

STATE OF OREGON
LEGISLATIVE REVENUE OFFICE

STATE CAPITOL BUILDING
900 COURT ST. NE RM 143
SALEM, OREGON 97301
PHONE (503) 986-1266
FAX (503) 986-1770

Chris Allanach, Legislative Revenue Officer

LRO FORECAST SUMMARY

December 2018

NEW FACTS SINCE THE LAST FORECAST

	3rd Qtr 2018 Forecast	3rd Qtr 2018 Actuals	Difference
Employment	1,920,148	1,912,501	-7,647
Personal Income (\$ billion)	203.4	210.4	7.0
Personal Income Tax (\$ million)			
Withholding	1,868.4	1,925.9	57.4
Other Payments less Refunds	252.4	331.7	79.3
Total	2,120.8	2,257.6	136.8
Corporate Income Tax	191.5	254.2	62.7

NEW FACTS

- Third Quarter personal income tax collections were up \$136.8 million (6.4%) from the September 2018 forecast.
- Third Quarter corporate income tax collections were up \$62.7 million (32.7%) from the September 2018 forecast.
- Oregon personal income was \$7.0 billion (3.4%) above the September 2018 forecast.
- Oregon employment was 7,647 jobs (-0.4%) below the September 2018 forecast.

2017-19

CHANGE FROM CLOSE OF SESSION (\$ Million)

General Fund Resources	Close of Session	December 2018 Forecast	Difference
Beginning Balance	780.8	1,000.4	219.5
Transfer to Rainy Day Fund	-180.1	-179.4	0.7
Personal	17,147.4	17,804.7	657.3
Corporate	1,077.0	1,306.6	229.6
Other	1,327.6	1,394.7	67.1
Gross GF Revenue	19,551.9	20,505.9	954.0
Shared Services Fund	-33.0	-33.0	0.0
Rainy Day Fund	-42.5	-38.8	3.7
Net GF Revenue	19,476.5	20,434.2	957.7
Lottery Resources**	1,331.9	1,493.8	161.8
Anticipated Administrative Actions***	-21.5	-21.5	0.0
Net GF and Lottery Resources	21,387.6	22,727.4	1,339.8

** 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 \$657.3 (3.8%) million from the 2017 COS estimate.
- Corporate tax revenue is up \$229.6 million (21.3%) from the 2017 COS estimate.
- General Fund gross revenue is up \$954.0 million (4.9%) from the 2017 COS estimate.
- Net GF and Lottery resources are up \$1,339.8 million (6.3%) from the 2017 COS estimate.

EFFECT ON 2% KICKER (\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	December 2018 Forecast	Amount +/- Kicker Threshold
Personal & Other	18,475.0	18,844.5	19,199.3	354.9
Corporation*	1,059.0	1,080.2	1,288.6	208.4

* 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: A personal kicker of \$724.4 million is projected for 2019-21.

CORPORATE: Corporate tax revenue of \$229.6 million is projected to be dedicated to K-12 education spending in 2019-21.

2017-19

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	September 2018 Forecast	December 2018 Forecast	Difference
Beginning Balance	1,000.4	1,000.4	0.0
Transfer to Rainy Day Fund	-179.4	-179.4	0.0
Personal	17,772.4	17,804.7	32.3
Corporate	1,284.8	1,306.6	21.8
Other	1,388.5	1,394.7	6.1
Gross GF Revenue	20,445.7	20,505.9	60.2
Shared Services Fund	-33.0	-33.0	0.0
Rainy Day Fund	-38.1	-38.8	-0.7
Net GF Revenue	20,374.6	20,434.2	59.5
Administrative Actions*	-21.5	-21.5	0.0
Net General Fund Resources	21,174.1	21,233.6	59.5
Lottery Resources**	1,477.8	1,493.8	16.0
Net Combined Resources	22,651.9	22,727.4	75.5

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

** All lottery resources including dedicated funds.

REVENUE CHANGES

- Projected 2017-19 Net General Fund resources are up \$59.5 million (0.3%) from the September 2018 forecast.
- Projected 2017-19 Lottery resources are up \$16.0 million (1.1%) from the September 2018 forecast.
- Projected combined net General Fund and Lottery resources are up \$75.5 million (0.3%) from the September 2018 forecast.

2017-19

EFFECT ON ENDING BALANCE

Current vs. Close of Session
(\$ Million)

General Fund	Close of Session	December 2018 Forecast	Difference
Beginning Balance	780.8	1,000.4	219.5
Transfer to Rainy Day Fund	-180.1	-179.4	0.7
Revenue	19,476.5	20,434.2	957.7
Administrative Actions	-21.5	-21.5	0.0
Total Resources	20,055.7	21,233.6	1,177.9
Expenditures	19,858.8	19,925.8	67.0
Ending Balance	196.9	1,307.9	1,111.0
Rainy Day Fund Transfer	196.9	199.3	2.3
Remaining Balance	0.0	1,108.6	1,108.6

ENDING BALANCE

- The projected ending balance is up \$1,111.0 million from the 2017 Close-of-Session estimate.
- The projected ending balance is up \$59.5 million from the September 2018 forecast.
- The Rainy Day Fund is projected to receive \$199.3 million following the 2017-19 biennium.

