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LRO FORECAST SUMMARY

June 2010

NEW FACTS SINCE THE LAST FORECAST

	1 st Qtr 2010 Forecast	1 st Qtr 2010 Actuals	Difference
Employment	1,608,824	1,593,829	-14,995
Personal Income (\$ billion)	140.1	138.7	-1.5
Personal Income Tax (\$ million)			
Withholding	1,148.6	1,157.9	9.2
Other Payments less Refunds	-138.8	-166.9	-28.1
Total	1,009.9	990.9	-18.9
Corporate Income Tax	67.7	64.8	-2.9

NEW FACTS

- First quarter personal income tax collections were down \$18.9 million (-1.9%) from the March 2010 forecast.
- First quarter corporate income tax collections were down \$2.9 million (-4.2%) from the March 2010 forecast.
- Oregon personal income was down \$1.5 billion (-1.1%) from the March 2010 forecast.
- Oregon employment was down 14,995 jobs from the March 2010 forecast.

2009-11

CHANGE FROM CLOSE OF SESSION
(\$ Million)

General Fund Resources	Close of Session	June 2010 Forecast	Difference
Beginning Balance	0.0	0.0	0.0
Personal	11,545.7	10,747.6	-798.1
Corporate	831.6	851.4	19.8
Other	1,198.4	1,100.2	-98.1
Total GF Revenue	13,575.7	12,699.2	-876.5
Lottery Resources*	1,142.9	1,079.5	-63.5
Anticipated Administrative Actions**	-43.7	-15.7	28.0
Legislatively Adopted Actions***	0.0	64.3	64.3
Total GF and Lottery Resources	14,674.9	13,827.3	-847.6

* All lottery resources including dedicated funds.

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

*** Actions taken by the Assembly in February 2010.

CHANGE SINCE CLOSE OF SESSION

- Personal income tax revenue is down \$798.1 million (-6.9%) from the 2009 Close-of-Session estimate.
- Corporate income tax revenue is up \$19.8 million (2.4%) from the 2009 Close-of-Session estimate.
- General Fund revenue is down \$876.5 million (-6.5%) from the 2009 Close-of-Session estimate.
- Total GF and Lottery resources are down \$847.6 million (-5.8%) from the 2009 Close-of-Session estimate.

EFFECT ON 2% KICKER

(\$ Million)

Revenue Source	Close of Session	2% Kicker Threshold	June 2010 Forecast	Amount +/- Kicker Threshold
Personal & Other	12,744.1	12,999.0	11,847.8	-1,151.1
Corporation	831.6	848.2	851.4	3.2

KICKER REFUNDS IMPLIED BY FORECAST

PERSONAL: No personal kicker refund is forecast for 2011.

CORPORATE: A corporate kicker refund of \$19.8 is projected for 2011.

2009-11

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	March 2010 Forecast	June 2010 Forecast	Difference
Beginning Balance	0.0	0.0	0.0
Personal	11,219.9	10,747.6	-472.3
Corporate	837.1	851.4	14.3
Other	1,153.2	1,100.2	-53.0
Total GF Revenue	13,210.3	12,699.2	-511.0
Lottery Resources*	1,073.8	1,079.5	5.6
Anticipated Administrative Actions**	-15.7	-15.7	0.0
Legislatively Adopted Actions***	0.0	64.3	64.3
Total Combined Resources	14,268.4	13,827.3	-441.1

* All lottery resources including dedicated funds.

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

*** Actions taken by the Assembly in February 2010.

REVENUE CHANGES

- Projected 2009-11 General Fund revenue is down \$511 million (-3.9%) from the March 2010 forecast.
- Projected 2009-11 Lottery resources are up \$5.6 million (0.5%) from the March 2010 forecast.
- Projected combined General Fund and Lottery resources are down \$441.1 million (-3.1%) from the March 2010 forecast.

