

The background of the slide features a large, faint, circular seal of the State of Oregon. The seal contains an eagle with wings spread, perched on a shield. Below the eagle is a banner with the text "THE UNION". At the bottom of the seal, the year "1859" is visible. The words "STATE OF OREGON" are written around the perimeter of the seal.

The Eroding Tax Base Challenge

May 25th, 2017

Oregon Office of Economic Analysis
Josh Lehner

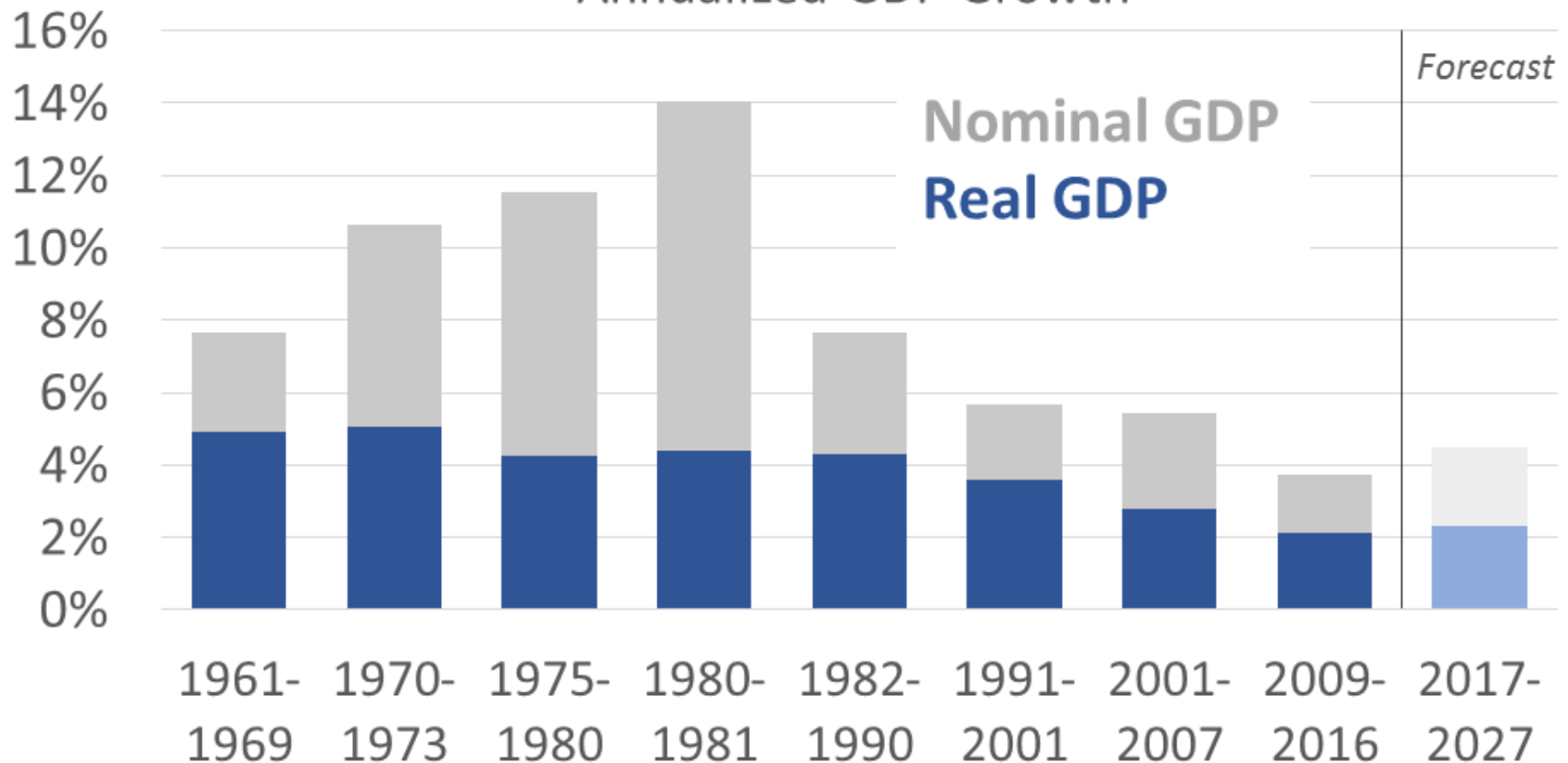
Disclaimer: The views expressed here are solely those of the presenter, they do not necessarily represent official State of Oregon policies or positions.



