

STATE OF OREGON
LEGISLATIVE REVENUE OFFICE

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LRO FORECAST SUMMARY

May 2017

NEW FACTS SINCE THE LAST FORECAST

	1st Qtr 2017 Forecast	1st Qtr 2017 Actuals	Difference
Employment	1,859,715	1,850,367	-9,348
Personal Income (\$ billion)	191.2	189.7	-1.4
Personal Income Tax (\$ million)			
Withholding	1,852.2	1,835.2	-17.1
Other Payments less Refunds	-241.5	-16.7	224.7
Total	1,610.8	1,818.4	207.7
Corporate Income Tax	75.8	81.8	6.0

NEW FACTS

- First Quarter personal income tax collections were up \$207.7 million (12.9%) from the March 2017 forecast.
- First Quarter corporate income tax collections were up \$6.0 million (7.9%) from the March 2017 forecast.
- Oregon personal income was down \$1.4 billion (-0.8%) from the March 2017 forecast.
- Oregon employment was down 9,348 jobs (-0.5%) from the March 2017 forecast.

2015-17

CHANGE FROM CLOSE OF SESSION (\$ Million)

General Fund Resources	Close of Session	May 2017 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	16,020.8	307.3
Corporate	1,100.0	1,175.7	75.7
Other	1,184.6	1,285.1	100.5
Gross GF Revenue	17,998.1	18,481.6	483.6
Shared Services Fund	-32.7	-32.9	-0.2
Rainy Day Fund	-10.1	-12.3	-2.2
Net GF Revenue	17,955.3	18,436.4	481.2
Lottery Resources**	1,155.9	1,265.3	109.4
Anticipated Administrative Actions***	-20.2	-14.0	6.2
Net GF and Lottery Resources	19,465.0	20,058.2	593.2

** 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 \$307.3 million (2.0%) from the 2015 COS estimate.
- Corporate tax revenue is up \$75.7 million (6.9%) from the 2015 COS estimate.
- General Fund gross revenue is up \$483.6 million (2.7%) from the 2015 COS estimate.
- Net GF and Lottery resources are up \$593.2 million (3.0%) from the 2015 COS estimate.

EFFECT ON 2% KICKER

(\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	May 2017 Forecast	Amount +/- Kicker Threshold
Personal & Other	16,898.0	17,236.0	17,305.9	69.9
Corporation*	1,082.0	1,103.6	1,157.5	53.9

* 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 a personal kicker of \$407.9 million projected for 2017.

CORPORATE: \$75.5 million of 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	March 2017 Forecast	May 2017 Forecast	Difference
Beginning Balance	528.8	528.8	0.0
Transfer to Rainy Day Fund	-158.3	-158.3	0.0
Personal	15,709.8	16,020.8	311.0
Corporate	1,136.2	1,175.7	39.5
Other	1,264.6	1,285.1	20.5
Gross GF Revenue	18,110.6	18,481.6	371.0
Shared Services Fund	-32.6	-32.9	-0.2
Rainy Day Fund	-11.7	-12.3	-0.6
Net GF Revenue	18,066.3	18,436.4	370.2
Administrative Actions*	-14.0	-14.0	0.0
Net General Fund Resources	18,422.7	18,792.9	370.2
Lottery Resources**	1,261.7	1,265.3	3.6
Net Combined Resources	19,684.4	20,058.2	373.7

* 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 \$370.2 million (2.0%) from the March 2017 forecast.
- Projected 2015-17 Lottery resources are up \$3.6 million (0.3%) from the March 2017 forecast.
- Projected combined net General Fund and Lottery resources are up \$373.7 million (1.9%) from the March 2017 forecast.

2015-17

EFFECT ON ENDING BALANCE

Current vs. Close of Session
(\$ Million)

General Fund	Close of Session	May 2017 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	18,436.4	481.2
Administrative Actions	-20.2	-14.0	6.2
Total Resources	18,309.1	18,792.9	483.8
Expenditures	17,984.7	18,069.0	84.3
Ending Balance	324.4	723.9	399.5
Rainy Day Fund Transfer	179.8	180.7	0.8
Remaining Balance	144.6	543.2	398.6

ENDING BALANCE

- The projected ending balance is up \$399.5 million (123.1%) from the 2015 Close-of-Session estimate.
- The projected ending balance is up \$375.8 million (108.0%) from the March 2017 forecast.
- The Rainy Day Fund is projected to receive \$180.7 million following the 2015-17 biennium.

