

Revenue Outlook

Revenue Summary

The economic outlook depicted throughout this document exhibits significantly slower growth over the next year than was anticipated in the previous forecast. This translates directly through to the revenue picture. Expected income growth for individuals in 2025 is well below historical norms, driven both by lower growth in employment income and declines in capital gains. Business income is projected to turn negative in 2025 before turning positive in 2026 and 2027. After adjusting for the effects of kicker credits, the resulting General Fund revenue growth is modestly below average rates of the past four decades. This results in a mild downward revision relative to the Q1 forecast for both the current and next biennia.

General Fund revenues for 2023-25 are expected to equal \$27.8 billion, down \$165.2 million from the prior forecast. Personal income tax is primarily responsible for the decline, with all of the change due to weakened expectations in the outlook. The 2025 legislature passed additional appropriation allowance for current biennial spending of \$460.6 million, however, an adjustment has been made for this forecast to account for the fraction of appropriations that goes unspent. The net effect of all changes is a projected ending balance of \$2.17 billion, which is down \$414.0 million from the prior forecast.

Table R.1

2023-25 General Fund Forecast Summary

(Millions)	2023 COS Forecast	March 2025 Forecast	May 2025 Forecast	Change from Prior Forecast	Change from COS Forecast
Structural Revenues					
Personal Income Tax	\$21,019.7	\$22,570.0	\$22,425.2	-\$144.8	\$1,405.5
Corporate Income Tax	\$2,228.9	\$3,222.1	\$3,144.8	-\$77.3	\$915.9
All Other Revenues	\$2,011.3	\$2,216.2	\$2,275.9	\$59.8	\$264.6
Gross GF Revenues	\$25,259.9	\$28,008.2	\$27,845.9	-\$162.3	\$2,586.0
Offsets, Transfers, and Actions ¹	-\$437.0	-\$496.8	-\$502.0	-\$5.1	-\$64.9
Beginning Balance	\$7,493.5	\$8,082.5	\$8,084.8	\$2.3	\$591.3
Net Available Resources	\$32,316.4	\$35,593.9	\$35,428.7	-\$165.2	\$3,112.3
Expenditures	\$31,873.6	\$33,007.4	\$33,467.9	\$460.6	\$1,594.4
Ending Balance	\$442.8	\$2,586.5	\$2,172.5	-\$414.0	\$1,729.7
Confidence Intervals					
67% Confidence	+/- 1.0%		\$271.8	\$27.57B to \$28.12B	
95% Confidence	+/- 2.0%		\$543.5	\$27.30B to \$28.39B	

¹ Reflects personal and corporate tax transfers, Rainy Day Fund transfer, and Dept of Ag transfer

Changes to the revenue outlook also impact projections for the personal and corporate kicker surpluses. The personal kicker surplus is currently forecast at \$1,639.1 million and will be returned to taxpayers as a credit on their 2025 tax returns. The corporate kicker now stands at \$915.8 million and will be retained in the General Fund and spent on education next biennium.

Muted expectations for the economy in the coming months have a moderate impact on the 2025-27 revenue outlook. General Fund revenue has been decreased by \$334.2 million due primarily to a -\$529.0 million adjustment to personal income taxes. The negative headwinds are offset somewhat by a positive adjustment to anticipated Estate Taxes, as well as a smaller personal kicker credit adjustment. Including the \$414.0 decrease to the projected beginning balance, total available resources are now expected to equal \$37.4 billion, which is down \$755.7 million from the prior forecast. It should be noted that almost \$250 million of this decline is due to increased spending in the current biennium.

Non-General Fund components are also affected by the changing economic landscape. Corporate Activity Tax receipts are expected to total \$3.0 billion, a \$44.4 million decrease from the Q1 forecast. Lottery earnings are also revised downward \$36.7 million due entirely to a weaker Video lottery sales forecast. Finally, Marijuana revenues have been adjusted down \$7.6 million since the last forecast.

