



Revenue Forecast Tracking

2nd Fiscal Quarter 2008

Office of Economic Analysis

January 23, 2008

Total personal and corporate income taxes equaled \$400.0 million for the second fiscal quarter of 2008, \$1.6 million below the December forecast. The errors in personal and corporate projections were virtually offsetting. A year-over-year comparison is distorted by a \$1,071.2 million personal income tax kicker rebate distributed during the second quarter.

Personal income tax collections totaled \$307.7 million for the second quarter of fiscal year 2008, \$6.5 million above the most recent forecast. Withholding receipts of \$1,200.8 million exceeded projection by \$14.1 million, while estimated payments equal to \$217.2 million were \$7.0 million above forecast. Year-over-year growth in withholding was low due to changes in the withholding tables in effect beginning tax year 2007.

Final payments of \$129.8 million were \$11.7 million off relative to the December forecast. Payments did increase 45.2 percent from the year-ago level, due in part to kicker refunds retained by the Department of Revenue to cover outstanding tax liabilities. Total refunds, which include kicker refunds, amounted to \$1,240.1 million, \$2.9 million below the forecast released December 1.

Corporate income taxes equaled \$92.3 million for the second quarter of fiscal year 2008, a shortfall of \$8.1 million relative to the December forecast. Quarterly advanced payments were \$205.4 million for the quarter, \$14.2 million above forecast. Payments accompanying a filed tax return totaled \$45.1 million, exceeding the latest forecast by \$15.1 million. The shortfall in net taxes was due to unexpectedly high refunds, which exceeded forecast by \$37.4 million.

On a year-over-year basis, corporate receipts were up 70.4 percent. The sizeable jump is due primarily to the effect of the kicker credit afforded corporate filers for tax year 2005, which resulted in unusually large refunds for the second quarter of fiscal year 2007.

Table 1: Quarterly Income Tax Revenues

(Quarter ending December 31, 2007)

Personal Income Tax	Forecast Comparison			Year/Year Change	
	Actual Revenues	Latest Forecast	Percent Difference	Prior Year	Percent Change
(Millions of dollars)					
Withholding	\$1,200.8	\$1,186.7	1.2%	\$1,172.7	2.4%
Dollar difference		\$14.1		\$28.2	
Estimated Payments	\$217.2	\$210.2	3.3%	\$177.0	22.7%
Dollar difference		\$7.0		\$40.1	
Final Payments	\$129.8	\$141.5	-8.2%	\$89.4	45.2%
Dollar difference		-\$11.7		\$40.4	
Refunds	-\$1,240.1	-\$1,237.2	0.2%	-\$126.7	878.7%
Dollar difference		-\$2.9		-\$1,113.4	
Total Personal Income Tax	\$307.7	\$301.2	2.2%	\$1,312.4	-76.6%
Dollar difference		\$6.5		-\$1,004.7	

Corporate Income Tax	Forecast Comparison			Year/Year Change	
	Actual Revenues	Latest Forecast	Percent Difference	Prior Year	Percent Change
(Millions of dollars)					
Advanced Payments	\$205.4	\$191.2	7.4%	\$236.4	-13.1%
Dollar difference		\$14.2		-\$31.1	
Final Payments	\$45.1	\$30.0	50.2%	\$17.2	162.7%
Dollar difference		\$15.1		\$27.9	
Refunds	-\$158.1	-\$120.7	30.9%	-\$199.4	-20.7%
Dollar difference		-\$37.4		\$41.3	
Total Corporate Income Tax	\$92.3	\$100.4	-8.1%	\$54.2	70.4%
Dollar difference		-\$8.1		\$38.2	

Total Income Tax	Forecast Comparison			Year/Year Change	
	Actual Revenues	Latest Forecast	Percent Difference	Prior Year	Percent Change
(Millions of dollars)					
Corporate and Personal Tax	\$400.0	\$401.6	-0.4%	\$1,366.6	-70.7%
Dollar difference		-\$1.6		-\$966.6	

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.

Staff:

Tom Potiowsky, State Economist
Dae Baek, Deputy State Economist
Michael Kennedy, Senior Economist

Kanhaiya Vaidya, Senior Demographer
Holly Edwards, Administrative Assistant

155 Cottage Street N.E., U20
Salem, OR 97301-3966
<http://www.oregon.gov/DAS/OEA>

Phone: (503) 378-3405
Fax: (503) 373-7643