



FY 2026 General Fund Forecast - March Update

Presented to the Multnomah County
Board of County Commissioners

March 18, 2025

Central Budget Office



Agenda

Economic Overview

Revenues

Five-Year Forecast Update

OTO, Contingency, and Risks

Timeline

Table 1: Forecasted Ongoing General Fund Expenditures, Revenues, and Balance

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	753,001,418	781,171,978	814,986,507	843,236,951	872,625,422
Expenditures	773,464,287	805,319,921	848,615,296	881,002,260	919,034,619
Ongoing Surplus/(Deficit)	(20,462,869)	(24,147,942)	(33,628,789)	(37,765,309)	(46,409,196)
TIF District Foregone Revenue	(763,707)	(1,890,325)	(3,445,179)	(4,663,154)	(6,012,770)
Nov. Forecast with TIF Impact	(21,226,576)	(26,038,267)	(37,073,968)	(42,428,463)	(52,421,966)
Returning TIF Schedule Change	0	5,700,000	0	0	0
Motor Vehicle Rental Tax Increase	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Business Income Tax (BIT) Increase	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Net COLA Change	1,219,687	186,212	193,661	201,407	209,464
USM Decrease	(337,625)	(337,625)	(337,625)	(337,625)	(337,625)
Post-Submittal Validation	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
March Forecast	(15,544,514)	(15,689,680)	(32,417,932)	(37,764,681)	(47,750,128)
Expected Deficit After Balancing FY 2026	0	476,615	(15,604,986)	(20,279,216)	(29,565,245)

Economic Overview

Nationally: Employment Stable and High Corp Profits

Nationally: Inflation Risk and Uncertainty

Locally: Worrying Employment Numbers

Locally: Development expected to continue to be low





Revenues

FY 2025 Revenue Review

	FY 2025 Adopted ¹	November Forecast Change	March Forecast Update	Net Change from Adopted	Note
Property Taxes	403,868,961	1,788,416		1,788,416	Lower compression
Business Income Taxes (BIT)	162,953,555	0	2,000,000	2,000,000	Strong Corp Profits
Motor Vehicle Rental Taxes (MVRT)	36,735,757	1,964,425	1,500,000	3,464,425	Strong PDX Traffic/ UO Football
US Marshal/BM 73/BOP	3,676,250	(2,025,750)	(337,625)	(2,363,375)	Reduce assumption to 15 beds
State Shared ²	14,053,629	0	(184,146)	(184,146)	
Recording Fees/CAFFA Grant	5,534,156	0	0	0	
Indirect					
Departmental	46,146,925	0	0	0	
Central Indirect / Svc Reimburse	11,892,809	0	0	0	
All Other	53,637,156	0			
FY 2025 Revenue Adjustments³	738,499,198	1,727,091	2,978,229	4,705,320	
% of Revenue		0.23%	0.40%	0.64%	

