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 2019 Economic & Revenue Outlook

February 27th, 2019

Oregon Office of Economic Analysis

Mark McMullen

Josh Lehner

The background of the slide features a large, faint, light blue seal of the State of Oregon. The seal is circular and contains the following elements: an eagle with wings spread at the top; a central scene with a sun rising over a body of water with a ship on the left and a plow on the right; a banner below the central scene with the text "THE UNION"; and the year "1859" at the bottom. The words "STATE OF OREGON" are written around the perimeter of the seal.

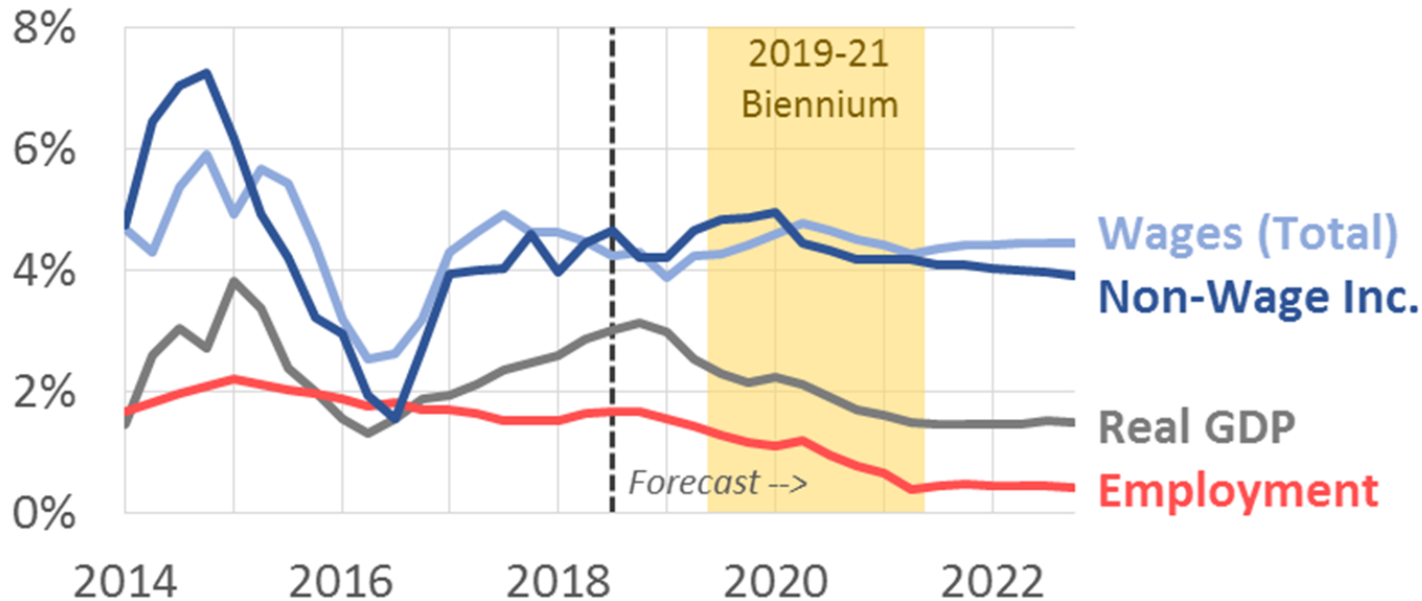
Economic Outlook



Slowing Macro Outlook

U.S. Economic Growth Set to Slow

Year-over-Year Percent Change



Latest Data: 2018q3 | Source: IHS Markit, Oregon Office of Economic Analysis

Structural Drags

- Demographics

Cyclical Drags

- Supply Constraints
- Slack is gone

Policy Drags

- Interest rate hikes
- Federal spending
- No more tax cuts

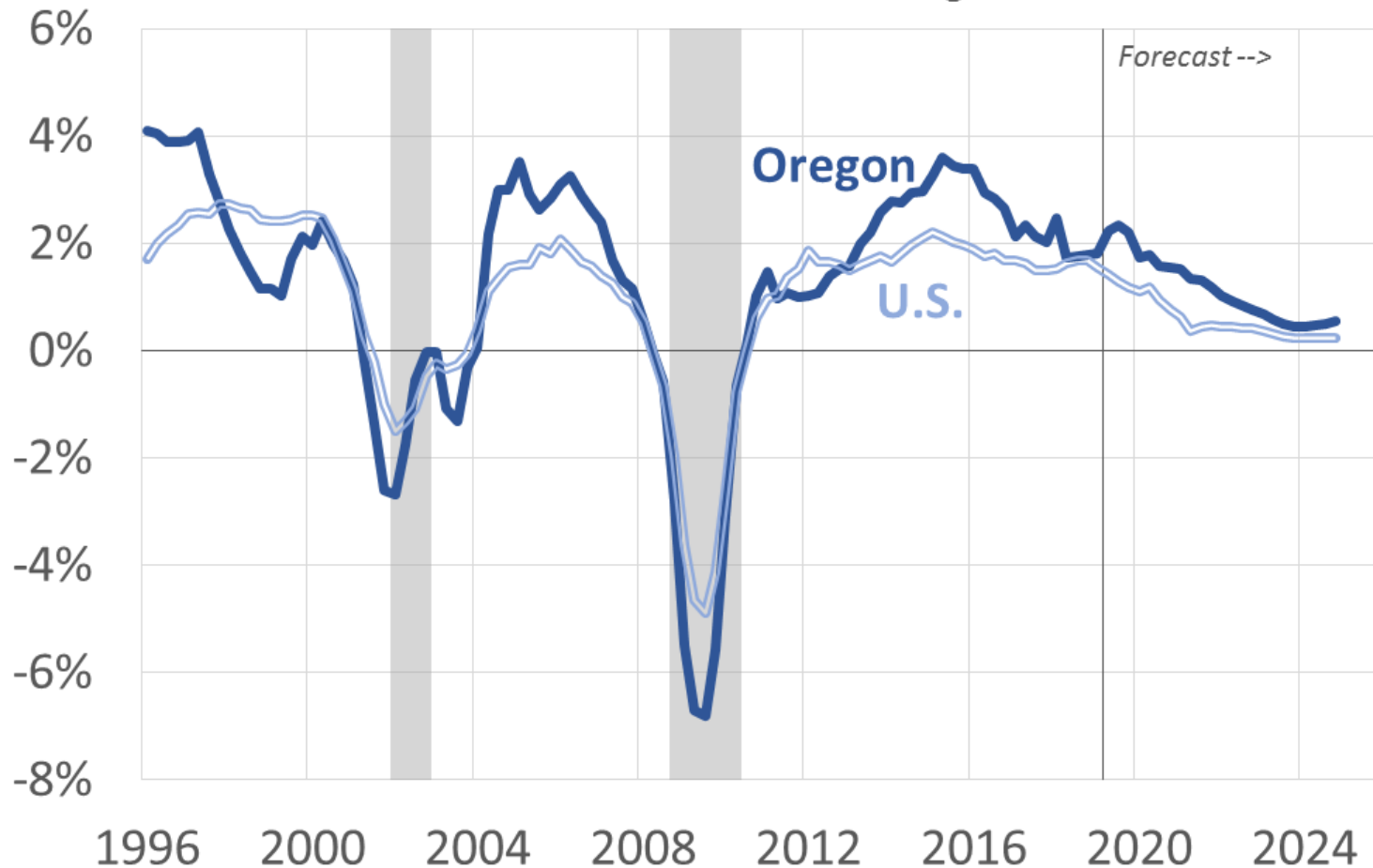




Outlook is Stable, but Economy is Slowing

Total Nonfarm Employment

Year-over-Year Percent Change



Oregon
Economic

Latest Data: 2018q4 | Source: IHS Global Insight, Oregon Office of Economic Analysis

