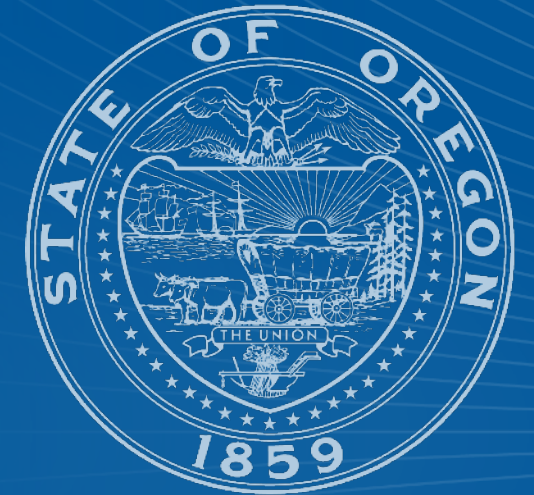


# Oregon's Economic and Revenue Methodology



Carl Riccadonna, Chief Economist

Jordan Macias, Economist

Michael Kennedy, Senior Economist

*March 2025*

# Outline



- OEA History
- Forecast Process
- Advisory Committees
- Economic Forecast Methodology
- Revenue Forecast Methodology
  - Revenue Streams
  - Personal Income Tax
  - Corporate Income/Activity Tax
  - Published Tables

# History of OEA



*Kicker enacted  
OEA Founded*

1980

*General Fund balances tracked  
Corrections Forecast added  
Youth Corrections Forecast added  
Lottery Forecast added*

1990

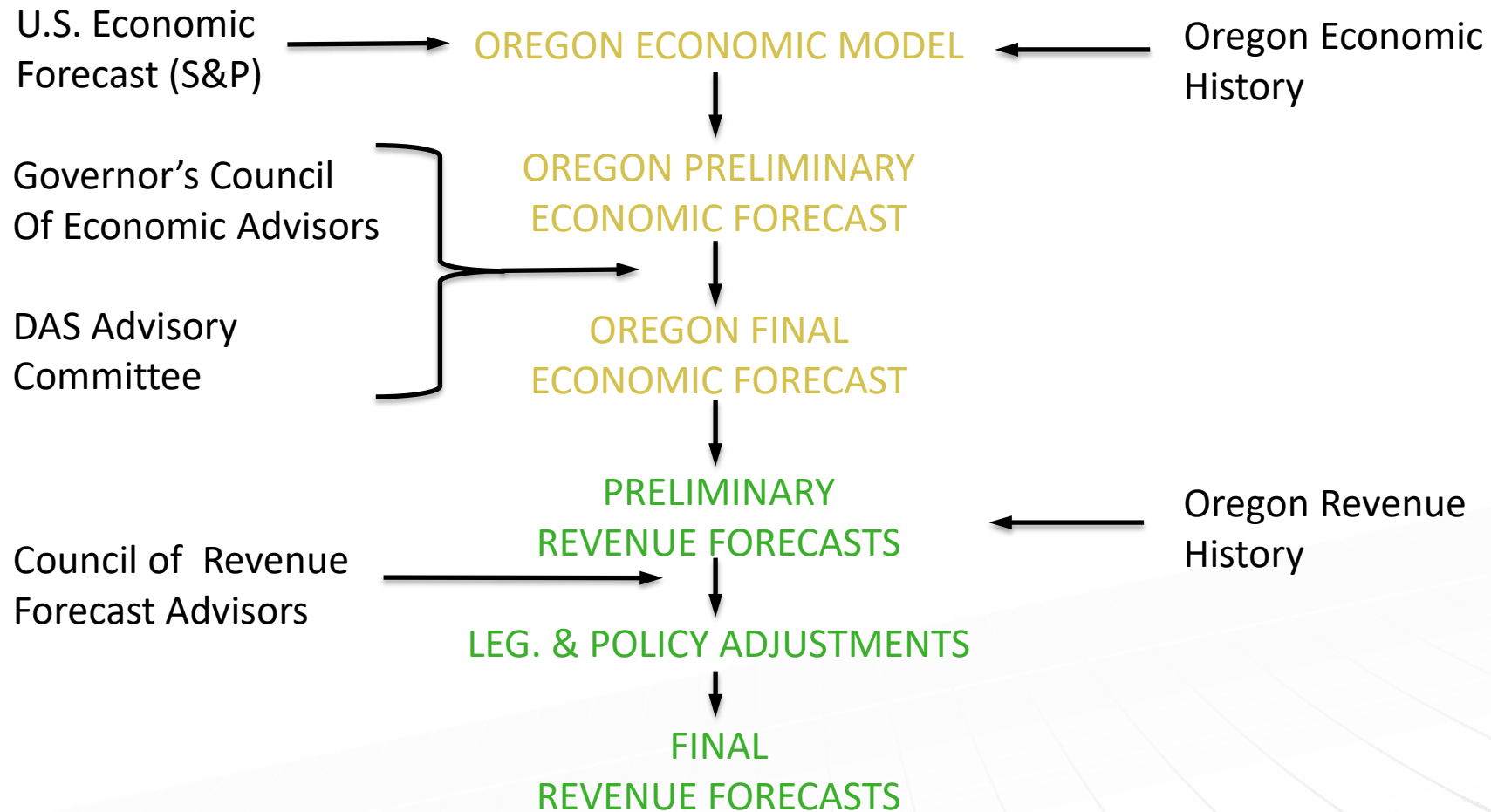
2000

*Clean Fuels Forecast added  
Corporate Activity Tax added  
Public Defense Forecast added*

2010

2020

# Forecast Process Overview



# Advisory Committees



- Governor's Council of Economic Advisors:
  - Private-sector and industry-specific economists
  - Meets quarterly to review national and Oregon economic outlook
- DAS Economic Advisory Committee
  - Public-sector economists from across state government
  - Meets quarterly to review national and Oregon economic outlook
- Council of Revenue Forecast Advisors
  - Private-sector finance and accounting experts and public-sector finance experts
  - Meets quarterly to review revenue forecast assumptions and inputs

# Economic Forecast Methodology



# Economic Model Overview



## U.S. Model Inputs

### U.S. Employment

- Construction
- Manufacturing
- Leisure & Hospitality
- Etc.

### Exchange Rate

### U.S. Personal Income

- Wages
- Dividends, Interest & Rent
- Transfer Payments
- Etc.

### U.S. Housing Starts

### Consumer Prices & Producer Prices

## Oregon Model Outputs

### Oregon Employment

- Construction
- Manufacturing
- Leisure & Hospitality
- Etc.

### Average Wage Rate

### Oregon Personal Income

- Wages
- Dividends, Interest & Rent
- Transfer Payments
- Etc.

