Oregon’s Q3 Economic and Revenue Forecast

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Department of Administrative Services

Economic Outlook

U.S. Forecast Shows Minor Changes

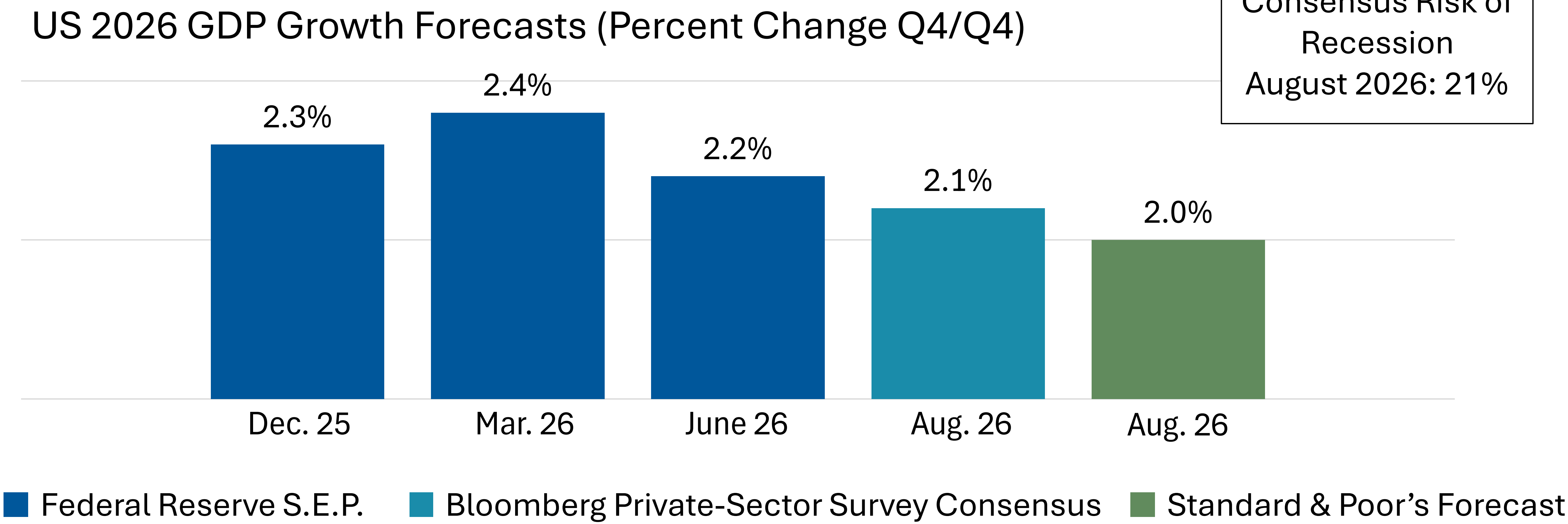
2.0%
Real GDP edges up

3.6%
Inflation remains above target

4.4%
Unemployment has stabilized

18%
OEA slightly decreased recession estimate

2026 Forecasts Remain Constructive

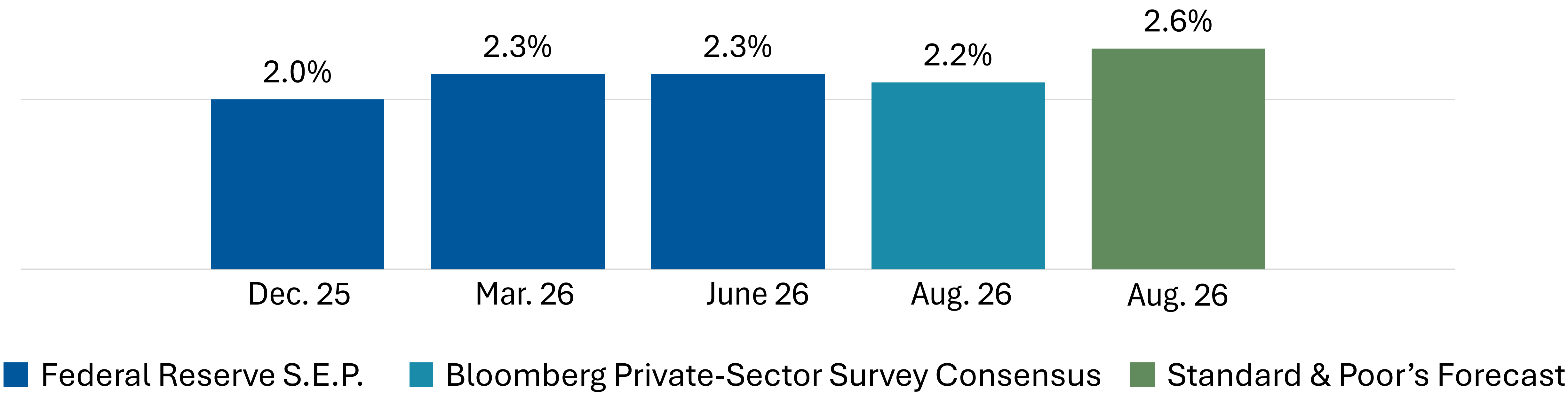


Consensus Risk of Recession
August 2026: 21%

Source: Federal Reserve, Bloomberg, S&P Global, OEA

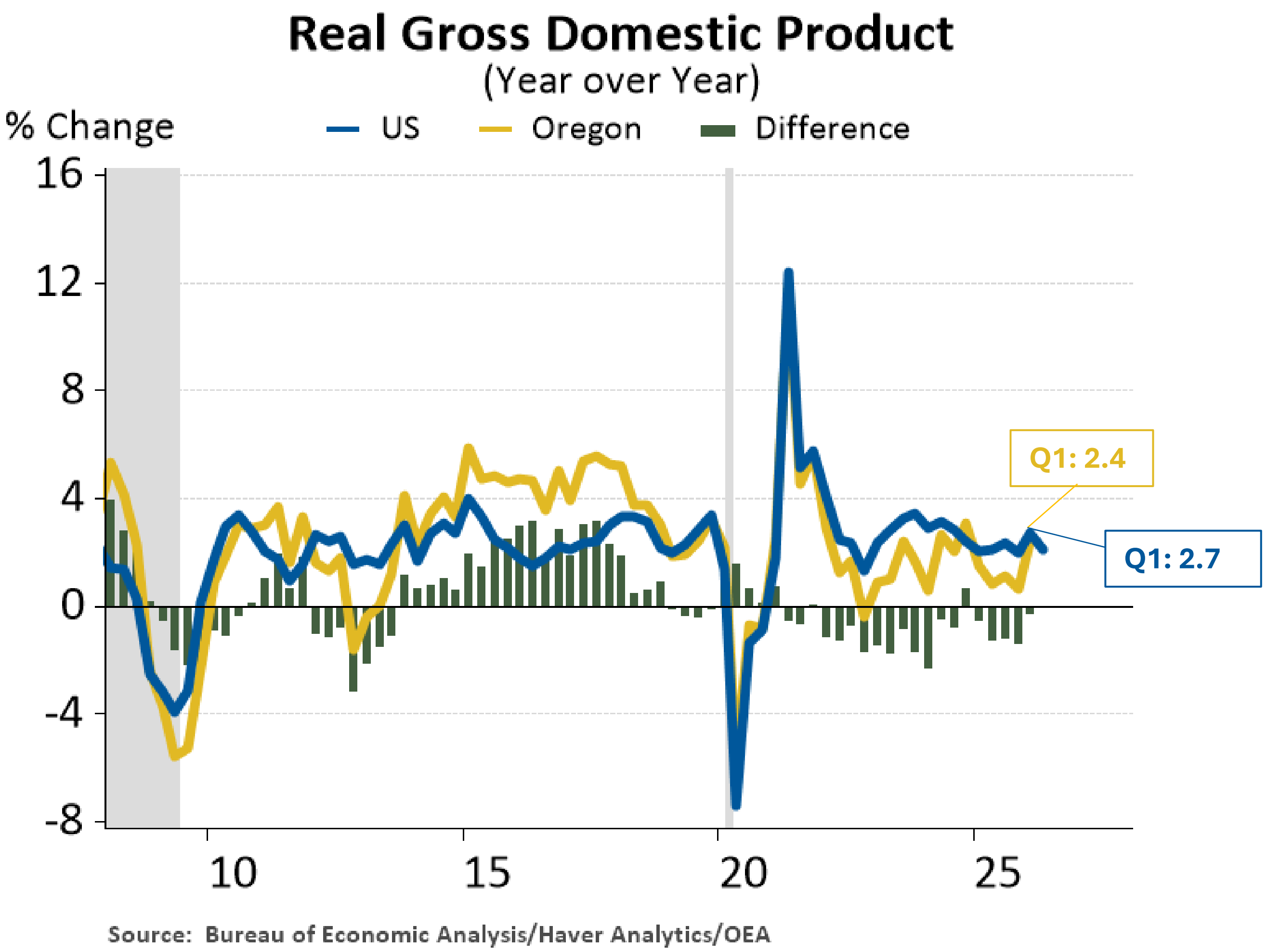
2027 Forecasts Edge Slightly Higher

US 2027 GDP Growth Forecasts (Percent Change Q4/Q4)



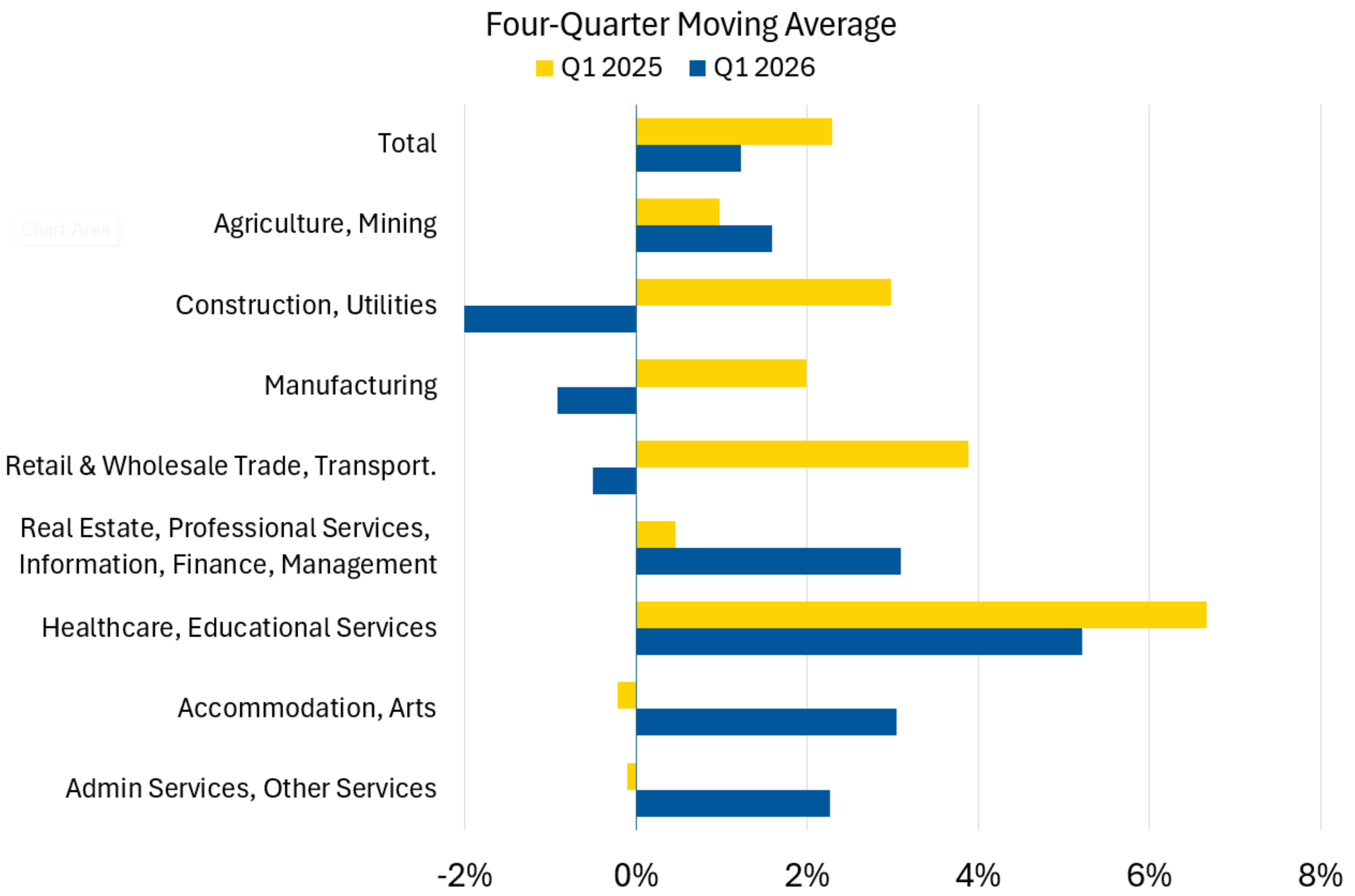
Source: Federal Reserve, Bloomberg, S&P Global, OEA

Oregon GDP Closes the Gap—Will it Last?



