

STATE OF OREGON  
**LEGISLATIVE REVENUE OFFICE**

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## LRO FORECAST SUMMARY

**March 2018**

### NEW FACTS SINCE THE LAST FORECAST

	4th Qtr 2017 Forecast	4th Qtr 2017 Actuals	Difference
Employment	1,894,226	1,884,902	-9,324
Personal Income (\$ billion)	196.7	196.2	-0.5
Personal Income Tax (\$ million)			
Withholding	1,769.2	1,836.2	67.0
Other Payments less Refunds	192.4	354.4	162.0
Total	1,961.6	2,190.6	229.0
Corporate Income Tax	131.9	142.3	10.4

#### NEW FACTS

- Fourth Quarter personal income tax collections were up \$229 million (11.7%) from the December 2017 forecast.
- Fourth Quarter corporate income tax collections were up \$10.4 million (7.9%) from the December 2017 forecast.
- Oregon personal income was down \$0.5 billion (-0.2%) from the December 2017 forecast.
- Oregon employment was down 9,324 jobs (-0.5%) from the December 2017 forecast.

## 2017-19

### CHANGE FROM CLOSE OF SESSION (\$ Million)

General Fund Resources	Close of Session	March 2018 Forecast	Difference
Beginning Balance	780.8	977.9	197.0
Transfer to Rainy Day Fund	-180.1	-179.4	0.7
Personal	17,147.4	17,174.8	27.4
Corporate	1,077.0	978.2	-98.8
Other	1,327.6	1,337.8	10.2
Gross GF Revenue	19,551.9	19,490.7	-61.2
Shared Services Fund	-33.0	-32.9	0.0
Rainy Day Fund	-42.5	-34.0	8.5
Net GF Revenue	19,476.5	19,423.8	-52.7
Lottery Resources**	1,331.9	1,442.3	110.3
Anticipated Administrative Actions***	-21.5	-21.5	0.0
<b>Net GF and Lottery Resources</b>	<b>21,387.6</b>	<b>21,643.0</b>	<b>255.4</b>

\*\* All lottery resources including dedicated funds.

\*\*\* Administrative Actions equal expenses associated with cash flow management, exclusive of internal borrowing.

### CHANGE SINCE CLOSE OF SESSION

- Personal income tax revenue is up \$27.4 (0.2%) million from the 2017 COS estimate.
- Corporate tax revenue is down \$98.8 million (-9.2%) from the 2017 COS estimate.
- General Fund gross revenue is down \$61.2 million (-0.3%) from the 2017 COS estimate.
- Net GF and Lottery resources are up \$255.4 million (1.2%) from the 2017 COS estimate.

### EFFECT ON 2% KICKER

(\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	March 2018 Forecast	Amount +/- Kicker Threshold
Personal & Other	18,475.0	18,844.5	18,512.6	-331.9
Corporation*	1,059.0	1,080.2	960.2	-120.0

\* As per the AG, the corporate kicker calculation excludes the minimum tax paid by S-corporations because it is a flat tax.

### KICKER REFUNDS IMPLIED BY FORECAST

**PERSONAL:** There is no personal kicker projected for 2019-21.

**CORPORATE:** No corporate tax revenue is projected to be dedicated to K-12 education spending in 2019-21.

<b>2017-19</b>
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**CHANGE FROM PRIOR FORECAST**  
(\$ Million)

<b>Combined Revenue</b>	December 2017 Forecast	March 2018 Forecast	Difference
Beginning Balance	875.7	977.9	102.2
Transfer to Rainy Day Fund	-180.1	-179.4	0.7
Personal	17,118.5	17,174.8	56.2
Corporate	1,078.0	978.2	-99.8
Other	1,334.3	1,337.8	3.5
Gross GF Revenue	19,530.8	19,490.7	-40.1
Shared Services Fund	-32.9	-32.9	0.0
Rainy Day Fund	-41.0	-34.0	7.0
Net GF Revenue	19,456.9	19,423.8	-33.1
Administrative Actions*	-21.5	-21.5	0.0
Net General Fund Resources	20,130.9	20,200.8	69.8
Lottery Resources**	1,413.0	1,442.3	29.3
Net Combined Resources	21,543.9	21,643.0	99.1

\* Administrative Actions equal expenses associated with cash flow management, exclusive of internal borrowing.