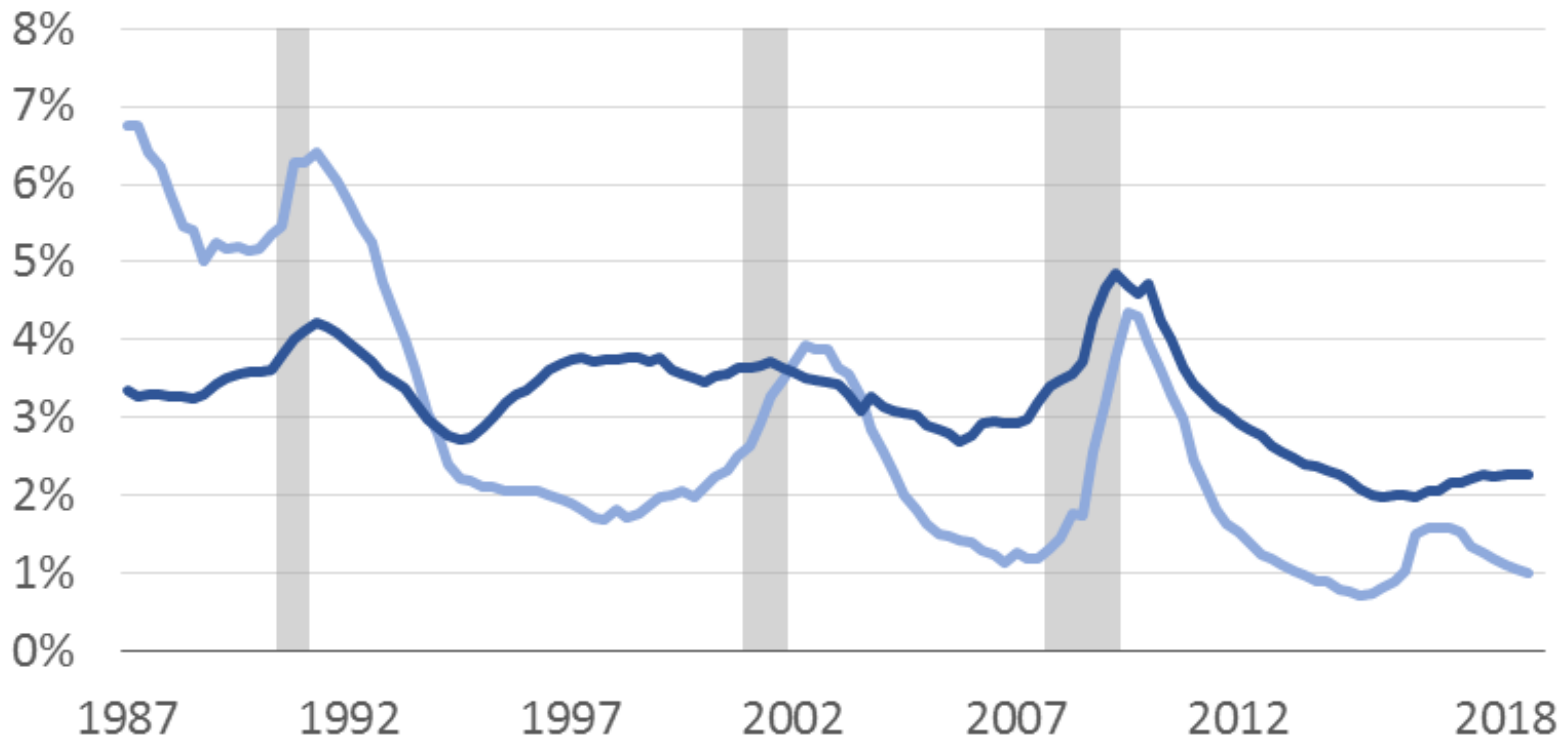




Issue: Credit Conditions

Loan Delinquencies Remain Low

Commerical & Industrial Loans and Consumer Credit



Latest Data: 2018q3 | Source: Federal Reserve, Oregon Office of Economic Analysis