### Oregon Housing Starts

### Consumer Prices

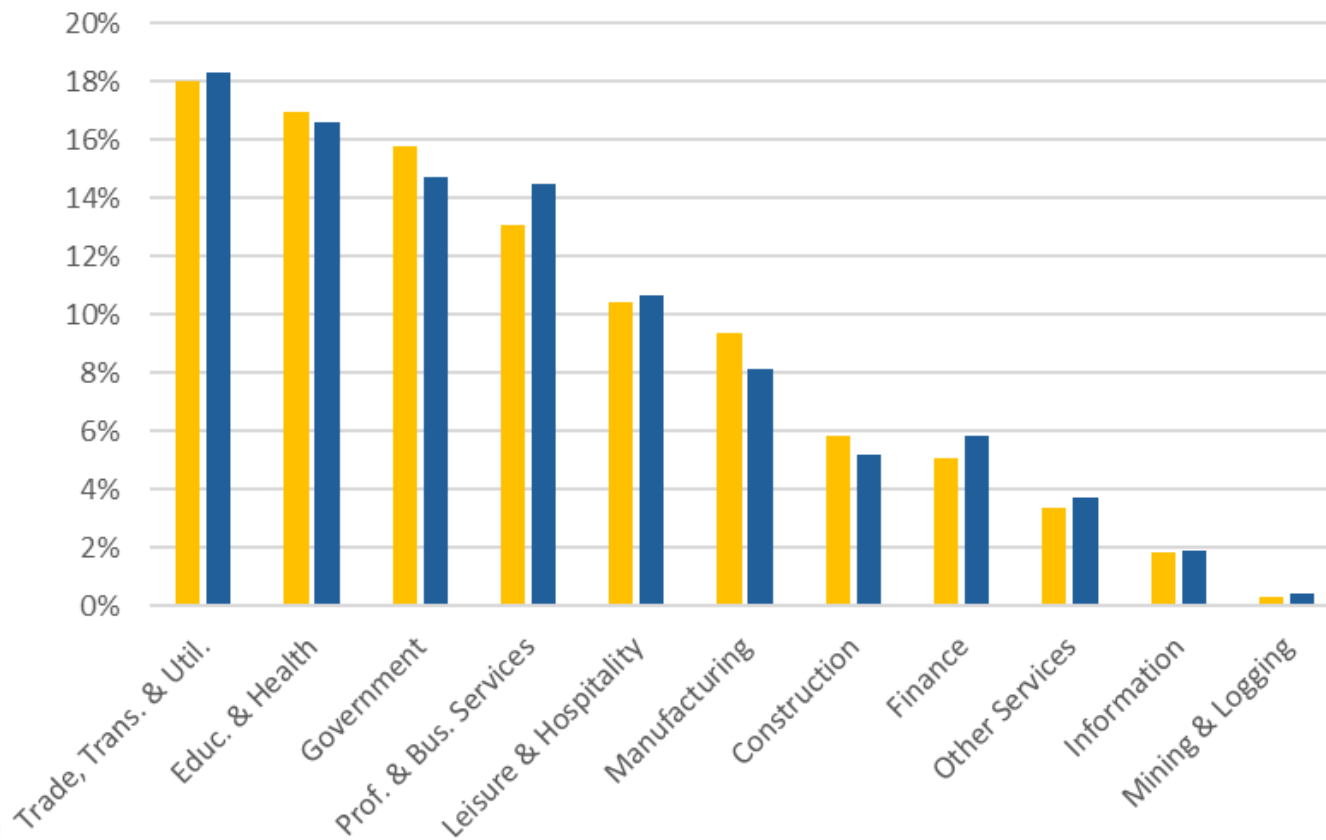
### Timber Harvest

# Employment Relationship



## Oregon and U.S. Employment Share by Industry

2024 Annual Data, % of Total Employment



- Oregon and U.S. very similar in terms of employment composition.

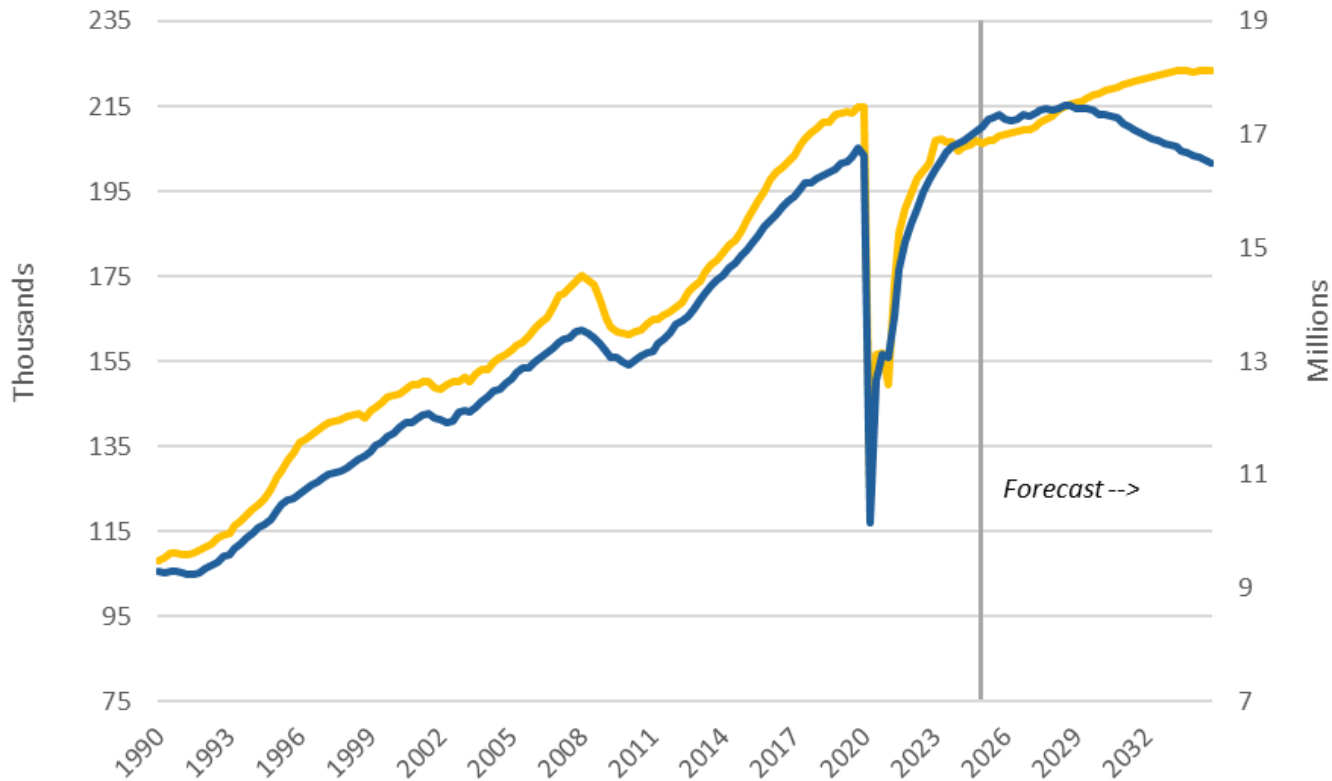


# Economic Forecasting



## Leisure & Hospitality Employment

**Oregon** (thousands) and **U.S.** (millions), Quarterly Data



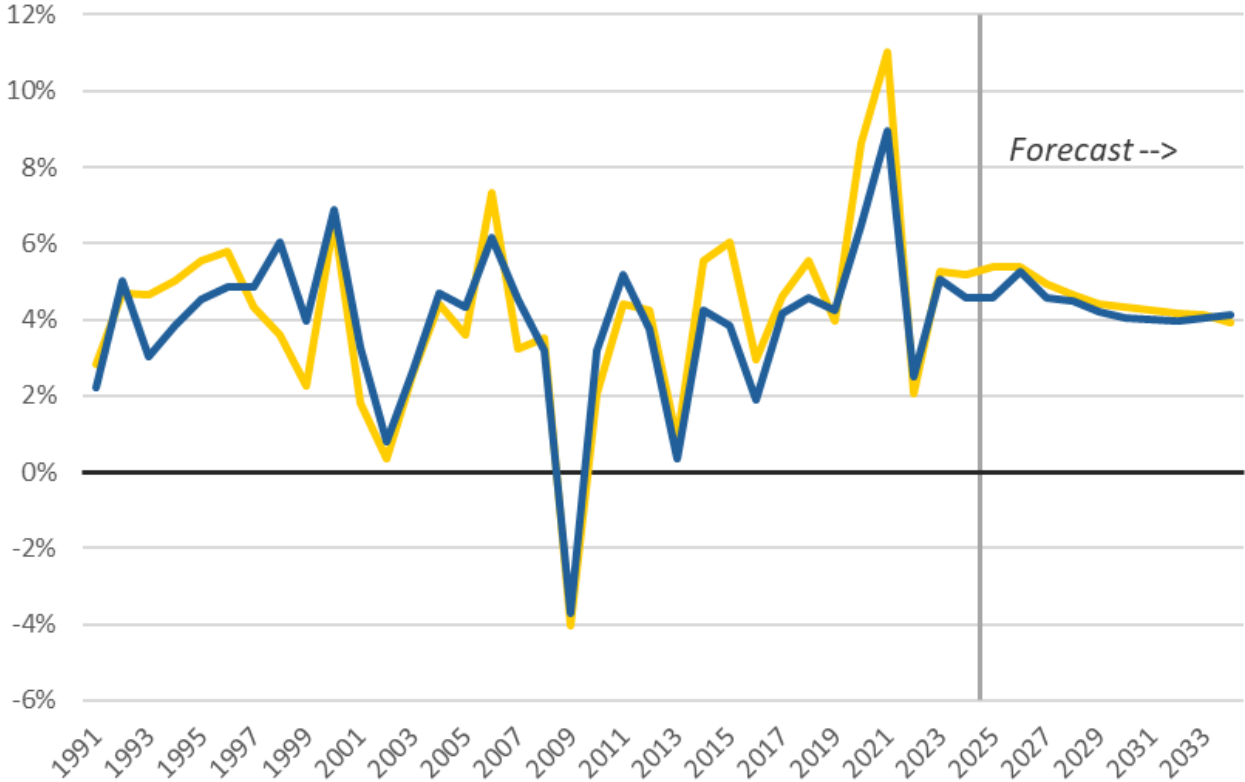
- Oregon and U.S. highly correlated.
- Oregon forecast subject to judgement about Oregon-specific factors.

