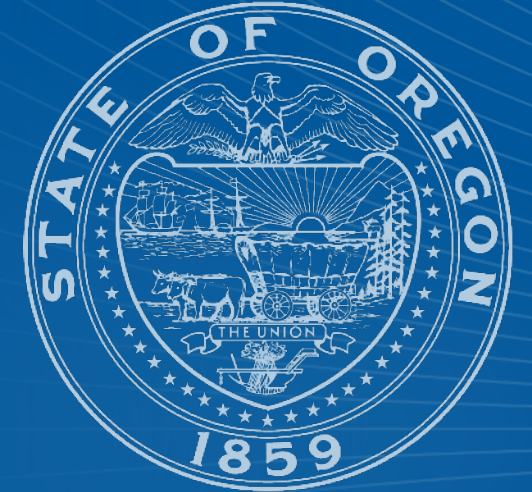


Oregon's Economic and Revenue Forecast



Carl Riccadonna, Chief Economist
Michael Kennedy, Senior Economist

May 2025

Economic Outlook



US Macro Forecast:

Sluggish growth insufficient to stabilize unemployment



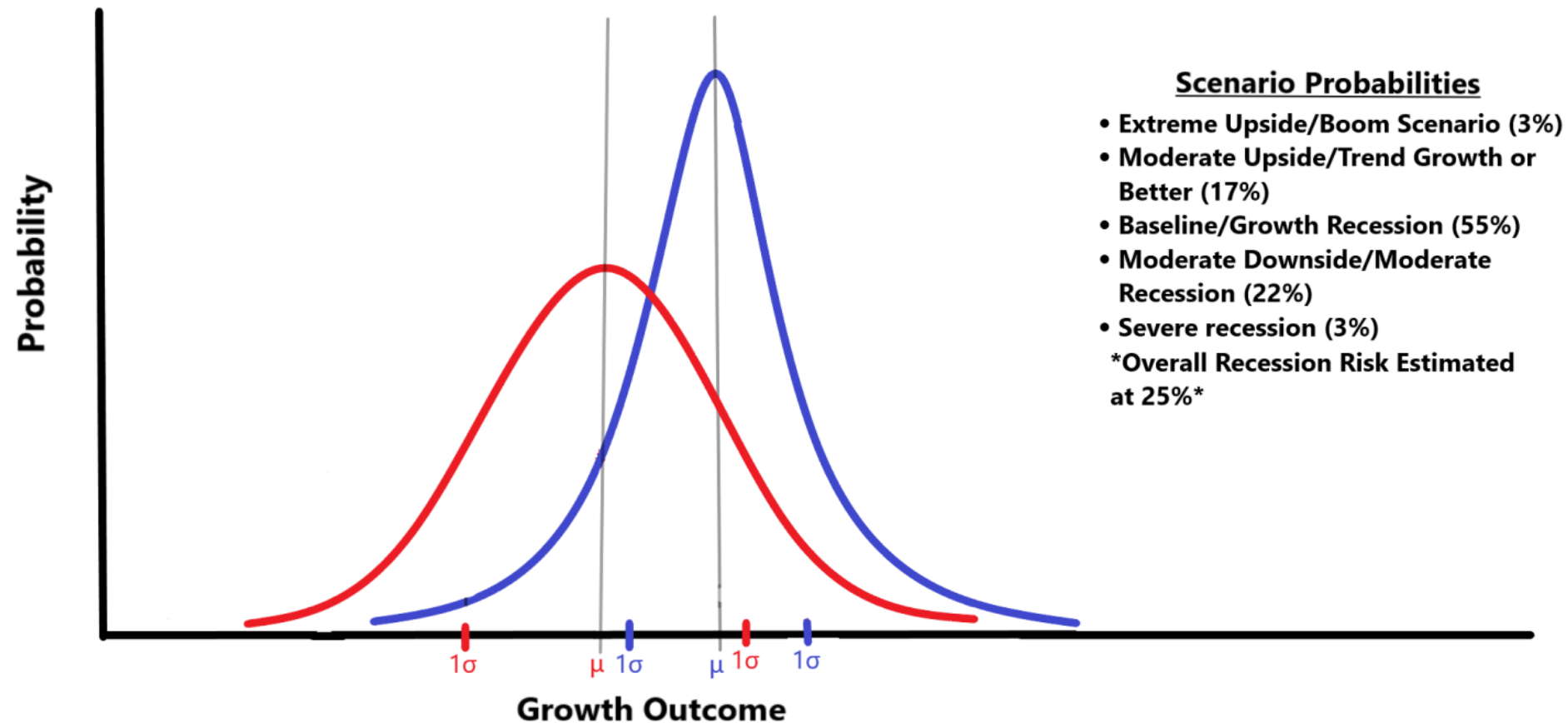
Consensus among forecasters anticipates a close brush with recession in 2025

- Inflation-adjusted **growth** (real GDP) slowing to 0.9% Q4/Q4
- **Inflation** accelerating to 3.5%
- **Unemployment** rising moderately to 4.6%
- Slower growth drives heightened recession risk
 - Consensus recession risk = 40%
 - OEA estimates at 25%
- Trade policy is a significant drag and source of uncertainty
- Fiscal policy could provide material offset
- Oregon economy tied to national trend, but more sensitive to manufacturing and trade trends

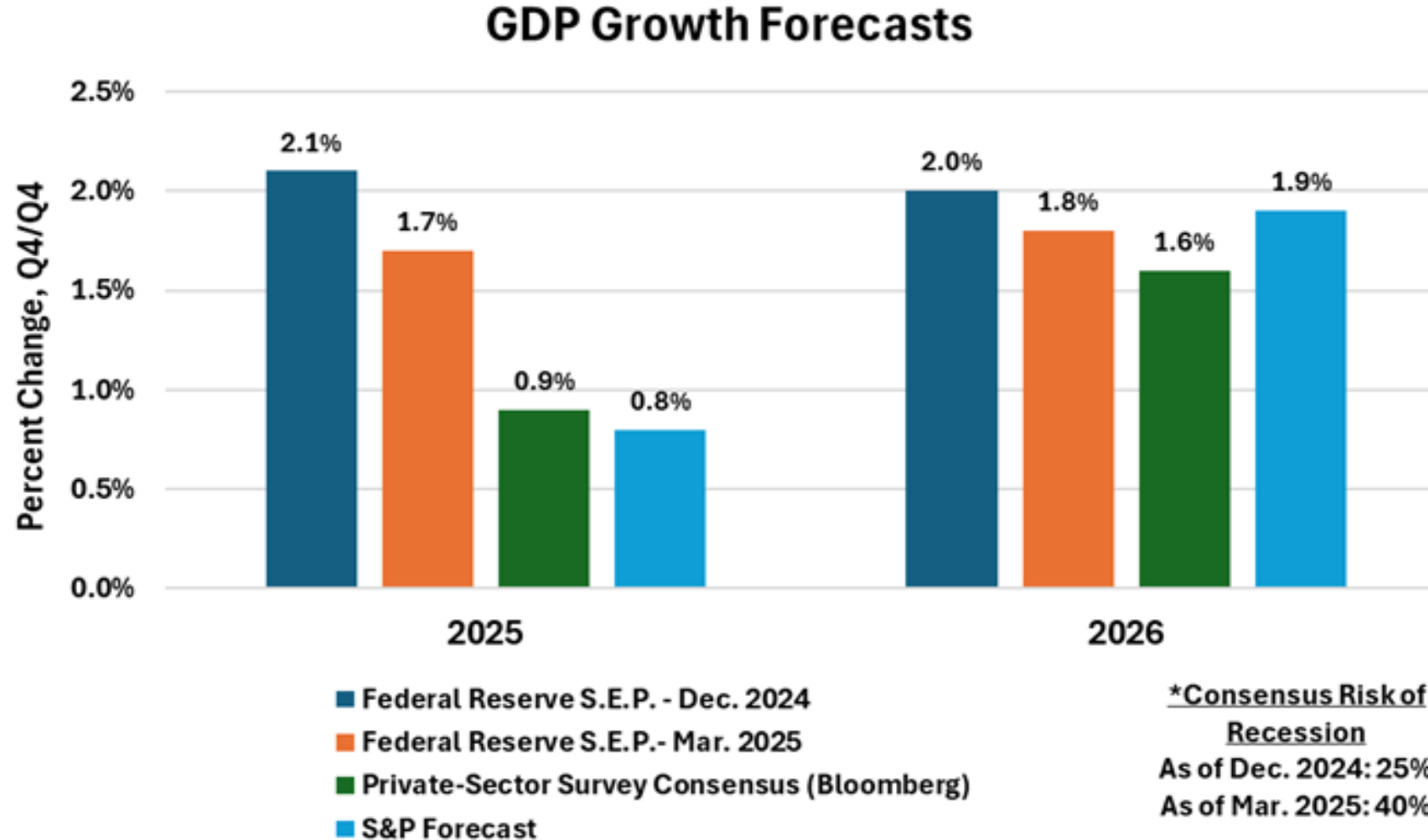
Tail risks increase amid policy uncertainty



Normal Distribution Scenarios: Strong vs Weak



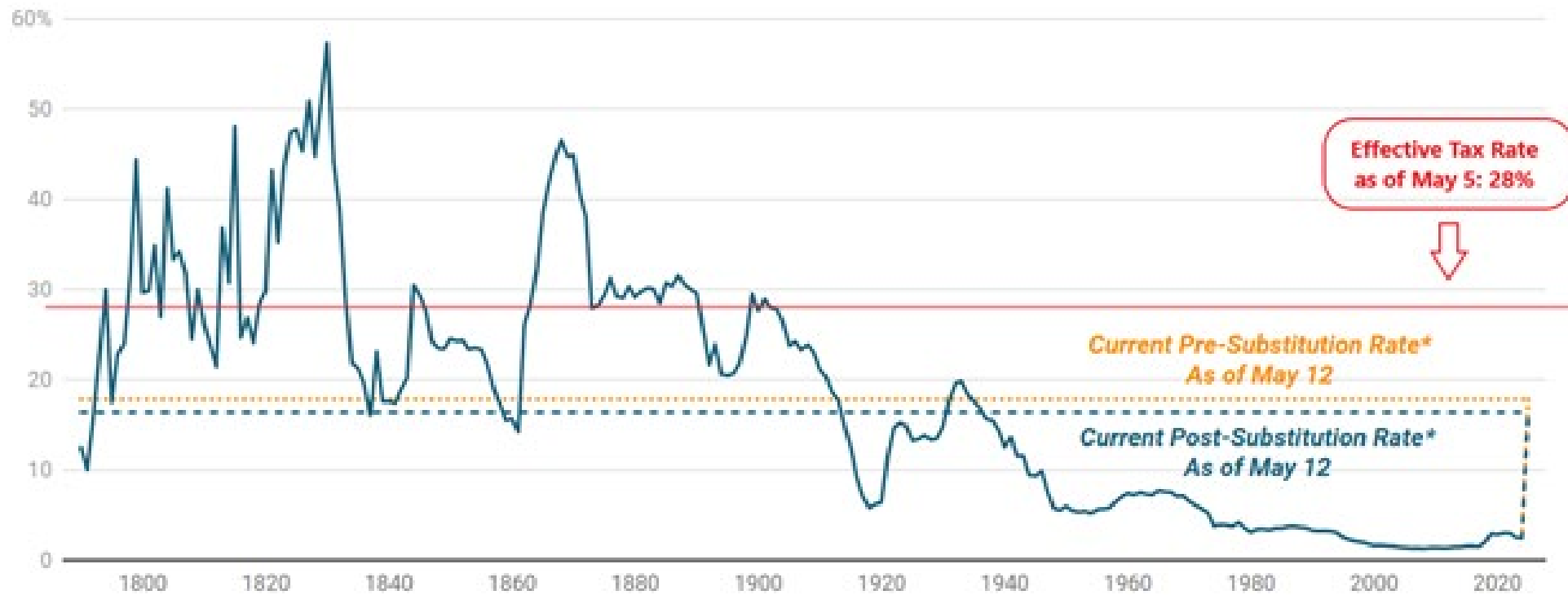
Growth forecasts slip amid trade tensions





