

STATE OF OREGON  
**LEGISLATIVE REVENUE OFFICE**

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## LRO FORECAST SUMMARY

**September 2019**

### NEW FACTS SINCE THE LAST FORECAST

	2nd Qtr 2019 Forecast	2nd Qtr 2019 Actuals	Difference
Employment	1,948,194	1,939,617	-8,577
Personal Income (\$ billion)	217.8	219.1	1.3
Personal Income Tax (\$ million)			
Withholding	1,969.7	1,999.0	29.3
Other Payments less Refunds	1,241.3	1,472.3	231.0
Total	3,211.0	3,471.3	260.3
Corporate Income Tax	414.4	388.7	-25.8

#### NEW FACTS

- Second Quarter personal income tax collections were up \$260.3 million (8.1%) from the June 2019 forecast.
- Second Quarter corporate income tax collections were down \$25.8 million (-6.2%) from the June 2019 forecast.
- Oregon personal income was up \$1.3 billion (0.6%) from the June 2019 forecast.
- Oregon employment came in 8,577 jobs below (-0.4%) the June 2019 forecast.

## 2017-19

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

General Fund Resources	Close of Session	September 2019 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	18,705.1	1,557.8
Corporate	1,077.0	1,752.7	675.8
Other	1,327.6	1,339.3	11.7
Gross GF Revenue	19,551.9	21,797.2	2,245.2
Shared Services Fund	-33.0	-42.2	-9.3
Rainy Day Fund	-42.5	-87.3	-44.8
Net GF Revenue	19,476.5	21,667.6	2,191.2
Lottery Resources**	1,331.9	1,511.4	179.5
Anticipated Administrative Actions***	-21.5	-10.4	11.1
<b>Net GF and Lottery Resources</b>	<b>21,387.6</b>	<b>23,989.6</b>	<b>2,602.0</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 \$1,557.8 million (9.1%) from the 2017 COS estimate.
- Corporate tax revenue is up \$675.8 million (62.7%) from the 2017 COS estimate.
- General Fund gross revenue is up \$2,245.2 million (11.5%) from the 2017 COS estimate.
- Net GF and Lottery resources are up \$2,602.0 million (12.2%) from the 2017 COS estimate.

### EFFECT ON 2% KICKER

(\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	September 2019 Forecast	Amount +/- Kicker Threshold
Personal & Other	18,475.0	18,844.5	20,044.4	1,200.0
Corporation*	1,059.0	1,080.2	1,734.5	654.4

\* 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 \$1,569.5 million is projected for 2019-21.

**CORPORATE:** \$675.6 million of corporate tax revenue is projected to be dedicated to K-12 education spending in 2019-21.

**2017-19****CHANGE FROM PRIOR FORECAST  
(\$ Million)**

<b>Combined Revenue</b>	<b>June 2019 Forecast</b>	<b>September 2019 Forecast</b>	<b>Difference</b>
Beginning Balance	1,000.4	1,000.4	0.0
Transfer to Rainy Day Fund	-179.4	-179.4	0.0
Personal	18,587.0	18,705.1	118.1
Corporate	1,692.9	1,752.7	59.9
Other	1,298.2	1,339.3	41.1
Gross GF Revenue	21,578.1	21,797.2	219.0
Shared Services Fund	-42.2	-42.2	0.0
Rainy Day Fund	-82.1	-87.3	-5.2
Net GF Revenue	21,453.8	21,667.6	213.9
Administrative Actions*	-10.4	-10.4	0.0
Net General Fund Resources	22,264.3	22,478.2	213.9
Lottery Resources**	1,511.4	1,511.4	0.0
Net Combined Resources	23,775.8	23,989.6	213.9

\* 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 \$213.9 million (1.0%) from the June 2019 forecast.
- Projected 2017-19 Lottery resources are unchanged from the June 2019 forecast.
- Projected combined net General Fund and Lottery resources are up \$213.9 million (0.9%) from the June 2019 forecast.

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

Current vs. Close of Session  
(\$ Million)

General Fund	Close of Session	September 2019 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	21,667.6	2,191.2
Administrative Actions	-21.5	-10.4	11.1
Total Resources	20,055.7	22,478.2	2,422.5
Expenditures	19,858.8	19,945.9	87.1
Ending Balance	196.9	2,532.3	2,335.4
Rainy Day Fund Transfer	196.9	199.5	2.5
Remaining Balance	0.0	2,332.9	2,332.9

<b>ENDING BALANCE</b>
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- The projected ending balance is up \$2,335.4 million from the 2017 Close-of-Session estimate.
- The projected ending balance is up \$210.7 million (9.1%) from the June 2019 forecast.
- The Rainy Day Fund is projected to receive \$199.5 million following the 2017-19 biennium.

Current vs. Prior Forecast  
(\$ Million)

General Fund	June 2019 Forecast	September 2019 Forecast	Difference
Beginning Balance	1,000.4	1,000.4	0.0
Transfer to Rainy Day Fund	-179.4	-179.4	0.0
Revenue	21,453.8	21,667.6	213.9
Administrative Actions	-10.4	-10.4	0.0
Total Resources	22,264.3	22,478.2	213.9
Expenditures	19,942.7	19,945.9	3.2
Ending Balance	2,321.6	2,532.3	210.7
Rainy Day Fund Transfer	199.4	199.5	0.0
Remaining Balance	2,122.2	2,332.9	210.6