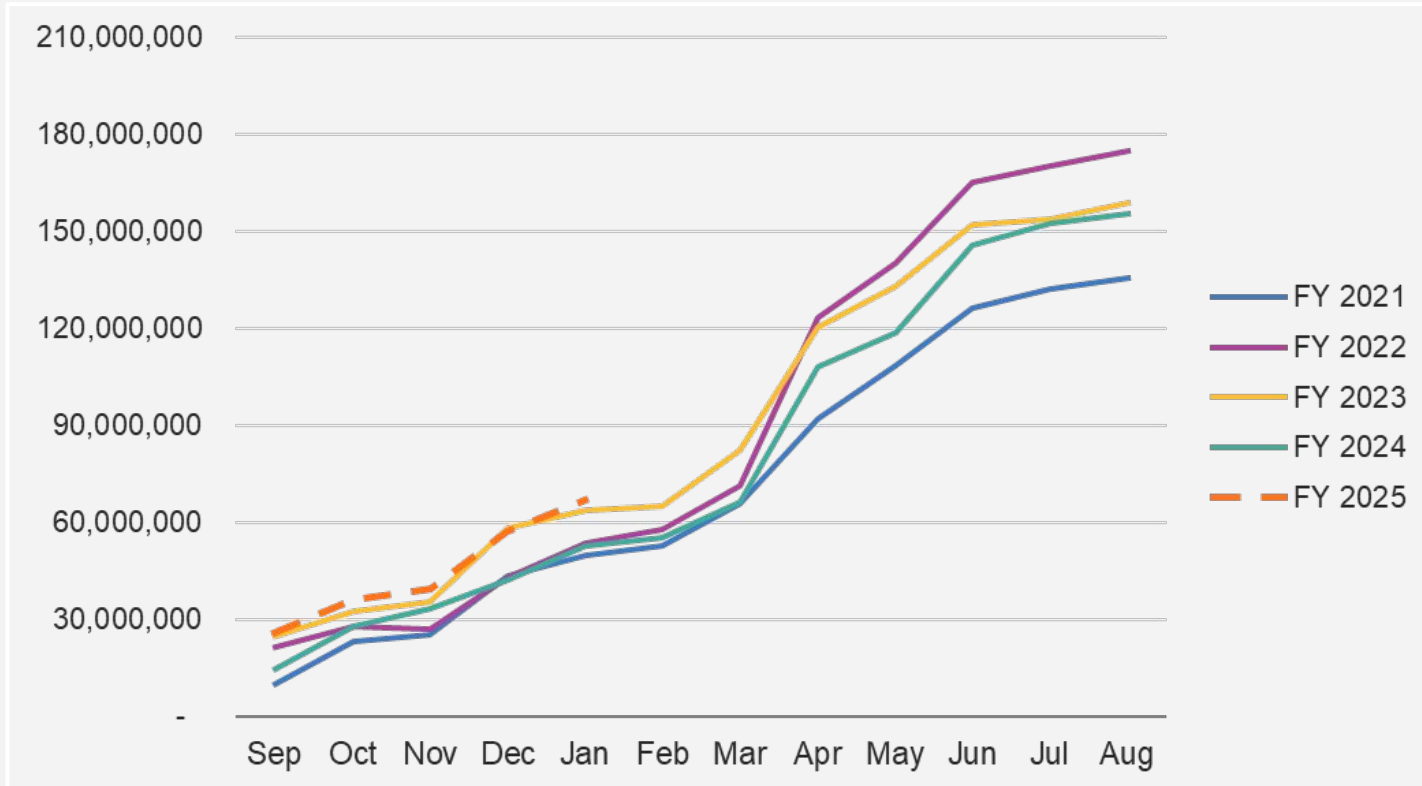
¹ Excludes BWC and Tax Title: Affordable Housing, but includes Video Lottery.

² State Shared includes Liquor, Cigarette, Marijuana, Video Lottery, and Amusement

³ Not adjusted for revenue adjustments directly offset by expenditure changes

Business Income Tax (BIT) (26.0% of Discretionary CGF)

Cumulative BIT Collections by Year



Collections running ahead of last year's pace, but refunds spiked in February.

Business Income Tax (BIT) (26.0% of Discretionary CGF)

