



Revenue Forecast Tracking

4th Fiscal Quarter 2007

Office of Economic Analysis

August 1st, 2007

Income tax collections amounted to \$2,252.2 million for the final quarter of the 2005-07 biennium, \$35.8 million below the May 15th forecast. A shortfall in personal income tax relative to the forecast more than offset additional corporate income tax receipts. On a year-over-year basis, income tax collections increased 4.4 percent versus the fourth quarter of fiscal year 2006.

Personal income taxes were \$2,038.2 million for the fourth quarter of fiscal year 2007, \$45.6 million short of the latest forecast released May 15th. Withholding of \$1,265.0 million was \$8.3 million below forecast and 1.0 percent above the year ago level. The meager growth rate – long-run average growth is approximately six percent – owes to a change in the withholding tables for tax year 2007 to account for inflation adjustments and other tax law changes implemented since the last withholding table revision in 2003. Estimated payments, associated with two quarterly due dates in April and June, respectively, were slightly above forecast at \$363.1 million. These payments increased 34.1 percent from their year-ago levels.

Most of the shortfall in personal income tax relative to the May forecast occurred in transactions related to prior tax years, primarily tax year 2006. Final payments were 24.2 million below forecast and down 1.0 percent compared to the fourth quarter of fiscal year 2006. At the same time, refunds exceeded the forecast by \$18.5 million.

Corporate income tax revenues of \$178.2 million for the final quarter of the biennium were \$9.9 million above the May forecast. Advanced payments, analogous to estimated payments for personal income tax, equaled \$162.5 million. This was \$5.1 million higher than projected and roughly flat relative to the year-ago level. Both final payments and refunds surpassed projections, resulting in a net surplus relative to forecast of \$4.8 million. Compared to the fourth quarter of the prior fiscal year, corporate tax collections rose 8.8 percent.

Table 1: Quarterly Income Tax Revenues

(Quarter ending June 30, 2007)

Personal Income Tax	Forecast Comparison			Year/Year Change	
	(Millions of dollars)	Actual Revenues	Latest Forecast	Percent Difference	Prior Year
Withholding	\$1,265.0	\$1,273.4	-0.7%	\$1,252.4	1.0%
Dollar difference		-\$8.3		\$12.6	
Estimated Payments	\$363.1	\$357.6	1.5%	\$270.8	34.1%
Dollar difference		\$5.4		\$92.3	
Final Payments	\$779.6	\$803.8	-3.0%	\$787.6	-1.0%
Dollar difference		-\$24.2		-\$8.0	
Refunds	-\$369.5	-\$351.0	5.3%	-\$358.7	3.0%
Dollar difference		-\$18.5		-\$10.8	
Total Personal Income Tax	\$2,038.2	\$2,083.8	-2.2%	\$1,952.1	4.4%
Dollar difference		-\$45.6		\$86.1	

Corporate Income Tax	Forecast Comparison			Year/Year Change	
	(Millions of dollars)	Actual Revenues	Latest Forecast	Percent Difference	Prior Year
Advanced Payments	\$162.5	\$157.4	3.2%	\$163.8	-0.8%
Dollar difference		\$5.1		-\$1.3	
Final Payments	\$65.6	\$49.0	33.9%	\$39.5	66.0%
Dollar difference		\$16.6		\$26.1	
Refunds	-\$49.9	-\$38.0	31.1%	-\$39.6	25.9%
Dollar difference		-\$11.8		-\$10.3	
Total Corporate Income Tax	\$178.2	\$168.4	5.9%	\$163.7	8.8%
Dollar difference		\$9.9		\$14.5	

Total Income Tax	Forecast Comparison			Year/Year Change	
	(Millions of dollars)	Actual Revenues	Latest Forecast	Percent Difference	Prior Year
Corporate and Personal Tax	\$2,216.4	\$2,252.2	-1.6%	\$2,115.8	4.8%
Dollar difference		-\$35.8		\$100.6	

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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