Oregon Office of
Economic Analysis

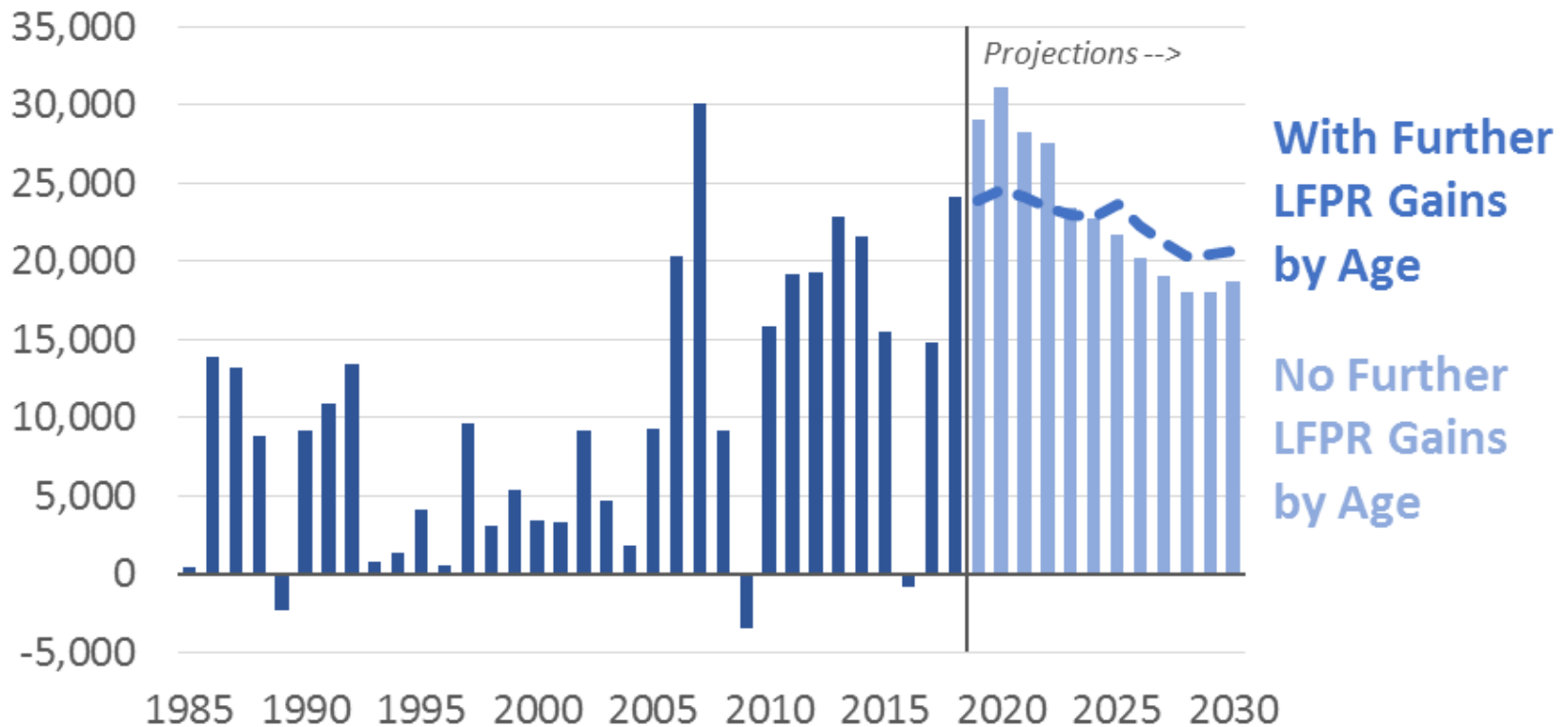




Issue: Demographics

The Silver Tsunami is Crashing Ashore

Annual Change in Oregonians 60+ Years Old Not in the Labor Force



Latest Data: 2018 | Source: IPUMS-CPS, Oregon Office of Economic Analysis



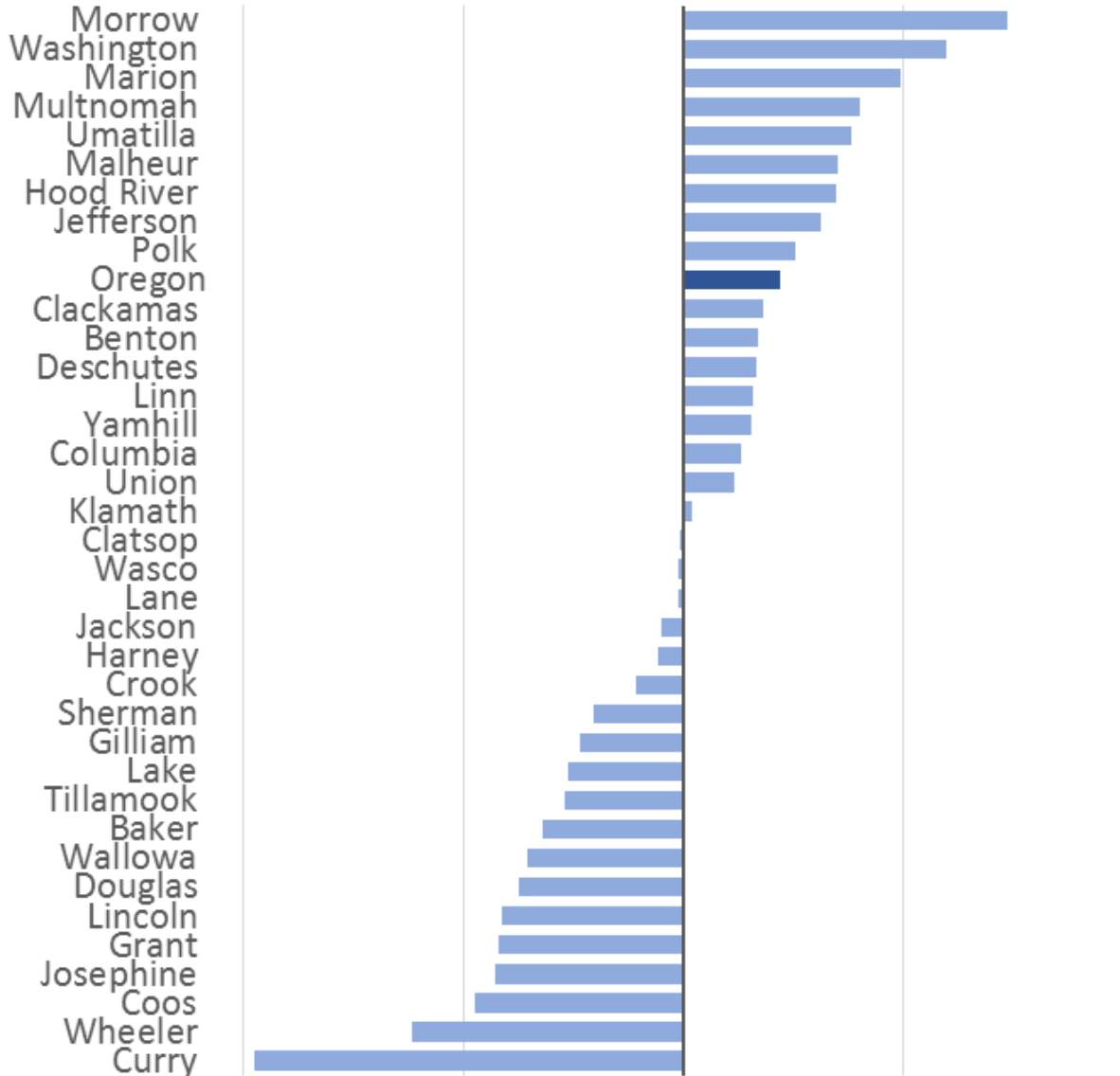
Oregon Office of
Economic Analysis



Natural Rate of Population Increase

Births *minus* Deaths as Share of Total Population

-1.0% -0.5% 0.0% 0.5% 1.0%



Population is growing in all regions.

Migration is key to local labor force outlook.



The background of the slide features a large, faint, light blue seal of the State of Oregon. The seal is circular and contains the text "STATE OF OREGON" at the top and "1859" at the bottom. The central emblem depicts an eagle with wings spread, perched on a shield. Below the eagle is a plow, and at the bottom of the shield is a banner with the words "THE UNION".

