

STATE OF OREGON
LEGISLATIVE REVENUE OFFICE
 STATE CAPITOL BUILDING
 900 COURT ST. NE RM 160
 SALEM, OREGON 97301
 PHONE (503) 986-1266
 FAX (503) 986-1770

Chris Allanach, Legislative Revenue Officer

LRO FORECAST SUMMARY

September 2021

NEW FACTS SINCE THE LAST FORECAST

	2nd Qtr 2021 Forecast	2nd Qtr 2021 Actuals	Difference
Employment	1,848,665	1,864,161	15,496
Personal Income (\$ billion)	252.3	253.3	1.0
Personal Income Tax (\$ million)			
Withholding	2,116.8	2,266.8	150.0
Other Payments less Refunds	1,133.2	1,529.7	396.5
Total	3,250.0	3,796.5	546.5
Corporate Income Tax	310.4	491.5	181.1

NEW FACTS

- Second Quarter personal income tax collections came in \$546.5 million (16.8%) above the June 2021 forecast.
- Second Quarter corporate income tax collections came in \$181.1 million (58.3%) above the June 2021 forecast.
- Oregon personal income was \$1.0 billion (0.4%) above the June 2021 forecast.
- Oregon employment was 15,496 jobs (0.8%) above the June 2021 forecast.

2019-21

CHANGE FROM CLOSE OF SESSION (\$ Million)

General Fund Resources	Close of Session	September 2021 Forecast	Difference
Beginning Balance	2,318.4	2,709.4	390.9
Transfer to Rainy Day Fund	-199.5	-198.3	1.1
Personal	18,283.5	20,047.0	1,763.4
Corporate	1,190.8	2,041.4	850.6
Other	1,546.1	1,681.0	135.0
Gross GF Revenue	21,020.4	23,769.4	2,749.0
Shared Services Fund	-45.3	-40.3	4.9
Rainy Day Fund	-56.8	-74.5	-17.7
PERS UAL Fund	-101.5	0.0	101.5
Net GF Revenue	20,816.9	23,654.6	2,837.7
Lottery Resources*	1,530.9	1,280.1	-250.8
Anticipated Administrative Actions**	-21.5	0.0	21.5
Net GF and Lottery Resources	24,445.3	27,445.7	3,000.4

* 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 \$1,763.4 million (9.6%) from the 2019 COS estimate.
- Corporate tax revenue is up \$850.6 million (71.4%) from the 2019 COS estimate.
- General Fund gross revenue is up \$2,749.0 million (13.1%) from the 2019 COS estimate.
- Net GF and Lottery resources are up \$3,000.4 million (12.3%) from the 2019 COS estimate.

EFFECT ON 2% KICKER

(\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	September 2021 Forecast	Amount +/- Kicker Threshold
Personal & Other	19,829.6	20,226.2	21,728.0	1,501.8
Corporation***	1,171.3	1,194.7	2,018.0	823.3

*** 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: A personal kicker of \$1,898.5 million is projected for 2021-23.

CORPORATE: \$846.7 million of corporate tax revenue is projected to be dedicated to K-12 education spending in 2021-23.

2019-21

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	June 2021 Forecast	September 2021 Forecast	Difference
Beginning Balance	2,709.4	2,709.4	0.0
Transfer to Rainy Day Fund	-198.3	-198.3	0.0
Personal	19,489.3	20,047.0	557.6
Corporate	1,855.0	2,041.4	186.4
Other	1,747.4	1,681.0	-66.3
Gross GF Revenue	23,091.7	23,769.4	677.7
Shared Services Fund	-40.3	-40.3	0.0
Rainy Day Fund	-74.5	-74.5	0.0
PERS UAL Fund	0.0	0.0	0.0
Net GF Revenue	22,976.9	23,654.6	677.7
Administrative Actions*	-21.5	0.0	21.5
Net General Fund Resources	25,466.5	26,165.6	699.1
Lottery Resources**	1,280.1	1,280.1	0.0
Net GF and Lottery Resources	26,746.6	27,445.7	699.1
Select Other Taxes			
Corporate Activity**	1,338.0	1,374.9	36.9
Marijuana**	304.0	304.0	0.0

* Administrative Actions equal expenses associated with cash flow management, exclusive of internal borrowing.

** All receipts including dedicated funds.

REVENUE CHANGES

- Projected 2019-21 Net General Fund resources are up \$699.1 million (2.7%) from the June 2021 forecast.
- Projected 2019-21 Lottery resources are unchanged from the June 2021 forecast.
- Projected combined net General Fund and Lottery resources are up \$699.1 million (2.6%) from the June 2021 forecast.

