

CLOSE OF 2005 SESSION
GENERAL FUND REVENUE FORECAST

Supplement

State of Oregon
Department of Administrative Services
Office of Economic Analysis

September 2005

2005

Close of Session forecast

The 2005 Close of Session forecast consists of the May 15, 2005 forecast, adjusted for revenue-related actions taken during the 2005 Legislative Session and subsequently signed into law by the Governor. The 2005 COS forecast provides the revenue context on which the 2005-07 legislatively adopted budget is based, as well as the baseline for corporate and personal kicker threshold calculations.

Table 1 compares the May 2005 and 2005 Close of Session forecasts. General Fund revenues equal \$11,326.7 million, including \$34.2 million in additional revenues resulting from actions taken during the 2005 legislative session. For personal income tax, reductions related to expanded tax credits and federal reconnection are offset by increased audit and compliance staff in the Department of Revenue. Connection to federal tax code for corporate income tax more than offsets anticipated revenue reductions due to immediate implementation of 100 percent sales weighting in the income apportionment formula. Changes to criminal fines and court fees

Table 1

2005-07 Close of Session Forecast				
(Millions)	May 2005 Forecast	2005 COS Forecast	Difference	Percent Change
Personal Income Tax	\$10,125.1	\$10,124.0	-\$1.1	0.0%
Corporate Income Tax	\$486.9	\$500.0	\$13.0	2.7%
Other Revenues	\$680.4	\$702.7	\$22.3	3.3%
Total GF Revenues	\$11,292.5	\$11,326.7	\$34.2	0.3%
Projected Beginning Balance	\$292.6	\$325.8	\$33.2	11.4%
Total GF Resources	\$11,585.1	\$11,652.5	\$67.4	0.6%

produce an additional \$6.2 million, while transfers from other funds add another \$16.1 million in revenues. Table 3 in the appendix documents these actions in detail.

Including \$325.8 million carried forward from the prior biennium, total resources amount to \$11,682.8

million. Factoring in anticipated expenditures, the projected ending balance for 2005-07 as of the 2005 Close of Session is \$114.0 million. Table 1 in the appendix documents revisions to 2003-05 General Fund revenues and expenditures, which translate into the beginning balance component of available resources for the 2005 COS forecast. Table 2 in the appendix provides detailed information regarding the COS forecast for General Fund revenues.

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Table 1: General Fund Revenue Statement 2003-05

	Estimate at COS 2003-05	Actuals Through 3/31/2005	Forecasts Dated: 5/15/2005				COS 2005 Adjustments				Differences	
			2003-04		2004-05		2003-04		2004-05		7/1/2005	07/01/2005
			Total		Total		Total		Total		Less 5/15/2005	Less COS
Taxes												
Personal Income Taxes	9,395,349,000	8,841,879,984	4,268,573,000	4,725,477,000	8,994,050,000	4,268,573,000	4,725,477,000	8,994,050,000	0			(401,299,000)
Corporate Excise & Income Taxes	539,737,000	640,781,861	317,506,000	284,810,000	602,316,000	317,506,000	284,810,000	602,316,000	0			62,579,000
Insurance Taxes	127,462,000	106,708,569	51,733,000	55,391,000	107,124,000	51,733,000	55,391,000	107,124,000	0			(20,338,000)
Estate Taxes	87,000,000	130,461,294	73,609,000	52,750,000	126,359,000	73,609,000	52,750,000	126,359,000	0			39,359,000
Cigarette Taxes	88,124,000	82,671,253	38,534,000	45,487,000	84,021,000	38,534,000	45,487,000	84,021,000	0			(4,103,000)
Other Tobacco Products Taxes	22,358,000	21,924,223	10,857,000	11,948,000	22,805,000	10,857,000	11,948,000	22,805,000	0			447,000
Other Taxes	4,350,000	2,761,417	1,416,000	1,606,000	3,022,000	1,416,000	1,606,000	3,022,000	0			(1,328,000)
Fines and Fees												
State Court Fees	30,642,000	32,877,959	17,805,000	16,263,000	34,068,000	17,805,000	16,263,000	34,068,000	0			3,426,000
Secretary of State Fees	11,670,000	15,190,852	4,258,000	10,023,000	14,281,000	4,258,000	10,023,000	14,281,000	0			2,611,000
Criminal Fines & Assessments	65,831,000	74,752,587	46,633,000	37,291,000	83,924,000	46,633,000	37,291,000	83,924,000	0			18,093,000
Securities Fees	18,822,000	13,633,160	5,466,000	7,804,000	13,270,000	5,466,000	7,804,000	13,270,000	0			(5,552,000)
Central Service Charges	6,000,000	6,281,787	3,327,000	3,350,000	6,677,000	3,327,000	3,350,000	6,677,000	0			677,000
Liquor Apportionment	119,388,000	123,303,696	62,854,000	66,000,000	128,854,000	62,854,000	66,000,000	128,854,000	0			9,466,000
Interest Earnings	22,500,000	30,422,315	8,222,000	15,500,000	23,722,000	8,222,000	15,500,000	23,722,000	0			1,222,000
Miscellaneous Revenues	8,700,000	18,992,268	11,106,000	5,205,000	16,311,000	11,106,000	5,205,000	16,311,000	0			7,611,000
One-time Transfers	190,540,000	0	0	140,097,000	140,097,000	0	147,097,000	147,097,000	7,000,000			(43,443,000)
Total General Fund Revenues	10,738,473,000	10,142,643,222	4,921,899,000	5,479,002,000	10,400,901,000	4,921,899,000	5,486,002,000	10,407,901,000	7,000,000			(330,572,000)
Plus 2003-05 Beginning Balance	57,133,851				113,483,418			113,483,418	0			56,349,567
Available Resources	10,795,606,851				10,514,384,418			10,521,384,418	7,000,000			(274,222,433)
Appropriations	10,739,116,635				10,204,910,379			10,295,490,619	90,580,240			(443,626,016)
Plus Legislative Actions					0			0				
Plus Administrative Actions					0			0				
Adjusted Appropriations	10,739,116,635				10,204,910,379			10,295,490,619	90,580,240			(443,626,016)
Less Estimated Reversions					898,950			117,718,040				
Projected Expenditures	10,739,116,635				10,204,011,429			10,177,772,579	(26,238,850)			(561,344,056)
TANS Interest Payments					17,790,440			17,790,440	0			
Estimated 2005 Ending Balance	<u>56,490,216</u>				<u>292,582,548</u>			<u>325,821,399</u>	<u>33,238,850</u>			<u>269,331,183</u>