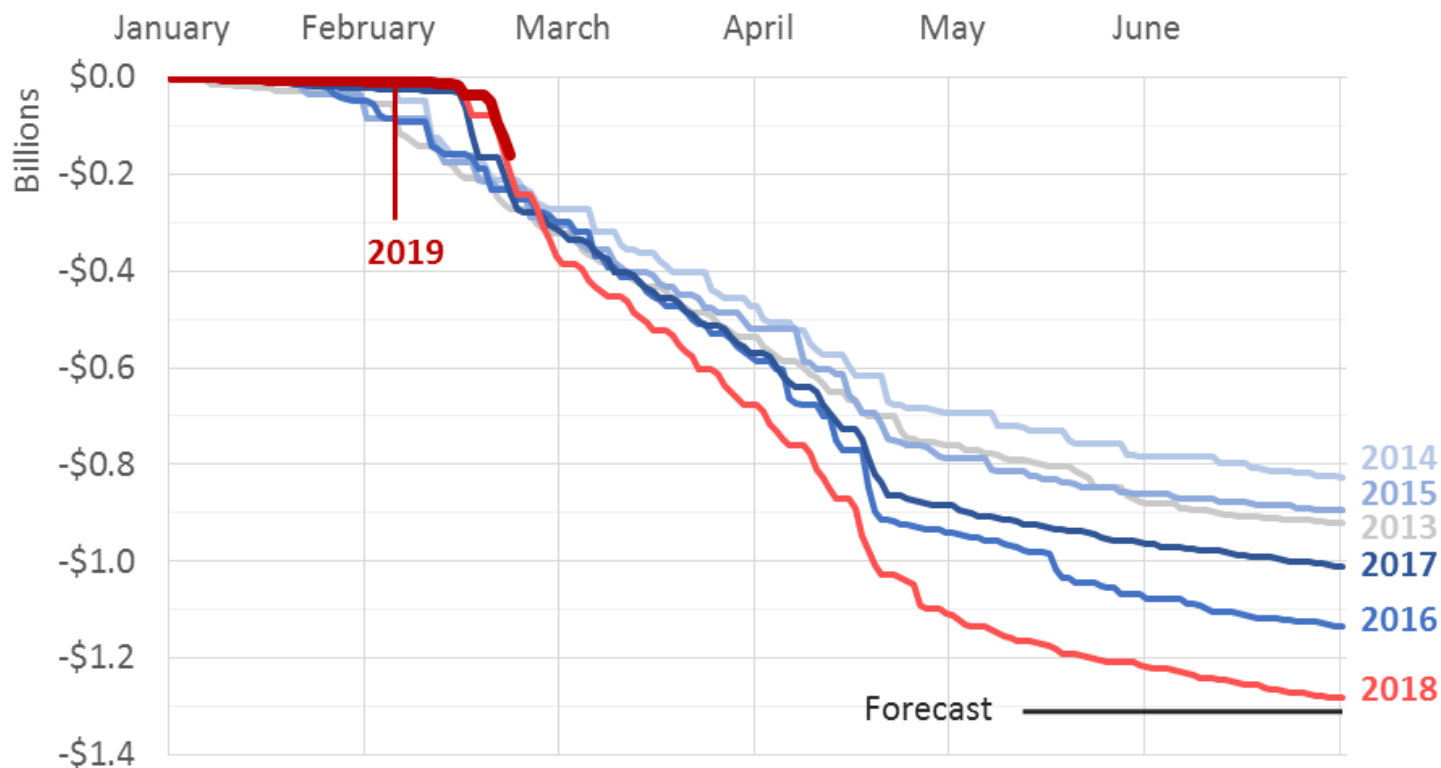
Revenue Update and Outlook



Just Getting Started

Here We Go! Tax Season Begins

Personal Income Tax Refunds, Cumulative



Latest Data: Feb 22, 2019 | Source: Oregon Dept of Revenue, Oregon Office of Economic Analysis



Oregon Office of
Economic Analysis

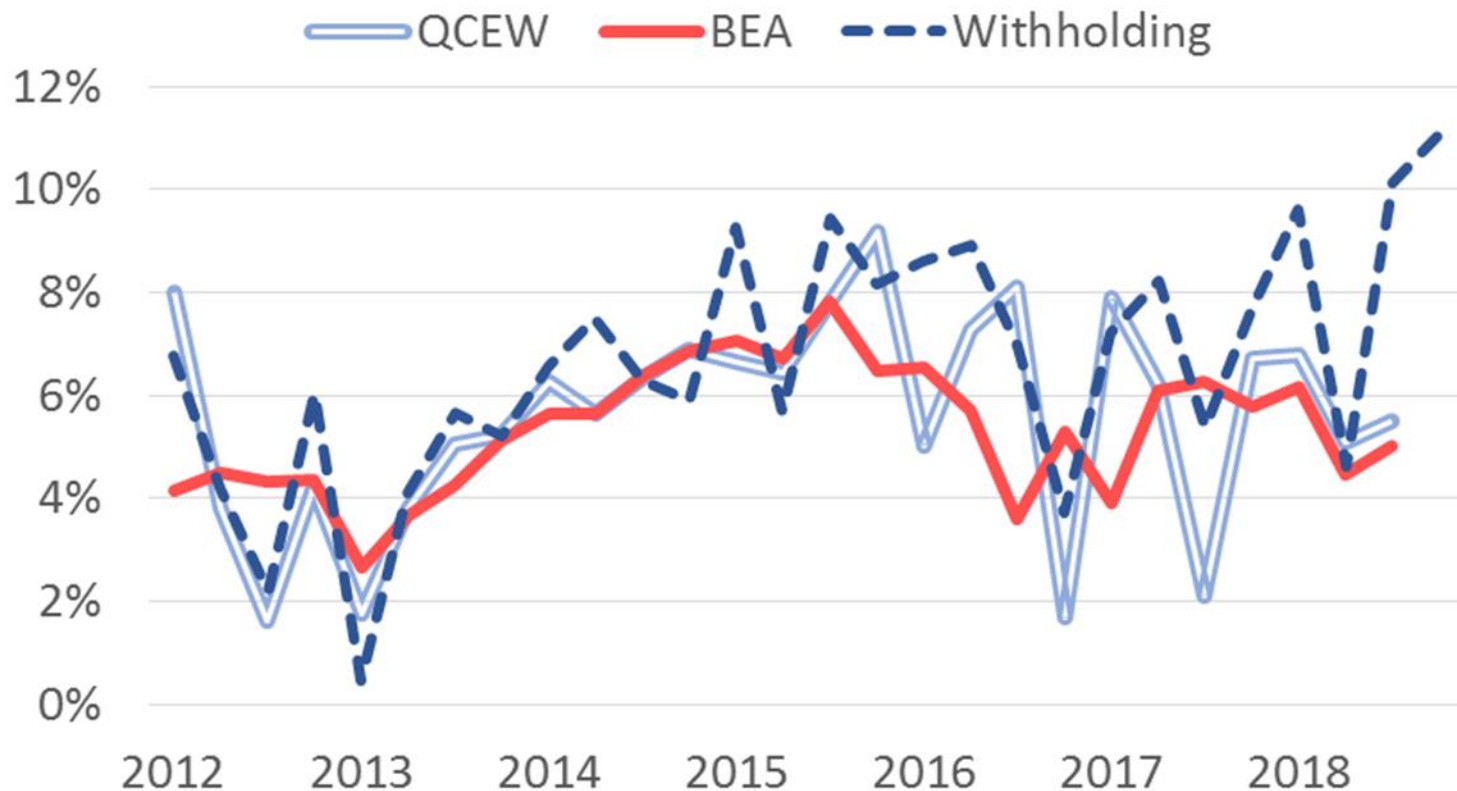




PIT Withholding

Total Oregon Wage Growth

Year-over-Year



Latest Withholding 2018q4, Latest BEA and QCEW 2018q3

Source: BEA, Oregon Employment Dept, Oregon Dept of Revenue, Oregon Office of Economic Analysis