US Corporate Profits

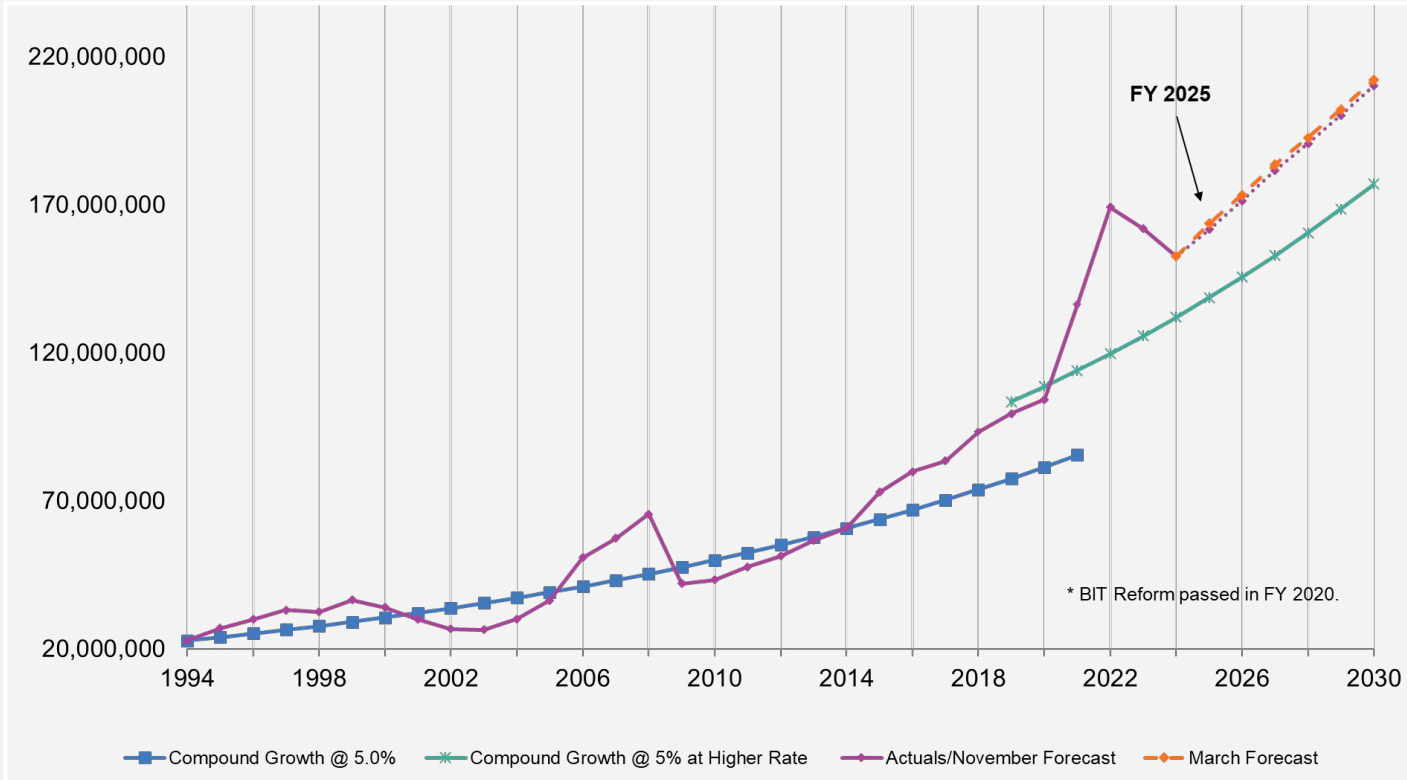


BIT payments are based on Net Income and correlated with US Corporate Profits.

Source: St. Louis Federal Reserve (FRED), Bureau of Economic Analysis

Business Income Tax (BIT)

Annual BIT Collections: History and Forecast



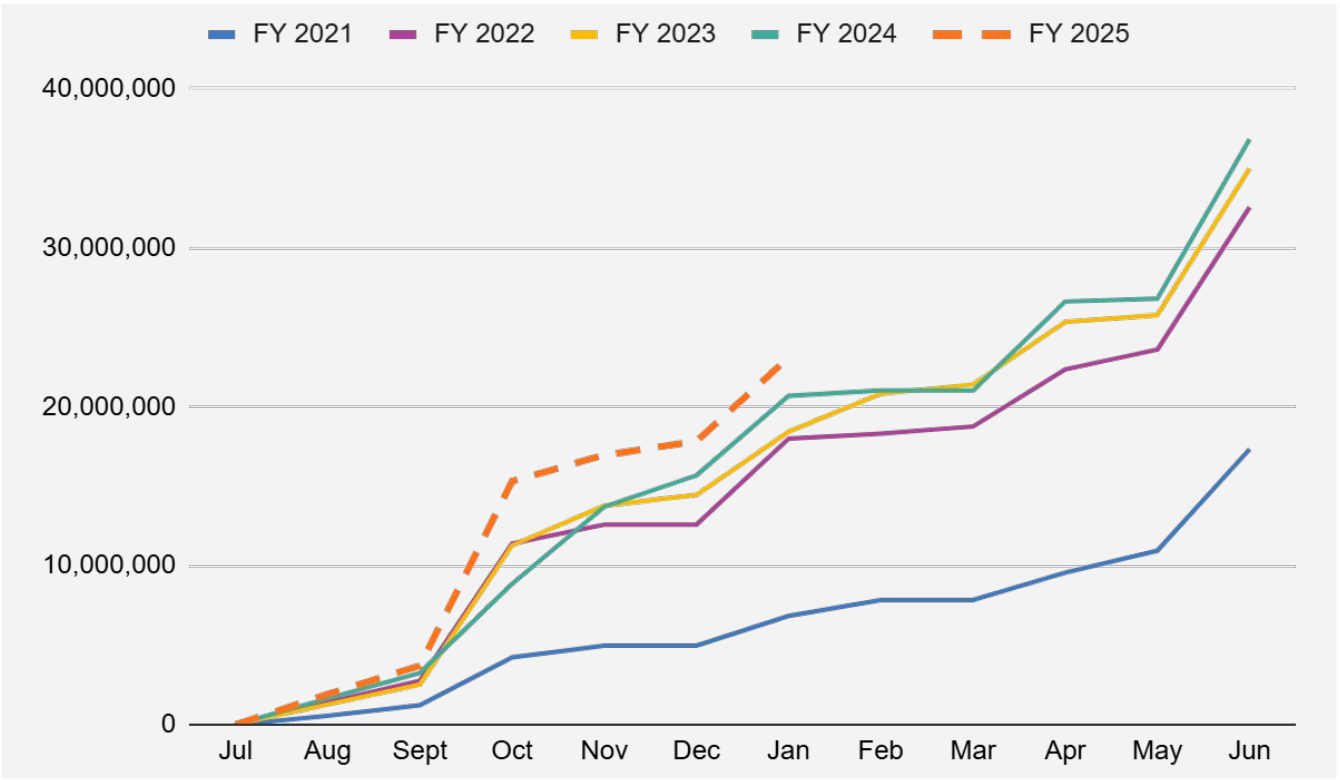
Minor upward shift in ongoing forecast.

