

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.

# May 2019 Economic & Revenue Outlook

May 15<sup>th</sup>, 2019

Oregon Office of Economic Analysis

Mark McMullen

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The background of the slide features a large, faint, light-blue watermark of the 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 sailing ship on the left and a plow on the right; a banner below the central scene that reads "THE UNION"; and the year "1859" at the bottom. The words "STATE OF OREGON" are written in a circular path around the central imagery, with small stars separating the words.

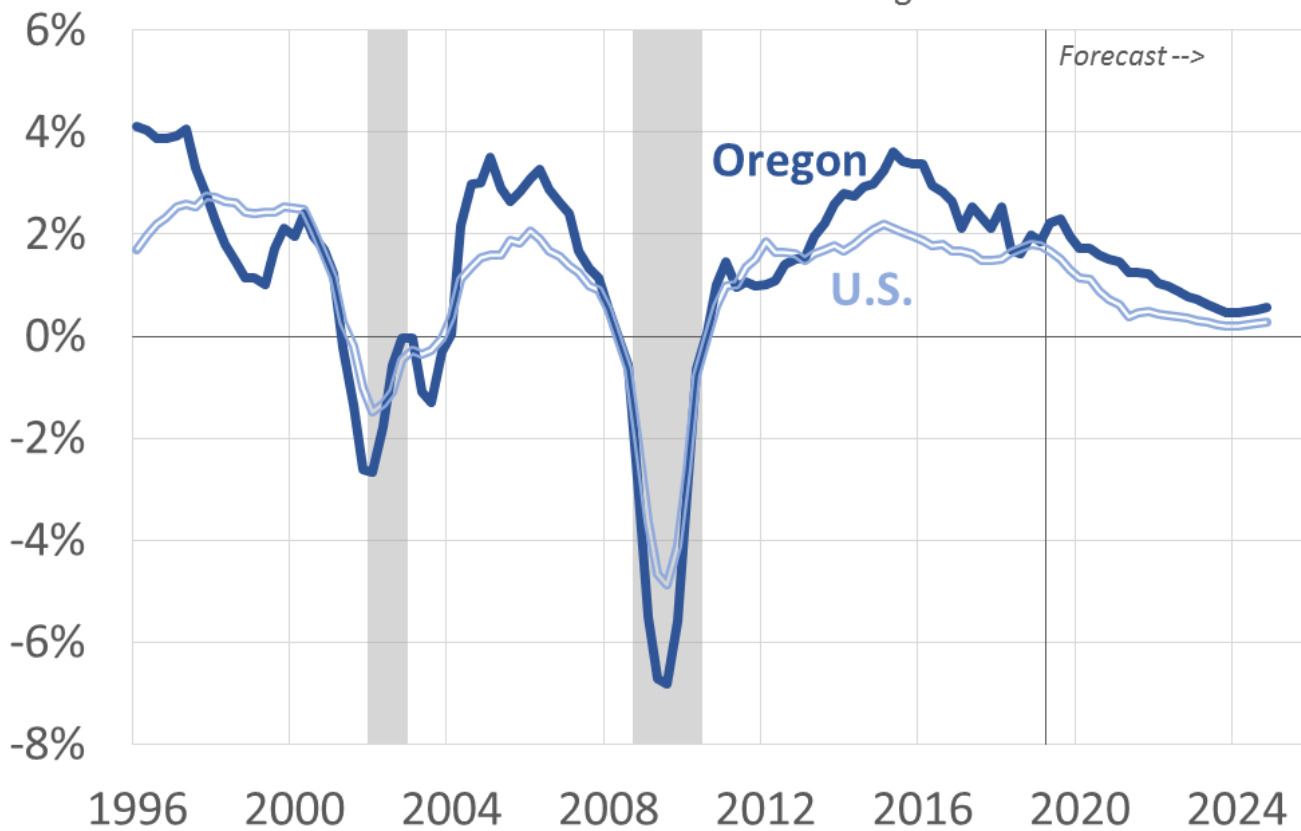
# Economic Outlook



# Outlook is Stable, but Economy is Slowing

## Total Nonfarm Employment

Year-over-Year Percent Change



Latest Data: 2019q1 | Source: IHS Markit, Oregon Office of Economic Analysis

### Structural Drags

- Demographics

### Cyclical Drags

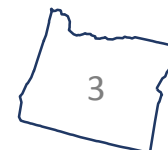
- Supply Constraints
- Slack is gone

### Policy Drags

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



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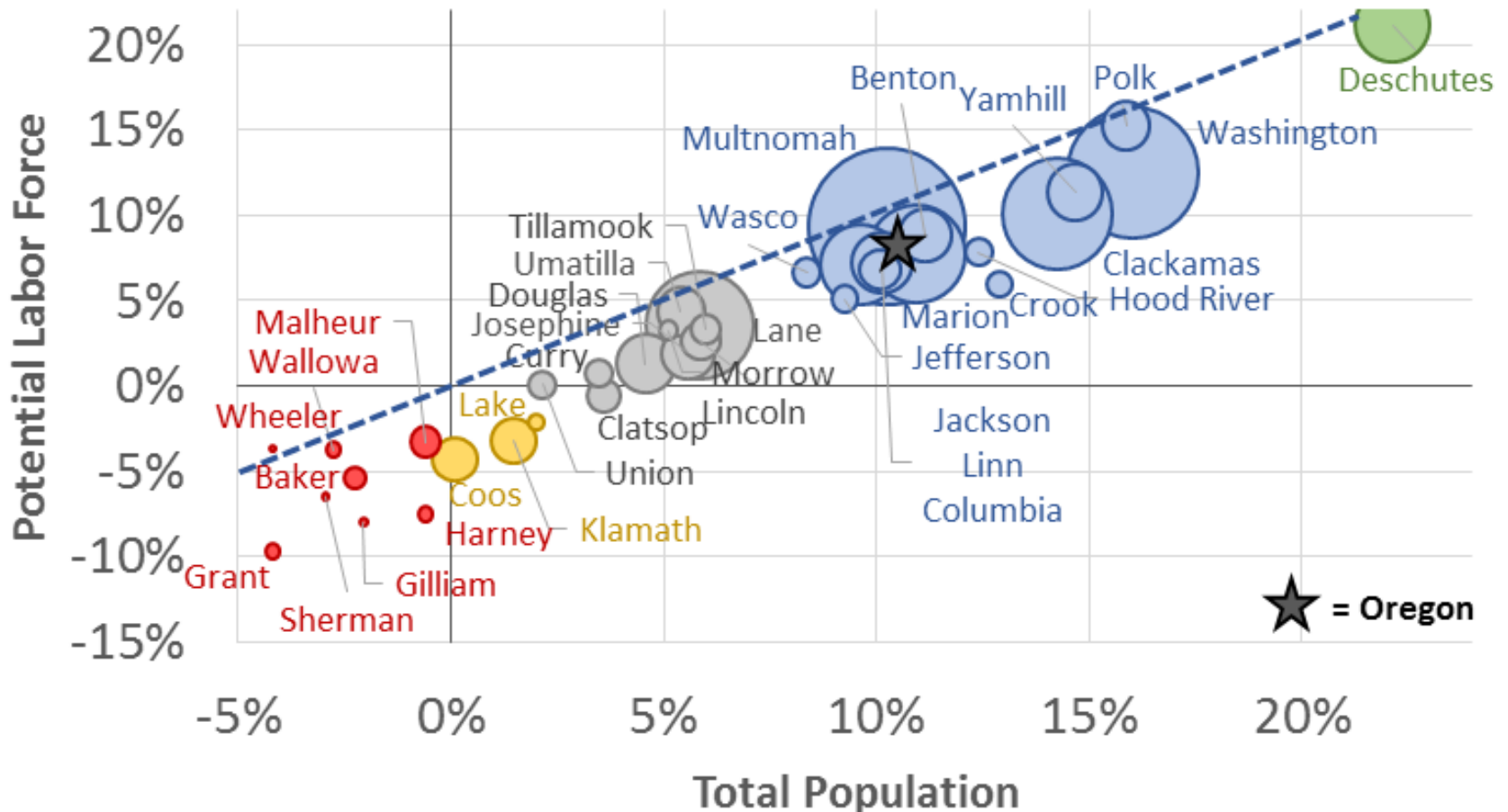




