



# ECONOMIC & REVENUE UPDATE

11 January 2012

summary

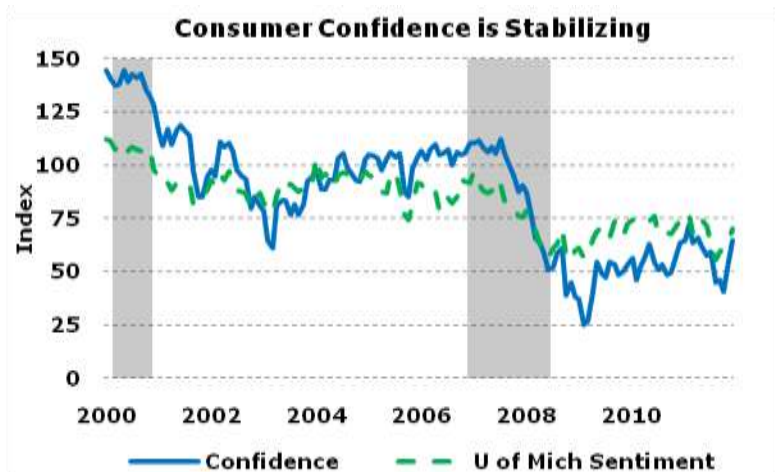
- **The U.S. economy is performing as expected in the last forecast, but downside risks remain extremely high.**
- **Washington's economy is benefitting from solid performances by aerospace, software and agriculture. But overall growth is being held back by a still stagnant construction sector, and declining state and local government budgets.**
- **Major General Fund-State revenue collections for the December 11 – January 10, 2012 collection period were \$28.9 million (2.6%) lower than the November forecast, but most of the shortfall was due to earlier-than-expected property tax payments that were already received last month.**
- **Cumulatively, collections since the November forecast are \$9.2 million (0.3%) lower than forecasted. Without \$12.0 million in unexpected one-time net refunds which occurred during the period, cumulative collections would have been \$2.8 million (0.1%) above the forecast.**

## United States

Two months have passed since the November forecast and nothing has gone off the rails. Our preliminary economic forecast for the February cycle, due to be released later this month, is therefore not likely to be significantly different from that earlier one. But we cannot be altogether sanguine about it because the level of downside uncertainty in the baseline remains too high for comfort. Europe's slow burn continues and it is now becoming obvious that troubles in the periphery are driving the center into

recession as well. The drag from Europe has cast a pall over Asia, where growth is slowing dramatically. Tensions with Iran in the Straits of Hormuz over their nuclear program threatens to destabilize oil prices. And finally, the other Washington stayed true to form when it passed only a two month extension of the payroll tax cut. Such short term stimuli have very little long-term impact on consumer spending. We had already discounted the impact of any federal fiscal help in our forecast.

Economic data released in the last month have been consistent with the muddle-through scenario that was anticipated. In fact, they have been mildly encouraging since none of the downside risks have come to pass. The private sector gained 212,000 new jobs in December, and public sector job losses slowed to just 12,000. The net gain in jobs consequently was 200,000. The unemployment rate fell to 8.5%, better than it was, but



united states

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united states

still elevated. Average hourly earnings rose four cents, and the manufacturing workweek rose one-tenth of an hour to 40.5 hours.

Consumer confidence appears to be stabilizing ([see figure](#)), and holiday sales were better than expected. However, there is reason to worry. Real consumer spending increased 0.2% (SA) in November, but real disposable income failed to grow. The savings rate fell again to 3.5%, and the balance on consumer credit cards grew at a seasonally adjusted annualized rate (SAAR) of 8.5%. In the absence of income growth it is unrealistic to expect consumer spending growth beyond the holiday season. December light motor vehicle (LMV) sales remained steady at November's level of 13.6 million (SAAR) units.

Housing remains depressed, although there are now faint signs of life. November housing starts increased more than expected to 685,000 (SAAR). Existing and new home sales improved in November, by 4.0% (SA) and 1.6% (SA), respectively. However, home prices remain under pressure from the unsold inventory of foreclosed homes. The share of distressed transactions in total sales remains high at 29% in November. The Case-Shiller 20-city composite price index fell yet again in October. Meanwhile, revisions to existing home sales going back to 2007 lowered estimates by 14% on average, showing that the housing collapse was much more severe than previously thought.

Industrial production is sending mixed messages. Manufacturing slipped 0.3% (SA) in November, following growth in October. Additionally, new orders for durable goods, excluding defense and aircraft, the so-called core durable goods, fell for a second consecutive month in November. This is a proxy for future business investment. On the other hand December manufacturing purchasing managers index (PMI) rose to 53.9, its highest reading since June. Any number above 50 implies growth.

