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LEGISLATIVE REVENUE OFFICE
PUBLIC SERVICE BUILDING
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LRO FORECAST SUMMARY

December 2022

NEW FACTS SINCE THE LAST FORECAST

| | 3rd Qtr 2022 Forecast | 3rd Qtr 2022 Reported | Difference |
|----------------------------------|--------------------------|--------------------------|------------|
| Employment | 1,951,253 | 1,959,183 | 7,930 |
| Personal Income (\$ billion) | 268.3 | 269.3 | 1.0 |
| Personal Income Tax (\$ million) | | | |
| Withholding | 2,420.6 | 2,509.7 | 89.1 |
| Other Payments less Refunds | 292.9 | 528.9 | 236.0 |
| Total | 2,713.5 | 3,038.6 | 325.1 |
| Corporate Income Tax | 298.1 | 384.0 | 85.9 |

NEW FACTS

- Third Quarter personal income tax collections came in \$325.1 million (12.0%) above the September 2022 forecast.
- Third Quarter corporate income tax collections came in \$85.9 (28.8%) million above the September 2022 forecast.
- Third Quarter Oregon personal income was \$1.0 billion (0.4%) above the September 2022 forecast.
- Third Quarter Oregon employment was 7,930 jobs (0.4%) above the September 2022 forecast.

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| 2021-23 |
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CHANGE FROM CLOSE OF SESSION
(\$ Million)

| General Fund Resources | Close of Session | December 2022 Forecast | Difference |
|--------------------------------------|------------------|---------------------------|----------------|
| Beginning Balance | 3,025.6 | 4,082.5 | 1,056.9 |
| Transfer to Rainy Day Fund | -224.6 | -220.7 | 3.9 |
| Personal | 20,628.1 | 23,945.5 | 3,317.4 |
| Corporate | 1,344.0 | 2,648.0 | 1,304.0 |
| Other | 1,428.4 | 1,793.7 | 365.3 |
| Gross GF Revenue | 23,400.4 | 28,387.1 | 4,986.7 |
| Shared Services Fund | -40.6 | -50.5 | -9.9 |
| Rainy Day Fund | -56.0 | -107.8 | -51.8 |
| PERS UAL Fund | -74.9 | -89.0 | -14.1 |
| Net GF Revenue | 23,228.9 | 28,139.8 | 4,910.9 |
| Lottery Resources* | 1,725.8 | 1,882.7 | 156.9 |
| Anticipated Administrative Actions** | -21.5 | 0.0 | 21.5 |
| Net GF and Lottery Resources | 27,734.2 | 33,884.3 | 6,150.1 |

* 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 \$3,317.4 (16.1%) million from the 2021 COS estimate.
- Corporate tax revenue is up \$1,304.0 million (97.0%) from the 2021 COS estimate.
- General Fund gross revenue is up \$4,986.7 million (21.3%) from the 2021 COS estimate.
- Net GF and Lottery resources are up \$6,150.1 million (22.2%) from the 2021 COS estimate.

EFFECT ON 2% KICKER

(\$ Million)

| Revenue Source | Close of Session | 2% Kicker Threshold | December 2022 Forecast | Amount +/- Kicker Threshold |
|------------------|------------------|------------------------|---------------------------|-----------------------------------|
| Personal & Other | 22,056.4 | 22,497.6 | 25,739.2 | 3,241.6 |
| Corporation*** | 1,321.3 | 1,347.7 | 2,625.3 | 1,277.6 |

*** 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 \$3,682.7 million is projected for 2023.

CORPORATE: Corporate tax revenue of \$1,304.0 million is projected to be dedicated to K-12 education spending in 2023-25.

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| 2021-23 |
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CHANGE FROM PRIOR FORECAST
(\$ Million)

| Combined Revenue | September 2022 Forecast | December 2022 Forecast | Difference |
|------------------------------|----------------------------|---------------------------|------------|
| Beginning Balance | 4,082.5 | 4,082.5 | 0.0 |
| Transfer to Rainy Day Fund | -220.7 | -220.7 | 0.0 |
| Personal | 23,828.2 | 23,945.5 | 117.2 |
| Corporate | 2,448.6 | 2,648.0 | 199.4 |
| Other | 1,689.6 | 1,793.7 | 104.1 |
| Gross GF Revenue | 27,966.4 | 28,387.1 | 420.7 |
| Shared Services Fund | -50.5 | -50.5 | 0.0 |
| Rainy Day Fund | -95.4 | -107.8 | -12.5 |
| PERS UAL Fund | -89.0 | -89.0 | 0.0 |
| Net GF Revenue | 27,731.6 | 28,139.8 | 408.2 |
| Administrative Actions* | -21.5 | 0.0 | 21.5 |
| Net General Fund Resources | 31,571.9 | 32,001.6 | 429.7 |
| Lottery Resources** | 1,872.6 | 1,882.7 | 10.1 |
| Net GF and Lottery Resources | 33,444.5 | 33,884.3 | 439.9 |
| Select Other Taxes | | | |
| Corporate Activity** | 2,443.7 | 2,455.7 | 12.0 |
| Marijuana** | 339.1 | 326.9 | -12.3 |