2019-21

EFFECT ON ENDING BALANCE

Current vs. Close of Session
(\$ Million)

General Fund	Close of Session	September 2021 Forecast	Difference
Beginning Balance	2,318.4	2,709.4	390.9
Transfer to Rainy Day Fund	-199.5	-198.3	1.1
Revenue	20,816.9	23,654.6	2,837.7
Administrative Actions	-21.5	0.0	21.5
Total Resources	22,914.4	26,165.6	3,251.2
Expenditures	22,409.5	22,461.3	51.8
Ending Balance	504.9	3,704.3	3,199.4
Rainy Day Fund Transfer	224.1	224.6	0.5
Remaining Balance	280.8	3,479.7	3,198.9

ENDING BALANCE

- The projected ending balance is up \$3,199.4 million from the 2019 Close-of-Session estimate.
- The projected ending balance is up \$879.7 million (31.1%) from the June 2021 forecast.
- The Rainy Day Fund is projected to receive \$224.6 million following the 2019-21 biennium.

Current vs. Prior Forecast
(\$ Million)

General Fund	June 2021 Forecast	September 2021 Forecast	Difference
Beginning Balance	2,709.4	2,709.4	0.0
Transfer to Rainy Day Fund	-198.3	-198.3	0.0
Revenue	22,976.9	23,654.6	677.7
Administrative Actions	-21.5	0.0	21.5
Total Resources	25,466.5	26,165.6	699.1
Expenditures	22,641.8	22,461.3	-180.5
Ending Balance	2,824.7	3,704.3	879.7
Rainy Day Fund Transfer	226.4	224.6	-1.8
Remaining Balance	2,598.2	3,479.7	881.5

2021-23

CHANGE FROM CLOSE OF SESSION (\$ Million)

General Fund Resources	Close of Session	September 2021 Forecast	Difference
Beginning Balance	3,025.6	3,704.3	678.7
Transfer to Rainy Day Fund	-224.6	-224.6	0.0
Personal	20,628.1	20,657.0	29.0
Corporate	1,344.0	1,410.0	66.0
Other	1,428.4	1,432.3	3.9
Gross GF Revenue	23,400.4	23,499.3	98.9
Shared Services Fund	-40.6	-41.1	-0.5
Rainy Day Fund	-56.0	-58.2	-2.2
PERS UAL Fund	-74.9	-74.9	0.0
Net GF Revenue	23,228.9	23,325.0	96.1
Lottery Resources*	1,725.8	1,774.3	48.5
Anticipated Administrative Actions**	-21.5	-21.5	0.0
Net GF and Lottery Resources	27,734.2	28,557.6	823.4

* All receipts 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 \$29.0 million (0.1%) from the 2021 COS estimate.
- Corporate tax revenue is up \$66.0 million (4.9%) from the 2021 COS estimate.
- General Fund gross revenue is up \$98.9 million (0.4%) from the 2021 COS estimate.
- Net GF and Lottery resources are up \$823.4 million (3.0%) from the 2021 COS estimate.

EFFECT ON 2% KICKER (\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	September 2021 Forecast	Amount +/- Kicker Threshold
Personal & Other	22,056.4	22,497.6	22,089.3	-408.2
Corporation***	1,324.5	1,351.0	1,391.8	40.8

*** 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 no personal kicker projected for 2023.

CORPORATE: \$67.3 million of corporate tax revenue is projected to be dedicated to K-12 education spending in 2023-25.

2021-23

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	June 2021 Forecast	September 2021 Forecast	Difference
Beginning Balance	2,824.7	3,704.3	879.7
Transfer to Rainy Day Fund	-226.4	-224.6	1.8
Personal	20,667.9	20,657.0	-10.8
Corporate	1,346.2	1,410.0	63.8
Other	1,389.9	1,432.3	42.3
Gross GF Revenue	23,404.0	23,499.3	95.3
Shared Services Fund	-40.6	-41.1	-0.5
Rainy Day Fund	-56.0	-58.2	-2.2
PERS UAL Fund	-74.9	-74.9	0.0
Net GF Revenue	23,232.5	23,325.0	92.5
Administrative Actions	0.0	-21.5	-21.5
Net General Fund Resources	25,830.8	26,783.3	952.5
Lottery Resources*	1,725.8	1,774.3	48.5
Net GF and Lottery Resources	27,556.6	28,557.6	1,001.0
Select Other Taxes			
Corporate Activity*	2,368.3	2,376.8	8.5
Marijuana*	354.4	352.4	-2.0

* All receipts including dedicated funds

REVENUE CHANGES

- Projected 2021-23 Net General Fund resources are up \$952.5 million (3.7%) from the June 2021 forecast.
- Projected 2021-23 Lottery resources are up \$48.5 million (2.8%) from the June 2021 forecast.
- Projected combined net General Fund and Lottery resources are up \$1,001.0 million (3.6%) from the June 2021 forecast.