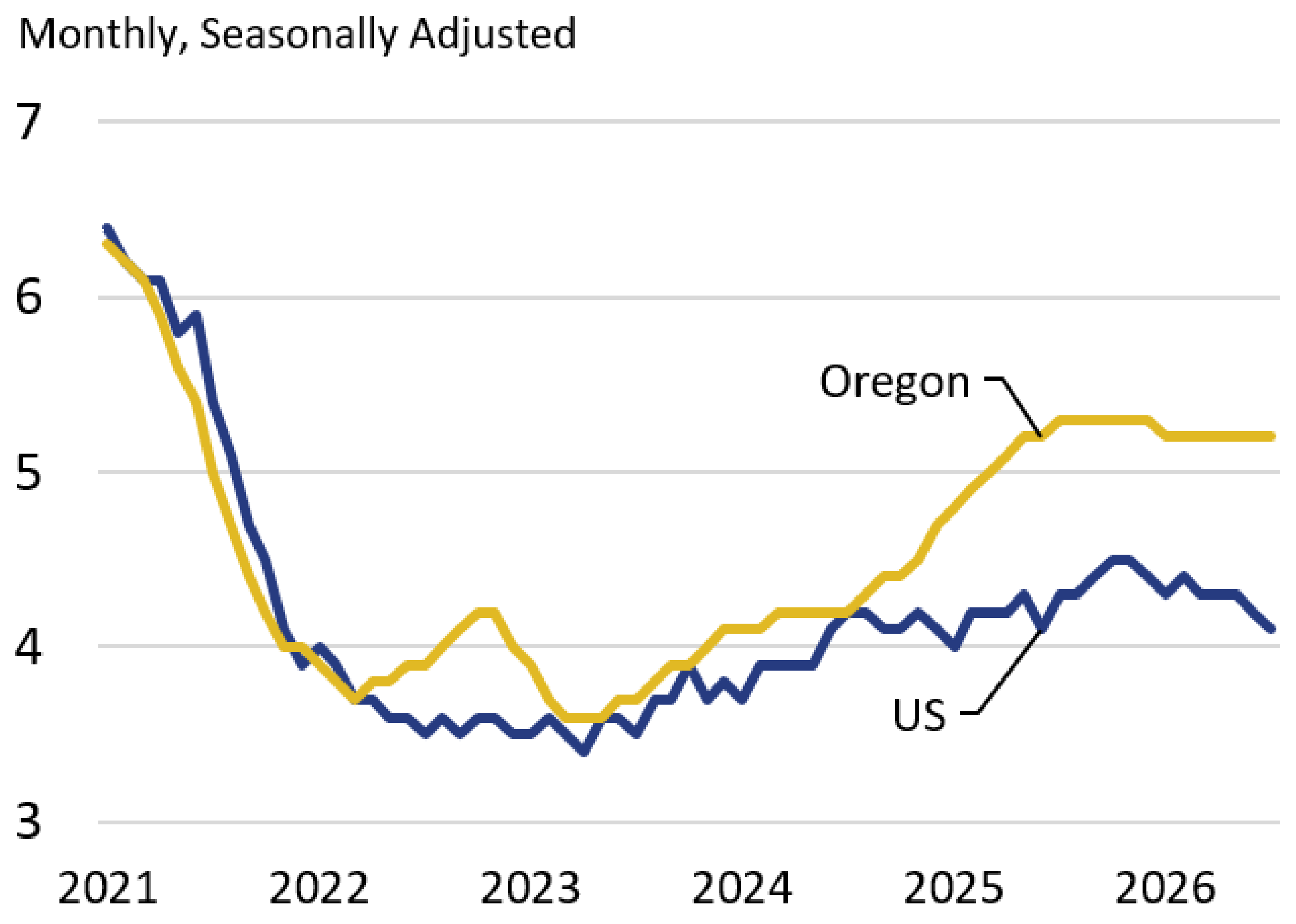
Over the last year, Oregon GDP growth has trailed the US by 1.0 percentage point

Oregon Real GDP Growth



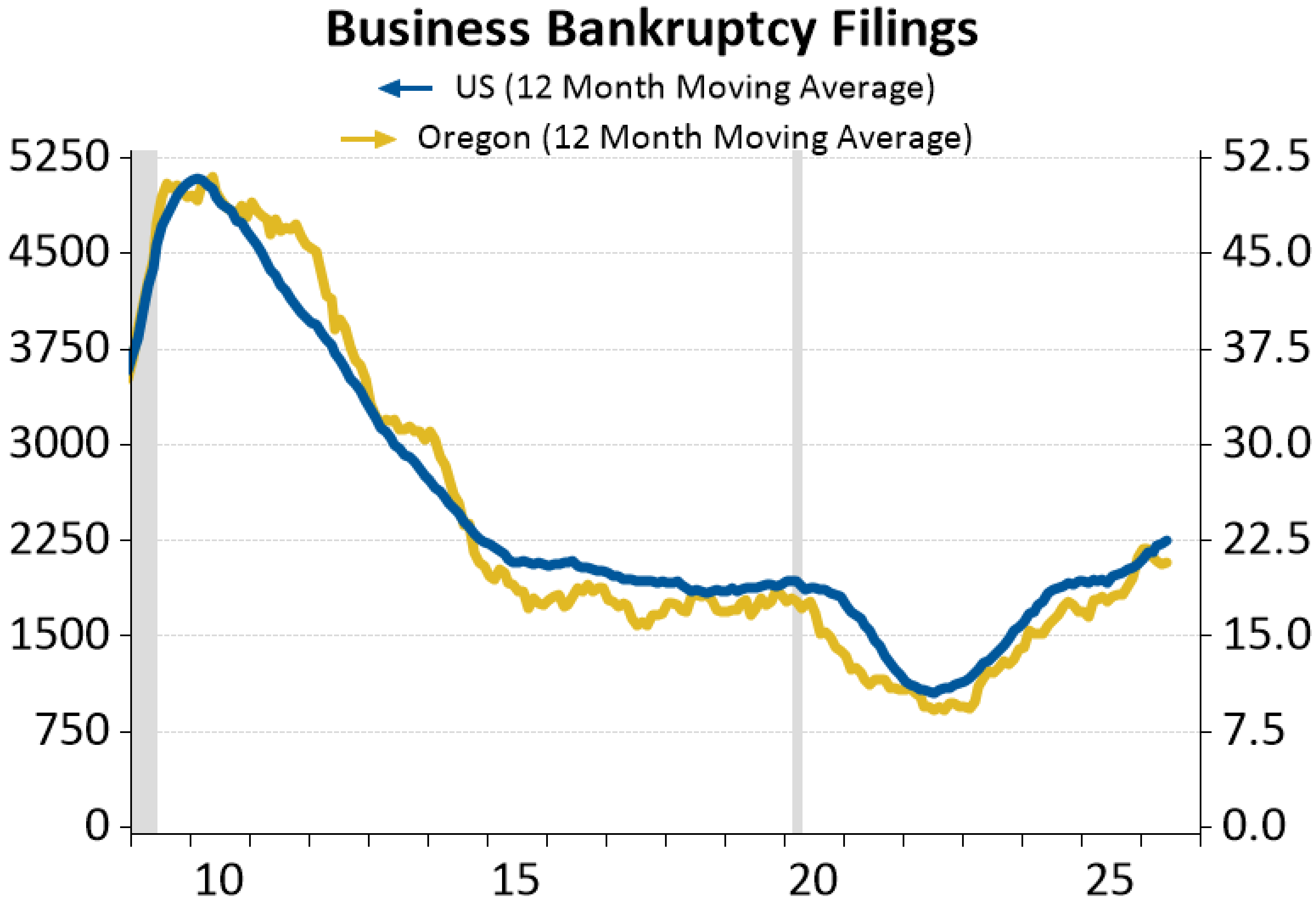
Source: Bureau of Economic Analysis

Oregon & US: Unemployment Stabilizing



Latest: Oregon July 2026 , U.S. July 2026 | Source: Oregon Employment Department, OEA

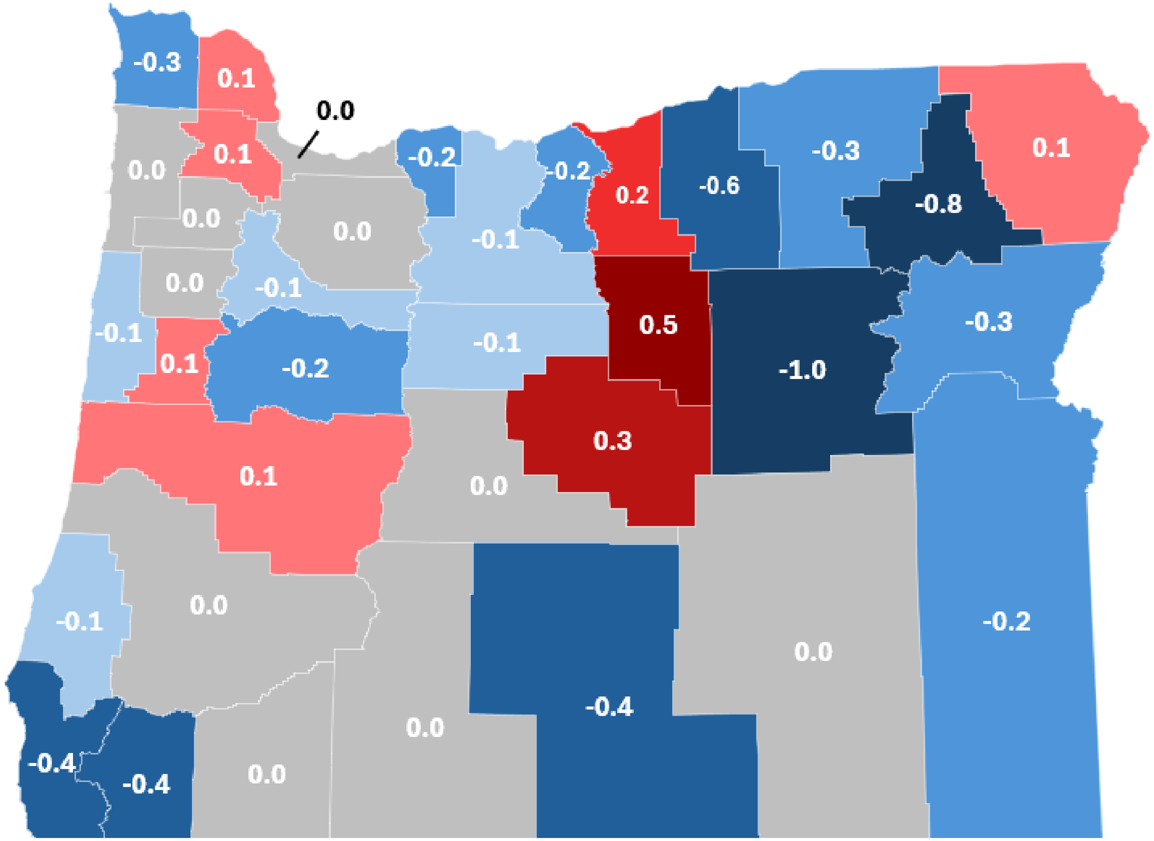
Business Distress Tracking National Trend