Slower Economic Growth

Expansionary Growth Rates

Annualized GDP Growth



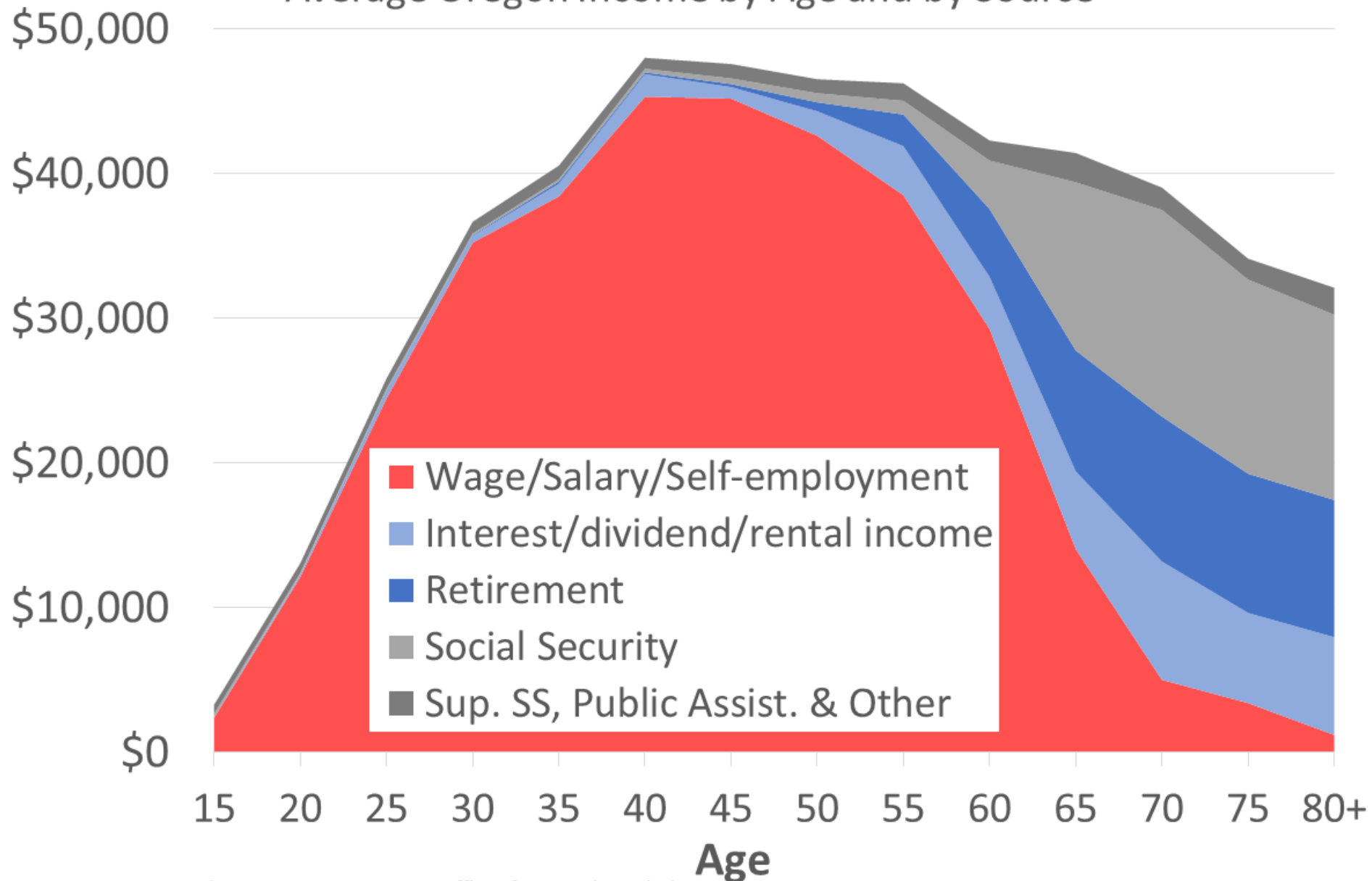
U.S. Economic Expansion

Source: BEA, IHS Global Insight, Oregon Office of Economic Analysis



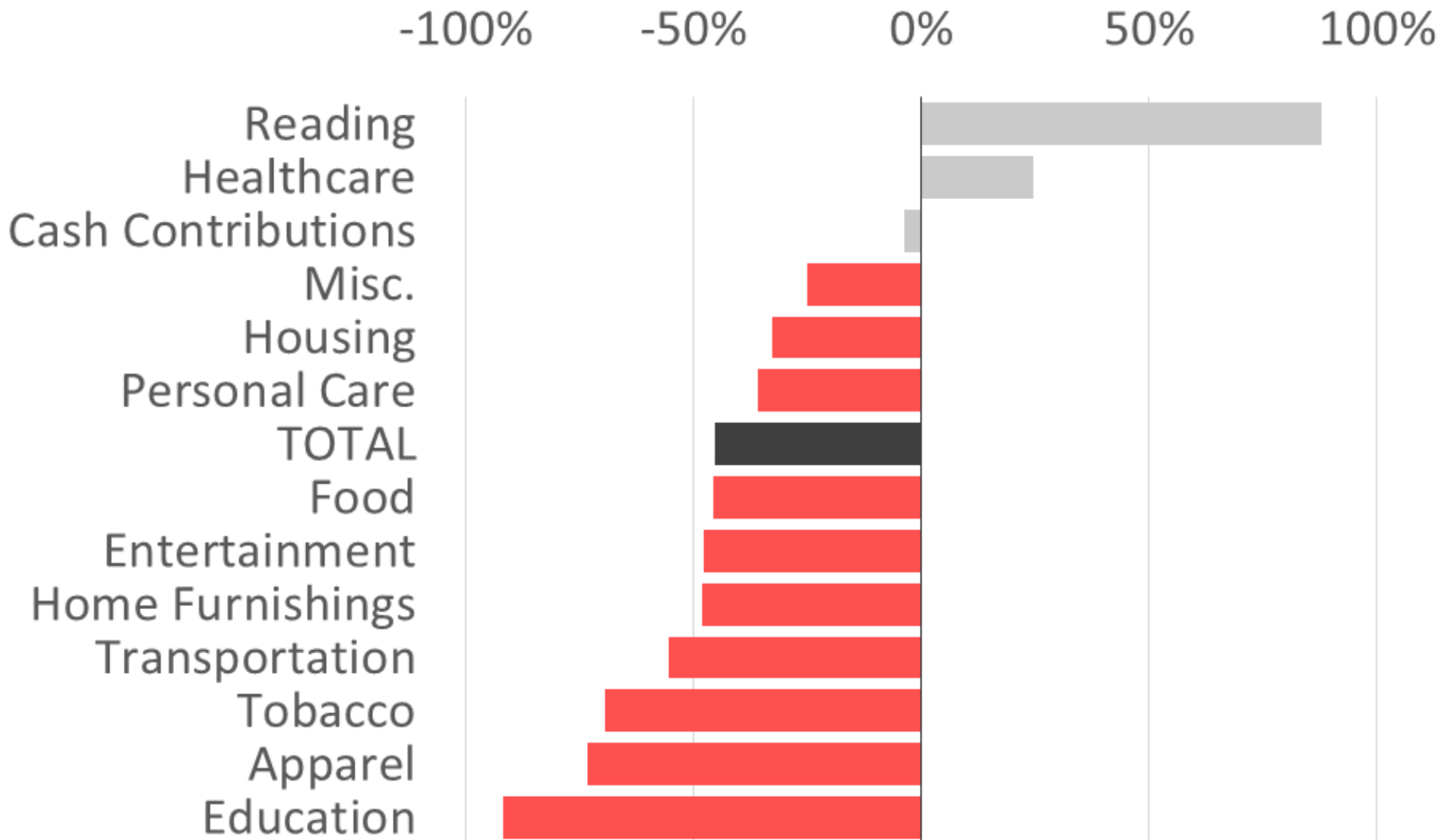
