The background of the slide features a large, faint, circular seal of the State of Oregon. The seal contains an eagle with wings spread, perched on a shield. Below the eagle is a banner with the text "THE UNION". At the bottom of the seal, the year "1859" is inscribed. The words "STATE OF OREGON" are written around the perimeter of the seal.

March 2017 Economic & Revenue Outlook

February 22nd, 2017

Oregon Office of Economic Analysis

Mark McMullen

Josh Lehner

The background of the slide features a large, faint, circular seal of the State of Oregon. The seal contains an eagle with wings spread, a plow, a sheaf of wheat, a steam locomotive, and a ship. The text "STATE OF OREGON" is written around the top inner edge, and "1859" is at the bottom. A banner at the bottom of the seal reads "THE UNION".

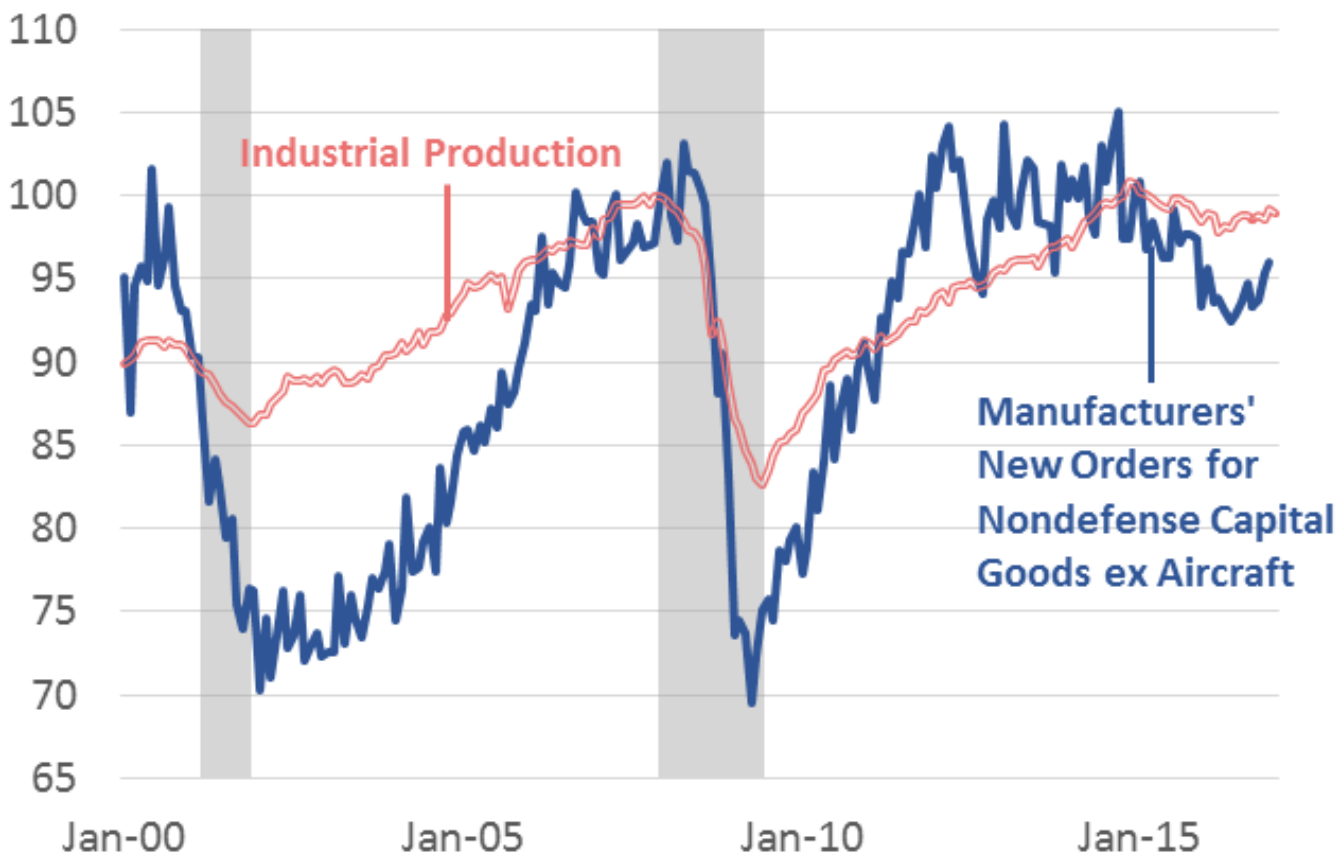
Economic Update and Outlook



Good News: Better Manufacturing Data

Manufacturing Slowdown Over?

Values Indexed to Dec '07 = 100



Latest Data: Dec '16 | Source: Census, Federal Reserve, Oregon Office of Economic Analysis

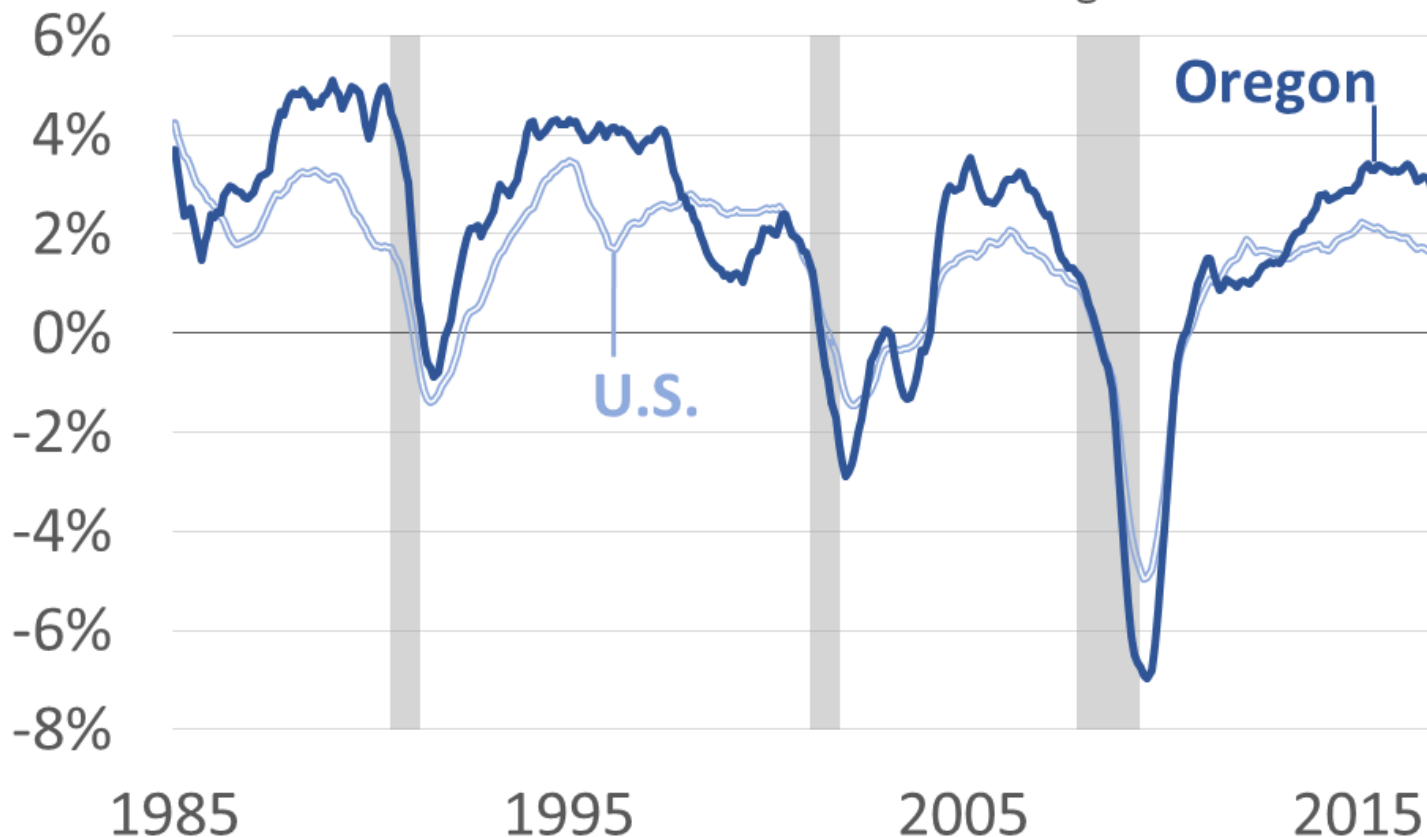




The Slowdown Is Here

Total Nonfarm Employment

Year-over-Year Percent Change



Latest data: Dec 2016 | Source: BLS, Oregon Employment Department, Oregon Office of Economic Analysis



