



Oregon Department of Administrative Services

Office of Economic Analysis
155 Cottage Street NE, U20
Salem, Oregon 97301-3966

News Release

For Immediate Release

November 19, 2010

Contact: Lonh Hoklin, Public Affairs Manager, DAS
503.378.2627
lonh.hoklin@state.or.us

Loss of government jobs offset private-sector gains, State Economist says

Employment declines overall in third quarter, while yearly rate remains flat, Tom Potiowsky says

Salem—Oregon State Economist Tom Potiowsky told legislators today that despite slight gains in private-sector jobs, loss of jobs in the government sector has caused a decline in total employment during the third quarter, keeping Oregon's unemployment rate at 10.5 percent, virtually unchanged over the past 12 months.

In his presentation of this quarter's economic and revenue forecast to the legislature's revenue committees, Potiowsky projected General Fund revenues for 2009-11 at \$12.5 billion, an increase of \$119 million from the September 2010 forecast, with an ending balance of just \$61 million. The revenue forecast for the 2009-11 biennium now stands at \$12.5 billion, which is \$1.2 billion below the forecast at the close of the 2009 legislative session. The prolonged plunge in personal income taxes, particularly those related to non-wage income, accounts for most of that decrease, Potiowsky said.

“Corporate profits, and associated tax collections, have risen rapidly throughout the past year,” Potiowsky said in his report. “The corporate income tax forecast for the biennium as a whole is now \$23.6 million above the Close of Session forecast.”

If this projection holds, corporations could be eligible for the corporate income tax kicker during the 2011-13 biennium, Potiowsky said. He cautioned, however that volatility in corporate profits and corporate income taxes causes uncertainty about whether a corporate kicker would occur and how large it might be.

The state Office of Economic Analysis (OEA) forecasts a mild increase of 0.8 percent in total employment in the fourth quarter of 2010. The first quarter of 2011 will pick up marginally with an increase of jobs at 0.9 percent, the report stated.

For 2010, average employment in Oregon fell 1.0 percent. The outlook for job growth, however, is mildly positive at 0.9 percent in 2011, with modest job gains beginning in the second quarter through the end of the year. Potiowsky predicted that the Oregon economy will not see job growth above two percent until the fourth quarter of 2011.

Personal income tax collections totaled \$1.296 billion for the first quarter of fiscal year 2011, which is \$44.4 million below the latest forecast. Compared to collections one year ago, personal income tax collections were up 4.9 percent.

The forecast for total personal income tax receipts during the current biennium went up \$97.7 million from the September forecast. Corporate income tax collections reached \$113.9 million for the first quarter of fiscal year 2011, which is \$9.3 million lower than September forecast. Quarterly corporate receipts were 61 percent higher than figures from a year ago.

Note: The full text of the current Economic and Revenue Forecast is available at:

<http://www.oregon.gov/DAS/OEA/index.shtml>