# Slower Growth Statewide

## 2020s Labor Supply in Oregon

Percent Change 2020 to 2030



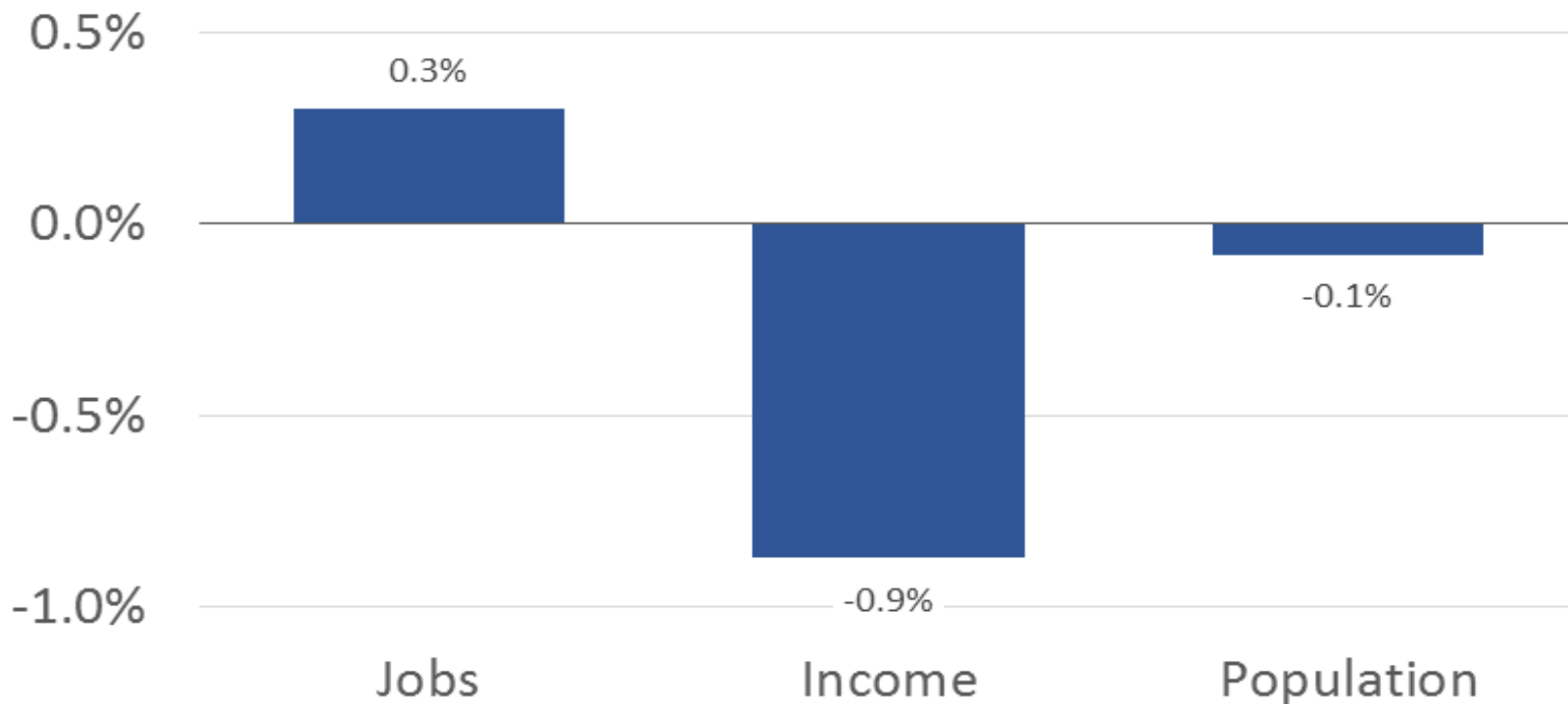
Source: Census, Portland State, Oregon Office of Economic Analysis



# Economy has Performed as Expected in 2017-19

## Oregon Economic Forecast Errors

Comparing the May 2019 Forecast to the May 2017 Forecast for 2019 Data



Source: Oregon Office of Economic Analysis



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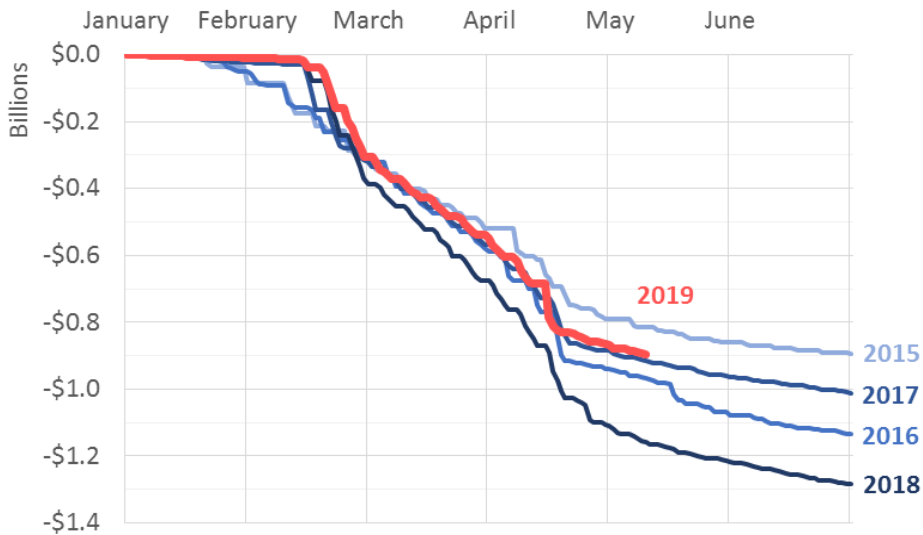
# Revenue Update and Outlook



