

# Oregon's Economic and Revenue Forecast



**DAS**  
DEPARTMENT OF  
ADMINISTRATIVE  
SERVICES

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February 2026

# Economic Outlook



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



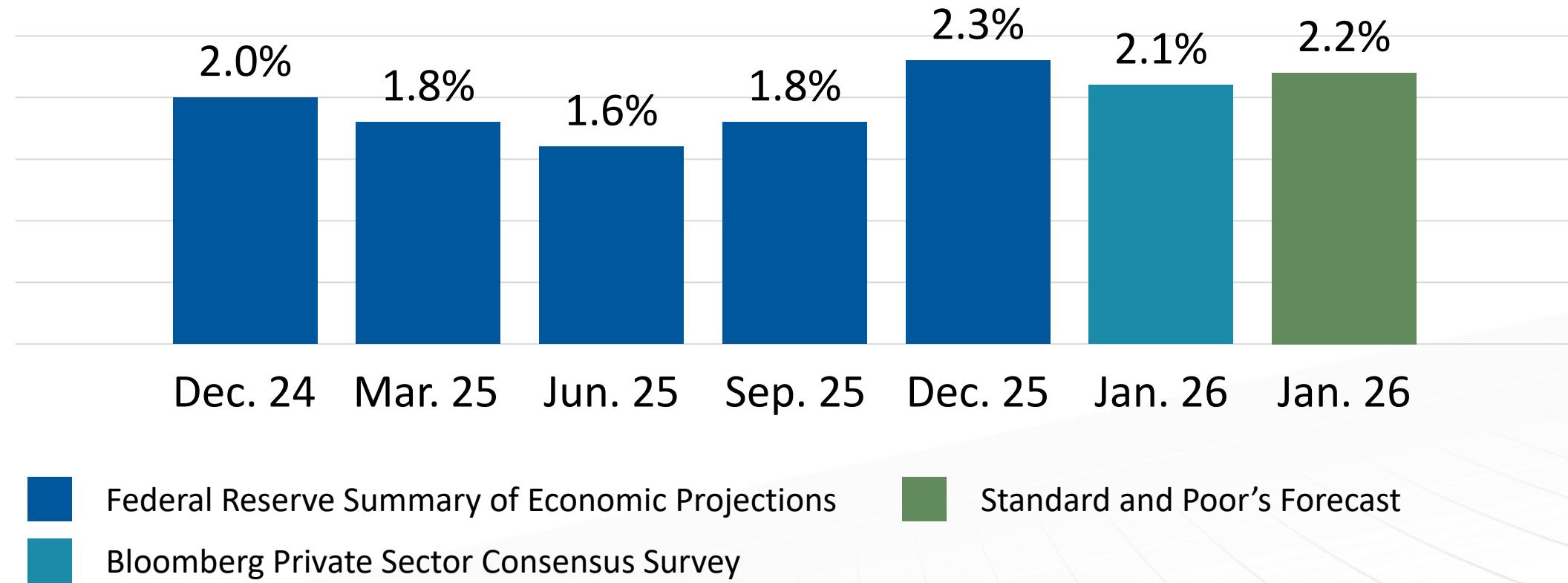
Recession risk dips as growth forecast rebounds

- **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

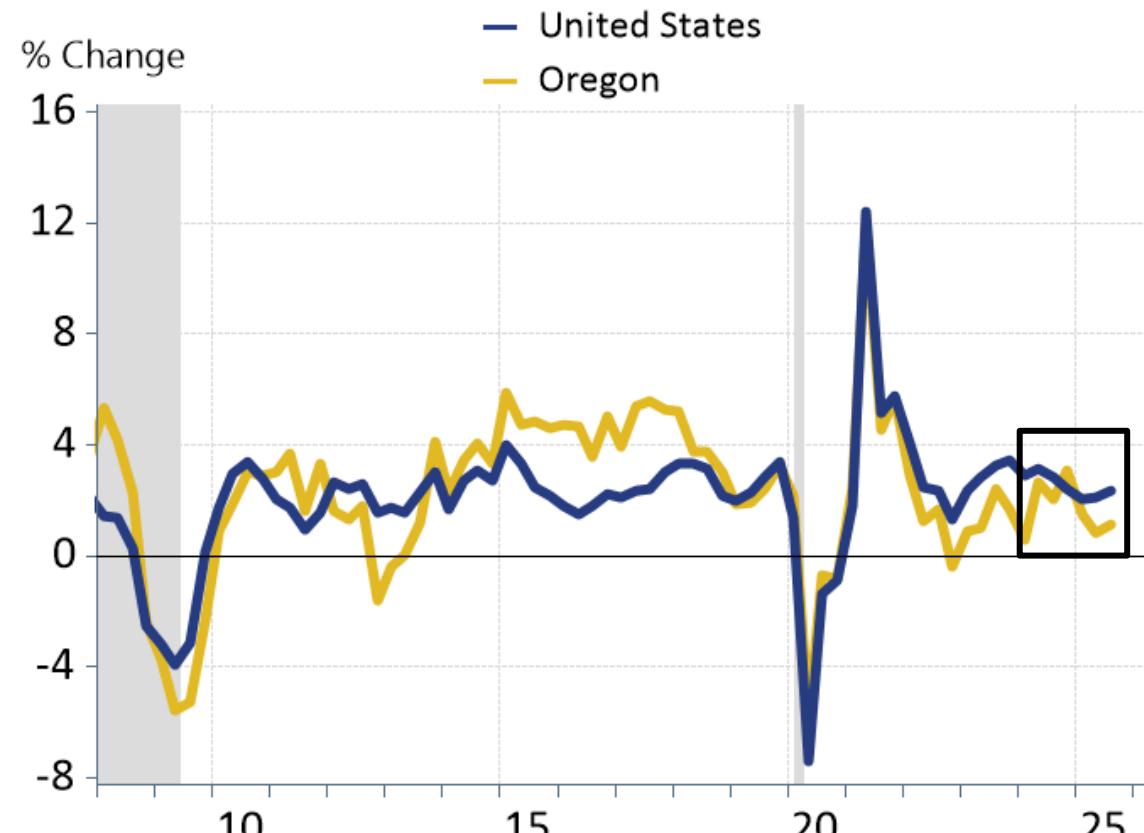
## U.S. 2026 GDP Growth Forecasts (Percent Change Q4/Q4)



