

Submitter: RJ Krisher
On Behalf Of:
Committee: Joint Interim Committee On Transportation
Funding
Measure, Appointment or LC 2
Topic:

NO NEW TAXES Without Overnight AND REVIEW OF Existing.

Oregon averages nationally, with its government spending growing faster than GDP since 2011, while state and local government employment has decreased as a percentage of the population. The state's financial health is generally sound, as Oregon receives more federal funding than it sends out and law requires its budgets to be balanced, but economic headwinds and a slightly decreased revenue forecast for the 2025-27 biennium may impact future spending.

Budget Competitiveness & Financial Health

Average Competitiveness:

Oregon ranks in the middle of the pack nationally for government budget competitiveness.

Growing Spending:

Government spending in Oregon has outpaced GDP growth since 2011, and tax revenue has also grown significantly.

Federal Funds:

Oregon is unique among West Coast states in receiving more federal money than it sends to the federal government, a factor in its financial standing.

Balanced Budget Requirement:

Oregon law mandates that state and local governments must balance their budgets, a key indicator of responsible financial management.

Recent Budget Trends

Biennial Budget:

Oregon operates on a two-year budget cycle, with legislative sessions in odd-numbered years determining the budget for the upcoming biennium.

Revenue Forecasts:

The state's economic and revenue forecasts, released by the Office of Economic Analysis, are crucial for legislators as they prepare to draft the budget.

Slower Revenue Growth:

The May 2025 forecast anticipated slower revenue collections, leading to a slightly smaller budget than originally projected by the Governor, indicating potential fiscal challenges.

Factors Influencing the Budget

Economic Conditions:

The national and state economic outlook significantly affects tax revenue collections and, consequently, the size of the state budget.

Federal Funding:

Federal funds, particularly the American Rescue Plan Act (ARPA) funds received after the COVID-19 pandemic, played a large role in the budgets of recent biennial.

Legislative Priorities:

Governor Kotek's priorities for the 2025-27 biennium focus on housing and homelessness, education, and behavioral health, which will influence budget allocations.