Tariff rates at generational high

U.S Average Effective Tariff Rate Since 1790



Source: Yale Budget Lab, OEA

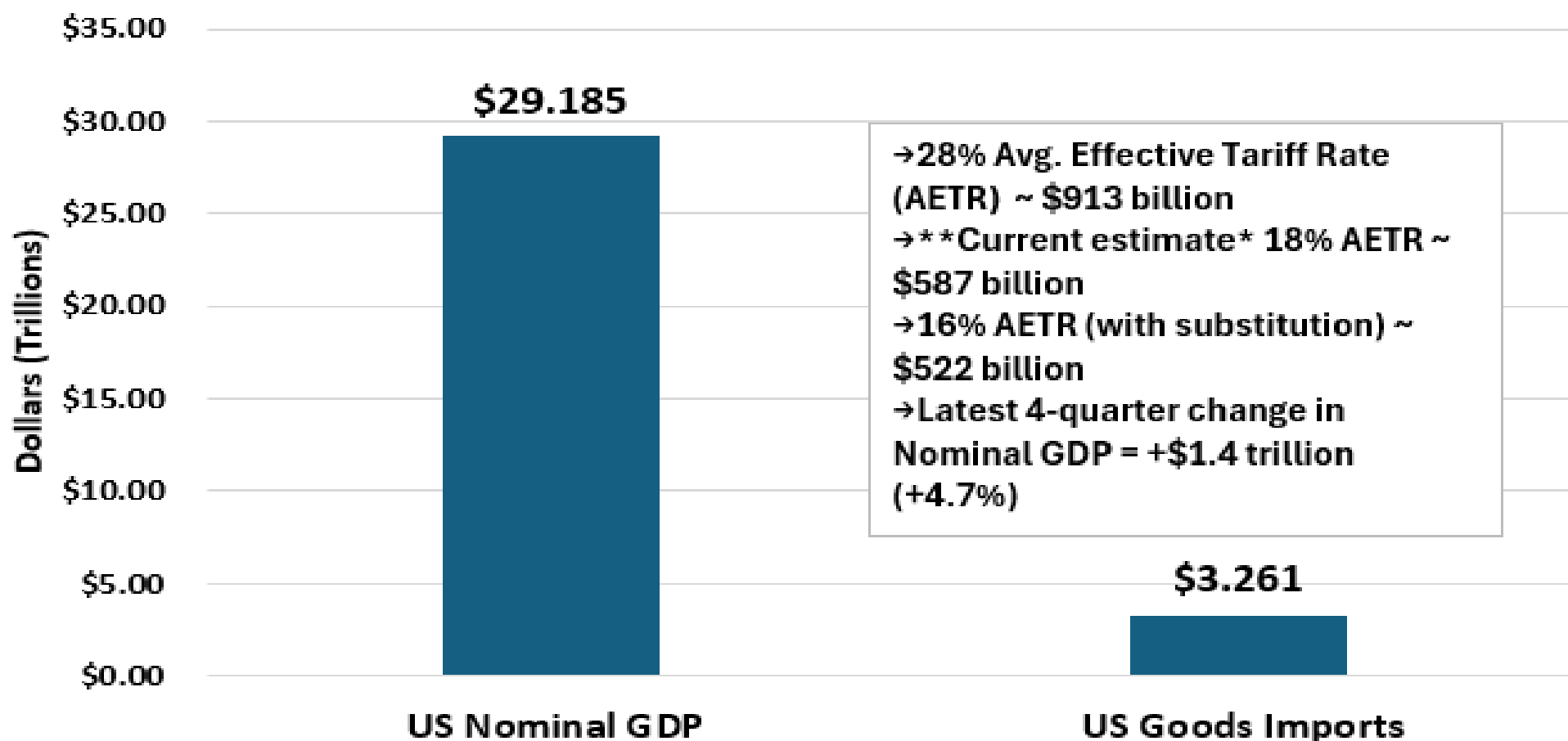
* Assumes revised April 9 tariffs stay in place.

Chart: The Budget Lab • Source: Historical Statistics of the United States Ea424-434, Monthly Treasury Statement, Bureau of Economic Analysis, The Budget Lab analysis. • Created with [Datawrapper](#)

The price tag of tariffs



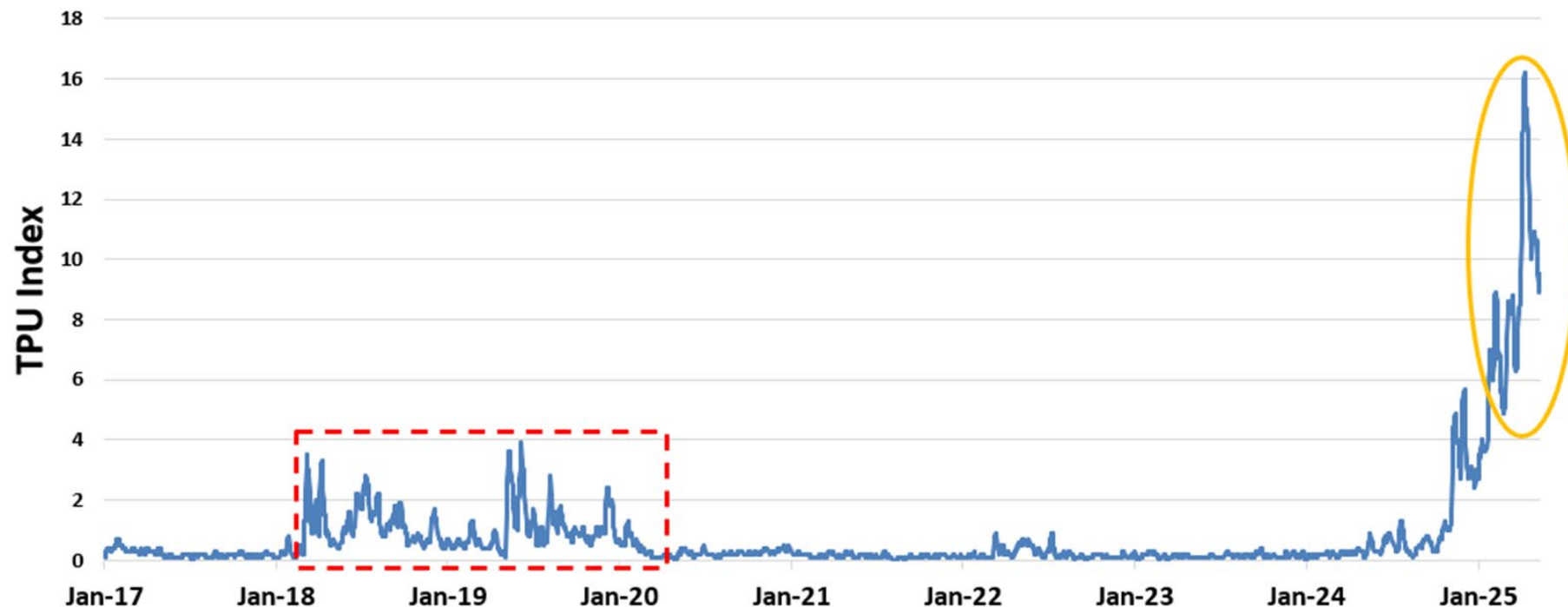
2024 US Nominal GDP and Import of Goods



Tentative signs that tariff uncertainty has peaked



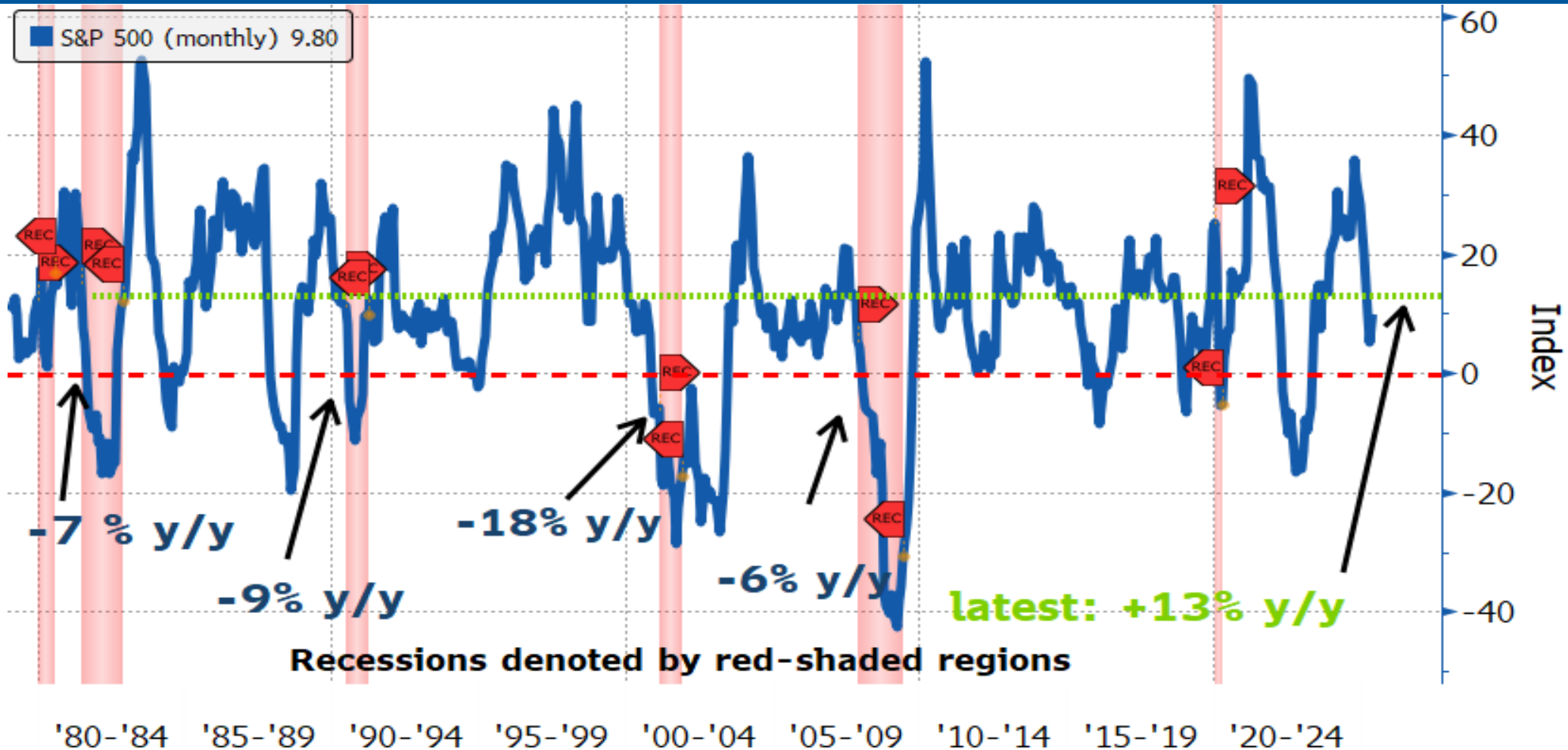
Bloomberg Economics Global Trade Policy Uncertainty (TPU)



Source: Bloomberg/OEA



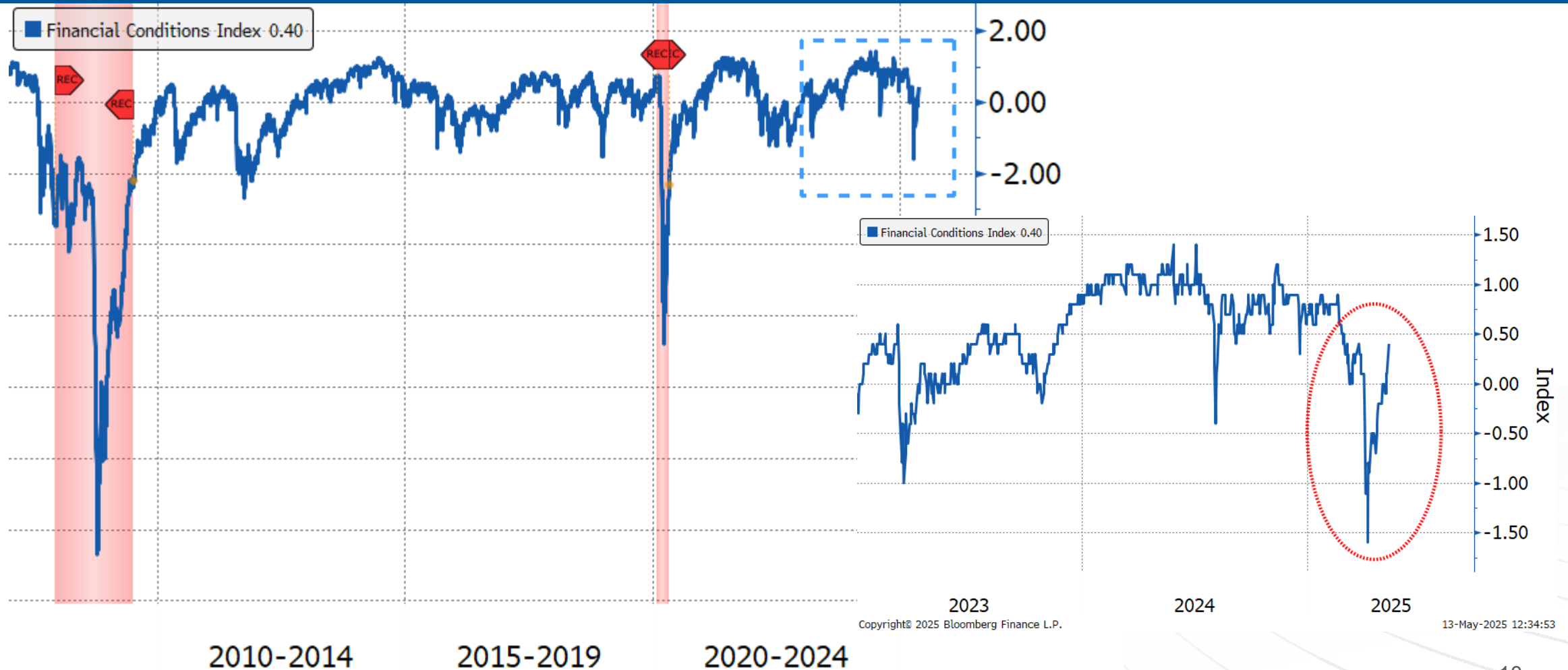
Stocks say “No Recession”



Copyright© 2025 Bloomberg Finance L.P.

