

Oregon's Economic and Revenue Forecast



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February 2026

Economic Outlook



US Macro Forecast: Waiting For Growth Improvement To Boost Labor Conditions



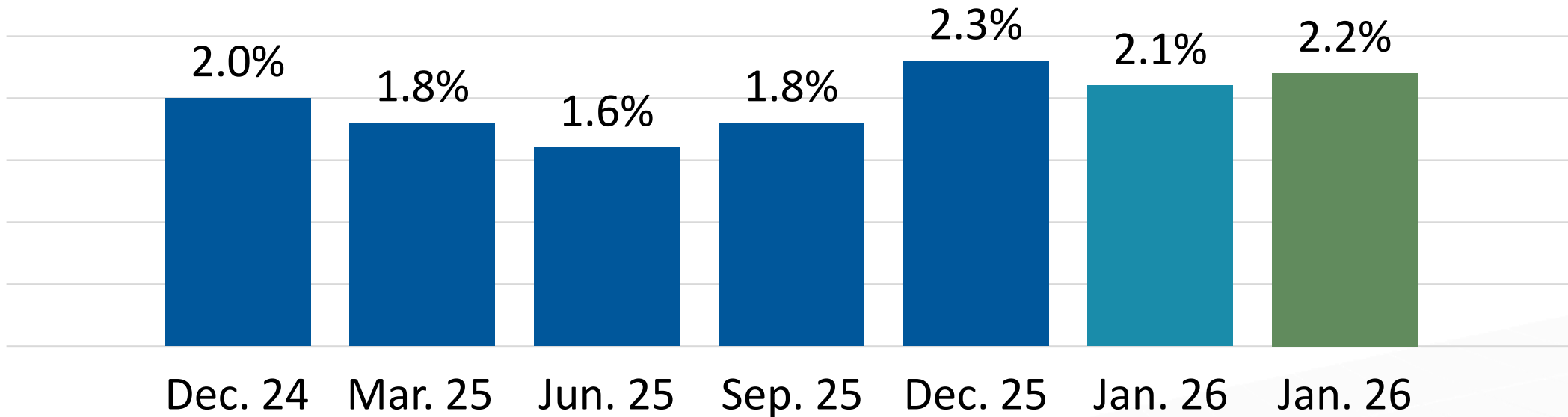
Recession risk dips as growth forecast rebounds

- **Real GDP** firming to 2.1% in 2026
- **Inflation** pickup looking less severe (2.7%)
- **Unemployment** little changed (4.4% year-end)
- Office of Economic Analysis recession estimate now 20%



Forecasters Becoming More Bullish

U.S. 2026 GDP Growth Forecasts (Percent Change Q4/Q4)



 Federal Reserve Summary of Economic Projections

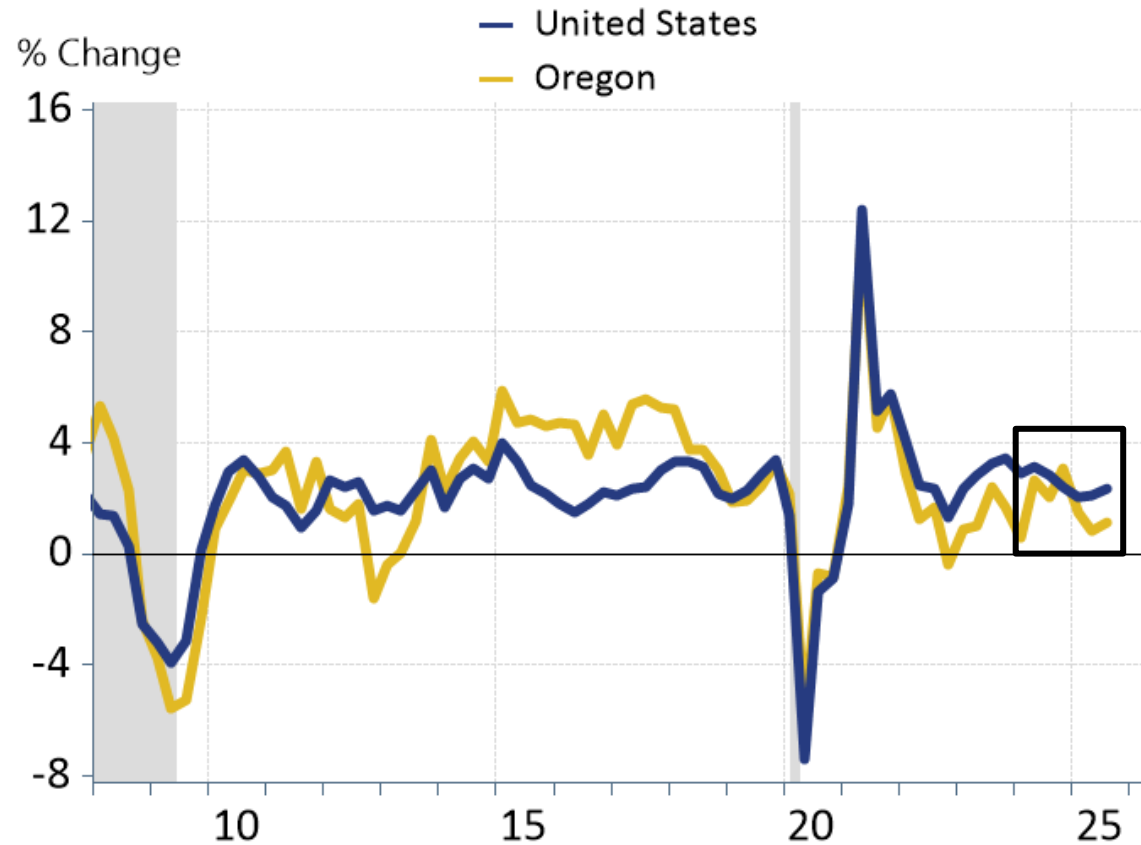
 Bloomberg Private Sector Consensus Survey

 Standard and Poor's Forecast

Oregon Economy Mostly Lagging The US Post-Pandemic



Real Gross Domestic Product (Year Over Year)

