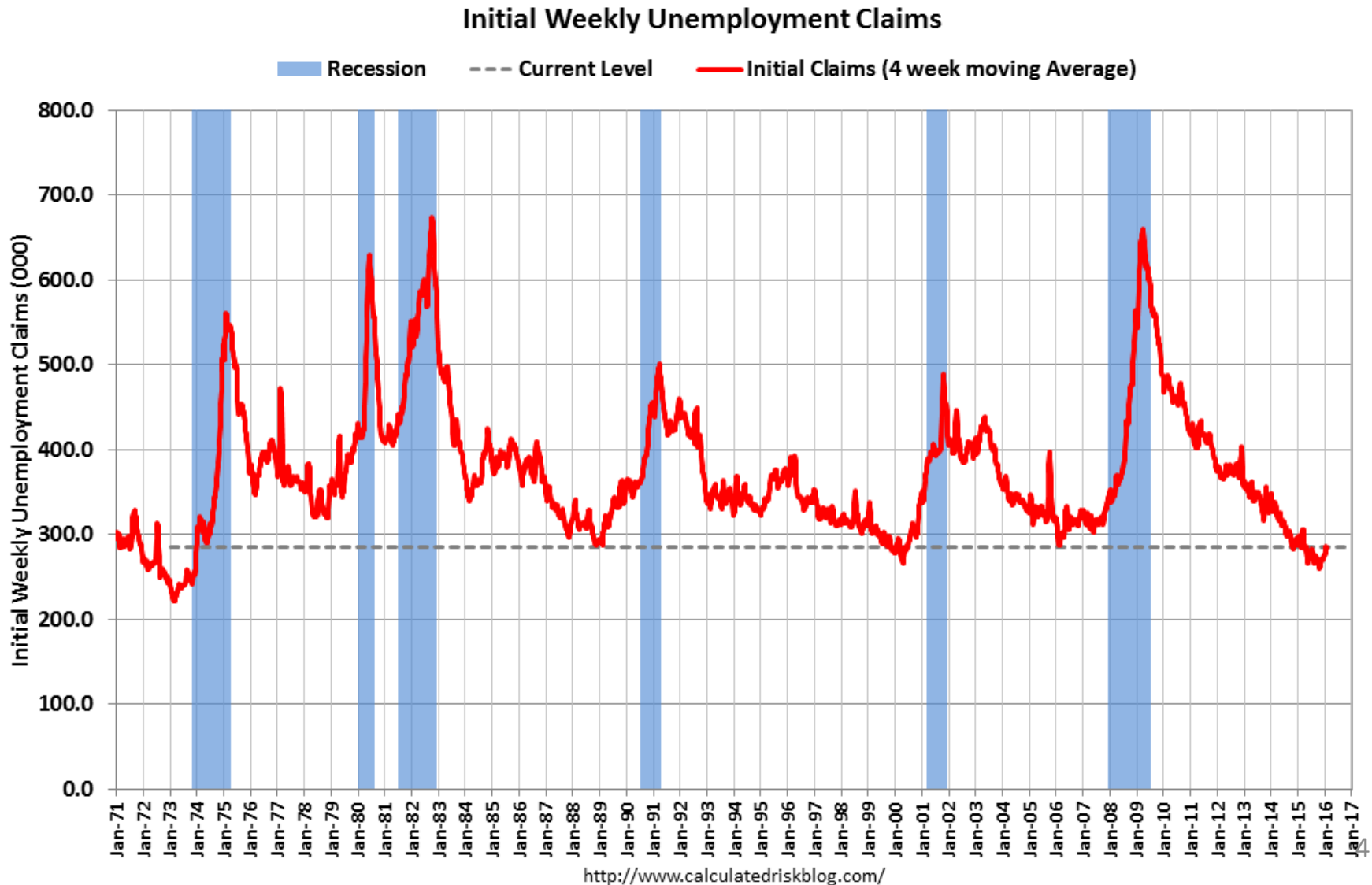


U.S. Economy Still in Expansion





Best Leading Indicator

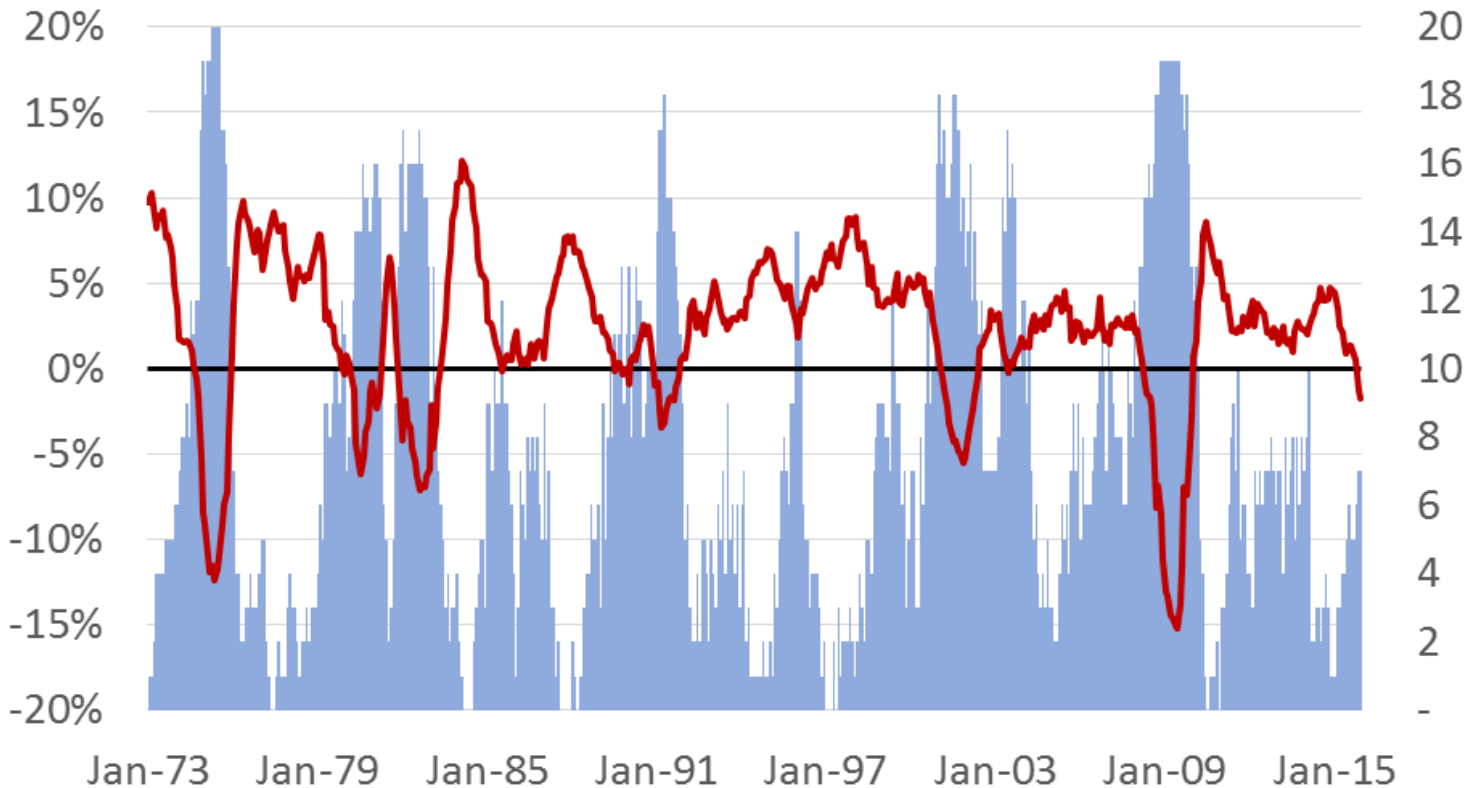




Industrial Production is Weak

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

20 Sectors within Industrial Production at the 3 Digit NAICS level
Source: Federal Reserve, Oregon Office of Economic Analysis





