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## LRO FORECAST SUMMARY

**December 2019**

### NEW FACTS SINCE THE LAST FORECAST

	3rd Qtr 2019 Forecast	3rd Qtr 2019 Actuals	Difference
Employment	1,950,967	1,943,270	-7,697
Personal Income (\$ billion)	222.2	225.8	3.7
Personal Income Tax (\$ million)			
Withholding	2,094.9	2,059.7	-35.2
Other Payments less Refunds	352.3	400.6	48.3
Total	2,447.3	2,460.3	13.1
Corporate Income Tax	220.9	230.1	9.2

#### NEW FACTS

- Third Quarter personal income tax collections were up \$13.1 million (0.5%) from the September 2019 forecast.
- Third Quarter corporate income tax collections were up \$9.2 million (4.2%) from the September 2019 forecast.
- Oregon personal income was \$3.7 billion (1.7%) above the September 2019 forecast.
- Oregon employment was 7,697 jobs (-0.4%) below the September 2019 forecast.

## 2019-21

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

General Fund Resources	Close of Session	December 2019 Forecast	Difference
Beginning Balance	2,318.4	2,650.5	332.1
Transfer to Rainy Day Fund	-199.5	-199.5	0.0
Personal	18,283.5	18,285.8	2.3
Corporate	1,190.8	1,325.9	135.1
Other	1,546.1	1,557.4	11.3
Gross GF Revenue	21,020.4	21,169.0	148.6
Shared Services Fund	-45.3	-45.3	0.0
Rainy Day Fund	-56.8	-62.3	-5.5
PERS UAL Fund	-101.5	-101.5	0.0
Net GF Revenue	20,816.9	20,959.9	143.1
Lottery Resources**	1,530.9	1,546.6	15.7
Anticipated Administrative Actions***	-21.5	-21.5	0.0
Net GF and Lottery Resources	24,445.3	24,936.1	490.8

\*\* 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 \$2.3 (0.0%) million from the 2019 COS estimate.
- Corporate tax revenue is up \$135.1 million (11.3%) from the 2019 COS estimate.
- General Fund gross revenue is up \$148.6 million (0.7%) from the 2019 COS estimate.
- Net GF and Lottery resources are up \$490.8 million (2.0%) from the 2019 COS estimate.

### EFFECT ON 2% KICKER

(\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	December 2019 Forecast	Amount +/- Kicker Threshold
Personal & Other	19,829.6	20,226.2	19,843.1	-383.0
Corporation*	1,171.3	1,194.7	1,306.4	111.6

\* 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:** No personal kicker is projected for 2021.

**CORPORATE:** Corporate tax revenue of \$135.1 million is projected to be dedicated to K-12 education spending in 2021-23.

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

Combined Revenue	September 2019 Forecast	December 2019 Forecast	Difference
Beginning Balance	2,532.3	2,650.5	118.2
Transfer to Rainy Day Fund	-199.5	-199.5	0.0
Personal	18,292.4	18,285.8	-6.7
Corporate	1,270.0	1,325.9	55.9
Other	1,549.8	1,557.4	7.6
Gross GF Revenue	21,112.1	21,169.0	56.9
Shared Services Fund	-45.3	-45.3	0.0
Rainy Day Fund	-50.0	-62.3	-12.3
PERS UAL Fund	-101.5	-101.5	0.0
Net GF Revenue	20,915.3	20,959.9	44.6
Administrative Actions*	-21.5	-21.5	0.0
Net General Fund Resources	23,226.7	23,389.5	162.8
Lottery Resources**	1,542.6	1,546.6	4.0
Net Combined Resources	24,769.4	24,936.1	166.8

\* 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 2019-21 Net General Fund resources are up \$44.6 million (0.2%) from the September 2019 forecast.
- Projected 2019-21 Lottery resources are up \$4.0 million (0.3%) from the September 2019 forecast.
- Projected combined net General Fund and Lottery resources are up \$166.8 million (0.7%) from the September 2019 forecast.

<b>2019-21</b>
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## EFFECT ON ENDING BALANCE

Current vs. Close of Session  
(\$ Million)

General Fund	Close of Session	December 2019 Forecast	Difference
Beginning Balance	2,318.4	2,650.5	332.1
Transfer to Rainy Day Fund	-199.5	-199.5	0.0
Revenue	20,816.9	20,959.9	143.1
Administrative Actions	-21.5	-21.5	0.0
Total Resources	22,914.4	23,389.5	475.1
Expenditures	22,409.5	22,409.5	0.0
Ending Balance	504.9	980.1	475.1
Rainy Day Fund Transfer	224.1	224.1	0.0
Remaining Balance	280.8	756.0	475.1

<b>ENDING BALANCE</b>
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- The projected ending balance is up \$475.1 million from the 2019 Close-of-Session estimate.
- The projected ending balance is up \$162.8 million from the September 2019 forecast.
- The Rainy Day Fund is projected to receive \$224.1 million following the 2019-21 biennium.