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Significant uncertainty going forward.

Motor Vehicle Rental Tax (MVRT) (5.9% of Discretionary CGF)

Cumulative MVRT Collections by Year



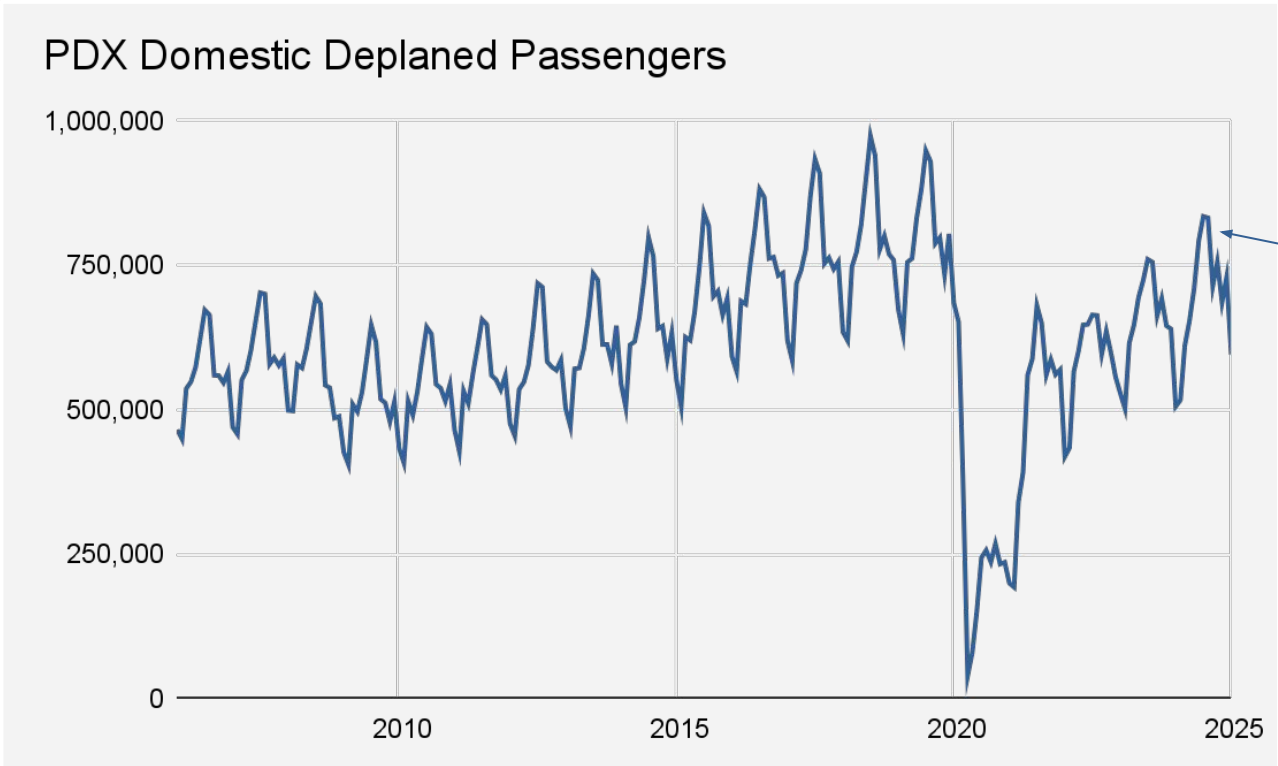
Collections running ahead of past years.