# April Surprise

## Refunds Come Up Short

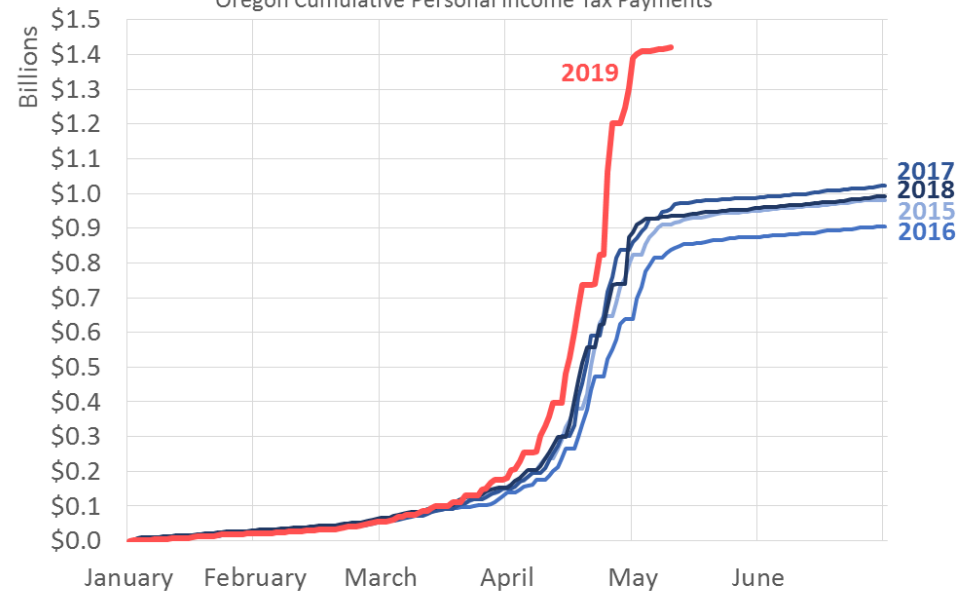
Personal Income Tax Refunds, Cumulative



Latest Data: May 10, 2019 | Source: Oregon Dept of Revenue, Oregon Office of Economic Analysis