2021-23

EFFECT ON ENDING BALANCE

Current vs. Close of Session
(\$ Million)

General Fund	Close of Session	September 2021 Forecast	Difference
Beginning Balance	3,025.6	3,704.3	678.7
Transfer to Rainy Day Fund	-224.6	-224.6	0.0
Revenue	23,228.9	23,325.0	96.1
Administrative Actions	-21.5	-21.5	0.0
Total Resources	26,008.4	26,783.3	774.9
Expenditures	25,446.0	25,446.0	0.0
Ending Balance	562.4	1,337.3	774.9
Rainy Day Fund Transfer	254.5	254.5	0.0
Remaining Balance	308.0	1,082.8	774.9

ENDING BALANCE

- The projected ending balance is up \$774.9 million (137.8%) from the 2021 Close-of-Session estimate.
- The Rainy Day Fund is projected to receive \$254.5 million following the 2021-23 biennium.

2021-23

Reserve Fund Position				
	Education Stability Fund *	Rainy Day Fund	General Fund	Reserves Available
	(\$ Millions)			
Beginning Balance	\$414.6	\$962.2		\$1,376.8
Deposits	\$275.4	\$282.9		\$558.2
Interest	\$5.9	\$11.4		\$17.2
Withdrawals	\$6.1	\$0.0		\$6.1
Projected Ending Balance	\$689.7	\$1,256.4	\$1,337.3	\$3,283.5

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

2023-25

CHANGE FROM PRIOR FORECAST

(\$ Million)

Combined Revenue	June 2021 Forecast	September 2021 Forecast	Difference
Personal	24,260.9	24,408.9	148.0
Corporate	1,562.9	1,622.4	59.5
Other	1,434.4	1,433.8	-0.6
Gross GF Revenue	27,258.2	27,465.1	206.9
Shared Services Fund	-37.2	-39.2	-2.0
Rainy Day Fund	-59.9	-67.5	-7.6
Net GF Revenue	27,161.2	27,358.5	197.3
Lottery Resources*	1,760.7	1,835.7	75.0
Net GF and Lottery Resources	28,921.9	29,194.1	272.3
Select Other Taxes			
Corporate Activity*	2,588.1	2,597.3	9.2
Marijuana*	377.2	377.2	0.0

* All receipts including dedicated funds

2025-27

CHANGE FROM PRIOR FORECAST

(\$ Million)

Combined Revenue	June 2021 Forecast	September 2021 Forecast	Difference
Personal	26,455.9	26,596.6	140.7
Corporate	1,952.7	2,004.4	51.8
Other	1,520.9	1,505.1	-15.8
Gross GF Revenue	29,929.5	30,106.2	176.6
Shared Services Fund	0.0	0.0	0.0
Rainy Day Fund	-65.0	-83.4	-18.4
Net GF Revenue	29,864.5	30,022.8	158.3
Lottery Resources*	1,897.4	1,912.6	15.2
Net GF and Lottery Resources	31,761.9	31,935.3	173.5
Select Other Taxes			
Corporate Activity*	2,872.7	2,878.7	6.0
Marijuana*	417.3	417.3	0.0

* All receipts including dedicated funds

2027-29

CHANGE FROM PRIOR FORECAST

(\$ Million)

Combined Revenue	June 2021 Forecast	September 2021 Forecast	Difference
Personal	29,189.0	29,610.9	421.8
Corporate	2,146.2	2,228.0	81.8
Other	1,618.8	1,613.5	-5.3
Gross GF Revenue	32,954.1	33,452.4	498.3
Shared Services Fund	0.0	0.0	0.0
Rainy Day Fund	-81.2	-92.7	-11.5
Net GF Revenue	32,872.8	33,359.7	486.9
Lottery Resources*	2,047.6	2,060.4	12.9
Net GF and Lottery Resources	34,920.4	35,420.1	499.7
Select Other Taxes			
Corporate Activity*	3,195.4	3,204.4	9.0
Marijuana*	462.4	494.3	31.9

* All receipts including dedicated funds

Biennial Net Revenue Growth: 1993 - 2029

	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	15.4%	8.1%	25.2%	15.5%
2015-17 to 2017-19	17.1%	39.4%	3.9%	17.6%
2017-19 to 2019-21	6.5%	18.1%	25.5%	8.6%
2019-21 to 2021-23	3.0%	-31.3%	-19.3%	-1.4%
2021-23 to 2023-25	18.2%	15.0%	5.6%	17.3%
2023-25 to 2025-27	9.1%	23.5%	5.0%	9.7%
2025-27 to 2027-29	11.3%	11.2%	7.2%	11.1%