# Oregon Economy Mostly Lagging The US Post-Pandemic



## Real Gross Domestic Product (Year Over Year)

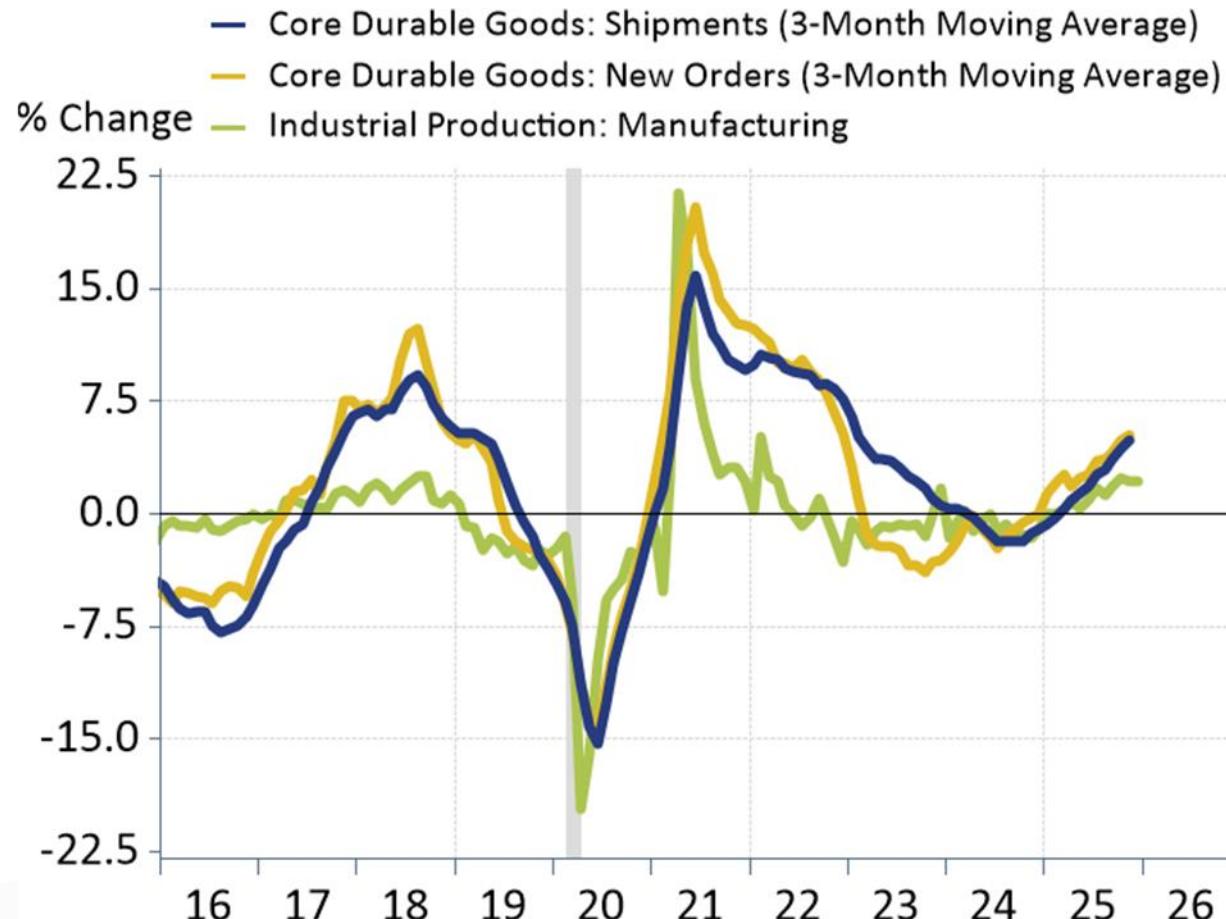


Oregon = 4.7% Q3 (annualized)  
US = 4.4% Q3 (annualized)