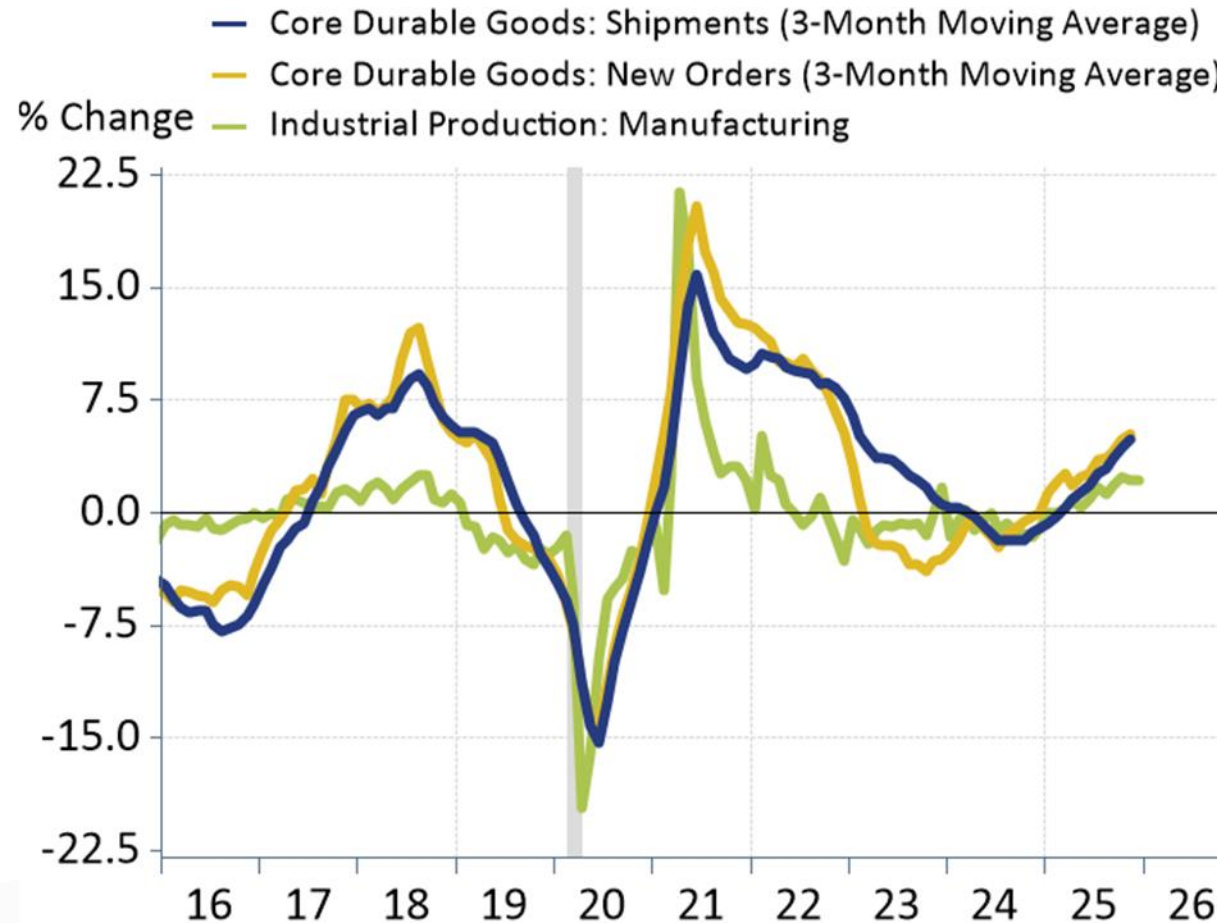


Oregon = 4.7% Q3 (annualized)
US = 4.4% Q3 (annualized)

Accelerating Business Investment Providing Important Growth Engine



Business Investment Measures



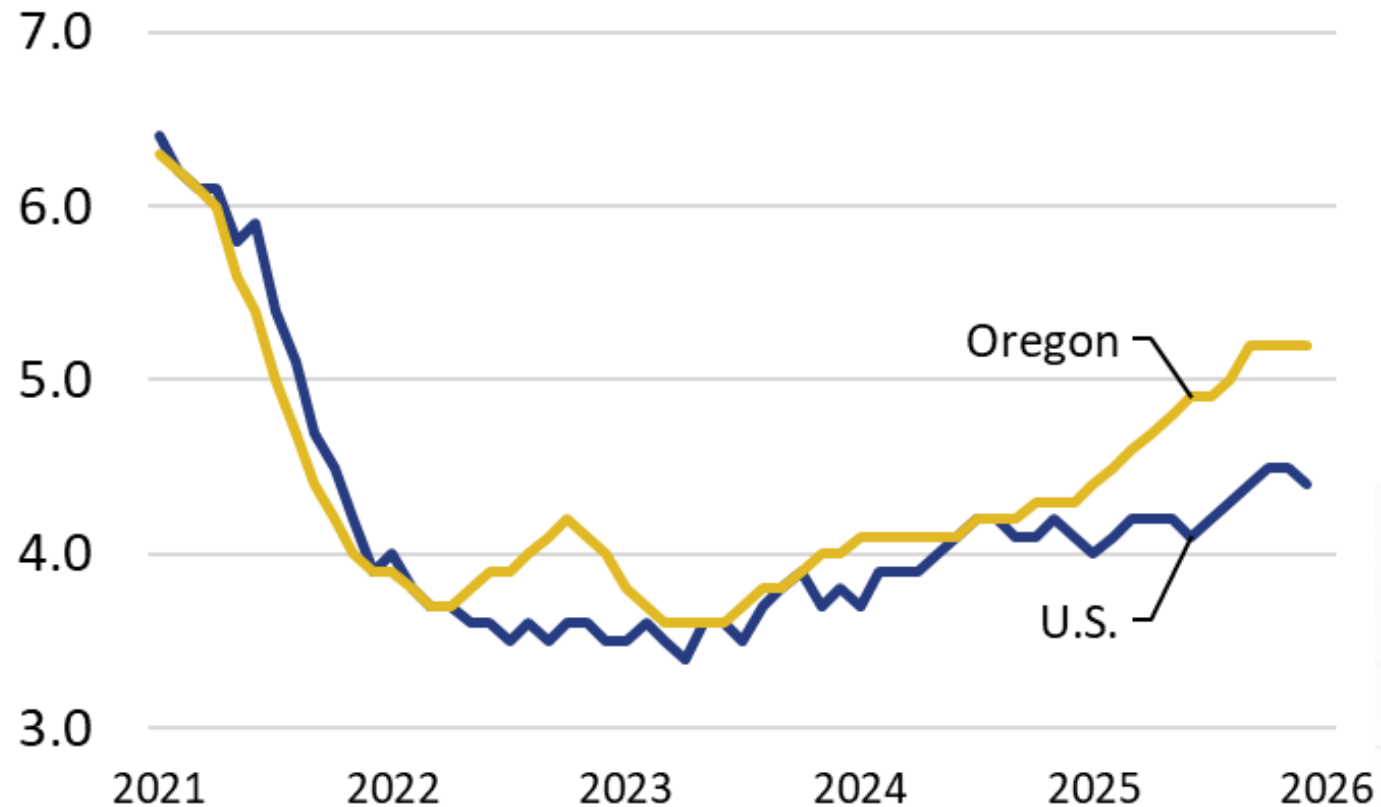
Sources: Census Bureau, Federal Reserve Board/Haver Analytics/OEA