# Economic Forecasting (cont.)



## Oregon and U.S. Personal Income Growth

Year over Year percentage change, Annual Data



- Income modeled at the component level (e.g., Wages & Salaries, Other Labor Income, Proprietors, etc.)

# Revenue Forecast Methodology



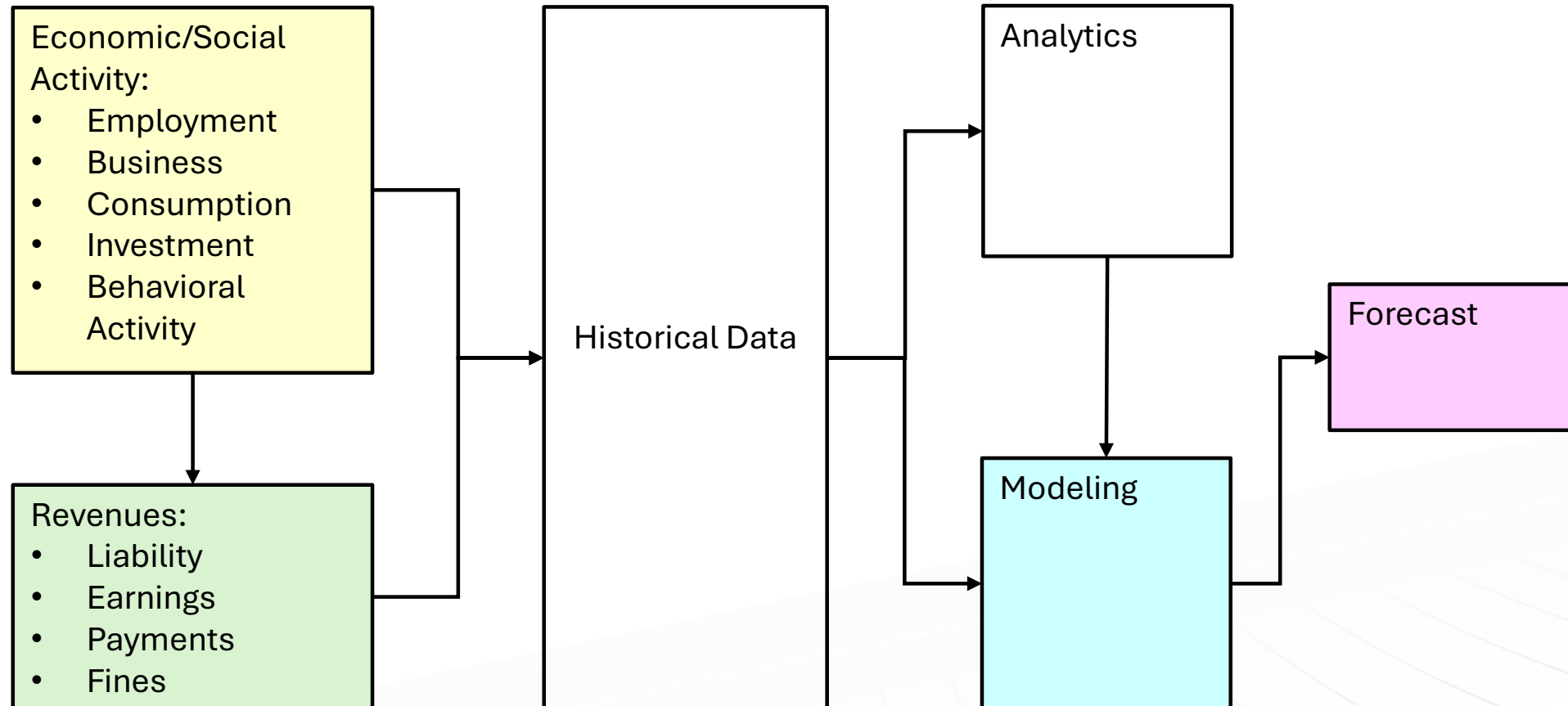
# Revenue Streams



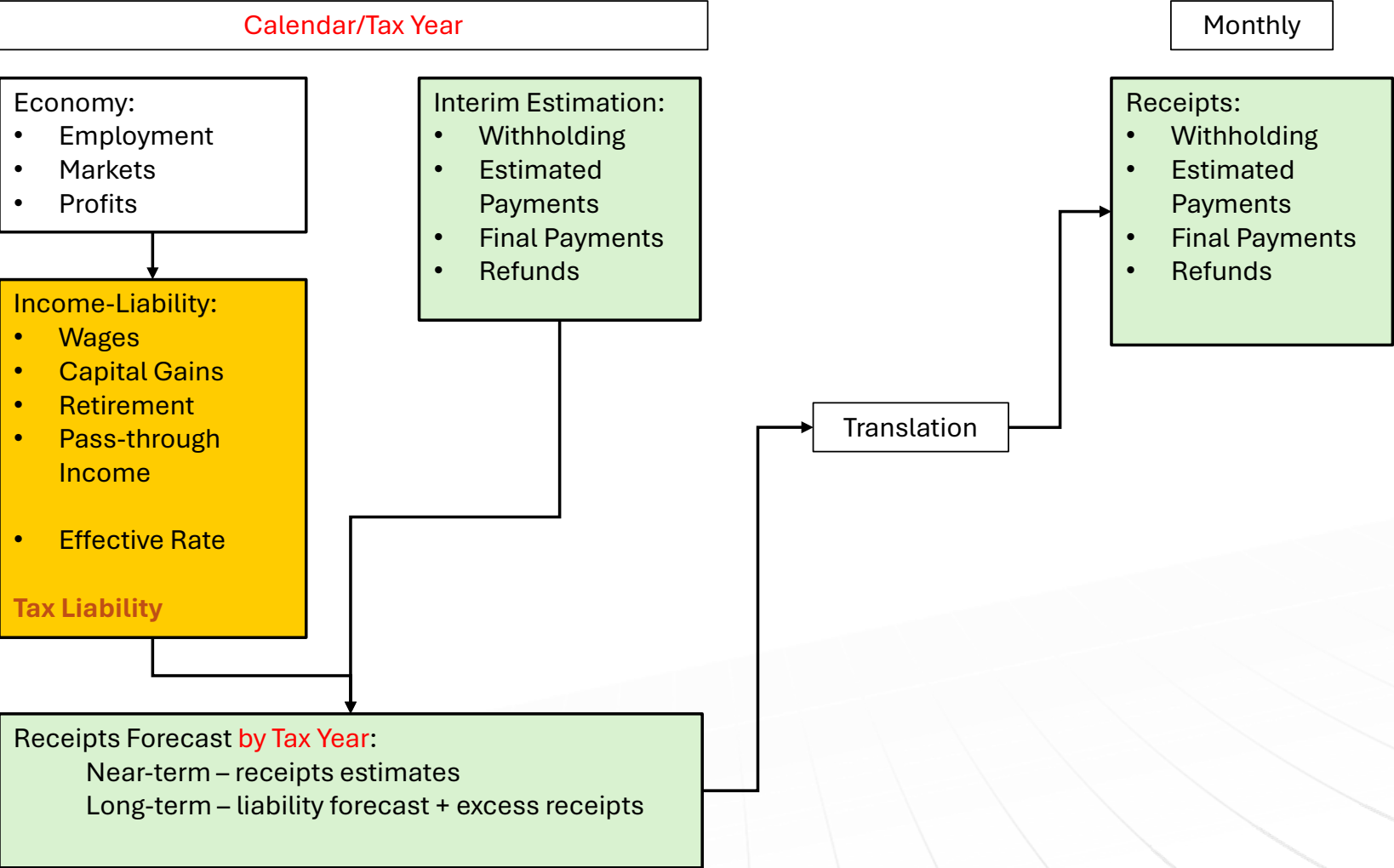
## State of Oregon Revenue Sources

General Fund	Lottery Fund	Other Fund
Taxes	Traditional Games	Investment Returns
Personal Income Tax	Video Lottery	Retirement Contributions
Corporate Income Tax	Sports Betting	Corporate Activity Tax
Estate Tax	Unclaimed Prizes	Provider Taxes
Liquor Apportionment	Administrative Savings	Employment Taxes
Insurance Tax		Licenses and Fees
Cig/Tobacco Tax		Charges for Service
Fines & Fees		Motor Fuels Tax
Secretary of State Fees		Vehicle Taxes
Securities Fees		Weight-mile Tax
State Court Fees		Liquor Sales
Criminal Fines		Federal Revenue
Other		Loan Repayments
Central Service Charges		Cig. and Tobacco Taxes
Interest Earnings		Marijuana Taxes
Miscellaneous Revenues		Debt Service Assessments
One-time Actions		State Forest Lands
	Methodology Paper Available	
	OEA Forecasts	
	Agency Forecasts	