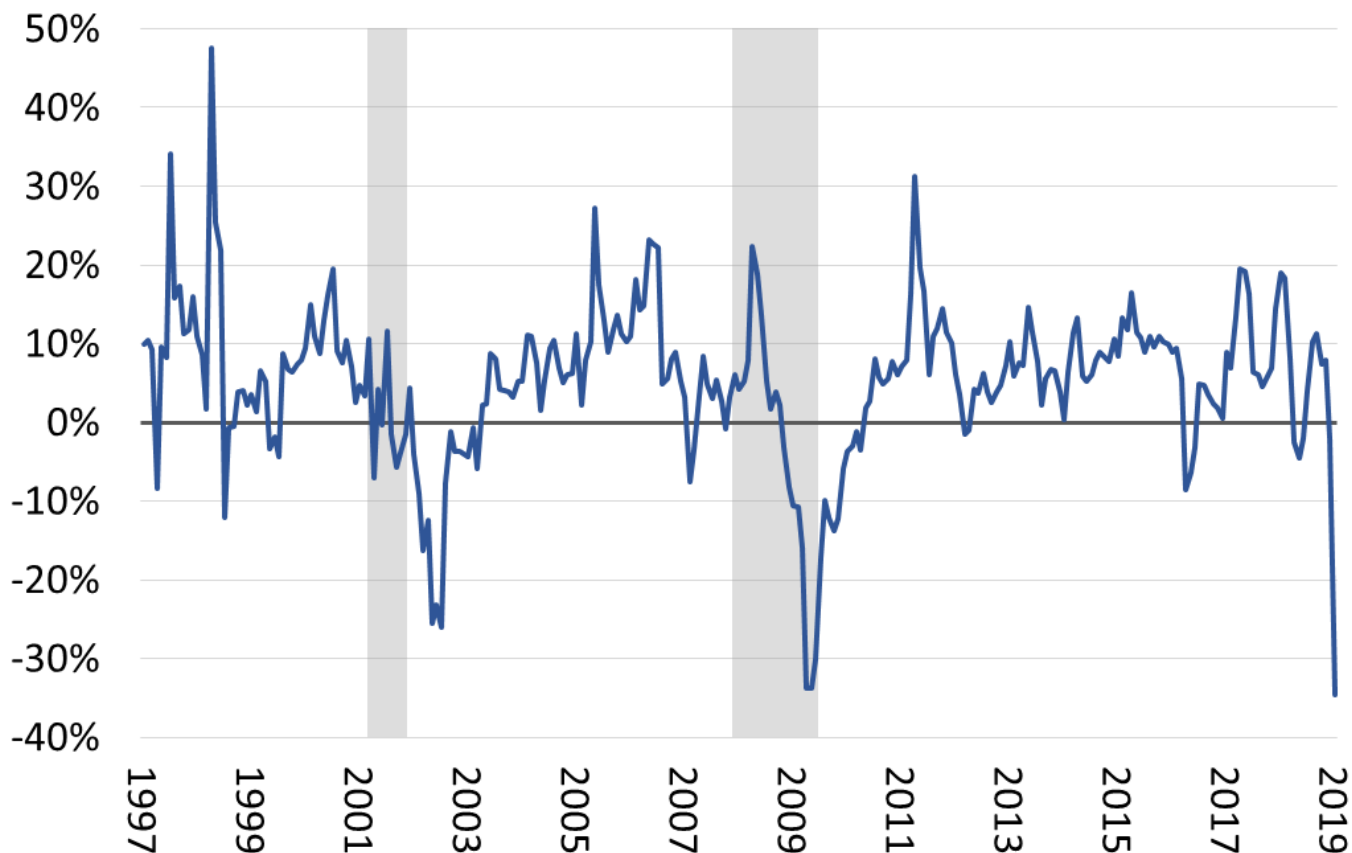
Oregon Economic



Total Personal Income Taxes

Personal Income Tax Collections

Year-over-Year Percent Change, 3 Month Average





Year-End Estimated Payments

Tax Year	Dec-Jan Estimated Payments (\$ mil)	Growth	Non-Withholding Income* (\$ mil)	Growth	Dec-Jan Est Pmts/ NWHInc
2007	375		23,275		1.6%
2008	268	-28.4%	15,027	-35.1%	1.8%
2009	227	-15.2%	11,696	-21.4%	1.9%
2010	253	11.5%	12,974	11.0%	1.9%
2011	268	5.6%	13,085	0.6%	2.0%
2012	345	28.8%	17,797	35.6%	1.9%
2013	346	0.5%	16,878	-5.4%	2.0%
2014	416	20.0%	20,822	22.9%	2.0%
2015	466	12.0%	22,424	7.4%	2.1%
2016	486	4.3%	23,786	6.4%	2.0%
2017	691	42.3%	26,211	10.2%	2.6%
2018*	337	-51.2%	25,494	-2.7%	1.3%

* Non-withheld Income Includes: Interest, Dividends, Cap Gains, Schedule E and Business, 2018 Data through 1/31