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Unexpected Spike in Collections in the Fall.

Motor Vehicle Rental Tax (MVRT) (5.9% of Discretionary CGF)

Domestic passengers at PDX have increased since the pandemic

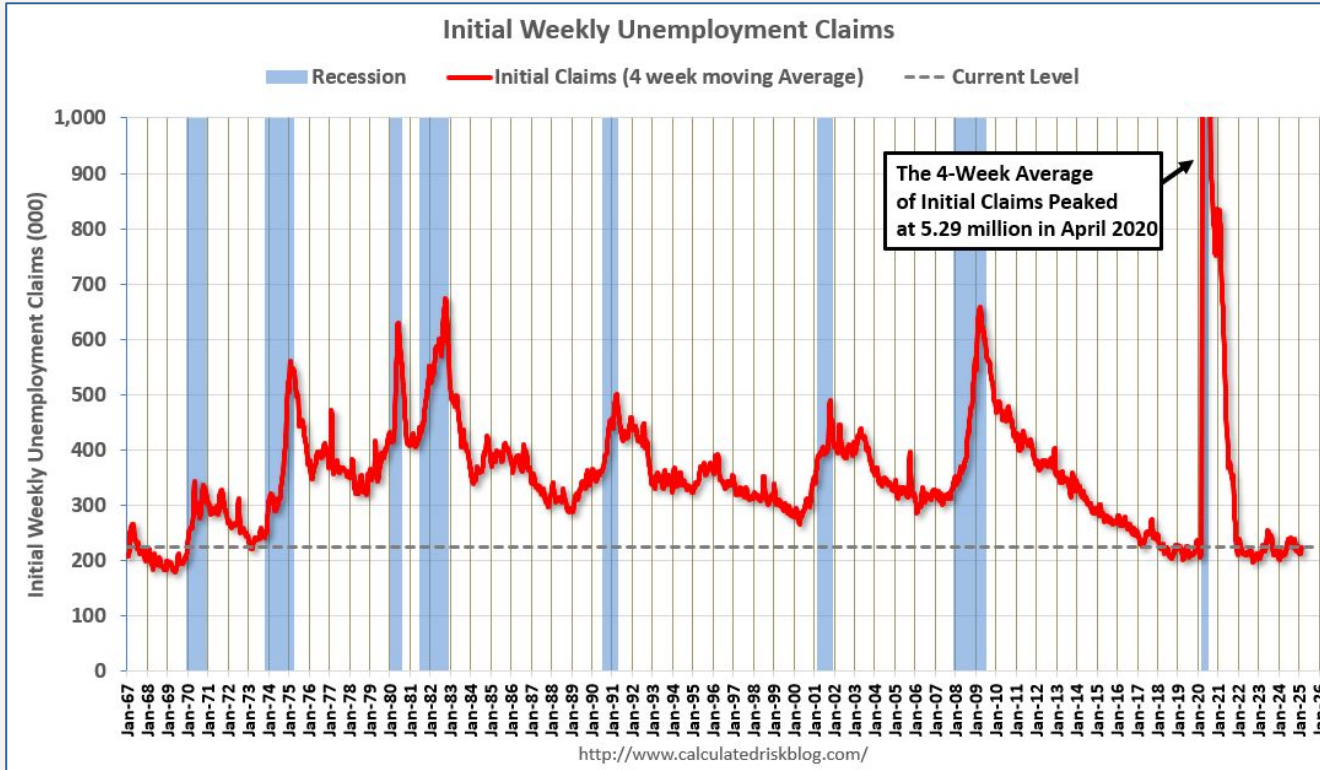


Local deplaning rates are recovering, though they remain below pre-pandemic levels.