13-May-2025 12:26:55

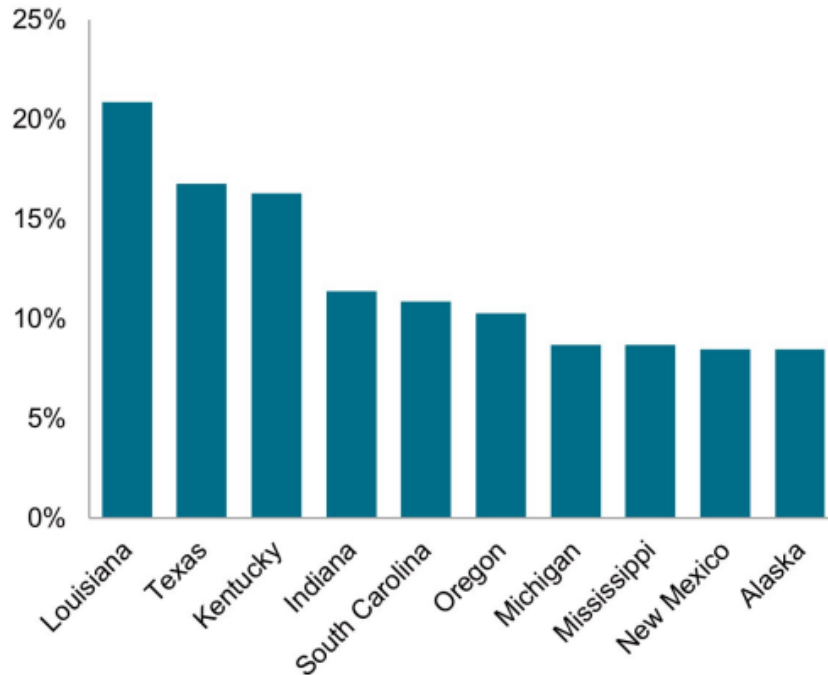
Financial market stress has abated



Oregon Export Activity



Exports as a share of gross state product, 2024



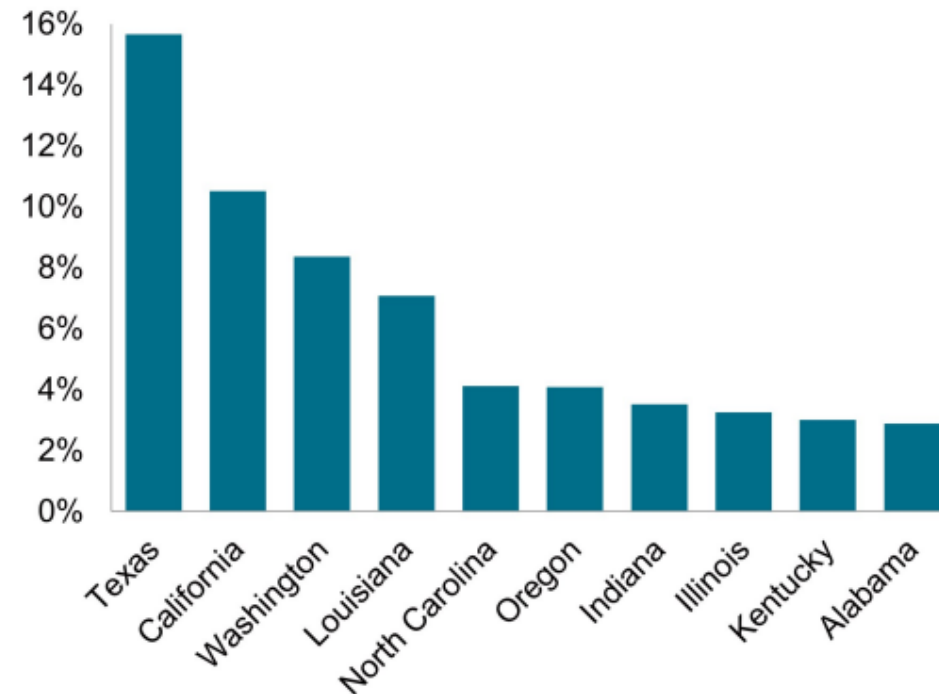
Data compiled March 2025.

Excludes agricultural products in Louisiana.

Sources: US Census Bureau; S&P Global Market Intelligence.

© 2025 S&P Global.

Share of US exports to mainland China, 2024



Data compiled April 2025.

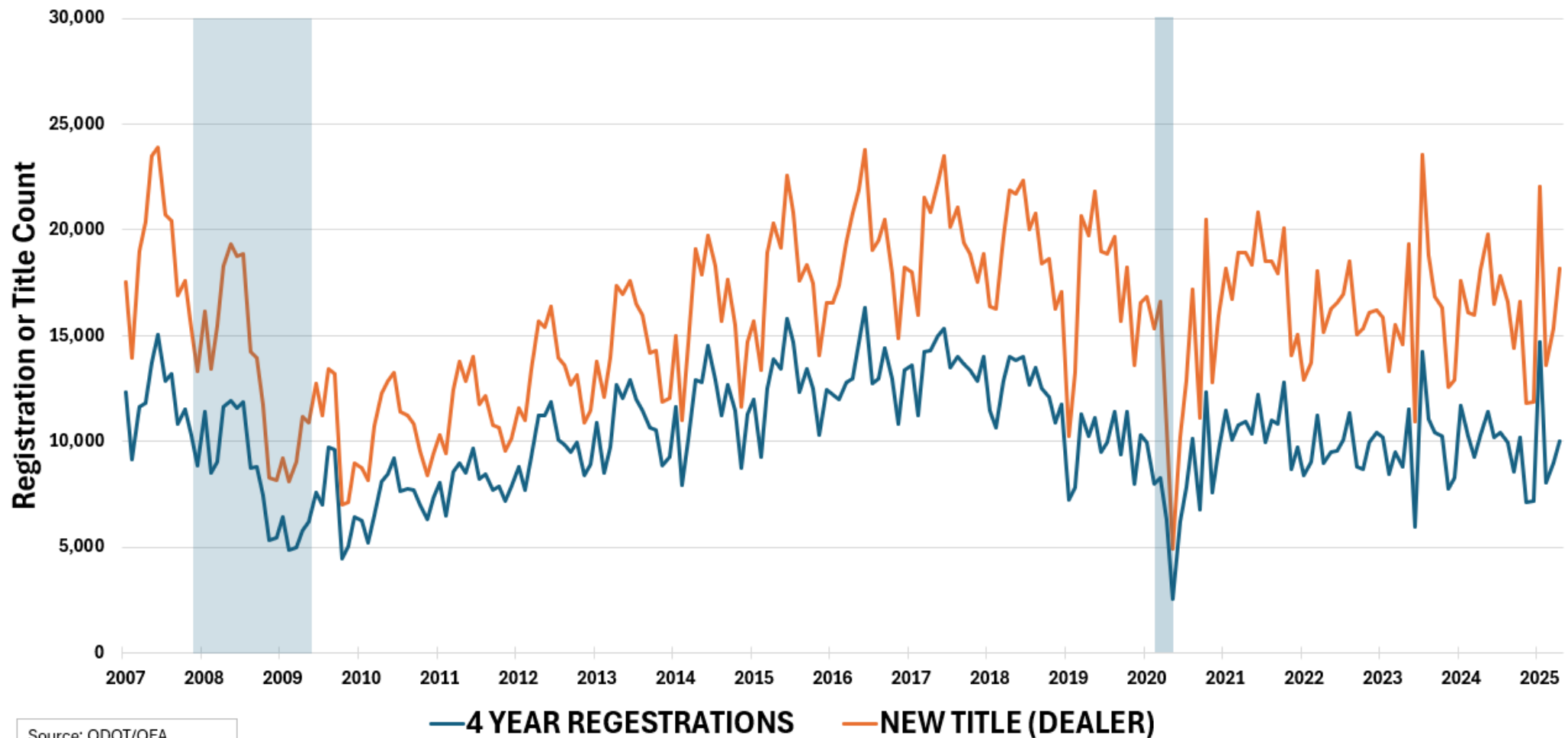
Sources: US Census Bureau; S&P Global Market Intelligence.

© 2025 S&P Global.

New vehicle purchases at odds with souring sentiment



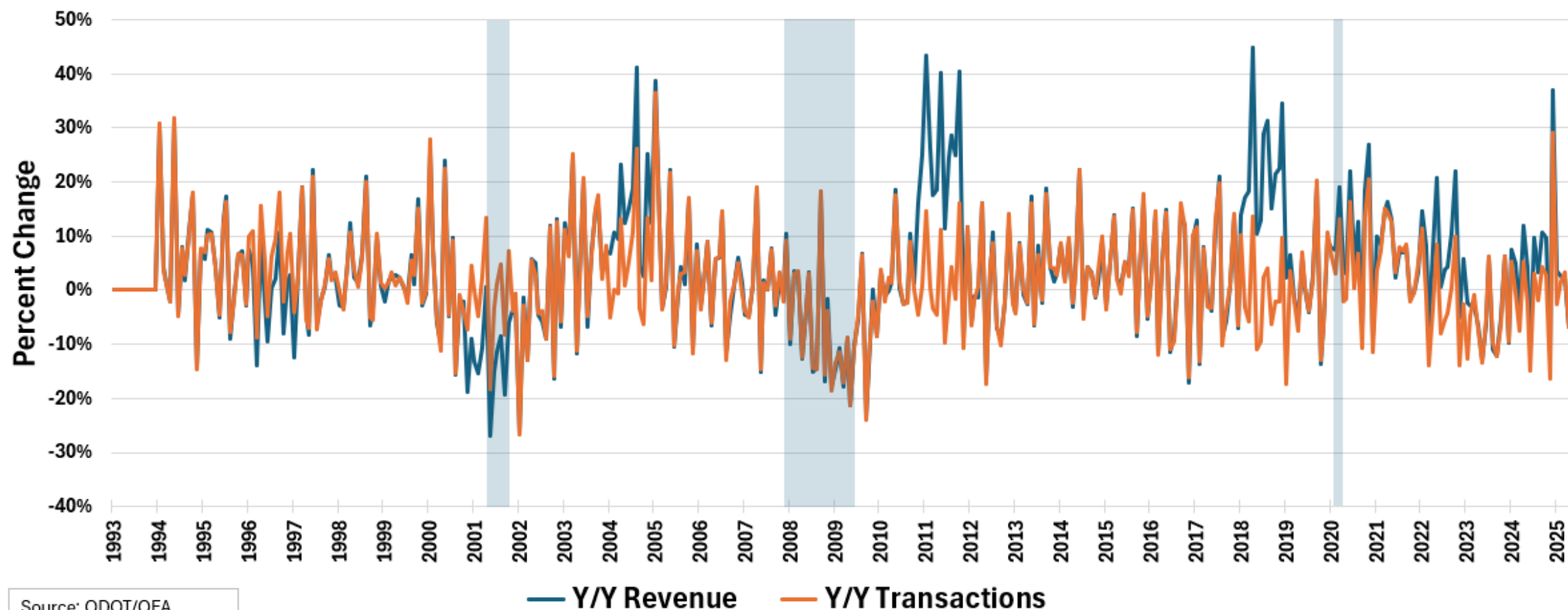
Oregon 4-Year Vehicle Registrations and New Titles



Truck traffic cooling but not frozen



**Weight-Mile Transactions & Revenue
(Year-over-Year Changes)**

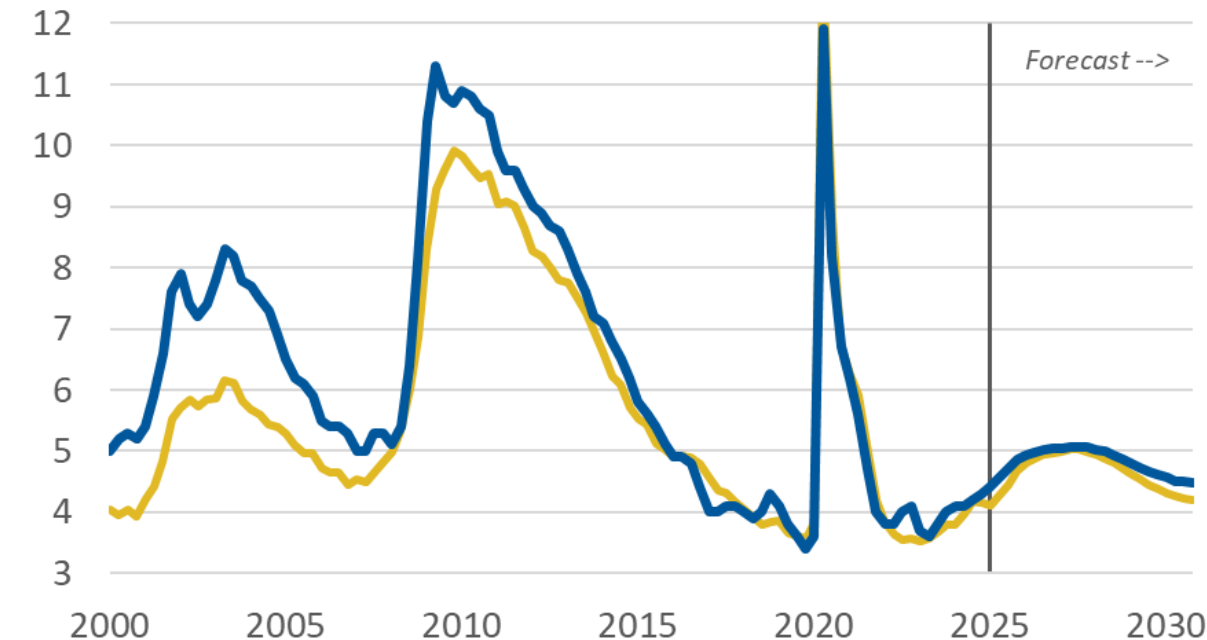


Sluggish growth to drive gradual increase in unemployment



Unemployment Rate Comparison

Oregon and U.S., quarterly data



Latest Data: 2025q1 | Source: Oregon Employment Dept, Oregon Office of Economic Analysis, S&P Global

Oregon's unemployment rate has increased while U.S. remains steady.

