

Revenue Forecast Modernization Act

HB 4125

The federal administration has drastically cut services across the nation and most Oregonians are going to feel the hit. Our state's current revenue structure has the opportunity to increase available funds for these critical services and decrease the impact. We must improve our budgeting practices now.

HOW WE FORECAST

Our state economists are expected to predict revenues two years in advance. Any variance above 2% of the actual revenue, two years later, is returned to tax payers as a refundable tax credit. **This is an impossible task.** The inaccuracy it leads to has forced the state to slash critical services even when there was enough revenue to preserve current service level. **Interestingly, the mere fact that the kicker rebate exists is consistently cited as a primary reason for the state's bond rating being AA instead of AAA.**

HOW HB 4125 WORKS

Most of the revenue forecast process remains unchanged. Any surplus revenue continues to be sent back as the kicker rebate. The economist gives the legislature more information in the form of their range of estimates.

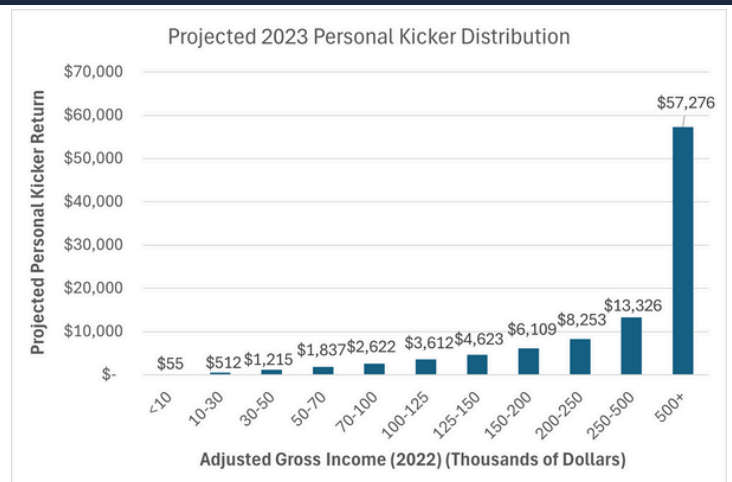


- Kicker amount
- New** forecast range with high and low estimates, used for one-time expenses like PERS payments and wildfires
- More reliable revenue, used for ongoing services and programs like Medicaid and K-12 education

WHY THIS MATTERS

About two thirds of kicker rebates go to the top 20% of income tax filers, who make over \$100k. The top 1%, who earns over \$500k, receives nearly one fifth.

In 2022, those with the **most** disposable **income** in our state got **over \$55,000** in kicker returns, while the **lowest earners** got **about \$55**, and the entire state lost billions in revenue funding for critical services.



Lawmakers must act now.

Now more than ever, Oregon must take proactive steps to improve revenue forecast accuracy and create budget stability.

The *Revenue Forecast Modernization Act* requires our state economists to present the revenue forecast as a range. The kicker rebate will then be tied to the higher end while the state uses the lower end to budget for ongoing services like **k-12 education, food assistance, and other important programs on which working-class Oregonians rely**. HB 4125 then dedicates the amount of revenue falling within that range to one-time expenses like paying down the PERS unfunded liability, building and preserving affordable housing, and wildfire recovery.

States have a responsibility to **invest public dollars where they matter most** — in the lives of everyday Oregonians. That means **strengthening the foundations of livability**: access to food, child care, housing, health care, emergency response, and other basic needs. Public funds should lift up our communities, not concentrate benefits among the wealthiest.

When we prioritize people's real needs, we build a healthier, more resilient Oregon where everyone has the chance to thrive.

Feb. 2026 Revenue Forecast

This slide is included in this session's revenue forecast presentation from the state economist, on 2/4/26. It is clear we already have the data and processes to create a forecast range. HB 4125 just makes it available in the budgeting process.

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



With any questions, please reach out to Representative Mark Gamba at:
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