Source: Port of Portland

Economic Overview

Initial Weekly Unemployment Claims



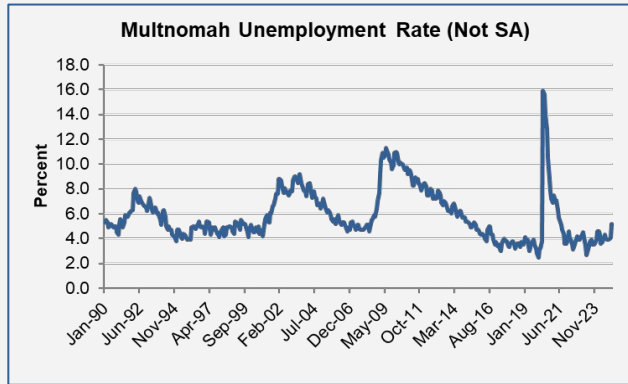
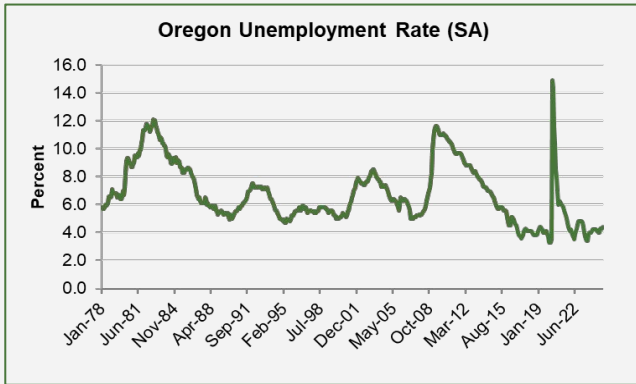
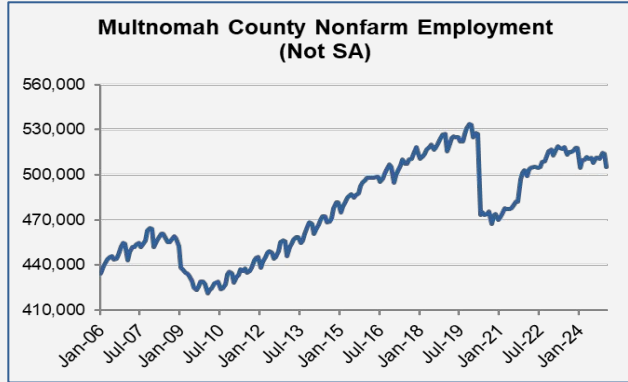
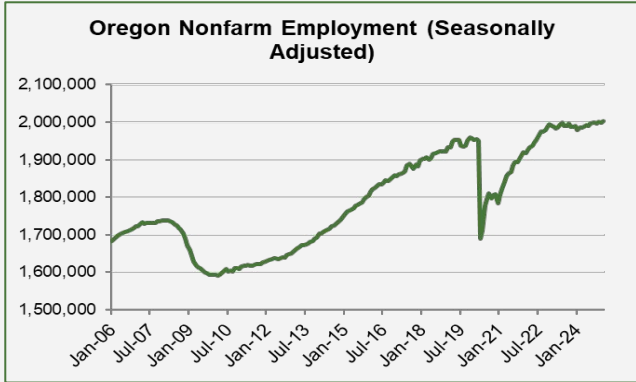
Early indicator
of economic
weakness.

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Still at historically
low levels.