Oregon: Not Immune to Global Issues

Oregon Export Growth

Year-over-Year Change





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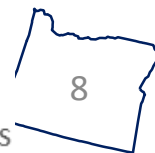
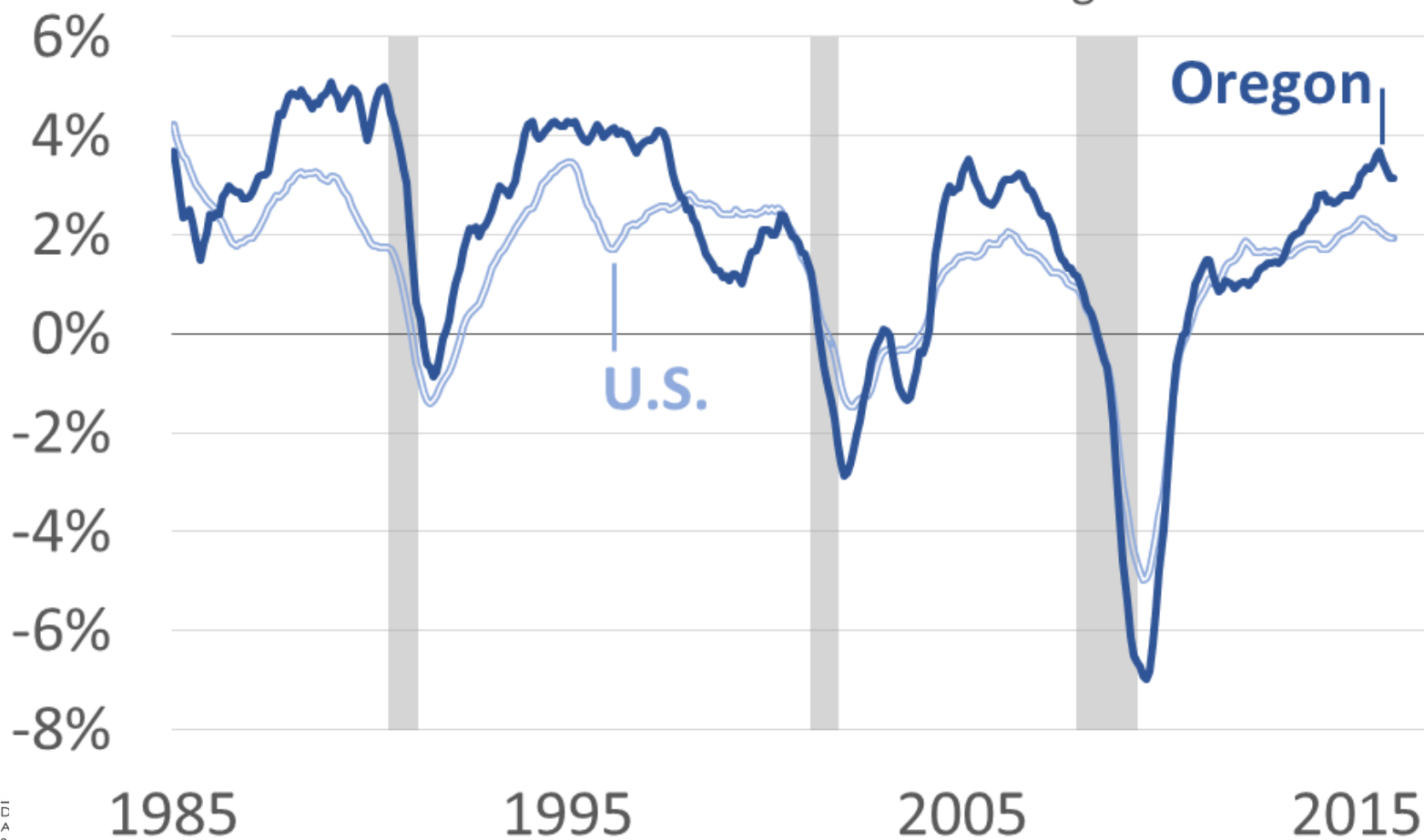
Oregon's Labor Market



Traditional Advantage Regained

Total Nonfarm Employment

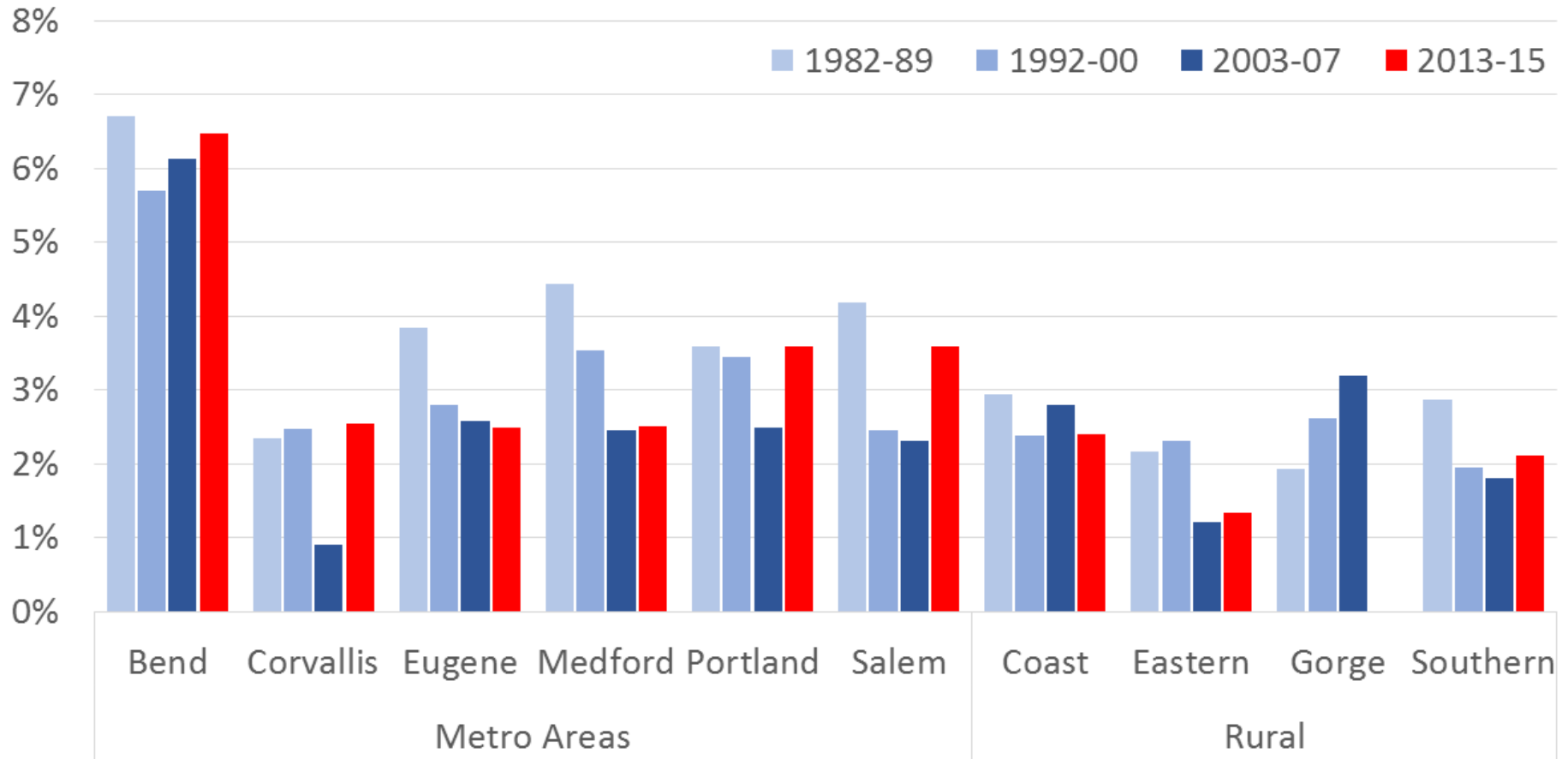
Year-over-Year Percent Change





Most Regions Full Throttle

Oregon Employment Growth



Coast: Clatsop, Lincoln, Tillamook Eastern: Baker, Crook, Grant, Harney, Jefferson, Malheur, Morrow, Umatilla, Union, Wallowa