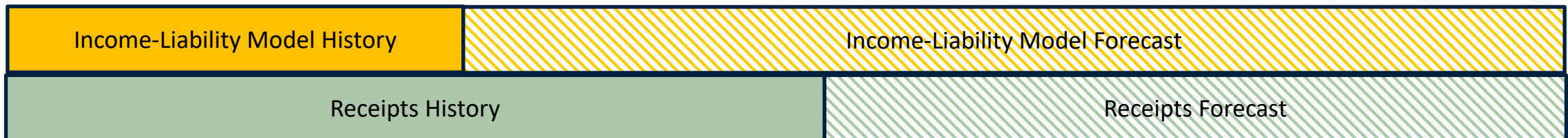
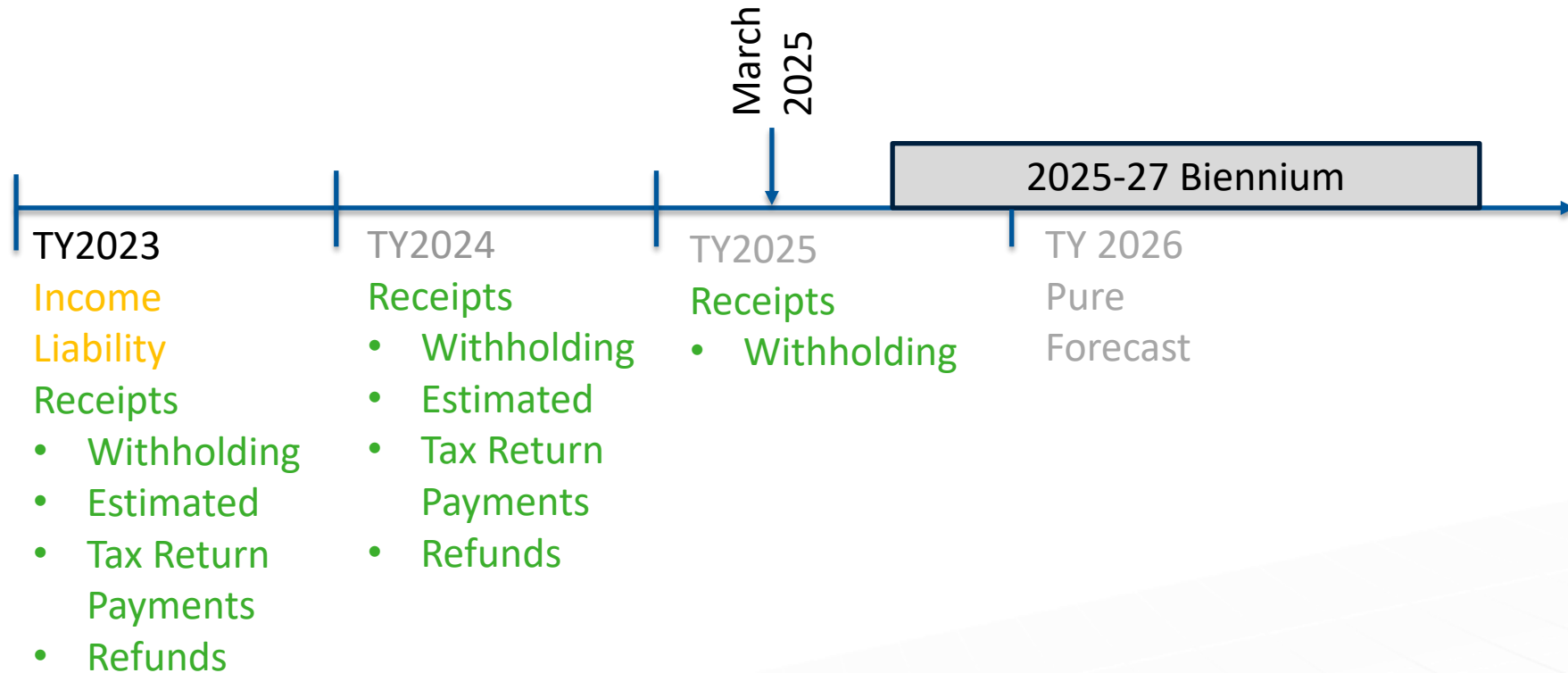
# Forecast Method Overview



# Modeling Overview (PIT)

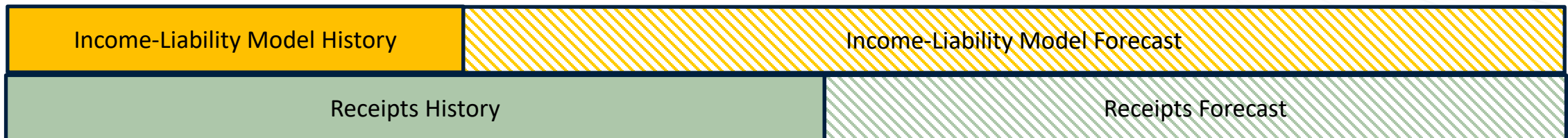
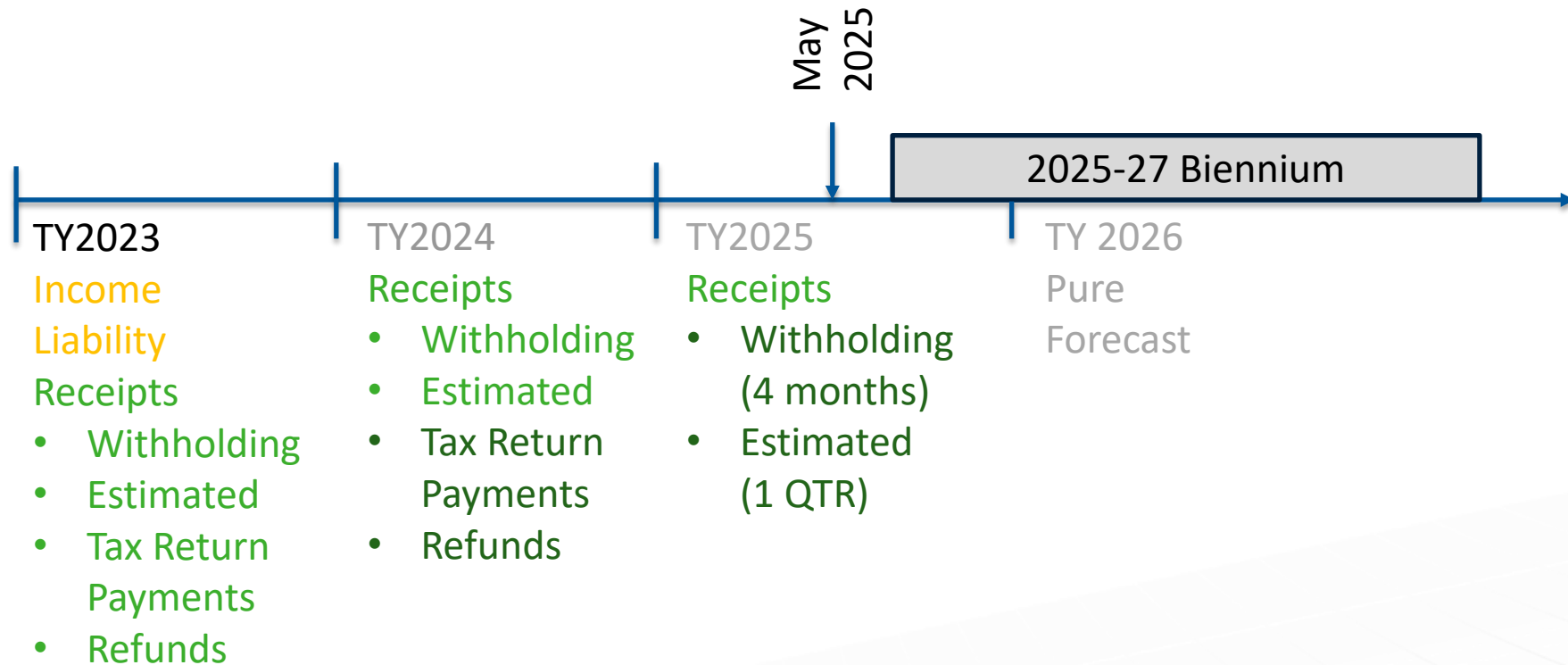