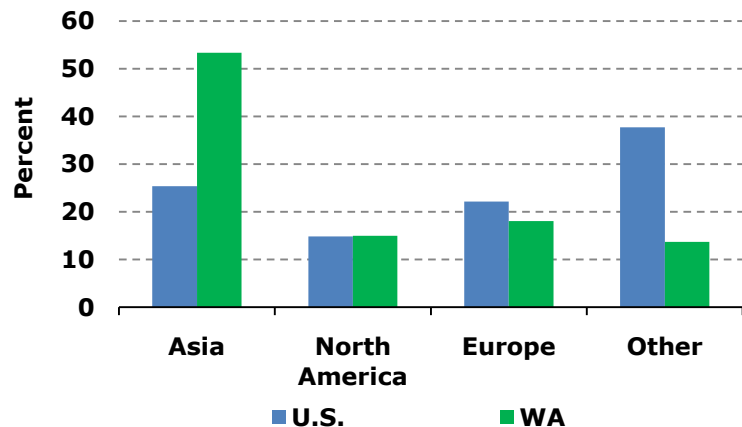
### WASHINGTON

Washington's economic recovery is also progressing about as expected in the November forecast but the downside risks remain high. The single greatest risk to continued growth in Washington remains the European sovereign debt crisis followed by political gridlock in the other Washington. Mideast tensions are once again threatening to raise oil prices and growth in Asia is slowing dramatically. If we can avoid the fallout from these pitfalls, we can expect a modest recovery to continue with Washington narrowly outperforming the U.S. in growth.

A developing risk to Washington comes from the slowdown in growth in Asia. In the past we have noted our below-average exposure to Europe as a relative advantage to Washington as that continent flirts with recession. However, we are much more vulnerable to the slowdown in Asian growth than is the average state ([see figure](#)).

Still, Washington is expected to outperform the United States in the recovery. Boeing and Microsoft are hiring. The aerospace sector has added 10,100 jobs since May 2010, 4,100 more than the number lost during the recession, while the

**WA trade is more exposed to Asia**



washington

## ECONOMIC & REVENUE UPDATE

washington

software sector has added 2,100 jobs since December 2009 (of the 2,500 jobs lost in the recession). Total exports were up by 29 percent year-over-year in the third quarter of 2011. Exports of transportation equipment (mostly Boeing planes) account for approximately 50 percent of the state's exports and were up 22 percent from the previous year. Exports of manufactured products other than transportation equipment were up 40 percent and exports of agricultural products were up 27 percent. Boeing has approximately seven years of commercial orders on the books.

The employment recovery in Washington has picked up recently, but is being held back by public sector job losses. We estimate that the Washington economy added 7,900 net new jobs in September, October, and November 2011. The private sector added 12,500 jobs but government shed 4,500 jobs due to the loss of 4,700 state and local education jobs. Manufacturing employment grew by 4,000, including 2,400 net new aerospace jobs, in September, October, and November 2011. Private services-producing industries added 3,600 net new employees in the three month period. Washington's unemployment rate dropped to 8.7% in November from 9.1% in October. The unemployment insurance data also indicate a strengthening labor market. Initial claims for unemployment insurance declined to 9,754 from 9,931 in the final week of 2011 but the 4-week moving average edged up to 9,733 from 9,510 the previous week. Other than the prior week, the latest 4-week moving average was the lowest it has been since July 2008.

In December the BEA released state personal income estimates for the third quarter of 2012 which showed Washington first among the states in quarterly income growth of 2.6% compare to a U.S. average of just 0.6% (SAAR). These estimates can be volatile, however. Last quarter we were 39<sup>th</sup>. Over the last four quarters Washington personal income grew 4.3% (11<sup>th</sup> best) compared to 4.1% for the nation. We expect Washington personal income growth to continue to exceed U.S. income growth due to our faster overall employment growth and strong growth in high wage sectors of the economy.

Recent housing construction has been a bit stronger than we expected, particularly in the single family segment. We now have housing permit data for October and November of 2011 which were unavailable at the time of our November forecast. Single-family permits for the first two months of the fourth quarter averaged 14,400 units (SAAR) which is higher than our forecast of 11,500 units for the quarter. Multi-family permits were slightly lower than expected, averaging 6,600 units so far in the quarter compared to the 8,000 expected for the entire quarter. Overall permits in the first two months of the fourth quarter averaged 21,000 units compared to 19,400 expected in the November forecast for the entire quarter. We believe the trend is positive in multi-family housing due to rising rents and declining apartment vacancies. The outlook for single-family construction is flat to negative. Regional home prices also remain weak. Home prices declined 1.0% in October according to the S&P/Case-Shiller home price index for Seattle and are down 6.2% over the year.

revenue

### REVENUE COLLECTIONS

#### Overview

Major General Fund-State revenue collections for the December 11 – January 10, 2012 collection period were \$28.9 million (2.6%) lower than the November forecast, but most of the shortfall was due to earlier-than-expected property tax payments that were already received last month. In addition, a large one-time refund anticipated in the November forecast was \$12 million greater than expected.