Source: Administrative Office of the U.S. Courts/Haver Analytics/OEA

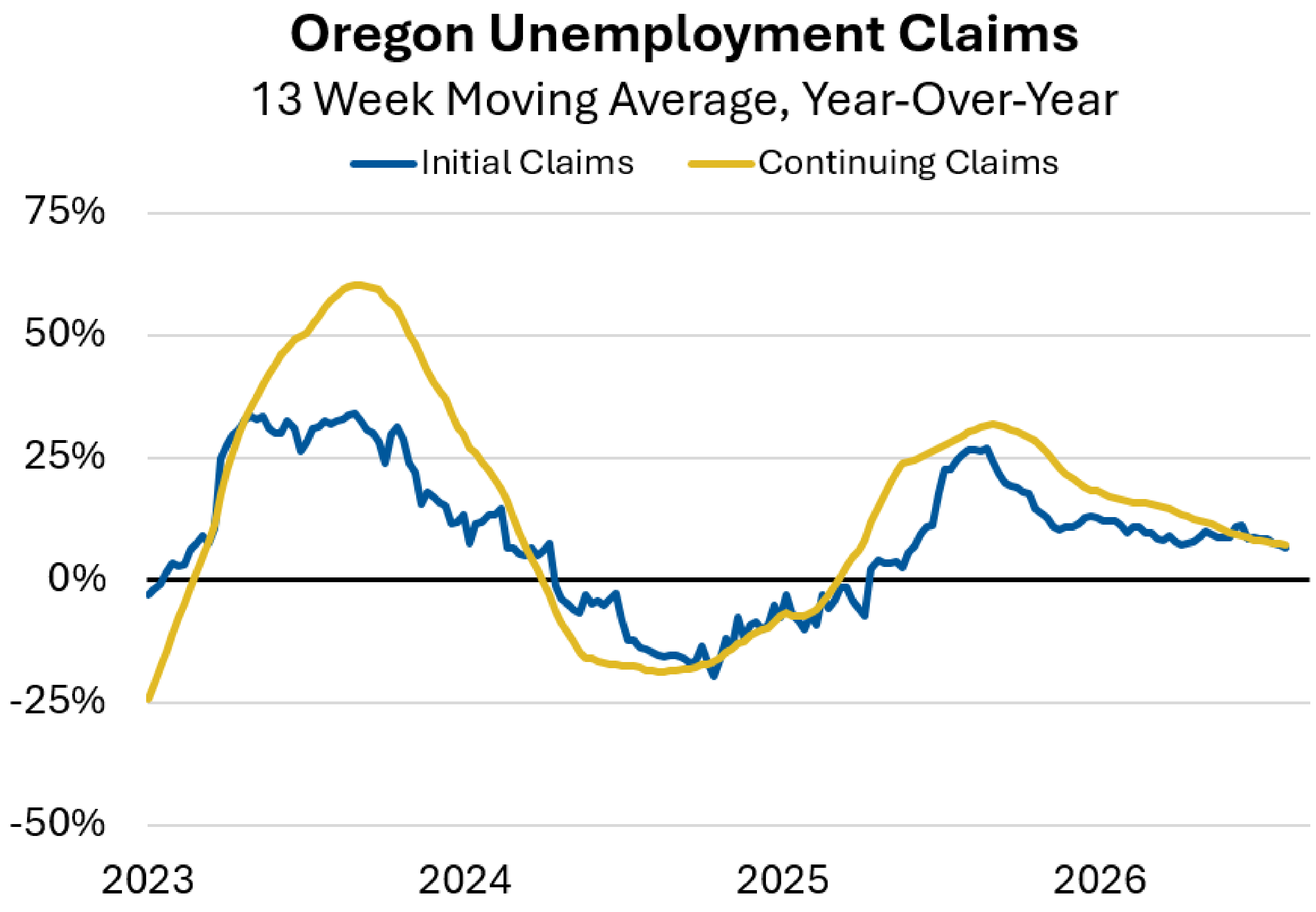
State Unemployment Rate Unchanged

Past 12 months, June 2025 to June 2026



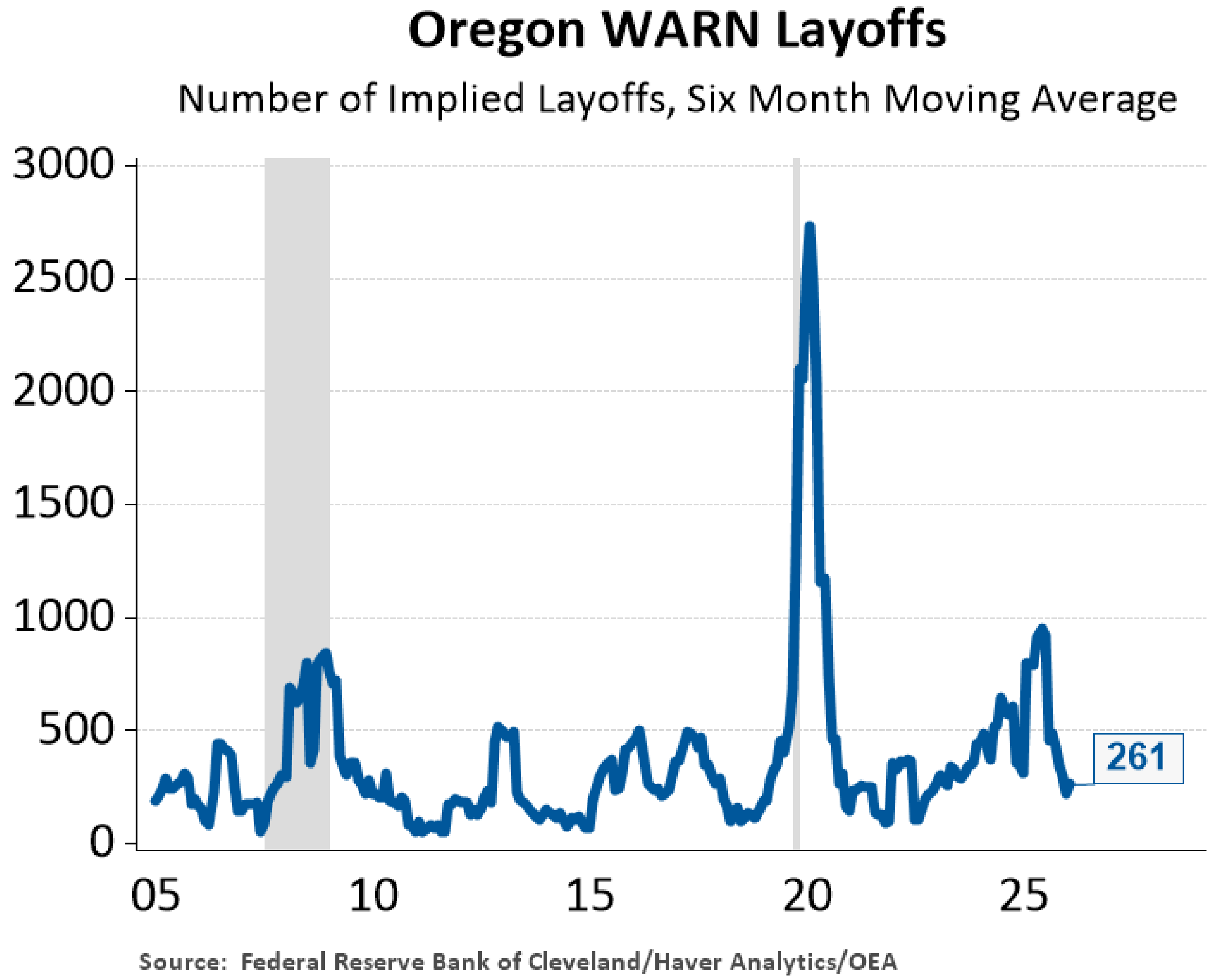
Source: Oregon Employment Department, OEA