# Availability of data (PIT)





# Availability of data (PIT)

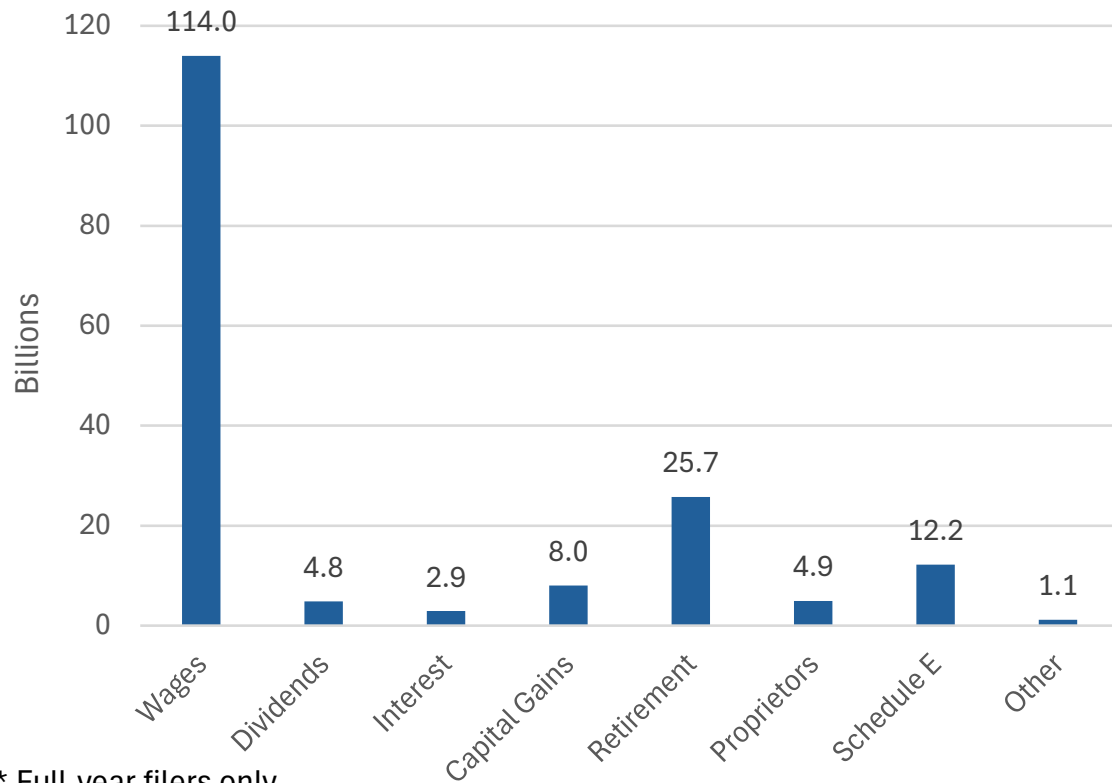






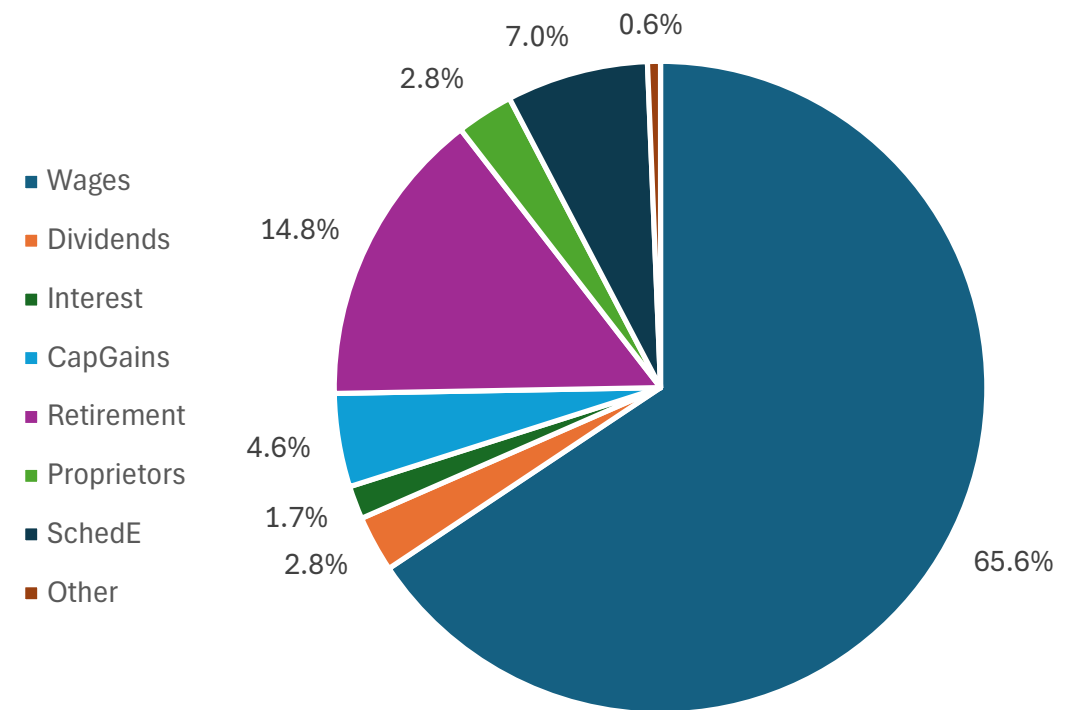
# Taxable Income by Type

### Taxable Income by Type\*, Tax Year 2023



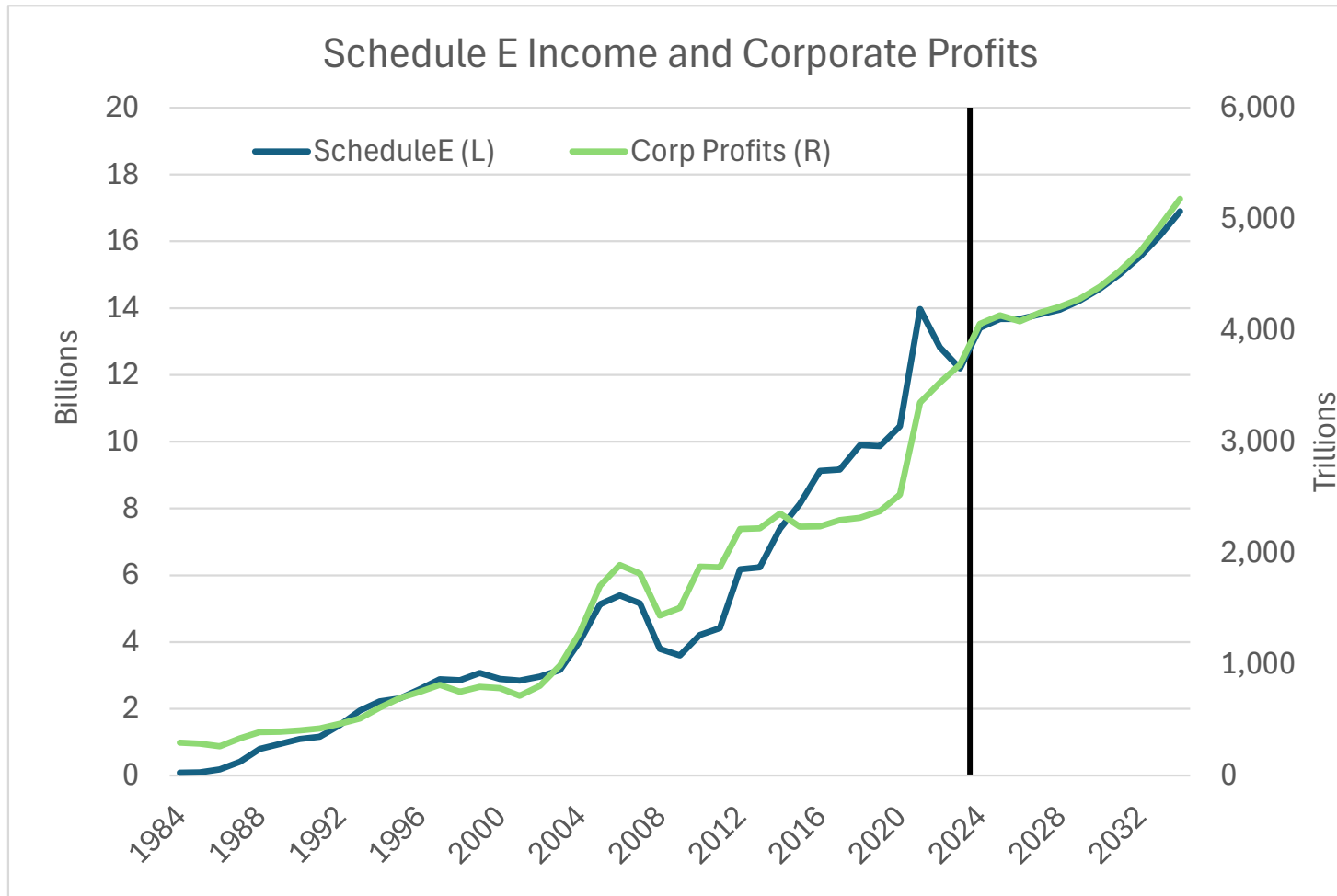
\* Full-year filers only

### Taxable Income Distribution\*, Tax Year 2023



\* Full-year filers only

# Income Forecasting



- Schedule E income and U.S. Corporate Profits highly correlated.
- Forecast very dependent on Profits outlook.

# Gross Income – Liability Model

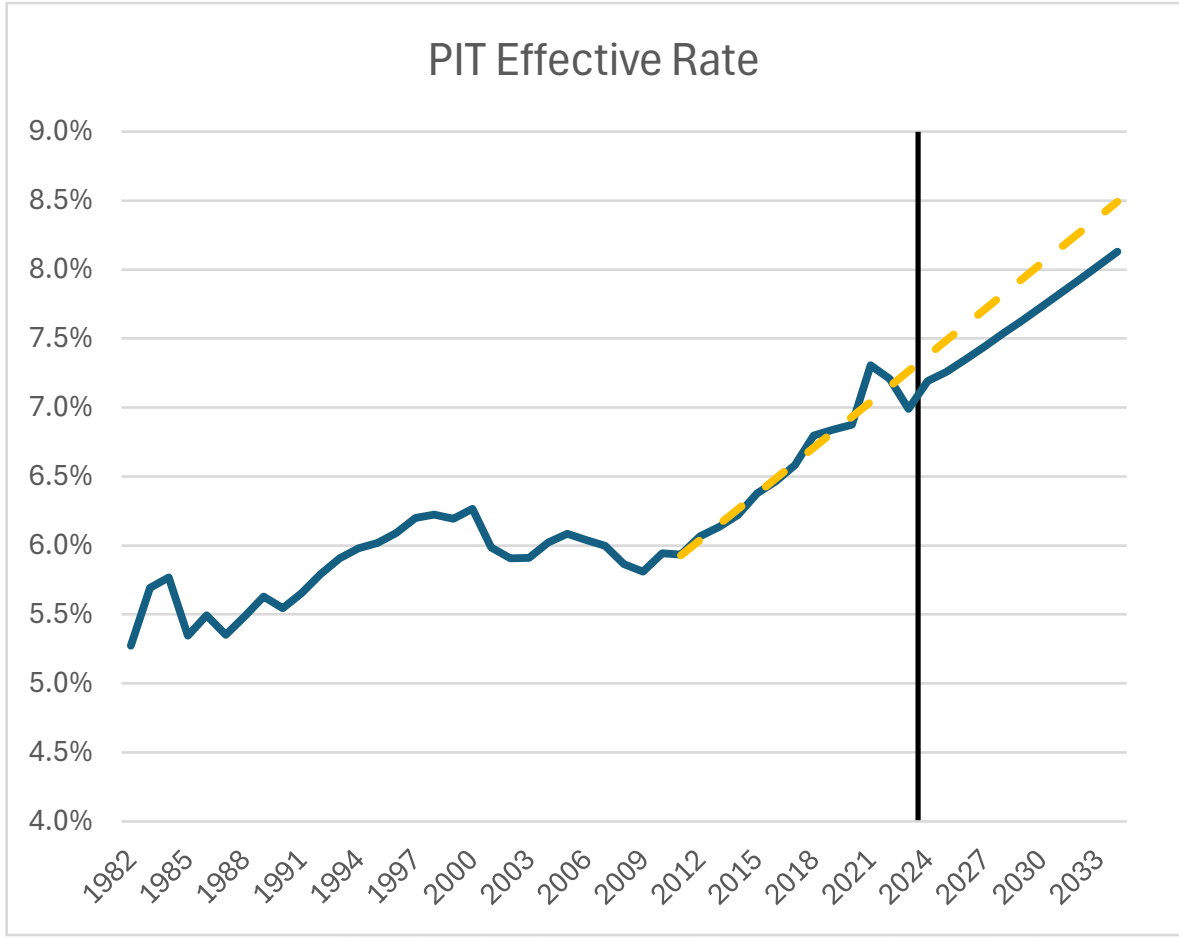


Component	2023 Distribution	2011-23 Annualized Change	2023-34 Annualized Change
Wages & Salaries	65.6%	5.5%	4.9%
Dividends	2.8%	8.7%	6.2%
Interest	1.7%	7.5%	2.6%
Capital Gains	4.6%	9.5%	5.1%
Retirement	14.8%	5.9%	3.5%
Proprietors	2.8%	4.3%	5.2%
Schedule E	7.0%	8.8%	3.0%
Other	0.6%	3.9%	-2.8%
<b>Total</b>	<b>100.0%</b>	<b>6.0%</b>	<b>4.6%</b>
	Effective Tax Rate	2011-23 Annualized Change	2023-34 Annualized Change
Liability	7.0%	7.4%	6.0%