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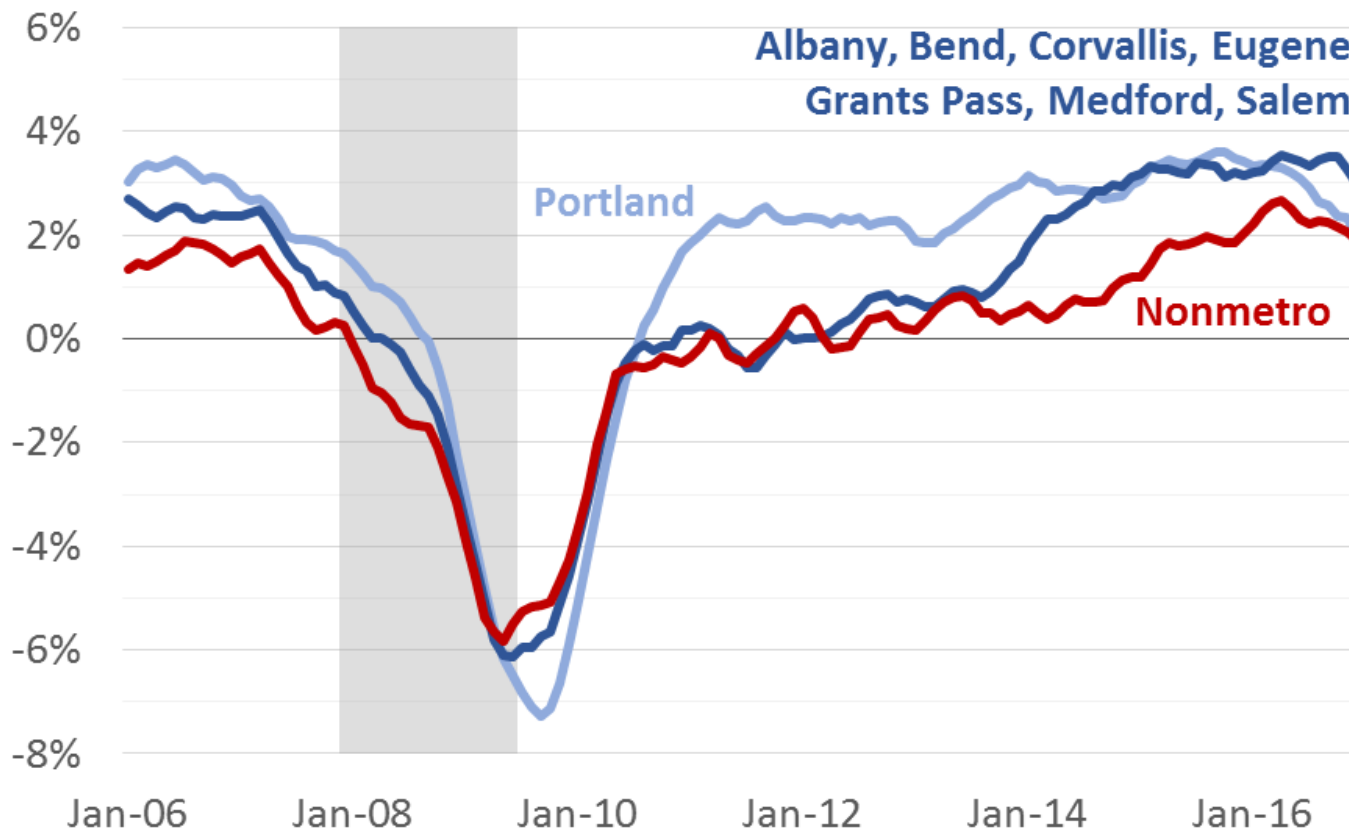




Truly Statewide Growth

Oregon Employment: Metro and Nonmetro

Year-over-Year Change



Latest Data: December 2016 | Source: Oregon Employment Department, Oregon Office of Economic Analysis



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Risk: Federal Policy

- Fiscal Policy

 - General Impact

 - Taxes

 - Infrastructure

 - Deregulation

 - Immigration

 - Larger OR Impact

 - Trade Wars

 - ACA

 - Federal Lands

- Monetary Policy

 - Rising Interest Rates

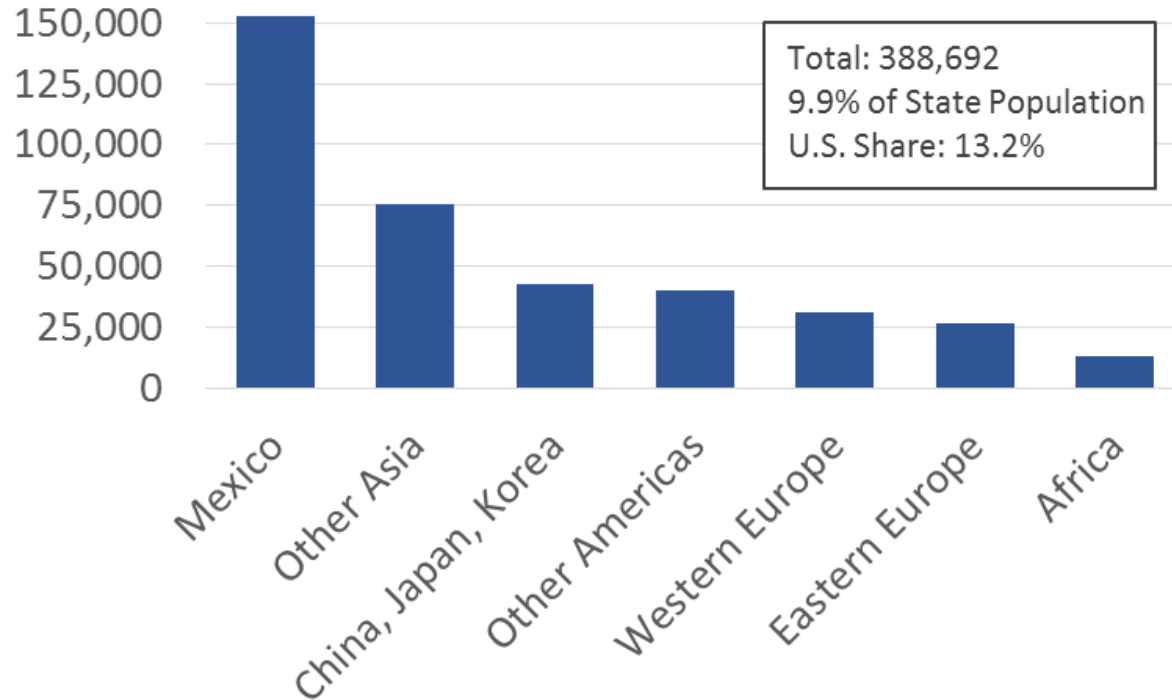




Risk: International Migration

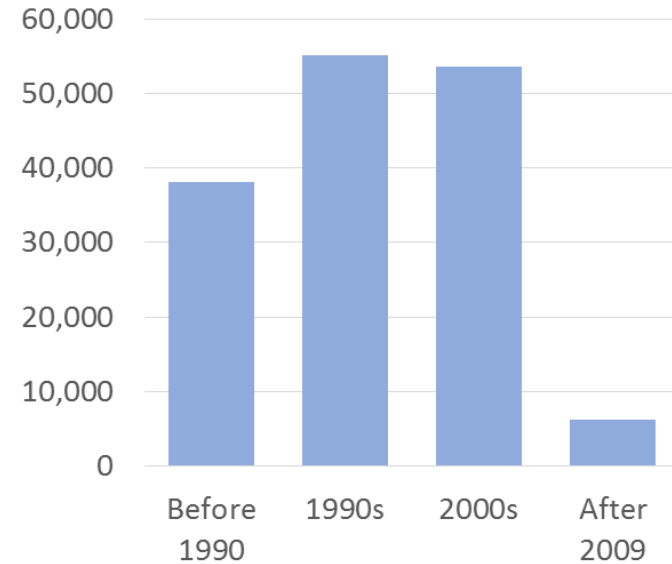
Foreign-Born Oregon Residents

2015 American Community Survey



Mexican-Born Oregon Residents

Year of Entry to U.S.