Jobless Claim Filings Decelerating

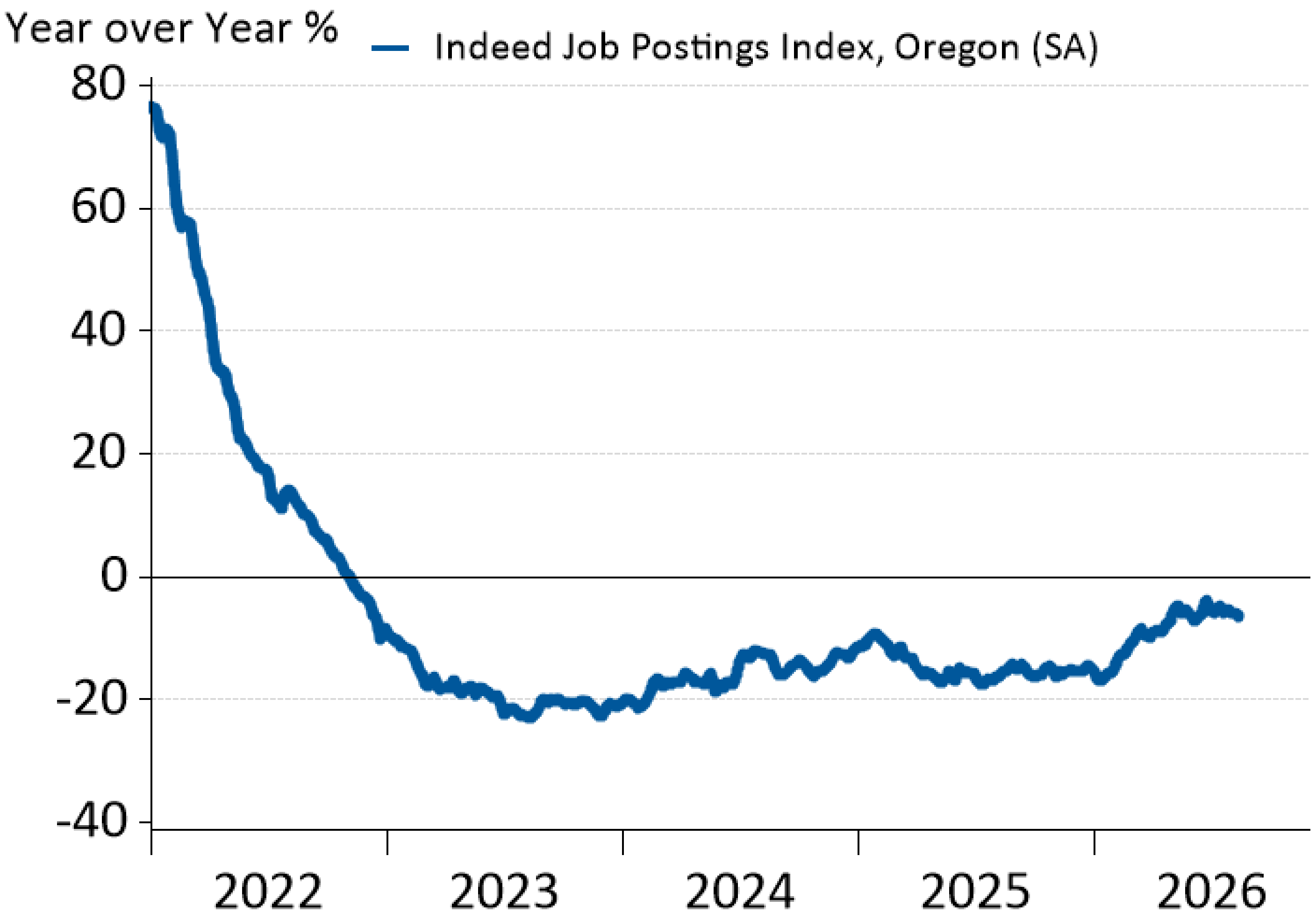


Latest Data: August 15, 2026 | Source: US Department of Labor, OEA

WARN Notices Moderating

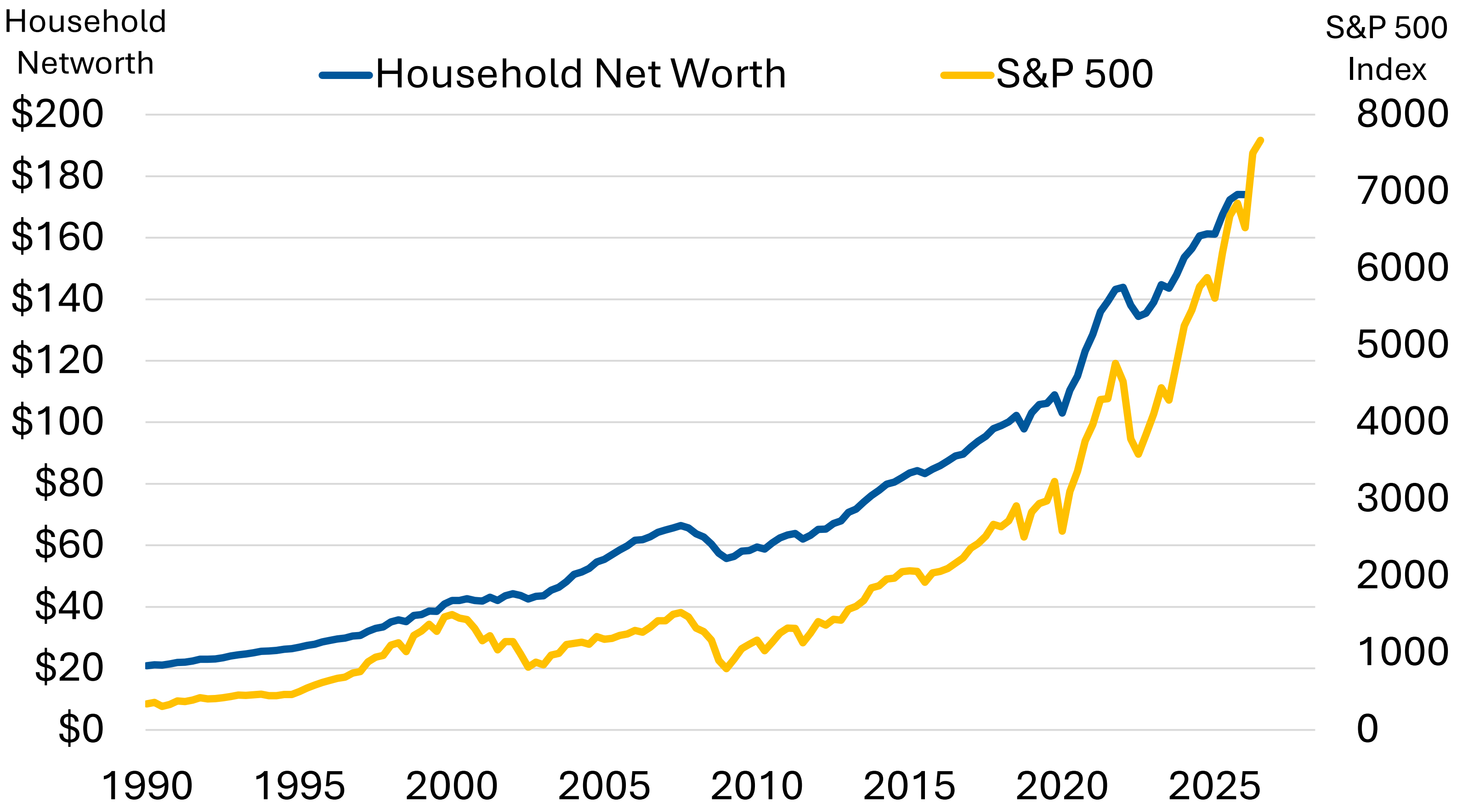


Job Postings Hint of Hiring Pick Up



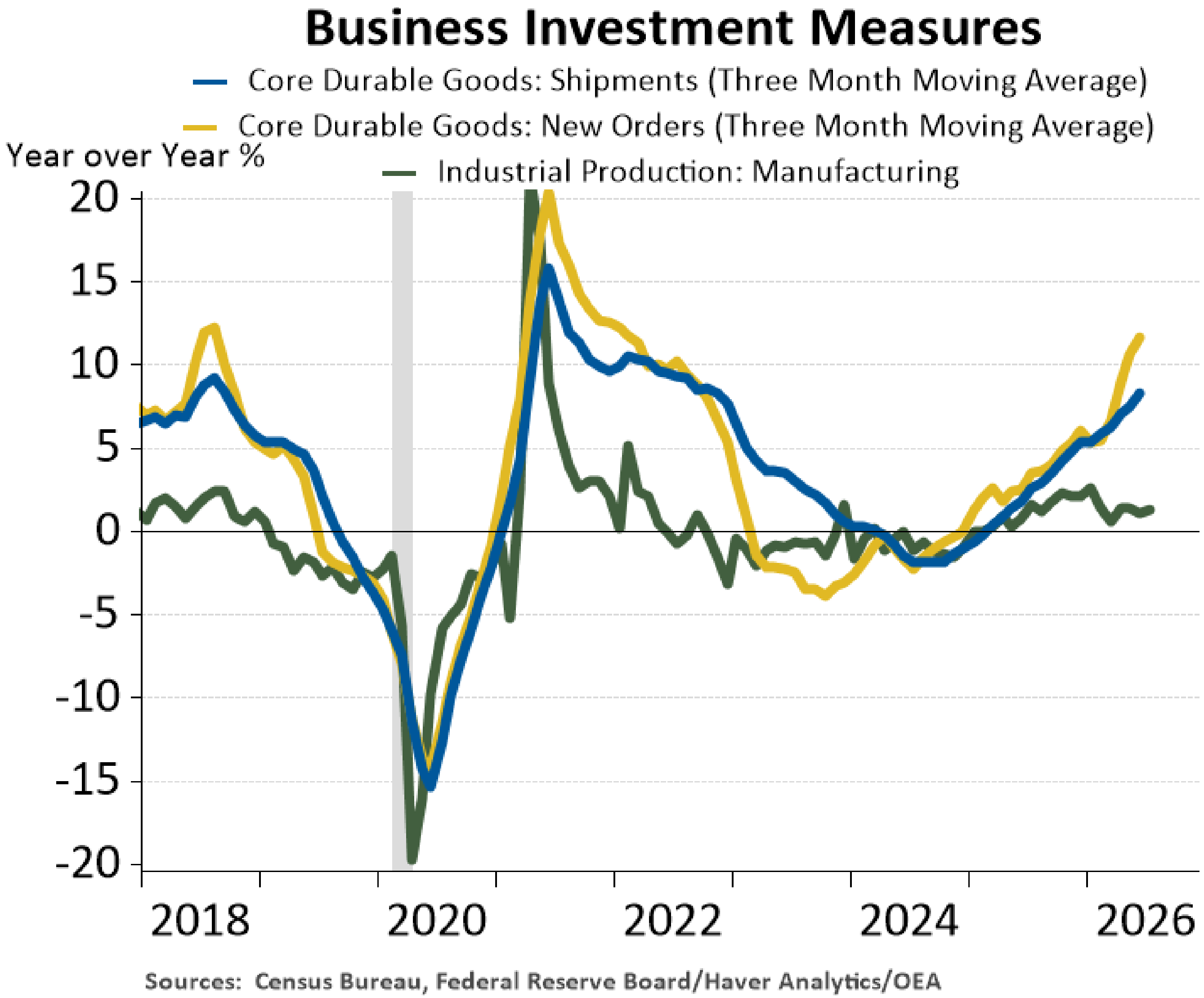
Source: Indeed/Haver Analytics/OEA

