

STATE OF OREGON
LEGISLATIVE REVENUE OFFICE
 PUBLIC SERVICE BUILDING (Temporary Location)
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LRO FORECAST SUMMARY

September 2023

NEW FACTS SINCE THE LAST FORECAST

	2nd Qtr 2023 Forecast	2nd Qtr 2023 Actuals	Difference
Employment	1,988,984	1,980,269	-8,715
Personal Income (\$ billion)	281.2	279.9	-1.3
Personal Income Tax (\$ million)			
Withholding	2,532.7	2,569.2	36.5
Other Payments less Refunds	1,784.1	1,727.4	-56.6
Total	4,316.8	4,296.7	-20.1
Corporate Income Tax	697.2	521.2	-176.0

NEW FACTS

- Second Quarter personal income tax collections came in \$20.1 million (-0.5%) below the June 2023 forecast.
- Second Quarter corporate income tax collections came in \$176.0 (-25.2%) million below the June 2023 forecast.
- Second Quarter Oregon personal income was \$1.3 billion (-0.5%) below the June 2023 forecast.
- Second Quarter Oregon employment was 8,715 jobs (-0.4%) below the June 2023 forecast.

2021-23

CHANGE FROM CLOSE OF SESSION (\$ Million)

General Fund Resources	Close of Session	September 2023 Forecast	Difference
Beginning Balance	3,025.6	4,082.5	1,056.9
Transfer to Rainy Day Fund	-224.6	-220.7	3.9
Personal	20,628.1	25,737.1	5,109.1
Corporate	1,344.0	3,157.0	1,813.0
Other	1,428.4	1,938.6	510.2
Gross GF Revenue	23,400.4	30,832.7	7,432.3
Shared Services Fund	-40.6	-53.6	-13.1
Rainy Day Fund	-56.0	-128.6	-72.6
PERS UAL Fund	-74.9	0.0	74.9
Net GF Revenue	23,228.9	30,650.5	7,421.6
Lottery Resources*	1,725.8	1,894.7	168.9
Anticipated Administrative Actions**	-21.5	0.0	21.5
Net GF and Lottery Resources	27,734.2	36,407.0	8,672.7

* 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 \$5,109.1 million (24.8%) from the 2021 COS estimate.
- Corporate tax revenue is up \$1,813.0 million (134.9%) from the 2021 COS estimate.
- General Fund gross revenue is up \$7,432.3 million (31.8%) from the 2021 COS estimate.
- Net GF and Lottery resources are up \$8,672.7 million (31.3%) from the 2021 COS estimate.

EFFECT ON 2% KICKER

(\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	September 2023 Forecast	Amount +/- Kicker Threshold
Personal & Other	22,056.4	22,497.6	27,675.7	5,178.1
Corporation***	1,321.4	1,347.8	3,134.4	1,786.6

*** 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: A personal kicker of \$5,619.3 million is projected for 2023-25.

CORPORATE: \$1,813.0 million of corporate tax revenue is projected to be dedicated to K-12 education spending in 2023-25.

2021-23

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	June 2023 Forecast	September 2023 Forecast	Difference
Beginning Balance	4,082.5	4,082.5	0.0
Transfer to Rainy Day Fund	-222.9	-220.7	2.2
Personal	25,659.5	25,737.1	77.7
Corporate	3,161.2	3,157.0	-4.1
Other	1,934.5	1,938.6	4.1
Gross GF Revenue	30,755.1	30,832.7	77.6
Shared Services Fund	-27.2	-53.6	-26.4
Rainy Day Fund	-129.0	-128.6	0.4
PERS UAL Fund	-89.0	0.0	89.0
Net GF Revenue	30,509.9	30,650.5	140.6
Administrative Actions*	0.0	0.0	0.0
Net General Fund Resources	34,369.5	34,512.3	142.8
Lottery Resources**	1,894.7	1,894.7	0.0
Net GF and Lottery Resources	36,264.2	36,407.0	142.8
Select Other Taxes			
Corporate Activity**	2,541.4	2,555.1	13.7
Marijuana**	315.9	315.9	0.0

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

** All receipts including dedicated funds.

REVENUE CHANGES

- Projected 2021-23 Net General Fund resources are up \$142.8 million (0.4%) from the June 2023 forecast.
- Projected 2021-23 Lottery resources are unchanged from the June 2023 forecast.
- Projected combined Net General Fund and Lottery resources are up \$142.8 million (0.4%) from the June 2023 forecast.