Source: Census, Oregon Office of Economic Analysis

Source: Census, Oregon Office of Economic Analysis



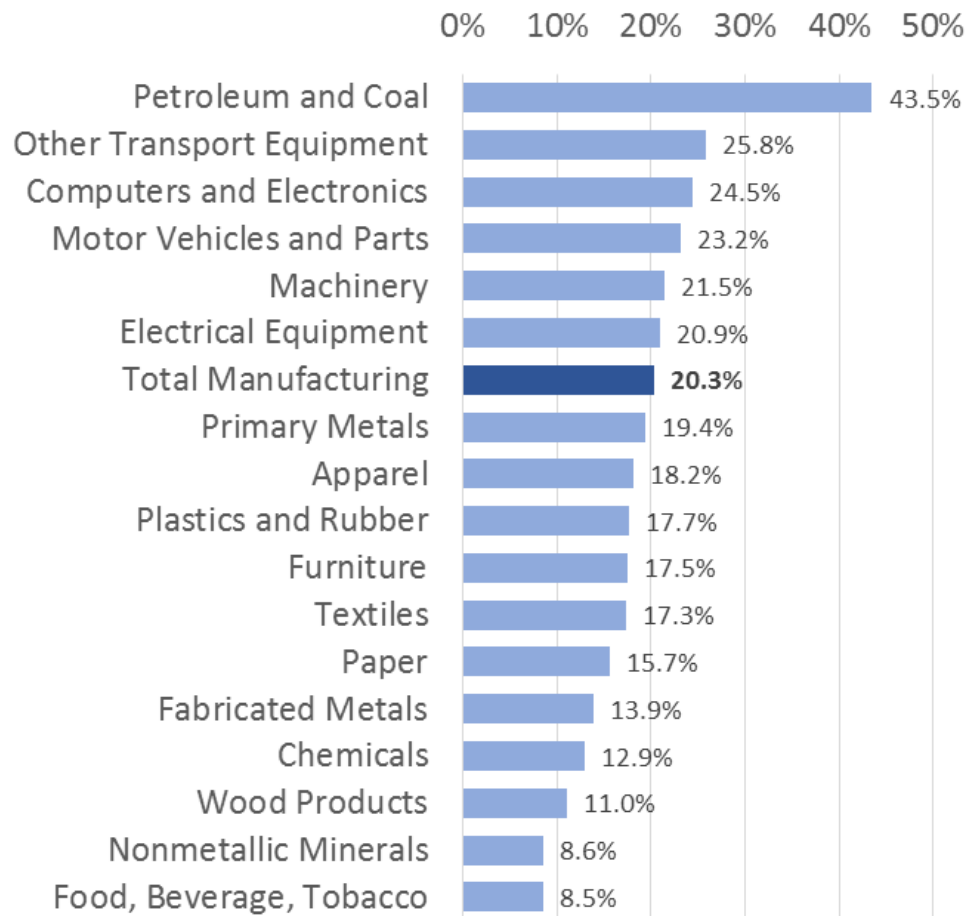
Oregon Office of
Economic Analysis





Risk: Global Supply Chains

Share of Intermediate Goods Imported by Manufacturers, 2014

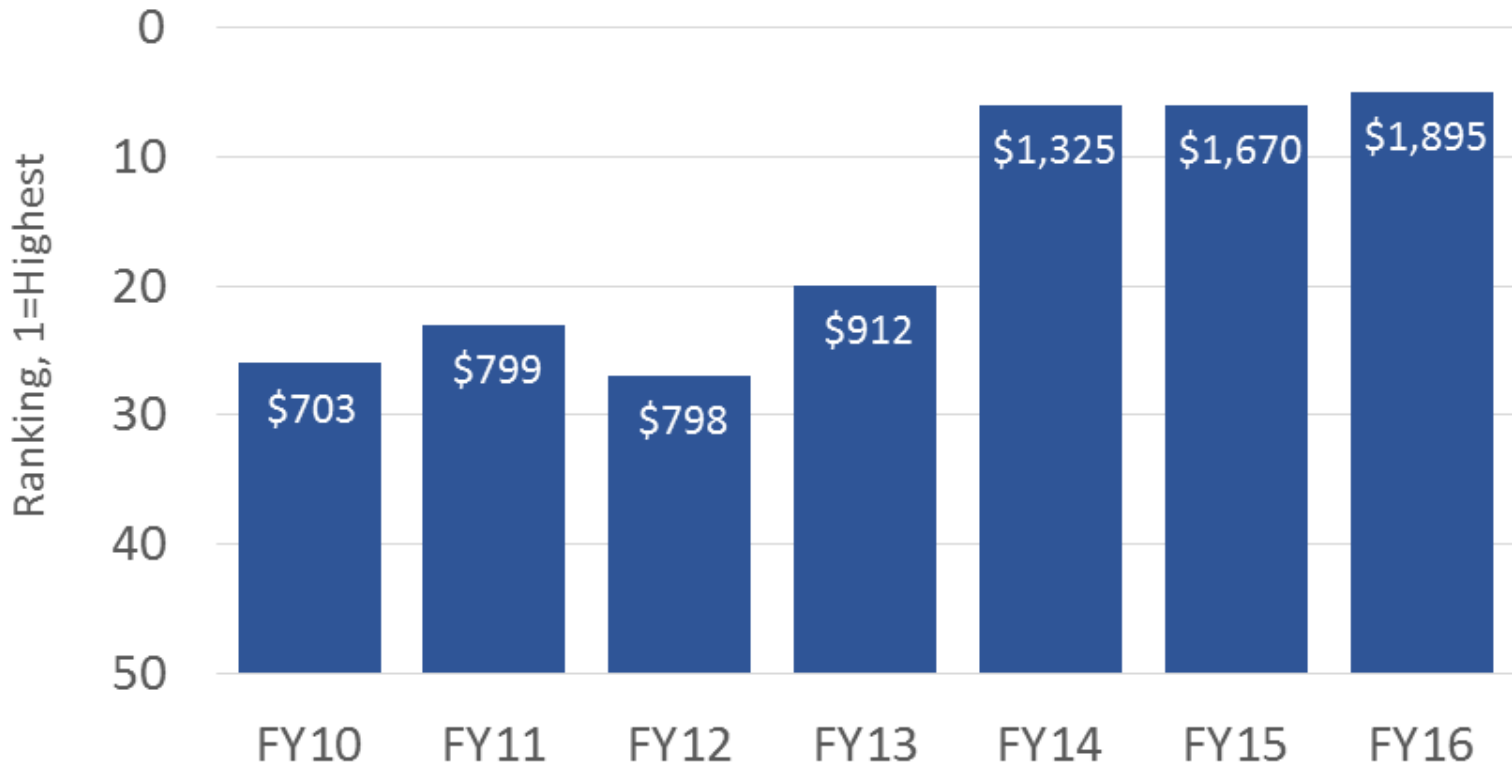




Risk: Medicaid Expansion

Federal Medicaid Grants Per Capita