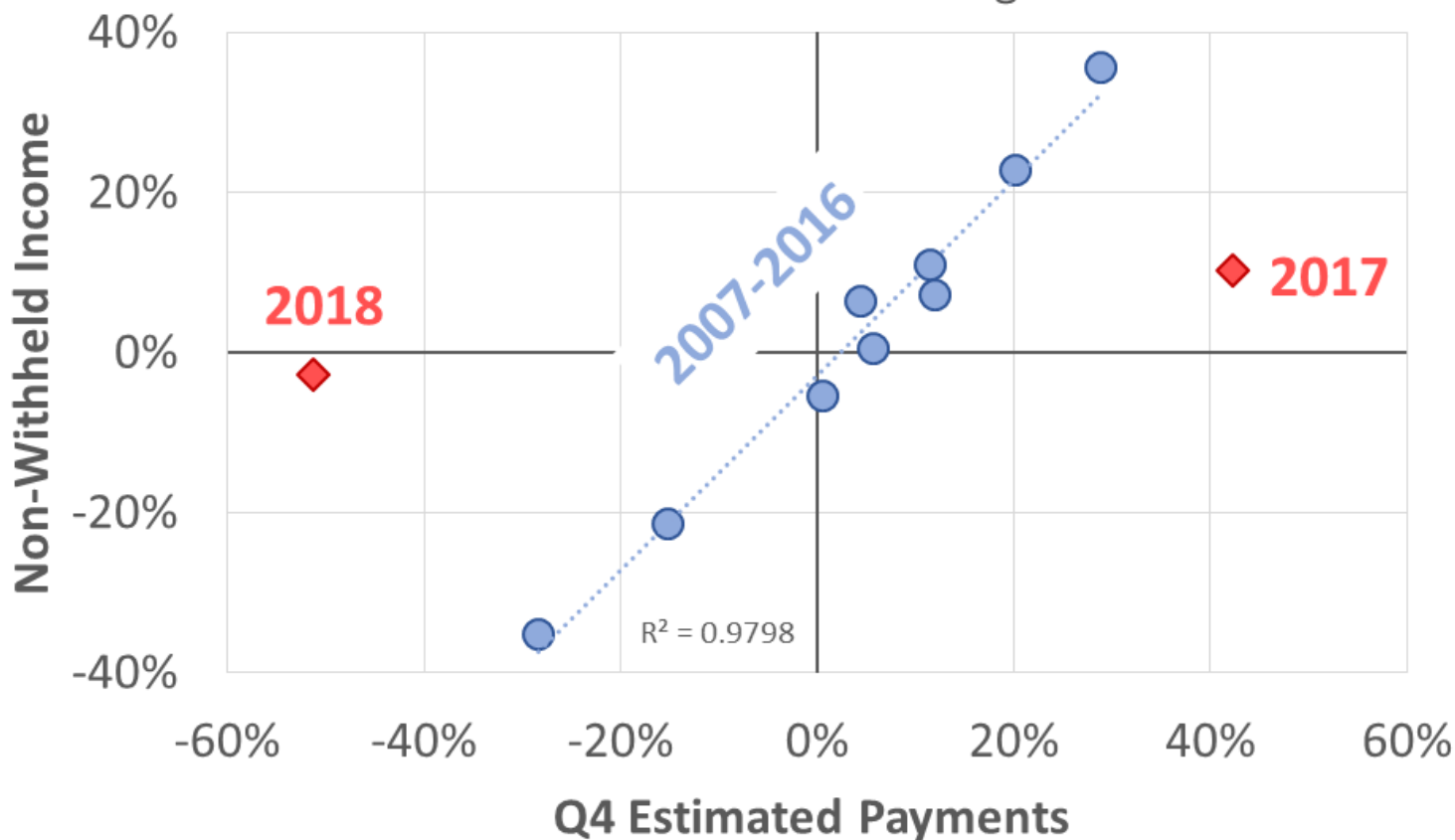




Year-End Estimated Payments

Broken Leading Indicator for April

Year-over-Year Percent Change

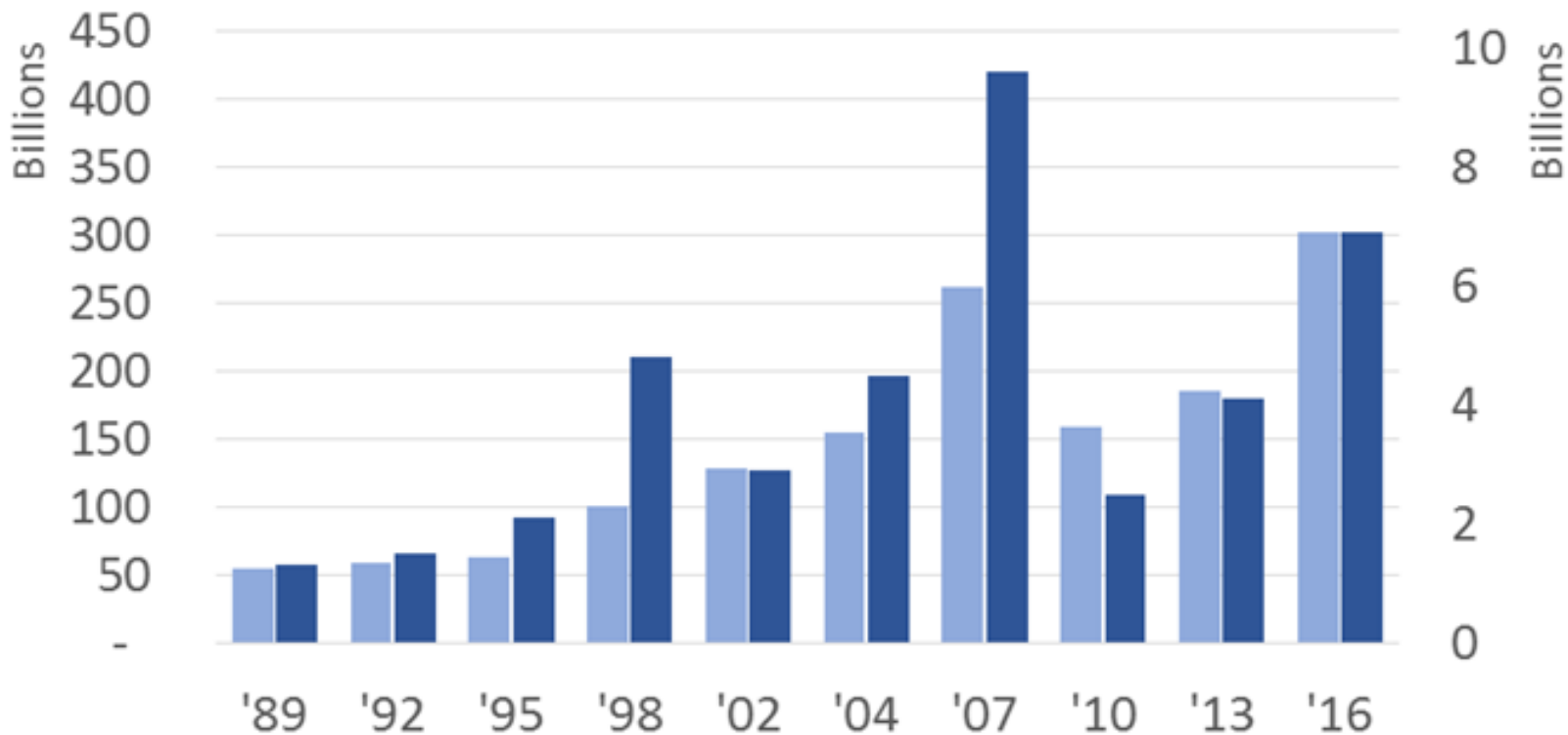




Capital Gains

Gauging Oregon Capital Gains

<-- Stockpile of Unrealized Gains Realized Gains -->



Source: Census, Federal Reserve, Oregon Office of Economic Analysis

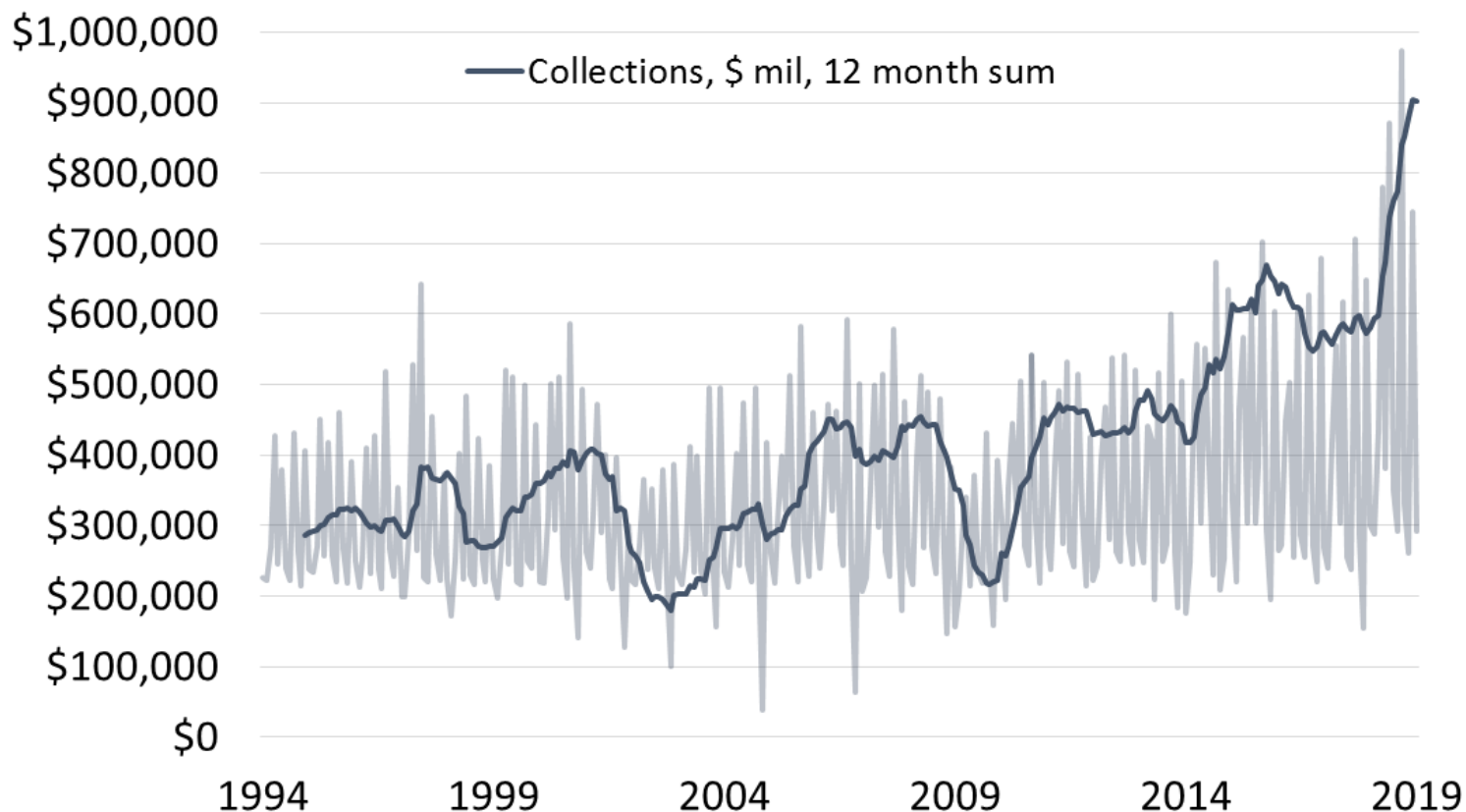




Corporate Collections Are Booming

Corporate Tax Collections

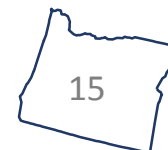
\$ millions



Latest Data: January 2019 | Source: Oregon Department of Revenue, Oregon Office of Economic Analysis