Oregon's unemployment rate was 4.6% in March versus 4.1% in March 2024.

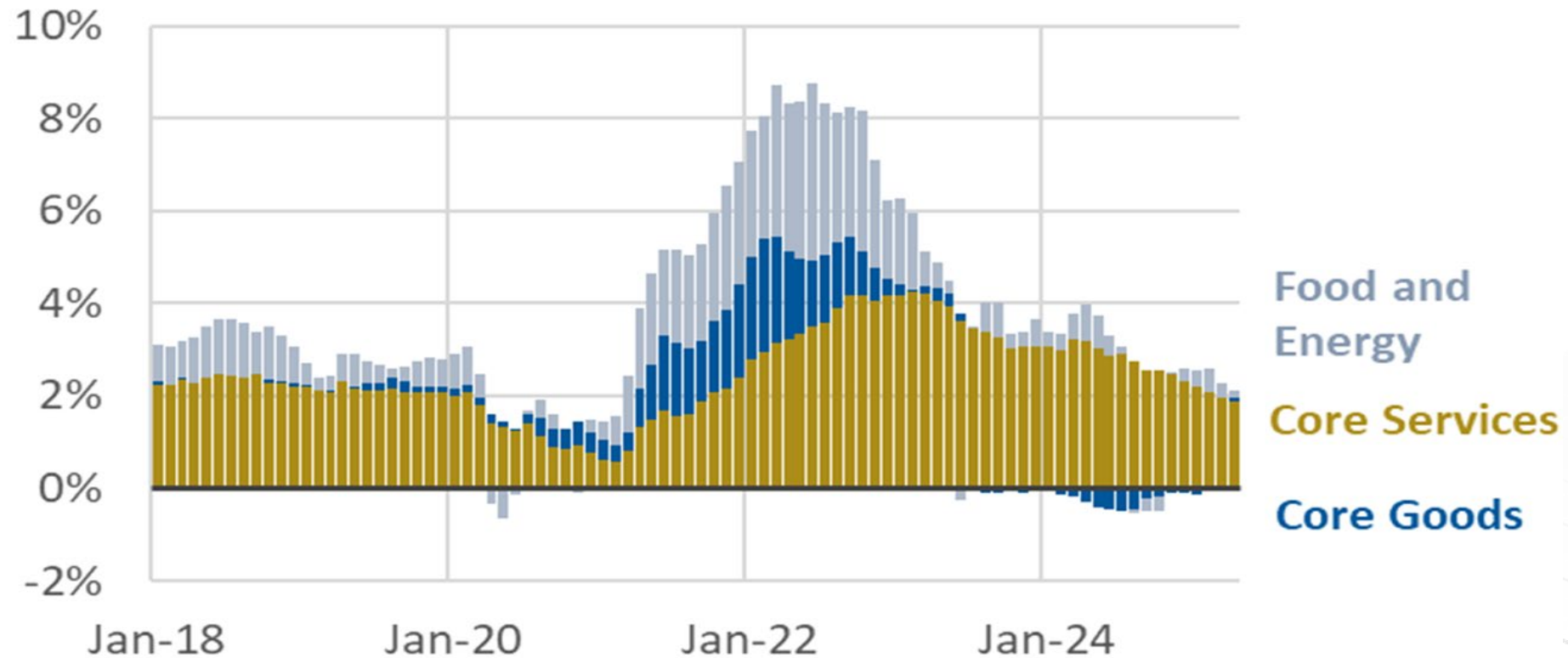
The U.S. unemployment rate was little changed at 4.2% in April (vs. 3.9% prior).

Tariff pressures not yet evident in inflation statistics



Disinflation Progress has Stalled

Decomposing Year-over-Year Change in the West Region Consumer Price Index

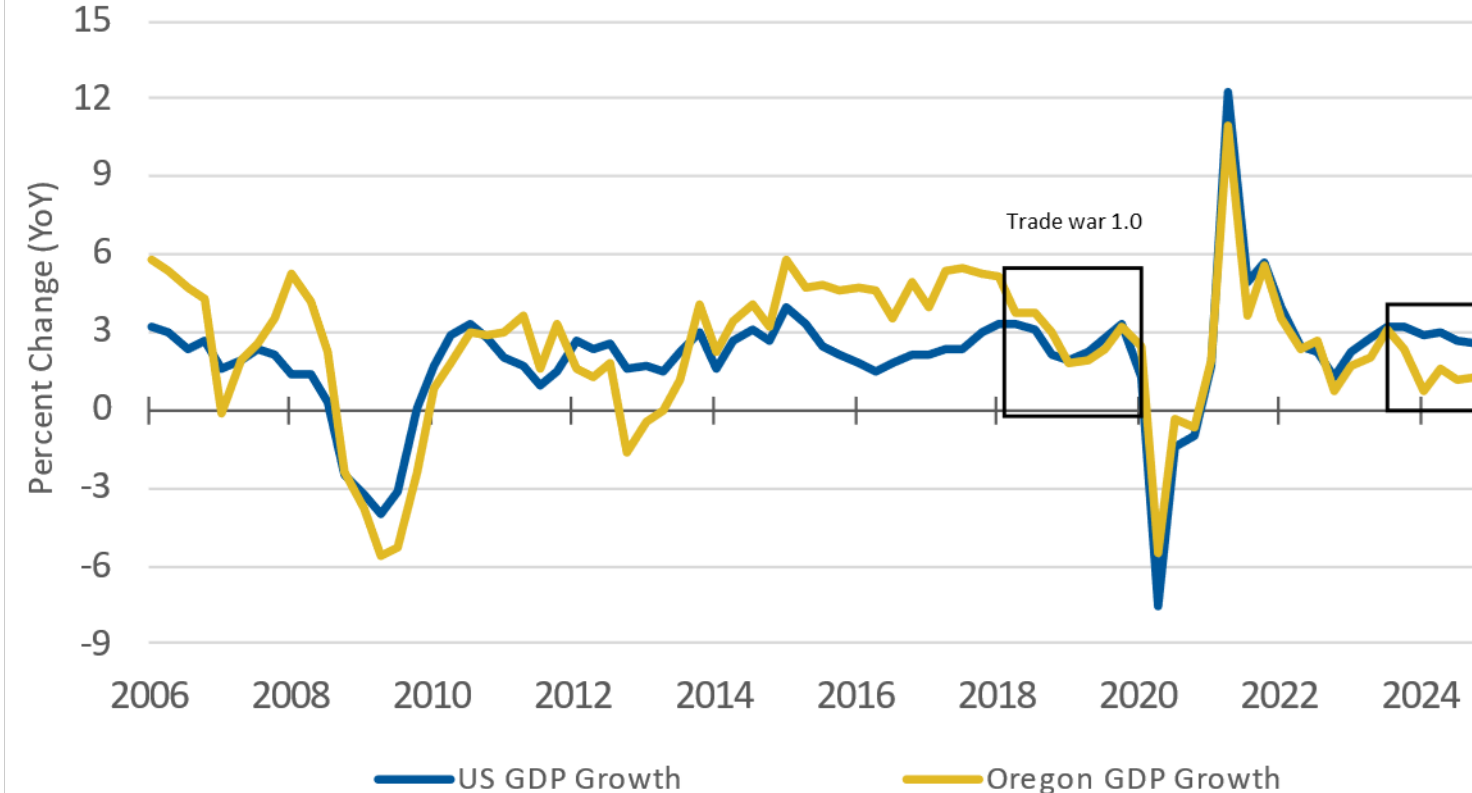


Loss of growth momentum in OR over past year—will it continue?



Oregon and US Real GDP Growth Over Time

Quarterly Data, Percent Change



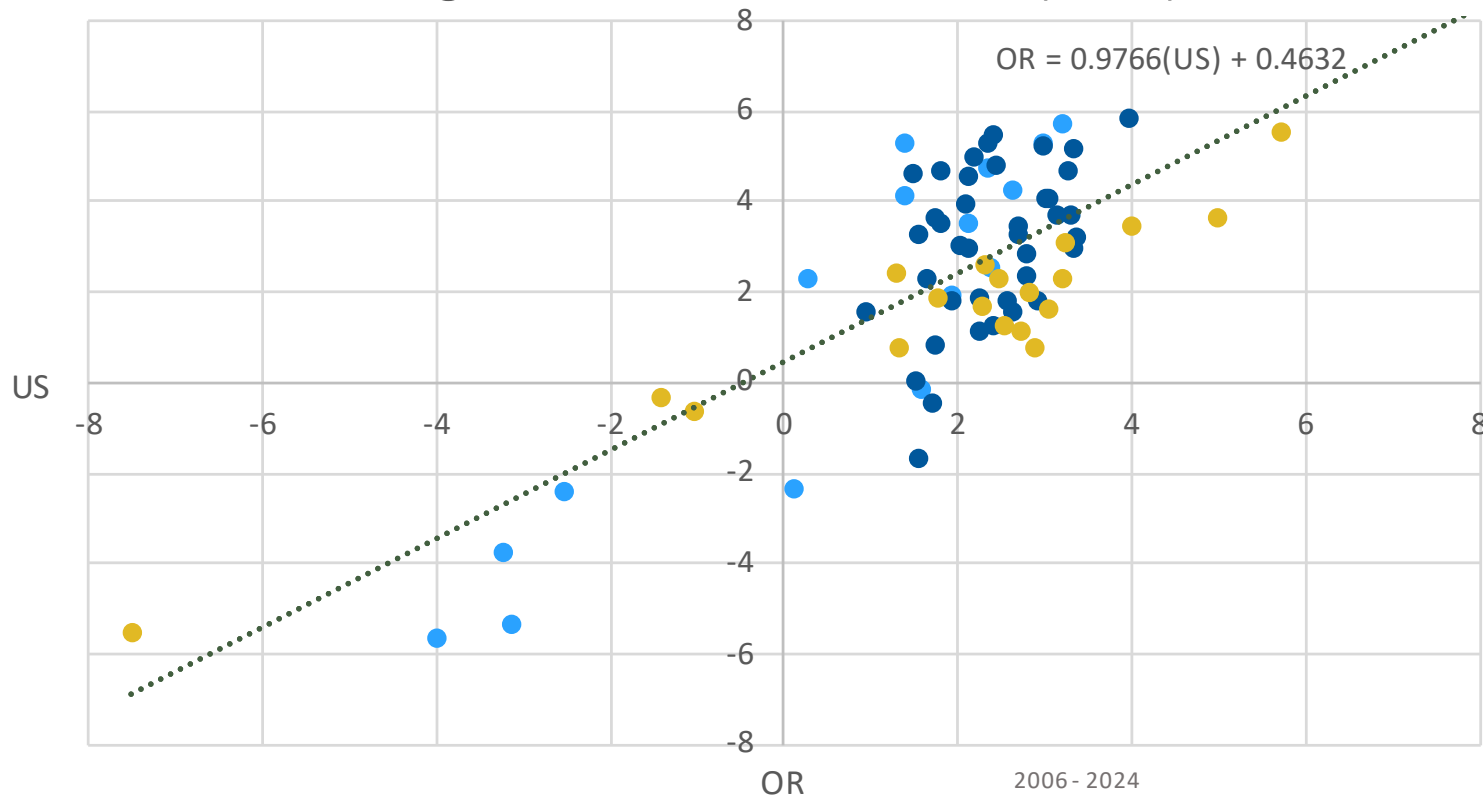
Source: Bureau of Economic Analysis/Haver Analytics

- Oregon GDP trailed the US by an average of 1.2 percentage points in 2024.
- If this deviation continues, it suggest Oregon GDP stagnation in 2025.