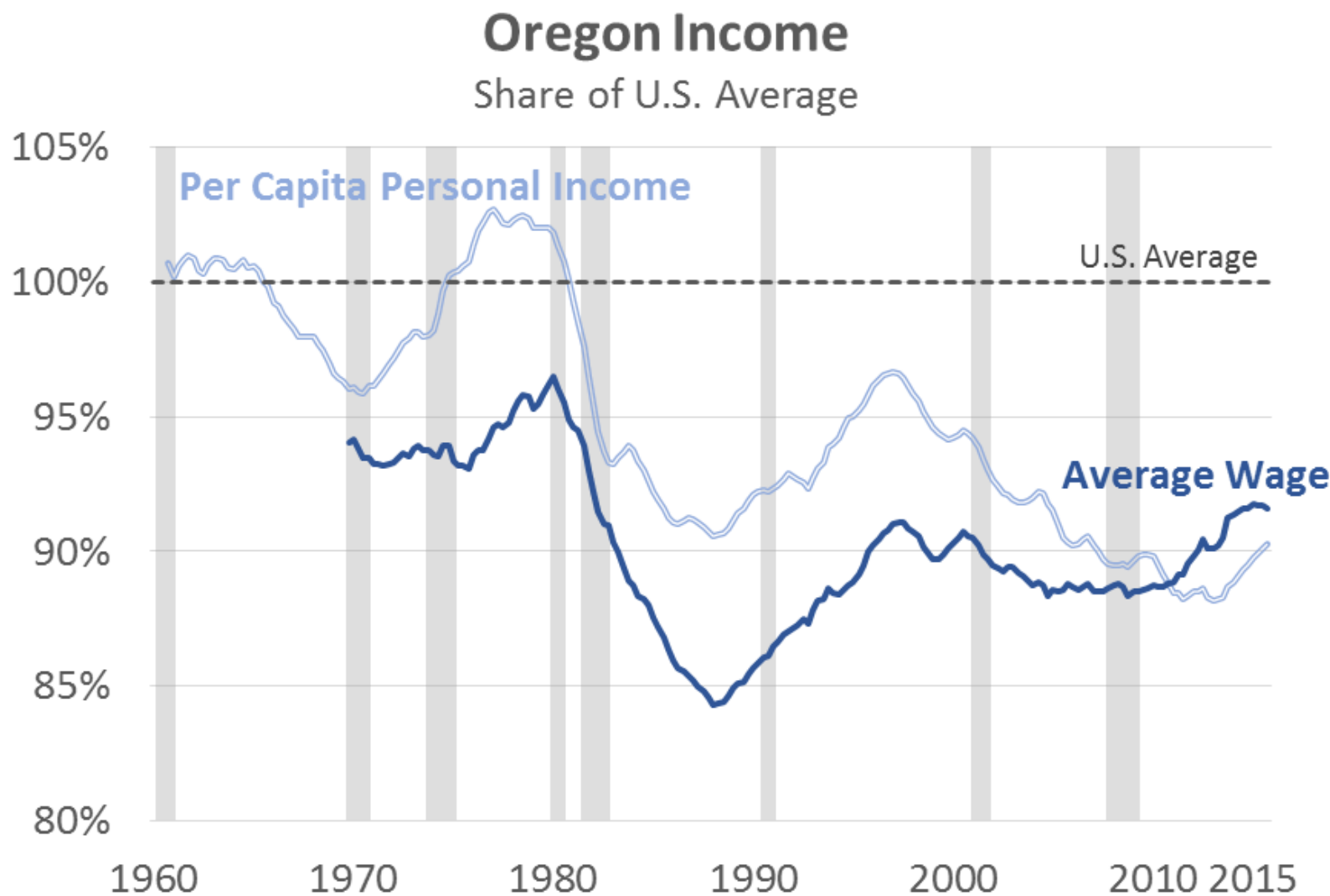
Gorge: Gilliam, Hood River, Sherman, Wasco, Wheeler Southern: Coos, Curry, Douglas, Josephine, Klamath, Lake

Data: QCEW | Source: Oregon Employment Department, Oregon Office of Economic Analysis