## Very Strong Year-End Payments

Oregon Cumulative Personal Income Tax Payments

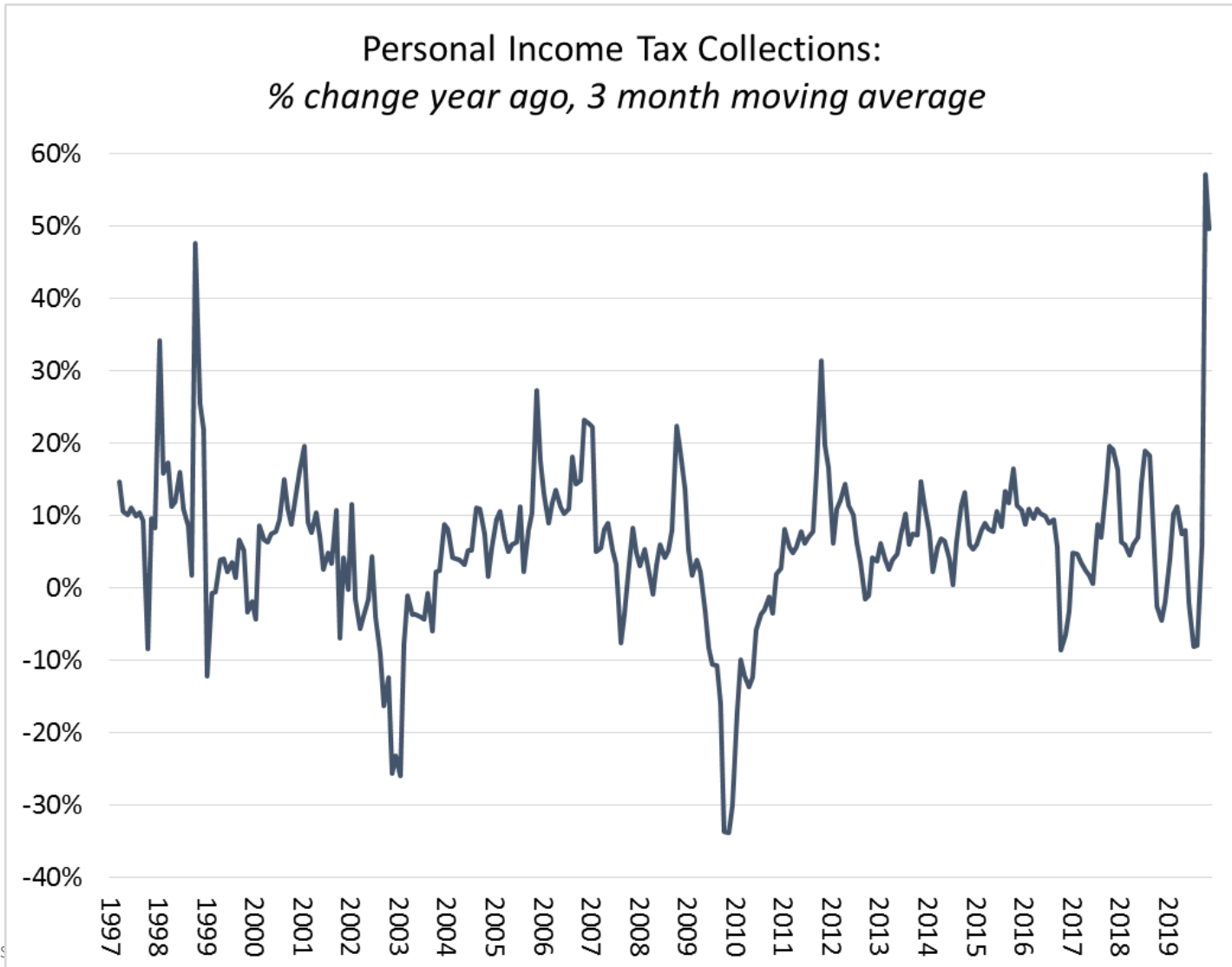


Latest Data: May 10, 2019 | Source: Oregon Dept of Revenue, Oregon Office of Economic Analysis





# Record Growth in PIT



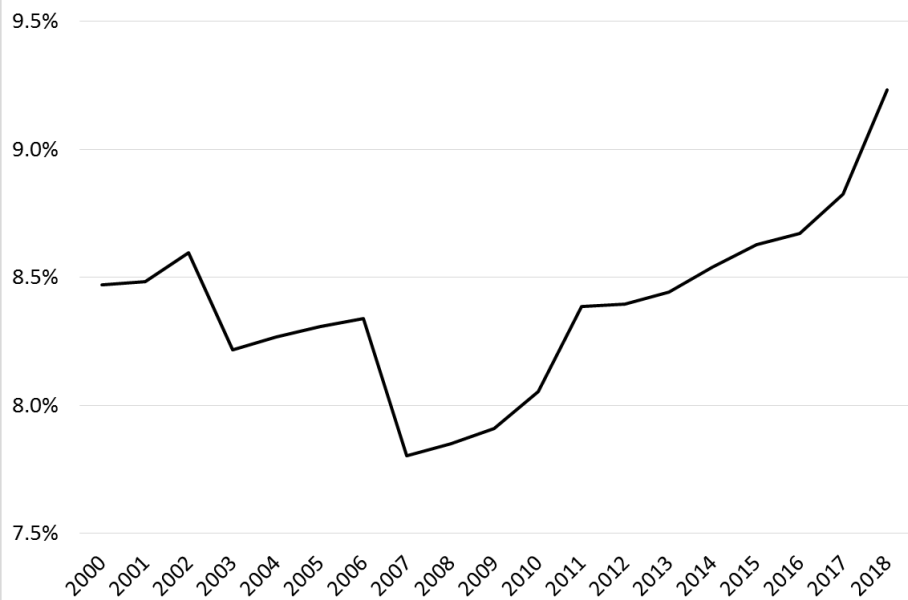




# Above and Beyond Economic Growth

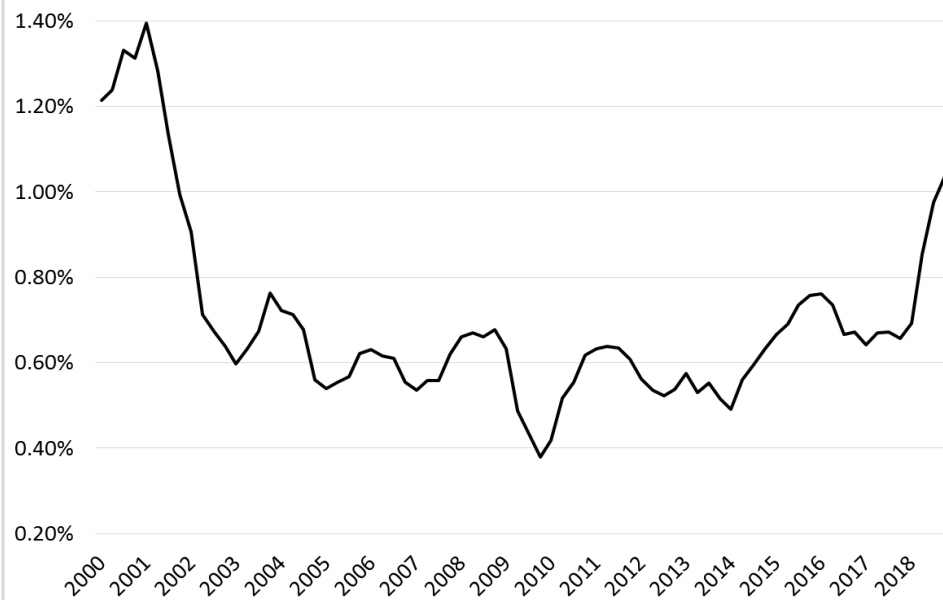
### Effective Personal Income Tax Rate: Wages