Not Unusual For Oregon Unemployment To Run High Relative To US



Oregon and U.S. Unemployment Rate

Monthly, Seasonally Adjusted

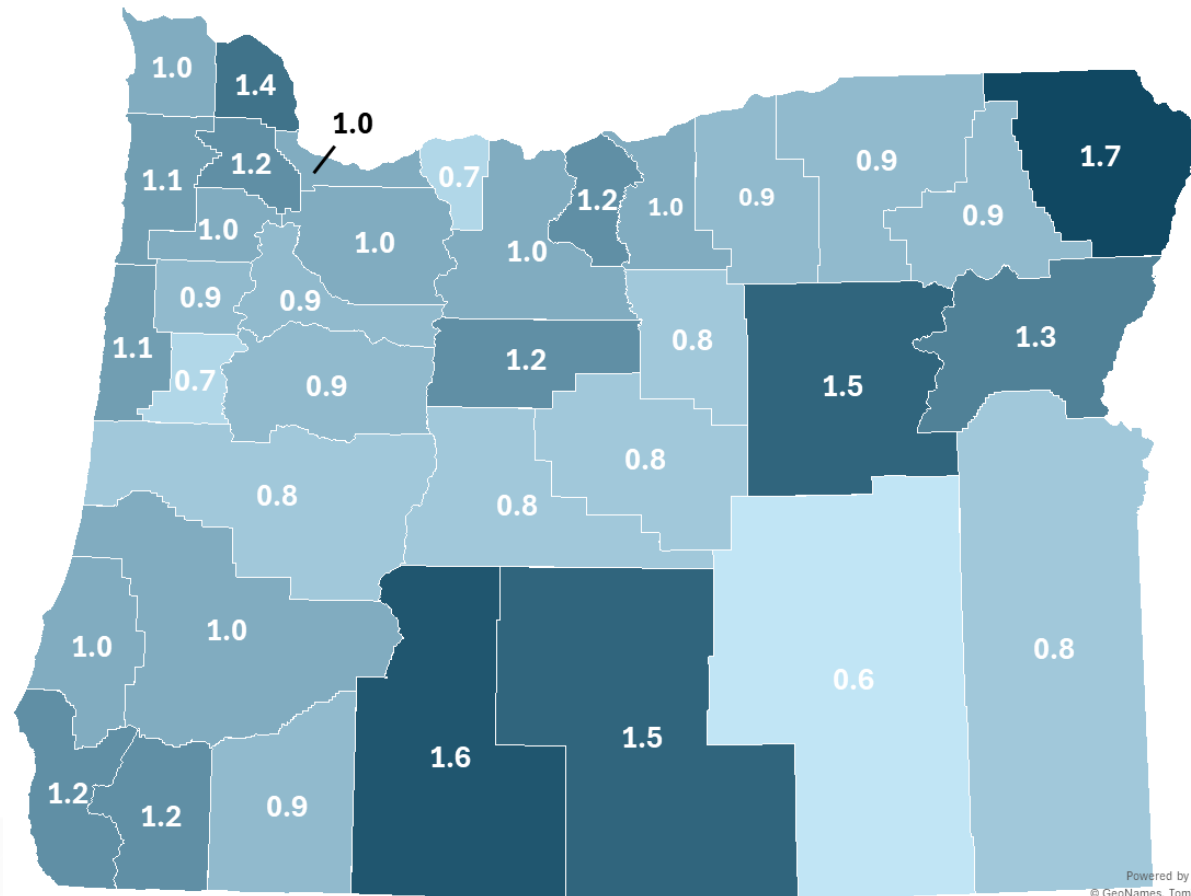


40% Of Unemployment Rise Attributed to Washington and Multnomah Counties



Unemployment Rate Change by County

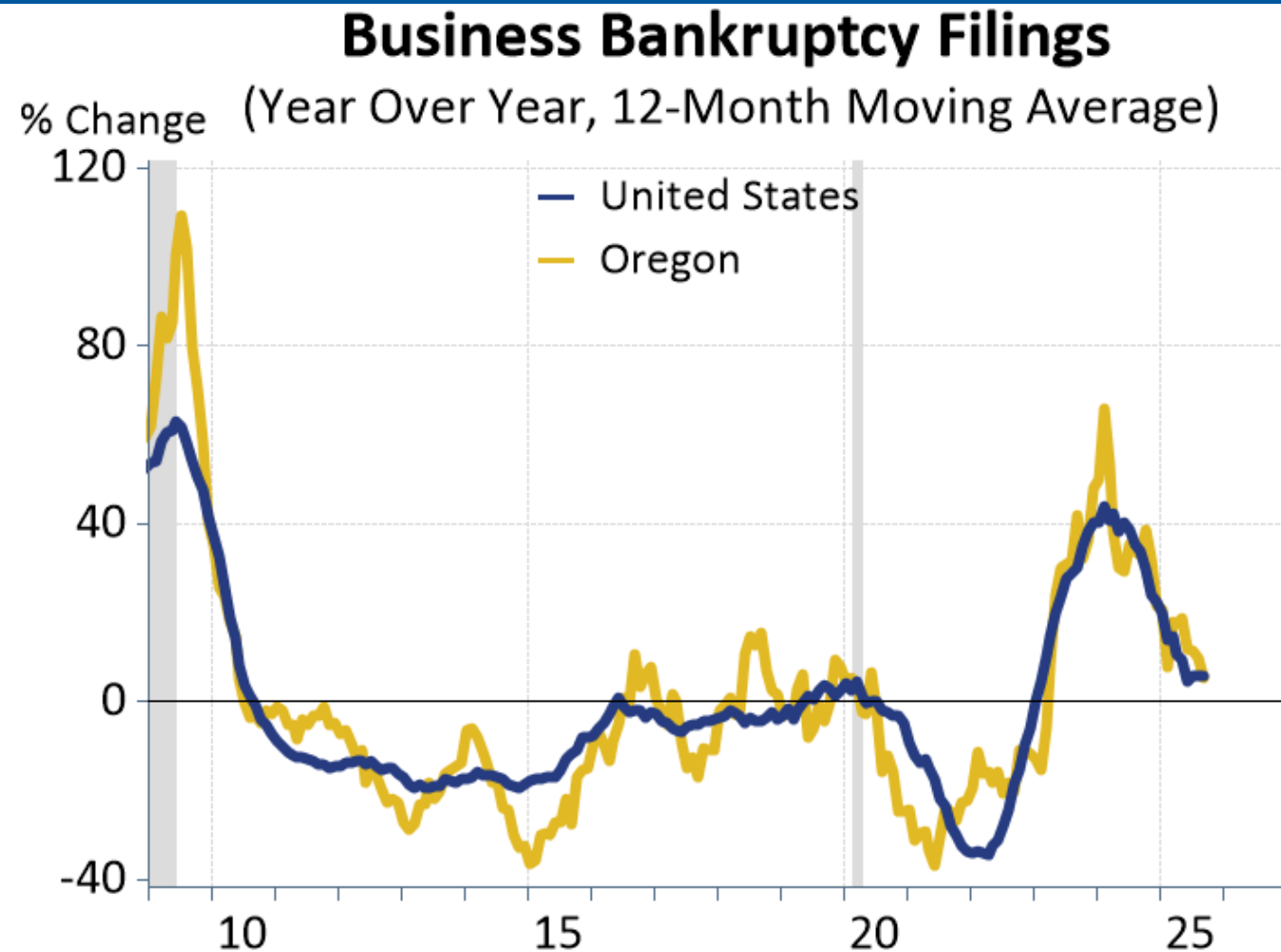
Past 12 months, December 2024 to December 2025



Source: Oregon Employment Department, Oregon Office of Economic Analysis

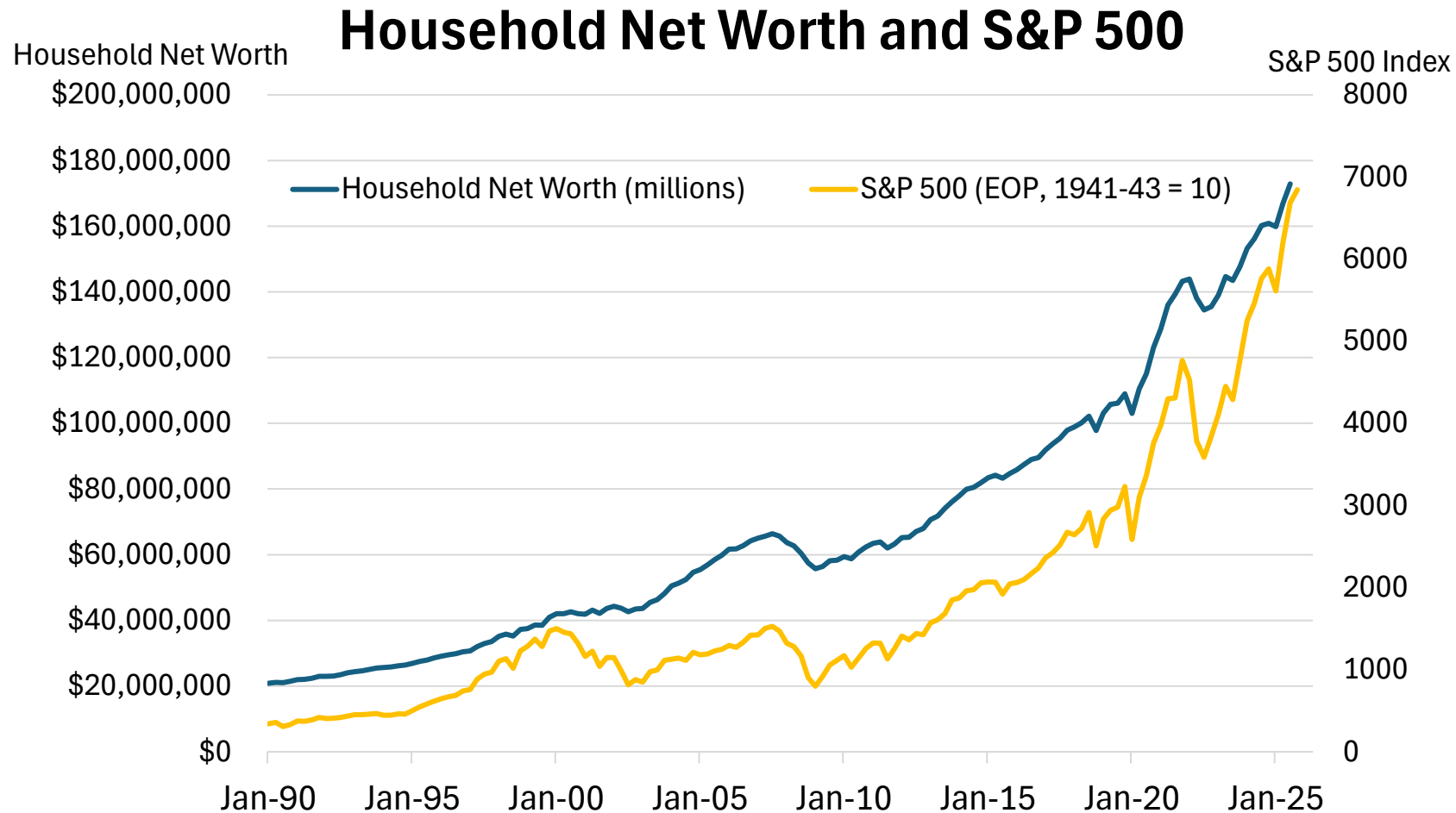
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Business Distress Tracking With National Trend