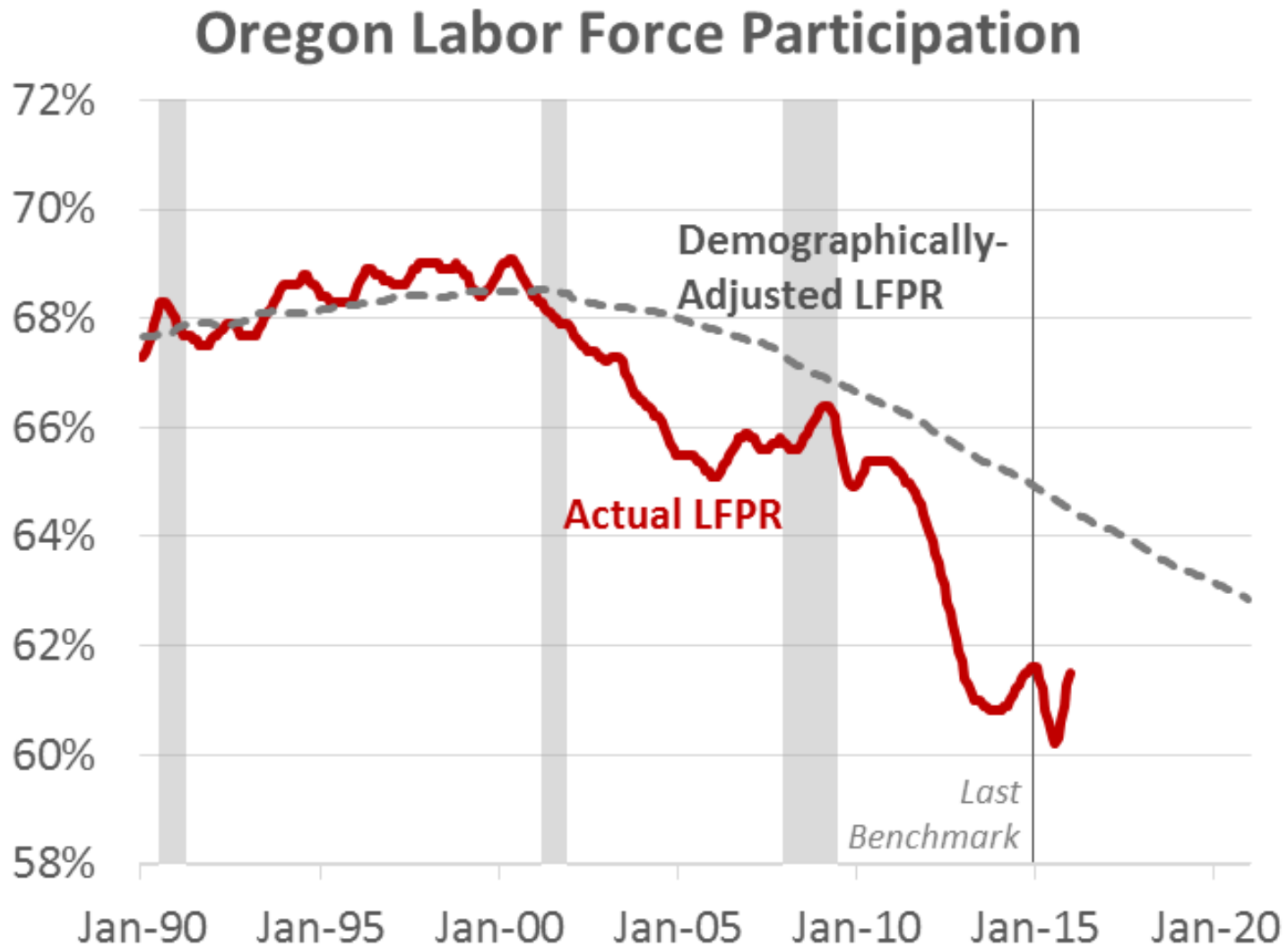
Translates into Stronger Income Gains

Wage Gains Broad Based, Not Due to Composition Effects





Participation: Mostly Structural



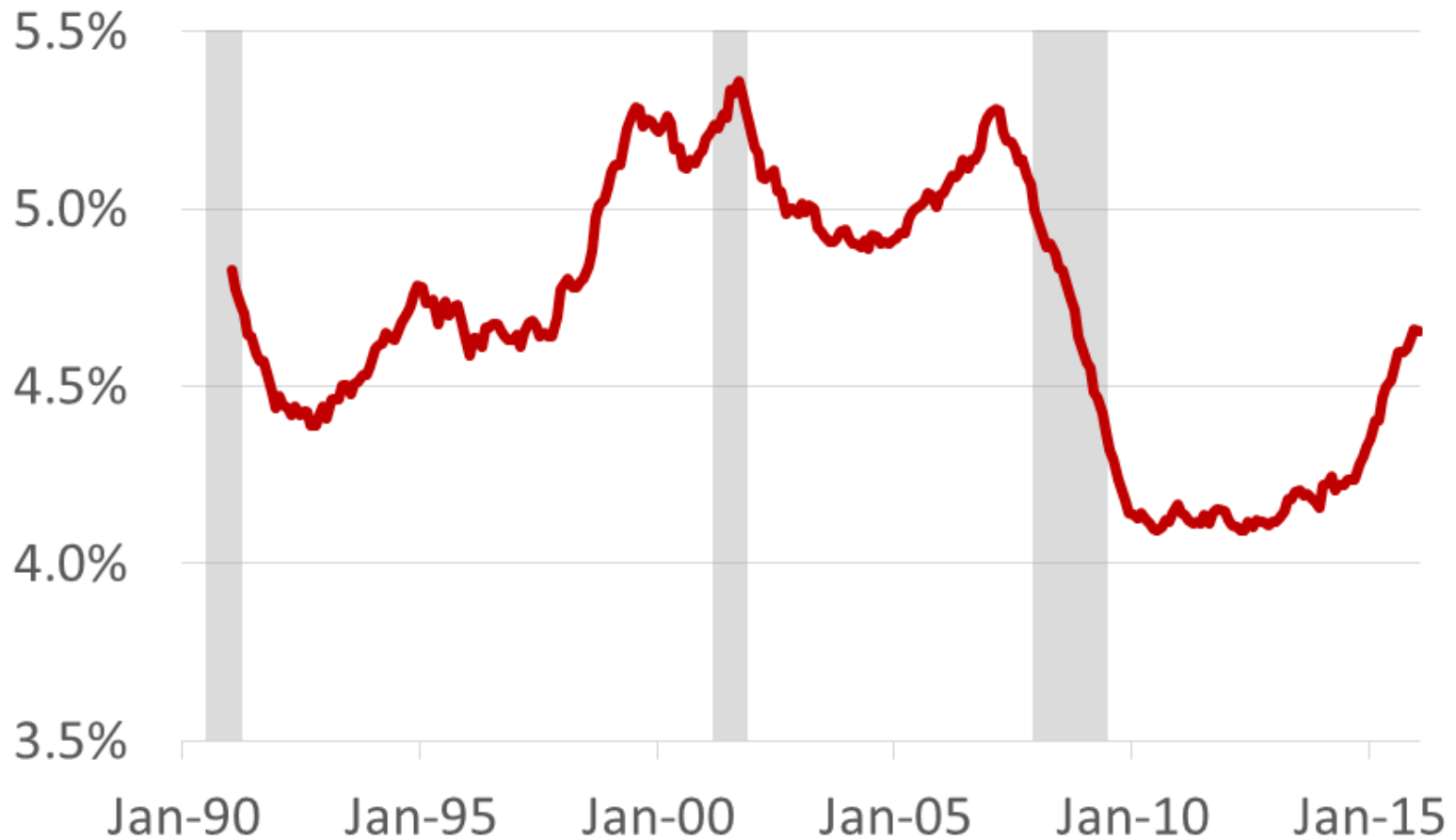
Latest Data: December 2015 | Source: BLS, Census, OED, Oregon Office of Economic Analysis



Businesses Casting Wider Net

Pulling Workers Back In

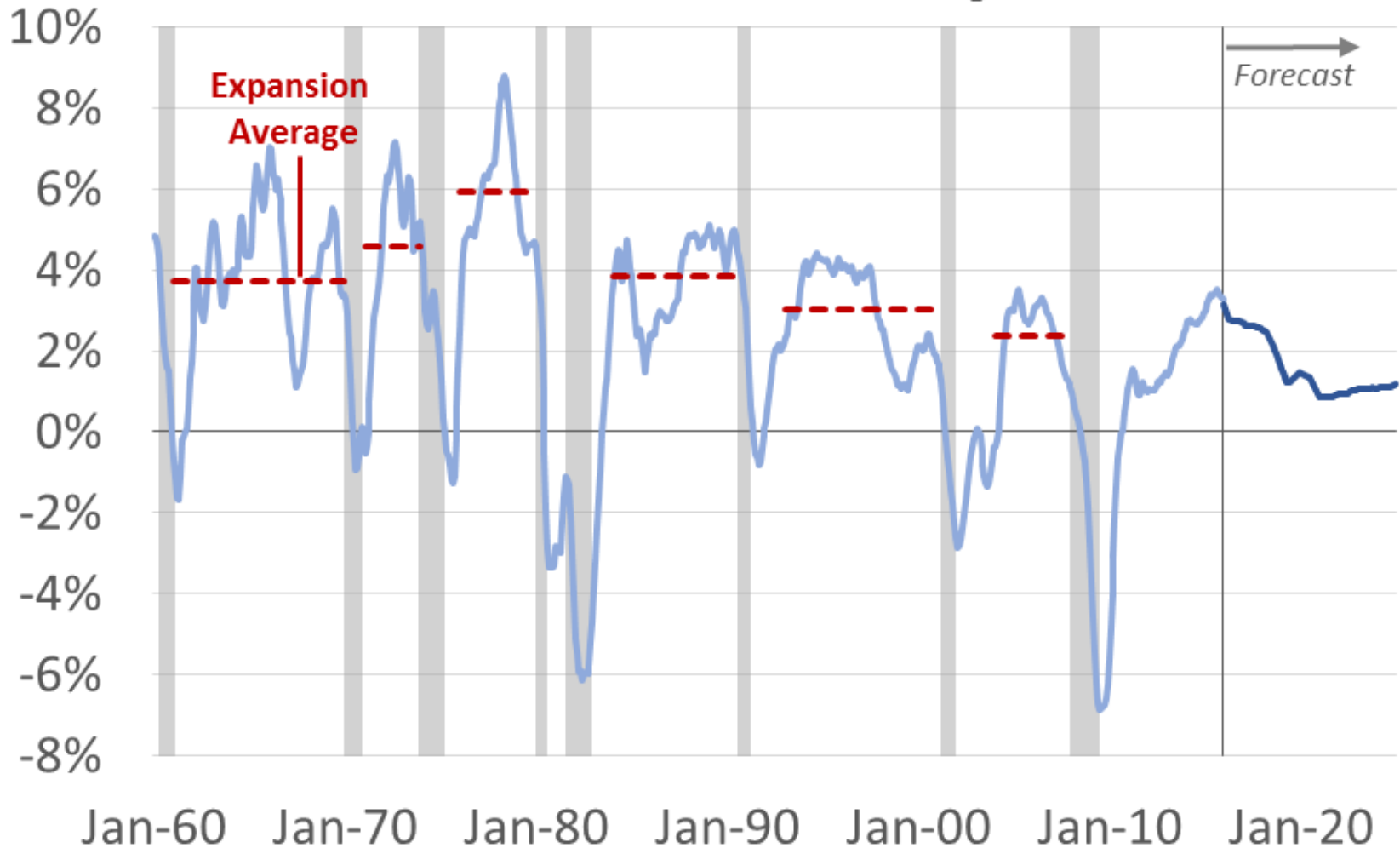
Share of People Outside of the Labor Force Who Find a Job Each Month