*PIT withholdings, % share of wages*



### Effective Corporate Tax Rate

*(Corporate collections, % share of profits (assuming OR is 1% of US), 4 QTR MA)*





# Revenue Forecast Summary

**2017-19**

**2019-21**

	Difference		
	May Forecast 2017-19	May Less March	May Less COS

	Difference	
	May Forecast 2019-21	May Less March

**Taxes**

Personal Income Taxes	18,587,044,000	746,096,000	1,439,658,000	18,705,068,000	(214,061,000)
Transfer to Counties (Gain Share)	(42,246,000)	(9,275,000)	(9,290,000)	(45,262,000)	(12,192,000)
Corporate Income Taxes	1,692,868,000	263,115,000	615,891,000	1,245,784,000	46,229,000
Transfer Including RDF (Minimum T:	(82,117,000)	(40,160,000)	(39,613,000)	(158,254,000)	(11,424,000)
<b>Other Revenues</b>	<b>1,298,208,000</b>	<b>(84,257,000)</b>	<b>(29,357,000)</b>	<b>1,372,858,000</b>	<b>59,020,000</b>

<b>Net General Fund Revenues</b>	21,578,120,000	924,954,000	2,026,192,000	21,120,194,000	(132,428,000)
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Plus Beginning Balance	1,000,385,138	0	219,549,128	2,321,644,862	869,691,365
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Less Anticipated Administrative Actions*	(10,369,772)	11,102,228	11,102,228	0	0
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Less Legislatively Adopted Actions**	(179,424,096)	0	696,300	(199,427,034)	(169,299)
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<b>Available Resources</b>	22,264,348,270	886,621,228	2,208,636,656	23,242,411,828	737,094,066
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Appropriations	19,942,703,408	16,929,863	83,903,408		
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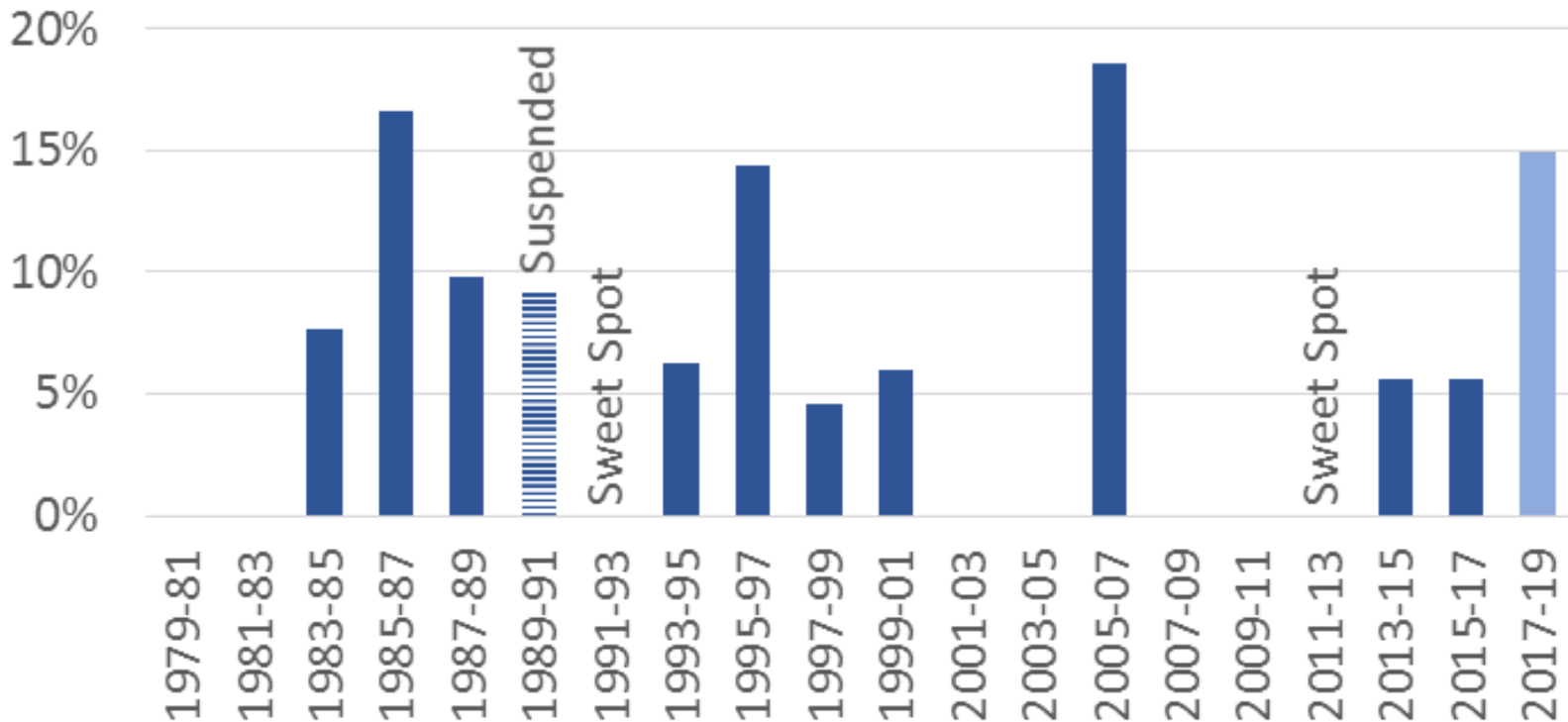
<b>Estimated Ending Balance</b>	2,321,644,862	869,691,365	2,124,733,248		
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# Kickers Over Time