2021-23

EFFECT ON ENDING BALANCE

Current vs. Close of Session
(\$ Million)

General Fund	Close of Session	September 2023 Forecast	Difference
Beginning Balance	3,025.6	4,082.5	1,056.9
Transfer to Rainy Day Fund	-224.6	-220.7	3.9
Revenue	23,228.9	30,650.5	7,421.6
Administrative Actions	-21.5	0.0	21.5
Total Resources	26,008.4	34,512.3	8,503.9
Expenditures	25,446.0	26,876.0	1,430.0
Ending Balance	562.4	7,636.2	7,073.8
Rainy Day Fund Transfer	254.5	268.8	14.3
Remaining Balance	308.0	7,367.5	7,059.5

ENDING BALANCE

- The projected ending balance is up \$7,073.8 million from the 2021 Close-of-Session estimate.
- The projected ending balance is up \$634.1 million (9.1%) from the June 2023 forecast.
- The Rainy Day Fund is projected to receive \$268.8 million following the 2021-23 biennium.

Current vs. Prior Forecast
(\$ Million)

General Fund	June 2023 Forecast	September 2023 Forecast	Difference
Beginning Balance	4,082.5	4,082.5	0.0
Transfer to Rainy Day Fund	-222.9	-220.7	2.2
Revenue	30,509.9	30,650.5	140.6
Administrative Actions	0.0	0.0	0.0
Total Resources	34,369.5	34,512.3	142.8
Expenditures	27,367.4	26,876.0	-491.4
Ending Balance	7,002.1	7,636.2	634.1
Rainy Day Fund Transfer	273.7	268.8	-4.9
Remaining Balance	6,728.4	7,367.5	639.0

2023-25

CHANGE FROM CLOSE OF SESSION (\$ Million)

General Fund Resources	Close of Session	September 2023 Forecast	Difference
Beginning Balance	7,493.5	7,636.2	142.8
Transfer to Rainy Day Fund	-308.4	-271.3	37.1
Personal	21,019.7	21,063.6	43.9
Corporate	2,228.9	2,549.9	320.9
Other	2,011.3	2,049.5	38.2
Gross GF Revenue	25,259.9	25,663.0	403.1
Shared Services Fund*	-37.0	-103.6	-66.6
Rainy Day Fund	-91.6	-110.2	-18.6
PERS UAL Fund	0.0	-60.5	-60.5
Net GF Revenue	25,131.3	25,388.7	257.4
Lottery Resources**	1,919.4	1,928.9	9.5
Anticipated Administrative Actions***	0.0	0.0	0.0
Net GF and Lottery Resources	34,235.8	34,682.6	446.8

* Includes Ballot Measure 110 savings transfer

** All receipts 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 \$43.9 (0.2%) million from the 2023 COS estimate.
- Corporate tax revenue is up \$320.9 million (14.4%) from the 2023 COS estimate.
- General Fund gross revenue is up \$403.1 million (1.6%) from the 2023 COS estimate.
- Net GF and Lottery resources are up \$446.8 million (1.3%) from the 2023 COS estimate.

EFFECT ON 2% KICKER

(\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	September 2023 Forecast	Amount +/- Kicker Threshold
Personal & Other	23,031.0	23,491.6	23,113.1	-378.5
Corporation***	2,204.8	2,248.9	2,525.7	276.9

*** 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 2025.

CORPORATE: Corporate tax revenue of \$320.9 million is projected to be dedicated to K-12 education spending in 2025-27.

2023-25

CHANGE FROM PRIOR FORECAST

(\$ Million)

Combined Revenue	June 2023 Forecast	September 2023 Forecast	Difference
Beginning Balance	7,002.1	7,636.2	634.1
Transfer to Rainy Day Fund	-310.7	-271.3	39.4
Personal	21,088.3	21,063.6	-24.7
Corporate	2,245.0	2,549.9	304.8
Other	1,975.3	2,049.5	74.2
Gross GF Revenue	25,308.6	25,663.0	354.4
Shared Services Fund*	-37.0	-103.6	-66.6
Rainy Day Fund	-91.6	-110.2	-18.6
PERS UAL Fund	0.0	-60.5	-60.5
Net GF Revenue	25,180.0	25,388.7	208.7
Administrative Actions**	0.0	0.0	0.0
Net General Fund Resources	31,871.4	32,753.7	882.3
Lottery Resources***	1,919.4	1,928.9	9.5
Net GF and Lottery Resources	33,790.7	34,682.6	891.8
Select Other Taxes			
Corporate Activity***	2,779.1	2,782.5	3.4
Marijuana***	316.9	314.1	-2.8

* Includes Ballot Measure 110 savings transfer

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

*** All receipts including dedicated funds.

REVENUE CHANGES

- Projected 2023-25 Net General Fund Resources are up \$882.3 million (2.8%) from the June 2023 forecast.
- Projected 2023-25 Lottery resources are up \$9.5 million (0.5%) from the June 2023 forecast.
- Projected combined net General Fund and Lottery Resources are up \$891.8 million (2.6%) from the June 2023 forecast.