Source: Administrative Office of the U.S. Courts/Haver Analytics/OEA

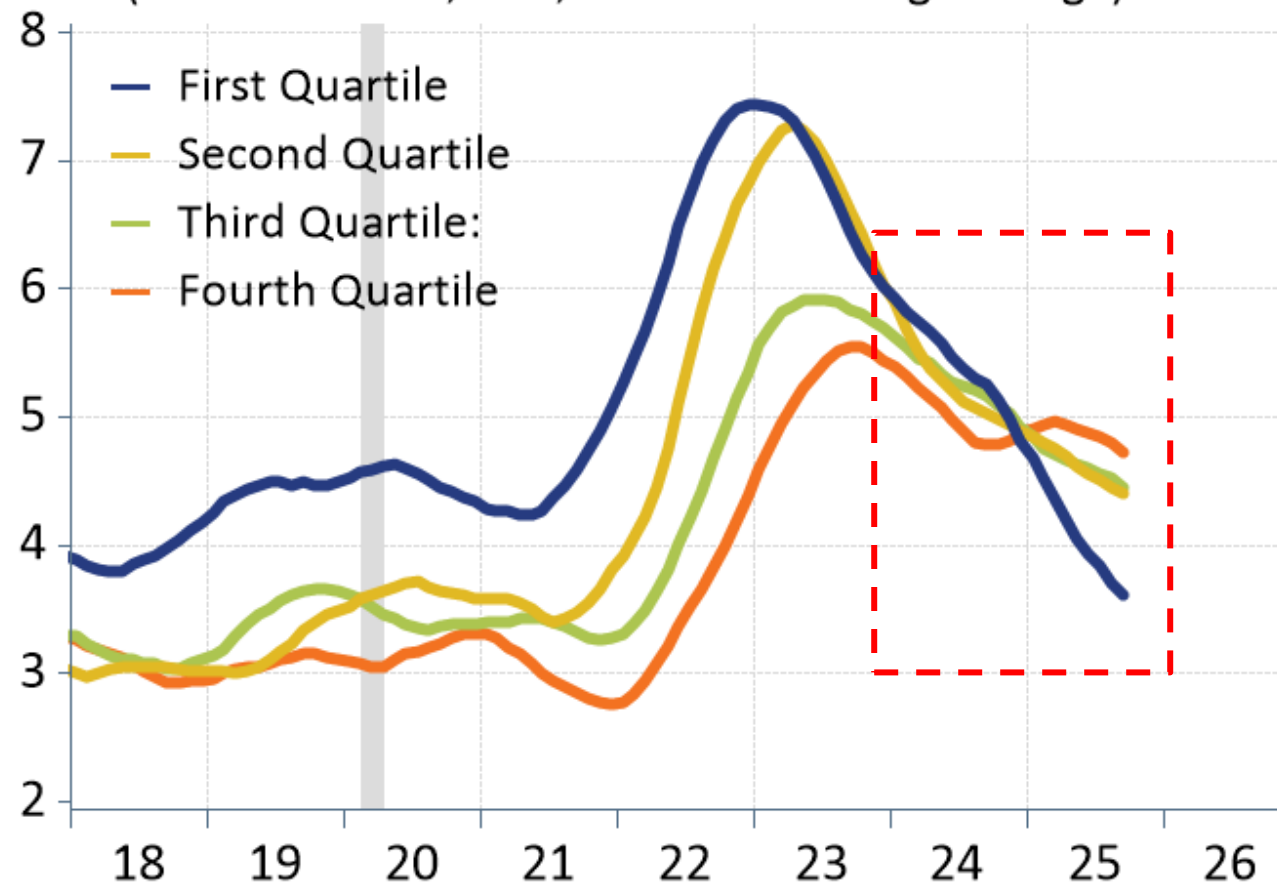
Wealth Effects Boosting Consumption and Tax Revenue