Current vs. Prior Forecast
(\$ Million)

General Fund	March 2017 Forecast	May 2017 Forecast	Difference
Beginning Balance	528.8	528.8	0.0
Transfer to Rainy Day Fund	-158.3	-158.3	0.0
Revenue	18,066.3	18,436.4	370.2
Administrative Actions	-14.0	-14.0	0.0
Total Resources	18,422.7	18,792.9	370.2
Expenditures	18,074.6	18,069.0	-5.6
Ending Balance	348.1	723.9	375.8
Rainy Day Fund Transfer	180.7	180.7	-0.1
Remaining Balance	167.3	543.2	375.9

2015-17

Reserve Fund Position				
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	Education Stability Fund *	Rainy Day Fund	General Fund	Reserves Available
	(\$ Millions)			
Beginning Balance	\$179.4	\$211.8		\$391.1
Deposits	\$204.4	\$170.7		\$375.0
Interest	\$5.3	\$6.4		\$11.7
Withdrawals	\$5.3	\$0.0		\$5.3
Projected Ending Balance	\$383.8	\$388.8	\$723.9	\$1,496.4

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

2017-19

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	March 2017 Forecast	May 2017 Forecast	Difference
Beginning Balance	348.1	723.9	375.8
Transfer to Rainy Day Fund	-180.7	-180.7	0.1
Personal	17,392.7	17,146.9	-245.9
Corporate	1,058.6	1,071.5	12.8
Other	1,162.1	1,198.4	36.4
Gross GF Revenue	19,613.5	19,416.8	-196.6
Shared Services Fund	-32.7	-33.0	-0.2
Rainy Day Fund	-40.8	-42.5	-1.7
Net GF Revenue	19,540.0	19,341.3	-198.6
Net General Fund Resources	19,707.3	19,884.5	177.2
Lottery Resources*	1,287.6	1,297.2	9.6
Net Combined Resources	20,994.9	21,181.7	186.8

* All lottery resources including dedicated funds

2019-21

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	March 2017 Forecast	May 2017 Forecast	Difference
Personal	19,257.7	19,290.3	32.6
Corporate	1,054.2	1,075.7	21.5
Other	1,255.2	1,294.4	39.1
Gross GF Revenue	21,567.1	21,660.4	93.3
Shared Services Fund	-32.8	-33.1	-0.3
Rainy Day Fund	-42.4	-37.5	4.8
Net GF Revenue	21,492.0	21,589.8	97.9
Lottery Resources*	1,340.9	1,351.8	10.9
Net Combined Revenue	22,832.9	22,941.6	108.7

* All lottery resources including dedicated funds

2021-23

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	March 2017 Forecast	May 2017 Forecast	Difference
Personal	21,499.2	21,376.7	-122.4
Corporate	1,100.7	1,122.2	21.5
Other	1,338.7	1,378.4	39.6
Gross GF Revenue	23,938.6	23,877.3	-61.3
Shared Services Fund	-32.9	-33.2	-0.3
Rainy Day Fund	-43.0	-39.1	3.9
Net GF Revenue	23,862.8	23,805.0	-57.8
Lottery Resources*	1,446.4	1,465.0	18.6
Net Combined Revenue	25,309.2	25,270.0	-39.1

* All lottery resources including dedicated funds

2023-25

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	March 2017 Forecast	May 2017 Forecast	Difference
Personal	23,529.2	23,312.2	-217.0
Corporate	1,149.3	1,170.8	21.4
Other	1,419.4	1,463.3	43.9
Gross GF Revenue	26,098.0	25,946.3	-151.7
Shared Services Fund	-32.9	-33.3	-0.3
Rainy Day Fund	-44.9	-40.9	4.1
Net GF Revenue	26,020.1	25,872.1	-148.0
Lottery Resources*	1,531.0	1,550.6	19.6
Net Combined Revenue	27,551.1	27,422.7	-128.3

* 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	14.8%	25.0%	-12.4%	13.2%
2013-15 to 2015-17	15.1%	5.3%	24.8%	15.0%
2015-17 to 2017-19	7.0%	-11.6%	-6.7%	4.9%
2017-19 to 2019-21	12.5%	0.9%	8.0%	11.6%
2019-21 to 2021-23	10.8%	4.3%	6.5%	10.3%
2021-23 to 2023-25	9.1%	4.3%	6.2%	8.7%