Notes: Corporate income tax figure includes Corporate Multistate taxes.
 Other taxes include General Fund portions of the Eastern Oregon Severance Tax, Western Oregon Severance Tax and Amusement Device Tax.
 Reversions represent administrative savings to be transferred per HB 2148. Funds will be uncommitted until the end of the biennium, at which point they shall revert to the General Fund.
 Detailed entries may not add to totals due to rounding.

Table 2: General Fund Revenue Statement 2005-07

	Forecasts Dated: 5/15/2005			Close of Session 2005		Differences COS 2005 Less 5/15/2005	
	2005-06	2006-07	Total 2005-07	2005-06	2006-07		Total 2005-07
Taxes							
Personal Income Taxes	4,940,236,000	5,184,888,000	10,125,124,000	4,941,828,000	5,182,185,000	10,124,013,000	(1,111,000)
Corporate Excise & Income Taxes	254,605,000	232,341,000	486,946,000	261,400,000	238,595,000	499,995,000	13,049,000
Insurance Taxes	59,186,000	72,616,000	131,802,000	59,186,000	72,616,000	131,802,000	0
Estate Taxes	53,000,000	53,250,000	106,250,000	53,000,000	53,250,000	106,250,000	0
Cigarette Taxes	40,328,000	40,298,000	80,626,000	40,328,000	40,298,000	80,626,000	0
Other Tobacco Products Taxes	11,643,000	11,806,000	23,449,000	11,643,000	11,806,000	23,449,000	0
Other Taxes	600,000	600,000	1,200,000	600,000	600,000	1,200,000	0
Fines and Fees							
State Court Fees	19,654,000	19,654,000	39,308,000	22,075,000	20,882,000	42,957,000	3,649,000
Secretary of State Fees	10,132,000	10,487,000	20,619,000	10,132,000	10,487,000	20,619,000	0
Criminal Fines & Assessments	38,665,000	39,842,000	78,507,000	39,917,000	41,133,000	81,050,000	2,543,000
Securities Fees	7,589,000	8,018,000	15,607,000	7,589,000	8,018,000	15,607,000	0
Central Service Charges	3,371,000	3,371,000	6,742,000	3,371,000	3,371,000	6,742,000	0
Liquor Apportionment	66,640,000	69,360,000	136,000,000	66,640,000	69,360,000	136,000,000	0
Interest Earnings	15,750,000	16,000,000	31,750,000	15,750,000	16,000,000	31,750,000	0
Miscellaneous Revenues	3,574,000	4,994,000	8,568,000	3,574,000	4,994,000	8,568,000	0
One-time Transfers	0	0	0	0	0	16,067,000	16,067,000
Total General Fund Revenues	5,524,973,000	5,767,525,000	11,292,498,000	5,537,033,000	5,789,662,000	11,326,695,000	34,197,000
Plus 2003-05 Beginning Balance			292,582,548			325,821,399	33,238,850
Available Resources			11,585,080,548			11,652,516,399	67,435,850
Appropriations						11,488,739,290	
Plus Legislative Actions						0	
Plus Administrative Actions						49,800,000	
Adjusted Appropriations						11,538,539,290	
Less Estimated Reversions						0	
Projected Expenditures						11,538,539,290	
Estimated 2005 Ending Balance						113,977,109	

Notes: Corporate income tax figure includes Corporate Multistate taxes.
 Other taxes include General Fund portions of the Eastern Oregon Severance Tax, Western Oregon Severance Tax and Amusement Device Tax.
 Administrative Actions include expenses associated with Tax Anticipation Notes.
 Detailed entries may not add to totals due to rounding.