Oregon's Ranking Across States



Source: Census, FFIS, Oregon Office of Economic Analysis



Oregon Office of
Economic Analysis

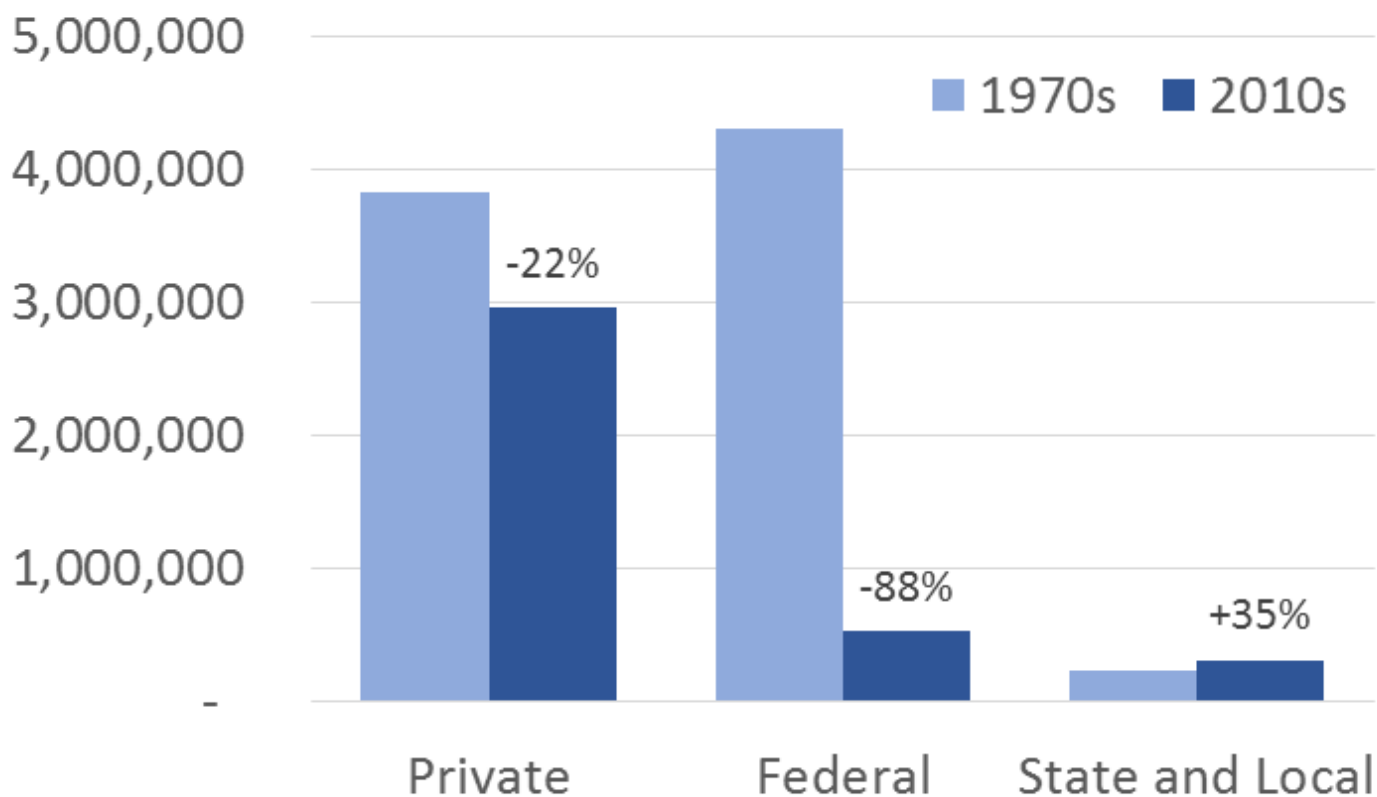




Risk: Federal Lands

Oregon Timber Harvest

Annual Average, Millions of Boardfeet



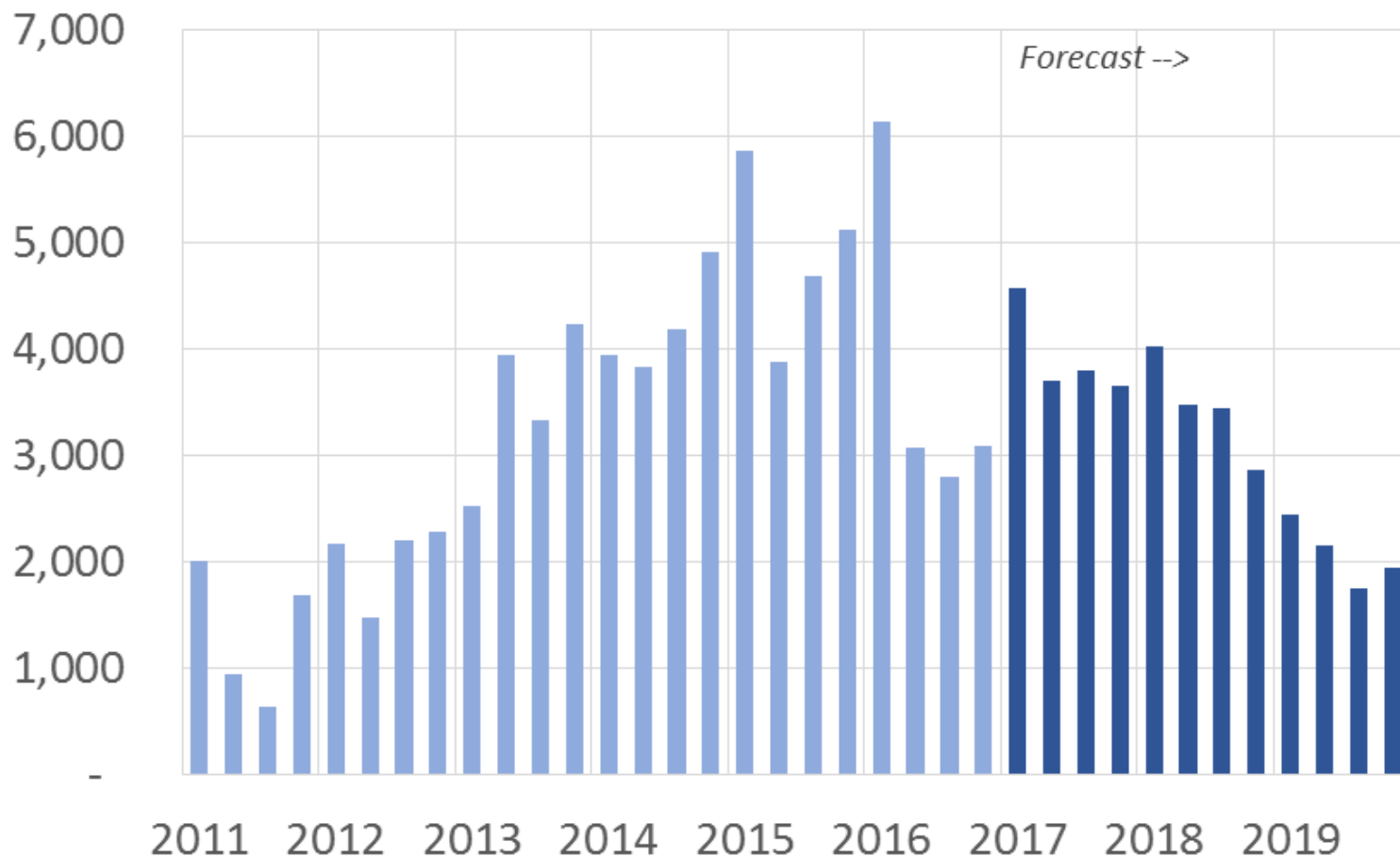
Source: Oregon Dept. of Forestry, Oregon Office of Economic Analysis