2023-25 General Fund Revenues

Most concurrent revenue indicators are underperforming expectations. This has played a significant role in the migration to a slower growth outlook for the coming months. As such, the 2023-25 biennium is closing on a weaker note. Revenues have been reduced by \$167.5 million, primarily owing to decreases in personal and corporate income taxes.

Personal Income Tax

Tax season for the 2024 tax year is well under way. In historical terms, tax year 2024 was a very strong year with substantial growth in dividend, interest, retirement and capital gains income. Table R.2 below presents a comparison of the prior and current forecasts for the major income categories, as well as total taxable income and resulting tax liability for tax years 2024 and 2025. Note that substantial data are available to estimate tax year 2024 values while tax year 2025 is purely a forecast based on economic data.

While tax year 2024 shaped up nicely, 2025 has been revised downward significantly. This owed to the change in the outlook to a “growth recession” and a retraction in business and market performance. The impact of this is already present in the data as withholding and estimated payments through April are progressively falling below normal growth rates. This is the primary driver for the current forecast’s decline relative to the prior edition.

Table R.2: Personal Income Tax * Forecast Changes				
		Q1 Forecast	Q2 Forecast	Change
TY 2024	Wages & Salaries	6.7%	5.7%	-1.0%
	Dividends	9.0%	15.0%	6.0%
	Capital Gains	35.0%	50.0%	15.0%
	Retirement	6.8%	11.1%	4.3%
	Schedule E	10.0%	5.0%	-5.0%
	Total Income	8.5%	9.6%	1.1%
	Liability	11.6%	10.4%	-1.2%
TY 2025	Wages & Salaries	5.5%	4.5%	-1.0%
	Dividends	5.0%	-5.0%	-10.0%
	Capital Gains	3.0%	-9.0%	-12.0%
	Retirement	5.0%	8.1%	3.1%
	Schedule E	2.0%	-5.0%	-7.0%
	Total Income	4.7%	3.0%	-1.7%
	Liability	5.6%	4.1%	-1.5%

* Full-year filers only.

The forecast for 2023-25 is now \$22.4 billion, which is \$144.8 million below the Q1 forecast. The personal income tax forecast is now \$1.4 billion above the Close of Session forecast. Table B.8 presents tracking information for the third fiscal quarter of 2025. Personal income taxes finished \$53.2 million below the prior forecast. Higher than expected refunds were the cause of the error.

Corporate Excise Tax

The corporate income tax forecast models tax receipts by tax year on U.S. corporate profits adjusted for the size of the Oregon economy relative to the nation. The outlook for corporate profitability has deteriorated in the past few months. This impact can even be seen in the most recent estimated payment data, which serves as a real-time gauge for economic activity. Since the beginning of 2025, payments for tax year 2025 are down approximately 13% relative to the same period for tax year 2024. It is possible that this is due to inventory accumulation ahead of the imposition of tariffs.

For the 2023-25 biennium, corporate income tax collections are projected to total \$3.14 billion, down \$77.3 million from the Q1 forecast. As indicated in Table B.8 in the appendix, collections during the quarter ending March 31st were \$4.8 million above expectations. The full impact of recent events is expected to affect revenues in the final three months of the biennium.

Other Sources of Revenue

The two largest contributors to the “other sources” category are Estate Taxes and Interest Earnings. Since the 2023 Close of Session forecast, these two forecasts have increased almost \$400 million

combined, now totaling just over \$1.4 billion. Since the Q1 forecast, all other sources of revenue have been revised up \$59.8 million.

General Fund Forecast Perspective

Over the past six biennia, there has been a kicker surplus in each biennium. Table R.4 presents each Close-of-Session (COS) forecast, adjusted for kicker credits, and its assumed growth rate. The adjacent column presents the actual growth rate, and the final column exhibits the total General Fund surplus. Note that this surplus includes any Corporate Income Tax surplus or deficit.

The first highlight to note is how the assumed growth rate for Close-of-Session forecasts continued to erode over time. In 2015-17, the projected growth was 14.6%, approximately equal to the 14.2% average growth in normal historical biennia since 1977-79. Beginning with the 2017-19 biennium, the Close-of-Session forecasted growth dropped far below normal and continued to decline as actual growth maintained its double-digit pace.