Demographics and Tax Revenue

Average Oregon Income by Age and by Source



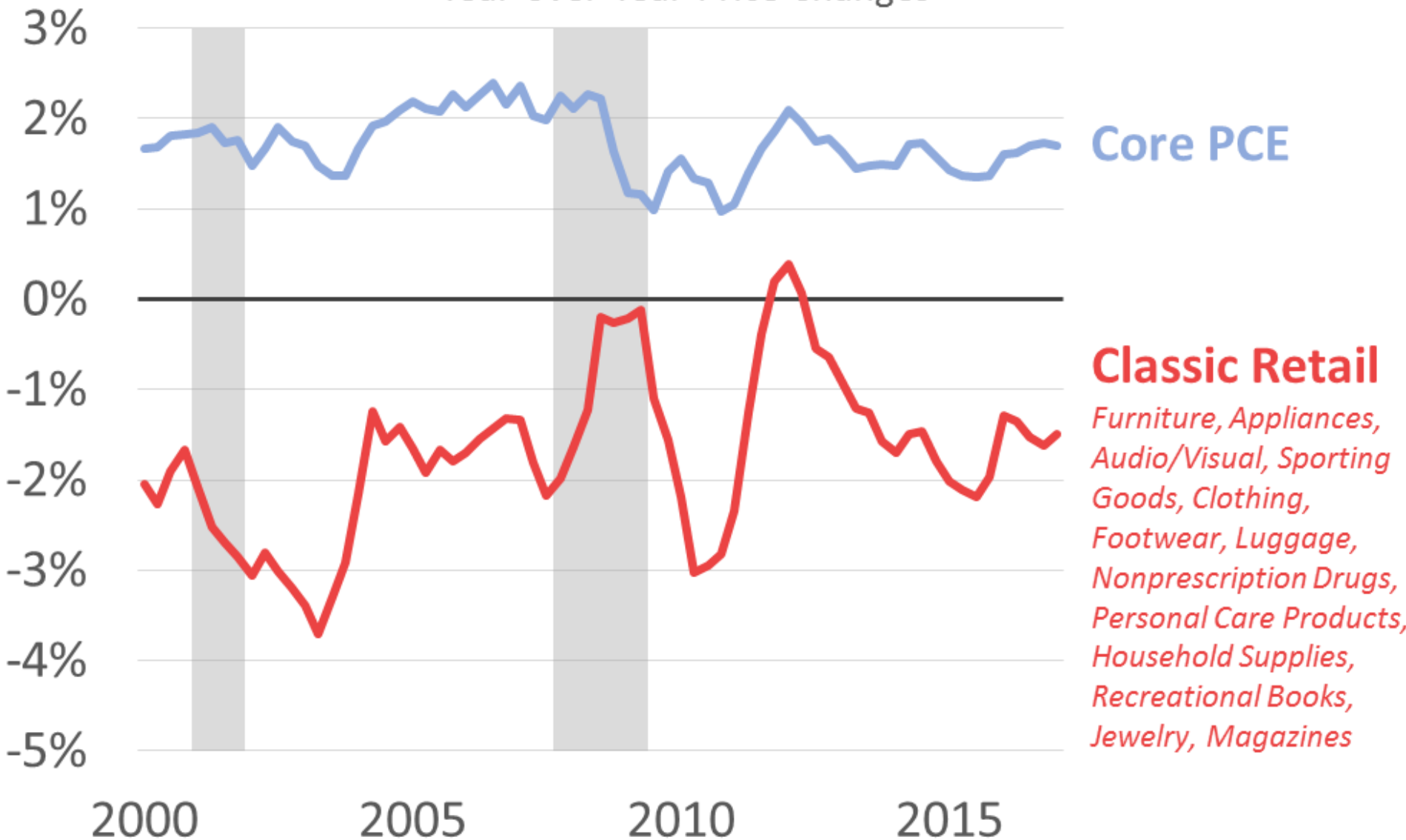
Grandma Spends Less

Expenditure Change 45-54 Year Olds to 75+



Prices Matter

Year-over-Year Price Changes

