**From:** Oregon State Legislature [mailto:orstateleg@service.govdelivery.com]
**Sent:** Thursday, May 14, 2015 5:30 PM
**To:** Williams Jim
**Subject:** State Revenue Up, Economic Risks Up

State Revenue Up, Economic Risks Up

Senator Brian Boquist who serves as the Vice Chairman of the Senate Finance & Revenue Committee in Oregon summarized today’s biennial binding revenue forecast.

Today, the State Economist told the Senate Revenue Committee the “State” can expect an additional $463 million in revenue in 2015-2017 but characterized this as an aggressive forecast with high risks while recommending the State place the additional funds in savings or at least take a “wait & see” approach until next year.  The State Economist is predicting taxpayers will receive a $478 million tax credit for the last biennium based on the personal kicker laws.  Taxpayers would get this tax credit on their 2015 tax filings next year.

The surprise forecast is based on increased wage earnings as corporate revenues are relatively flat.  While the “aggressive” forecast is optimistic now, the same presentation anticipates a market correction in 2017-2019.  As nobody can predict the next “bubble” according the presentation, the economists cautioned the State should place funds in savings, or wait-and-see before spending, a theme reiterated time-and-time again during the presentation.  Another mystery, besides timing of the next economic crash, was the mystery on why gas savings to consumers has not translated into other personal spending.  The speculation is individuals are saving in anticipation of the next crash.

While this is a positive moment for Oregon’s finances, the presentation highlighted middle wage earners have not recovered from the recession.  In fact, job growth in the past decade is concentrated in only a few areas.  The largest job creator of 42,400 jobs has been public education and health care jobs as a result of the Affordable Care Act (Obama Care) which are both highly dependent upon tax dollars.  This was followed by 25,000 plus jobs in the professional sector such as lawyers, accountants and business management.  Virtually every other category remains in the negative except leisure which are generally low paying jobs.  The report appears to support the notion the middle class is disappearing.

Obvious to most of rural Oregon, the economists forecast shows very slow recovery outside the metro areas.  Further, the forecast clearly shows slow growth, if not negative growth, in the out years of 2017 to 2019 then even flat farther economic activity.  This assumes a market crass does not happen in the next two years which is quite possible.

Further, the impact of this forecast does not take into account the closure of container shipping facilities at the Port of Portland not the spreading drought in rural Eastern and Southern Oregon but both were discussed as additional risks. It also does not take into account legislation passed out this session that will have a negative impact on local jobs.

Despite the increased revenues, we will continue to press for limiting government spending along with ending over-regulation of small businesses and working families.

Folks can look at the entire forecast at the link below.

Sincerely,

Brian J. Boquist

State Senator

You can find the full revenue forecast here: [http://www.oregon.gov/DAS/OEA/Pages/economic.aspx#Most\_Recent\_Forecast](http://links.govdelivery.com:80/track?type=click&enid=ZWFzPTEmbWFpbGluZ2lkPTIwMTUwNTE0LjQ1MDA5MjMxJm1lc3NhZ2VpZD1NREItUFJELUJVTC0yMDE1MDUxNC40NTAwOTIzMSZkYXRhYmFzZWlkPTEwMDEmc2VyaWFsPTE2ODQ2ODk0JmVtYWlsaWQ9amltLndpbGxpYW1zQHN0YXRlLm9yLnVzJnVzZXJpZD1qaW0ud2lsbGlhbXNAc3RhdGUub3IudXMmZmw9JmV4dHJhPU11bHRpdmFyaWF0ZUlkPSYmJg==&&&100&&&http://www.oregon.gov/DAS/OEA/Pages/economic.aspx#Most_Recent_Forecast)