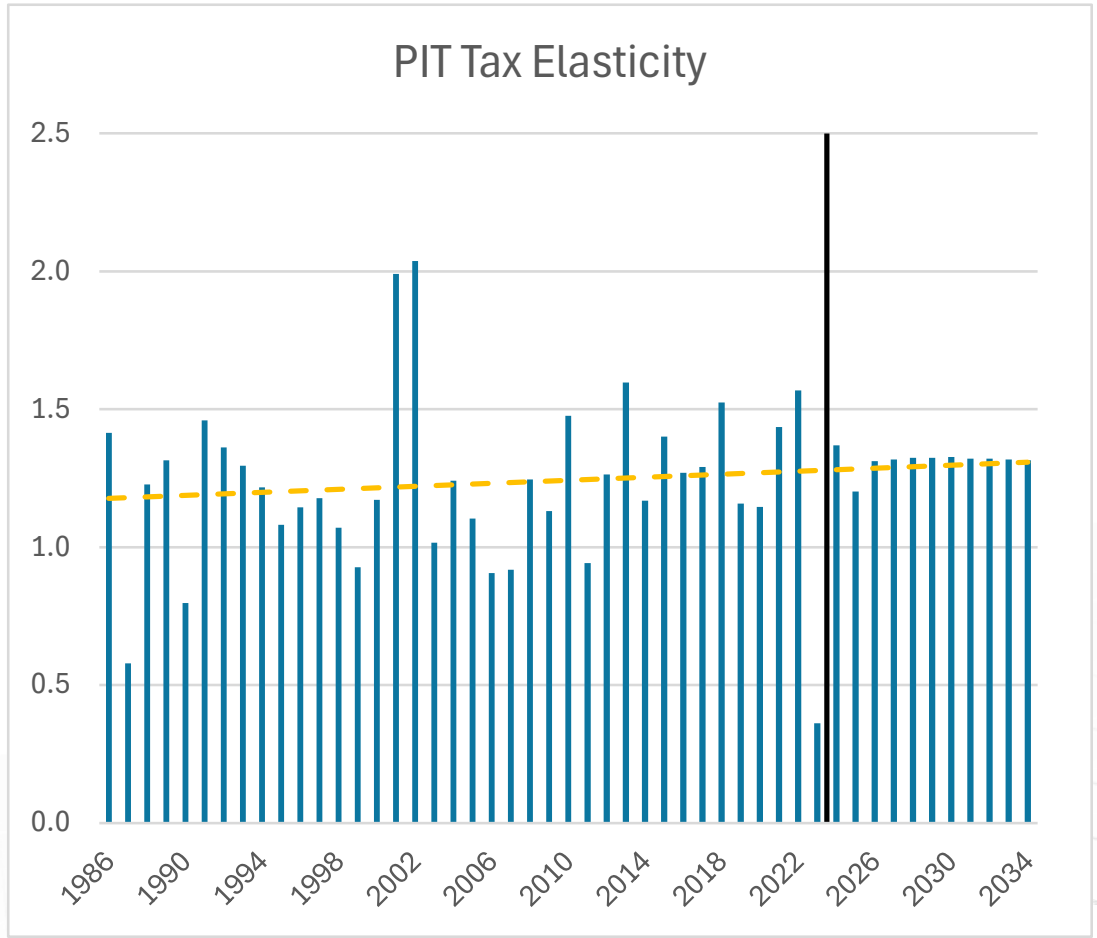
# Tax Liability



PIT Effective Rate

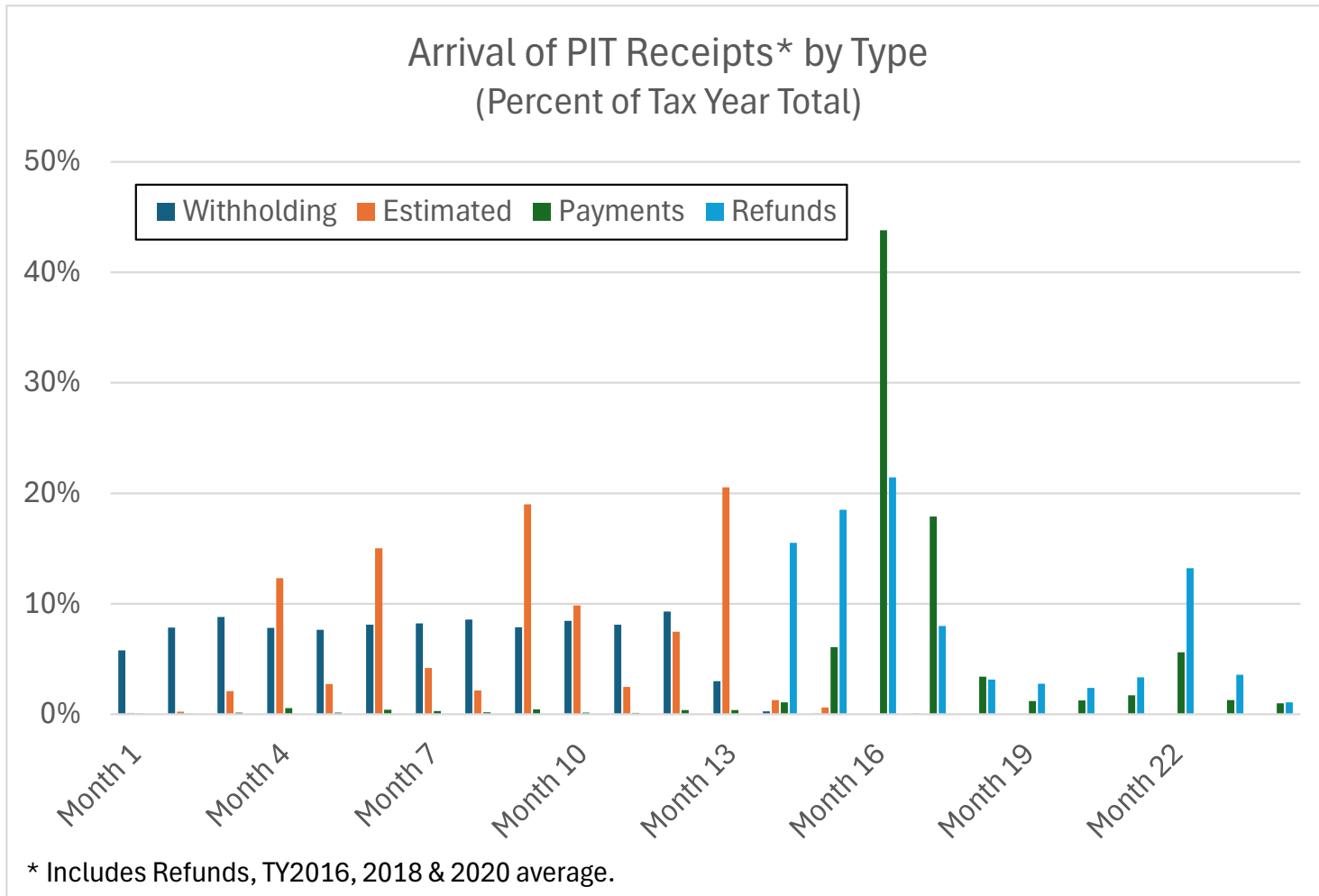