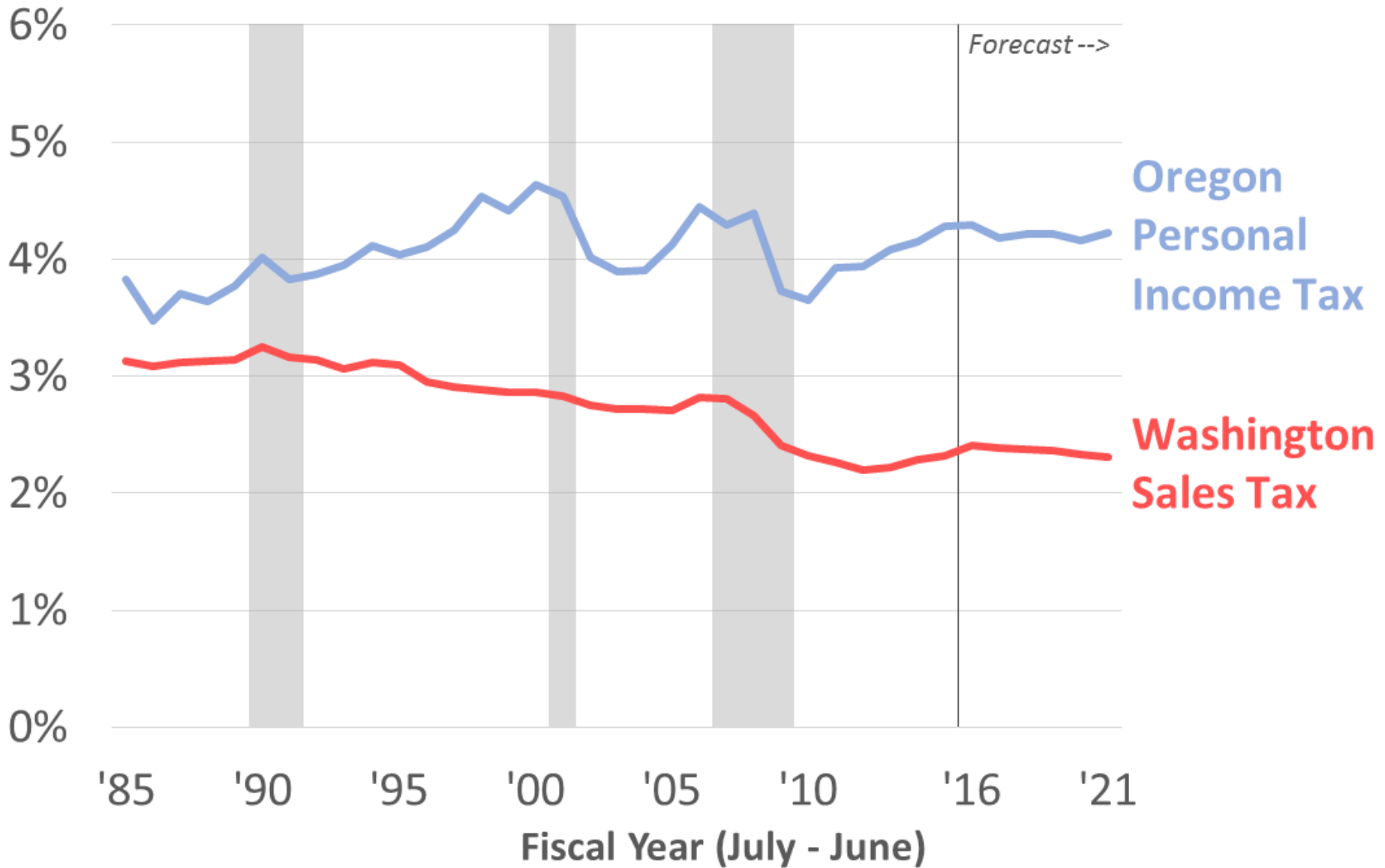


Core PCE

Classic Retail

Furniture, Appliances, Audio/Visual, Sporting Goods, Clothing, Footwear, Luggage, Nonprescription Drugs, Personal Care Products, Household Supplies, Recreational Books, Jewelry, Magazines