Economic Outlook

Oregon Jobs Per Month



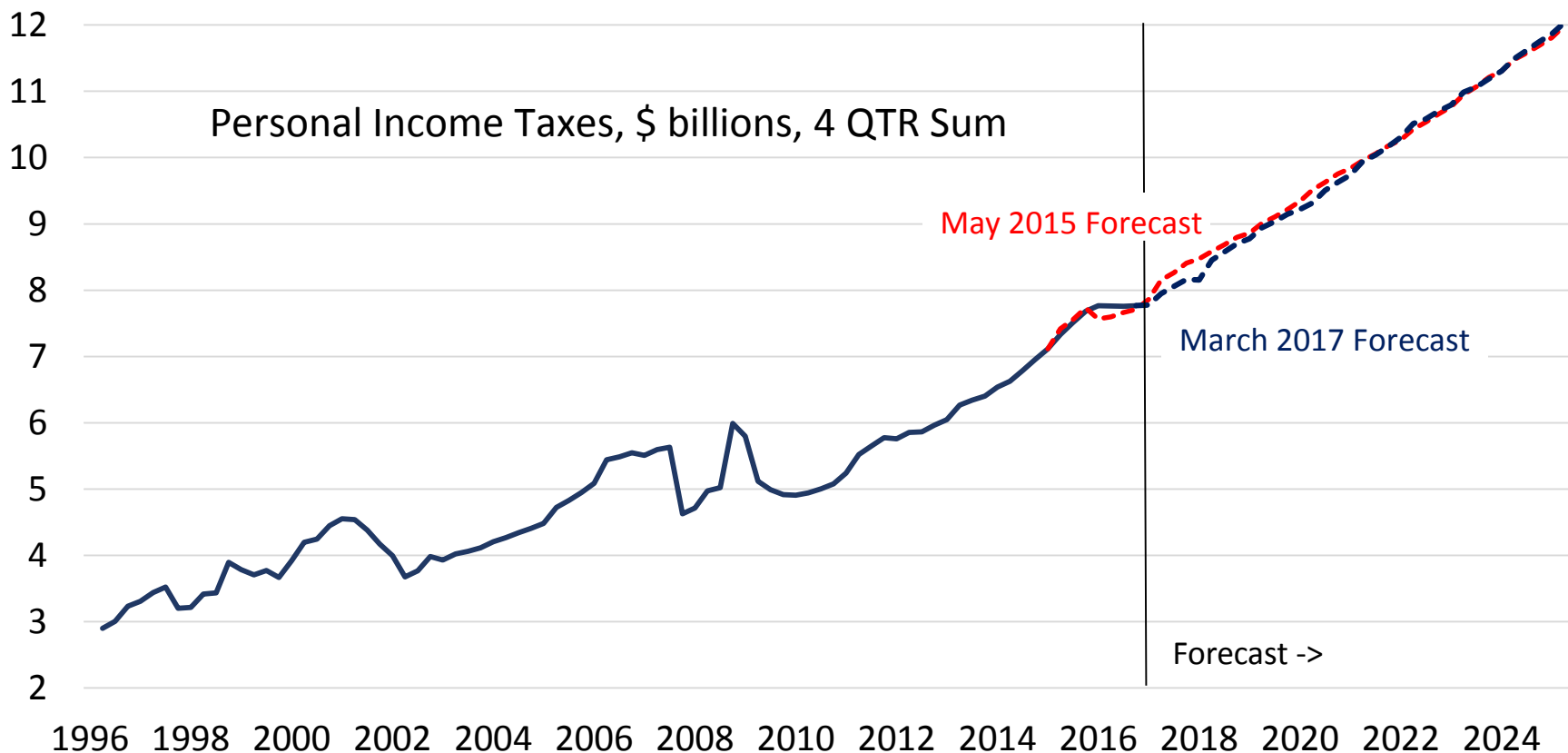
The background of the slide features a large, faint, circular seal of the State of Oregon. The seal contains an eagle with wings spread, a plow, a sheaf of wheat, a ship, and a cow. The text "STATE OF OREGON" is written around the top inner edge, and "1859" is at the bottom. The words "THE UNION" are on a banner in the center.

Revenue Update and Outlook



Personal Income Taxes Remain Healthy

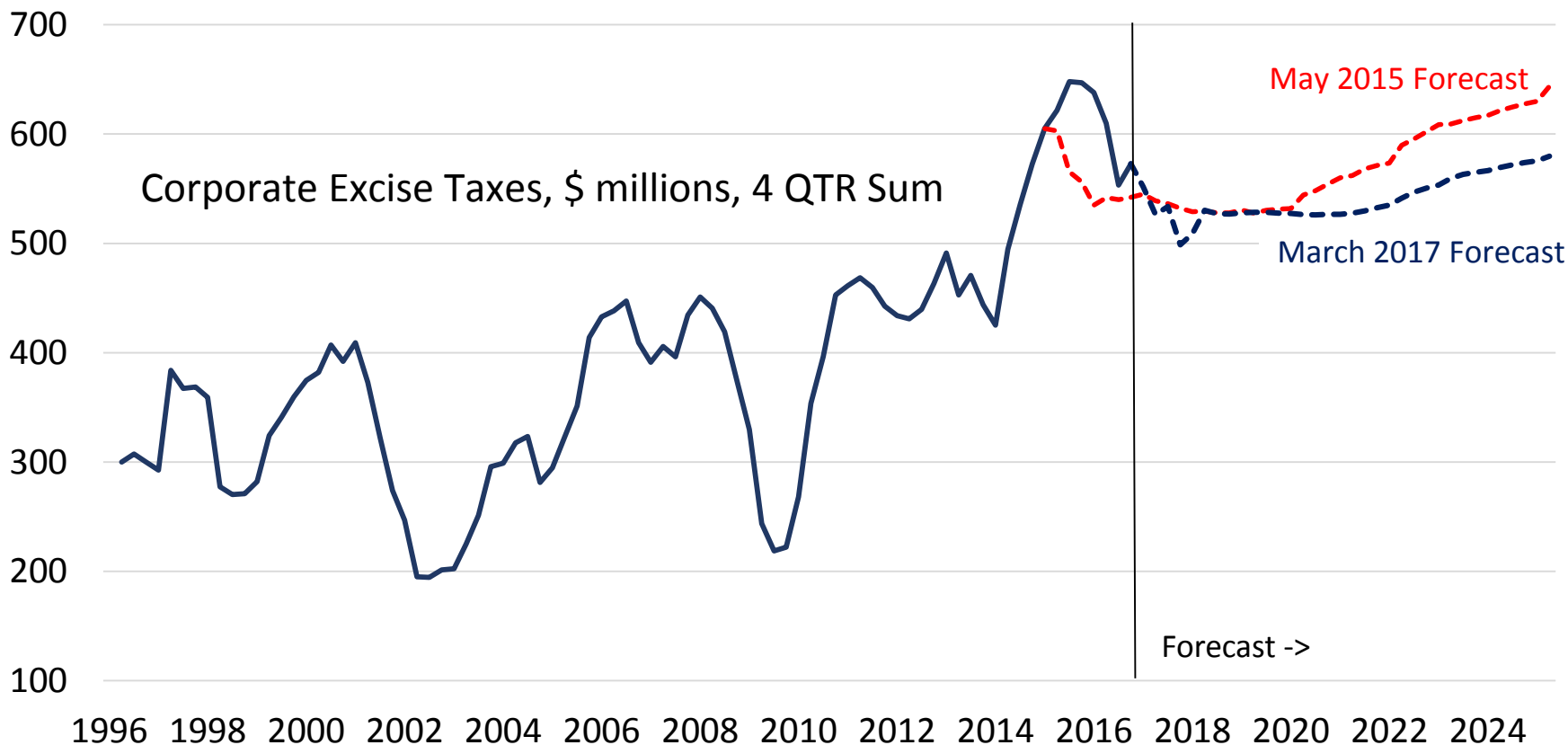
Personal Income Taxes Shrug Off the Kicker





