



## **Oregon Department of Administrative Services**

### **Office of Economic Analysis**

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# News Release

## **For Immediate Release**

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### **Economic forecast 'somewhat weaker,' State Economist says Uncertainty threatens outlook for revenue growth, Mark McMullen says**

Salem—Interim Oregon State Economist Mark McMullen released the quarterly economic and revenue forecast Friday, which shows that due to expected losses in labor earnings and investment income, the outlook for the 2011-13 biennium is somewhat weaker than what was predicted in the May 2011 forecast.

The forecast for General Fund revenues for 2009-11 is now \$13.8 billion — a decrease of \$62 million (-0.4%) from the May 2011 forecast. Temporary factors will help support healthy growth in personal income tax collections in the near term, but growth in collections will lose steam in the second half of the biennium. Corporate tax collections are now falling rapidly, with the boom in underlying corporate profits having come to an end.

“Personal income tax collections were \$1.7 billion for the fourth quarter of fiscal year 2011, \$22.3 million (1.3%) above the latest forecast, and up 16.7% relative to last year,” McMullen told the Legislature in his report.

Corporate income taxes equaled \$175 million for the fourth quarter of fiscal year 2011, \$19.9 million below the May forecast. Quarterly corporate receipts were 4.4% higher than figures from a year ago. No kicker payment will be generated for the 2009-11 biennium.

McMullen described the outlook for revenue growth in Oregon as threatened by the uncertainty surrounding the budding recovery in the regional job market and fragile consumer and business confidence.

“Through a lack of confidence, the troubles in Europe, Washington D.C., and on Wall Street may well infect the local economy going forward. That said, all of Oregon’s core measures of economic activity (private employment, earnings and tax collections) are still

expanding — albeit at disappointing rates. In particular, until we see private employers cutting jobs, it is difficult to argue that Oregon’s economic expansion has ended.”

The full Oregon Economic and Revenue Forecast is available at:  
<http://oregon.gov/DAS/OEA/index.shtml>.