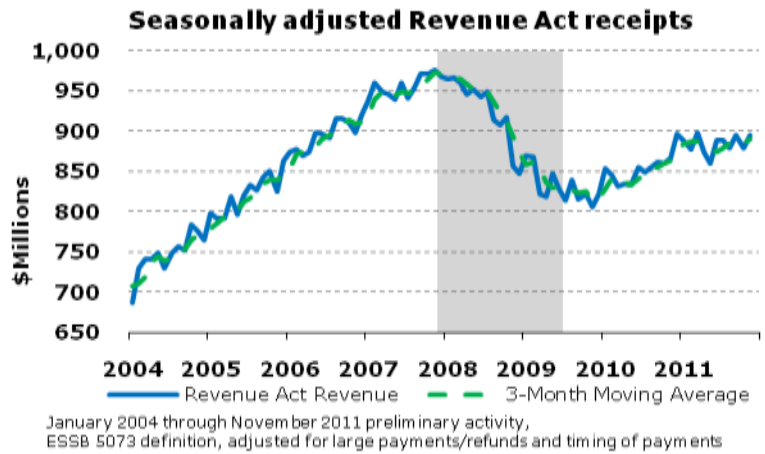
## ECONOMIC & REVENUE UPDATE

Cumulatively, collections since the November forecast are \$9.2 million (0.3%) lower than forecasted. Without the unexpected additional \$12 million refund, cumulative collections would have been \$2.8 million (0.1%) above the forecast.

### Revenue Act

The revenue collections reported here are for the December 11 – January 10, 2011 collection period. Collections correspond primarily to the November 2011 economic activity of monthly filers.

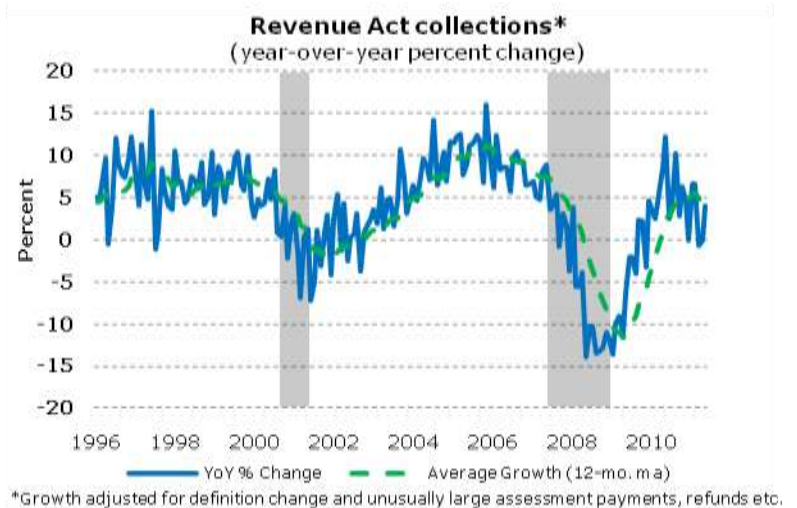
Revenue Act collections for the current period came in \$16.9 million (2.0%) below the November forecast. The forecast included a \$19 million refund which was expected to occur during December, but the final amount of the refund was \$31 million. Without the extra \$12 million in refunds, collections would have been \$4.9 million (0.6%) below the forecast. Cumulatively, collections are \$44.7 million (2.6%) below the forecast, but absent the unexpected extra refund the shortfall would have been \$32.7 million (1.9%).



Seasonally adjusted collections showed an increase from last month's slump and are now at about the same level as they were two months ago ([see figure](#)). The three-month moving average of collections also increased and is now at its highest level since the January 2009 report.

Adjusted for large one-time payments and refunds in the current and year-ago periods, Revenue Act collections increased 4.0% year-over-year ([see figure](#)). In the previous period revenues had decreased 0.1%.

Unadjusted for a large one-time payment last year and a smaller one this year, revenue decreased 0.7% year-over-year as shown in the "Key Revenue Variables" table. Preliminary unadjusted ERFC monthly estimates indicate retail sales tax collections increased 5.2% year-over-year. Preliminary B&O taxes decreased 11.8% year-over-year but the decline was due to this month's large refund. Without the refund, revenue would have increased 1.9% year-over-year.



## ECONOMIC & REVENUE UPDATE

Tax payments as of December 29<sup>th</sup> from electronic filers who also paid in the December 11 – January 10 collection period of last year were up 5.9% year-over-year, an improvement from last month's increase of 2.7%.