Actual vs. Projected Growth in General Fund Revenues*					
	Adjusted COS Forecast	Gross Actuals	Forecasted Growth	Gross Growth	Difference
2009-11		\$12,521,406,330			
2011-13		\$14,155,019,600		13.0%	
2013-15	\$15,642,599,000	\$16,066,858,183	10.5%	13.5%	\$424,259,183
2015-17	\$18,411,984,050	\$18,969,811,854	14.6%	18.1%	\$557,827,804
2017-19	\$20,016,613,279	\$22,266,679,661	5.5%	17.4%	\$2,250,066,382
2019-21	\$22,700,925,689	\$25,293,229,431	2.0%	13.6%	\$2,592,303,742
2021-23	\$25,233,356,312	\$32,612,046,490	-0.2%	28.9%	\$7,378,690,178
2023-25	\$30,859,735,635	\$33,445,686,972	-5.4%	2.6%	\$2,585,951,337
2025-27	\$37,444,987,648		12.0%		
* adjusted for kicker impacts.					

The second highlight is that the current Q2 forecast for the 2025-27 biennium is the highest growth expectation for this forecast since 2015-17. While the economic outlook is muted in the first 6-9 months of the biennium, resumption of more normal growth in personal and corporate taxable incomes as well as a healthy increase in Estate Tax revenues result in a biennial growth that is just two and a half percentage points below historical norms. The 2025-27 biennium will only observe a significant kicker surplus if growth far surpasses historical norms.

Extended General Fund Outlook

Table R.3 exhibits the long-run forecast for General Fund revenues through the 2031-33 biennium. The 2025-27 biennium is the primary focus with the legislature now in session. The Legislatively Adopted Budget level will be constrained by the resources projected in this forecast, adjusted for any law changes that affect revenues. General Fund revenues in the coming biennium are now expected to total \$35.6 billion, a \$334.2 million decrease from the previous forecast. The primary reason for the decline is lower personal income taxes. With the inclusion of a lower beginning balance (down \$414.0 million), available resources are projected to equal \$37.4 billion. This is a downward revision of \$755.7 million.

Table R.3

May 2025

General Fund Revenue Forecast Summary

Millions of Dollars, Current Law

Revenue Source	2023-25 Biennium	% Chg	2025-27 Biennium	% Chg	2027-29 Biennium	% Chg	2029-31 Biennium	% Chg	2031-33 Biennium	% Chg
Personal Income Taxes	22,425.2	-12.7%	30,302.8	35.1%	35,702.7	17.8%	39,780.1	11.4%	44,160.7	11.0%
Corporate Income Taxes	3,144.8	-0.4%	3,431.6	9.1%	3,666.3	6.8%	3,845.6	4.9%	4,171.1	8.5%
All Others	2,245.0	15.8%	2,043.1	-9.0%	2,173.5	6.4%	2,455.2	13.0%	2,786.6	13.5%
Gross General Fund	27,814.9	-9.6%	35,777.5	28.6%	41,542.6	16.1%	46,081.0	10.9%	51,118.4	10.9%
Offsets and Transfers	(237.2)		(206.9)		(217.5)		(194.3)		(181.0)	
Net Revenue	27,577.7	-9.9%	35,570.6	29.0%	41,325.1	16.2%	45,886.7	11.0%	50,937.4	11.0%

Note that the large percentage changes between biennia are due to kicker credits affecting personal income tax collections. Beyond 2025-27, when these considerations are no longer in effect, growth reflects underlying economic assumptions characterized elsewhere in this document. The potential for error in the forecast increases substantially the further ahead we look.

Corporate Activity Tax

Oregon's new corporate activity tax (CAT) went into effect January 2020. Revenues from this tax on business receipts are dedicated to education through the Fund for Student Success. The tax was designed to generate approximately \$1 billion per year in new state resources, or \$2 billion per biennium. These figures include both CAT revenues and the impact of the reduction in personal income tax rates which reduce state revenues, leaving a net revenue change of approximately \$1 billion per year.