Oregon and US growth outcomes are intertwined



Oregon vs US Real GDP Growth (YoY%)

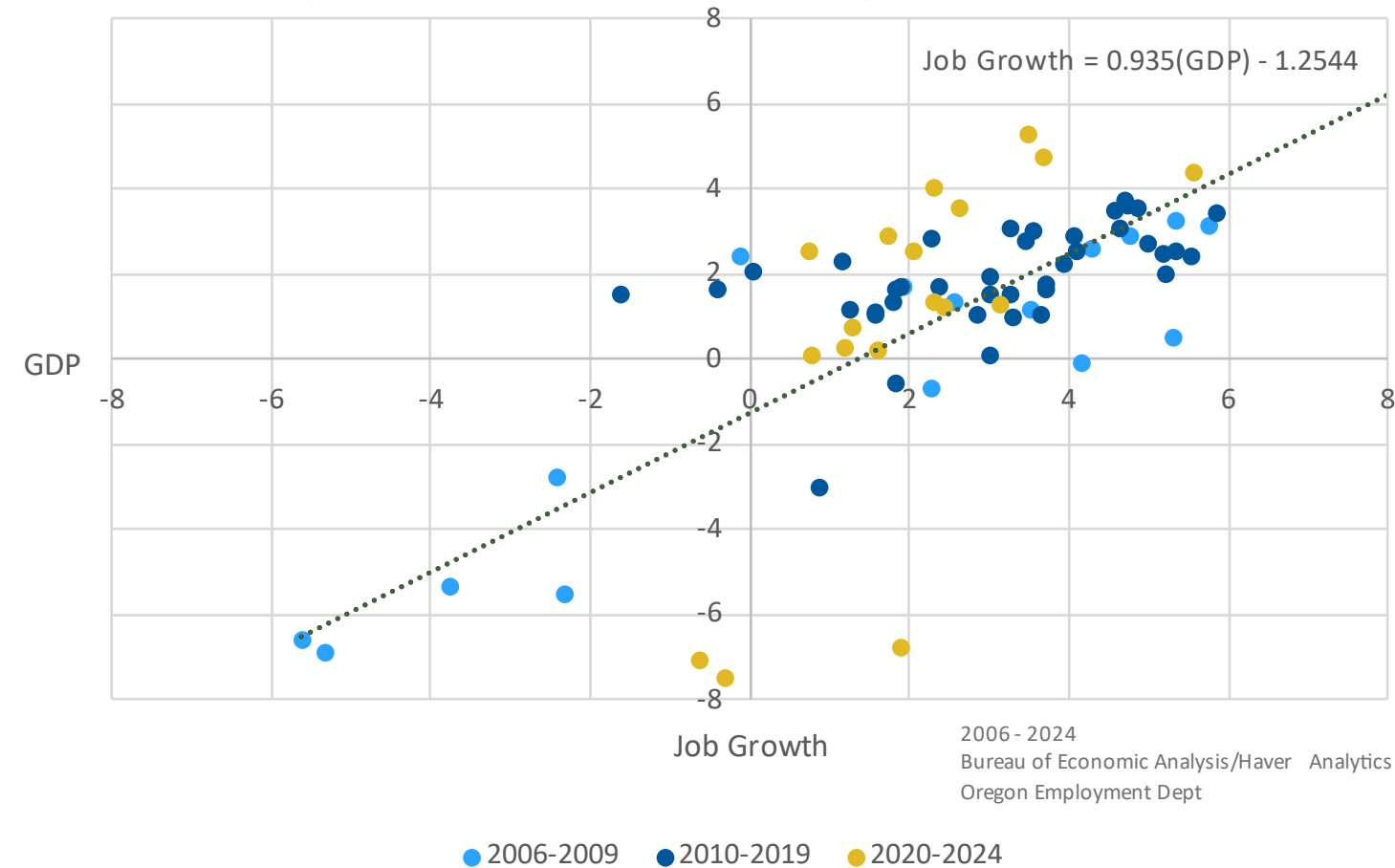


- Oregon's GDP growth meaningfully correlates with the U.S.
- Based on historical relationship, US GDP growth of 0.9% implies Oregon GDP growth of 1.3% for 2025.

Oregon GDP and Job Growth



Oregon Real GDP Growth vs Oregon Job Growth (YoY%)



If Oregon GDP grows by 1% in 2025, state employment is likely to be little changed

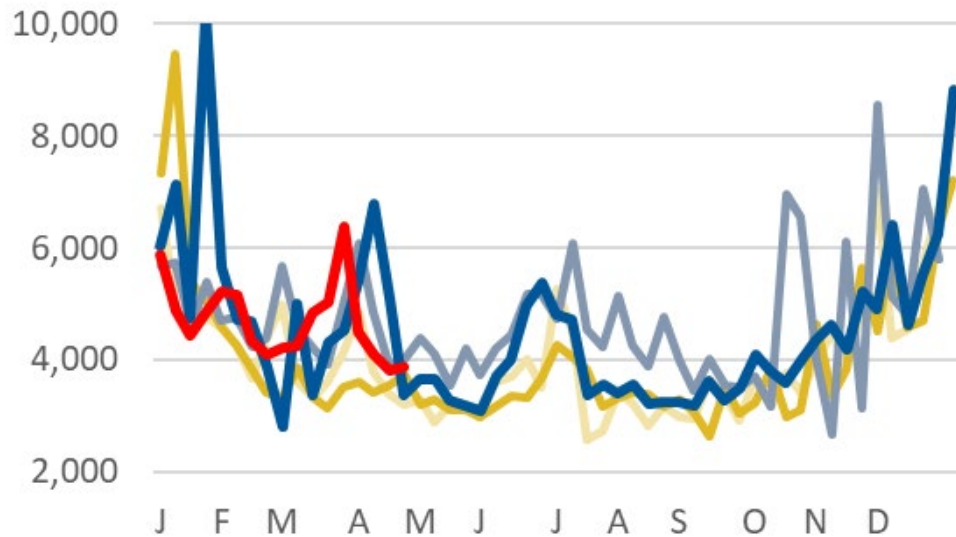
Oregon labor conditions look stable, for now



Oregon Claims

Unemployment insurance claims for 2018, 2022, 2023, 2024, 2025

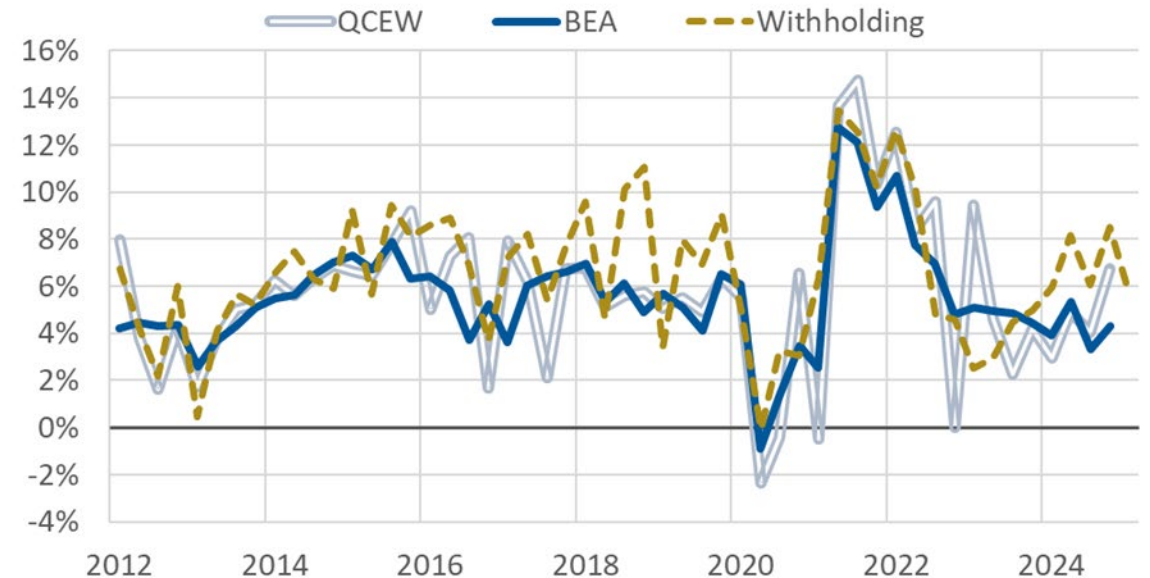
Initial Claims



Data: Not seasonally adjusted | Latest: April 26th, 2025, | Source: US Dept of Labor, Oregon Employment Department, OEA

Oregon Wage Growth

Year-over-year percent change



Latest Withholding 2025q1, Latest BEA 2024q4 and QCEW 2024q4

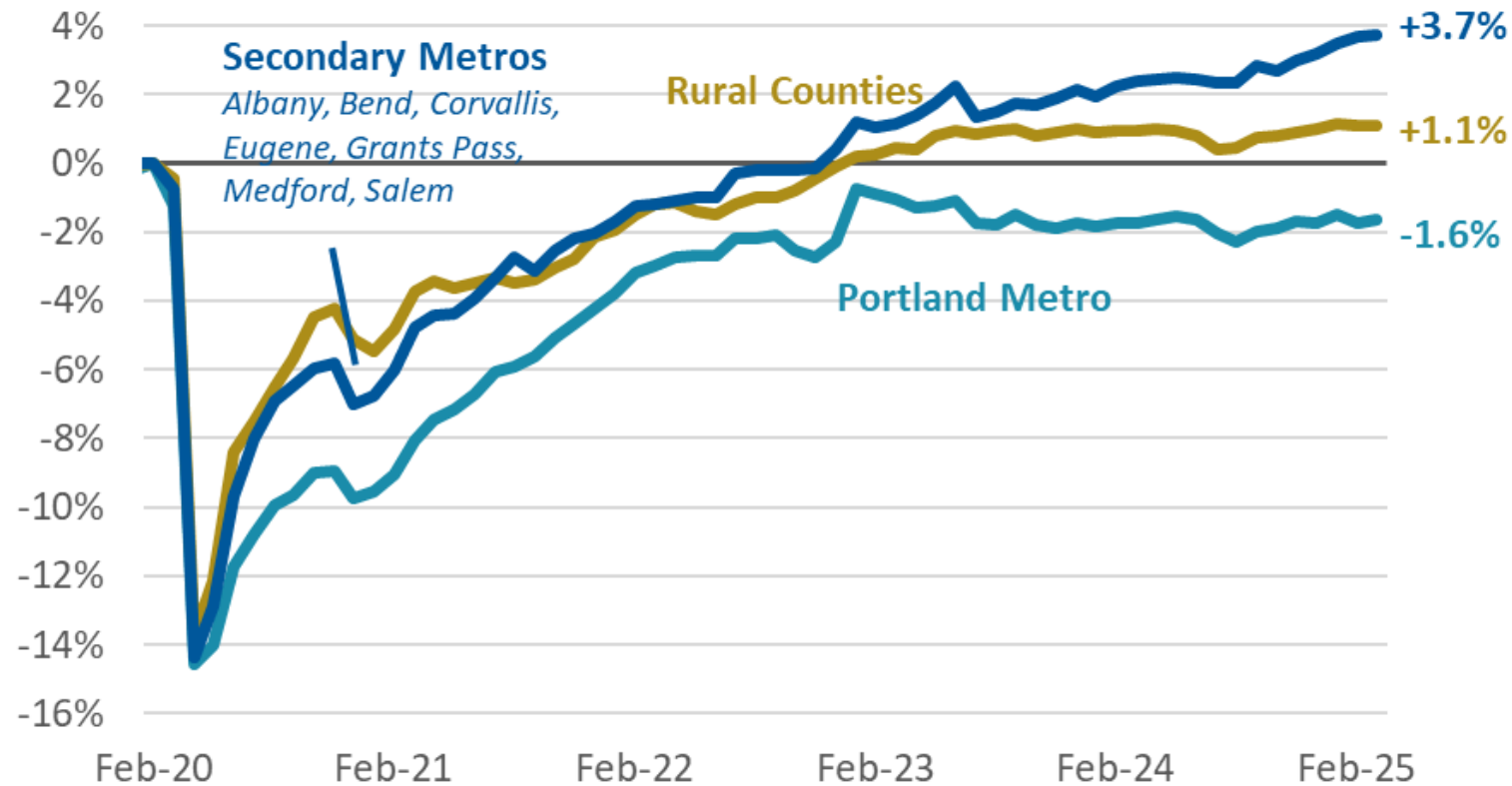
Source: BEA, Oregon Employment Dept, Oregon Dept of Revenue, Oregon Office of Economic Analysis