PIT Tax Elasticity



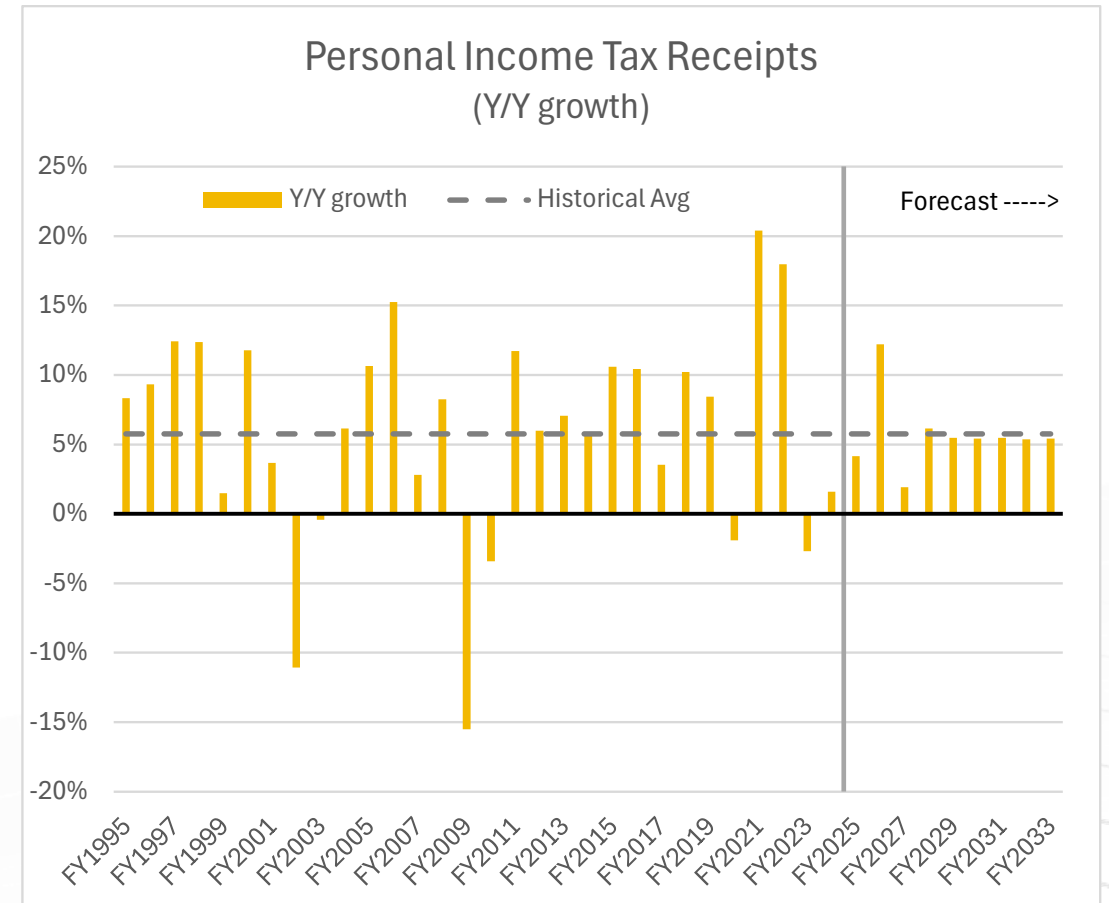
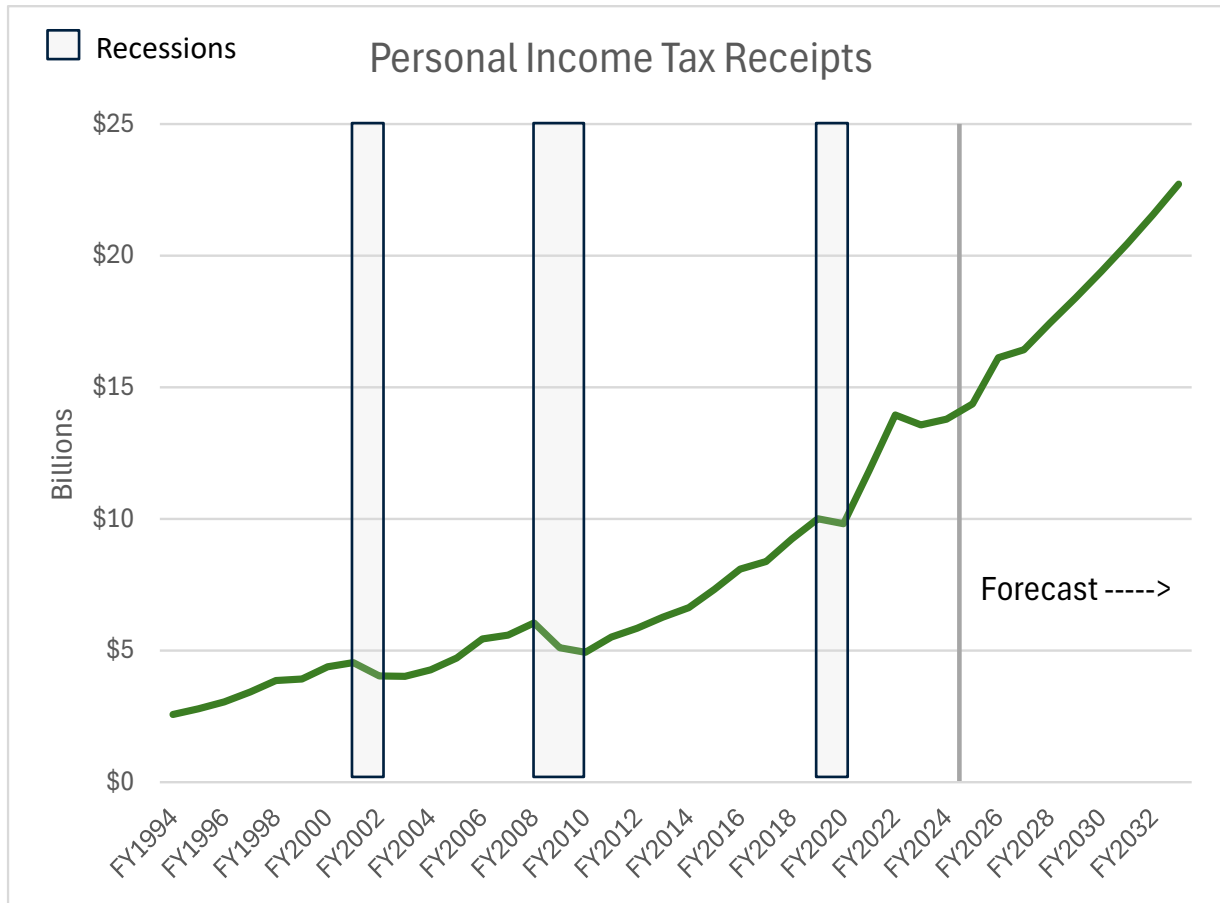
Elasticity = Liability% / Income%