## 2019-21

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

General Fund Resources	Close of Session	September 2019 Forecast	Difference
Beginning Balance	2,318.4	2,532.3	213.9
Transfer to Rainy Day Fund	-199.5	-199.5	0.0
Personal	18,283.5	18,292.4	8.9
Corporate	1,190.8	1,270.0	79.2
Other	1,546.1	1,549.8	3.7
Gross GF Revenue	21,020.4	21,112.1	91.7
Shared Services Fund	-45.3	-45.3	0.0
Rainy Day Fund	-56.8	-50.0	6.7
PERS UAL Fund	-101.5	-101.5	0.0
Net GF Revenue	20,816.9	20,915.3	98.5
Lottery Resources**	1,530.9	1,542.6	11.7
Anticipated Administrative Actions***	-21.5	-21.5	0.0
Net GF and Lottery Resources	24,445.3	24,769.4	324.0

\*\* 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 \$8.9 million (0%) from the 2019 COS estimate.
- Corporate tax revenue is up \$79.2 million (6.6%) from the 2019 COS estimate.
- General Fund gross revenue is up \$91.7 million (0.4%) from the 2019 COS estimate.
- Net GF and Lottery resources are up \$324 million (1.3%) from the 2019 COS estimate.

### EFFECT ON 2% KICKER

(\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	September 2019 Forecast	Amount +/- Kicker Threshold
Personal & Other	19,829.6	20,226.2	19,842.2	-384.0
Corporation*	1,172.8	1,196.3	1,251.8	55.5

\* 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 2021.

**CORPORATE:** \$79.0 million of corporate tax revenue is projected to be dedicated to K-12 education spending in 2021-23.

**2019-21**

**EFFECT ON ENDING BALANCE**

Current vs. Close of Session  
(\$ Million)

General Fund	Close of Session	September 2019 Forecast	Difference
Beginning Balance	2,318.4	2,532.3	213.9
Transfer to Rainy Day Fund	-199.5	-199.5	0.0
Revenue	20,816.9	20,915.3	98.5
Administrative Actions	-21.5	-21.5	0.0
<b>Total Resources</b>	<b>22,914.4</b>	<b>23,226.7</b>	<b>312.3</b>
<b>Expenditures</b>	<b>22,409.5</b>	<b>22,409.5</b>	<b>0.0</b>
Ending Balance	504.9	817.3	312.3
Rainy Day Fund Transfer	224.1	224.1	0.0
Remaining Balance	280.8	593.2	312.3

**ENDING BALANCE**

- The projected ending balance is up \$312.3 million (61.9%) from the 2019 Close-of-Session estimate.
- The Rainy Day Fund is projected to receive \$224.1 million following the 2019-21 biennium.

**2019-21**

<b>Reserve Fund Position</b>				
	<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	\$238.4	\$199.5		\$437.9
Interest	\$34.8	\$36.4		\$71.1
Withdrawals	\$36.2	\$0.0		\$36.2
<b>Projected Ending Balance</b>	<b>\$858.1</b>	<b>\$902.4</b>	<b>\$817.3</b>	<b>\$2,577.8</b>

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

<b>2021-23</b>
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**CHANGE FROM CLOSE OF SESSION**  
**(\$ Million)**

<b>Combined Revenue</b>	Close of Session	September 2019 Forecast	Difference
Personal	21,593.7	21,660.6	66.9
Corporate	1,270.3	1,283.8	13.5
Other	1,434.9	1,400.7	-34.2
Gross GF Revenue	24,298.8	24,345.0	46.2
Shared Services Fund	-50.0	-50.0	0.0
Rainy Day Fund	-64.7	-50.1	14.6
Net GF Revenue	24,184.1	24,244.9	60.8
Lottery Resources*	1,575.5	1,603.9	28.5
Net Combined Revenue	25,759.6	25,848.8	89.3

\* All lottery resources including dedicated funds

<b>2023-25</b>
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**CHANGE FROM CLOSE OF SESSION**  
**(\$ Million)**

<b>Combined Revenue</b>	Close of Session	September 2019 Forecast	Difference
Personal	23,519.8	23,647.0	127.2
Corporate	1,397.9	1,442.7	44.8
Other	1,484.5	1,466.5	-18.0
Gross GF Revenue	26,402.3	26,556.3	154.0
Shared Services Fund	-48.8	-48.8	0.0
Rainy Day Fund	-71.1	-52.6	18.5
Net GF Revenue	26,282.4	26,454.9	172.5
Lottery Resources*	1,703.9	1,747.1	43.2
Net Combined Revenue	27,986.3	28,202.0	215.7

\* All lottery resources including dedicated funds

<b>2025-27</b>
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**CHANGE FROM CLOSE OF SESSION**  
**(\$ Million)**

<b>Combined Revenue</b>	Close of Session	September 2019 Forecast	Difference
Personal	25,526.9	25,534.1	7.2
Corporate	1,599.4	1,643.4	44.0
Other	1,547.1	1,537.8	-9.3
Gross GF Revenue	28,673.3	28,715.3	42.0
Shared Services Fund	-49.3	-49.3	0.0
Rainy Day Fund	-80.8	-64.3	16.6
Net GF Revenue	28,543.2	28,601.7	58.6
Lottery Resources*	1,804.0	1,854.0	50.0
Net Combined Revenue	30,347.2	30,455.7	108.5

\* All lottery resources including dedicated funds

<b>Biennial Net Revenue Growth: 1993 - 2027</b>
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	<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>	16.4%	39.4%	3.9%	17.0%
<b>2017-19 to 2019-21</b>	-2.2%	-32.8%	15.7%	-3.5%
<b>2019-21 to 2021-23</b>	18.4%	10.3%	-9.6%	15.9%
<b>2021-23 to 2023-25</b>	9.2%	12.7%	4.7%	9.1%
<b>2023-25 to 2025-27</b>	8.0%	13.6%	4.9%	8.1%