**Table 3
General Fund Legislative Changes - 2005 Session**

Income Tax Adjustments by Tax Year¹

Personal Income Tax Detail	Tax Year						
	2005	2006	2007	2008	2009	2010	2011
S.B. 31A* - Connect to federal legislation	-2,540,000	-10,020,000	-9,231,000	-11,023,000	-11,056,000	-11,229,000	-3,855,000
S.B. 853B - University venture development fund tax credit	0	-1,200,000	-2,000,000	-3,000,000	-1,000,000	-900,000	900,000
S.B. 996 - Increase cap on affordable housing tax credit.	-170,000	-785,000	-2,740,000	-4,210,000	-4,210,000	-11,000,000	-11,000,000
H.B. 2191B - Film and television labor rebate.	-280,000	-1,000,000	-1,700,000	-1,800,000	-2,200,000	-2,500,000	-2,750,000
H.B. 2389C - Low income, mobile home owner tax credit	0	-250,000	-400,000	0	0	0	0
H.B. 2451A - Restriction for working family child care credit.	10,000	15,400	16,000	17,000	18,000	18,000	18,000
H.B. 2933C - Tax exclusion for active military personnel	-2,220,000	-530,000	-480,000	-390,000	-350,000	-350,000	-350,000
H.B. 3350B - Expands criteria for small city business exemption	0	-2,000	-8,000	-16,000	-27,000	-39,900	-46,000
H.B. 3358 - Individual development account tax credit	0	-14,000	-29,000	-38,000	-47,000	-57,000	-60,000
Total Personal Income Tax Adjustments	-5,200,000	-13,785,600	-16,572,000	-20,460,000	-18,872,000	-26,057,900	-17,143,000
Corporate Income Tax Detail							
S.B. 31A* - Federal connect, 100% Sales factor	5,500,000	3,937,000	8,635,500	10,962,500	8,794,500	8,663,500	8,200,000
H.B. 2234D - Expands long-term enterprise zones	0	-180,000	-1,750,000	-2,750,000	-1,750,000	-1,750,000	0
Total Corporate Income Tax Adjustments	5,500,000	3,757,000	6,885,500	8,212,500	7,044,500	6,913,500	8,200,000
Total Income Tax Adjustments	300,000	-10,028,600	-9,686,500	-12,247,500	-11,827,500	-19,144,400	-8,943,000

All Legislative Actions by Fiscal Year	Fiscal Period								
	FY 2005-06	FY 2006-07	2005-07 Total	FY 2007-08	FY 2008-09	2007-09 Total	FY 2009-10	FY 2010-11	2009-11 Total
Personal Income Tax	1,591,686	-2,703,724	-1,112,038	-3,424,522	-6,485,809	-9,910,331	-5,763,792	-11,411,408	-17,165,200
Corporate Income Tax	6,794,926	6,253,291	13,048,218	7,603,218	8,214,369	15,817,586	6,923,435	7,241,896	14,165,331
Other Revenue Adjustments									
H.B. 5019A - Criminal Fines distribution to G.F.	1,252,388	1,290,532	2,542,920	704,435	725,890	1,430,325	704,435	725,890	1,430,325
H.B. 3124 - Temporary increase in court filing fees	2,420,848	1,227,309	3,648,157	174,293	174,293	348,586	174,293	174,293	348,586
H.B. 5573A - Audit and compliance efforts ²	6,960,000	16,240,000	23,200,000	16,150,000	16,150,000	32,300,000	16,150,000	16,150,000	32,300,000
Total Non-income Tax Revenue Adjustments	3,673,236	2,517,841	6,191,077	878,728	900,183	1,778,911	878,728	900,183	1,778,911
Transfers from Other Funds									
S.B. 1101A - Transfers from various funds ³	0	3,367,000	3,367,000	0	0	0	0	0	0
S.B. 247B - Transfer from Dispute Resolution Account	0	2,700,000	2,700,000	0	2,300,000	2,300,000	0	2,400,000	2,400,000
H.B. 5573A - Senior Deferral Account	0	10,000,000	10,000,000	0	0	0	0	0	0
Total Transfers from Other Funds	0	16,067,000	16,067,000	0	2,300,000	2,300,000	0	2,400,000	2,400,000
Total 2003 Session Actions	12,059,848	22,134,408	34,194,257	5,057,424	4,928,743	9,986,166	2,048,371	-869,323	1,179,042

Notes:
 1 Income tax adjustments are factored into tax liability forecasts, which are based on tax year. See section E in the narrative for additional information regarding the timing of tax law changes.
 2 Audit and compliance impacts are included in total Personal and Corporate changes by fiscal year. H.B. 5573A figures presented for information purposes only and are not reflected in adjustment subtotal.
 3 Includes funds from JOBS Unemployment Wage Fund, Portland Metro Area Local Government Boundary Commission Fund, and JOBS Individual Education Fund.