Major Taxes as Share of Personal Income



Risk vs Return

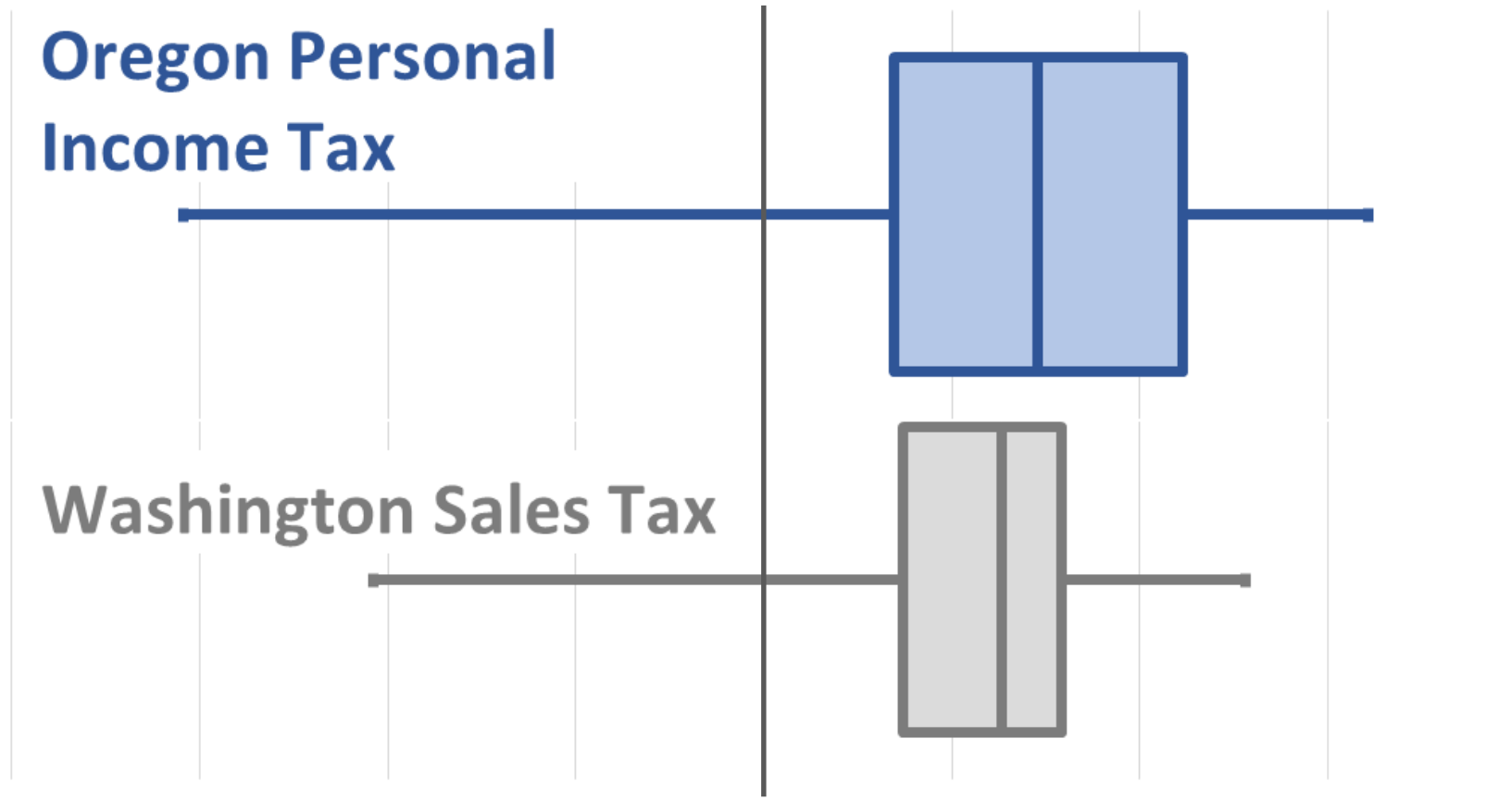
Annual Revenue Growth, FY 1985 - FY 2016