Oregon Office of
Economic Analysis





Revenue Forecast Summary

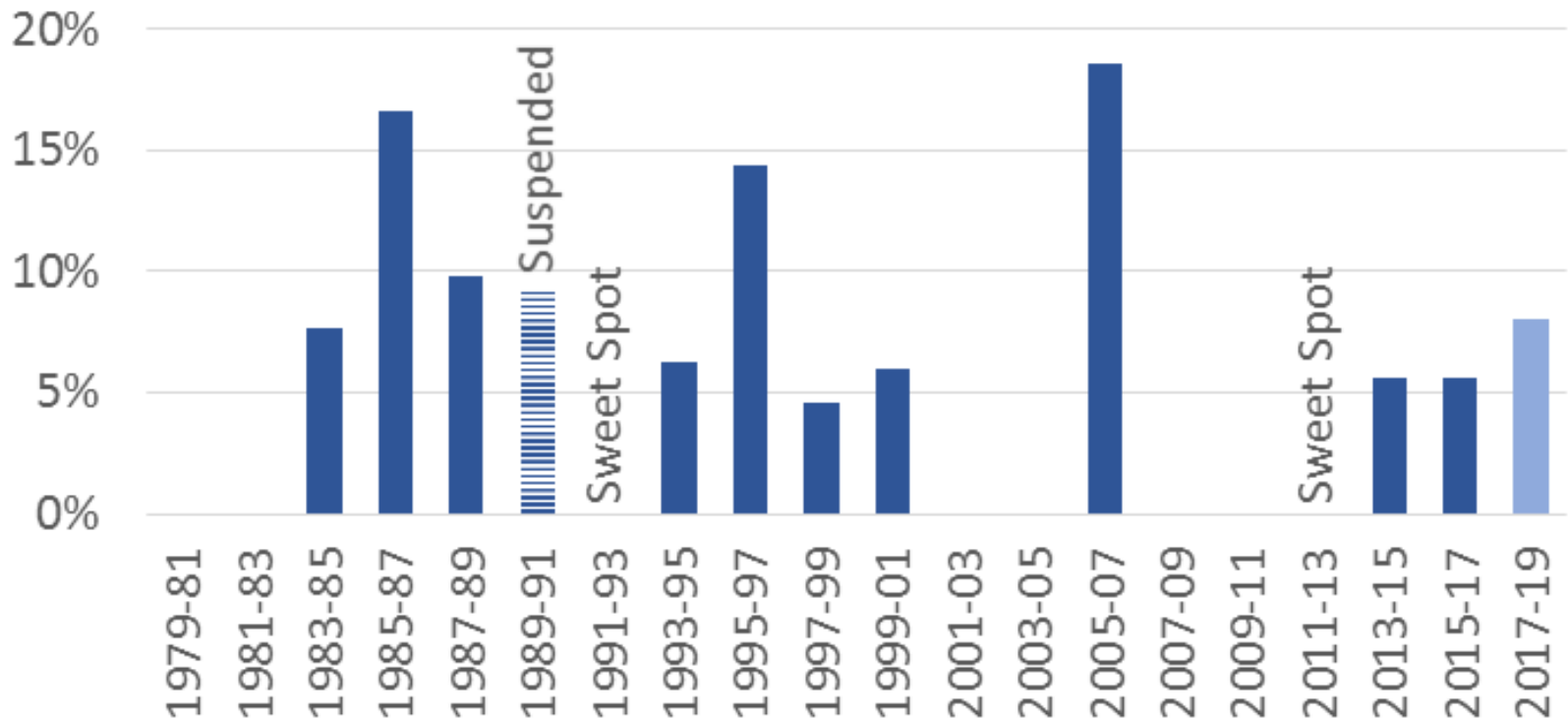
	2017-19			2019-21	
	March Forecast 2017-19	Difference		March Forecast 2019-21	Difference
		March Less December	March Less COS		March Less December
Taxes					
Personal Income Taxes	17,840,948,000	36,282,000	693,562,000	18,919,129,000	(138,718,000)
Transfer to Counties (Gain Share)	(32,971,000)	0	(15,000)	(33,070,000)	0
Corporate Income Taxes	1,429,753,000	123,175,000	352,776,000	1,199,555,000	69,941,000
Transfer Including RDF (Minimum T:	(41,957,000)	(3,166,000)	547,000	(146,830,000)	(1,257,000)
Other Revenues	1,382,465,000	(12,208,000)	54,900,000	1,313,838,000	(12,512,000)
Net General Fund Revenues	20,578,238,000	144,083,000	1,101,770,000	21,252,622,000	(82,546,000)
Plus Beginning Balance	1,000,385,138	0	219,549,128	1,451,953,497	144,083,000
Less Anticipated Administrative Actions*	(21,472,000)	0	0	0	0
Less Legislatively Adopted Actions**	(179,424,096)	0	696,300	(199,257,735)	0
Available Resources	21,377,727,042	144,083,000	1,322,015,428	22,505,317,762	61,537,000
Appropriations	19,925,773,545	0	66,973,545		
Estimated Ending Balance	1,451,953,497	144,083,000	1,255,041,883		



Kickers Over Time

Oregon Personal Income Kicker

Kicker Credit or Refund, % of Liability



Source: Oregon Legislative Revenue Office, Oregon Office of Economic Analysis





What Is Your Cut?