Corporate Taxes Improve in Recent Months

Corporate Taxes Are Expected to Stabilize

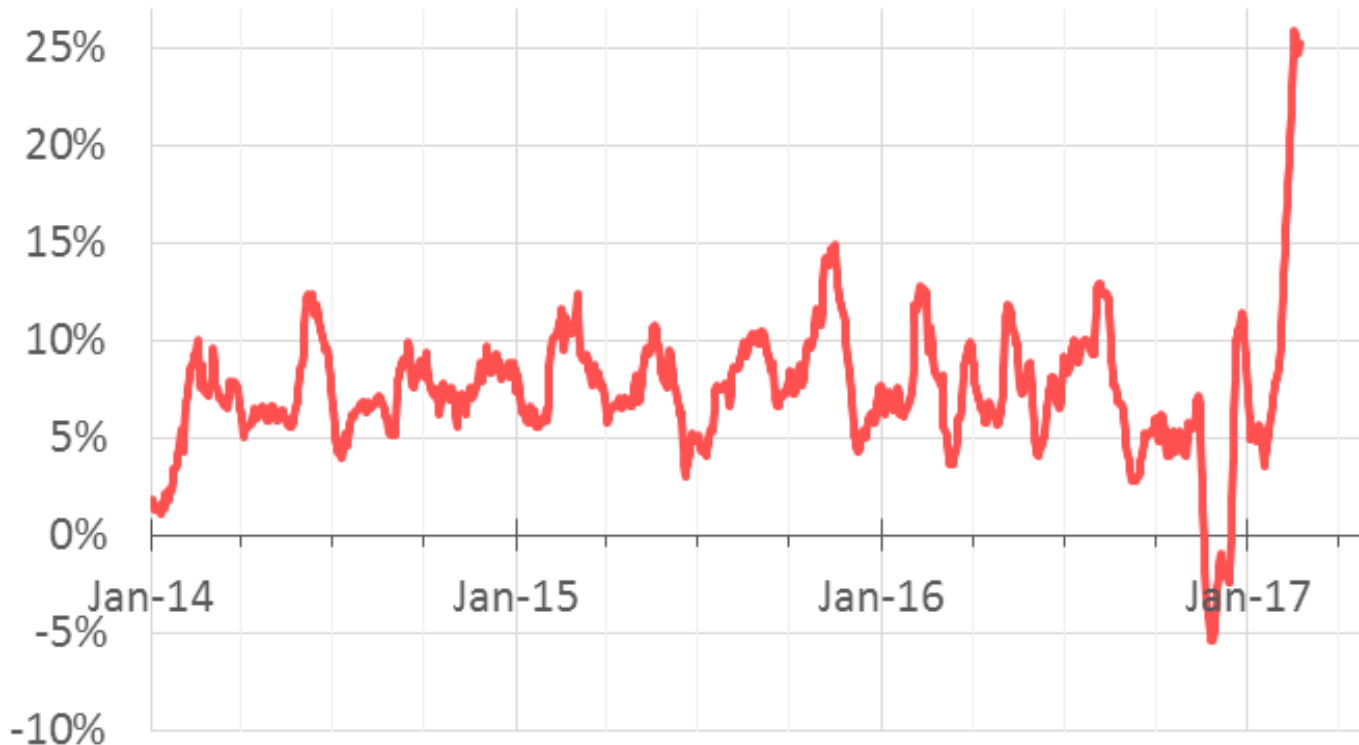




IT System Replacement Is Going Well, Why Do You Ask?

Oregon Withholding

30 Day Rolling Sum of Collections, Year-over-Year
Percent Change, 2 Week Moving Average



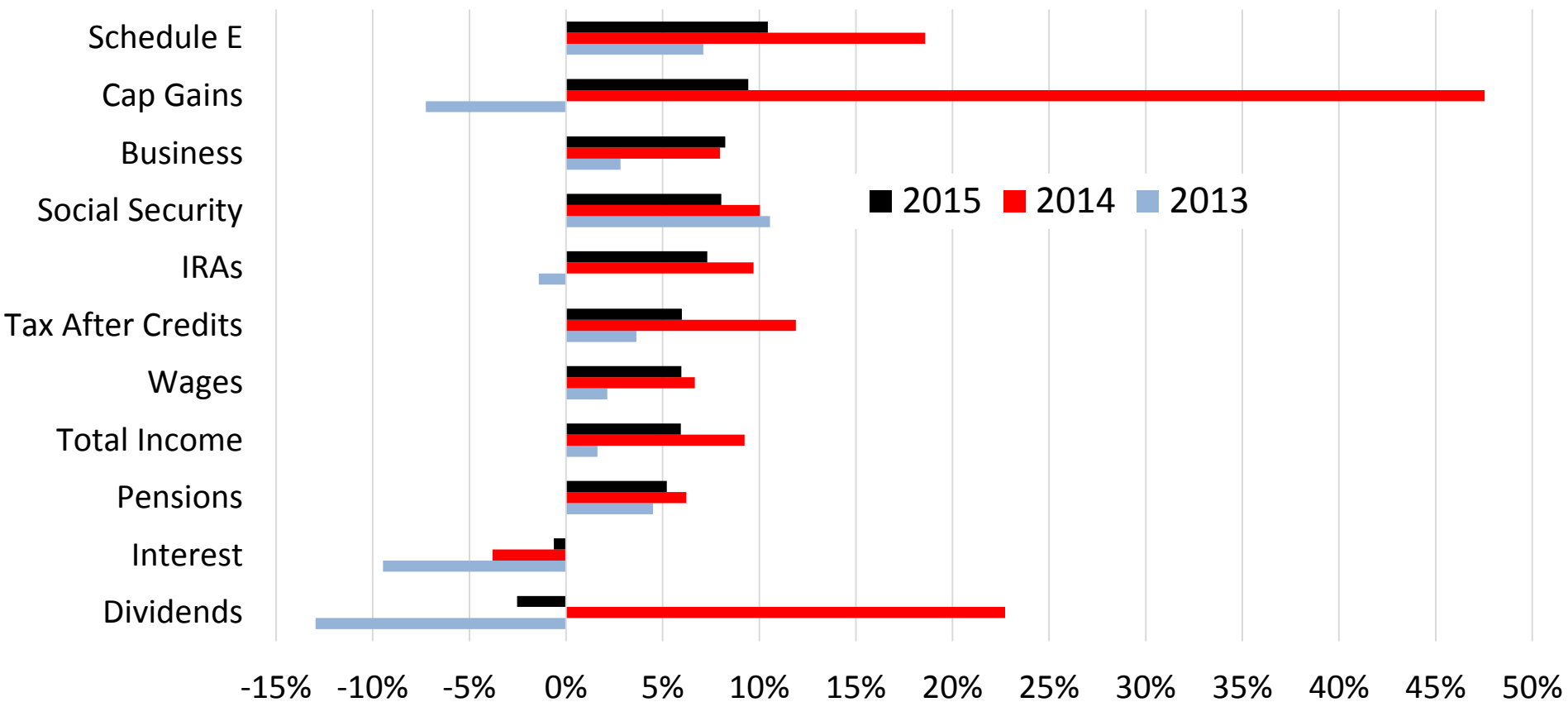
Latest Data: Feb 21, 2017 | Source: Oregon Dept. of Revenue, Oregon Office of Economic Analysis





Final 2015 Tax Return Data

Matched Returns, Full Year Filers, % change





Tea Leaves: Looking Forward to April

Tax Year	Total Estimated payments (\$ millions)	Growth	Dec-Jan Estimated payments (\$ millions)	Percent of Total	Growth	Non-withholding Income* (\$ millions)	Growth	Total Est Pmts/ NWHInc	Dec-Jan Est Pmts/ NWHInc
2007	1100		375	34.0%		23,191		4.7%	1.61%
2008	1045	-5.0%	268	25.7%	-28.4%	15,045	-35.1%	6.9%	1.78%
2009	780	-25.4%	227	29.2%	-15.2%	11,828	-21.4%	6.6%	1.92%
2010	793	1.7%	253	32.0%	11.5%	13,131	11.0%	6.0%	1.93%
2011	851	7.3%	268	31.4%	5.6%	13,208	0.6%	6.4%	2.03%
2012	917	7.8%	345	37.6%	28.8%	17,914	35.6%	5.1%	1.92%
2013	991	8.1%	346	34.9%	0.5%	16,948	-5.4%	5.8%	2.04%
2014	1169	17.9%	416	35.6%	20.0%	20,822	22.9%	5.6%	2.00%
2015	1337	14.4%	465	34.8%	11.9%	22,355	7.4%	6.0%	2.08%
2016	1391	4.0%	484	34.8%	9.4%	23,526	5.2%	5.9%	2.06%