For the quarter ending March 31, 2025, net corporate activity tax receipts fell short of expectations by \$7.0 million. The weakness was observed in estimated payments related to current economic activity, while reconciliation for prior tax years met expectations. Given the much milder outlook for economic growth in the next year, the forecast for tax receipts for 2025-27 has been revised down \$44.4 million to \$3.0 billion. Including a \$17.3 million decline in the beginning balance, available resources for the coming biennium are now projected to equal \$3.2 billion. This is \$61.7 million below the Q1 forecast.

Table B.12 in Appendix B summarizes the 10-year forecast and the allocation of resources, while Table B.13 presents a more detailed quarterly breakdown of the forecast. The personal income tax reductions are built into the General Fund forecasts shown in Tables B.1 and B.2.

Lottery Forecast

The May lottery forecast has been revised downward from the February outlook, reflecting further reductions in overall resources. For the current 2023-25 biennium, total resources are lowered by \$10.5 million, with future biennia seeing more significant decreases of \$50-94 million.

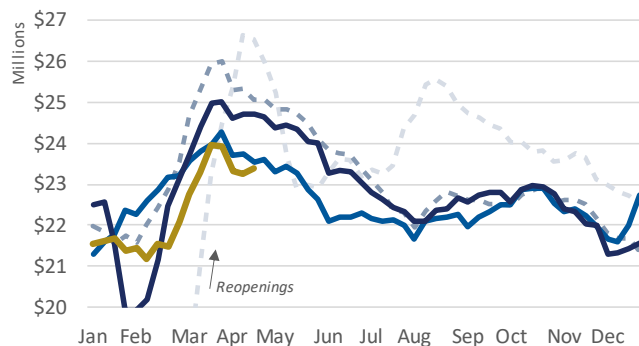
Video lottery resources have seen the largest downward revision, with resources now expected to decline by \$11 million (-0.7%) in 2023-25 and \$50 million (-3%) in 2025-27. Future outlooks for 2027-29, 2029-31, and 2031-33 are also reduced by approximately 3.5-4.5%. Video lottery sales have continued to underperform expectations, prompting these downward adjustments to the forecast.

In contrast, traditional lottery resources show modest improvement, with projections raised by \$2.3 million (1.1%) in 2023-25 and \$10.0 million (5.8%) in 2025-27. The outlook for 2027-29, 2029-31, and 2031-33 biennia has also been revised upward by approximately 6.3-6.6%. Scratch-It sales have continued to increase following the introduction of a \$30 ticket. Additionally, Mega Millions sales have been growing and are expected to increase further after an upcoming pricing change from \$2 to \$5, which is anticipated to lead to increased sales and larger jackpots.

Video Lottery

Oregon Video Lottery Sales

2021 | 2022 | 2023 | 2024 | 2025



Oregon Video Lottery Sales

Percent change year-over-year



Following the rapid growth during the pandemic reopening phase, video lottery sales have stabilized, with current growth rates somewhat below earlier projections. Despite the recent \$5.6 billion personal income tax kicker paid out to Oregonians, no significant boost in video lottery sales was observed. Although sales in this segment continue to grow, the overall forecast is more conservative, reflecting current spending patterns and behaviors.

Sports Betting

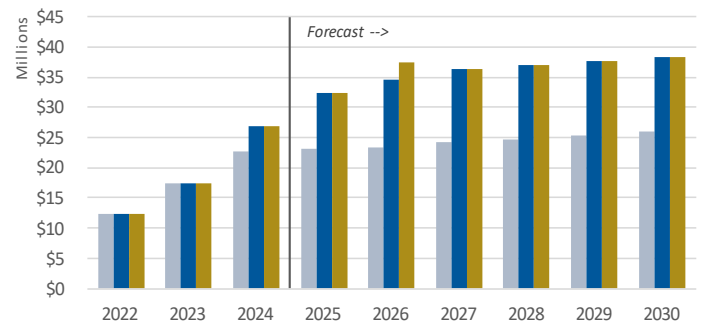
The sports betting forecast remains largely in line with February's outlook, with revenues continuing to exceed early projections. While the forecast itself has not changed significantly, sports betting appears to exhibit less seasonality than previously anticipated. The steady revenue flow may be due to players engaging in a broader variety of events across staggered sports seasons, leading to more consistent betting activity throughout the year. This pattern suggests that sports betting is maturing in Oregon as player preferences diversify, contributing to stable, year-round revenue.