Wealth Effects Boost Consumption and Tax Revenue

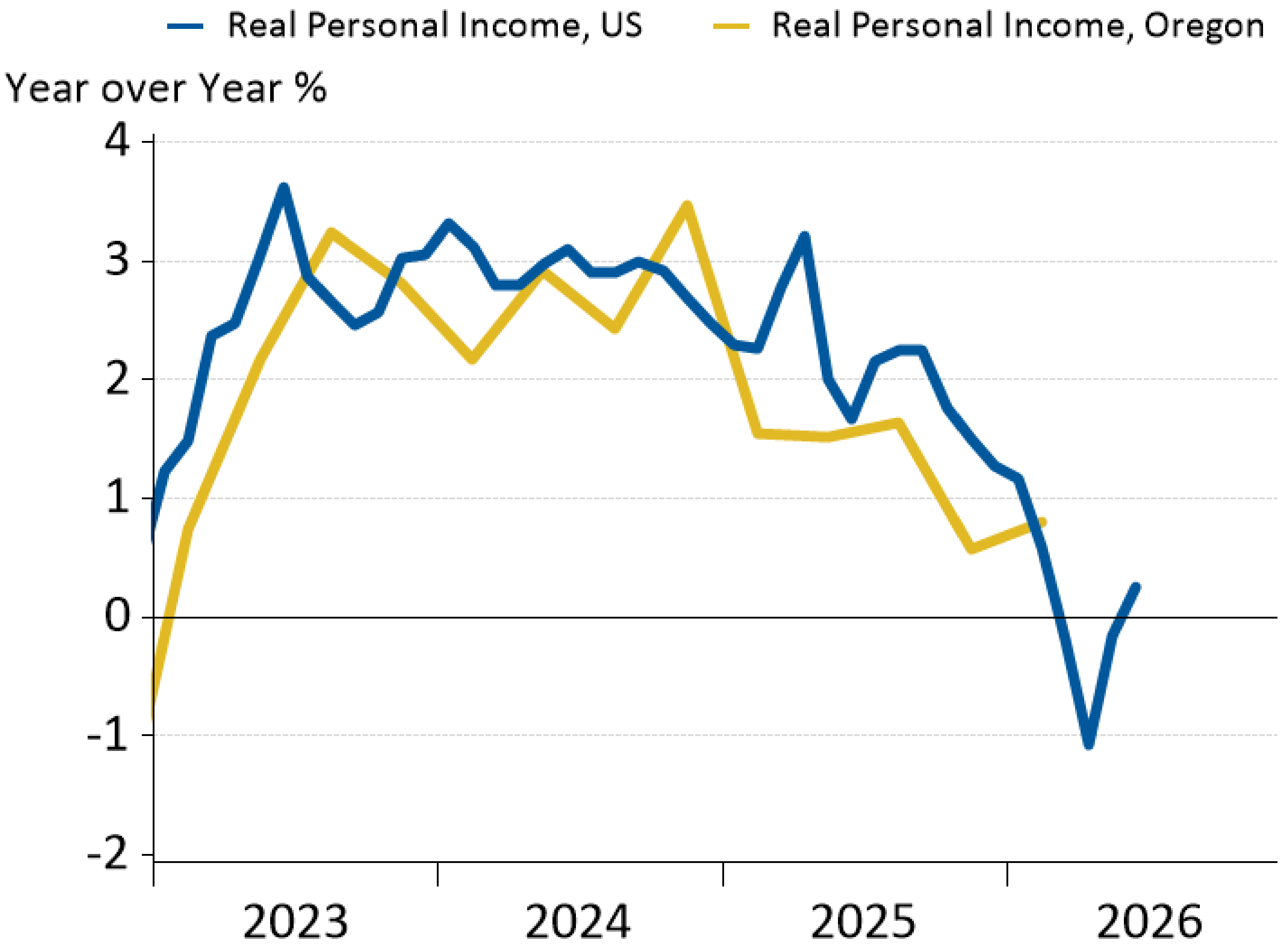


Source: Federal Reserve, Standard and Poor's, Haver Analytics

Business Investment Driving Growth

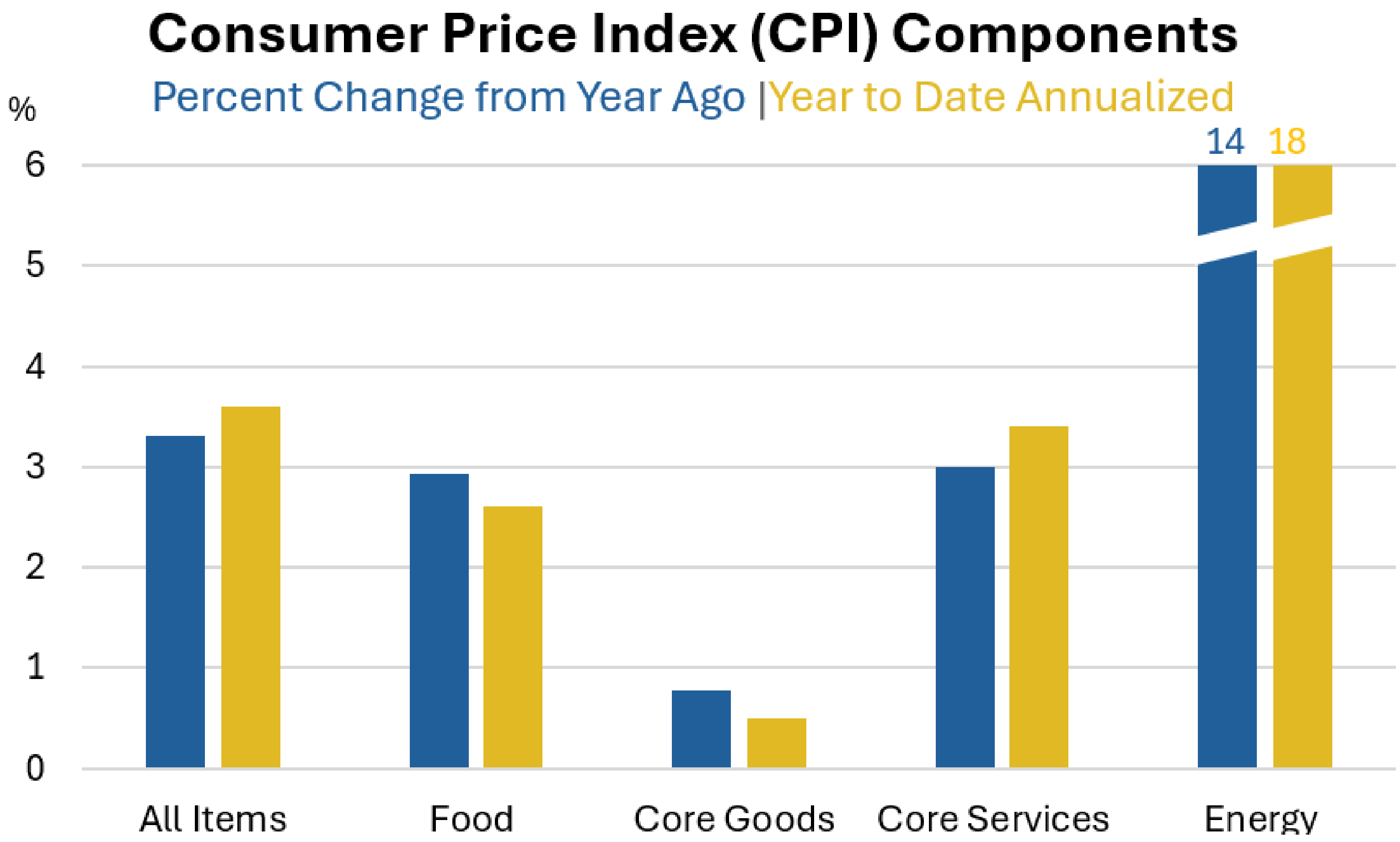


Energy Shock Leaves Consumers Underwater



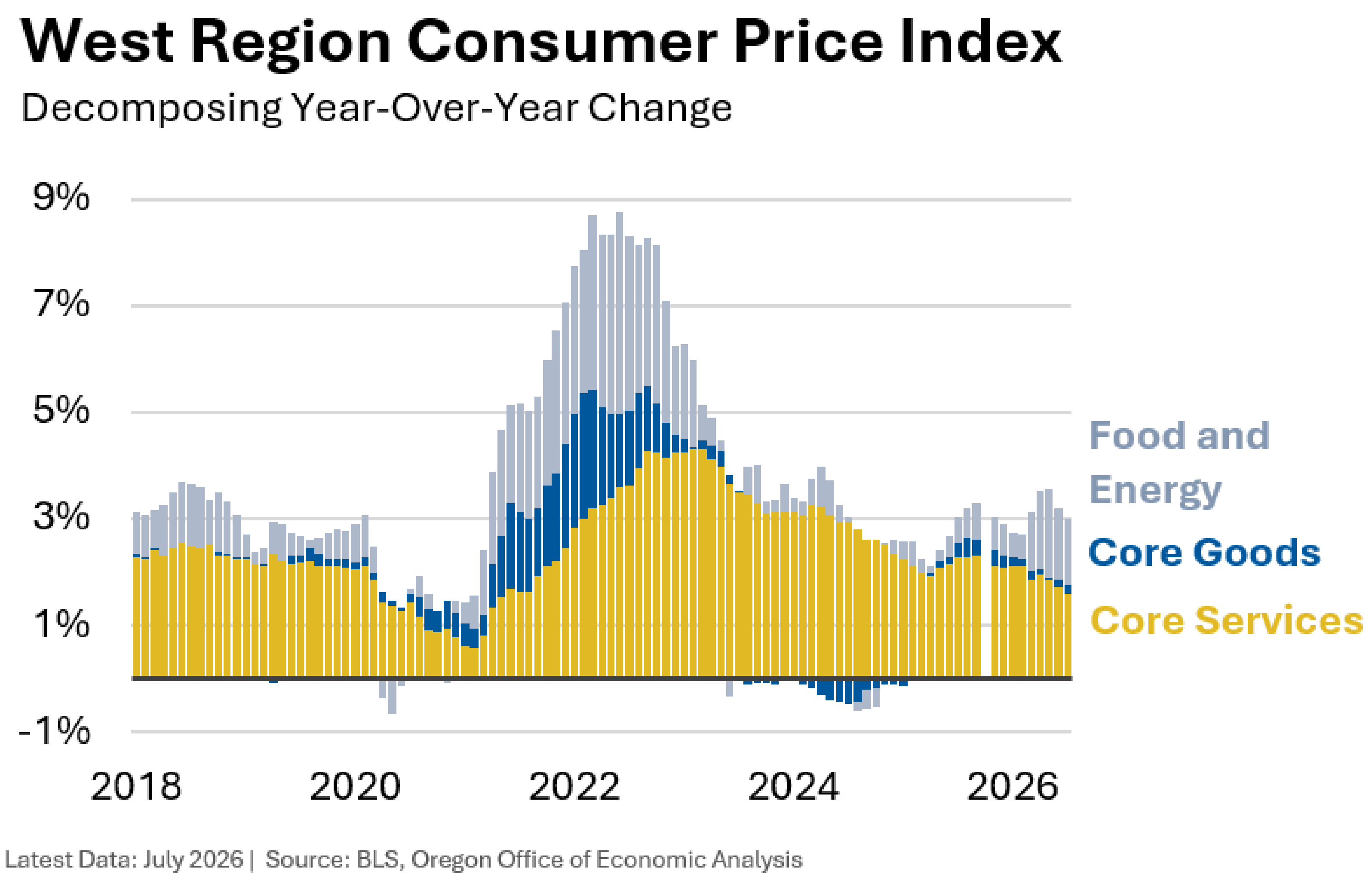
Source: Bureau of Economic Analysis/Haver Analytics/OEA