-20% -15% -10% -5% 0% 5% 10% 15% 20%

**Oregon Personal
Income Tax**

Washington Sales Tax

-20% -15% -10% -5% 0% 5% 10% 15% 20%

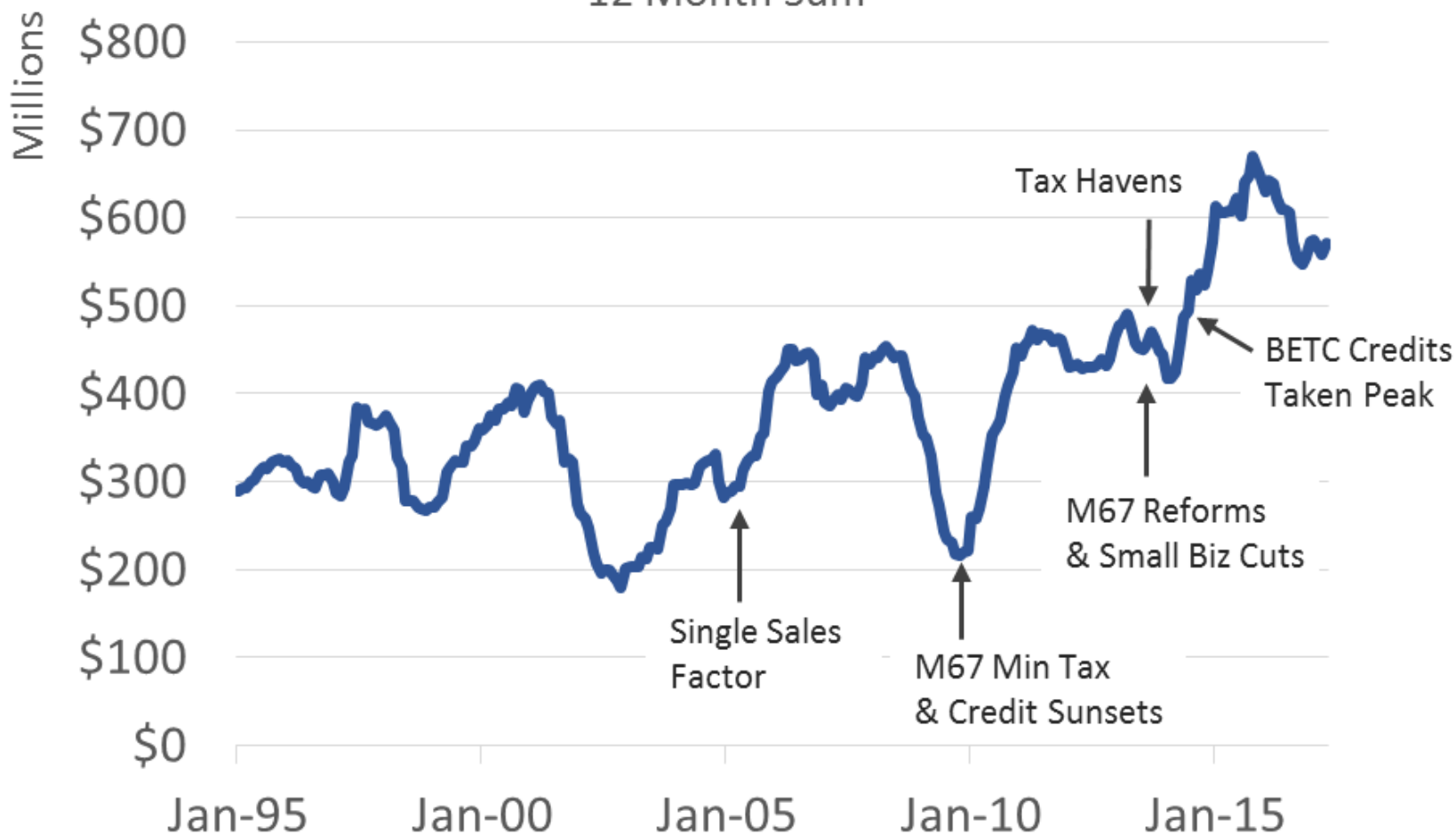




Corporate Profits Are Volatile and Base Erosion

Oregon Corporate Excise Taxes

12 Month Sum



Ore
Eco