FORECAST

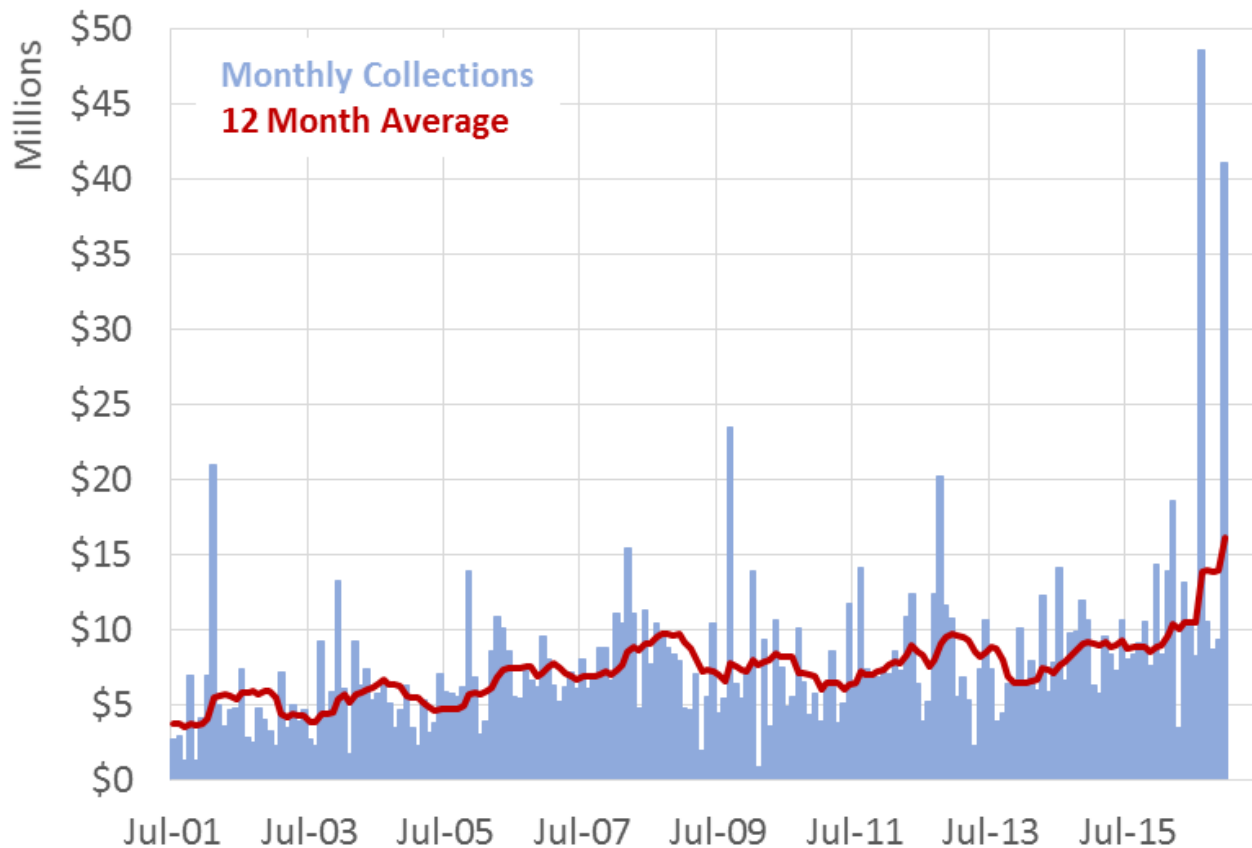
*Interest, Dividends, Business (Sch C), Capital Gains, S-Corp/Rental(Sch E)





Estate Tax Issues, Again

Oregon Estate Taxes



Source: Oregon Dept. of Revenue, Oregon Office of Economic Analysis





Follow-Up on Vice Taxes

Oregon Effective Vice Tax Rates, A Stylized Example

	Marijuana	Cigarettes		Moist Snuff	
Unit	2016q1 Avg Price	Name Brand	Generic	Name Brand	Generic
Unit Price	\$8.76 / gram	\$6.55 / pack	\$4.40 / pack	\$6.85 / can	\$5.35 / can
Taxes	\$1.49 - \$1.75	\$2.33	\$2.33	\$1.87	\$1.87
<i>Federal</i>	\$0.00	\$1.01	\$1.01	\$0.09	\$0.09
<i>State</i>	\$1.49	\$1.32	\$1.32	\$1.78	\$1.78
<i>Local</i>	\$0 - \$0.26	\$0	\$0	\$0	\$0
Effective Tax Rate	17-20%	56%	115%	38%	54%

State Revenues, CY 2016 (millions)

	Marijuana (25%)	Cigarettes	Other Tobacco Products
Total	\$60.1	\$208.9	\$59.2
<i>General Fund</i>	\$0	\$34.8	\$31.9



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Forecast Changes



General Fund Forecast Summary

Table R.1

2015-17 General Fund Forecast Summary

(Millions)	2015 COS Forecast	December 2016 Forecast	March 2017 Forecast	Change from Prior Forecast	Change from COS Forecast
Structural Revenues					
Personal Income Tax	\$15,713.5	\$15,678.4	\$15,709.8	\$31.4	-\$3.6
Corporate Income Tax	\$1,100.0	\$1,103.7	\$1,136.2	\$32.5	\$36.2
All Other Revenues	\$1,184.6	\$1,225.7	\$1,264.6	\$39.0	\$80.0
Gross GF Revenues	\$17,998.1	\$18,007.7	\$18,110.6	\$102.9	\$112.5
Offsets and Transfers	-\$42.8	-\$44.2	-\$44.4	-\$0.2	-\$1.6
Administrative Actions ¹	-\$20.2	-\$14.0	-\$14.0	\$0.0	\$6.2
Legislative Actions	-\$158.9	-\$158.3	-\$158.3	\$0.0	\$0.6
Net Available Resources	\$18,309.1	\$18,320.0	\$18,422.7	\$102.7	\$113.6
Confidence Intervals					
67% Confidence	+/- 1.6%		\$290.1	\$17.82B to \$18.40B	
95% Confidence	+/- 3.2%		\$580.3	\$17.53B to \$18.69B	

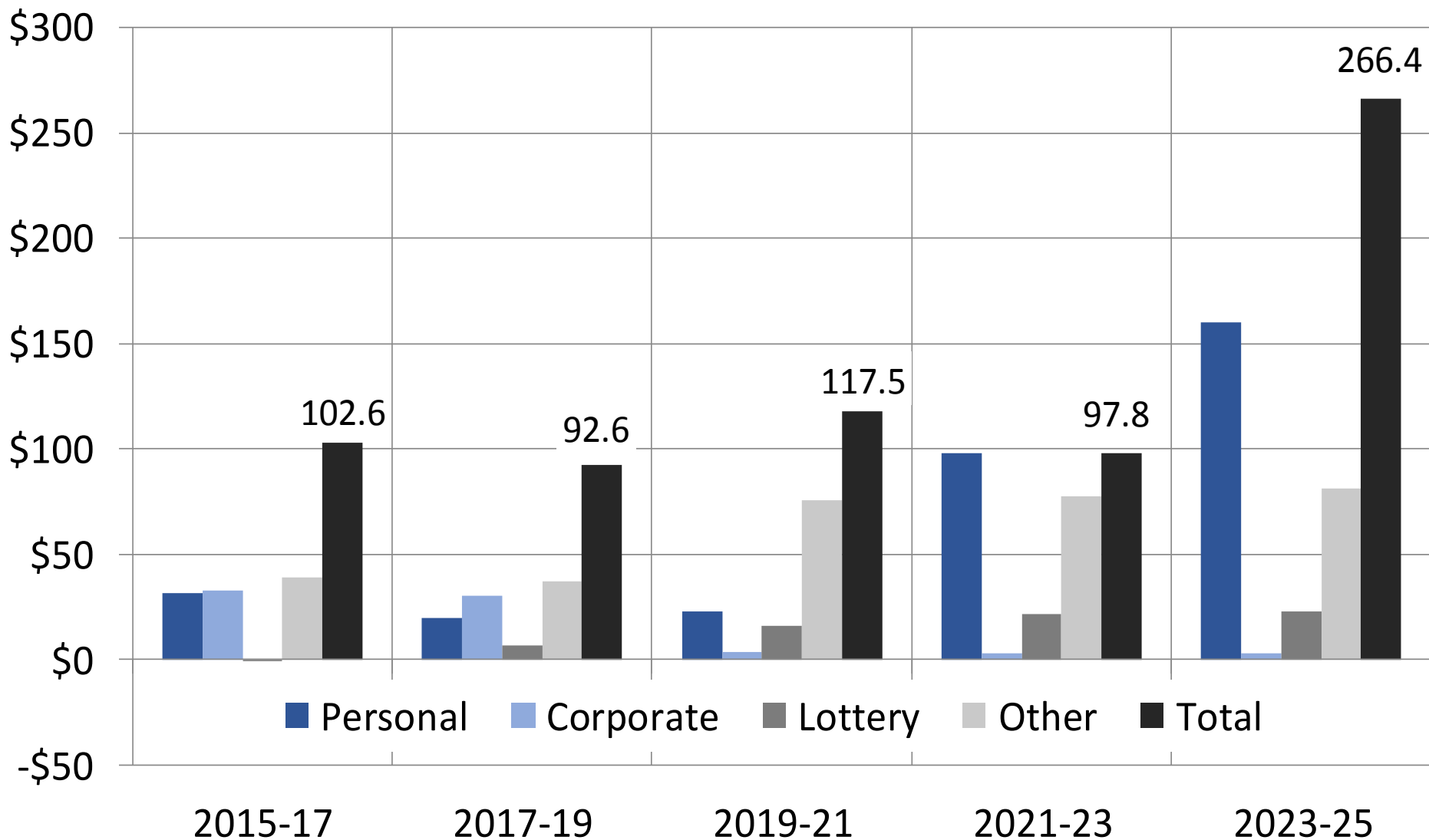
Positive Factor	Negative Factor
Personal Income Taxes	Court Fines, Fees & Assessments
Corporate Excise Taxes	Video Lottery
Estate Taxes	
Liquor	