Divergent Income Trends Lead To “K-Shaped” Economy

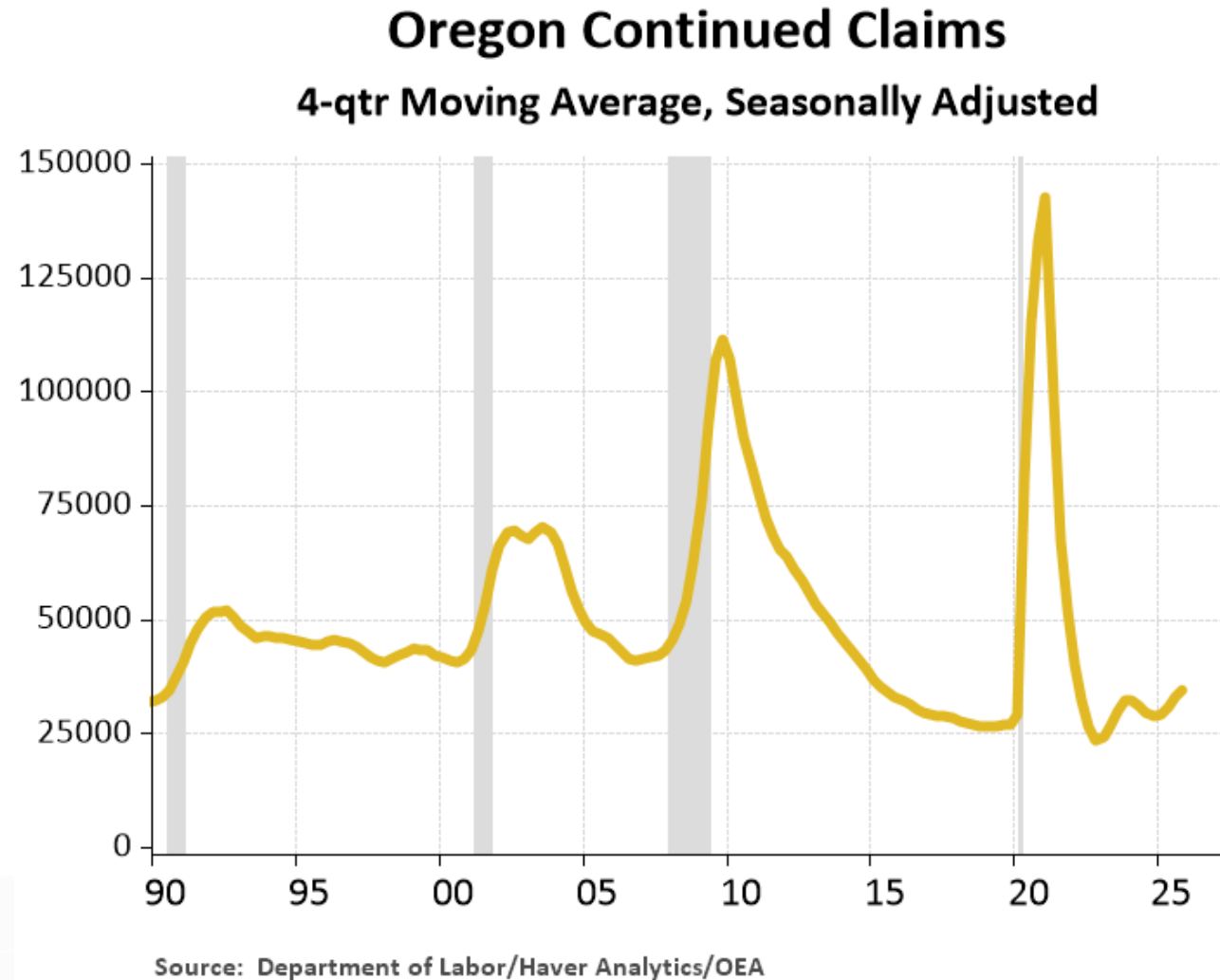


Wage Growth Tracker: Median Wage Growth
(Year Over Year, NSA, 6-Month Moving Average)