Some details of payments from electronic filers:

- Payments in the retail trade sector were up 5.1% year-over-year. In the previous period, year-over-year payments increased 2.8%.
- Payments from the motor vehicle and parts sector increased 5.5% year-over-year. In the previous period, year-over-year payments increased 5.7%. Excluding the auto sector, payments from the retail trade sector were up 5.0% year-over-year in the current period and 2.0% in the previous period.
- Other retail trade sectors showing strong year-over-year increases in tax payments were non-store retailers (+17.0%), miscellaneous retailers (+15.7%), apparel and accessories (+7.9%) and gas stations and convenience stores (+6.3%). No retail trade sector had a year-over-year decline in payments.
- Payments in non-retail trade sectors were up 6.4% year-over-year in the current period and 2.6% in the previous period.
- Payments in the construction sector were up 5.1% year-over-year, the first year-over-year increase in payments since payments for July 2008 activity. Payments in the manufacturing sector were up 11.5%, with strong growth in payments from petroleum refiners and moderate growth in payments from the transportation equipment sector.
- Excluding the construction sector, total payments were up 6.0% year-over-year and payments from non-retail trade sectors were up 6.7%. Excluding both construction and manufacturing, total payments were up 5.6% and payments from non-retail trade sectors were up 6.0%.

### **DOR Non-Revenue Act**

December collections were \$12.1 million (4.8%) below the forecast. Cumulatively, however, DOR non-Revenue Act collections are \$35.4 million (3.6%) above the forecast.

This month's shortfall was due to property tax collections, which came in \$22.1 million (13.2%) lower than forecasted. As explained in last month's report, a larger-than-expected proportion of fall property tax payments were made in November, resulting in lower-than-expected payments in December. Cumulatively, property tax payments are \$11.9 million (1.5%) greater than forecasted over the two months since the forecast.

Real estate excise taxes once again exceeded expectations, coming in \$7.8 million (31.2%) higher than forecasted. Seasonally adjusted taxable activity increased slightly from last month's level ([see figure](#)). Collections were down 1.9% year-over-year after increasing 10.3% year-over-year last month. As collections have been very volatile over the last two years it is too early to judge whether the improved activity will continue. Cumulatively, collections are now \$15.3 million (32.5%) greater than forecasted.

"Other" revenue came in \$1.9 million (27.5%) higher than forecasted. The variance came from larger-than-expected transfers of unclaimed property into the General Fund. Cumulatively, collections are \$7.9 million (17.5%) above the forecast.

## ECONOMIC & REVENUE UPDATE

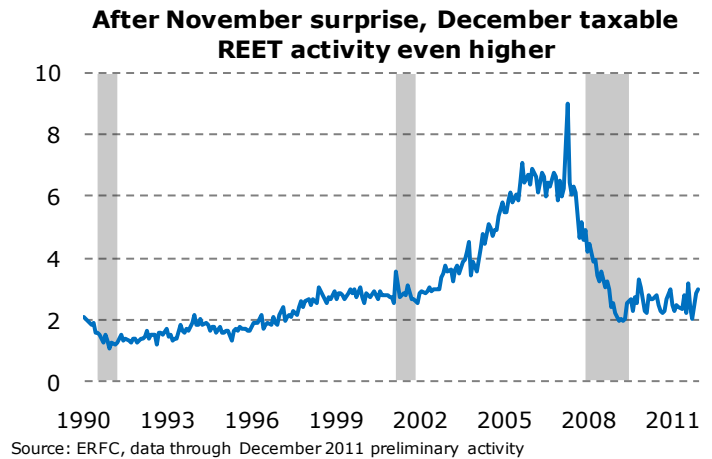
### revenue collections

Cigarette tax receipts came in \$430,000 (1.2%) lower than forecasted and liquor tax receipts came in \$763,000 (4.5%) higher than forecasted. Cumulatively, cigarette tax receipts are \$209,000 (0.3%) lower than forecasted and liquor tax receipts are \$559,000 (1.6%) higher than forecasted.

#### Other Revenue

Department of Licensing receipts for December were \$27,000 (13.8%) higher than the November forecast. Cumulatively, receipts are \$78,000 (20.0%) higher than forecasted.

Revenue from the Administrative Office of the Courts was \$132,000 (1.8%) higher than forecasted. Cumulatively, revenue is \$33,000 (0.2%) higher than forecasted.



#### Editor's Note:

This is the last issue of the "update" for me. Most of you are aware that I [resigned](#) my position as the Chief Economist for the State to return to the private sector. Over the last three plus years, it has been an honor and privilege to serve the people of Washington.

I must also acknowledge my excellent and dedicated staff that helped me in getting the job done. They are the very best team I have had the good fortune of leading, and I expect them to continue to deliver superior value to the taxpayer.

The institutional structure of Washington's independent non-political revenue forecasting system is unique in the nation and the starting point of our widely recognized well managed financial system. It is worth preserving and protecting.

Wishing you all the best,

Arun Raha.