Longer-Term Outlook

Lottery revenues continue to be closely linked to consumer behavior, household budgets and evolving entertainment preferences. Current trends point toward increased competition for entertainment dollars, shifting gaming preferences, and generational changes in gaming habits. The May forecast projects continued growth in lottery resources but at a pace slightly slower than Oregon's overall personal income growth, resulting in a marginally smaller share of the consumer spending pie over time.

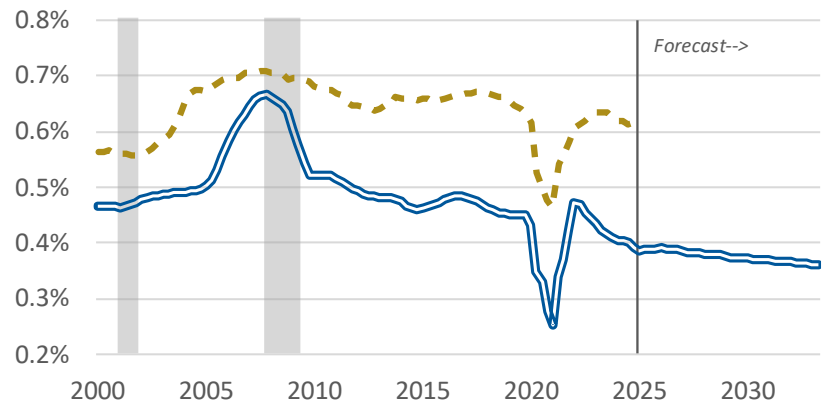
Sports Betting Transfers by Fiscal Year

Original Estimates | Mar '24 Forecast | Jun '25 Forecast



Gaming as a Share of Personal Income

U.S. Casino Gaming | Oregon Video Lottery



Data: 4 quarter avg Source: BEA, IHS Markit, Oregon Lottery, OR Office of Econ Analysis

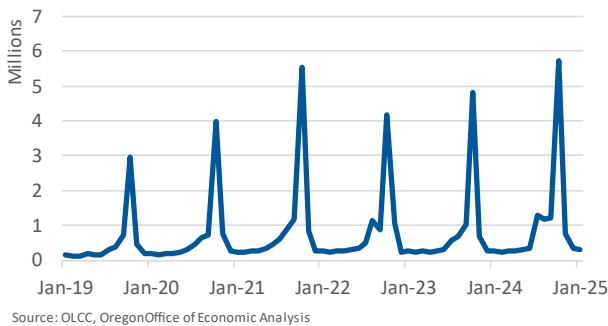
The full extended outlook for lottery earnings can be found in Table B.9 in Appendix B.

Recreational Marijuana Forecast

The May marijuana forecast has been revised downward from the March outlook. In the current 2023-25 biennium, resources are lowered by \$4.8 million (-1.7%), while the 2025-27 forecast is reduced by \$7.6 million (-2.5%). The outlook for outer biennia shows even larger reductions ranging from \$9 million to \$14 million each, which represent decreases of about 2.5-3.5%.

Oregon Marijuana Harvest

Total wet weight (pounds)



Last year's harvest was especially strong, with a record-breaking October yield of over 5.7 million pounds. The abundant supply continues to contribute to low prices, which are expected to remain at reduced levels. The industry faces increasing challenges, including rising input costs, particularly labor, which are squeezing profit margins. On top of that, consumption appears to have plateaued, creating difficult conditions for businesses, while intoxicating hemp-derived products are emerging as competitive substitutes.

The marijuana industry continues to face significant structural challenges at the federal level. Marijuana remains classified as a Schedule 1 drug, preventing business owners from accessing traditional banking services and disallowing common business tax deductions. These restrictions further strain financial viability in an already challenging market.