# Accelerating Business Investment Providing Important Growth Engine



## Business Investment Measures

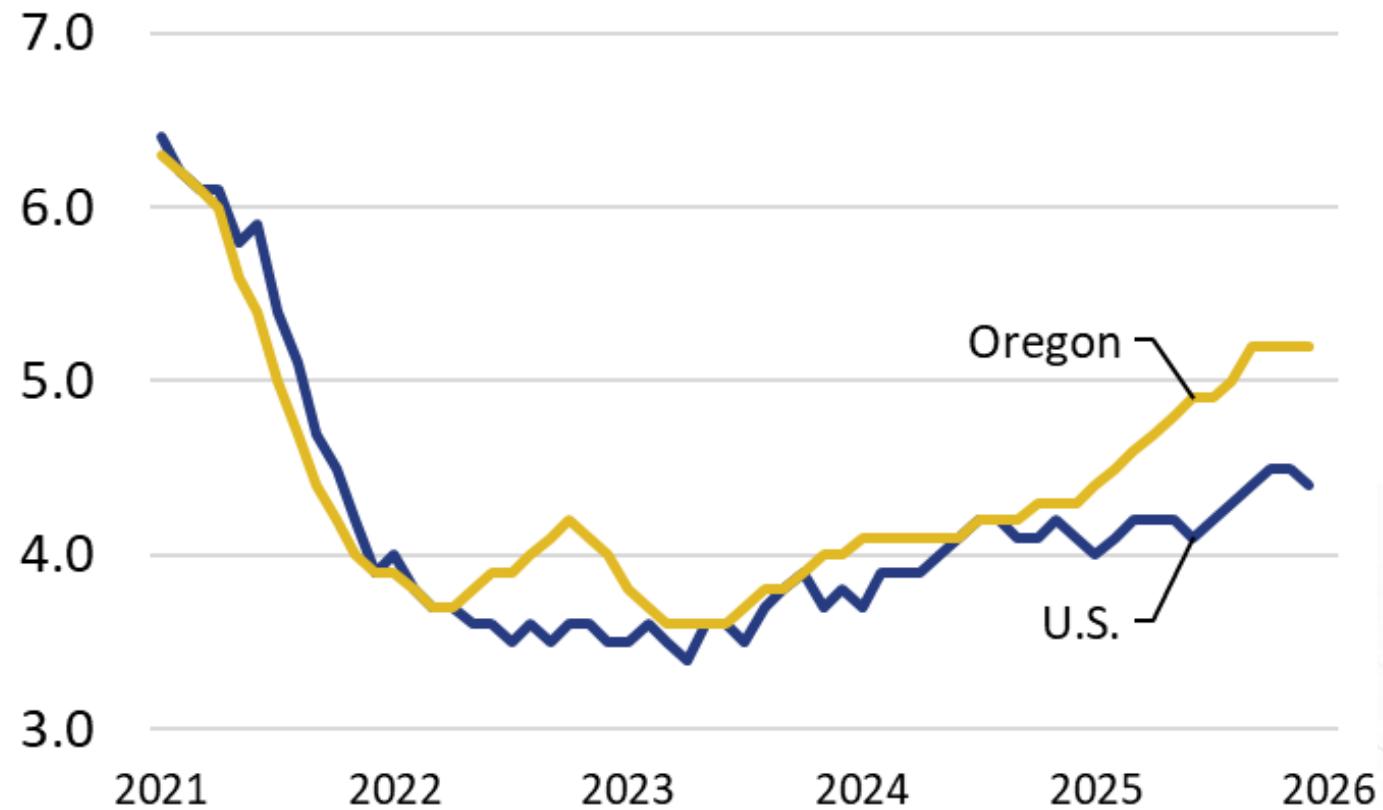


Sources: Census Bureau, Federal Reserve Board/Haver Analytics/OEA

# Not Unusual For Oregon Unemployment To Run High Relative To US



**Oregon and U.S. Unemployment Rate**  
Monthly, Seasonally Adjusted

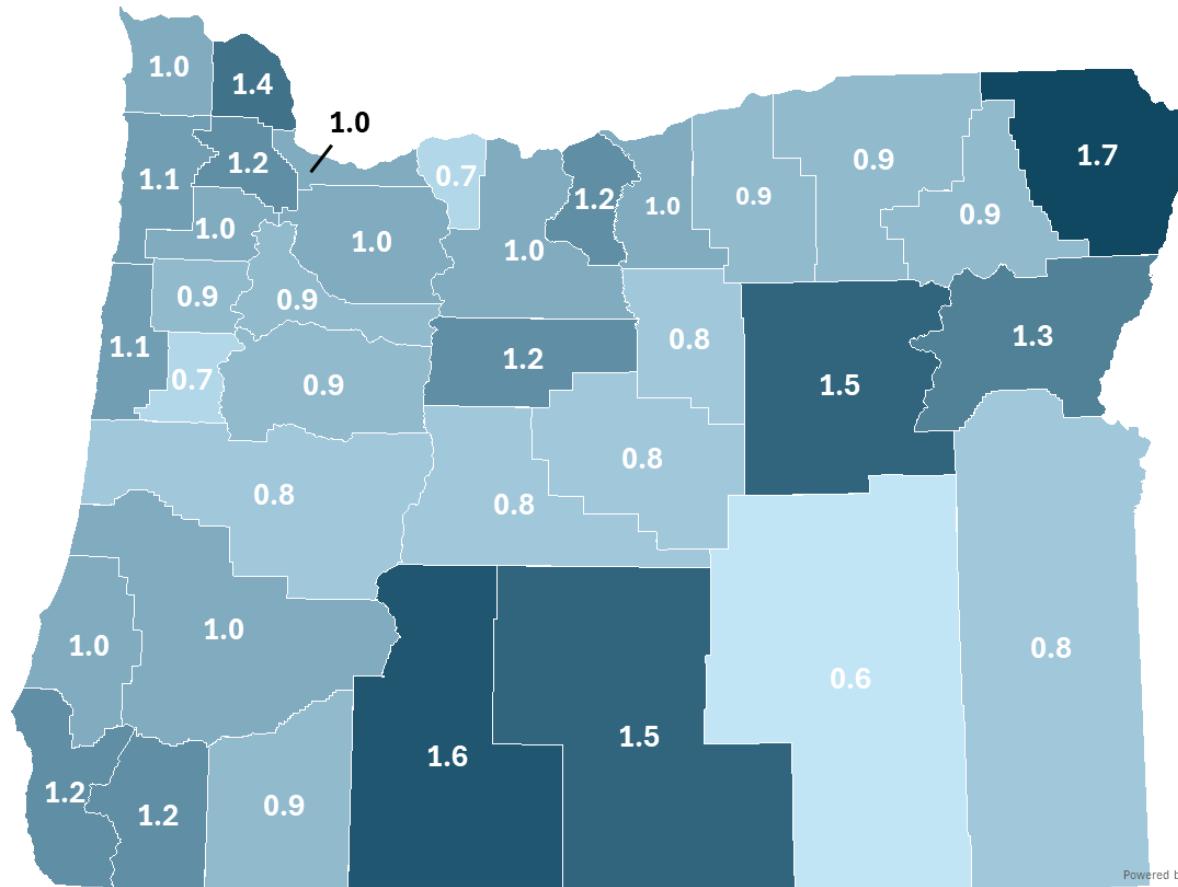