## Key U.S. Economic Variables

	2011						2010	2011
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.		
Real GDP (SAAR)	-	-	1.8	-	-	-	3.0	-
Industrial Production (SA, 2002 = 100)	94.2	94.4	94.4	95.0	94.8	-	90.1	-
Y/Y % Change	3.7	3.8	3.5	4.3	3.7	-	5.3	-
ISM Manufacturing Index (50+ = growth)	50.9	50.6	51.6	50.8	52.7	53.9	57.3	55.3
ISM Non-Manuf. Index (50+ = growth)	52.7	53.3	53.0	52.9	52.0	52.6	54.1	54.5
Housing Starts (SAAR, 000)	615	585	646	627	685	-	585	-
Y/Y % Change	11.8	-3.5	8.2	16.3	24.3	-	5.6	-
Light Motor Vehicle Sales (SAAR, mil.)	12.2	12.1	13.1	13.3	13.6	13.6	11.6	12.8
Y/Y % Change	5.9	5.0	10.8	8.9	11.0	8.4	11.6	10.4
CPI (SA, 1982-84 = 100)	225.4	226.3	227.0	226.8	226.7	-	32.5	-
Y/Y % Change	3.6	3.8	3.9	3.6	3.4	-	3.0	-
Core CPI (SA, 1982-84 = 100)	225.5	226.0	226.1	226.4	226.8	-	33.6	-
Y/Y % Change	1.8	2.0	2.0	2.1	2.2	-	2.5	-
IPD for Consumption (2000=100)	114.1	114.4	114.6	114.5	114.4	-	111.1	-
Y/Y % Change	2.8	2.9	2.9	2.7	2.5	-	1.8	-
Nonfarm Payroll Empl., e-o-p (SA, mil.)	131.2	131.3	131.5	131.6	131.7	131.9	130.3	131.9
Monthly Change	0.13	0.10	0.21	0.11	0.10	0.20	0.94	1.64
Unemployment Rate (SA, percent)	9.1	9.1	9.0	8.9	8.7	8.5	9.6	9.0
Yield on 10-Year Treasury Note (percent)	3.00	2.30	1.98	2.15	2.01	1.98	3.21	2.79
Yield on 3-Month Treasury Bill (percent)	0.04	0.02	0.01	0.02	0.01	0.01	0.14	0.05
Broad Real USD Index** (Mar. 1973=100)	80.5	81.2	83.5	84.0	84.3	84.8	87.1	82.6
Federal Budget Deficit (\$ bil.)*	129.4	134.1	62.8	98.5	137.3	-	1,294.2	1,296.8
FYTD sum	1,099.9	1,234.0	1,296.8	98.5	235.8	-		
US Trade Balance (\$ bil.)	-46.1	-45.3	-44.2	-43.5	-	-	-500.0	-
YTD Sum	-332.2	-377.6	-421.8	-465.2	-	-		

\*Federal Fiscal Year 2009 runs from Oct. 1, 2008 to Sept. 30, 2009.

\*\*Weighted average of U.S. dollar foreign exchange values against currencies of major U.S. trading partners, Federal Reserve.