Secondary Metros drive job creation



Oregon Employment: Urban and Rural

Percent change from February 2020



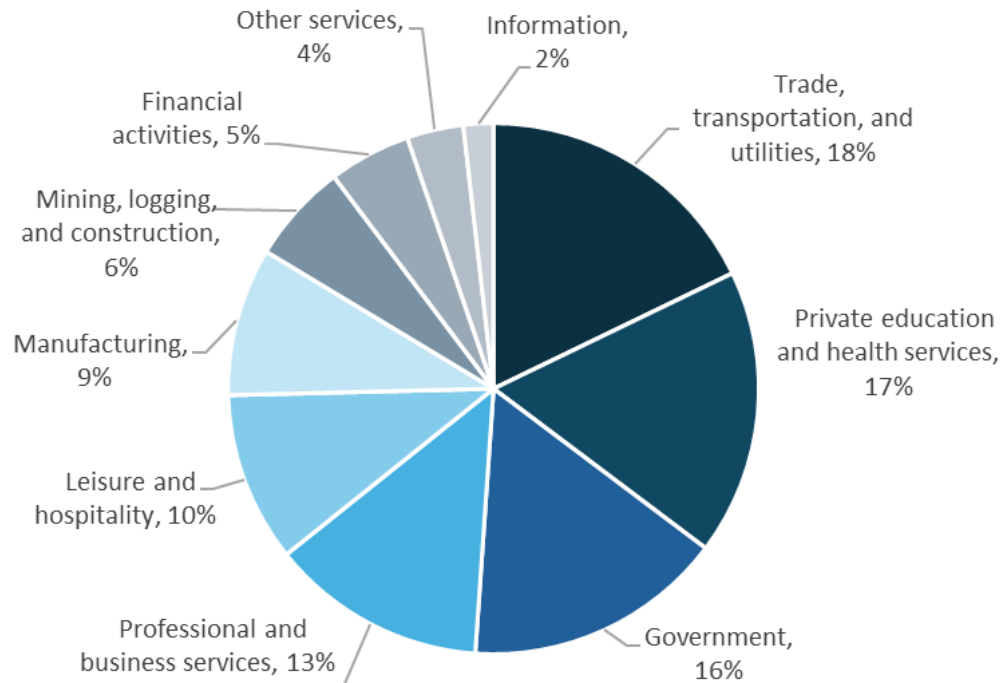
Latest Data: Mar 2025 | Source: Oregon Employment Dept, Oregon Office of Economic Analysis

Job growth concentrated in service sector



Industry Share in Oregon

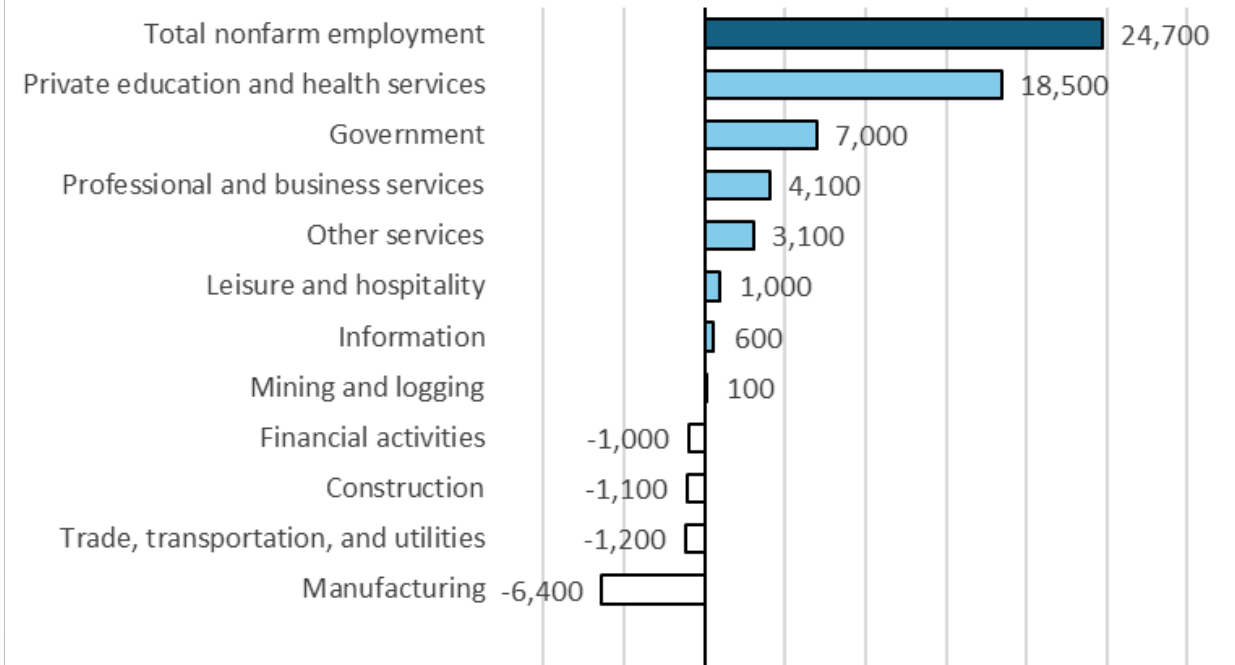
Share of Mar '25 Total Nonfarm Employment (SA)



Source: Oregon Employment Department

Oregon Net Employment Change by Industry

March 2024 to 2025, Seasonally Adjusted



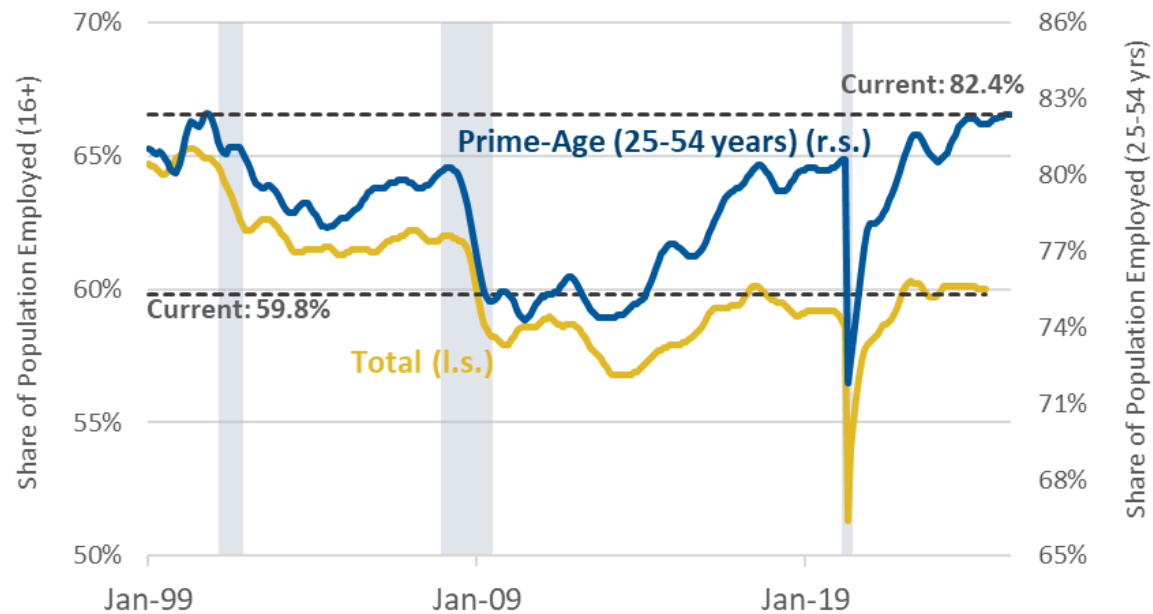
Source: Oregon Employment Department

Labor engagement a source of strength



Oregon Employment to Population Ratio

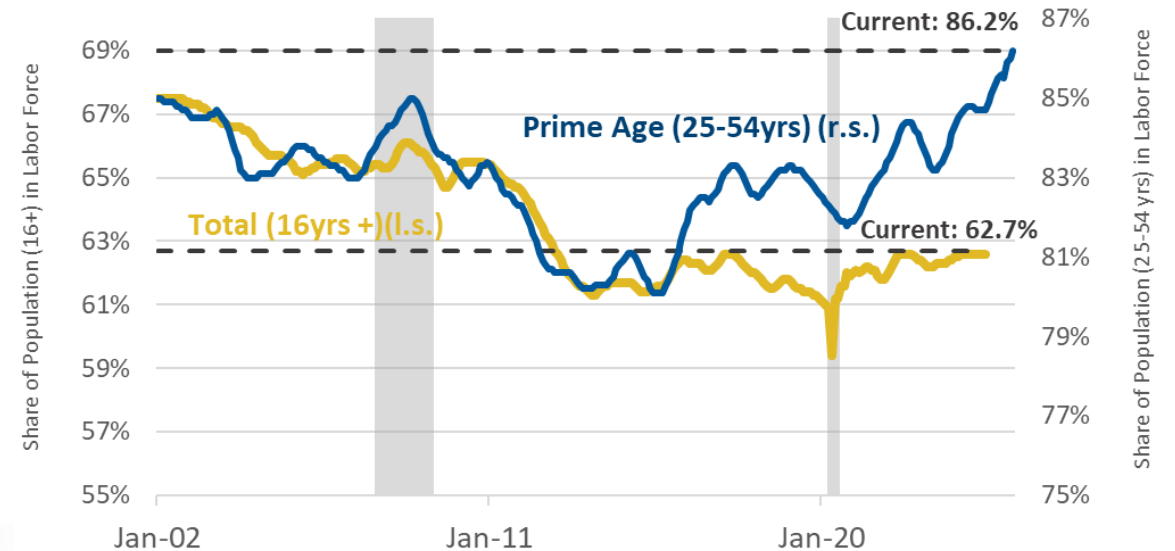
Share of 25-54 year olds with a job (**Prime-Age EPOP**) and **Total EPOP**



Latest Data: Mar 2025 | Source: Oregon Employment Dept, Oregon Office of Economic Analysis

Oregon Labor Force Participation Rate

Share of Oregonians working or actively looking for work by age group

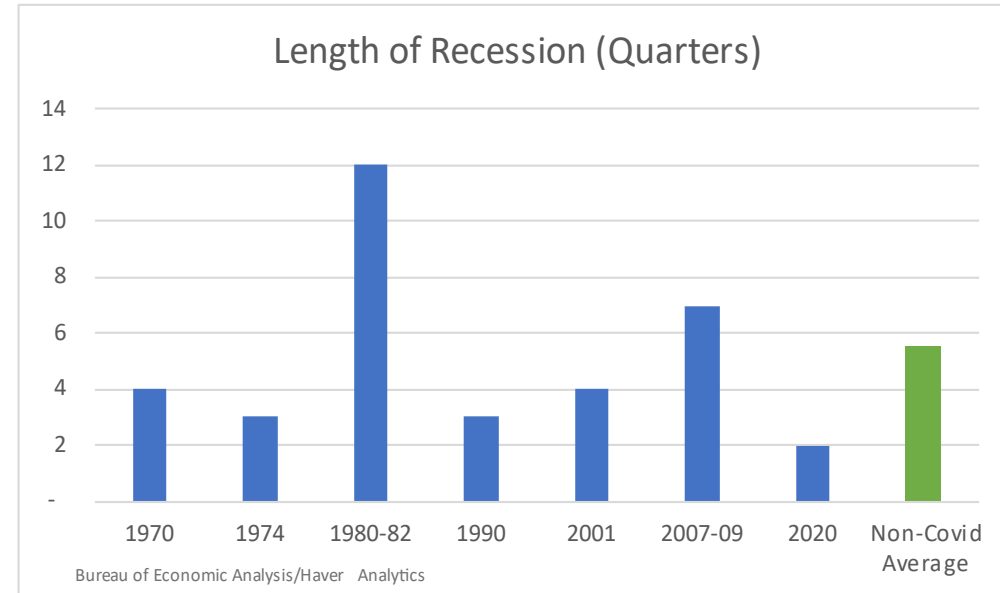


Latest Data: Mar 2025 | Source: Oregon Employment Dept., Oregon Office of Economic Analysis