2009-11

EFFECT ON ENDING BALANCE

Current vs. Close of Session
(\$ Million)

General Fund	Close of Session	June 2010 Forecast	Difference
Beginning Balance	0.0	0.0	0.0
Revenue	13,575.7	12,699.2	-876.5
Administrative Actions	-43.7	48.6	92.3
Total Resources	13,532.0	12,747.8	-784.2
Expenditures	13,298.1	13,310.4	12.3
Ending Balance	233.8	-562.6	-796.5
State School Fund*	35.8	0.0	-35.8
Rainy Day Fund Transfer	133.0	0.0	-133.0

ENDING BALANCE

- The projected ending balance is down \$796.5 million from the 2009 Close-of-Session estimate.
- The projected 2009-11 ending balance is down \$456.3 million from the March 2010 forecast.
- The Rainy Day Fund is not projected to receive any deposit following the 2009-11 biennium.

Current vs. Prior Forecast
(\$ Million)

General Fund	March 2010 Forecast	June 2010 Forecast	Difference
Beginning Balance	0.0	0.0	0.0
Revenue	13,210.3	12,699.2	-511.0
Administrative Actions	-15.7	48.6	64.3
Total Resources	13,194.6	12,747.8	-446.8
Expenditures	13,300.8	13,310.4	9.6
Ending Balance	-106.3	-562.6	-456.3
State School Fund*	0.0	0.0	0.0
Rainy Day Fund Transfer	0.0	0.0	0.0

* SB 5520 directs up to \$200 million from the RDF and GF to the State School Fund if certain conditions are met. The expected transfer would occur in June, 2010.

2009-11

Reserve Fund Position				
	Education Stability Fund	Rainy Day Fund	General Fund	Reserves Available
	(\$ Millions)			
Beginning Balance	\$0.1	\$337.5	\$19.8	\$357.4
Approved Transfers	\$0.0	-\$225.0	-\$19.8	-\$244.8
Projected Revenue	\$184.1	\$23.2	\$0.0	\$207.3
Transfer To State School Fund*	-\$84.3	-\$115.7	\$0.0	-\$200.0
Transfer To General Fund	\$0.0	-\$10.0	\$0.0	-\$10.0
Projected Ending Balance	\$99.9	\$10.0	\$0.0	\$109.9

* Conditions for State School Fund transfer are specified in SB 5565.

2011-13

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	March 2010 Forecast	June 2010 Forecast	Difference
Personal	13,151.4	12,811.0	-340.3
Corporate	942.1	1,001.7	59.6
Other	942.5	952.2	9.7
Total GF Revenue	15,036.0	14,764.9	-271.1
Lottery Resources*	1,151.7	1,165.2	13.5
Total Combined Revenue	16,187.7	15,930.1	-257.6

2013-15

CHANGE FROM PRIOR FORECAST
(\$ Million)

Combined Revenue	March 2010 Forecast	June 2010 Forecast	Difference
Personal	15,405.4	15,224.6	-180.8
Corporate	1,085.4	1,059.2	-26.2
Other	985.7	996.1	10.3
Total GF Revenue	17,476.5	17,279.9	-196.7
Lottery Resources*	1,253.1	1,261.0	7.8
Total Combined Revenue	18,729.7	18,540.9	-188.8

2015-17

INITIAL FORECAST
(\$ Million)

Combined Revenue	June 2010 Forecast
Personal	17,510.0
Corporate	960.6
Other	1,020.7
Total GF Revenue	19,491.4
Lottery Resources*	1,382.3
Total Combined Revenue	20,873.6

Biennial Revenue Growth: 1993 - 2017

	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%	10.9%	-8.0%
2007-09 to 2009-11	6.5%	24.4%	15.7%	8.3%
2009-11 to 2011-13	19.2%	17.6%	-13.5%	16.3%
2011-13 to 2013-15	18.8%	5.7%	4.6%	17.0%
2013-15 to 2015-17	15.0%	-9.3%	2.5%	12.8%

* All lottery resources including dedicated funds