## Key Washington Economic Variables

	2011						2010	2011	
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.			
<b>Employment</b>								<i>End-of-period</i>	
Total Nonfarm (SA, 000)	2,822.9	2,825.2	2,820.1	2,827.6	2,833.1	-	2,796.4	-	
<i>Change from Previous Month (000)</i>	6.8	2.4	-5.1	7.5	5.6	-	22.7	-	
Construction	138.6	138.5	138.4	138.9	138.7	-	138.3	-	
<i>Change from Previous Month</i>	1.0	-0.2	0.0	0.5	-0.2	-	-7.6	-	
Manufacturing	268.1	270.0	272.0	272.5	274.0	-	260.1	-	
<i>Change from Previous Month</i>	1.1	1.9	2.0	0.5	1.5	-	3.2	-	
Aerospace	87.2	87.9	89.0	89.3	90.3	-	81.9	-	
<i>Change from Previous Month</i>	1.2	0.7	1.1	0.3	1.0	-	0.8	-	
Software	52.2	52.8	52.5	52.5	52.6	-	51.1	-	
<i>Change from Previous Month</i>	0.2	0.6	-0.3	0.0	0.1	-	0.6	-	
All Other	2,363.9	2,363.9	2,357.1	2,363.6	2,367.8	-	2,346.9	-	
<i>Change from Previous Month</i>	4.5	0.0	-6.8	6.5	4.2	-	26.5	-	
<b>Other Indicators</b>								<i>Annual Average</i>	
Seattle CPI (1982-84=100)	-	233.8	-	235.9	-	-	226.7	-	
	-	2.7%	-	3.8%	-	-	0.3%	-	
Housing Permits (SAAR, 000)	21.4	22.1	20.3	16.0	26.0	-	19.6	-	
	15.5%	3.1%	16.5%	-7.9%	32.1%	-	22.9%	-	
WA Index of Leading Ind. (2004=100)	124.0	124.0	123.6	123.8	125.3	-	114.9	-	
	8.2%	7.8%	7.1%	6.3%	6.5%	-	5.5%	-	
WA Business Cycle Ind. (Trend=50)	8.7	11.4	9.1	7.3	13.3	-	4.6	-	
	69.5%	109.8%	142.6%	95.9%	118.1%	-	-40.6%	-	
Avg. Weekly Hours in Manuf. (SA)	43.2	42.2	42.6	42.6	42.5	-	41.8	-	
	2.3%	-0.5%	0.3%	0.9%	1.6%	-	-0.3%	-	
Avg. Hourly Earnings in Manuf.	23.9	23.4	23.8	23.9	24.3	-	23.5	-	
	2.7%	2.0%	1.7%	2.4%	3.0%	-	0.4%	-	
New Vehicle Registrations (SA, 000)	16.6	15.9	16.1	15.9	18.4	18.4	15.5	17.0	
	11.7%	1.4%	4.4%	5.1%	19.3%	12.7%	10.8%	10.1%	
Initial Unemployment Claims (SA, 000)	52.9	50.0	50.1	49.7	47.6	42.0	56.7	50.0	
	-12.5%	-17.0%	-15.4%	-9.9%	-3.4%	-22.7%	-18.0%	-11.8%	
Personal Income (SAAR, \$bil.)	-	-	301.5	-	-	-	287.1	-	
	-	-	4.3%	-	-	-	3.0%	-	
Median Home Price (\$000)	-	-	225.3	-	-	-	245.2	-	
	-	-	-9.5%	-	-	-	-4.1%	-	

\*Employment data has been Kalman filtered and does not match figures released by the BLS