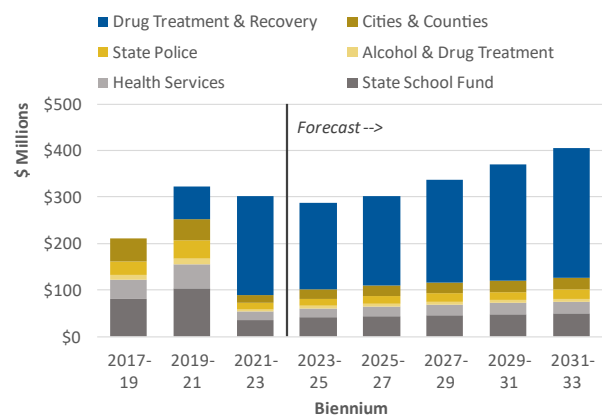
As previously noted, Oregon does not currently tax medical marijuana; however, this tax exemption is set to expire at the end of 2027, with medical marijuana taxation scheduled to begin in 2028. Although this exemption could be extended by the Legislature, the current forecast assumes medical marijuana will be taxed per current law. Overall, while marijuana tax collections are still expected to increase over time, the May forecast reflects a more challenging outlook with reduced growth projections due to persistent low prices, plateauing consumption, increased competition, and ongoing regulatory constraints.

Oregon Marijuana Retail Prices

Usable Marijuana, Price per Gram



Marijuana Resources and Distributions



Psilocybin Forecast

Ballot Measure 109 (2020) legalized psilocybin, including a 15% retail sales tax on the psilocybin products used. This sales tax does not apply to the overall cost of a session which can be hundreds or thousands of dollars. The vast majority of the overall cost goes to cover operational expenses for the service center and the facilitator’s time and expertise.

The industry has been growing and has now been operating legally for more than a year. The current forecast remains a work in progress; however, it is now based on that first full year of data as opposed to pure assumptions. Even so, expectations are that the industry is still in its ramp-up period. The number of businesses, facilitators, and customers are all expected to grow in the years ahead. As more data becomes available, our office will adjust its outlook accordingly.

The average product price reported is approximately \$40, however there is a wide range of values around that average. The average price is in line with previous conversations our office has had with multiple service centers in Oregon in recent years. And while not a low price, the cost of the product is relatively small compared to the overall cost of a session. For fiscal year 2024, which ran from July 2023 to June 2024, the sales tax revenue amounted to less than \$100,000.

For now, the revenue forecast is tied to a multiyear ramp up period of stronger growth based on the patterns seen in Oregon for recreational marijuana and sports betting. After the ramp up, growth is expected to slow down to something closer to growth in the population, which is a proxy for the user base until better information is available.

Lastly, it is important to note that the sales tax applies only to the purchase price of the psilocybin product itself. As such, service centers may charge customers

Oregon Psilocybin Retail Sales Tax Revenue					
May-25					
Biennium					
	2023-25	2025-27	2027-29	2029-31	2031-33
No. of Session	33,000	54,000	63,000	67,000	71,000
Avg Product Price	\$40	\$42	\$44	\$45	\$47
Total Sales	\$1,335,000	\$2,271,000	\$2,755,000	\$3,049,000	\$3,361,000
Taxes	\$200,000	\$341,000	\$413,000	\$457,000	\$504,000

the traditional retail price that includes a markup over wholesale costs which largely relates to production, testing, and distribution costs. Service centers may choose to sell the products at cost. And while they are not supposed to do this, they may charge customers a minimal product cost that is below their own cost. The potential benefit of doing so would be to increase revenues and profits for service centers and facilitators as less of the overall session price would be sent to pay taxes. To date, these data indicate this last possibility is not happening, or at least not enough to notice in industrywide information. However, as with all other sales taxes, revenue is driven by both the number of transactions and the price per transaction.