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

** All receipts including dedicated funds.

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| REVENUE CHANGES |
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- Projected 2021-23 Net General Fund Resources are up \$429.7 million (1.4%) from the September 2022 forecast.
- Projected 2021-23 Lottery resources are up \$10.1 million (0.5%) from the September 2022 forecast.
- Projected combined net General Fund and Lottery Resources are up \$439.9 million (1.3%) from the September 2022 forecast.

2021-23

EFFECT ON ENDING BALANCE

Current vs. Close of Session
(\$ Million)

| General Fund | Close of Session | December 2022 Forecast | Difference |
|----------------------------|------------------|---------------------------|------------|
| Beginning Balance | 3,025.6 | 4,082.5 | 1,056.9 |
| Transfer to Rainy Day Fund | -224.6 | -220.7 | 3.9 |
| Revenue | 23,228.9 | 28,139.8 | 4,910.9 |
| Administrative Actions | -21.5 | 0.0 | 21.5 |
| Total Resources | 26,008.4 | 32,001.6 | 5,993.2 |
| Expenditures | 25,446.0 | 27,861.0 | 2,415.0 |
| Ending Balance | 562.4 | 4,140.6 | 3,578.2 |
| Rainy Day Fund Transfer | 254.5 | 278.6 | 24.2 |
| Remaining Balance | 308.0 | 3,862.0 | 3,554.0 |

ENDING BALANCE

- The projected ending balance is up \$3,578.2 million from the 2021 Close-of-Session estimate.
- The projected ending balance is up \$429.7 million from the September 2022 forecast.
- The Rainy Day Fund is projected to receive \$278.6 million following the 2021-23 biennium.

Current vs. Prior Forecast
(\$ Million)

| General Fund | September 2022 Forecast | December 2022 Forecast | Difference |
|----------------------------|----------------------------|---------------------------|------------|
| Beginning Balance | 4,082.5 | 4,082.5 | 0.0 |
| Transfer to Rainy Day Fund | -220.7 | -220.7 | 0.0 |
| Revenue | 27,731.6 | 28,139.8 | 408.2 |
| Administrative Actions | -21.5 | 0.0 | 21.5 |
| Total Resources | 31,571.9 | 32,001.6 | 429.7 |
| Expenditures | 27,861.0 | 27,861.0 | 0.0 |
| Ending Balance | 3,710.9 | 4,140.6 | 429.7 |
| Rainy Day Fund Transfer | 278.6 | 278.6 | 0.0 |
| Remaining Balance | 3,432.3 | 3,862.0 | 429.7 |

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| 2021-23 |
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| Reserve Fund Position | | | | |
|------------------------------|--|--|--|--|

| | Education Stability Fund * | Rainy Day Fund | General Fund | Reserves Available |
|--------------------------|-------------------------------|-------------------|--------------|-----------------------|
| | (\$ Millions) | | | |
| Beginning Balance | \$414.6 | \$962.2 | | \$1,376.8 |
| Deposits | \$291.4 | \$328.6 | | \$620.0 |
| Interest | \$24.2 | \$43.3 | | \$67.5 |
| Withdrawals | \$24.4 | \$0.0 | | \$24.4 |
| Projected Ending Balance | \$705.8 | \$1,334.1 | \$4,140.6 | \$6,180.4 |

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

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| 2023-25 |
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CHANGE FROM PRIOR FORECAST
(\$ Million)

| Combined Revenue | September 2022 Forecast | December 2022 Forecast | Difference |
|------------------------------|----------------------------|---------------------------|------------|
| Beginning Balance | 3,710.9 | 4,140.6 | 429.7 |
| Transfer to Rainy Day Fund | -278.6 | -278.6 | 0.0 |
| Personal | 22,131.0 | 21,540.1 | -591.0 |
| Corporate | 1,795.4 | 1,955.9 | 160.5 |
| Other | 1,547.1 | 1,649.8 | 102.6 |
| Gross GF Revenue | 25,473.5 | 25,145.7 | -327.9 |
| Shared Services Fund | -48.6 | -48.6 | 0.0 |
| Rainy Day Fund | -68.8 | -79.6 | -10.9 |
| PERS UAL Fund | 0.0 | 0.0 | 0.0 |
| Net GF Revenue | 25,356.2 | 25,017.4 | -338.7 |
| Net General Fund Resources | 28,788.4 | 28,879.4 | 91.0 |
| Lottery Resources** | 1,864.7 | 1,854.6 | -10.1 |
| Net GF and Lottery Resources | 30,653.1 | 30,734.0 | 80.9 |
| Select Other Taxes | | | |
| Corporate Activity*** | 2,639.2 | 2,577.1 | -62.1 |
| Marijuana*** | 363.2 | 351.6 | -11.6 |

