



Revenue Forecast Tracking

2nd Fiscal Quarter 2007

Office of Economic Analysis

January 31, 2007

Total personal and corporate income taxes equaled \$1,366.6 million for the second quarter of fiscal year 2007, \$20.2 million below the December 2006 forecast. Receipts for the quarter were up 2.0 percent on a year-over-year basis.

Actual personal income tax collections of \$1,312.4 fell short of the December forecast by \$69.2 million. Withholding was negligibly below forecast, but exceeded year-ago levels by 7.8 percent. Estimated payments fell short of projections by \$30.9 million for the quarter. Some taxpayers send fourth quarterly estimated payments (due January 15th) in December for federal tax deduction purposes, however, some payments may not be processed until the first few days of January. It appears that the shortfall in estimated payments relative to forecast is more a function of this phenomenon than a true sign of weakness.

Final payments and refunds, which for the fourth quarter are primarily associated with extended filing of 2005 tax returns, exceeded projections. Payments of \$89.4 million were \$17.0 million above the December forecast, whereas refunds equal to \$126.7 million surpassed expectations by \$54.8 million (a net reduction in personal income tax collections).

Corporate income tax collections of \$54.2 million were \$49.0 million higher than projected in the December forecast. Advanced payments of \$236.4 million exceeded forecast by \$40.3 million, while refunds fell short by \$10.5 million. The unexpectedly strong payment growth, 29.0 percent on a year-over-year basis, was due in part to a high volume of applied refunds. The 36.0 percent kicker credit available for tax year 2005 caused refunds to increase 83.4 percent compared to the fourth quarter 2005, with many corporate taxpayers applying these refunds as advanced payments for tax year 2006.

Table 1: Quarterly Income Tax Revenues

(Quarter ending December 31, 2006)

Personal Income Tax	Forecast Comparison			Year/Year Change	
	(Millions of dollars)	Actual Revenues	Latest Forecast	Percent Difference	Prior Year
Withholding	\$1,172.7	\$1,173.2	0.0%	\$1,087.9	7.8%
Dollar difference		-\$0.6		\$84.7	
Estimated Payments	\$177.0	\$207.9	-14.9%	\$186.6	-5.2%
Dollar difference		-\$30.9		-\$9.6	
Final Payments	\$89.4	\$72.4	23.4%	\$68.0	31.5%
Dollar difference		\$17.0		\$21.4	
Refunds	-\$126.7	-\$72.0	76.1%	-\$94.8	33.7%
Dollar difference		-\$54.8		-\$32.0	
Total Personal Income Tax	\$1,312.4	\$1,381.6	-5.0%	\$1,247.8	5.2%
Dollar difference		-\$69.2		\$64.6	

Corporate Income Tax	Forecast Comparison			Year/Year Change	
	(Millions of dollars)	Actual Revenues	Latest Forecast	Percent Difference	Prior Year
Advanced Payments	\$236.4	\$196.1	20.6%	\$183.3	29.0%
Dollar difference		\$40.3		\$53.2	
Final Payments	\$17.2	\$19.0	-9.5%	\$17.6	-2.6%
Dollar difference		-\$1.8		-\$0.5	
Refunds	-\$199.4	-\$209.9	-5.0%	-\$108.7	83.4%
Dollar difference		\$10.5		-\$90.7	
Total Corporate Income Tax	\$54.2	\$5.1	955.4%	\$92.2	-41.2%
Dollar difference		\$49.0		-\$38.0	

Total Income Tax	Forecast Comparison			Year/Year Change	
	(Millions of dollars)	Actual Revenues	Latest Forecast	Percent Difference	Prior Year
Corporate and Personal Tax	\$1,366.6	\$1,386.8	-1.5%	\$1,340.0	2.0%
Dollar difference		-\$20.2		\$26.6	

The Office of Economic Analysis (OEA) resides in the Director's Office of the Department of Administrative Services. OEA produces and publishes the Oregon Economic and Revenue Forecast on a quarterly basis.

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