Revenue Alternative Scenarios

Given the heightened uncertainty present at the release of this forecast, the Office of Economic Analysis has engaged in extensive analysis of historical forecast outcomes and revenue performance to produce a range of scenarios that could manifest when the 2025-27 biennium is all said and done. The four alternatives to the baseline, two upside and two downside, equate to approximately one and two standard deviations in either direction. The table below presents the five scenarios along with the probabilities that each is likely to occur (e.g., the baseline outlook has a 55% chance of occurring).

General Fund Revenue* Scenarios

(millions)		2023-25	2025-27	2027-29	2029-31	2031-33
Boom (3%)	Revenues	\$33,445.7	\$40,815.0	\$45,100.6	\$50,873.5	\$57,080.1
	Growth		22.0%	10.5%	12.8%	12.2%
Optimistic (17%)	Revenues	\$33,445.7	\$39,130.0	\$43,825.6	\$48,997.0	\$54,680.7
	Growth		17.0%	12.0%	11.8%	11.6%
Baseline (55%)	Revenues	\$33,445.7	\$37,445.0	\$41,542.6	\$46,081.0	\$51,118.4
	Growth		12.0%	10.9%	10.9%	10.9%
Pessimistic (22%)	Revenues	\$33,445.7	\$35,011.1	\$39,912.6	\$44,622.3	\$49,798.5
	Growth		4.7%	14.0%	11.8%	11.6%
Severe (3%)	Revenues	\$33,445.7	\$32,577.1	\$36,812.2	\$42,886.2	\$48,118.3
	Growth		-2.6%	13.0%	16.5%	12.2%

* Adjusted for kicker credits.

The first deviation is +4.5/-6.5% removed and are the traditional “optimistic” and “pessimistic” scenarios presented in past publications. It should be noted that the two scenarios are not symmetric. On the positive side, the optimistic scenario coincides with improved demographic and economic factors that are assumed to persist well into the future. The pessimistic scenario corresponds to a mild to moderate recession lasting two to three quarters followed by a healthy rebound in economic activity. The former outcome results in a boost to the General Fund of \$1.7 billion while the latter produces a \$2.4 billion deficit.

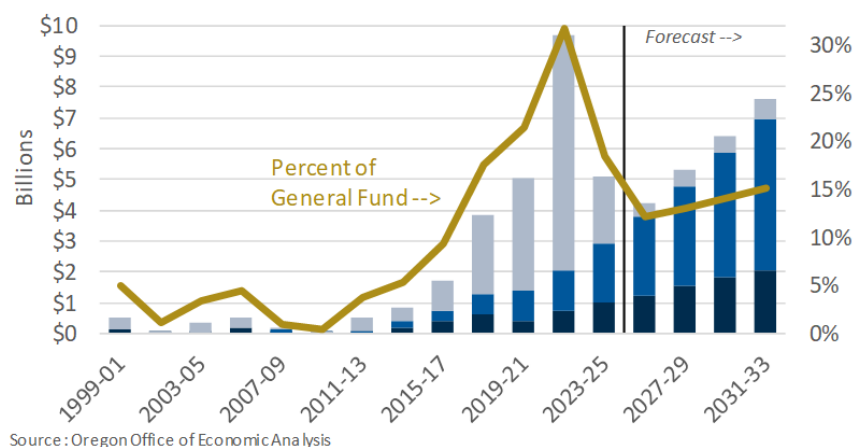
The second pair of scenarios (“Boom” and “Severe”) are +9.0/-13.0% removed from the baseline. The boom scenario has a few historical precedents in the last 50 years. These outlier biennia are generally followed by somewhat slower growth in the following biennium. The severe downside scenario mimics the Great Recession of 2008 in terms of both the deviation from the close-of-session forecast and the long-term impact on revenues. The boom results in a revenue gain of \$3.4 billion while the severe recession costs the General Fund \$4.9 billion in 2025-27.

It should be noted that the probability of recession, be it mild or more severe, is greater than the likelihood of the more optimistic outcomes. Inflation continues to pose a challenge for policy makers. In addition, many revenue indicators are showing signs of slowing or going negative. However, the slower-than-average growth exhibited by the baseline scenario does raise one upside possibility: should either optimistic outcome prevail it is almost assured that revenues will exceed the personal kicker threshold for a seventh consecutive biennium.