Current vs. Prior Forecast  
(\$ Million)

General Fund	September 2019 Forecast	December 2019 Forecast	Difference
Beginning Balance	2,532.3	2,650.5	118.2
Transfer to Rainy Day Fund	-199.5	-199.5	0.0
Revenue	20,915.3	20,959.9	44.6
Administrative Actions	-21.5	-21.5	0.0
Total Resources	23,226.7	23,389.5	162.8
Expenditures	22,409.5	22,409.5	0.0
Ending Balance	817.3	980.1	162.8
Rainy Day Fund Transfer	224.1	224.1	0.0
Remaining Balance	593.2	756.0	162.8

**2019-21**

**Reserve Fund Position**

	<b>Education Stability Fund *</b>	<b>Rainy Day Fund</b>	<b>General Fund</b>	<b>Reserves Available</b>
	(\$ Millions)			
Beginning Balance	\$621.1	\$666.6		\$1,287.7
Deposits	\$239.0	\$199.5		\$438.5
Interest	\$31.8	\$33.3		\$65.1
Withdrawals	\$33.2	\$0.0		\$33.2
Projected Ending Balance	\$858.7	\$899.4	\$980.1	\$2,738.1

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

**2021-23**

**CHANGE FROM PRIOR FORECAST  
(\$ Million)**

<b>Combined Revenue</b>	September 2019 Forecast	December 2019 Forecast	Difference
Beginning Balance	817.3	980.1	162.8
Transfer to Rainy Day Fund	-224.1	-224.1	0.0
Personal	21,660.6	21,709.3	48.7
Corporate	1,283.8	1,288.4	4.6
Other	1,400.7	1,405.0	4.3
Gross GF Revenue	24,345.0	24,402.7	57.6
Shared Services Fund	-50.0	-50.0	0.0
Rainy Day Fund	-50.1	-62.0	-11.9
Net GF Revenue	24,244.9	24,290.6	45.7
Net General Fund Resources	24,838.1	25,046.6	208.5
Lottery Resources*	1,603.9	1,603.2	-0.7
Net Combined Resources	26,442.0	26,649.8	207.8

\* All lottery resources including dedicated funds

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

<b>Combined Revenue</b>	September 2019 Forecast	December 2019 Forecast	Difference
Personal	23,647.0	23,672.7	25.6
Corporate	1,442.7	1,459.4	16.7
Other	1,466.5	1,470.9	4.3
Gross GF Revenue	26,556.3	26,603.0	46.7
Shared Services Fund	-48.8	-48.8	0.0
Rainy Day Fund	-52.6	-65.5	-12.9
Net GF Revenue	26,454.9	26,488.7	33.8
Lottery Resources*	1,747.1	1,742.7	-4.4
Net Combined Revenue	28,202.0	28,231.4	29.4

\* All lottery resources including dedicated funds

<b>2025-27</b>
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**CHANGE FROM PRIOR FORECAST  
(\$ Million)**

<b>Combined Revenue</b>	September 2019 Forecast	December 2019 Forecast	Difference
Personal	25,534.1	25,717.4	183.3
Corporate	1,643.4	1,697.3	53.8
Other	1,537.8	1,543.1	5.4
Gross GF Revenue	28,715.3	28,957.8	242.5
Shared Services Fund	-49.3	0.0	49.3
Rainy Day Fund	-64.3	-78.3	-14.0
Net GF Revenue	28,601.7	28,879.5	277.8
Lottery Resources*	1,854.0	1,848.5	-5.5
Net Combined Revenue	30,455.7	30,728.1	272.3

\* All lottery resources including dedicated funds

<b>2027-29</b>
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**CHANGE FROM PRIOR FORECAST**  
(\$ Million)

Combined Revenue	September 2019 Forecast	December 2019 Forecast	Difference
Personal	28,139.0	28,408.1	269.1
Corporate	1,821.1	1,909.0	87.9
Other	1,622.6	1,639.2	16.6
Gross GF Revenue	31,582.7	31,956.3	373.6
Shared Services Fund	-51.0	0.0	51.0
Rainy Day Fund	-66.4	-80.8	-14.5
Net GF Revenue	31,465.3	31,875.4	410.1
Lottery Resources*	1,957.5	1,952.0	-5.5
Net Combined Revenue	33,422.8	33,827.4	404.6

\* All lottery resources including dedicated funds

<b>Biennial Net Revenue Growth: 1993 - 2029</b>
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	Personal	Corporate	Other	Total
<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>	17.1%	39.4%	3.9%	17.6%
<b>2017-19 to 2019-21</b>	-2.9%	-30.2%	16.3%	-3.8%
<b>2019-21 to 2021-23</b>	18.7%	5.5%	-9.8%	15.9%
<b>2021-23 to 2023-25</b>	9.1%	13.7%	4.7%	9.0%
<b>2023-25 to 2025-27</b>	8.9%	16.1%	4.9%	9.0%
<b>2025-27 to 2027-29</b>	10.5%	12.9%	6.2%	10.4%