Recession Characteristics

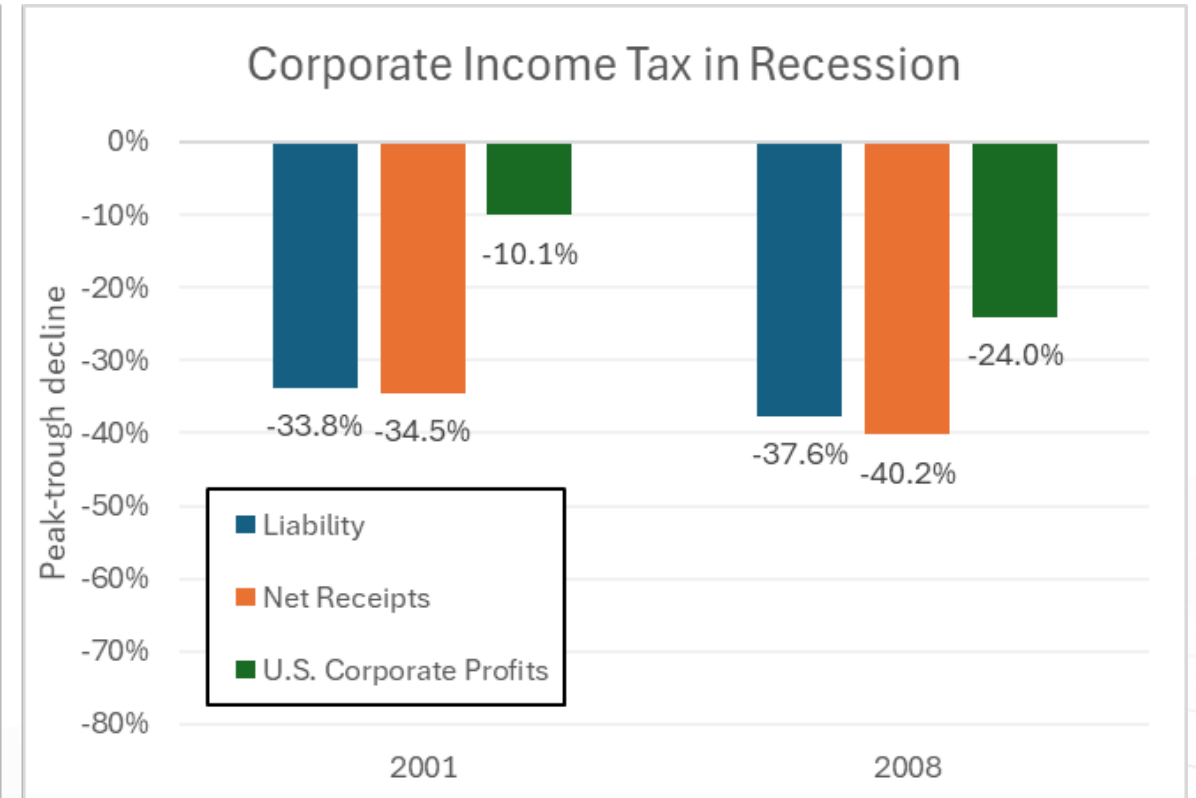
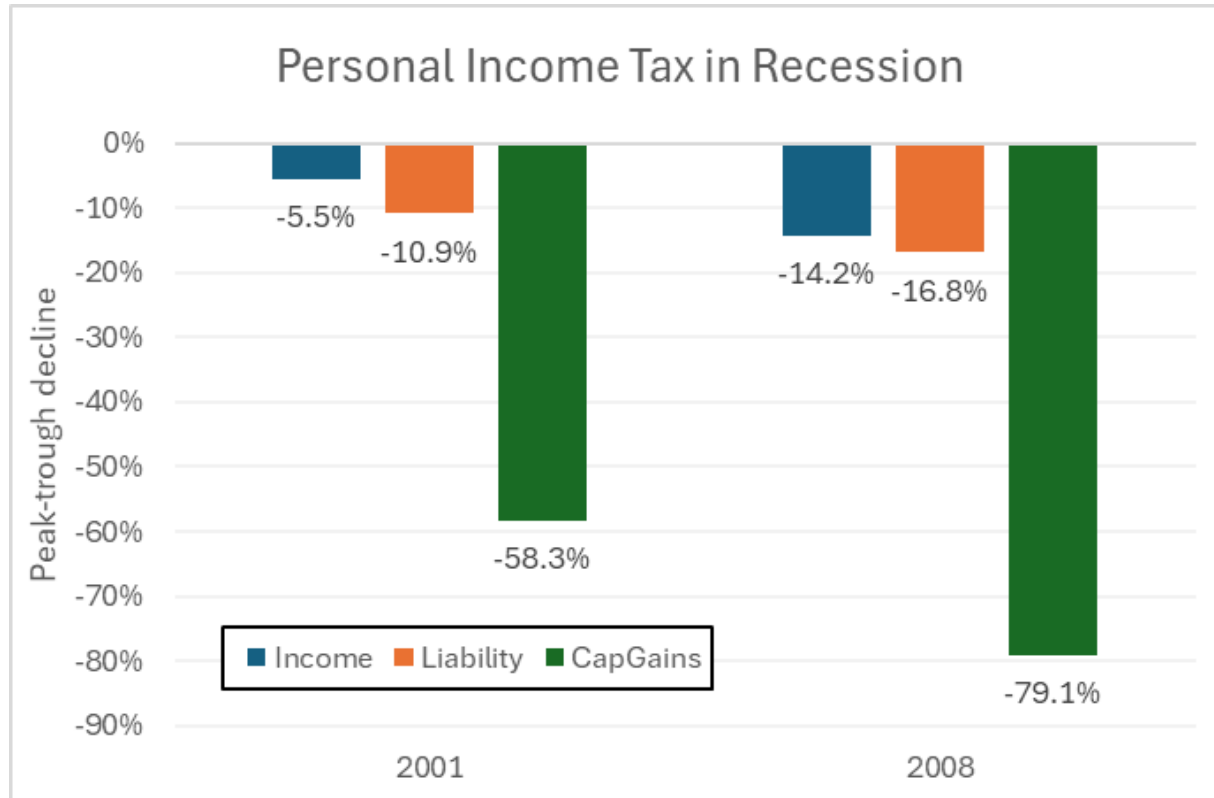


- Since 1970, recessions have lasted about 5.5 quarters on average.
- The 1980 and 2008 recessions were the longest and most severe.
- During a recession, Oregon real personal income tends to decrease in line with the national average.
- Oregon employment tends to drop more than the national average.



Non-COVID Avg	U.S.	Oregon
Income	-2.4%	-2.6%
Employment	-2.3%	-4.5%
Unemployment	2.76	3.28
Initial Claims	64.8%	54.5%
Continued Claims	83.6%	94.6%

Revenues during Recessions



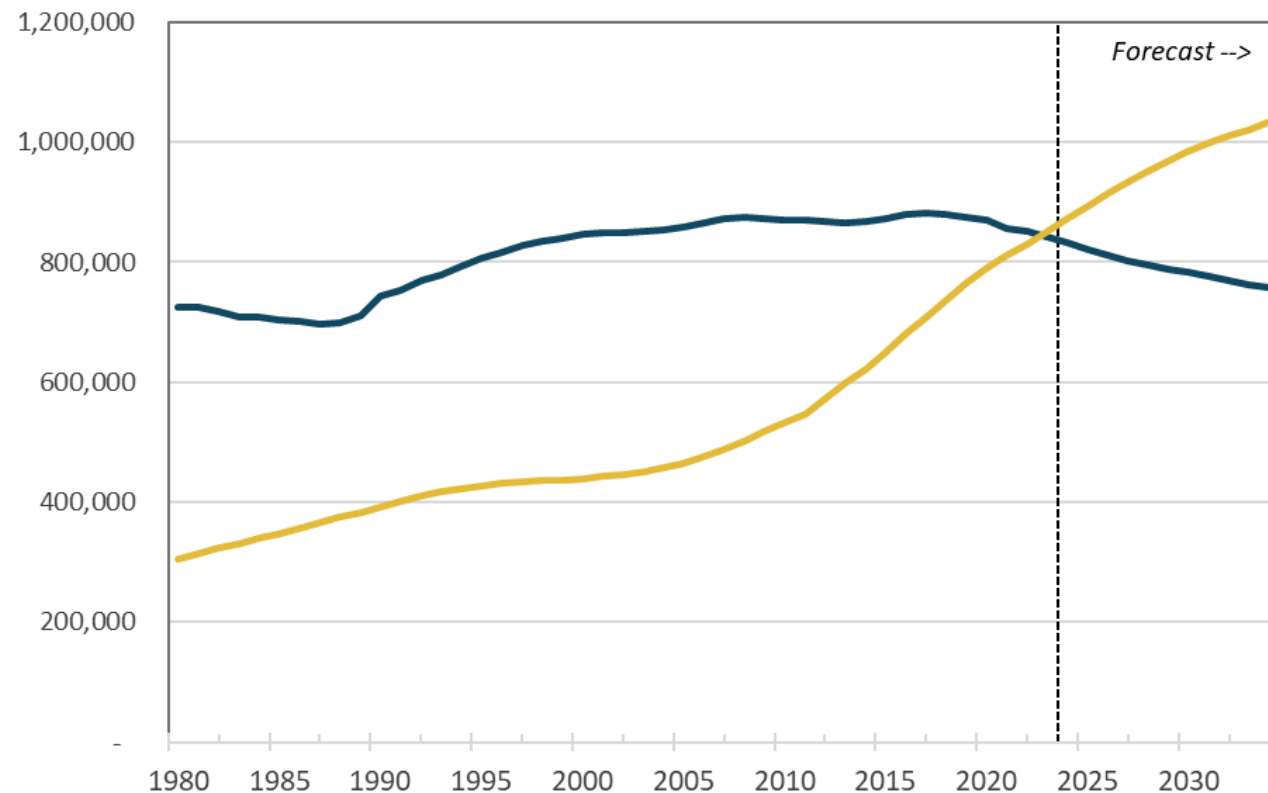
All two (tax) years in duration, except for 2001 Corporate which lasted three years (2000-2002).

Demographic shift ahead



Oregon Demographic Shift

Children <18 and 65+ Population



- In 1980, the number of children were over twice the number of people 65yrs +.
- Now, the number of people 65+ outnumber the number of children.
- School enrollment will continue to decline and care/assistance for aging population will increase

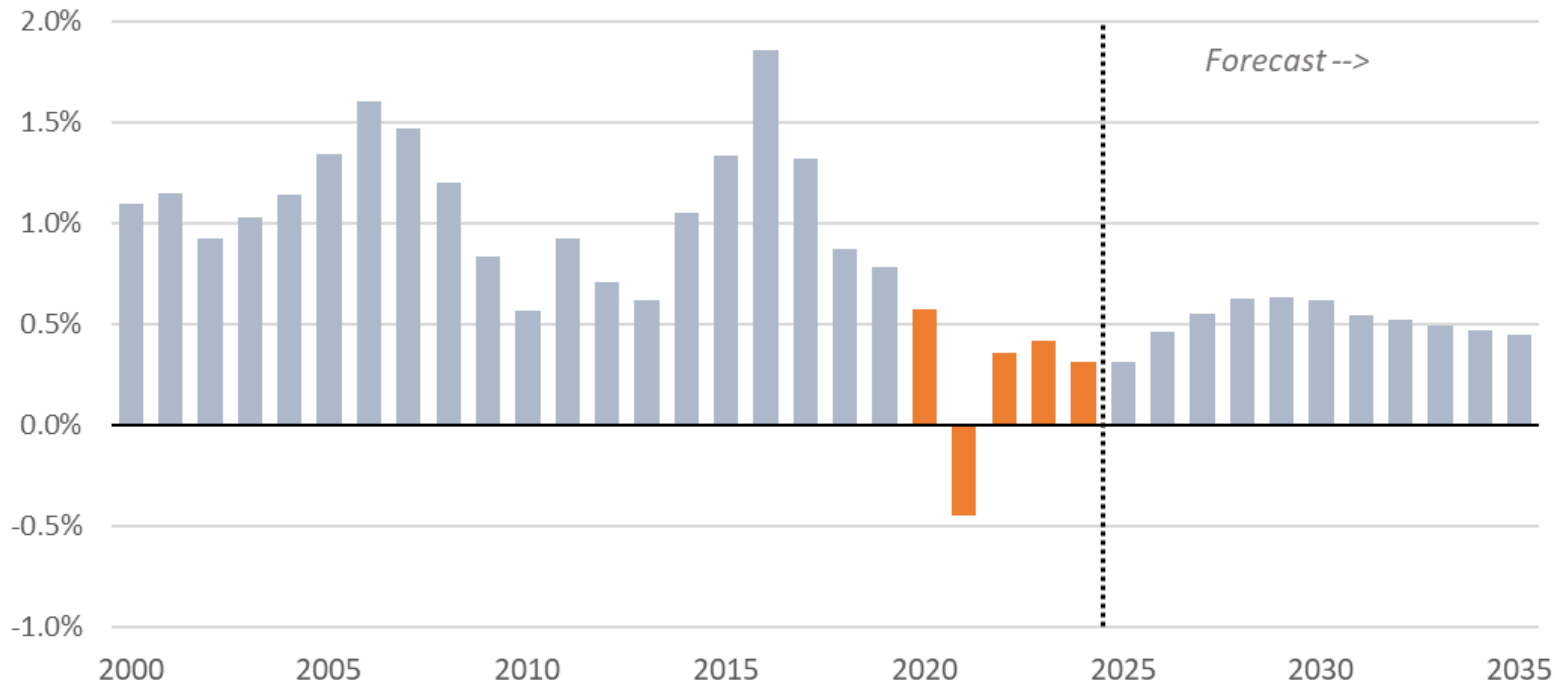
Longer-term outlook depends on demographic trend



Oregon Population Growth

Annual change in total state population

History/Forecast and PSU Estimates



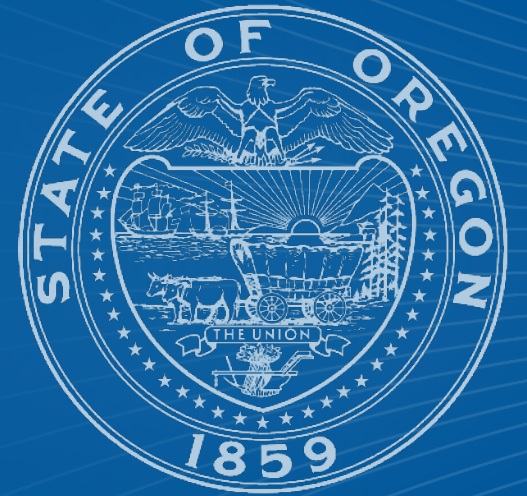
Latest: 2024 | Source: U.S. Census Bureau, Portland State Research Center, Oregon Office of Economic Analysis

Population growth for Oregon has been revised lower

Forecast – based on PSU's estimates

- Population expected to grow by average of 0.5% through 2035.