# 40% Of Unemployment Rise Attributed to Washington and Multnomah Counties



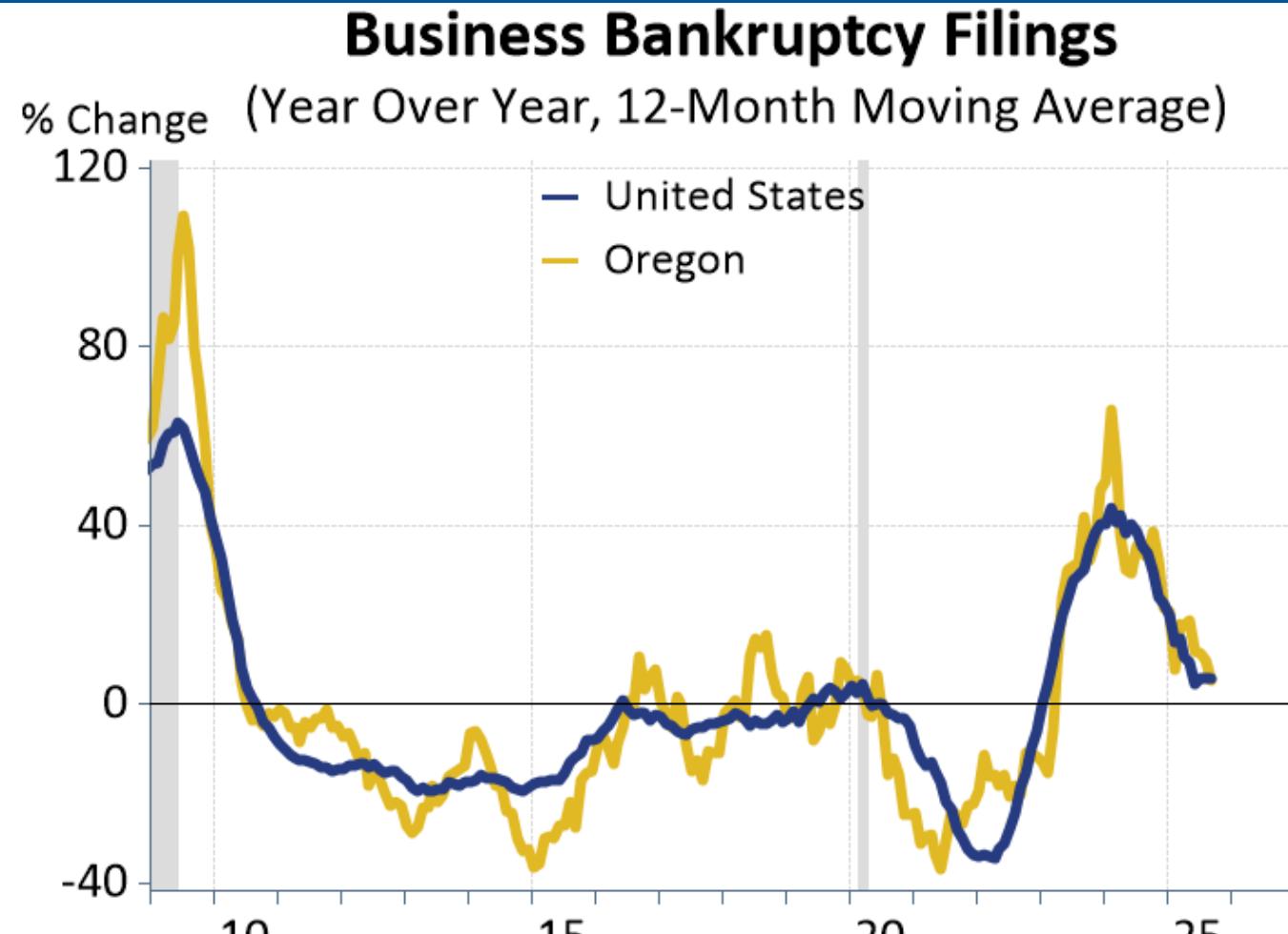
## Unemployment Rate Change by County

Past 12 months, December 2024 to December 2025



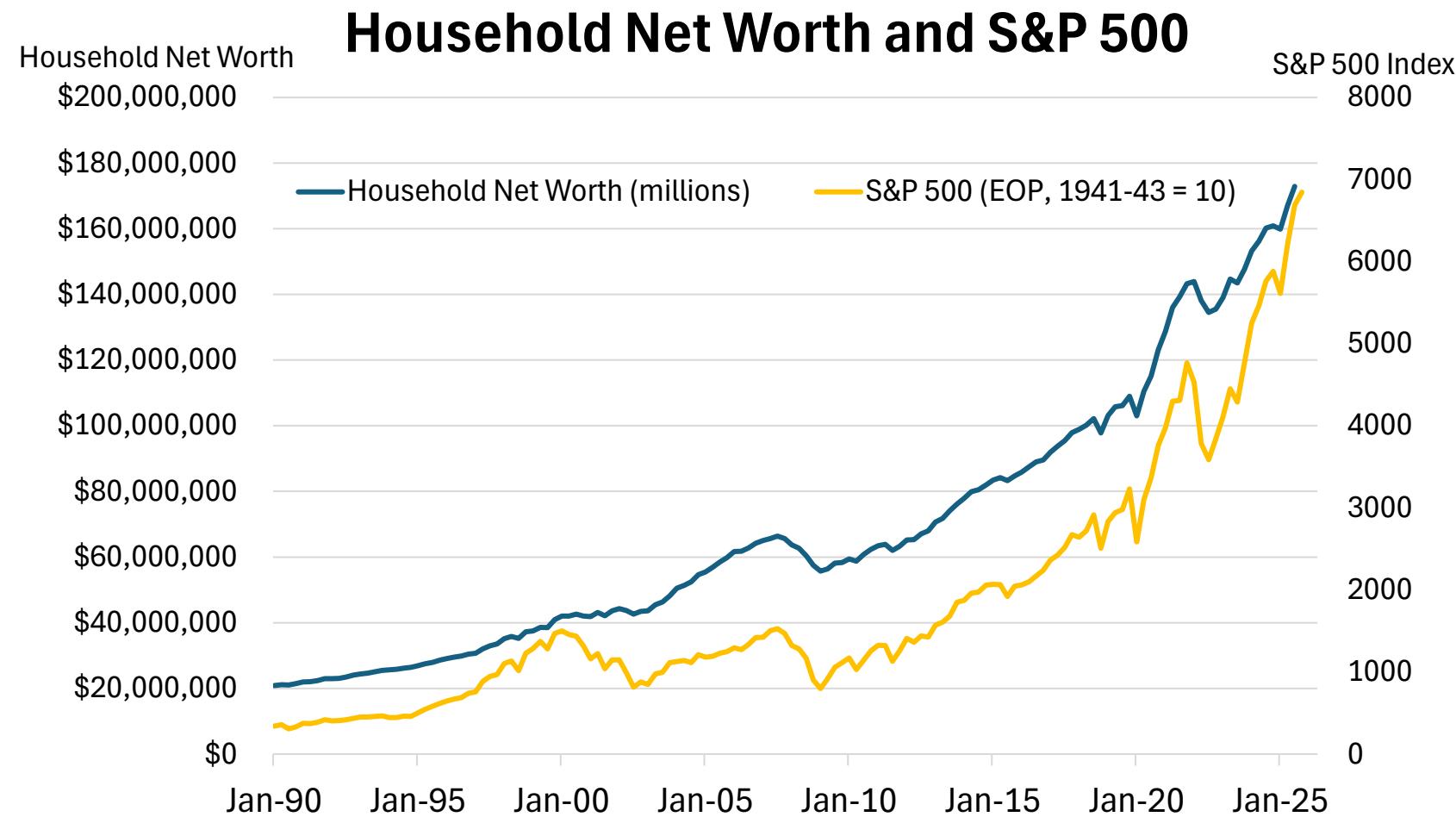
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# Business Distress Tracking With National Trend