## Oregon Personal Income Tax Kicker

Kicker Credit or Refund, % of Liability



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



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Median: \$338

Average: \$691

Top 1%: \$13,968

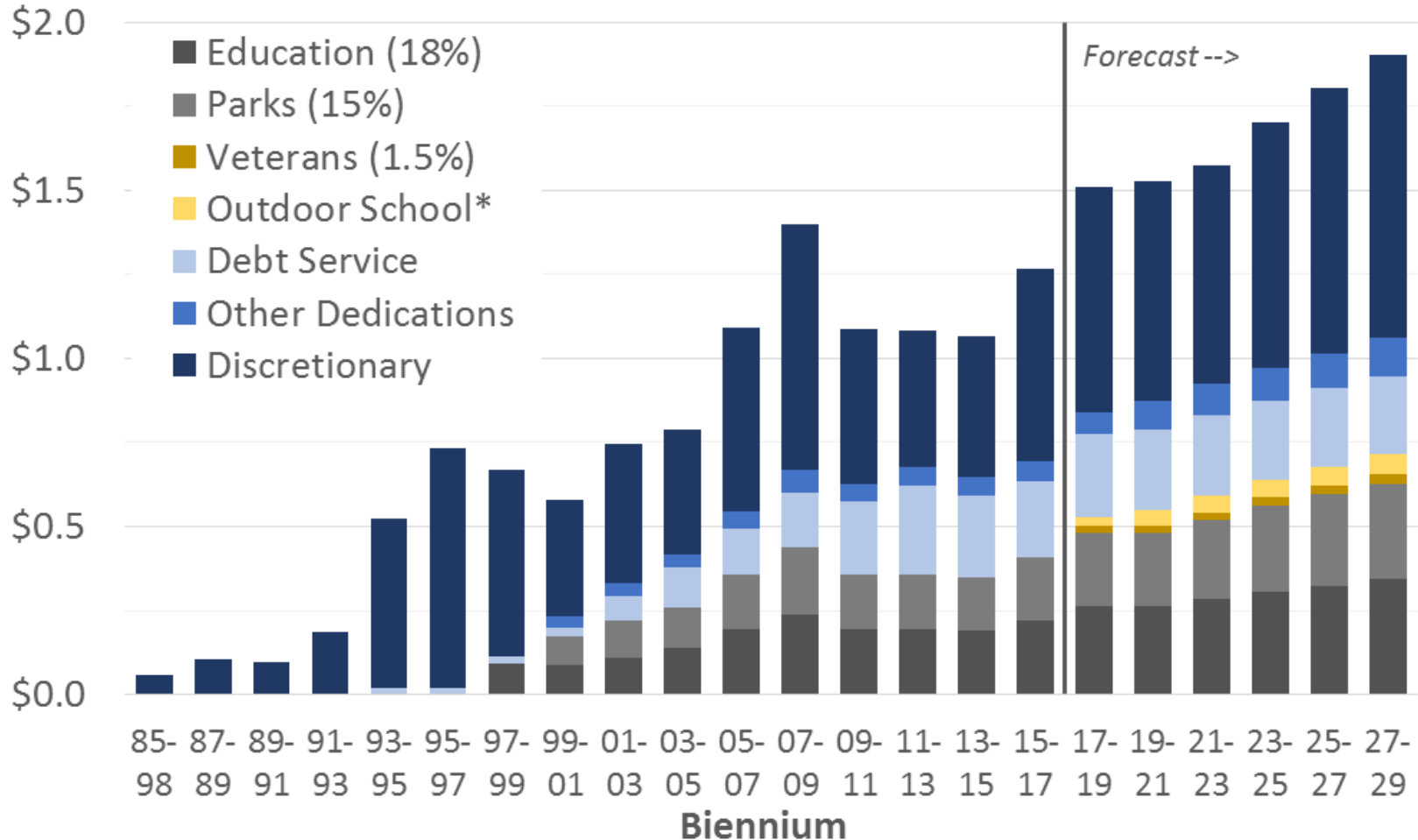


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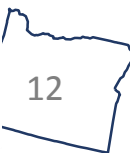