Economic Outlook

Oregon Nonfarm Employment Growth
Year-over-Year Percent Change





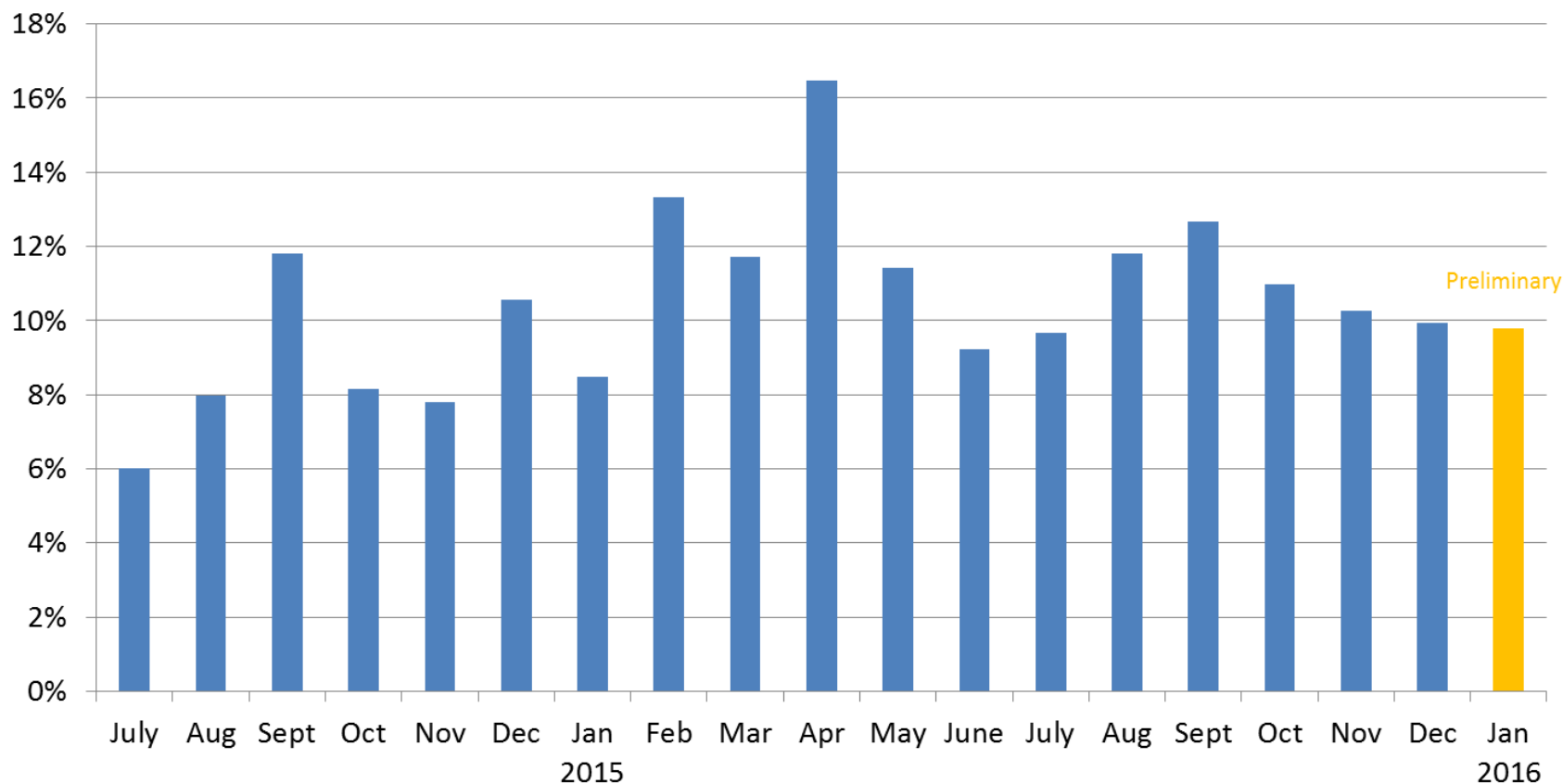
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Revenue Trends



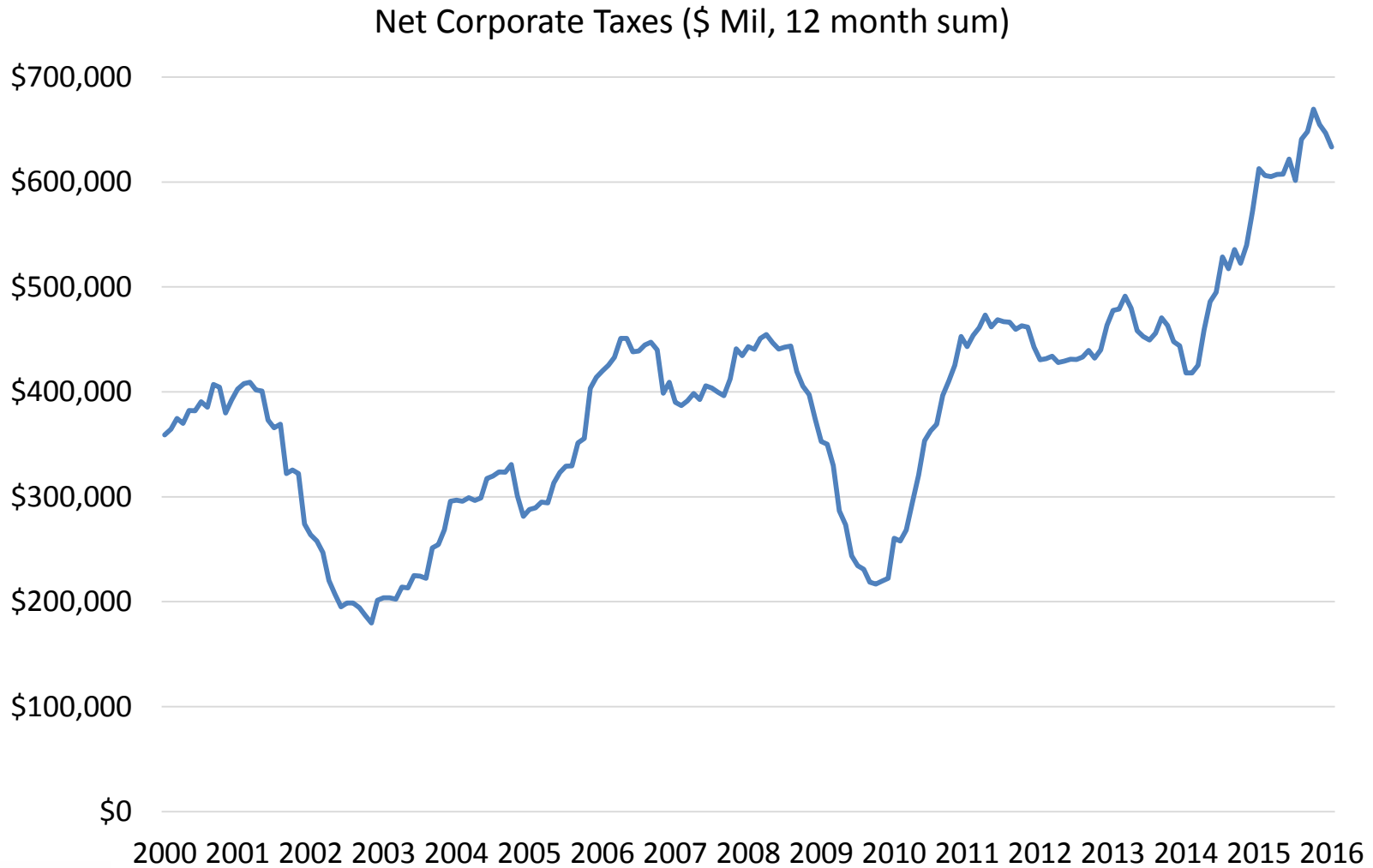
Personal Income Tax Collections Remain Healthy