Source: Federal Reserve Bank of Atlanta/Haver Analytics/OEA

Labor Conditions Not Yet Reflecting Growth Improvement

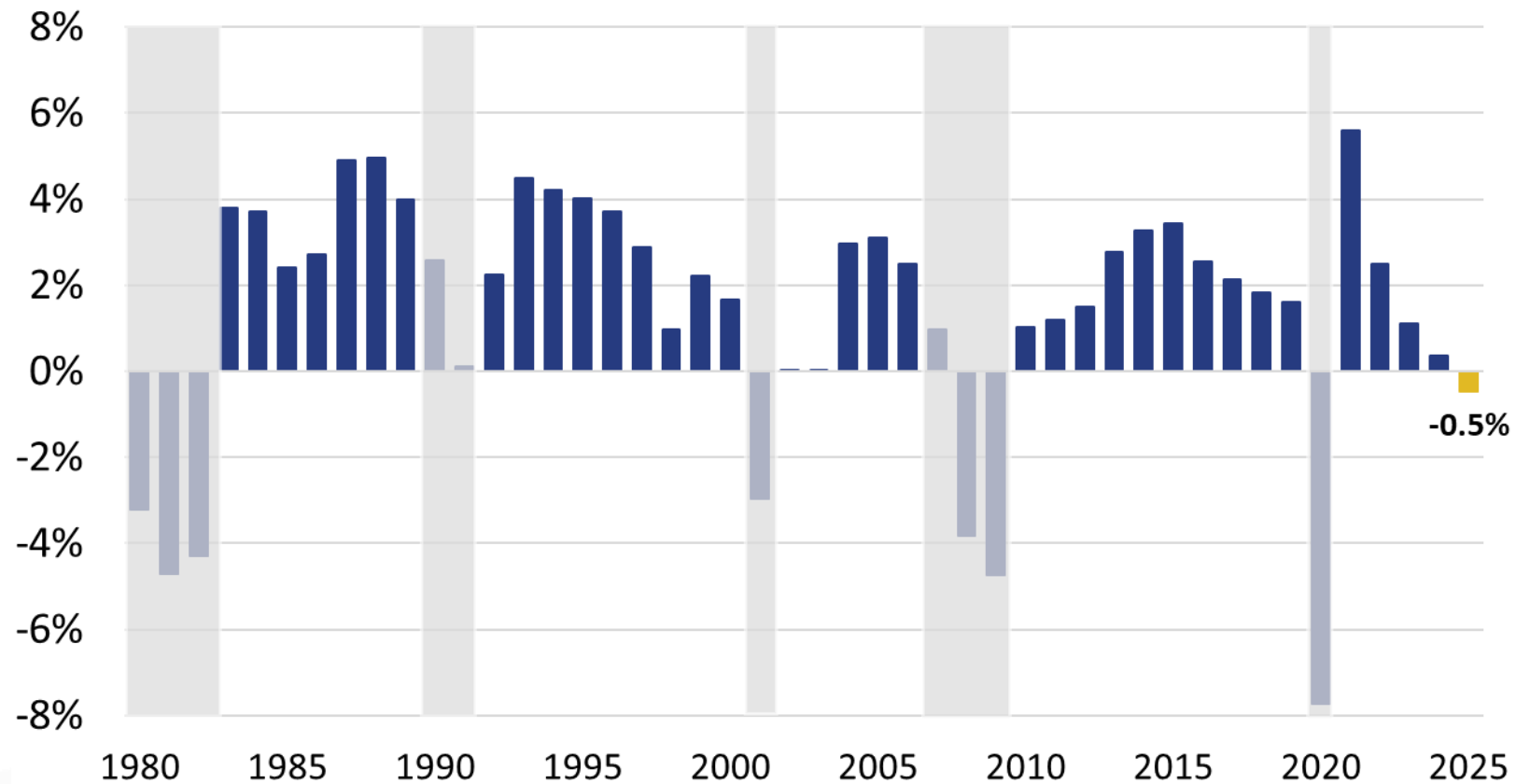


Unusual To See Payroll Declines Outside Of Recession



Annual Total Nonfarm Job Growth in Oregon

December Over December, Monthly data