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

# Wealth Effects Boosting Consumption and Tax Revenue

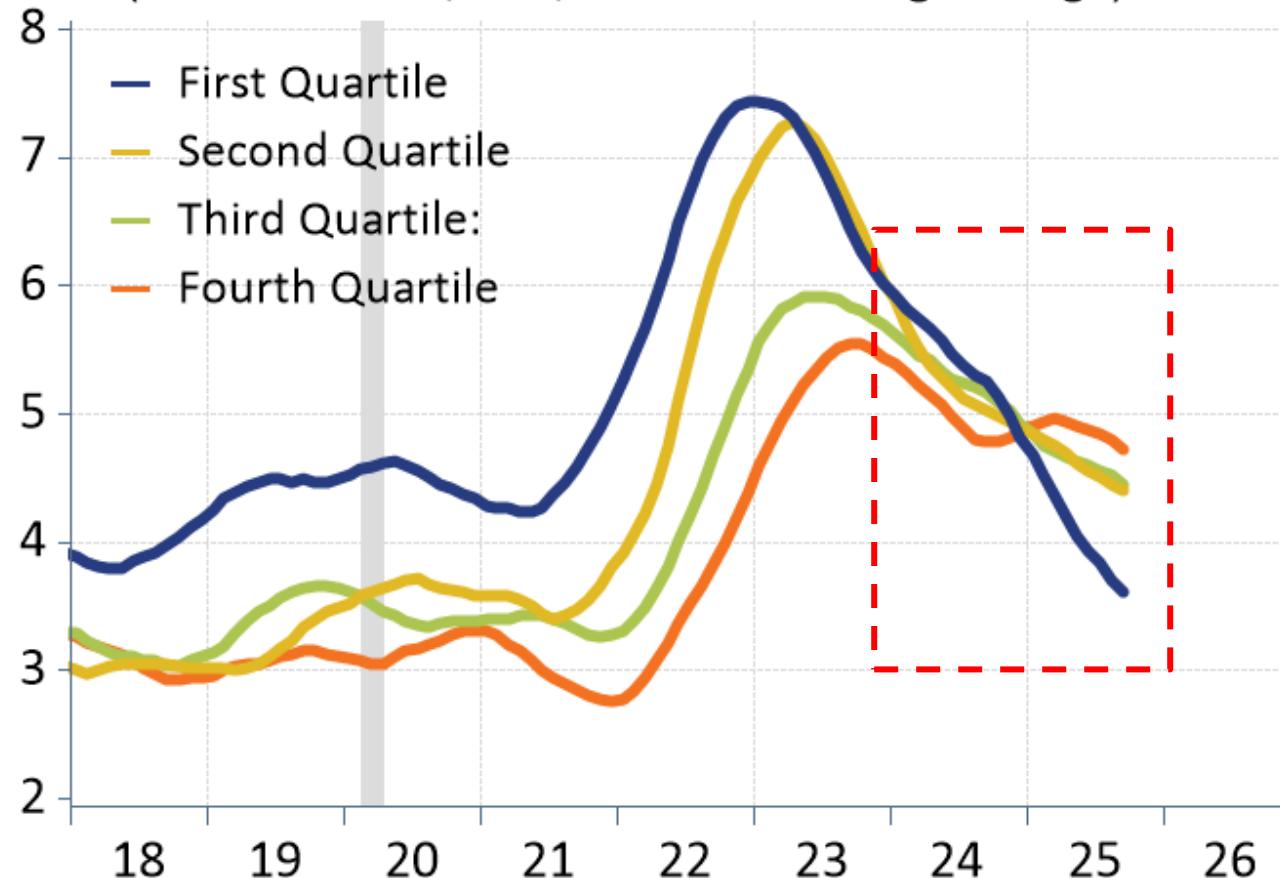


# Divergent Income Trends Lead To “K-Shaped” Economy



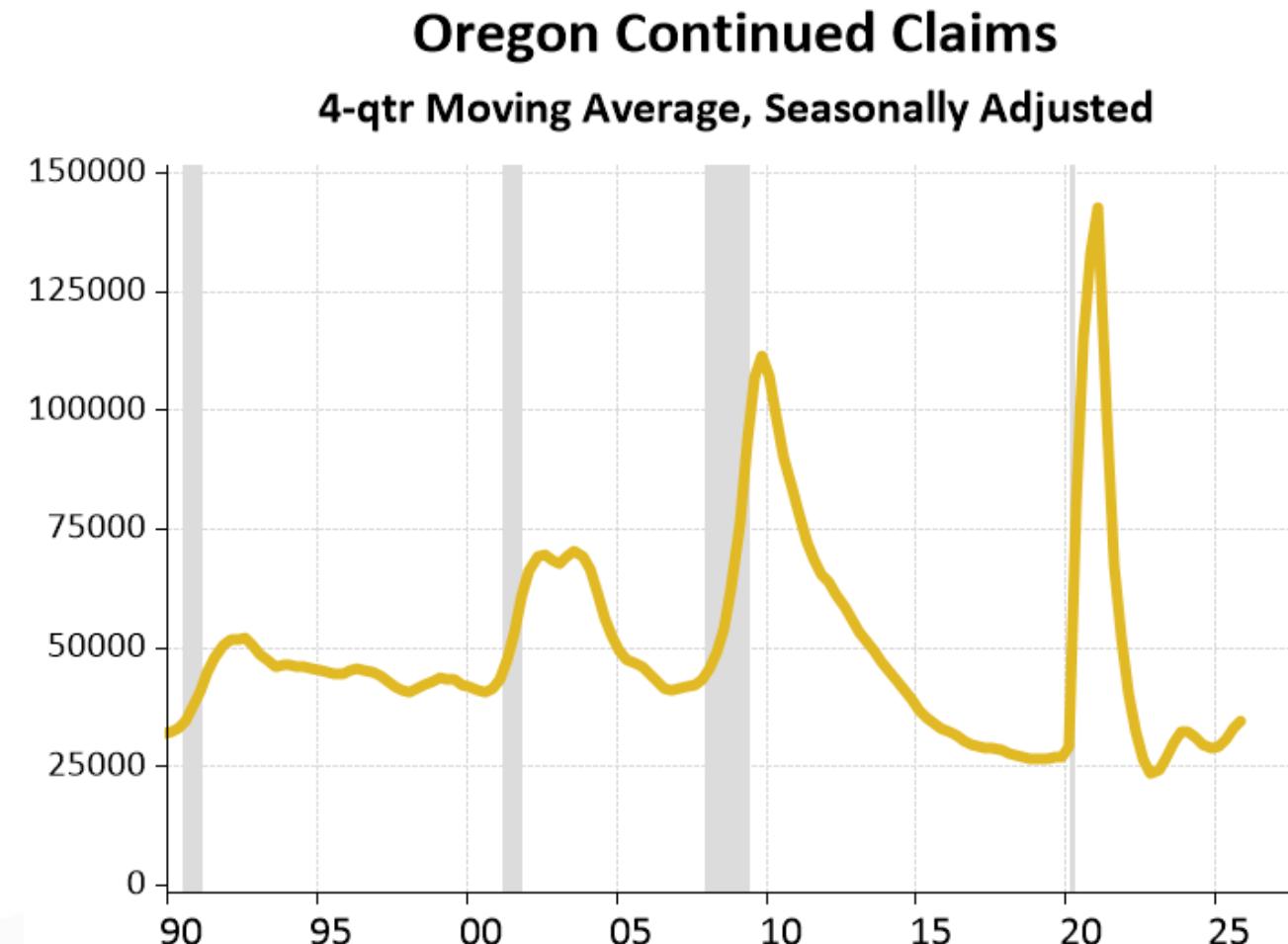