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





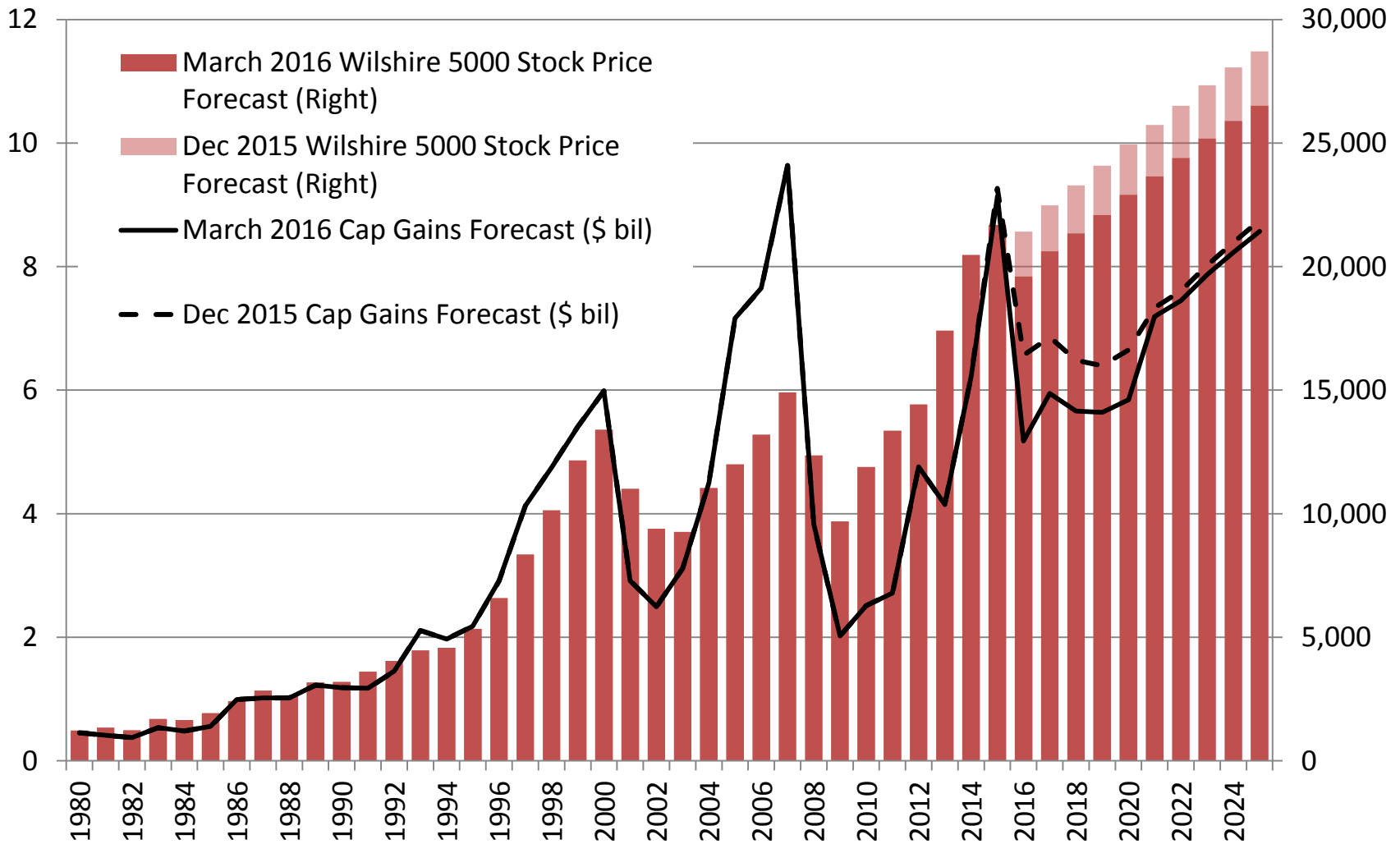
Corporate Taxes Turn Down





Herein Lies the Problem

Stock Prices and Oregon Taxable Capital Gains





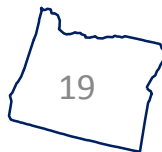
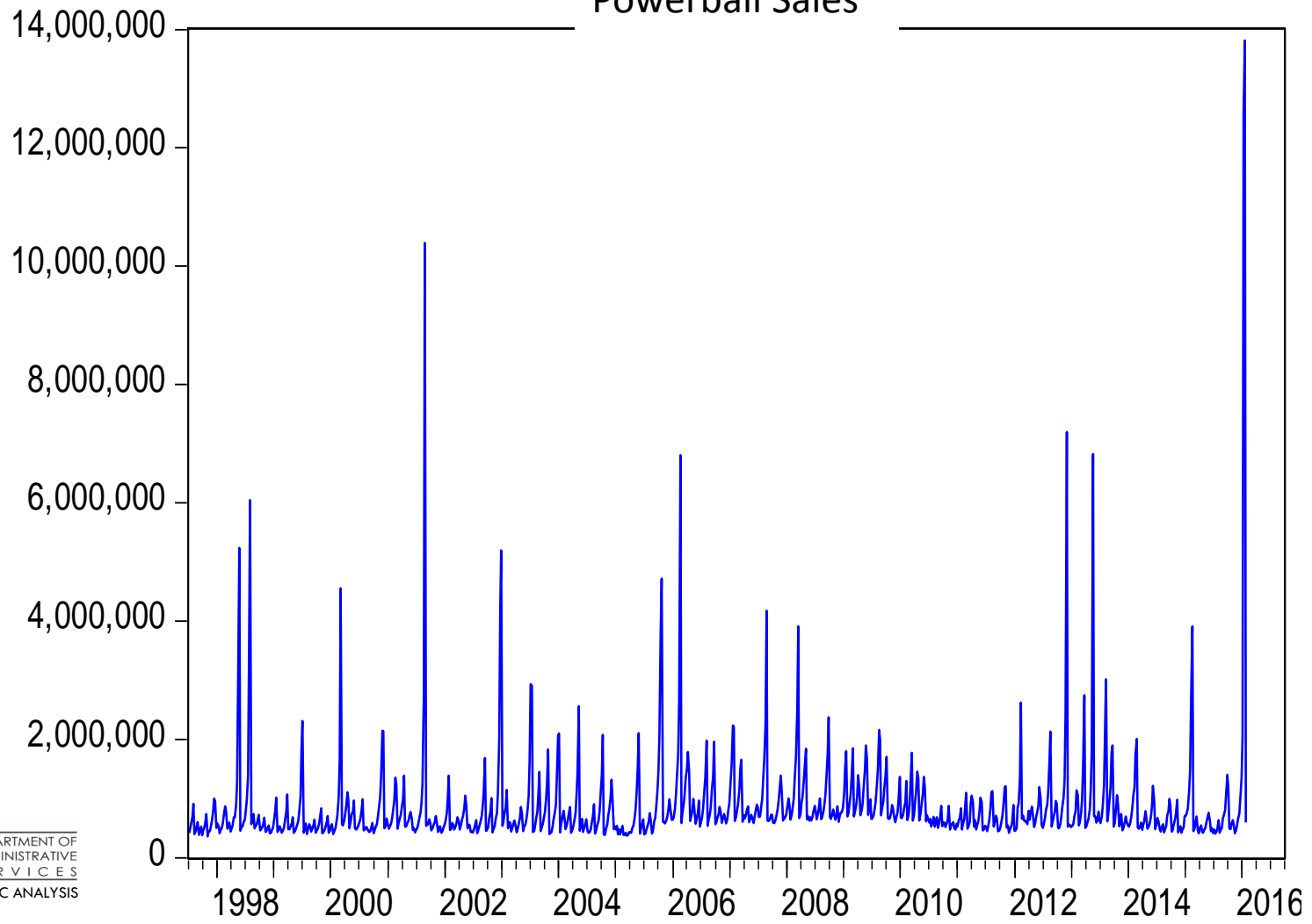
Here Comes April

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%



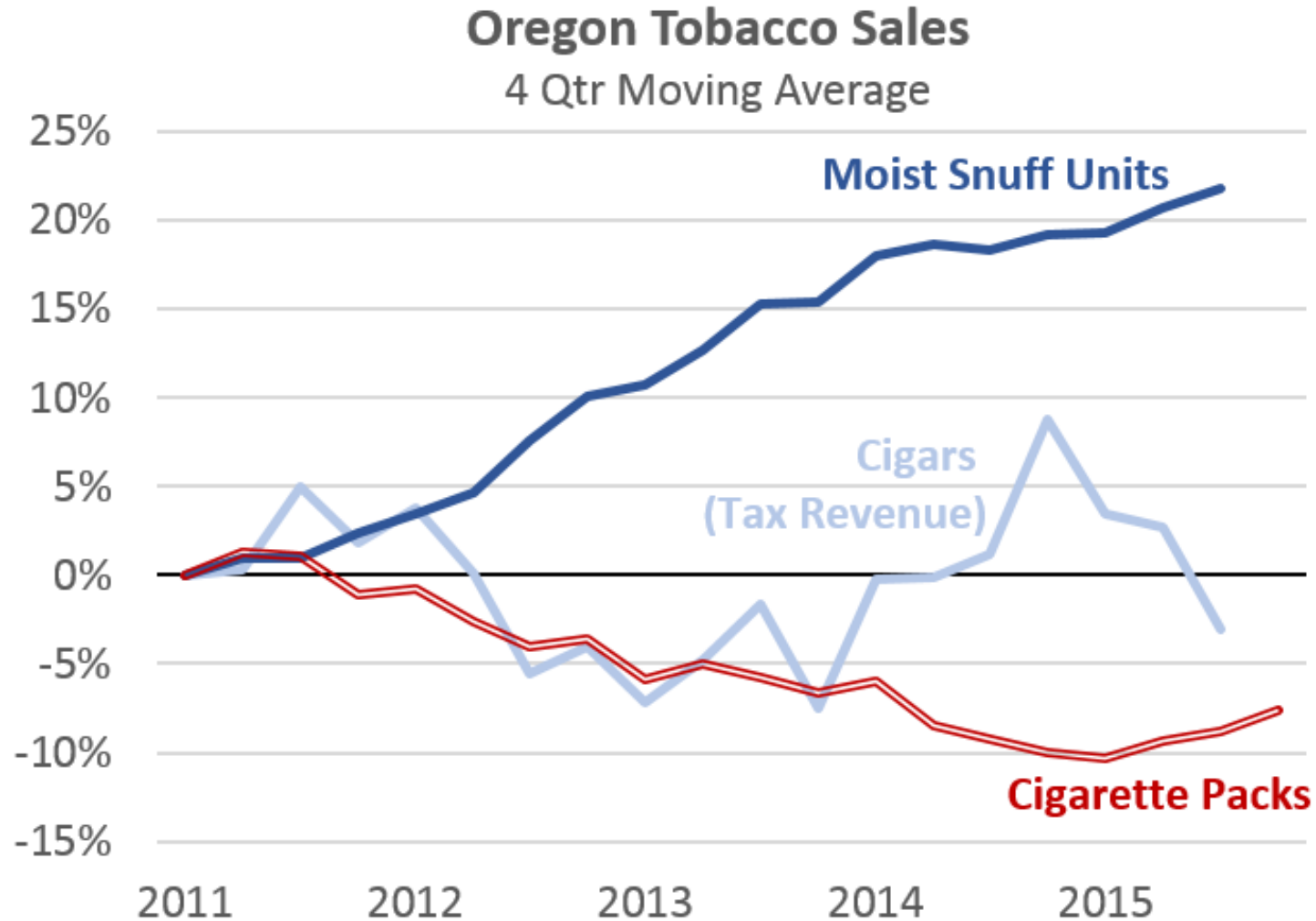
Jackpot!