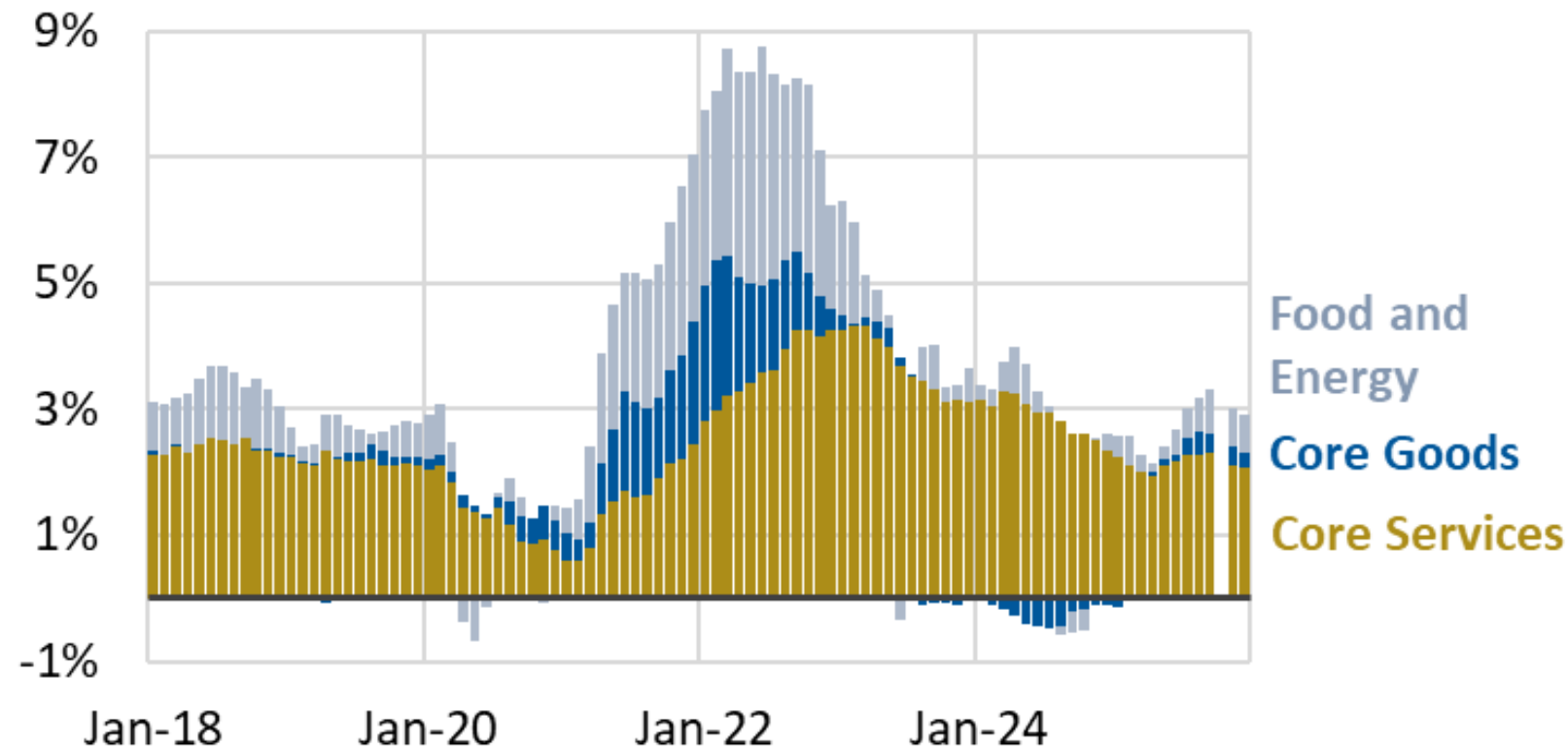
Sources: Oregon Employment Department, Current Employment Statistics

Inflation Persistently Overshooting Fed's 2% Target



West Region Consumer Price Index

Decomposing Year-Over-Year Change



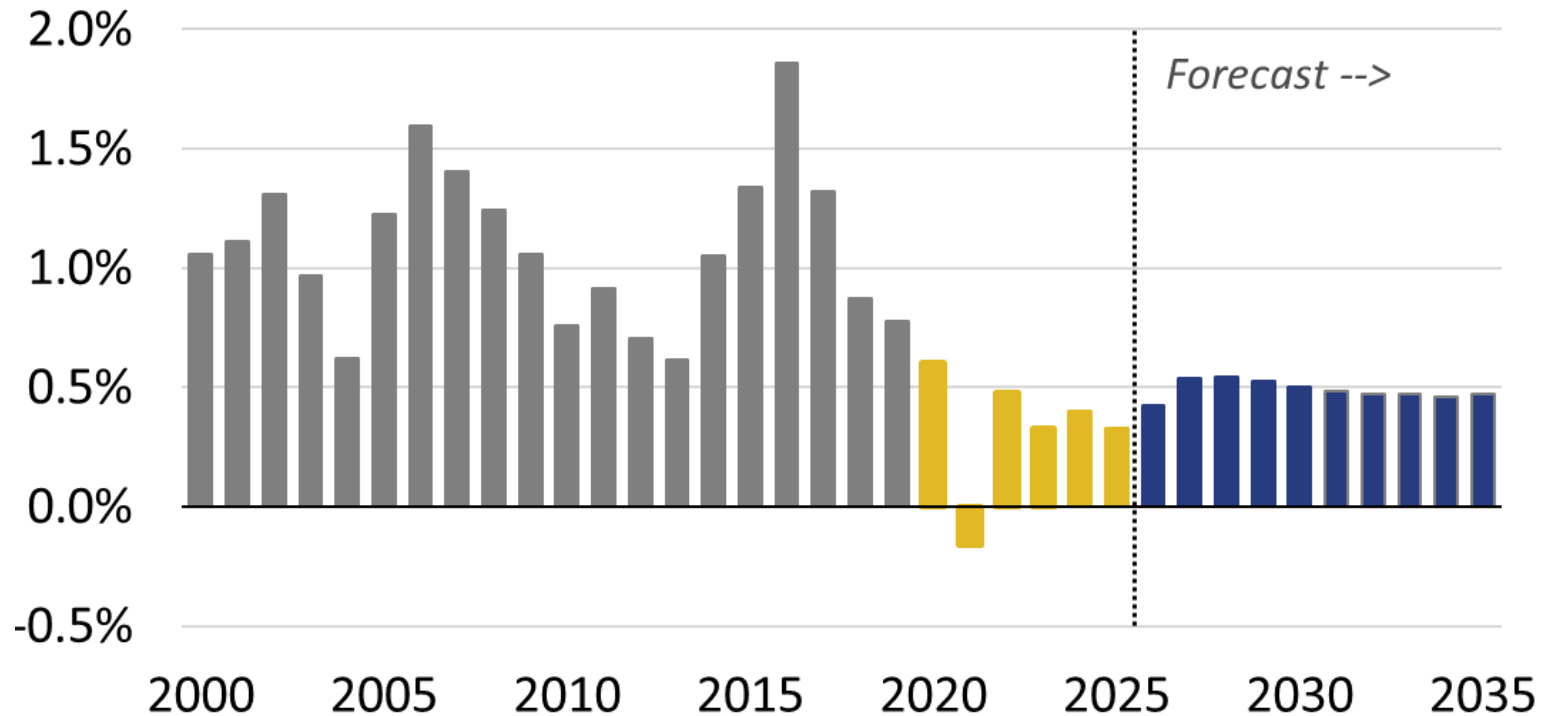
Longer-Term Demographic Outlook Depends On Employment