## Wage Growth Tracker: Median Wage Growth

(Year Over Year, NSA, 6-Month Moving Average)



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

# Labor Conditions Not Yet Reflecting Growth Improvement



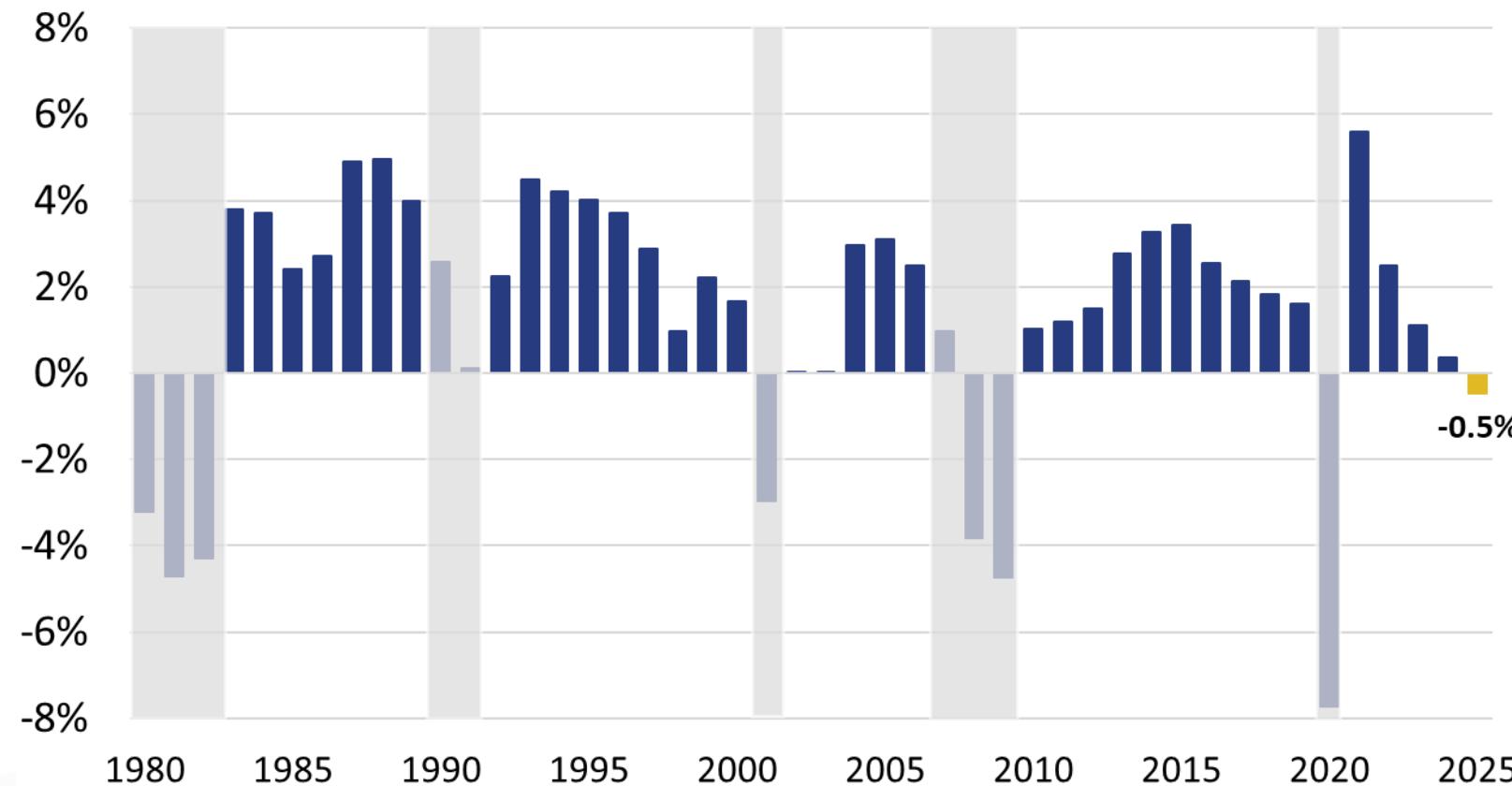
Source: Department of Labor/Haver Analytics/OEA

