

**Senator Brian Boquist
Senate District 12**



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Senator Boquist: State Revenue Up, Economic Risks Up

Salem, OR - Today, Senator Brian Boquist (R-Dallas), Vice Chairman of the Senate Finance & Revenue Committee, summarized this week's biennial binding revenue forecast:

On Thursday, the State Economist told the Senate Revenue Committee that Oregon can expect an additional \$463 million in revenue in 2015-2017, but characterized this as an aggressive forecast with high risks, recommending the state place the additional funds in savings or take a "wait & see" approach toward increasing spending. Revenue forecast estimates predict Oregon taxpayers will receive a \$478 million tax credit for the last biennium from the personal kicker. Taxpayers would get this credit on their 2015 tax filings next year.

The forecast anticipates higher revenues from increased wage earnings, even as corporate revenues are relatively flat. While the "aggressive" forecast is optimistic now, a market correction is likely in 2017-2019. Because the next "bubble" is difficult to predict, the State Economist urged caution with the budget moving forward. Currently, the question of why gas savings to consumers has not translated into other personal spending remains unanswered. Economists speculate individuals are saving in anticipation of the next crash, and Oregon should do the same.

While this is a positive moment for Oregon's finances, the forecast highlighted middle wage jobs have not yet recovered from the recession. In fact, job growth in the past decade is concentrated in only a few areas. The largest job creator of 42,400 jobs has been public education and health care jobs as a result of the Affordable Care Act (Obama Care) which are both highly dependent upon tax dollars. This was followed by over 25,000 jobs in the professional sector such as lawyers, accountants and business management. Virtually every other industry has yet to recover, with the exception of often low-paying leisure jobs. The report appears to support the theory the middle class is disappearing.

Obvious to most of rural Oregon, the economists' forecast shows very slow recovery outside metro areas. Further, the forecast predicts slow growth, if not negative growth, in 2017 to 2019, flattening out even further after 2019. This assumes a market crash does not happen in the next two years.

The impact of this forecast does not take into account the closure of container shipping facilities at the Port of Portland or the spreading drought in Eastern and Southern Oregon, though both pose additional risks to Oregon's economy.

[You can find the full revenue forecast here.](#)

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