Latest Data: April 2017 | Source: Oregon Office of Economic Analysis





Option 1: Couch Cushions

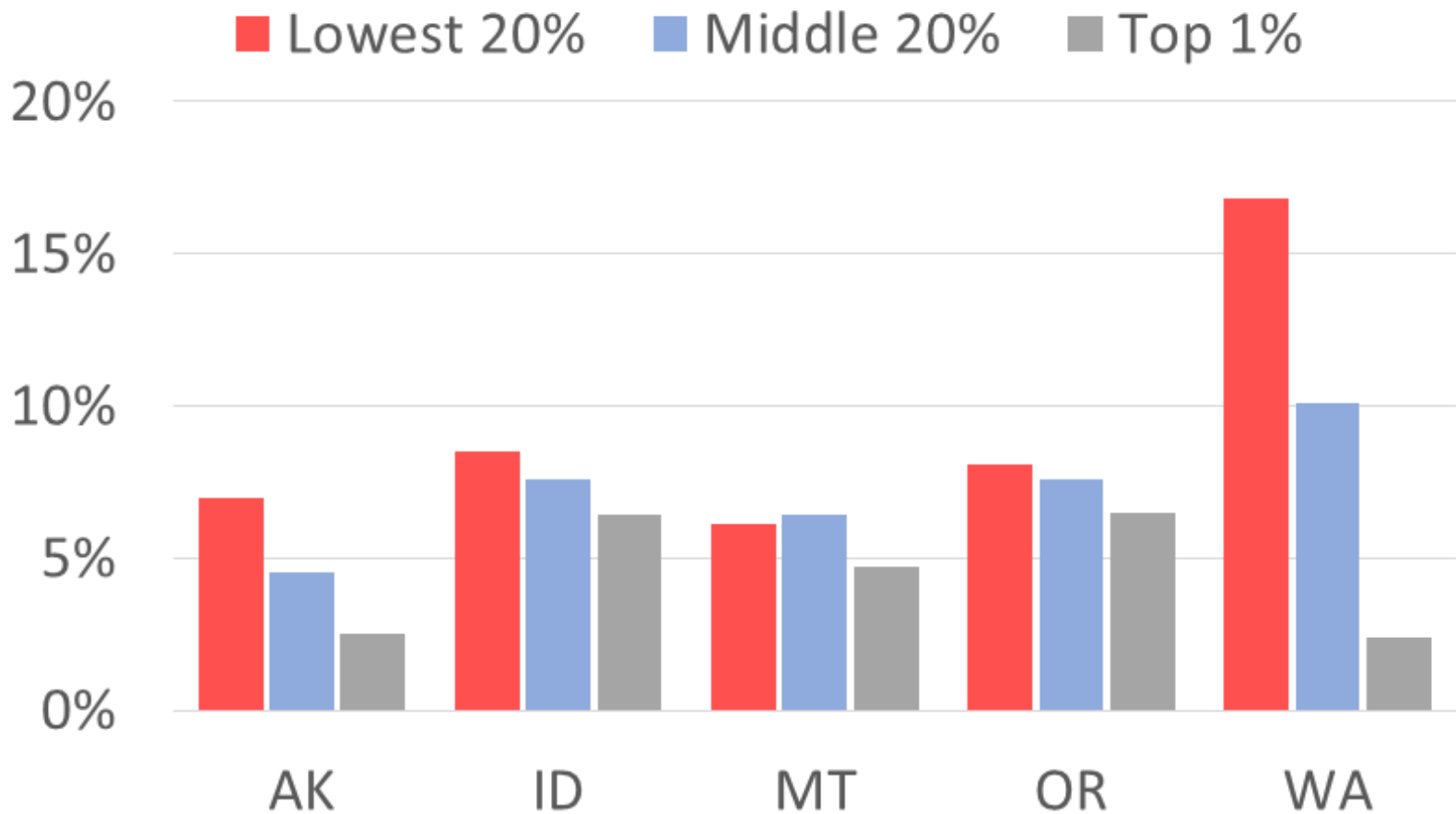
- Vice Revenues
 - Tobacco, Marijuana, Gaming, Liquor
- Commodities
 - Severance, Ad Valorem
- User Fees
 - Dedicated to Programs
 - Surcharges