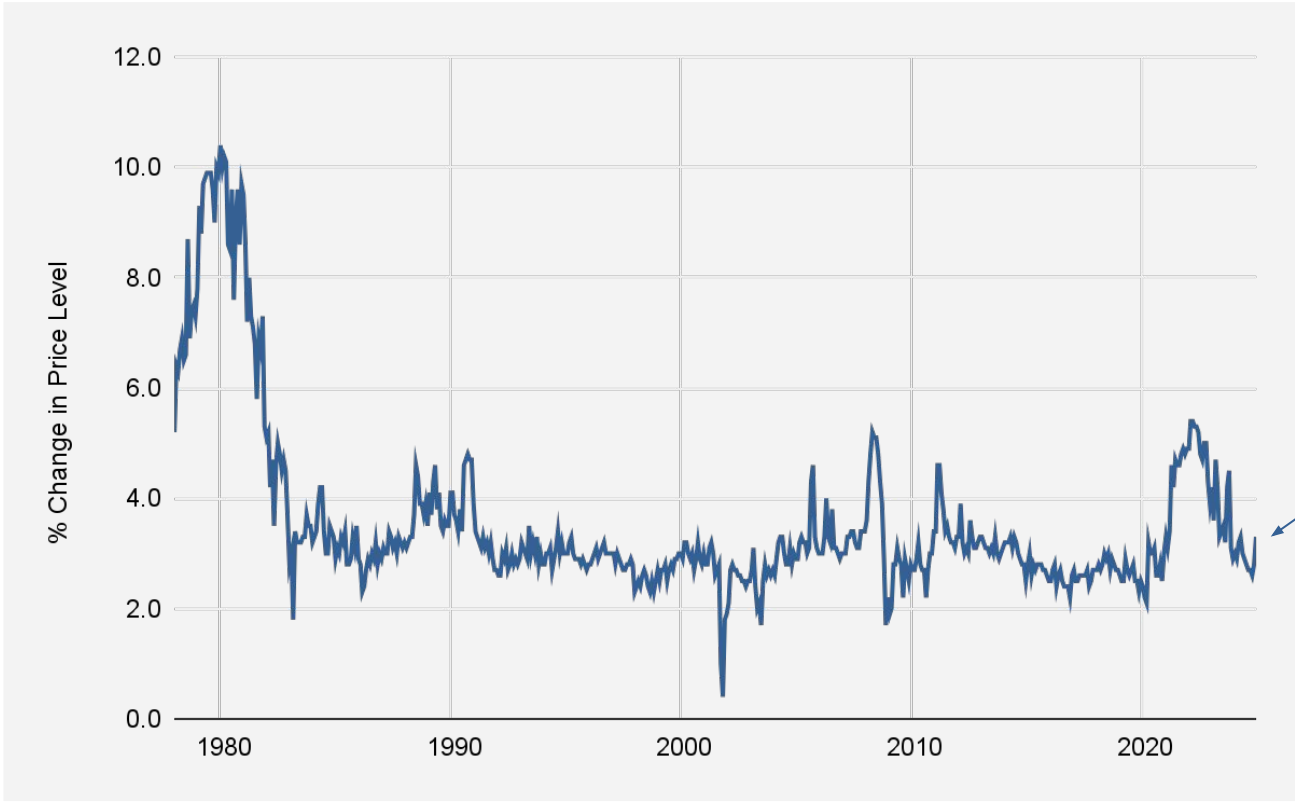
Economic Overview

County and State Employment



Economic Overview: Expected Inflation Rate over Next Year

University of Michigan Survey



Recent uptick in inflation expectations complicates the federal strategy.

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Fed Target is 2%.

Source: University of Michigan, Surveys of Consumers; Federal Reserve Bank of St. Louis (FRED)



Five-Year Forecast

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One-Time-Only (OTO), Contingency, and Risks

Table 2: General Fund FY 2025 Beginning Working Capital & FY 2026 OTO ^{1, 2}

Year-End as of November 5, 2024

FY 2025 Actual Beginning Balance ³	179,419,217
FY 2025 Budgeted Beginning Balance	144,997,438
Additional FY 2025 BWC (OTO)	34,151,779
<i>Plus</i> Additional FY 2025 Revenues	1,727,091
<i>Plus</i> Remaining ARP Interest	2,482,464
<i>Less</i> Amount to Maintain FY 2026 Reserves at Board Policy Level	<u>(3,406,561)</u>
OTO Funds for FY 2025 per Nov. Forecast	35,096,138
<i>Plus</i> Additional FY 2025 BIT Revenues	2,000,000
<i>Plus</i> Other Additional FY 2025 Revenues from March Forecast Adjustment	978,229
<i>Less</i> Amount to Maintain FY 2026 Reserves at Board Policy Level ⁴	<u>(637,902)</u>
OTO Funds for FY 2025 per March Forecast	37,295,100
<i>50% Dedicated to County Facility/IT Projects per Board Policy</i>	18,647,550
<i>Remaining 50% to be Allocated</i>	18,647,550

Includes **\$26.1 million** (3.5%) of departmental underspending

1. Assumes the FY 2025 General Fund Contingency is fully spent in FY 2025.

2. Assumes departments fully spend their FY 2025 appropriation.

3. Adjusted for additional restricted County Clerk BWC and Tax Title: Affordable Housing.

4. Board Policy is 12% General Fund Reserve and 12% BIT Reserve

FY 2025 Contingency Update

Contingency

General Fund “Regular” Contingency	1,450,000
Additional Contingency	32,019
Remaining Non-Earmarked Contingency	1,482,019

Earmarked Contingency

Earmark - Public Campaign Finance Earmark (Fund 10050)	500,000
Earmark - Hansen Deconstruction	550,000
Total Earmarked Contingency	1,050,000

Total General Fund Contingency 2,532,019

BIT Reserve @ 12% (in General Fund Contingency)	19,554,427
Total General Fund Contingency	22,086,446

Note: The forecast assumes the General Fund Contingency will be fully spent, with the exception of the Reserves, which is “rolled over” to FY 2026.