Budgetary Reserves

Oregon Budgetary Reserves

Education Stability Fund | Rainy Day Fund | General Fund Ending Balance



Effective Reserves (\$ millions)

	End of 2023-25	Estimated 2025-27
ESF	\$1,008	\$1,237
RDF	\$1,906	\$2,540
Reserves	\$2,915	\$3,777
% of GF	10.6%	10.9%
Ending Balance	\$2,184	\$500
Total	\$5,099	\$4,277
% of GF	18.5%	12.3%

The state currently administers two general reserve accounts, the Oregon Rainy Day Fund¹ (ORDF) and the Education Stability Fund² (ESF). At the end of the current 2023-25 biennium, the two funds are expected to total \$2.9 billion, which is equal to 10.6% of current revenues. Including the projected General Fund ending balance of \$2.18 billion, the total effective reserves at the end of the current 2023-25 biennium are projected to be \$5.1 billion, or 18.5% of current revenues.

As noted above, the current probability of an economic downturn is estimated at 25%. In the last 50 years, the worst decline in General Fund revenues relative to the Close-of-Session forecast was 15.3% during the 2001-03 biennium associated with the tech industry boom-bust. The final column of the table above presents the projected balances in the ORDF, ESF and a hypothetical budgetary ending balance based on historic legislatively adopted balances. Total available reserves under this scenario

¹ The ORDF is funded from ending balances each biennium, up to 1% of appropriations. The Legislature can deposit additional funds, as it did in first populating the ORDF with surplus corporate income tax revenues from the 2005-07 biennium. The ORDF also retains interest earnings. Withdrawals from the ORDF require one of three triggers, including a decline in employment, a projected budgetary shortfall, or declaration of a state of emergency, plus a simple majority vote of the Legislature. Withdrawals are capped at two-thirds of the balance as of the beginning of the biennium in question. Fund balances are capped at 7.5% of General Fund revenues in the prior biennium.

² The ESF gained its current reserve structure and mechanics via constitutional amendment in 2002. The ESF receives 18% of lottery earnings, deposited on a quarterly basis – 10% of which are deposited in the Oregon Growth sub-account. The ESF does not retain interest earnings. The ESF has similar triggers as the ORDF but does not have the two-thirds cap on withdrawals. The ESF balance is capped at 5% of General Fund revenues collected in the prior biennium.

would amount to 12.3% of General Fund revenues. It is quite likely that Oregon's reserves are adequate to weather a potential downturn given that a mild to moderate recession is the most likely pessimistic scenario.

B.10 in Appendix B provides more details for Oregon's budgetary reserves.

Tax Law Assumptions

The revenue forecast is tied to current state law. After every legislative session, OEA incorporates adjustments to the revenue forecast produced by the Legislative Revenue Office. As each year passes and the effects of law become evident in the data, adjustments are phased out. However, many tax laws have sunsets, or end dates, built into them. These demarcations must be maintained such that the impact of extending the laws can be newly incorporated in turn.

Complication arises when considering the effects of federal law on Oregon revenues. Due to the assumptions built into these national forecasts and how national data enter the revenue models, it would be logistically difficult to maintain a current federal law revenue forecast. In addition, federal laws often have imminent sunsets and are frequently extended. Adhering to a current federal law forecast would result in large and unnecessary annual revisions. For this reason, the revenue forecast assumes the most reasonable outcomes for federal law.

For a detailed treatment of the components of the 2023 Legislatively Enacted Budget, see:

Legislative Fiscal Office's [2023-25 Budget Summary](https://www.oregonlegislature.gov/lfo/Documents/2023-25%20Legislatively%20Adopted%20Budget%20-%20General%20Fund%20and%20Lottery%20Funds%20Summary.pdf)³

³ <https://www.oregonlegislature.gov/lfo/Documents/2023-25%20Legislatively%20Adopted%20Budget%20-%20General%20Fund%20and%20Lottery%20Funds%20Summary.pdf>