



Revenue Forecast Tracking

3rd Fiscal Quarter 2008

Office of Economic Analysis

May 6, 2008

Total personal and corporate income taxes equaled \$1,255.9 million for the third fiscal quarter of 2008, \$54.4 million below the March 2008 forecast. Revenues for both income taxes were below expectations. On a year-over-year basis, collections were up 9.0 percent.

Personal income tax collections totaled \$1,192.9 million for the third quarter of fiscal year 2008, \$44.2 million below the latest forecast. Withholding receipts of \$1,196.5 million fell short of forecast by \$34.5 million. The March forecast assumed that wage-earning taxpayers would eventually increase their withholding in response to the change in the withholding tables in 2007. Subsequent research indicates that this adjustment has not yet taken place. As such, the shortfall represents a timing issue for collections rather than weaker-than-expected wage and salary income growth.

Estimated payments equal to \$281.4 million were \$6.5 million above forecast. Compared to the year-ago level, estimated payments were up 5.3 percent. Final payments exceeded forecast by \$3.5 million while refunds were \$19.7 million more than expected. Refunds were 12.3 percent below the prior year level, in part a product of the change in the withholding tables for 2007.

Corporate income taxes equaled \$63.0 million for the third quarter of fiscal year 2008, a shortfall of \$10.1 million relative to the December forecast. The third fiscal quarter is a low volume quarter in terms of collections, and is thus subject to significant fluctuations in percentage terms. Quarterly advanced payments were \$64.3 million for the quarter, \$3.6 million below forecast. Payments accompanying a filed tax return totaled \$35.1 million, exceeding the latest forecast by \$3.9 million. Refunds account for the overall deviation in corporate tax collections, exceed projections by \$10.1 million. On a year-over-year basis, corporate receipts were up 35.4 percent.

Table 1: Quarterly Income Tax Revenues

(Quarter ending March 31, 2008)

Personal Income Tax				Forecast Comparison		Year/Year Change	
(Millions of dollars)	Actual Revenues	Latest Forecast	Percent Difference	Prior Year	Percent Change		
Withholding	\$1,196.5	\$1,231.1	-2.8%	\$1,182.3	1.2%		
Dollar difference		-\$34.5		\$14.2			
Estimated Payments	\$281.4	\$274.9	2.4%	\$267.3	5.3%		
Dollar difference		\$6.5		\$14.1			
Final Payments	\$104.8	\$101.4	3.4%	\$100.5	4.3%		
Dollar difference		\$3.5		\$4.4			
Refunds	-\$389.9	-\$370.2	5.3%	-\$444.8	-12.3%		
Dollar difference		-\$19.7		\$54.9			
Total Personal Income Tax	\$1,192.9	\$1,237.2	-3.6%	\$1,105.4	7.9%		
Dollar difference		-\$44.2		\$87.5			

Corporate Income Tax				Forecast Comparison		Year/Year Change	
(Millions of dollars)	Actual Revenues	Latest Forecast	Percent Difference	Prior Year	Percent Change		
Advanced Payments	\$64.3	\$67.9	-5.4%	\$59.8	7.5%		
Dollar difference		-\$3.6		\$4.5			
Final Payments	\$35.1	\$31.1	12.6%	\$25.4	37.9%		
Dollar difference		\$3.9		\$9.6			
Refunds	-\$36.4	-\$25.9	40.2%	-\$38.7	-6.0%		
Dollar difference		-\$10.4		\$2.3			
Total Corporate Income Tax	\$63.0	\$73.1	-13.9%	\$46.5	35.4%		
Dollar difference		-\$10.1		\$16.5			

Total Income Tax				Forecast Comparison		Year/Year Change	
(Millions of dollars)	Actual Revenues	Latest Forecast	Percent Difference	Prior Year	Percent Change		
Corporate and Personal Tax	\$1,255.9	\$1,310.3	-4.1%	\$1,151.9	9.0%		
Dollar difference		-\$54.4		\$104.0			

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