Revenue Update





Bottom line (change from Q1)

- 2023-25 Biennium
 - Revenues decreased \$162.3 million
 - Net Expenditures up \$248.9 million
 - Ending Balance projected \$2.17 billion
- 2025-27 Biennium
 - Revenues decreased \$334.2 million
 - Beginning balance down \$414.0 million
 - Available resources decreased \$755.7 million

Personal Income Tax Update



Personal Income Tax* Forecast			
Tax Year 2024	Q1 Forecast	Q2 Forecast	Change
Wages & Salaries	6.7%	5.7%	-1.0%
Dividends	9.0%	15.0%	6.0%
Capital Gains	35.0%	50.0%	15.0%
Retirement	6.8%	11.1%	4.3%
Schedule E	10.0%	5.0%	-5.0%
Total Income	8.5%	9.6%	1.1%
Liability	11.6%	10.4%	-1.2%
* Full-year filers only.			

- Compositional changes relative to prior assumptions.
- Total Income and Liability little changed
- Reconciliation (Tax return payments and refunds) tracking closely to forecast.

Personal Income Tax Update



Personal Income Tax Forecast			
Tax Year 2025	Q1 Forecast	Q2 Forecast	Change
Wages & Salaries	5.5%	4.5%	-1.0%
Dividends	5.0%	-5.0%	-10.0%
Capital Gains	3.0%	-9.0%	-12.0%
Retirement	5.0%	8.1%	3.1%
Schedule E	2.0%	-5.0%	-7.0%
Total Income	4.7%	3.0%	-1.7%
Liability	5.6%	4.1%	-1.5%
* Full-year filers only.			

- Major downward revision in employment, market and business income
- Total Income and Liability are well below normal growth.

Modest effect in 2023-25



2023-25 General Fund Revenue Statement

	May 2025 Forecast	Change from Prior Forecast	Change from COS Forecast
Revenues (millions)			
Personal Income Tax*	\$22,322.9	-\$146.3	\$1,340.3
Corporate Income Tax*	\$3,009.8	-\$80.9	\$872.5
All Other Revenues	\$2,275.9	\$59.8	\$264.6
Net General Fund	\$27,608.7	-\$167.5	\$2,477.4
Beginning Balance	\$8,084.8	\$2.3	\$591.3
Proj. Expenditures	-\$33,256.2	-\$248.9	-\$1,550.7
Projected Ending Balance*	\$2,172.5	-\$414.0	\$1,518.0

* includes offsets and RDF transfers

- Personal Income Tax:
 - Withholding and Estimated Payments revised down
- Corp:
 - Estimated payments tracking negative
- Other
 - Estate Taxes revised upward
- Spending changes

Modest impact next biennium:



2025-27 General Fund Revenue Statement

	May 2025 Forecast	Change from Prior Forecast
Revenues (millions)		
Personal Income Tax*	\$30,235.8	-\$530.9
Corporate Income Tax*	\$3,291.7	\$23.6
All Other Revenues	\$2,043.1	\$170.2
Net General Fund	\$35,570.6	-\$337.1
Beginning Balance	\$2,172.5	-\$414.0
Available Resources*	\$37,408.4	-\$755.7

* includes offsets and RDF transfers

- Personal Income Tax
 - Capital Gains and Business Income declines in 2025
- Corporate
 - Profile differs, net revenue little changed
- Other
 - Remodeled Estate Tax increased



Multiple potential outcomes

General Fund Revenue* Scenarios

		2023-25	2025-27	2027-29	2029-31	2031-33
(millions)						
Boom (3%)	Revenues	\$33,445.7	\$40,815.0	\$45,100.6	\$50,873.5	\$57,080.1
	Growth		22.0%	10.5%	12.8%	12.2%
Optimistic (17%)	Revenues	\$33,445.7	\$39,130.0	\$43,825.6	\$48,997.0	\$54,680.7
	Growth		17.0%	12.0%	11.8%	11.6%
Baseline (55%)	Revenues	\$33,445.7	\$37,445.0	\$41,542.6	\$46,081.0	\$51,118.4
	Growth		12.0%	10.9%	10.9%	10.9%
Pessimistic (22%)	Revenues	\$33,445.7	\$35,011.1	\$39,912.6	\$44,622.3	\$49,798.5
	Growth		4.7%	14.0%	11.8%	11.6%
Severe (3%)	Revenues	\$33,445.7	\$32,577.1	\$36,812.2	\$42,886.2	\$48,118.3
	Growth		-2.6%	13.0%	16.5%	12.2%

* Adjusted for kicker credits.

Potential Variation from Baseline Forecast May 2025 General Fund: 2025-27

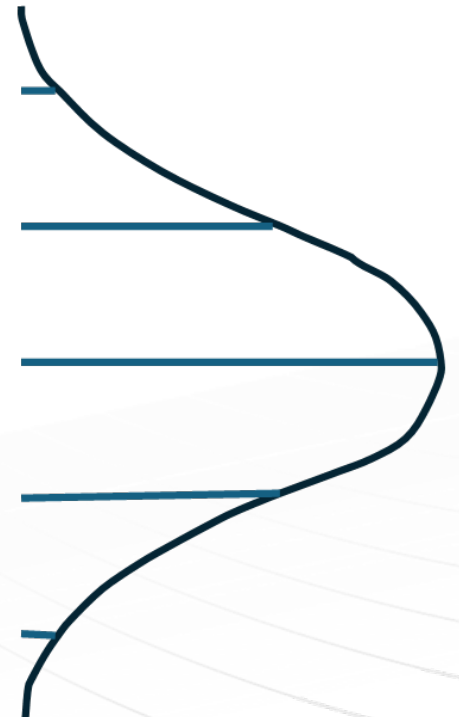
Boom: +\$3.4B

Optimistic: +\$1.7 B

Baseline: \$34.7B

Pessimistic: -\$2.4B

Severe: -\$4.9B



Historical Forecast Perspective



Table R.4						
Actual vs. Projected Growth in General Fund Revenues*						
	Adjusted COS Forecast	Gross Actuals		Forecasted Growth	Gross Growth	Difference
2009-11		\$12,521,406,330				
2011-13		\$14,155,019,600			13.0%	
2013-15	\$15,642,599,000	\$16,066,858,183		10.5%	13.5%	\$424,259,183
2015-17	\$18,411,984,050	\$18,969,811,854		14.6%	18.1%	\$557,827,804
2017-19	\$20,016,613,279	\$22,266,679,661		5.5%	17.4%	\$2,250,066,382
2019-21	\$22,700,925,689	\$25,293,229,431		2.0%	13.6%	\$2,592,303,742
2021-23	\$25,233,356,312	\$32,612,046,490		-0.2%	28.9%	\$7,378,690,178
2023-25	\$30,859,735,635	\$33,445,686,972		-5.4%	2.6%	\$2,585,951,337
2025-27	\$37,444,987,648			12.0%		
* adjusted for kicker impacts.						

Non-GF Revenues



2023-25 Non-GF Revenue Statement

Source of Revenue (millions)	May 2025 Forecast	Change from Prior Forecast	Change from COS Forecast
Lottery	\$1,851.5	-\$8.3	\$18.5
Corp. Activity Tax	\$2,714.0	-\$21.8	-\$43.8
Marijuana	\$287.0	-\$4.8	-\$11.5
Total Other Revenues	\$4,852.5	-\$34.9	-\$36.8

2025-27 Non-GF Revenue Statement

Source of Revenue (millions)	May 2025 Forecast	Change from Prior Forecast
Lottery	\$1,885.3	-\$36.7
Corp. Activity Tax	\$3,048.1	-\$44.4
Marijuana	\$301.3	-\$7.6
Total Other Revenues	\$5,234.6	-\$88.8

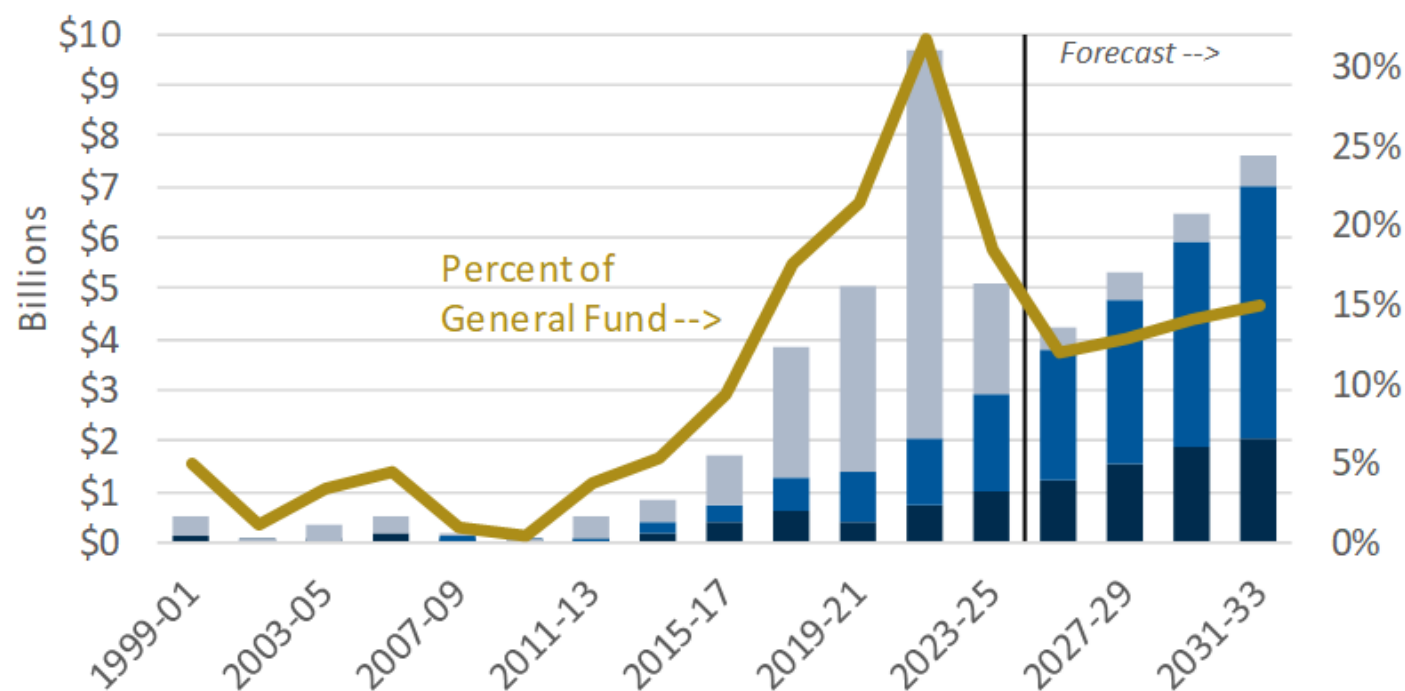
- Lottery:
 - Video decreased
- CAT tracking lower; outlook revised downward
- Marijuana slight decrease.

Reserve situation healthy



Oregon Budgetary Reserves

Education Stability Fund | Rainy Day Fund | General Fund Ending Balance



Source : Oregon Office of Economic Analysis

Effective Reserves (\$ millions)

	End of 2023-25	Estimated 2025-27
ESF	\$1,008	\$1,237
RDF	\$1,906	\$2,540
Reserves	\$2,915	\$3,777
% of GF	10.6%	10.6%
Ending Balance	\$2,172	\$500
Total	\$5,087	\$4,277
% of GF	18.4%	12.0%

Contact Information

Carl Riccadonna, Chief Economist

971-446-1364

carl.riccadonna@das.oregon.gov

Michael Kennedy, Senior Economist

971-446-1379

michael.kennedy@das.oregon.gov



[DAS Office of Economic Analysis website](#)