Current vs. Prior Forecast
(\$ Million)

General Fund	September 2018 Forecast	December 2018 Forecast	Difference
Beginning Balance	1,000.4	1,000.4	0.0
Transfer to Rainy Day Fund	-179.4	-179.4	0.0
Revenue	20,374.6	20,434.2	59.5
Administrative Actions	-21.5	-21.5	0.0
Total Resources	21,174.1	21,233.6	59.5
Expenditures	19,925.8	19,925.8	0.0
Ending Balance	1,248.4	1,307.9	59.5
Rainy Day Fund Transfer	199.3	199.3	0.0
Remaining Balance	1,049.1	1,108.6	59.5

2017-19

Reserve Fund Position				
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	Education Stability Fund *	Rainy Day Fund	General Fund	Reserves Available
	(\$ Millions)			
Beginning Balance	\$384.2	\$376.4		\$760.6
Deposits	\$233.1	\$179.4		\$412.5
Interest	\$22.8	\$39.9		\$62.7
Withdrawals	\$22.8	\$0.0		\$22.8
Projected Ending Balance	\$617.2	\$595.7	\$1,307.9	\$2,520.8

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

2019-21

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	September 2018 Forecast	December 2018 Forecast	Difference
Beginning Balance	1,248.4	1,307.9	59.5
Transfer to Rainy Day Fund	-199.3	-199.3	0.0
Personal	19,073.3	19,057.8	-15.4
Corporate	1,118.9	1,129.6	10.7
Other	1,310.7	1,326.3	15.6
Gross GF Revenue	21,502.9	21,513.8	10.9
Shared Services Fund	-33.1	-33.1	0.0
Rainy Day Fund	-43.7	-44.1	-0.4
PERS UAL Fund	-145.0	-101.5	43.5
Net GF Revenue	21,281.2	21,335.2	54.0
Net General Fund Resources	22,330.3	22,443.8	113.5
Lottery Resources*	1,464.8	1,487.7	22.9
Net Combined Resources	23,795.0	23,931.5	136.4

* All lottery resources including dedicated funds

2021-23

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	September 2018 Forecast	December 2018 Forecast	Difference
Personal	21,977.5	22,067.5	90.0
Corporate	1,281.9	1,292.1	10.2
Other	1,349.4	1,368.5	19.1
Gross GF Revenue	24,608.8	24,728.1	119.3
Shared Services Fund	-33.2	-33.2	0.0
Rainy Day Fund	-48.1	-48.5	-0.4
Net GF Revenue	24,527.6	24,646.4	118.9
Lottery Resources*	1,534.6	1,547.9	13.3
Net Combined Revenue	26,062.2	26,194.3	132.1

* All lottery resources including dedicated funds

2023-25

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	September 2018 Forecast	December 2018 Forecast	Difference
Personal	24,063.1	24,078.0	14.9
Corporate	1,392.8	1,408.1	15.4
Other	1,417.6	1,441.4	23.9
Gross GF Revenue	26,873.4	26,927.6	54.2
Shared Services Fund	-33.3	-33.3	0.0
Rainy Day Fund	-50.2	-50.6	-0.4
Net GF Revenue	26,789.9	26,843.7	53.8
Lottery Resources*	1,621.3	1,657.2	35.8
Net Combined Revenue	28,411.3	28,500.9	89.6

* All lottery resources including dedicated funds

2025-27

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	September 2018 Forecast	December 2018 Forecast	Difference
Personal	26,225.4	26,128.6	-96.8
Corporate	1,568.4	1,593.3	24.8
Other	1,492.7	1,520.1	27.3
Gross GF Revenue	29,286.5	29,241.9	-44.6
Shared Services Fund	-33.4	-33.4	0.0
Rainy Day Fund	-54.2	-54.6	-0.4
Net GF Revenue	29,198.9	29,153.9	-45.0
Lottery Resources*	1,711.9	1,751.9	39.9
Net Combined Revenue	30,910.8	30,905.7	-5.1

* All lottery resources including dedicated funds

Biennial Net Revenue Growth: 1993 - 2027

	Personal	Corporate	Other	Total
1993-95 to 1995-97	17.1%	18.8%	28.4%	18.3%
1995-97 to 1997-99	13.0%	-13.9%	-17.6%	7.7%
1997-99 to 1999-01	22.6%	28.2%	2.8%	21.5%
1999-01 to 2001-03	-11.9%	-44.4%	97.9%	-7.5%
2001-03 to 2003-05	16.8%	52.5%	-35.4%	11.4%
2003-05 to 2005-07	22.8%	31.7%	6.4%	22.1%
2005-07 to 2007-09	-8.6%	-18.9%	10.2%	-8.0%
2007-09 to 2009-11	3.7%	20.9%	29.8%	6.8%
2009-11 to 2011-13	15.7%	6.8%	-4.1%	13.1%
2011-13 to 2013-15	14.8%	25.0%	-12.4%	13.2%
2013-15 to 2015-17	15.4%	8.1%	25.2%	15.5%
2015-17 to 2017-19	10.8%	6.1%	8.2%	10.3%
2017-19 to 2019-21	7.1%	-38.1%	-6.0%	3.4%
2019-21 to 2021-23	15.7%	58.4%	4.4%	16.6%
2021-23 to 2023-25	9.1%	9.2%	5.3%	8.9%
2023-25 to 2025-27	8.5%	13.3%	5.5%	8.6%