



Oregon

Theodore R. Kulongoski, Governor

Department of Administrative Services

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MEMORANDUM

To: Governor Theodore R. Kulongoski

From: Tom Potiowsky, State Economist

Date: August 11, 2010

Subject: Update on General Fund Tax Revenue Outlook

The official release of our September 2010 economic and revenue forecast is scheduled for August 26. Because of changes in the economic outlook over the past two to three months, I feel it is important to give you our sense of direction for general fund revenues.

Almost all forecasting groups have lowered their forecasts for the US economy for the second half of this year and for 2011. Many indicators, including housing starts, consumer spending, bank lending, job growth, and others, have been weaker than expected. Likewise for Oregon, the indication is that the recovery is weaker than our assessment in the last quarterly forecast.

We are still working through our models and collecting data, but the preliminary indication is that the general fund revenue forecast will be lowered. Given the information available, we estimate that the general fund revenue forecast will be down between \$200 and \$500 million. We stress that this a likely outcome and the final numbers could be outside this range.

Please contact me if you have any questions.