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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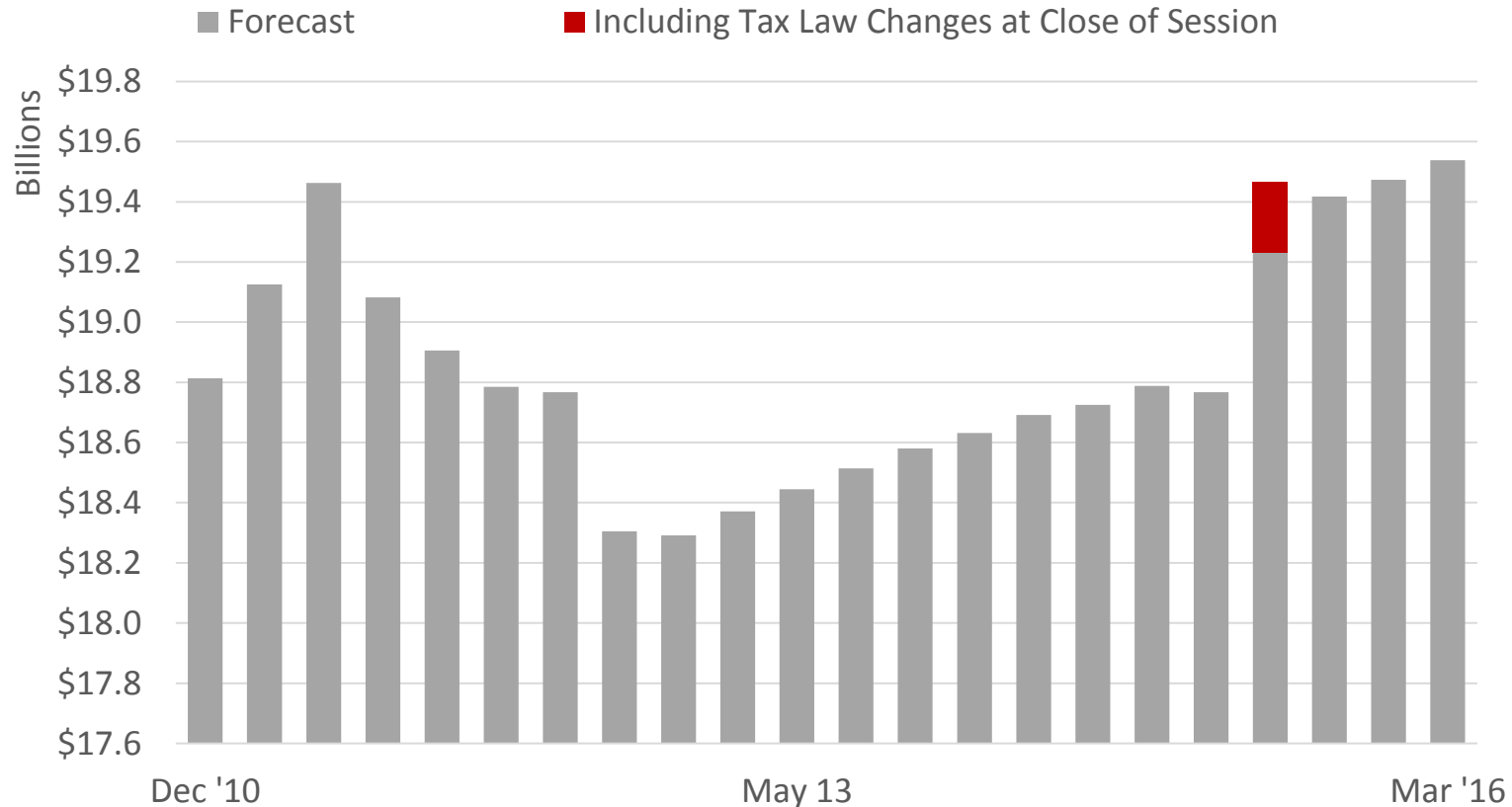
Revenue Outlook



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
Structural Revenues					
Personal Income Tax	\$15,713.5	\$15,712.4	\$15,692.1	-\$20.3	-\$21.4
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
Gross GF Revenues	\$17,998.1	\$18,029.1	\$18,006.3	-\$22.8	\$8.3
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
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	
95% Confidence	+/- 12.7%		\$2,289.8	\$15.72B to \$20.30B	

Positive Factor	Negative Factor
Lottery Sales	Personal Income Taxes
Estate Taxes	Liquor
Criminal Fines	Court Fees
Spending Adjustments	

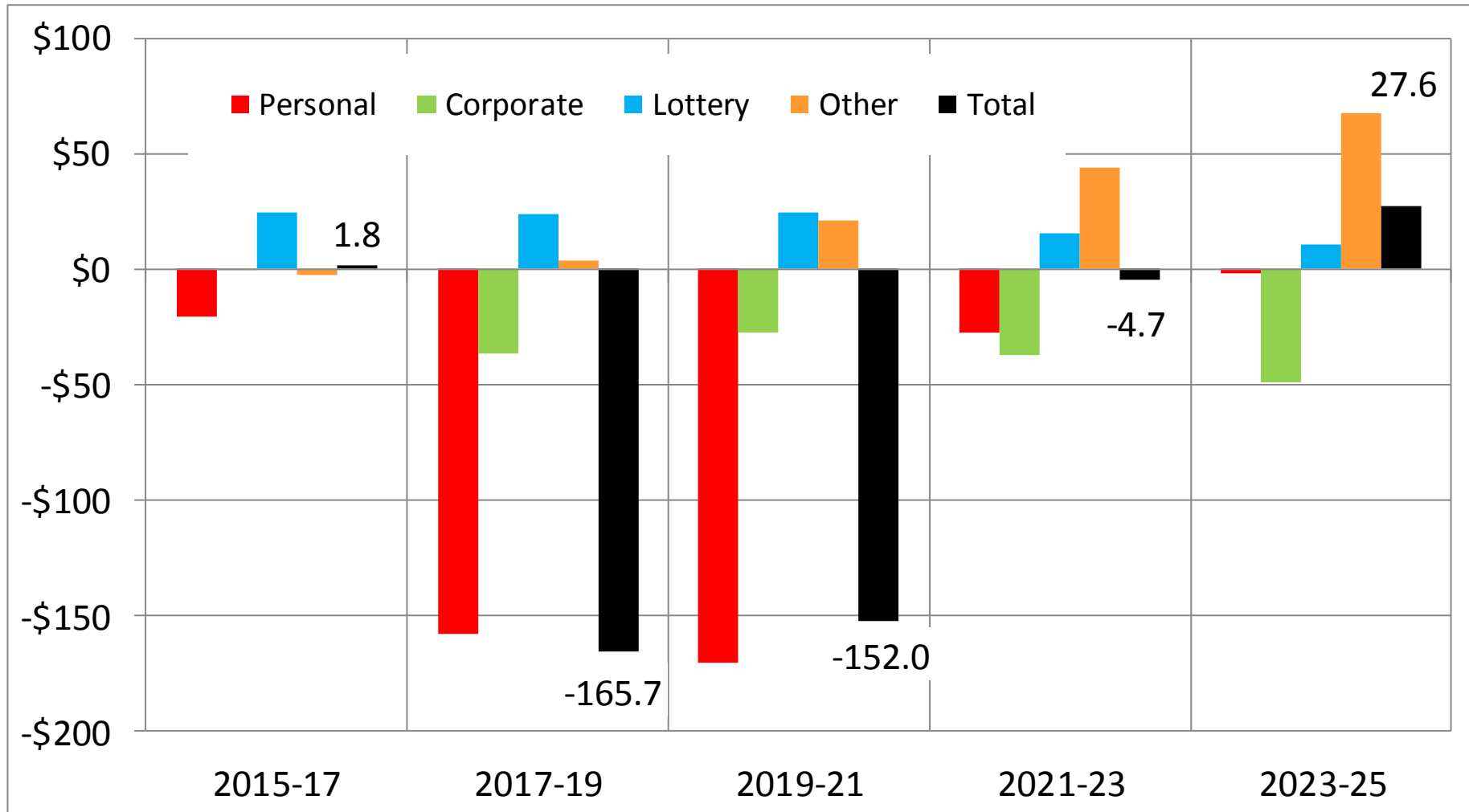
Full Impact:
 \$36.0 Net Increase
 Less \$16.0 Additional Spending
 Plus \$24.8 Lottery Funds