\*Percentage Change is Year-over-Year



## Key Revenue Variables

Thousands of Dollars

	2011											
	Jan 11- Feb 10	Feb 11- Mar 10	Mar 11- Apr 10	Apr 11- May 10	May 11- Jun 10	Jun 11- Jul 10	Jul 11- Aug 10	Aug 11- Sep 10	Sep 11- Oct 10	Oct 11- Nov 10	Nov 11- Dec 10	Dec 11- Jan 10*
<b>Department of Revenue-Total</b>	1,153,220 <i>1.0</i>	834,514 <i>6.6</i>	870,549 <i>10.4</i>	1,335,204 <i>27.7</i>	1,641,571 <i>2.5</i>	1,270,126 <i>16.1</i>	1,092,482 <i>2.9</i>	1,020,032 <i>7.2</i>	994,146 <i>7.1</i>	1,139,412 <i>-1.0</i>	1,626,929 <i>2.7</i>	1,070,561 <i>-3.2</i>
<b>Revenue Act</b>	1,047,776 <i>0.0</i>	754,431 <i>5.0</i>	767,732 <i>11.7</i>	1,179,888 <i>32.2</i>	861,245 <i>7.0</i>	816,518 <i>2.0</i>	983,045 <i>2.0</i>	899,856 <i>6.7</i>	896,724 <i>7.3</i>	976,349 <i>-0.7</i>	845,057 <i>-1.4</i>	829,991 <i>-0.7</i>
Retail Sales Tax	662,598 <i>-1.9</i>	453,708 <i>2.4</i>	458,338 <i>3.5</i>	664,871 <i>19.1</i>	524,437 <i>3.8</i>	505,397 <i>-3.3</i>	599,867 <i>1.2</i>	570,607 <i>3.4</i>	564,767 <i>5.9</i>	607,066 <i>0.3</i>	528,237 <i>-2.3</i>	555,442 <i>5.2</i>
Business and Occupation Tax	284,676 <i>-0.4</i>	214,154 <i>12.3</i>	219,836 <i>30.1</i>	342,902 <i>35.7</i>	239,931 <i>13.3</i>	230,620 <i>17.8</i>	289,042 <i>1.7</i>	251,468 <i>17.5</i>	254,354 <i>15.0</i>	284,690 <i>-3.0</i>	238,227 <i>0.8</i>	200,650 <i>-11.8</i>
Use Tax	45,743 <i>7.3</i>	32,900 <i>4.5</i>	36,181 <i>12.3</i>	109,077 <i>19.1</i>	41,435 <i>16.1</i>	38,934 <i>10.2</i>	49,193 <i>17.6</i>	38,771 <i>1.1</i>	37,115 <i>0.7</i>	41,932 <i>-0.7</i>	36,319 <i>4.6</i>	34,728 <i>-2.1</i>
Public Utility Tax	39,451 <i>19.9</i>	39,836 <i>10.5</i>	36,583 <i>23.6</i>	40,003 <i>23.0</i>	33,817 <i>9.1</i>	30,194 <i>3.7</i>	29,136 <i>5.8</i>	26,207 <i>1.4</i>	27,937 <i>4.0</i>	29,194 <i>2.2</i>	27,650 <i>-5.3</i>	30,481 <i>11.3</i>
Tobacco Products Tax	4,342 <i>43.8</i>	3,983 <i>81.3</i>	3,338 <i>36.5</i>	4,053 <i>24.1</i>	3,865 <i>12.1</i>	4,243 <i>78.1</i>	4,334 <i>20.4</i>	4,003 <i>13.6</i>	4,462 <i>26.4</i>	4,238 <i>-2.2</i>	3,958 <i>-6.0</i>	3,331 <i>-2.4</i>
Penalties and Interest	10,967 <i>32.0</i>	9,851 <i>-35.3</i>	13,456 <i>17.5</i>	18,982 <i>139.1</i>	17,759 <i>-1.6</i>	7,130 <i>-54.4</i>	11,473 <i>-13.7</i>	8,799 <i>-11.2</i>	8,089 <i>-40.6</i>	9,229 <i>-5.4</i>	10,665 <i>-9.0</i>	5,358 <i>-60.8</i>
<b>Non-Revenue Act**</b>	105,444 <i>12.1</i>	80,083 <i>24.9</i>	102,817 <i>1.5</i>	155,316 <i>1.4</i>	780,325 <i>-2.1</i>	453,608 <i>54.7</i>	109,437 <i>11.3</i>	120,176 <i>11.1</i>	97,423 <i>4.9</i>	163,063 <i>-2.3</i>	781,872 <i>7.5</i>	240,569 <i>-11.1</i>
Liquor Sales/Liter	23,633 <i>2.4</i>	13,913 <i>-0.1</i>	14,524 <i>2.8</i>	16,020 <i>4.3</i>	16,164 <i>3.9</i>	16,594 <i>3.3</i>	17,247 <i>6.3</i>	18,625 <i>2.2</i>	17,897 <i>8.3</i>	16,998 <i>7.2</i>	16,912 <i>1.1</i>	17,828 <i>5.8</i>
Cigarette	29,800 <i>15.7</i>	25,441 <i>98.3</i>	27,921 <i>17.2</i>	28,463 <i>20.8</i>	23,966 <i>-33.4</i>	107,936 <i>210.6</i>	38,924 <i>61.3</i>	41,012 <i>2.9</i>	37,554 <i>29.2</i>	34,412 <i>2.7</i>	35,258 <i>34.8</i>	35,561 <i>-2.7</i>
Property (State School Levy)	12,406 <i>13.0</i>	6,857 <i>8.8</i>	25,700 <i>4.8</i>	67,364 <i>1.2</i>	694,837 <i>0.3</i>	184,883 <i>13.7</i>	9,491 <i>-12.5</i>	7,295 <i>2.8</i>	10,583 <i>7.2</i>	38,957 <i>16.8</i>	654,270 <i>6.7</i>	145,816 <i>-16.0</i>
Real Estate Excise	22,902 <i>10.7</i>	19,704 <i>4.9</i>	27,816 <i>-12.9</i>	28,763 <i>-11.9</i>	27,102 <i>-19.9</i>	39,094 <i>-0.8</i>	31,156 <i>-8.7</i>	45,591 <i>43.5</i>	31,027 <i>13.5</i>	23,540 <i>-24.2</i>	29,745 <i>10.3</i>	32,631 <i>-1.9</i>
Timber (state share)	0 <i>NA</i>	788 <i>-14.2</i>	0 <i>NA</i>	0 <i>NA</i>	825 <i>27.6</i>	0 <i>NA</i>	0 <i>NA</i>	1,166 <i>-29.0</i>	0 <i>NA</i>	0 <i>NA</i>	958 <i>-9.5</i>	0 <i>NA</i>
Other	16,703 <i>23.6</i>	13,379 <i>18.6</i>	6,855 <i>-20.1</i>	14,707 <i>-2.5</i>	17,432 <i>-2.9</i>	105,100 <i>160.8</i>	12,619 <i>-2.9</i>	6,488 <i>-31.7</i>	362 <i>-96.3</i>	49,156 <i>-7.6</i>	44,729 <i>5.4</i>	8,733 <i>-14.7</i>
<b>Department of Licensing**</b>	129 <i>-23.4</i>	341 <i>20.5</i>	521 <i>16.6</i>	1,733 <i>65.8</i>	2,861 <i>23.0</i>	6,300 <i>-14.4</i>	3,004 <i>-20.6</i>	1,371 <i>11.5</i>	510 <i>3.4</i>	301 <i>-5.6</i>	244 <i>101.8</i>	221 <i>69.1</i>
<b>Lottery**</b>	0 <i>NA</i>	0 <i>NA</i>	0 <i>NA</i>	0 <i>NA</i>	0 <i>NA</i>	6,651 <i>NA</i>	0 <i>NA</i>	0 <i>NA</i>	0 <i>NA</i>	0 <i>NA</i>	0 <i>NA</i>	0 <i>NA</i>
<b>Administrative Office of the Courts**</b>	7,958 <i>0.4</i>	6,350 <i>-5.1</i>	8,165 <i>-0.3</i>	9,371 <i>-6.4</i>	8,399 <i>-4.9</i>	7,997 <i>11.9</i>	8,416 <i>-6.1</i>	7,961 <i>-2.1</i>	8,640 <i>9.1</i>	7,972 <i>2.3</i>	8,281 <i>-5.3</i>	7,462 <i>1.2</i>
<b>Total General Fund-State***</b>	1,161,307 <i>1.0</i>	841,205 <i>6.5</i>	879,235 <i>10.2</i>	1,346,308 <i>27.4</i>	1,652,830 <i>2.5</i>	1,291,073 <i>16.5</i>	1,103,901 <i>2.7</i>	1,029,364 <i>7.1</i>	1,003,296 <i>7.1</i>	1,147,686 <i>-1.0</i>	1,635,454 <i>2.5</i>	1,078,244 <i>-3.2</i>