# Translation to Monthly Receipts



- Liability converted to Receipts by Type.
- Distributed to month according to historical arrival rate.

# PIT Forecast



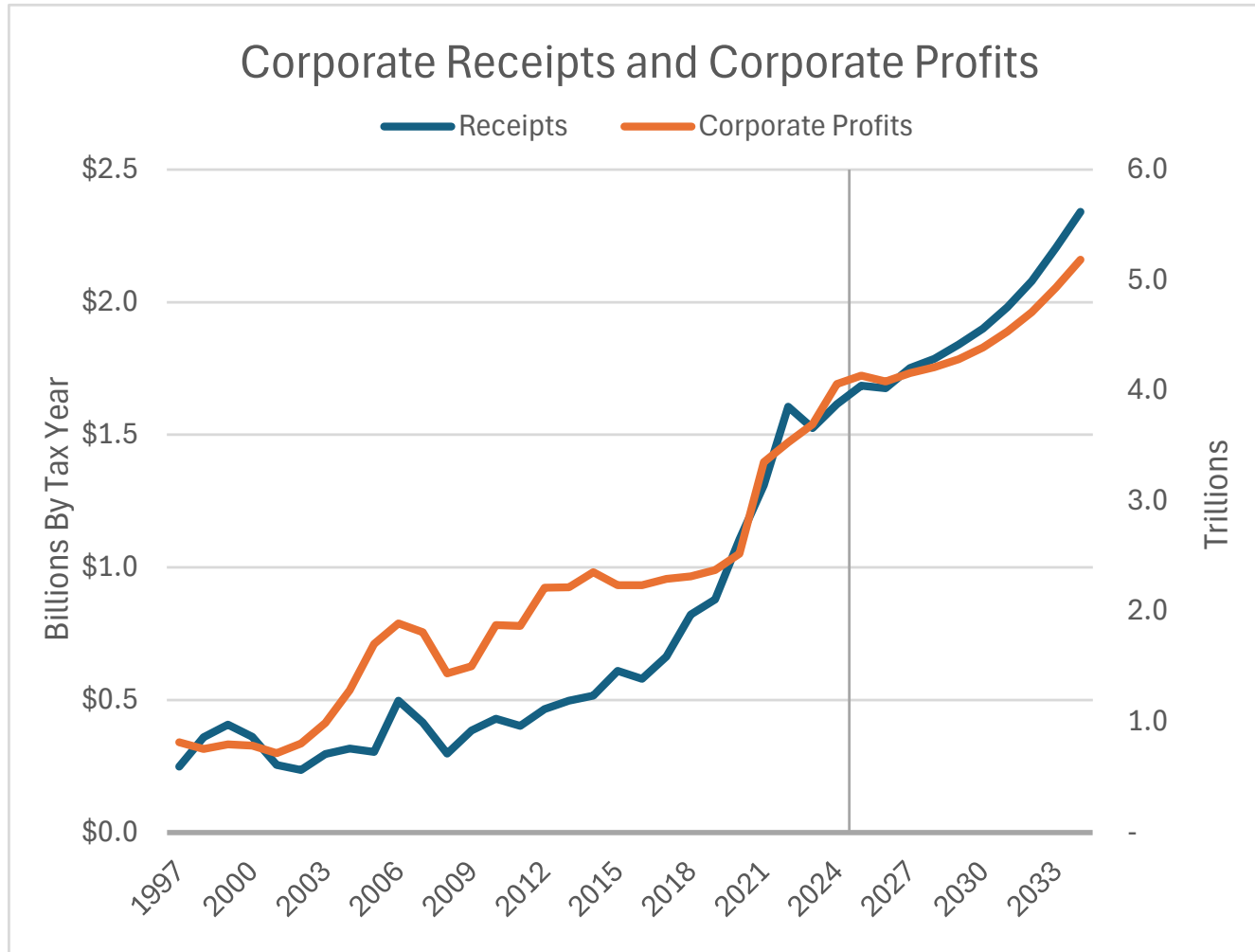
Gross Receipts absent Kicker Credit

# Corporate Income/Activity Tax



- Major difference is the greater lag in tax return data due to fiscal year filing.
  - Additionally, fiscal year filing complicates the relationship to annual economic variables.
- Corporate Income Tax receipts (by tax year) are associated with U.S. Corporate Profits – scaled to Oregon based on Oregon's share of Personal Income.
- Corporate Activity Tax receipts (by tax year) are associated with Oregon Gross State Product.

# Corporate Income Tax Forecast



- Corporate Income Tax receipts highly correlated to U.S. Corporate Profits.
- Forecast very dependent on Profits outlook.



# Published Tables



## Appendix B: Revenue Detail

- B.1: Appropriated General Fund
- B.9: Economic Development Fund (Lottery)
- B.12: Fund for Student Success (CAT)

Select tables present complete revenue, expenditure/distribution/allocation, and balance detail.

# Contact Information

Carl Riccadonna, Chief Economist

(971) 446-1364

[carl.riccadonna@das.oregon.gov](mailto:carl.riccadonna@das.oregon.gov)

Michael Kennedy, Senior Economist

(971) 446-1379

[michael.kennedy@das.oregon.gov](mailto:michael.kennedy@das.oregon.gov)

Jordan Macias, Economist

(971) 458-2529

[Jordan.macias@das.oregon.gov](mailto:Jordan.macias@das.oregon.gov)

[DAS Office of Economic Analysis website](#)