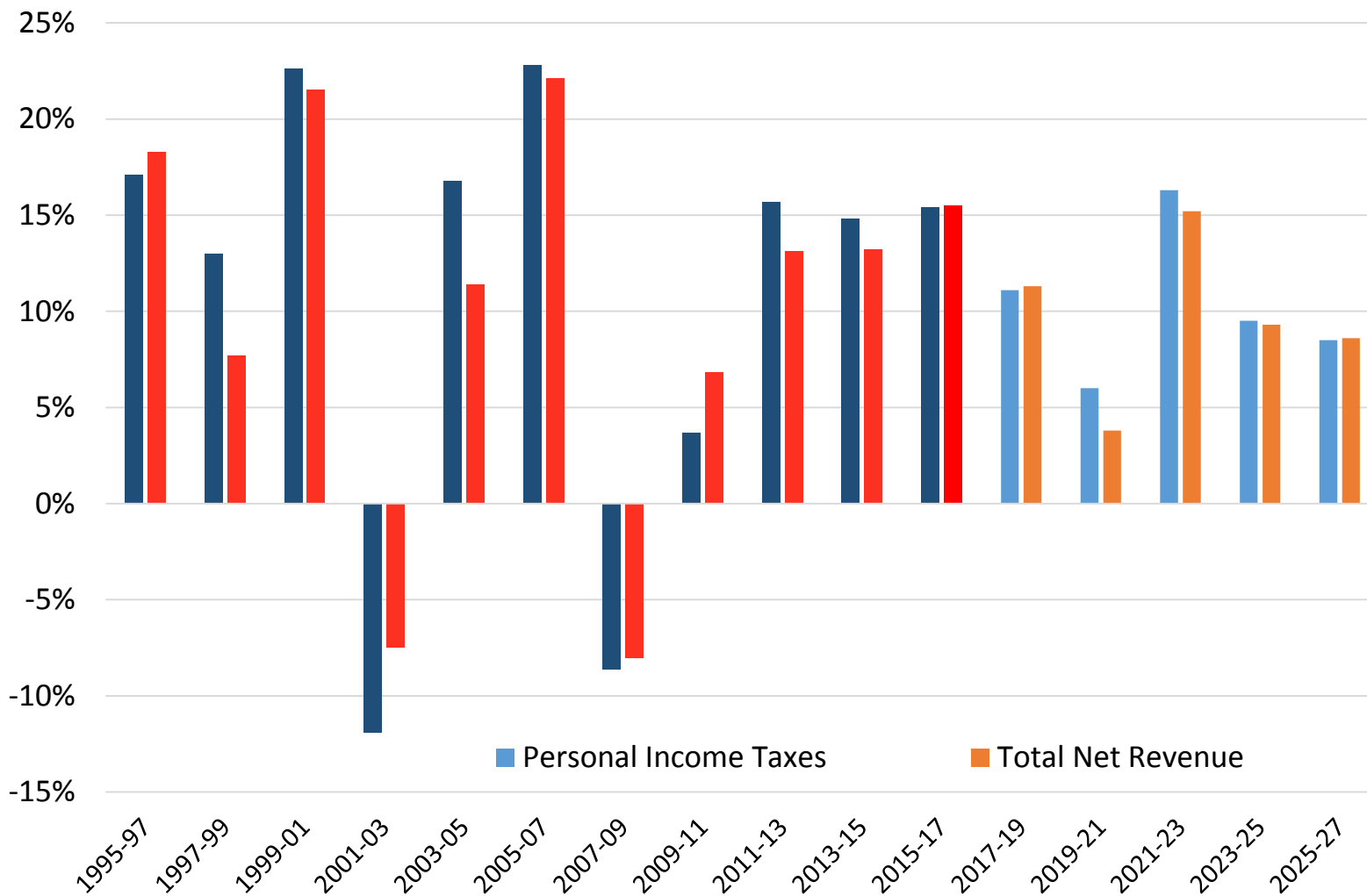
Income Group	Adjusted Gross Income*	Rough Estimate of Kicker Size**
Bottom 20%	< \$11,200	\$14
Second 20%	\$11,200 - \$26,300	\$82
Middle 20%	\$26,300 - \$47,800	\$185
Fourth 20%	\$47,800 - \$87,400	\$340
Next 15%	\$87,400 - \$177,300	\$692
Next 4%	\$177,300 - \$401,200	\$1,621
Top 1%	> \$401,200	\$7,413
Average	\$61,600	\$367
Median	\$35,000-\$36,000	\$180

* Based on 2016 actual tax returns ** Based on 2016 actual tax returns, PIT kicker amount (\$748 million) and the Oregon Office of Economic Analysis' forecast for tax liability in 2018





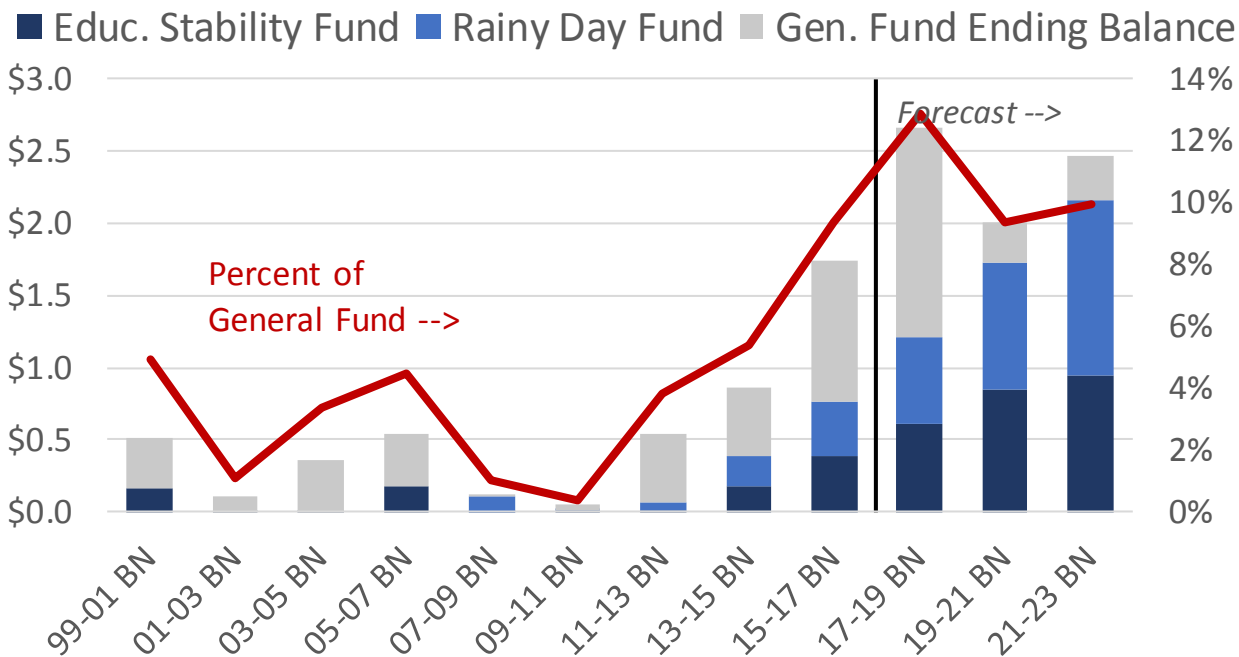
Biennial Revenue Growth





Reserves Continue to Grow

Oregon Budgetary Reserves (billions)



Source: Oregon Office of Economic Analysis

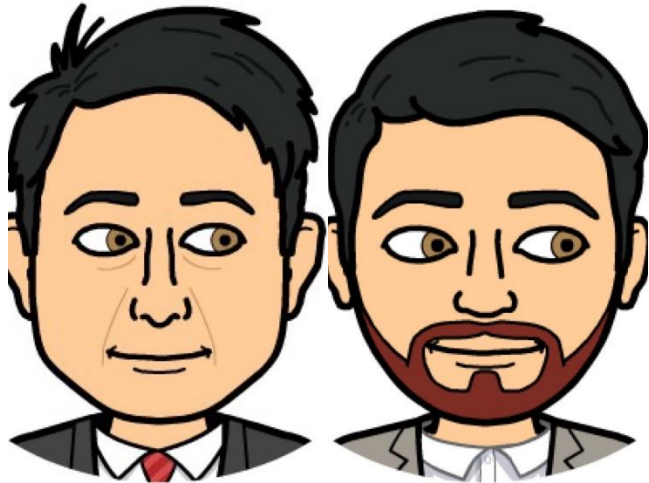
Effective Reserves (\$ millions)

	<i>Dec 2018</i>	<i>End 2017-19</i>
ESF	\$560.9	\$617.4
RDF	\$587.3	\$595.4
Reserves	\$1,148.2	\$1,212.9
Ending Balance	\$1,452.0	\$1,452.0
Total	\$2,600.2	\$2,664.8
% of GF	12.6%	12.9%





Contact



mark.mcmullen@oregon.gov
(503) 378-3455

joshua.lehner@oregon.gov
(971) 209-5929



www.OregonEconomicAnalysis.com



[@OR_EconAnalysis](https://twitter.com/OR_EconAnalysis)