** Includes all receipts including dedicated funds and carryover of 2021-23 ending balance.

*** All receipts including dedicated funds

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| 2025-27 |
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CHANGE FROM PRIOR FORECAST
(\$ Million)

| Combined Revenue | September 2022 Forecast | December 2022 Forecast | Difference |
|------------------------------|----------------------------|---------------------------|------------|
| Personal | 28,248.1 | 28,551.2 | 303.1 |
| Corporate | 2,060.3 | 2,118.9 | 58.6 |
| Other | 1,614.4 | 1,593.9 | -20.5 |
| Gross GF Revenue | 31,922.9 | 32,264.1 | 341.2 |
| Shared Services Fund | -17.6 | -17.6 | 0.0 |
| Rainy Day Fund | -115.7 | -86.3 | 29.4 |
| PERS UAL Fund | 0.0 | 0.0 | 0.0 |
| Net GF Revenue | 31,789.6 | 32,160.2 | 370.6 |
| Lottery Resources* | 1,933.2 | 1,923.3 | -9.9 |
| Net GF and Lottery Resources | 33,722.8 | 34,083.5 | 360.7 |
| Select Other Taxes | | | |
| Corporate Activity* | 2,910.1 | 2,859.5 | -50.6 |
| Marijuana* | 403.5 | 394.0 | -9.4 |

* All receipts including dedicated funds

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| 2027-29 |
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CHANGE FROM PRIOR FORECAST
(\$ Million)

| Combined Revenue | September 2022 Forecast | December 2022 Forecast | Difference |
|------------------------------|----------------------------|---------------------------|------------|
| Personal | 32,453.7 | 32,913.0 | 459.3 |
| Corporate | 2,297.5 | 2,271.5 | -26.0 |
| Other | 1,702.8 | 1,686.9 | -15.9 |
| Gross GF Revenue | 36,454.0 | 36,871.4 | 417.3 |
| Shared Services Fund | 0.0 | 0.0 | 0.0 |
| Rainy Day Fund | -98.5 | -92.5 | 6.0 |
| PERS UAL Fund | 0.0 | 0.0 | 0.0 |
| Net GF Revenue | 36,355.5 | 36,778.9 | 423.3 |
| Lottery Resources* | 2,085.5 | 2,071.7 | -13.8 |
| Net GF and Lottery Resources | 38,441.1 | 38,850.6 | 409.5 |
| Select Other Taxes | | | |
| Corporate Activity* | 3,249.7 | 3,195.0 | -54.7 |
| Marijuana* | 448.9 | 443.5 | -5.4 |

* All receipts including dedicated funds

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| 2029-31 |
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CHANGE FROM PRIOR FORECAST
(\$ Million)

| Combined Revenue | September 2022 Forecast | December 2022 Forecast | Difference |
|------------------------------|----------------------------|---------------------------|------------|
| Personal | 37,061.6 | 37,349.2 | 287.6 |
| Corporate | 2,708.5 | 2,584.9 | -123.5 |
| Other | 1,792.4 | 1,788.2 | -4.2 |
| Gross GF Revenue | 41,562.5 | 41,722.4 | 159.9 |
| Shared Services Fund | 0.0 | 0.0 | 0.0 |
| Rainy Day Fund | -101.0 | -105.3 | -4.3 |
| PERS UAL Fund | 0.0 | 0.0 | 0.0 |
| Net GF Revenue | 41,461.4 | 41,617.1 | 155.7 |
| Lottery Resources* | 2,222.3 | 2,207.6 | -14.7 |
| Net GF and Lottery Resources | 43,683.7 | 43,824.7 | 140.9 |
| Select Other Taxes | | | |
| Corporate Activity* | 3,653.8 | 3,571.8 | -82.0 |
| Marijuana* | 499.6 | 495.5 | -4.1 |

* All receipts including dedicated funds

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| Biennial Net General Fund Revenue Growth: 1993 - 2031 |
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| | 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 | 6.3% | 18.1% | 25.5% | 8.4% |
| 2019-21 to 2021-23 | 19.7% | 29.1% | 1.4% | 19.2% |
| 2021-23 to 2023-25 | -10.1% | -26.1% | -3.2% | -11.1% |
| 2023-25 to 2025-27 | 32.8% | 8.3% | -3.4% | 28.6% |
| 2025-27 to 2027-29 | 15.3% | 7.2% | 5.8% | 14.4% |
| 2027-29 to 2029-31 | 13.5% | 13.8% | 6.0% | 13.2% |