Risks

Open Labor Contracts

State and Federal Changes

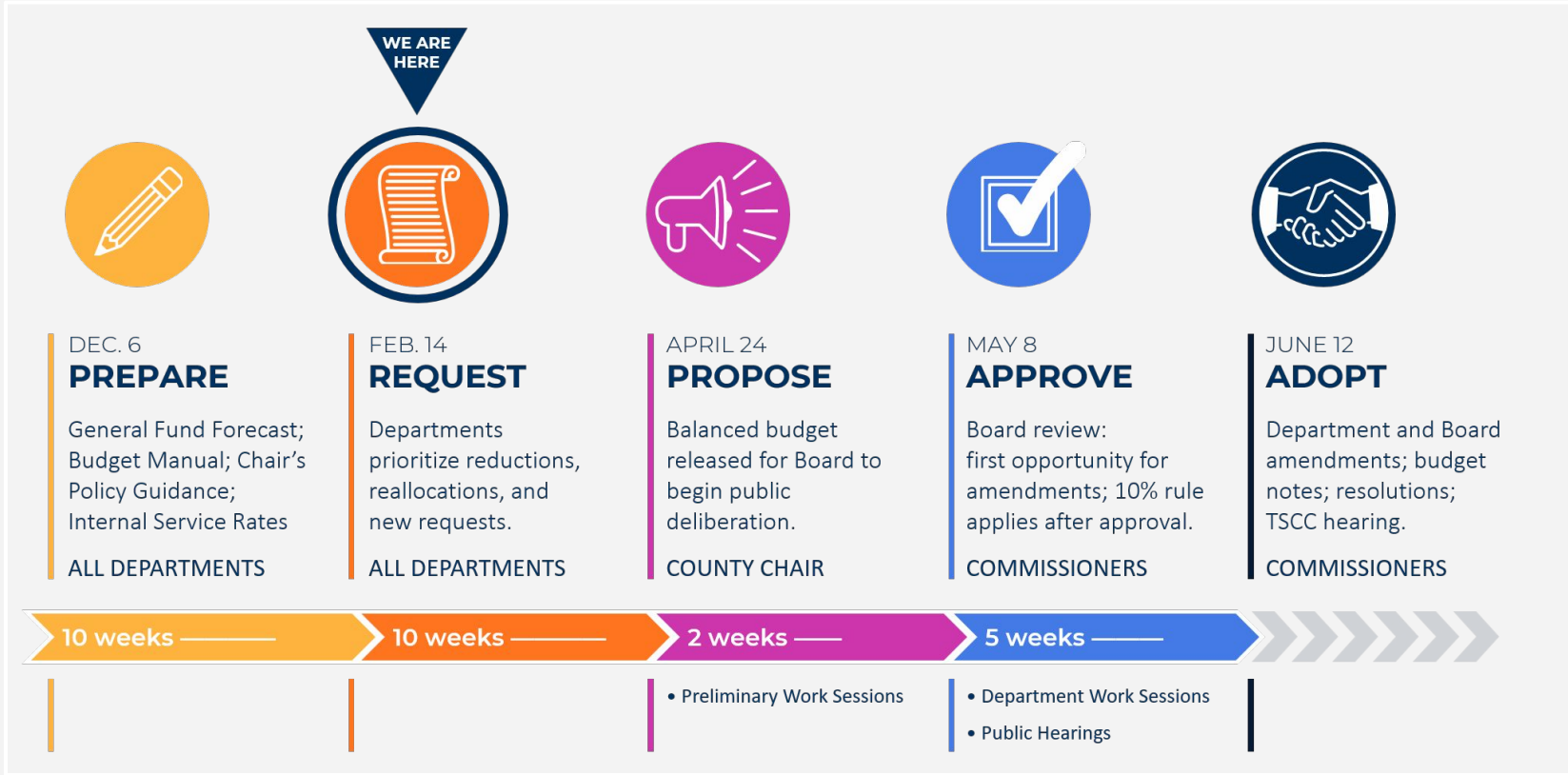
Economic Uncertainty





Timeline

FY 2026 Budget Milestones





Questions?