Equity: Who Pays?

State and Local Tax Burden

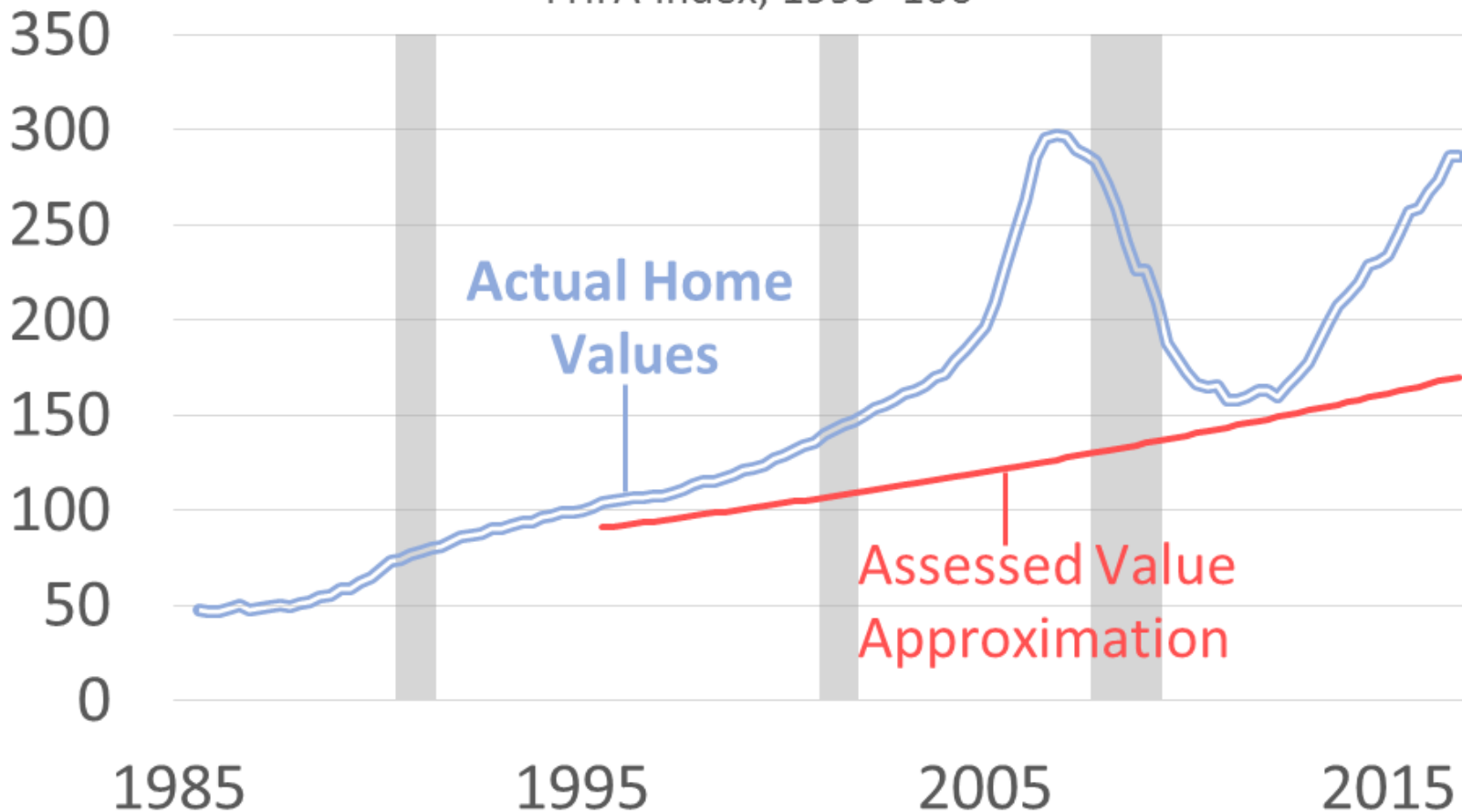




Option 2: Property Taxes

Bend Home Values

FHFA Index, 1995=100



Latest Data: 2016q4 | Source: FHFA, Oregon Office of Economic Analysis

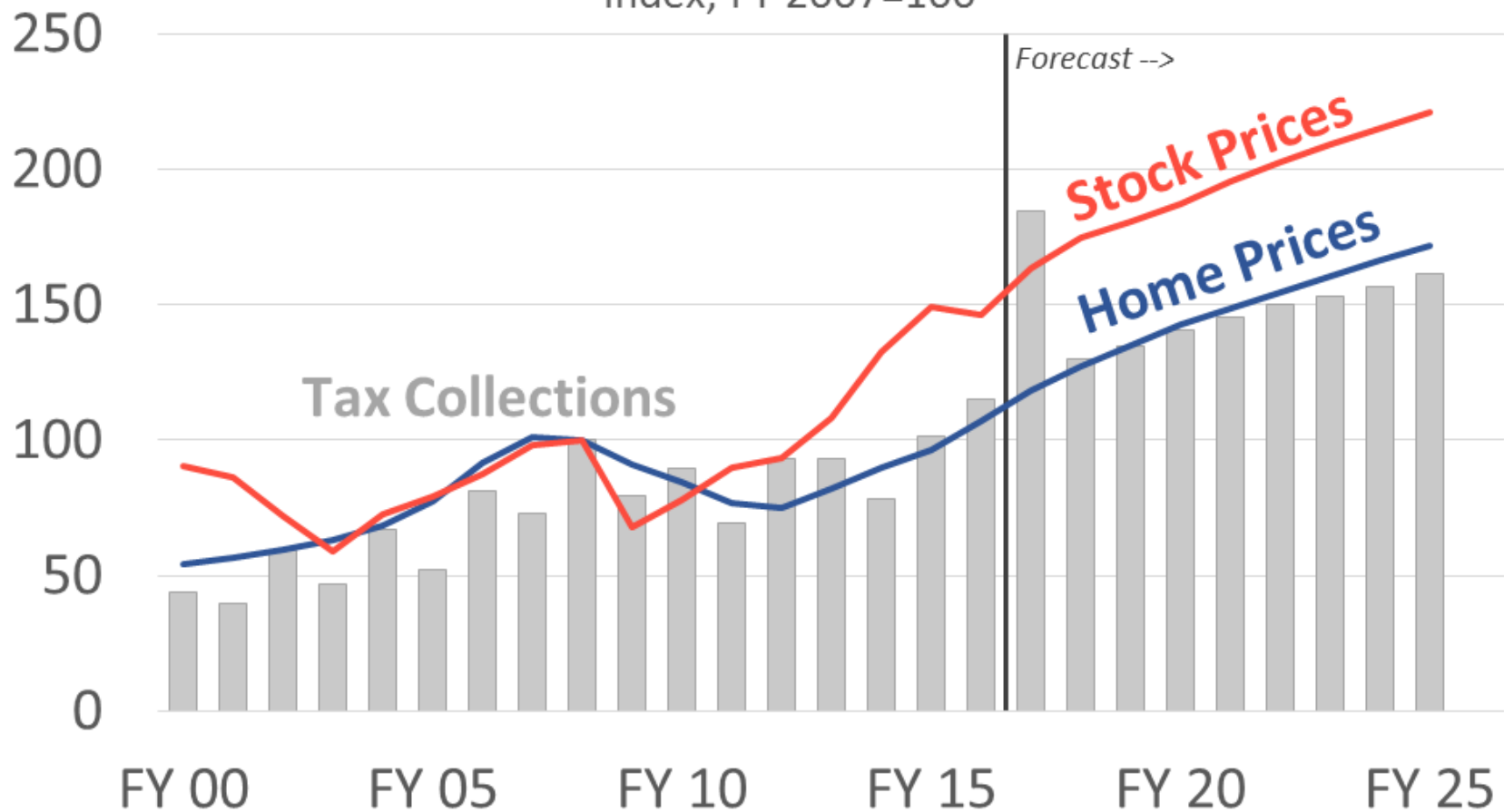




Option 3: Estate Taxes

Oregon Estate Taxes

Index, FY 2007=100





Sound Fiscal Policy

- Reserve Funds with Automatic Deposits
- Ending Balances
- Kicker and TABOR
- Planning and Alternative Scenarios





Questions and Contact



joshua.lehner@oregon.gov
(503) 378-4052



www.OregonEconomicAnalysis.com



@OR_EconAnalysis