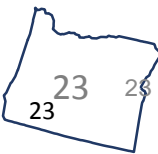
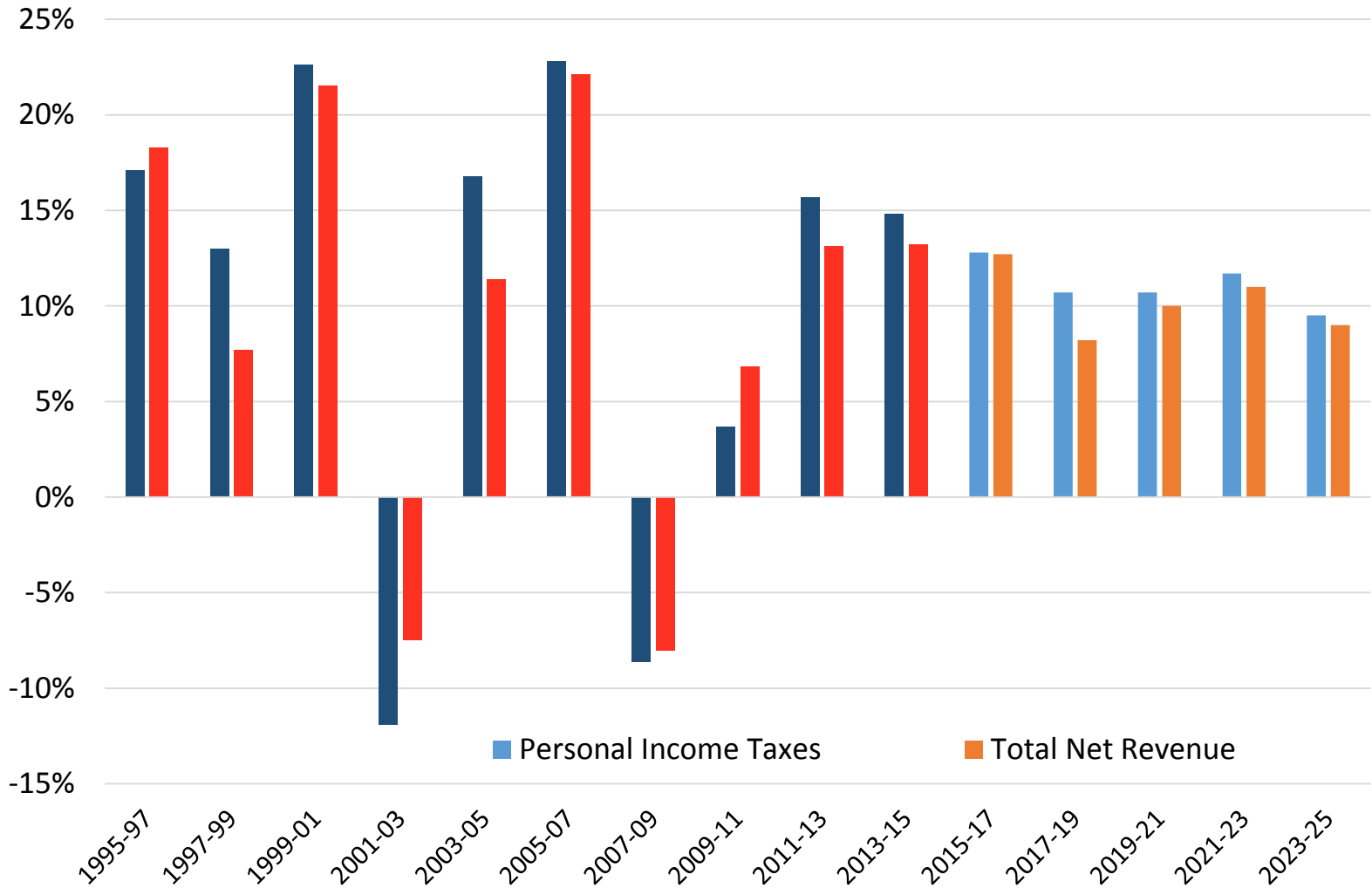
Forecast Changes

Difference from December Forecast, \$ millions





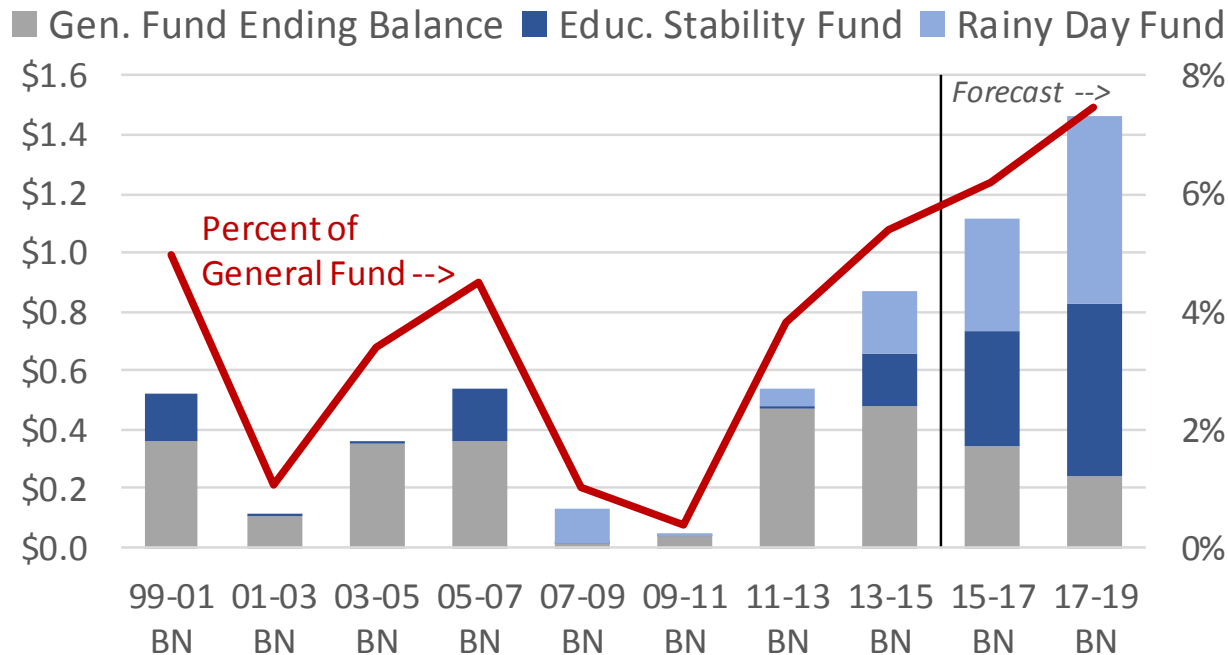
Biennial Revenue Growth





Reserves

Oregon Budgetary Reserves (billions)



Source: Oregon Office of Economic Analysis

Effective Reserves (\$ millions)

	<u>Jan</u> <u>2017</u>	<u>End</u> <u>2015-17</u>
ESF	\$356.7	\$383.2
RDF	\$374.4	\$388.1
Reserves	\$731.1	\$771.2
Ending Balance	\$348.1	\$348.1
Total	\$1,079.2	\$1,119.3
% of GF	6.0%	6.2%





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