\*\* All lottery resources including dedicated funds.

<b>REVENUE CHANGES</b>
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- Projected 2017-19 Net General Fund resources are up \$69.8 million (0.3%) from the December 2017 forecast.
- Projected 2017-19 Lottery resources are up \$29.3 million (2.1%) from the December 2017 forecast.
- Projected combined net General Fund and Lottery resources are up \$99.1 million (0.5%) from the December 2017 forecast.

<b>2017-19</b>
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## EFFECT ON ENDING BALANCE

Current vs. Close of Session  
(\$ Million)

General Fund	Close of Session	March 2018 Forecast	Difference
Beginning Balance	780.8	977.9	197.0
Transfer to Rainy Day Fund	-180.1	-179.4	0.7
Revenue	19,476.5	19,423.8	-52.7
Administrative Actions	-21.5	-21.5	0.0
Total Resources	20,055.7	20,200.8	145.0
Expenditures	19,858.8	19,858.8	0.0
Ending Balance	196.9	342.0	145.0
Rainy Day Fund Transfer	196.9	198.6	1.7
Remaining Balance	0.0	143.4	143.4

<b>ENDING BALANCE</b>
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- The projected ending balance is up \$145 million from the 2017 Close-of-Session estimate.
- The projected ending balance is up \$69.8 million (25.7%) from the December 2017 forecast.
- The Rainy Day Fund is projected to receive \$198.6 million following the 2017-19 biennium.

Current vs. Prior Forecast  
(\$ Million)

General Fund	December 2017 Forecast	March 2018 Forecast	Difference
Beginning Balance	875.7	977.9	102.2
Transfer to Rainy Day Fund	-180.1	-179.4	0.7
Revenue	19,456.9	19,423.8	-33.1
Administrative Actions	-21.5	-21.5	0.0
Total Resources	20,130.9	20,200.8	69.8
Expenditures	19,858.8	19,858.8	0.0
Ending Balance	272.1	342.0	69.8
Rainy Day Fund Transfer	198.6	198.6	0.0
Remaining Balance	73.6	143.4	69.8

<b>2017-19</b>
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<b>Reserve Fund Position</b>				
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	Education Stability Fund *	Rainy Day Fund	General Fund	Reserves Available
	(\$ Millions)			
Beginning Balance	\$384.2	\$376.4		\$760.6
Deposits	\$224.7	\$233.8		\$458.5
Interest	\$21.6	\$22.5		\$44.1
Withdrawals	\$21.6	\$0.0		\$21.6
Projected Ending Balance	\$608.5	\$632.7	\$342.0	\$1,583.1

\*Excludes funds in the Oregon Growth and the Oregon Resource and Technology Development subaccounts.

<b>2019-21</b>
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**CHANGE FROM PRIOR FORECAST**  
(\$ Million)

Combined Revenue	December 2017 Forecast	March 2018 Forecast	Difference
Beginning Balance	272.1	342.0	69.8
Transfer to Rainy Day Fund	-198.6	-198.6	0.0
Personal	19,348.4	19,164.3	-184.1
Corporate	1,086.1	1,164.5	78.4
Other	1,317.6	1,314.8	-2.8
Gross GF Revenue	21,752.1	21,643.5	-108.6
Shared Services Fund	-33.0	-33.0	0.0
Rainy Day Fund	-43.3	-41.7	1.6
Net GF Revenue	21,675.8	21,568.8	-106.9
Net General Fund Resources	21,749.3	21,712.2	-37.1
Lottery Resources*	1,401.1	1,413.3	12.2
Net Combined Resources	23,150.4	23,125.5	-24.9

\* All lottery resources including dedicated funds

<b>2021-23</b>
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**CHANGE FROM PRIOR FORECAST**  
(\$ Million)

Combined Revenue	December 2017 Forecast	March 2018 Forecast	Difference
Personal	21,355.9	21,089.6	-266.3
Corporate	1,150.6	1,336.5	185.9
Other	1,402.2	1,390.1	-12.1
Gross GF Revenue	23,908.7	23,816.1	-92.6
Shared Services Fund	-33.1	-33.1	0.0
Rainy Day Fund	-46.0	-44.7	1.3
Net GF Revenue	23,829.6	23,738.3	-91.3
Lottery Resources*	1,521.8	1,530.0	8.2
Net Combined Revenue	25,351.4	25,268.2	-83.1