\*Revenue Act components: ERFC preliminary estimates

\*\*Monthly Revenues (month of beginning of collection period)

\*\*\* Detail may not add due to rounding. The GFS total in this report includes only collections from larger state agencies: the DOR, Lottery Commission, AOC and DOL.

Note: *Italic figures refer to Year-over-Year percent change.*

## Revenue Forecast Variance

Thousands of Dollars

<b>Period/Source</b>	<b>Estimate*</b>	<b>Actual</b>	<b>Difference Amount</b>	<b>Percent</b>
<b>December 11, 2011 - January 10, 2012</b>				
<b>January 10, 2012 Collections Compared to the November 2011 Forecast</b>				
Department of Revenue-Total	\$1,099,611	\$1,070,561	(\$29,050)	-2.6%
Revenue Act** (1)	846,938	829,991	(16,946)	-2.0%
Non-Revenue Act(2)	252,673	240,569	(12,104)	-4.8%
Liquor Sales/Liter	17,066	17,828	763	4.5%
Cigarette	35,991	35,561	(430)	-1.2%
Property (State School Levy)	167,899	145,816	(22,083)	-13.2%
Real Estate Excise	24,868	32,631	7,763	31.2%
Timber (state share)	0	0	0	0.0%
Other	6,850	8,733	1,884	27.5%
Department of Licensing (2)	194	221	27	13.8%
Lottery (5)	0	0	0	0.0%
Administrative Office of the Courts (2)	7,330	7,462	132	1.8%
<b>Total General Fund-State***</b>	<b>\$1,107,135</b>	<b>\$1,078,244</b>	<b>(\$28,891)</b>	<b>-2.6%</b>

### Cumulative Variance Since the November Forecast (November 11, 2011 - January 10, 2012)

Department of Revenue-Total	\$2,706,753	\$2,697,489	(\$9,263)	-0.3%
Revenue Act** (3)	1,719,718	1,675,048	(44,670)	-2.6%
Non-Revenue Act(4)	987,034	1,022,441	35,407	3.6%
Liquor Sales/Liter	34,181	34,741	559	1.6%
Cigarette	71,028	70,819	(209)	-0.3%
Property (State School Levy)	788,199	800,086	11,887	1.5%
Real Estate Excise	47,067	62,376	15,309	32.5%
Timber (state share)	1,040	958	(83)	-7.9%
Other	45,518	53,462	7,944	17.5%
Department of Licensing (4)	388	465	78	20.0%
Lottery	0	0	0	0.0%
Administrative Office of the Courts	15,711	15,744	33	0.2%
<b>Total General Fund-State***</b>	<b>\$2,722,851</b>	<b>\$2,713,698</b>	<b>(\$9,153)</b>	<b>-0.3%</b>

1 Collections December 11, 2011 - January 10, 2012. Collections primarily reflect November 2011 activity of monthly filers.

2 December 2011 collections.

3 Cumulative collections, estimates and variance since the November 2011 forecast; (November 11, 2011 -January 10, 2012) and revisions to history.

4 Cumulative collections, estimates and variance since the November forecast (November-December 2011) and revisions to history.

5 Lottery transfers to the General Fund

\* Based on the November 2011 economic and revenue forecast.

\*\*The Revenue Act consists of the retail sales, B&O, use, public utility, tobacco products taxes, and penalty and interest.

\*\*\* Detail may not add due to rounding. The General Fund-State total in this report includes only collections from larger state agencies: the Department of Revenue, Department of Licensing, Lottery Commission and Administrative Office of the Courts.