# Unusual To See Payroll Declines Outside Of Recession



## Annual Total Nonfarm Job Growth in Oregon

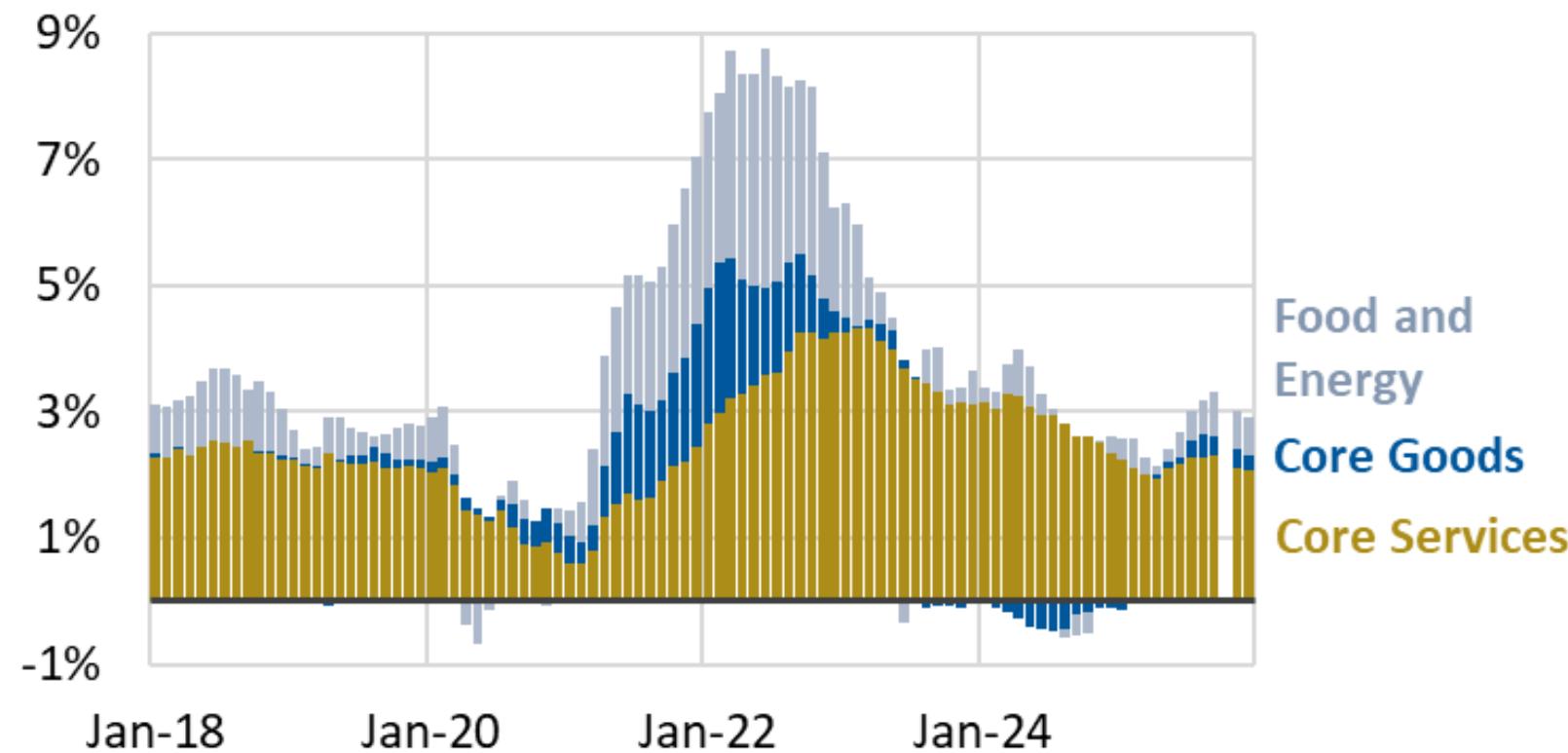
December Over December, Monthly data



# Inflation Persistently Overshooting Fed's 2% Target



## West Region Consumer Price Index Decomposing Year-Over-Year Change



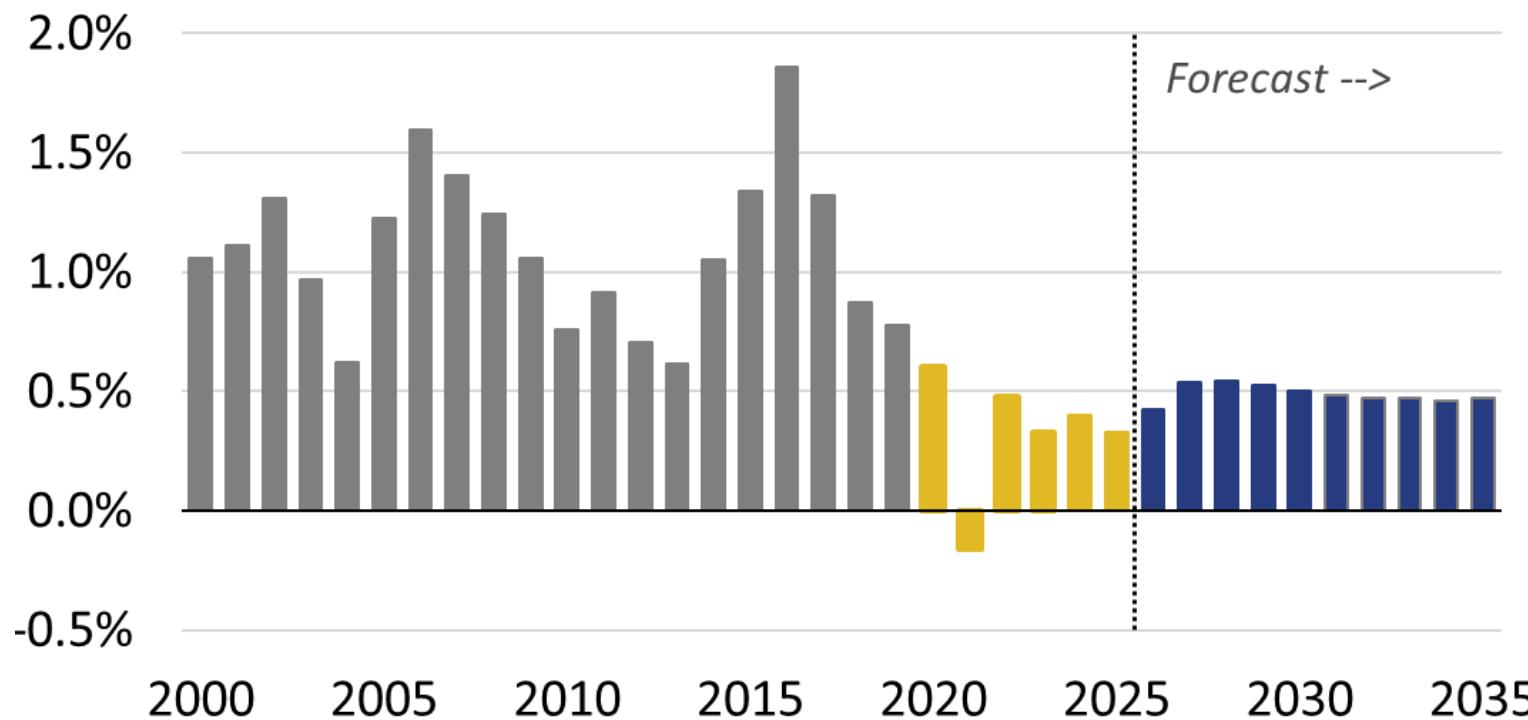
# Longer-Term Demographic Outlook Depends On Employment



## Oregon Population Growth

Annual change in total state population

History, **PSU Estimates**, and **Forecast**



Latest: 2025 | Source: U.S. Census Bureau, Portland State Research Center, Oregon Office of Economic Analysis

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	<u>\$35,241.3</u>	<u>\$35,346.9</u>	<u>\$105.6</u>