Energy Inflation is Contagious

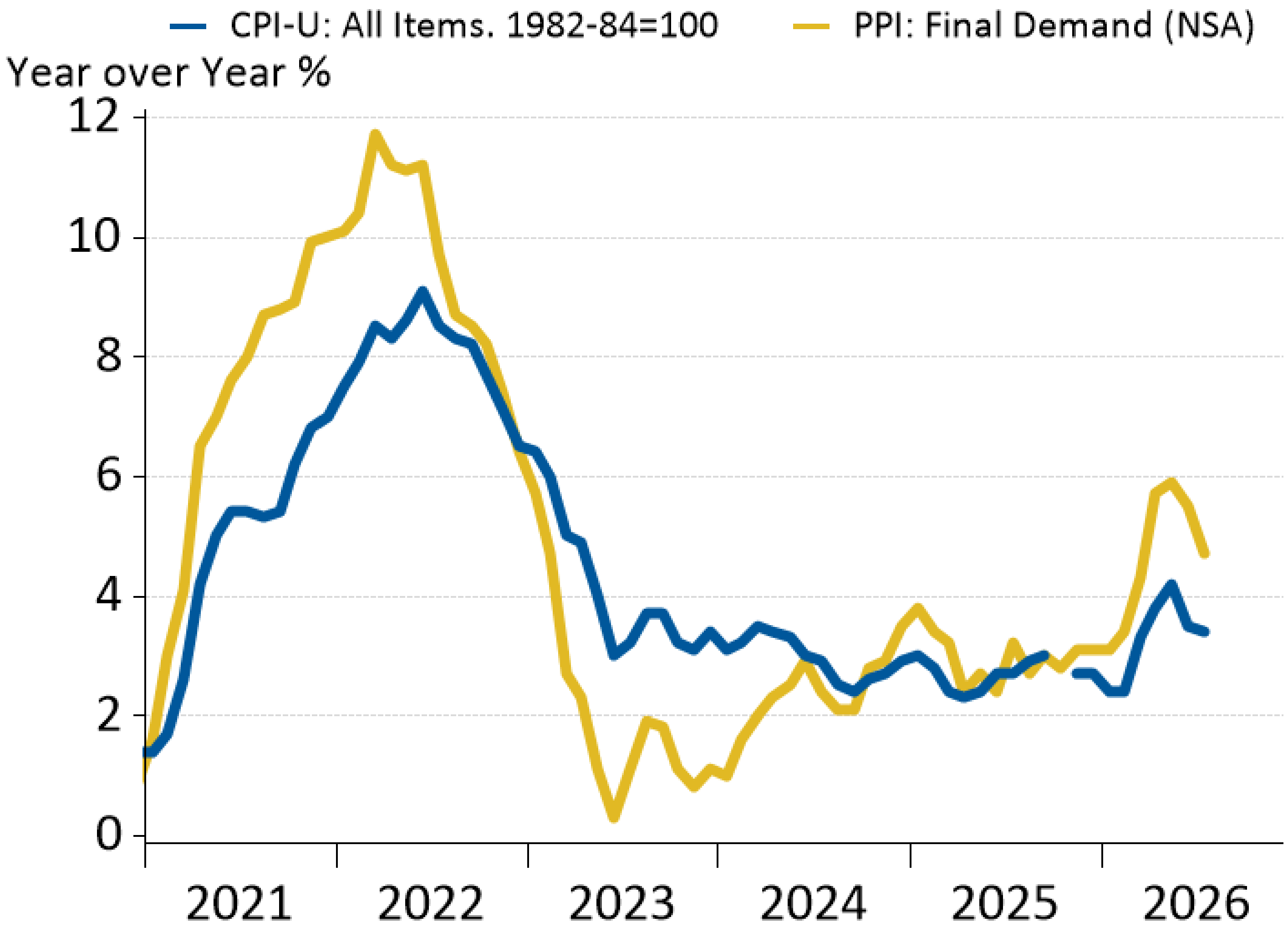


Source: BLS, OEA

Inflation Settling Closer to 3% than 2%

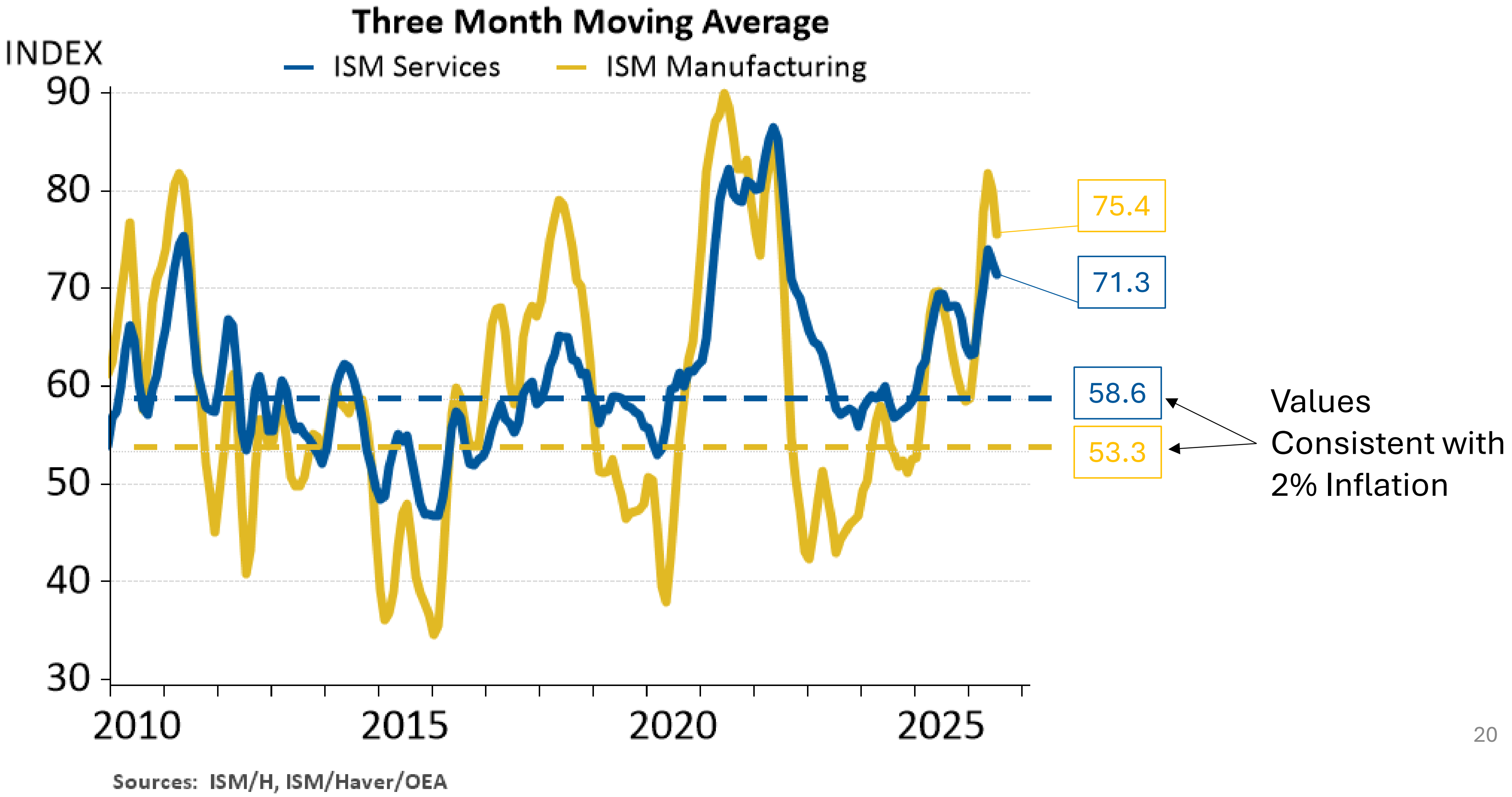


“Upstream” Inflation Pressures are Elevated

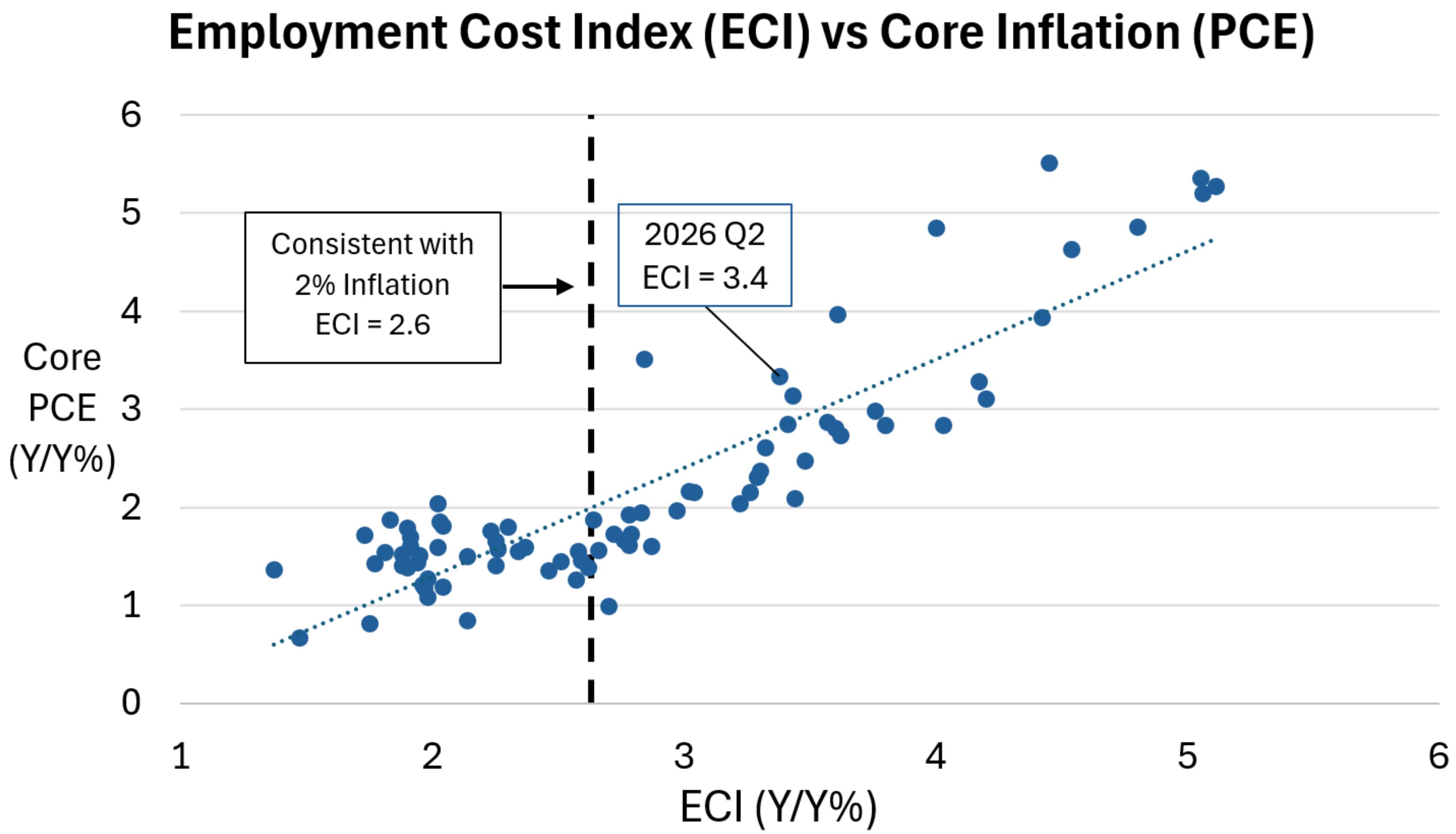


Source: Bureau of Labor Statistics/Haver Analytics/OEA

Purchasing Managers' Prices Paid Running Hot

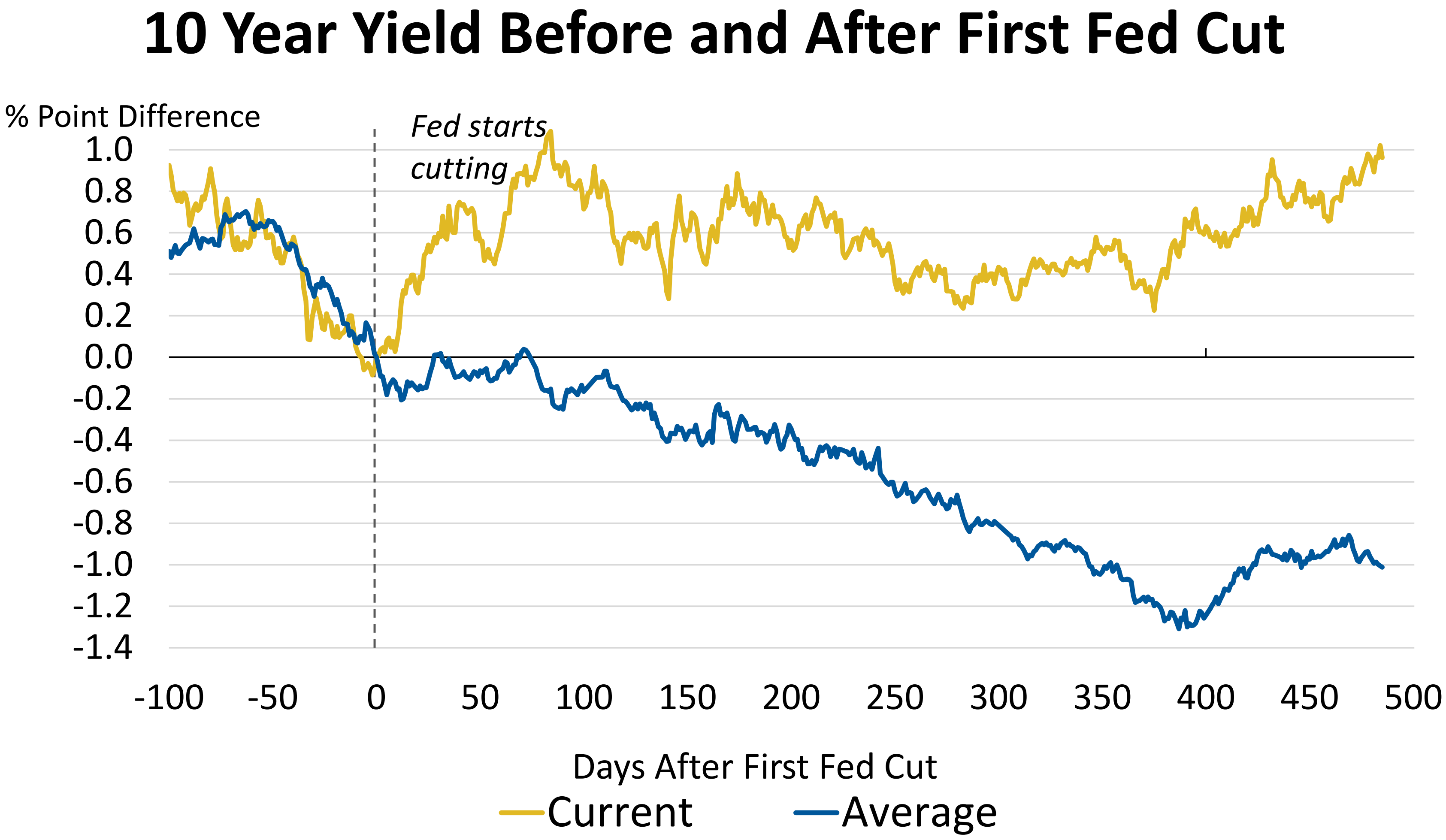


Employment Costs Not Consistent with Inflation Reaching Target



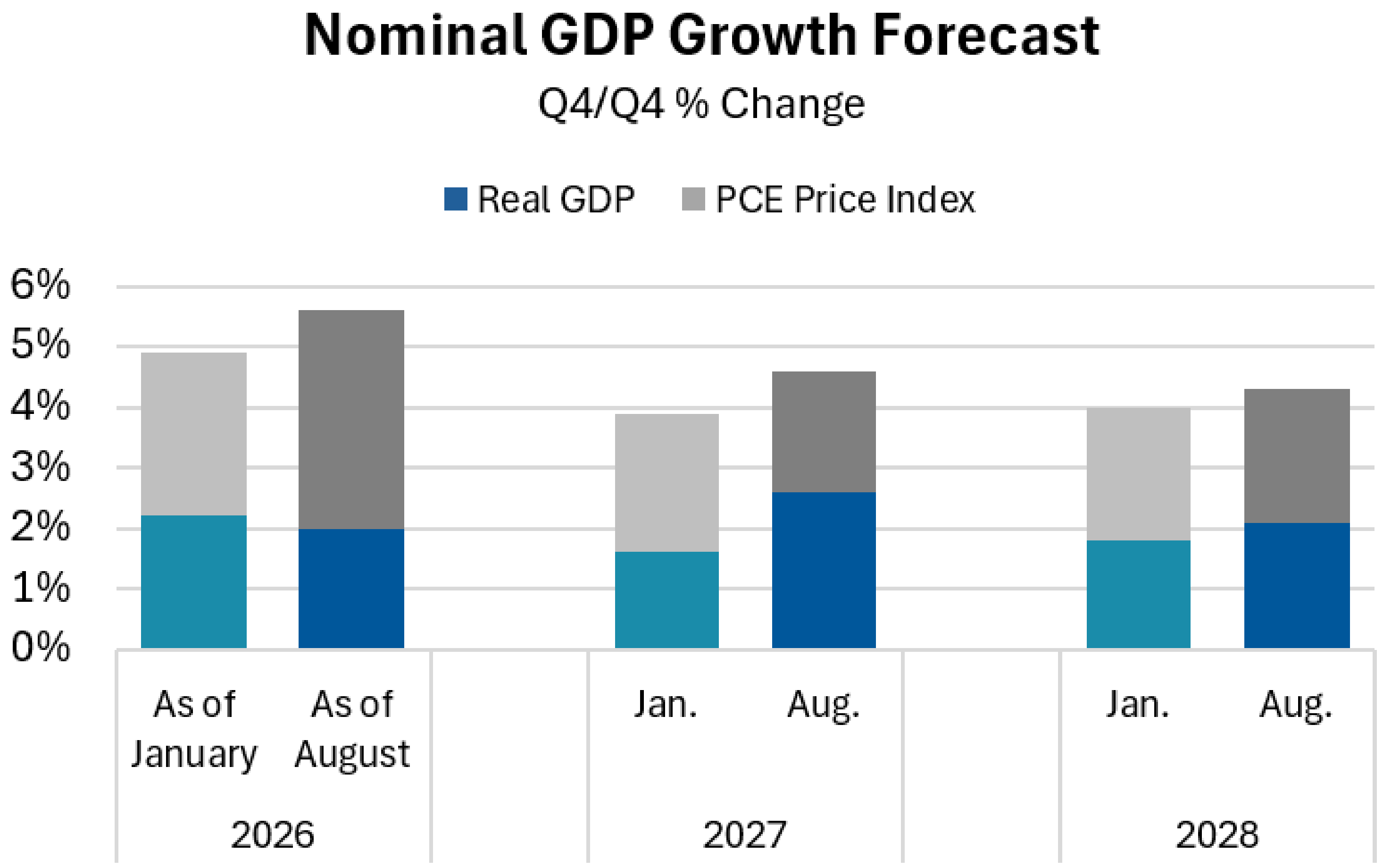
Source: BLS, BEA, Haver, OEA

Market Yields Not Tracking with Fed Cuts



Source: Federal Reserve

Topline Growth Higher Due to More Inflation in 2026, More Real Growth in 2027



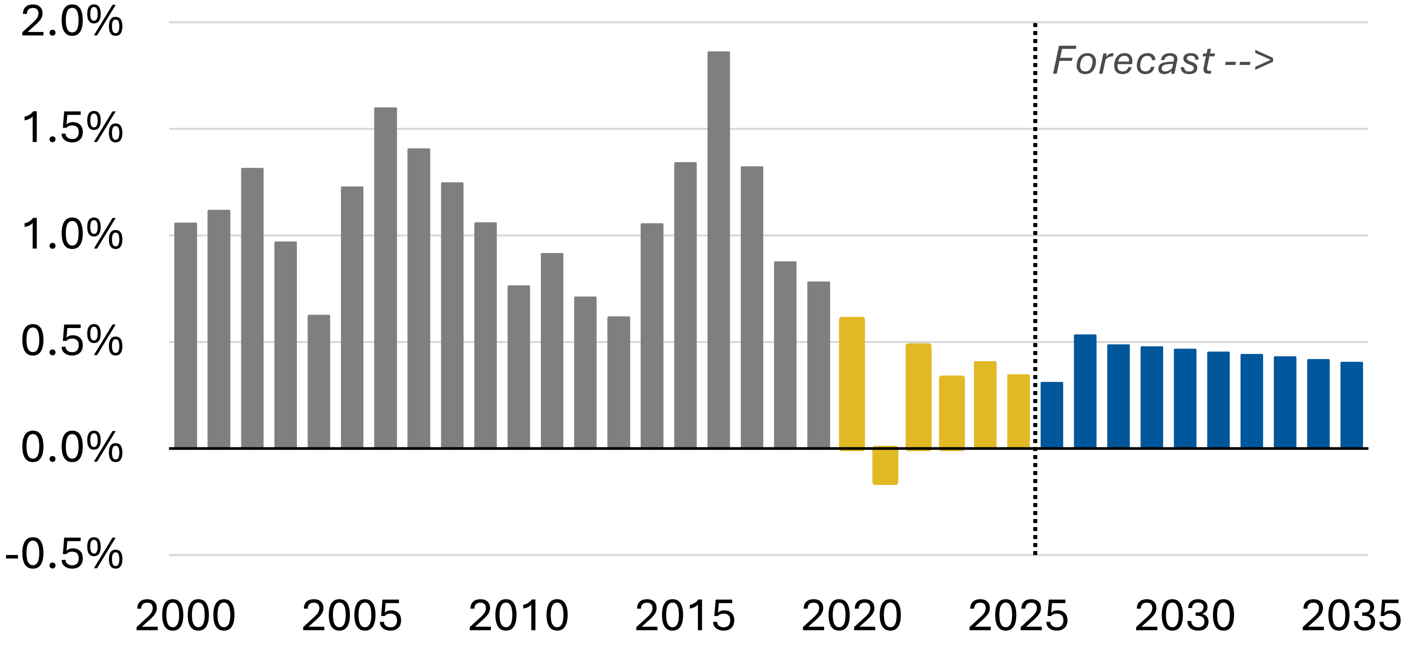
Source: S&P Global Macro

Longer-Term Demographic Outlook Depends on Employment

Oregon Population Growth

Annual change in total state population

History, PSU Estimates, and Forecast



Oregon is growing slower than US

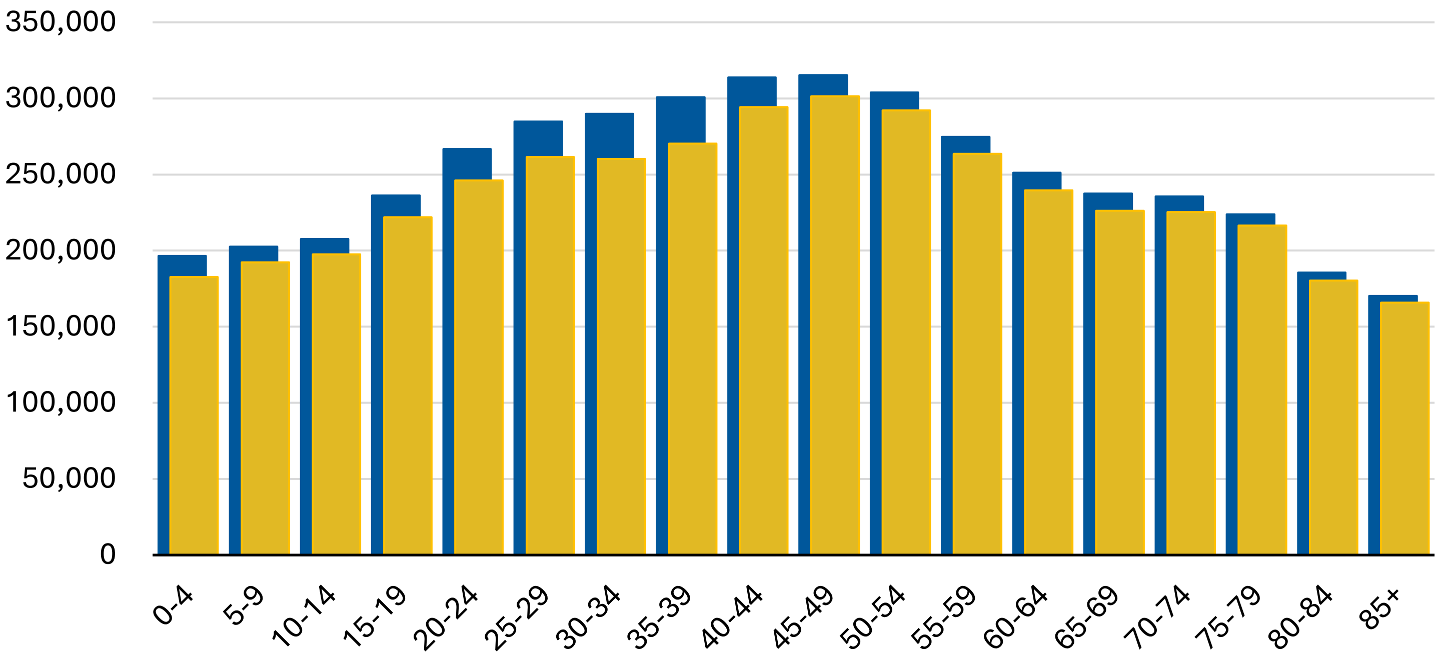
- Oregon's entire population growth will come from net migration