Oregon Population Growth

Annual change in total state population

History, PSU Estimates, and Forecast



Oregon is growing slower than U.S.

- Oregon's entire population growth will come from net migration.
- Population expected to grow by average of 0.5% through 2035.

Revenue Update



Ending Balance Turns Positive



2025-27 General Fund Revenue Statement (millions)

	December 2025 Forecast	March 2026 Forecast	Change from Prior Forecast
Beginning Balance	\$2,018.7	\$2,165.8	\$147.1
Revenues (millions)			
Personal Income Tax*	\$29,941.0	\$29,898.9	-\$42.1
Corporate Income Tax*	\$3,199.8	\$3,295.0	\$95.3
All Other Revenues	\$2,100.5	\$2,152.9	\$52.4
Net GF Revenues	\$35,241.3	\$35,346.9	\$105.6
Available Resources (Balance + Revenues):	\$37,260.0	\$37,512.7	\$252.7
Appropriations	-\$37,323.1	-\$37,314.8	\$8.3
Projected Ending Balance*	-\$63.1	\$197.9	\$261.1

* includes offsets and RDF transfers

Key Takeaways:

- **Beginning Balance** improves \$147 million
- **Revenues** up \$106 million
- **Ending balance** now up \$198 million

Corporate Tax Revision



Recently available tax return data reveals considerably higher liability levels for tax years 2020-23 than previously understood.

Stronger readings on economic activity (GDP, Profitability) adds to the increase in tax receipts.

Forecast, adjusted for H.R. 1, is now 6% higher than COS.
Historic variance is 18%.



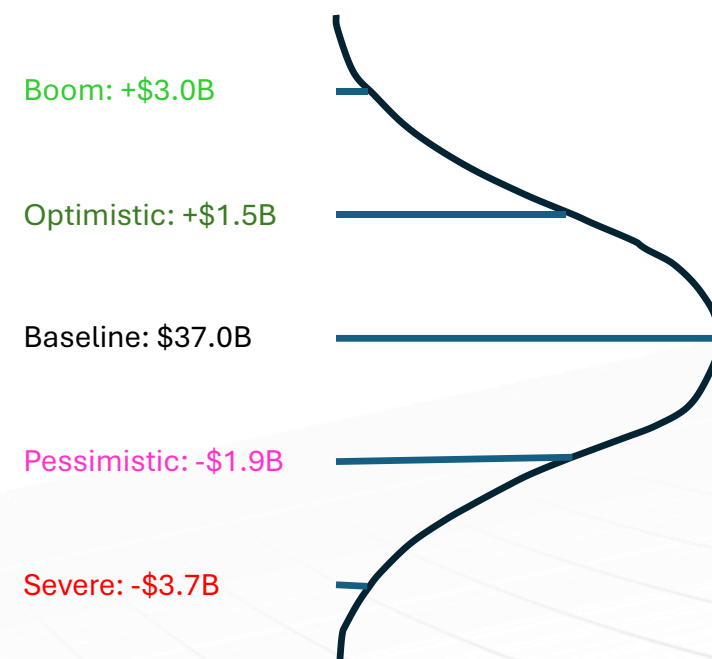
Alternative Scenarios

General Fund Revenue* Scenarios (millions)

		2025-27	2027-29	2029-31	2031-33	2033-35
Boom (3%)	Revenues	\$39,929.6	\$44,202.1	\$49,771.5	\$55,843.6	\$62,824.1
	Growth	20.7%	10.7%	12.6%	12.2%	12.5%
Optimistic (15%)	Revenues	\$38,450.7	\$43,064.8	\$48,404.8	\$54,165.0	\$60,881.5
	Growth	16.2%	12.0%	12.4%	11.9%	12.4%
Baseline (62%)	Revenues	\$36,971.8	\$41,687.9	\$46,947.6	\$52,500.9	\$58,985.3
	Growth	11.7%	12.8%	12.6%	11.8%	12.4%
Pessimistic (18%)	Revenues	\$35,123.3	\$39,970.3	\$44,686.8	\$49,870.4	\$55,954.6
	Growth	2.8%	13.8%	11.8%	11.6%	12.2%
Severe (2%)	Revenues	\$33,274.7	\$37,600.4	\$43,804.4	\$49,061.0	\$54,997.3
	Growth	0.6%	13.0%	16.5%	12.0%	12.1%

* Adjusted for kicker credits.

Potential Variation from Baseline Forecast
March 2026 General Fund: 2025-27



Non-GF Revenues



2025-27 Non-GF Revenue Statement

Source of Revenue (millions)	March 2026 Forecast	Change from Prior Forecast
Lottery	\$1,819.0	\$33.8
Corp. Activity Tax	3,030.5	17.9
Marijuana	285.7	-3.4
Total Other Revenues	5,135.3	48.3

Key Takeaways:

- Video Lottery Sales are improving
- Corporate Activity Tax slightly stronger than expected, due to Tax Year 2024

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[DAS Office of Economic Analysis online](#)