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

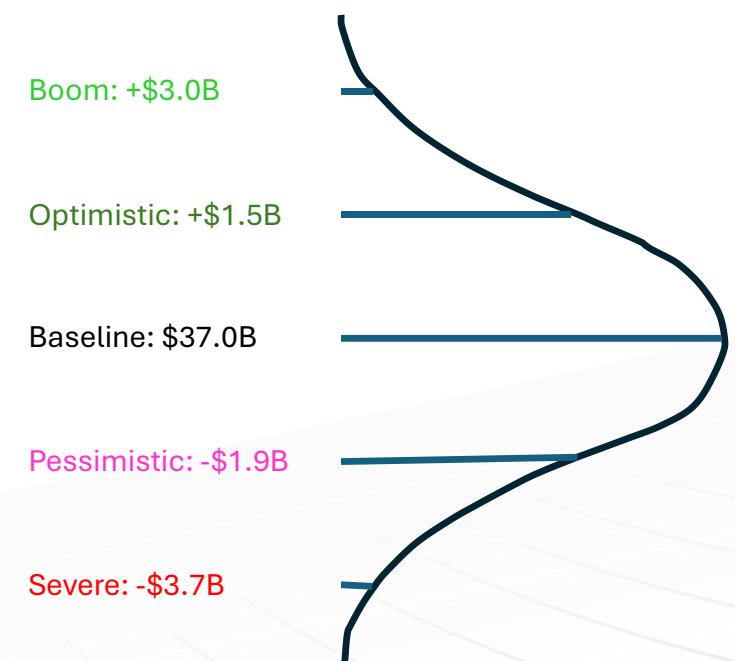


General Fund Revenue\* Scenarios (millions)

		2025-27	2027-29	2029-31	2031-33	2033-35
<b>Boom (3%)</b>	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%
<b>Optimistic (15%)</b>	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%
<b>Baseline (62%)</b>	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%
<b>Pessimistic (18%)</b>	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%
<b>Severe (2%)</b>	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
<b>Total Other Revenues</b>	<b>5,135.3</b>	<b>48.3</b>

### Key Takeaways:

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

# Contact Information

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