2023-25

EFFECT ON ENDING BALANCE

Current vs. Close of Session
(\$ Million)

General Fund	Close of Session	September 2023 Forecast	Difference
Beginning Balance	7,493.5	7,636.2	142.8
Transfer to Rainy Day Fund	-308.4	-271.3	37.1
Revenue	25,131.3	25,388.7	257.4
Administrative Actions	0.0	0.0	0.0
Total Resources	32,316.4	32,753.7	437.3
Expenditures	31,873.6	31,873.6	0.0
Ending Balance	442.8	880.1	437.3
Rainy Day Fund Transfer	318.7	318.7	0.0
Remaining Balance	124.1	561.4	437.3

ENDING BALANCE

- The projected ending balance is up \$437.3 million from the 2023 Close-of-Session estimate.
- The Rainy Day Fund is projected to receive \$318.7 million following the 2023-25 biennium.

2023-25

Reserve Fund Position				
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	Education Stability Fund *	Rainy Day Fund	General Fund	Reserves Available
	(\$ Millions)			
Beginning Balance	\$710.8	\$1,353.5		\$2,064.2
Deposits	\$298.5	\$362.9		\$661.4
Interest	\$82.9	\$146.4		\$229.3
Withdrawals	\$85.3	\$0.0		\$85.3
Projected Ending Balance	\$1,009.3	\$1,862.8	\$880.1	\$3,752.1

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

2025-27

CHANGE FROM PRIOR FORECAST

(\$ Million)

Combined Revenue	June 2023 Forecast	September 2023 Forecast	Difference
Personal	29,911.4	30,171.1	259.7
Corporate	2,380.3	2,898.8	518.5
Other	1,724.4	1,744.6	20.1
Gross GF Revenue	34,016.2	34,814.5	798.3
Shared Services Fund	-19.4	-65.8	-46.5
Rainy Day Fund	-97.1	-125.3	-28.1
PERS UAL Fund	0.0	0.0	0.0
Net GF Revenue	33,899.7	34,623.4	723.7
Lottery Resources*	1,980.2	1,969.2	-11.1
Net GF and Lottery Resources	35,879.9	36,592.6	712.7
Select Other Taxes			
Corporate Activity*	3,110.9	3,135.1	24.2
Marijuana*	357.5	357.5	0.0

* All receipts including dedicated funds

2027-29

CHANGE FROM PRIOR FORECAST

(\$ Million)

Combined Revenue	June 2023 Forecast	September 2023 Forecast	Difference
Personal	34,601.6	35,122.7	521.2
Corporate	2,673.2	3,208.3	535.2
Other	1,828.3	1,842.3	14.0
Gross GF Revenue	39,103.1	40,173.4	1,070.3
Shared Services Fund	-4.7	-71.7	-67.0
Rainy Day Fund	-109.1	-138.6	-29.6
PERS UAL Fund	0.0	0.0	0.0
Net GF Revenue	38,989.3	39,963.1	973.8
Lottery Resources*	2,132.8	2,119.6	-13.2
Net GF and Lottery Resources	41,122.1	42,082.6	960.5
Select Other Taxes			
Corporate Activity*	3,474.4	3,488.9	14.6
Marijuana*	412.9	412.9	0.0

* All receipts including dedicated funds

2029-31

CHANGE FROM PRIOR FORECAST

(\$ Million)

Combined Revenue	June 2023 Forecast	September 2023 Forecast	Difference
Personal	39,217.9	39,838.6	620.7
Corporate	2,960.9	3,481.5	520.6
Other	1,950.8	1,960.6	9.8
Gross GF Revenue	44,129.6	45,280.6	1,151.0
Shared Services Fund	-20.0	-40.6	-20.6
Rainy Day Fund	-120.8	-150.4	-29.6
PERS UAL Fund	0.0	0.0	0.0
Net GF Revenue	43,988.8	45,089.6	1,100.8
Lottery Resources*	2,271.1	2,257.0	-14.1
Net GF and Lottery Resources	46,259.9	47,346.6	1,086.7
Select Other Taxes			
Corporate Activity*	3,888.1	3,884.8	-3.3
Marijuana*	471.1	470.2	-0.9

* All receipts including dedicated funds

Biennial Net Revenue Growth: 1993 - 2031

	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	17.1%	39.4%	3.9%	17.6%
2017-19 to 2019-21	6.3%	13.6%	25.5%	8.0%
2019-21 to 2021-23	28.4%	60.0%	15.3%	30.0%
2021-23 to 2023-25	-18.2%	-19.4%	2.6%	-17.0%
2023-25 to 2025-27	43.6%	13.7%	-12.3%	36.4%
2025-27 to 2027-29	16.4%	10.7%	5.6%	15.4%
2027-29 to 2029-31	13.5%	8.5%	6.4%	12.8%