\* All lottery resources including dedicated funds

<b>2023-25</b>
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**CHANGE FROM PRIOR FORECAST**  
(\$ Million)

Combined Revenue	December 2017 Forecast	March 2018 Forecast	Difference
Personal	23,234.2	23,133.0	-101.2
Corporate	1,238.6	1,410.4	171.7
Other	1,486.6	1,465.3	-21.3
Gross GF Revenue	25,959.5	26,008.7	49.2
Shared Services Fund	-33.2	-33.2	0.0
Rainy Day Fund	-48.2	-49.3	-1.1
Net GF Revenue	25,878.0	25,926.2	48.2
Lottery Resources*	1,611.3	1,616.7	5.4
Net Combined Revenue	27,489.3	27,542.9	53.5

\* All lottery resources including dedicated funds

<b>Biennial Net Revenue Growth: 1993 - 2027</b>				
	<b>Personal</b>	<b>Corporate</b>	<b>Other</b>	<b>Total</b>
<b>1993-95 to 1995-97</b>	17.1%	18.8%	28.4%	18.3%
<b>1995-97 to 1997-99</b>	13.0%	-13.9%	-17.6%	7.7%
<b>1997-99 to 1999-01</b>	22.6%	28.2%	2.8%	21.5%
<b>1999-01 to 2001-03</b>	-11.9%	-44.4%	97.9%	-7.5%
<b>2001-03 to 2003-05</b>	16.8%	52.5%	-35.4%	11.4%
<b>2003-05 to 2005-07</b>	22.8%	31.7%	6.4%	22.1%
<b>2005-07 to 2007-09</b>	-8.6%	-18.9%	10.2%	-8.0%
<b>2007-09 to 2009-11</b>	3.7%	20.9%	29.8%	6.8%
<b>2009-11 to 2011-13</b>	15.7%	6.8%	-4.1%	13.1%
<b>2011-13 to 2013-15</b>	14.8%	25.0%	-12.4%	13.2%
<b>2013-15 to 2015-17</b>	15.4%	8.1%	25.2%	15.5%
<b>2015-17 to 2017-19</b>	6.9%	-21.0%	3.8%	4.9%
<b>2017-19 to 2019-21</b>	12.7%	10.4%	-1.5%	11.6%
<b>2019-21 to 2021-23</b>	9.0%	23.9%	5.5%	9.5%
<b>2021-23 to 2023-25</b>	9.7%	5.4%	5.4%	9.2%
<b>2023-25 to 2025-27</b>	10.3%	3.5%	5.4%	9.7%

	<b>Personal</b>	<b>Corporate</b>	<b>Other</b>	<b>Total</b>
<b>1993-95 to 1995-97</b>	17.1%	18.8%	28.4%	18.3%
<b>1995-97 to 1997-99</b>	13.0%	-13.9%	-17.6%	7.7%
<b>1997-99 to 1999-01</b>	22.6%	28.2%	2.8%	21.5%
<b>1999-01 to 2001-03</b>	-11.9%	-44.4%	97.9%	-7.5%
<b>2001-03 to 2003-05</b>	16.8%	52.5%	-35.4%	11.4%
<b>2003-05 to 2005-07</b>	22.8%	31.7%	6.4%	22.1%
<b>2005-07 to 2007-09</b>	-8.6%	-18.9%	10.2%	-8.0%
<b>2007-09 to 2009-11</b>	3.7%	20.9%	29.8%	6.8%
<b>2009-11 to 2011-13</b>	15.7%	6.8%	-4.1%	13.1%
<b>2011-13 to 2013-15</b>	14.8%	25.0%	-12.4%	13.2%
<b>2013-15 to 2015-17</b>	15.4%	8.1%	25.2%	15.5%
<b>2015-17 to 2017-19</b>	6.9%	-21.0%	3.8%	4.9%
<b>2017-19 to 2019-21</b>	12.7%	10.4%	-1.5%	11.6%
<b>2019-21 to 2021-23</b>	9.0%	23.9%	5.5%	9.5%
<b>2021-23 to 2023-25</b>	9.7%	5.4%	5.4%	9.2%
<b>2023-25 to 2025-27</b>	10.3%	3.5%	5.4%	9.7%