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



Forecast Changes

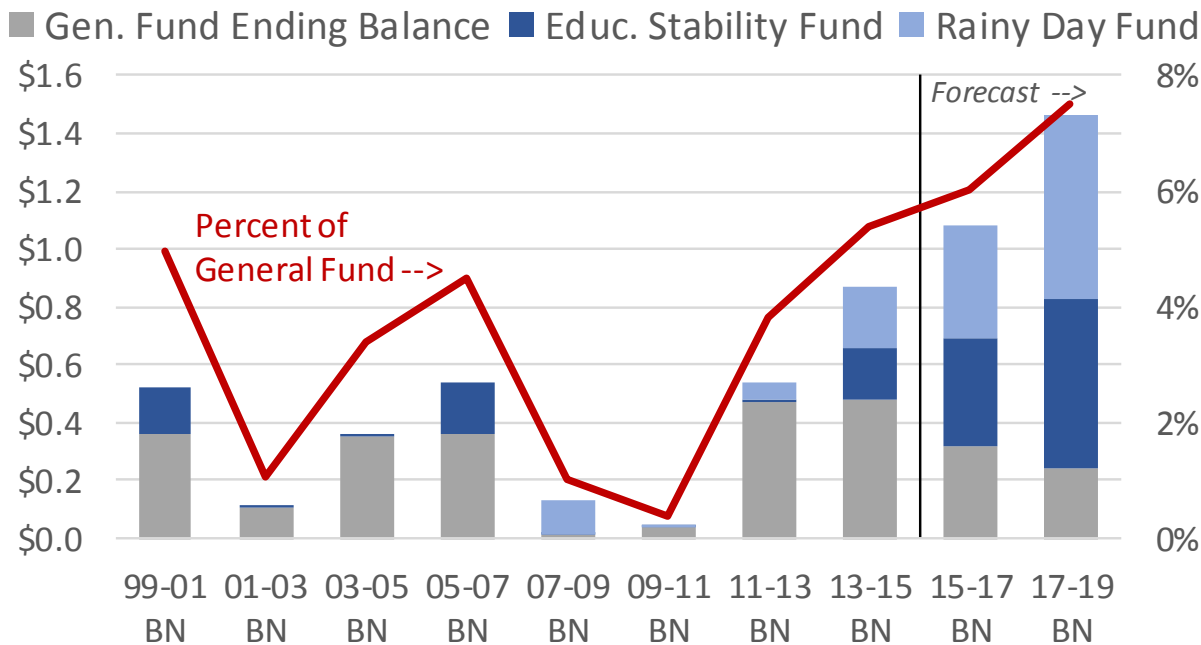
Difference from December Forecast, \$ millions





Reserves

Oregon Budgetary Reserves (billions)



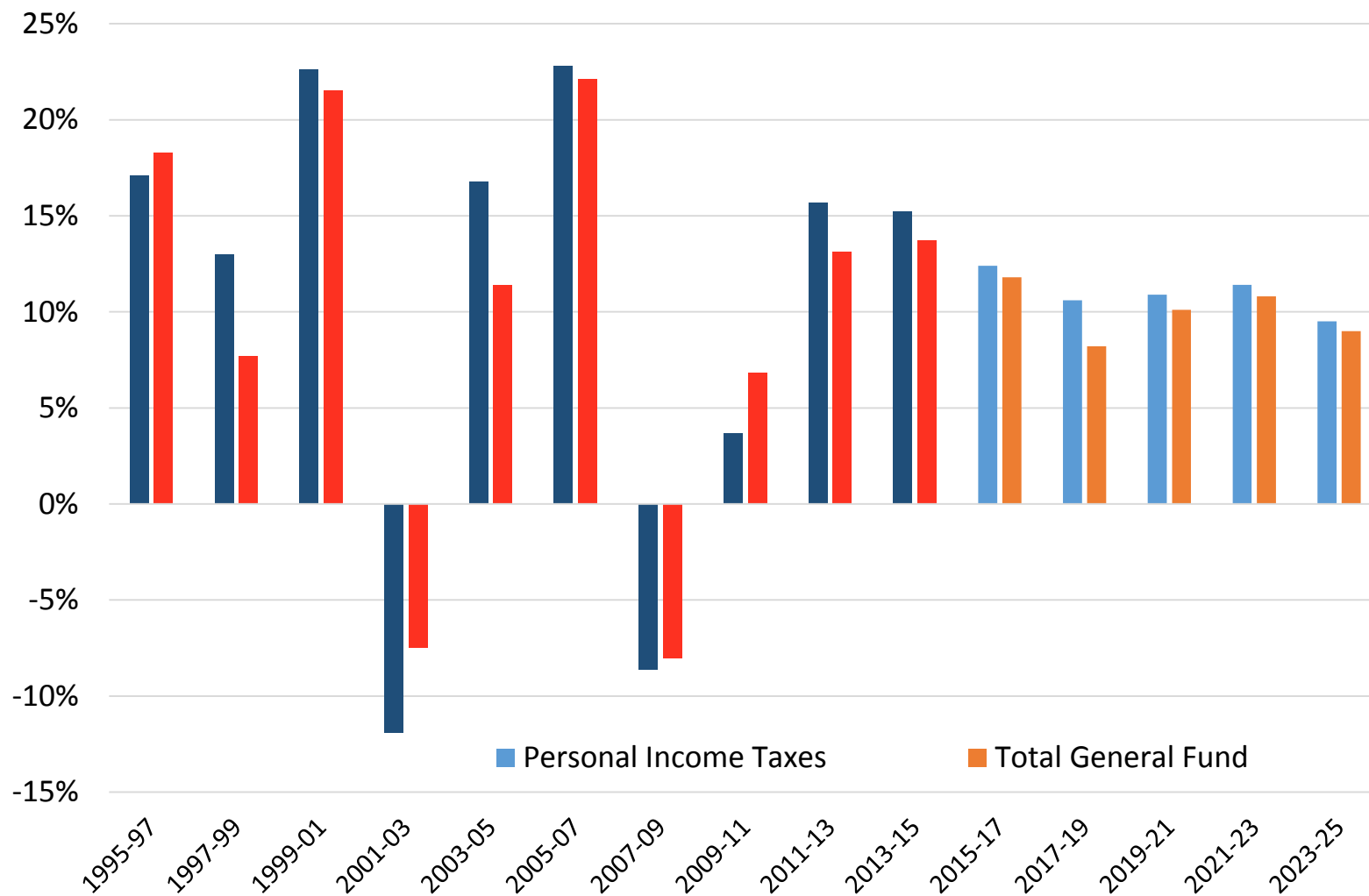
Source : Oregon Office of Economic Analysis

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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