- Population expected to grow by average of 0.4% through 2035

Latest Data: 2025 | Source: US Census Bureau, Portland State Research Center, OEA

Working-Age Adult Population Impacted Most Under Zero Migration Scenario

Baseline vs. Zero Migration

Population by age groups, 2035



With zero migration assumption through 2035:

- Overall population will be 5.8% less
- Working-age adults will be 6.6% less

Latest Data: June 2026 | Source: OEA

Revenue Update

Revenues Mixed, Ending Balance Increases

2025-27 General Fund Revenue Statement			
(millions)	Prior Forecast	Current Forecast	Change from Prior Forecast
Beginning Balance	$2,166	$2,166	$0
Revenues (millions)			
Personal Income Tax*	30,052	30,200	148
Corporate Income Tax*	3,434	3,343	-92
All Other Revenues	2,205	2,204	-1
Net GF Revenues	35,692	35,747	55
Avail. Resources (Bal+Rev):	37,858	37,913	55
Appropriations	-37,513	-37,513	0
Projected Ending Balance*	345	400	55

* includes offsets and Rainy Day Fund transfers

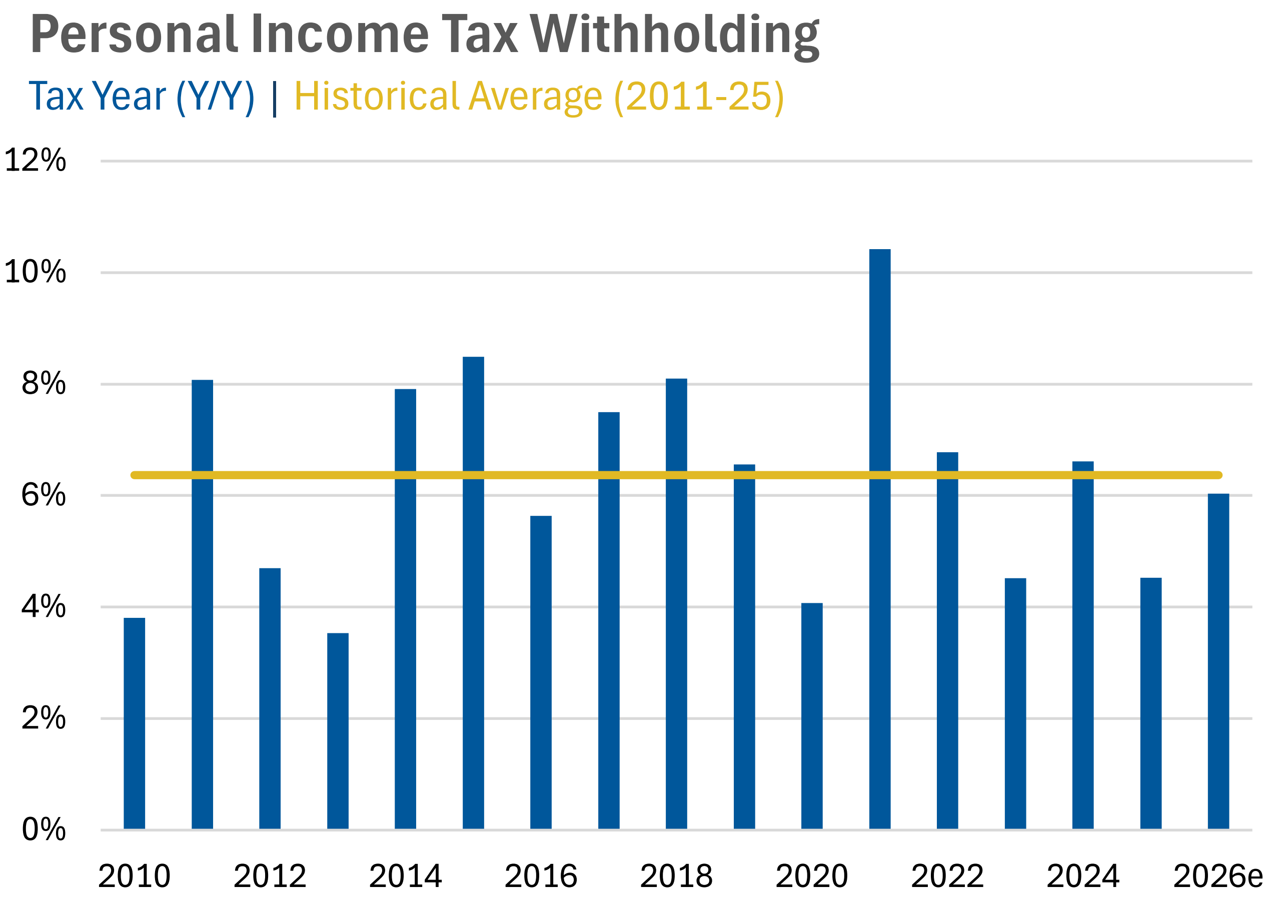
Key Takeaways:

Revenues up $55m

Personal and Corporate offset

Ending balance equals $400m

Withholding Exhibits Strength

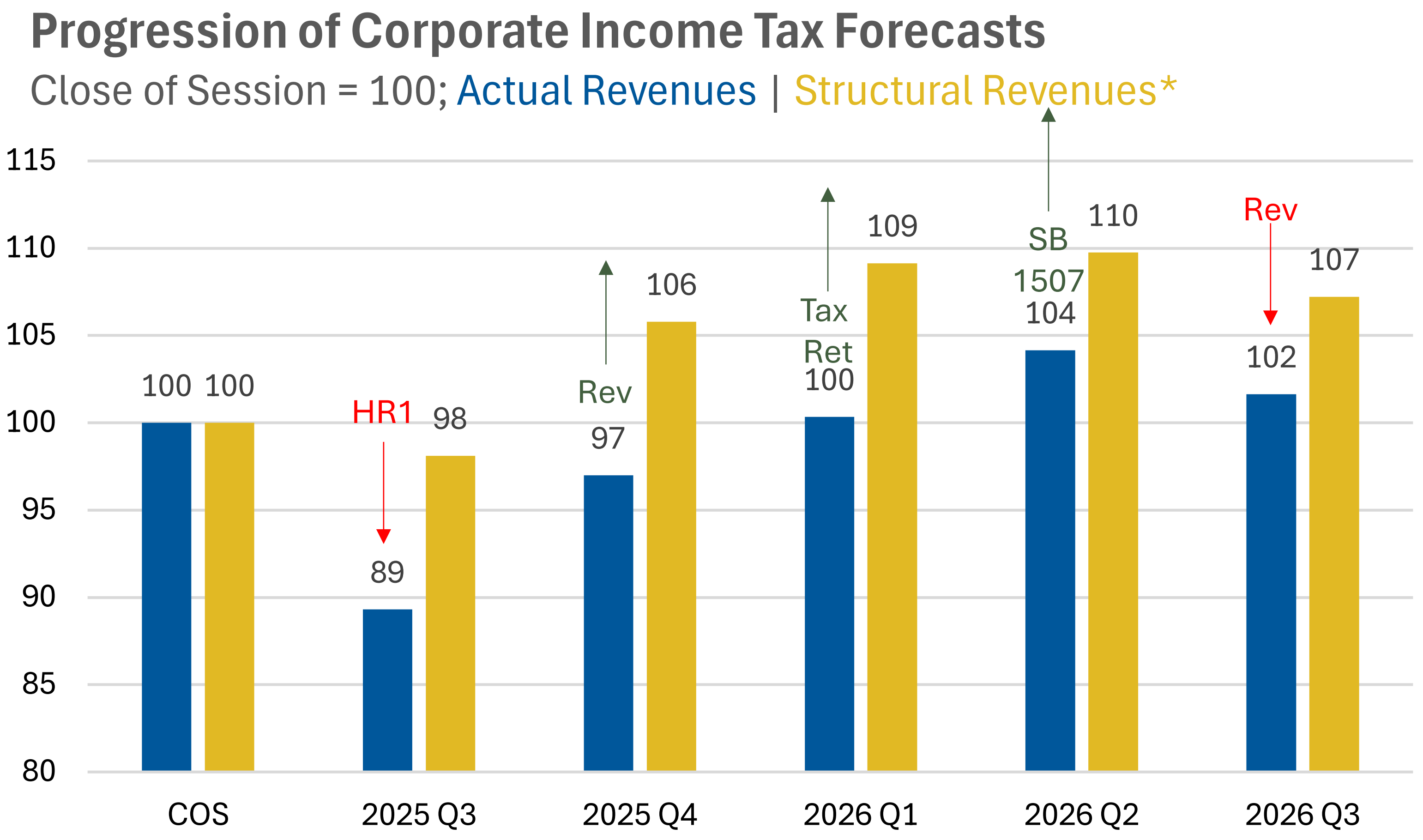


Source: Dept. of Revenue; Office of Economic Analysis

Key Takeaway:

2026 withholding growth revised from 4.5% to 6.0%

Corporate Income Tax Well Above COS

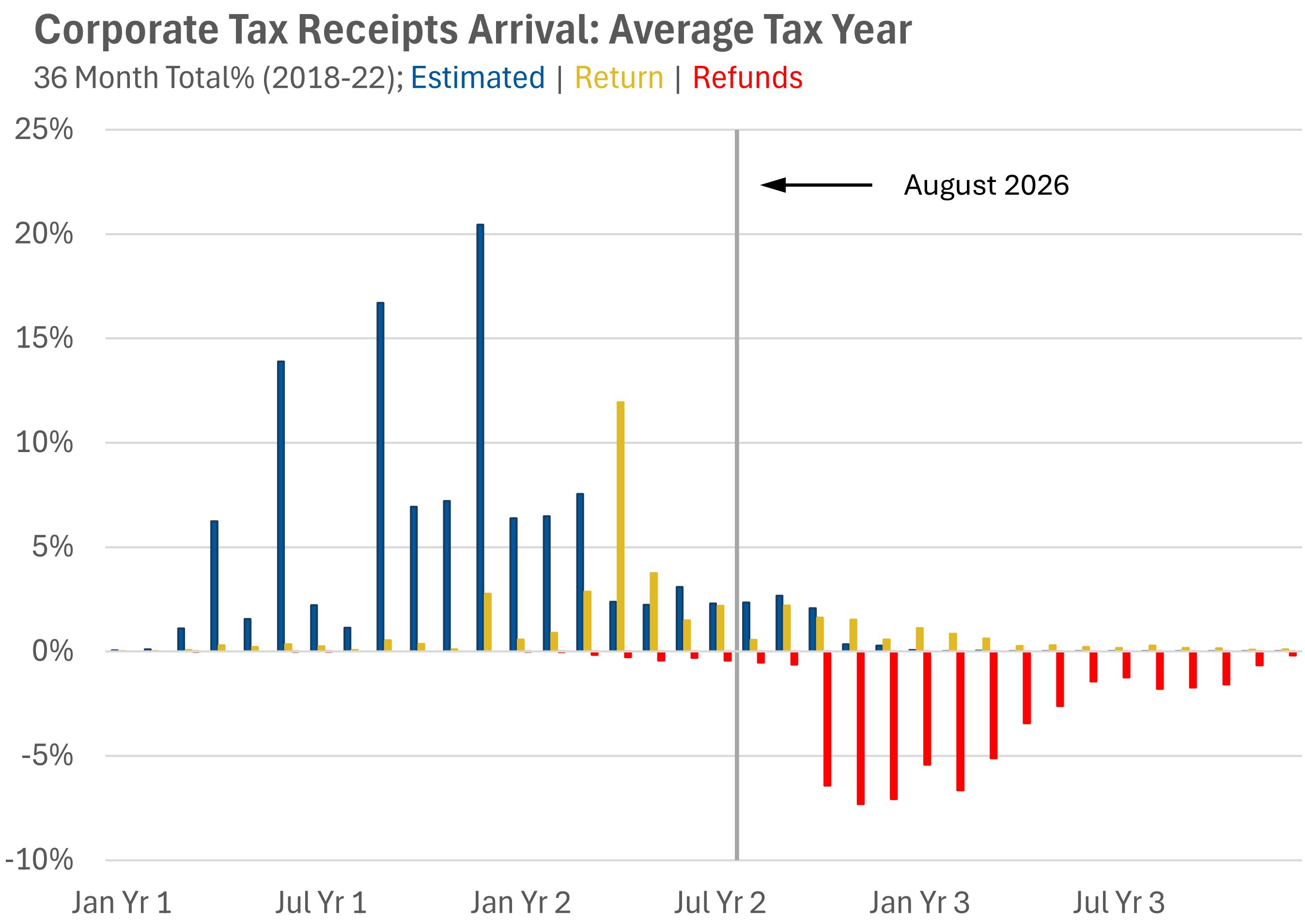


* Structural is absent the estimated effects of HR1 and SB 1507; Source: Office of Economic Analysis.

Key Takeaways:

- Corporate tax exhibits volatility
- Downward revision due to lower refund application rate
- Still above COS

Corporate 2025 Tax Base Uncertain



Source: Department of Revenue; Office of Economic Analysis

Key Takeaways:

- TY 2025 still in progress, refunds left to occur
- Total receipts uncertain, due to HR1
- Economic indicators remain strong

Next Biennium Revised Up

2027-29 General Fund Revenue Statement			
(millions)	**Prior Forecast**	**Current Forecast**	**Change from Prior Forecast**
Beginning Balance	$345	$400	$55
Revenues (millions)			
Personal Income Tax*	35,919	36,332	$413
Corporate Income Tax*	3,665	3,734	70
All Other Revenues	2,238	2,293	55
Net GF Revenues	41,821	42,359	538
Avail. Resources (Bal+Rev):	42,166	42,759	593

* includes offsets and Rainy Day Fund transfers

Key Takeaways:

PIT increased $413m

Corporate income tax and interest earnings modestly changed

Resources up $593m

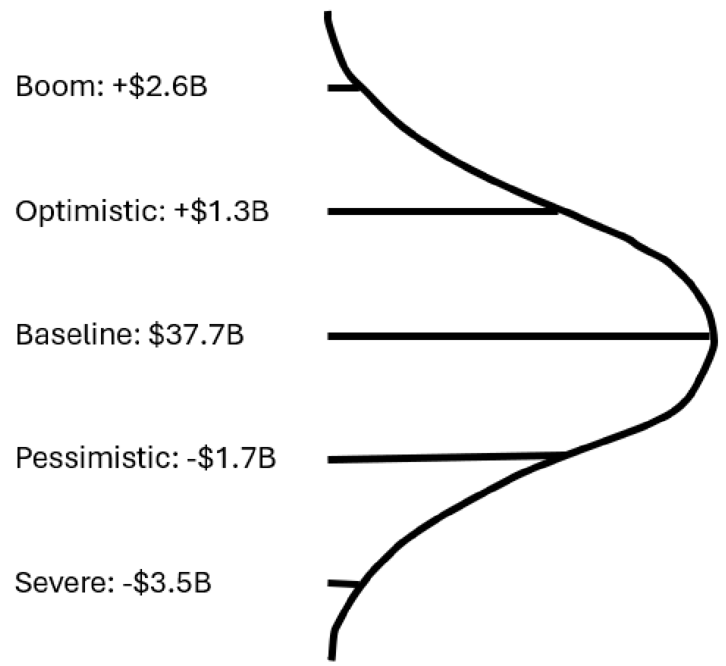
Various Outcomes Possible

General Fund Revenue* Scenarios

(millions)		2025-27	2027-29	2029-31	2031-33	2033-35
Boom (3%)	Revenues	$40,236.1	$45,788.7	$51,466.5	$57,745.4	$64,790.4
	Growth	*21.6%*	*13.8%*	*12.4%*	*12.2%*	*12.2%*
Optimistic (15%)	Revenues	$38,955.2	$44,136.3	$49,476.7	$55,364.5	$62,229.7
	Growth	*17.7%*	*13.3%*	*12.1%*	*11.9%*	*12.4%*
Baseline (64%)	Revenues	$37,674.3	$42,656.9	$47,954.8	$53,537.9	$59,985.5
	Growth	*13.9%*	*13.2%*	*12.4%*	*11.6%*	*12.0%*
Pessimistic (16%)	Revenues	$35,941.3	$40,398.0	$45,892.1	$51,215.6	$57,463.9
	Growth	*8.6%*	*12.4%*	*13.6%*	*11.6%*	*12.2%*
Severe (2%)	Revenues	$34,208.2	$38,210.6	$44,247.9	$49,513.4	$55,504.5
	Growth	*3.4%*	*11.7%*	*15.8%*	*11.9%*	*12.1%*

* Adjusted for kicker credits. Source: Office of Economic Analysis.

Potential Variation from Baseline Forecast
2026 Q3 General Fund: 2025-27



No 2025-27 Kickers at this Time

(millions)	Personal Kicker	Corporate Kicker
Close-of-Session	$32,329	$3,405
Kicker Threshhold (2%)	$32,976	$3,473
Current Forecast	$32,450	$3,466
Distance from Kicking	**-$526**	**-$7**
Surplus (if any)		
HR 1	-$586	-$302
2026 Session	$257	$111
Total Law Changes	-$329	-$191

Non-General Fund Revenues

2025-27 Non-GF Revenue Statement

Source of Revenue (millions)	September 2026 Forecast	Change from Prior Forecast
Lottery	$1,849	$4
Corp. Activity Tax	2,983	-95
Marijuana	262	-14
Total Other Revenues	5,094	-105

Key Takeaways:

- Lottery forecast slightly increased
- Corporate activity tax exhibiting similar issues to corporate income tax
- Marijuana forecast profile revised substantially

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