# Lottery: Ongoing Growth

## Lottery Resources and Distributions (\$ billions)



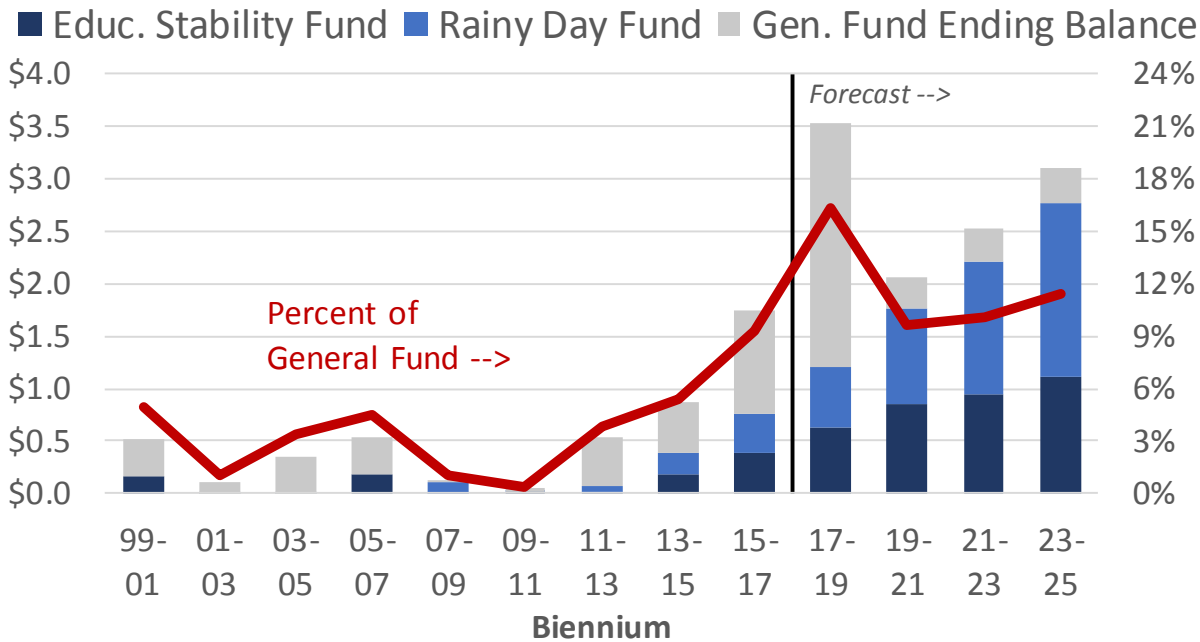
Oregon Economic Development Corporation | \* Outdoor School will receive up to \$44 million per biennium, adjusted for inflation. However the 2017 Legislature set the 2017-19 distribution at \$24 million. | Source: Oregon Lottery, Oregon Office of Economic Analysis





# Reserves Continue to Grow

## Oregon Budgetary Reserves (billions)



Source: Oregon Office of Economic Analysis

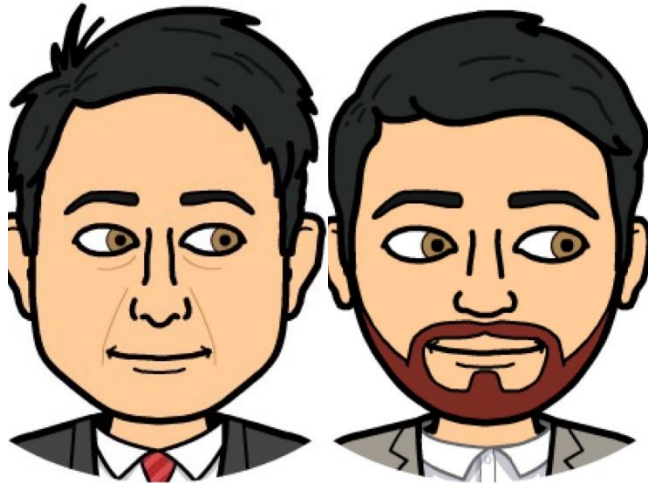
## Effective Reserves (\$ millions)

	End 2017-19	End 2019-21
ESF	\$619.7	\$854.4
RDF	\$595.3	\$918.9
Reserves	\$1,215.0	\$1,773.3
Ending Balance	\$2,321.6	\$290.5
<b>Total</b>	<b>\$3,533.9</b>	<b>\$2,063.8</b>
% of GF	16.4%	9.7%





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