



# ECONOMIC & REVENUE UPDATE

January 11, 2013

summary

## Summary

- **The fiscal cliff was avoided at the last minute, but payroll taxes will rise for all workers**
- **December U.S. employment grew by 155,000 jobs; October and November employment data were revised up by a total of 14,000**
- **Real disposable income increased by 0.8% in November**
- **Washington's labor and housing markets continue to improve**
- **Washington's personal income growth is above average**
- **Major General Fund-State revenue collections for the December 11, 2012 – January 10, 2013 collection period were \$19.3 million (1.7%) higher than the November forecast.**
- **Cumulative General Fund-State collections are now \$92.1 million (3.2%) greater than forecasted.**
- **The \$54.1 million positive variance in Revenue Act collections could still be partially reversed next month, but the \$35.3 million positive variance in real estate excise tax collections should remain largely intact.**

## United States

Congress passed, and the President signed, a bill to avoid most of the tax increases and budget cuts that made up the "fiscal cliff." However, the payroll tax on employee wages will rise (from 4.2% to 6.2%) and the top income tax rate for households with taxable income over \$450,000 per year will increase from 35% to 39.6%. Across-the-board budget cuts were delayed for two months.

Real disposable personal income recovered from work interruptions caused by Hurricane Sandy, increasing by 0.8% in November after decreasing by 0.1% in October (see figure). Real personal consumption expenditures (PCE) increased by 0.6% after decreasing by 0.2% in October.

Initial claims for unemployment insurance increased by 4,000 to 371,000 (SA) in the week ending January 5th. The four-week moving average for initial claims was 365,750, an increase of 6,750 from the previous week. However, layoff announcements for December were down 43.0% from November after having increased in each of the three previous months. Layoffs for 2012 totaled 523,362, which is the lowest number since 1997 and 13.6% below the 2011 level.

Light-vehicle sales were 15.3 million units (SAAR) in December. Although slightly below the 15.5 million unit sales level for November, this represents a 12.4% increase in sales compared to December 2011 (SAAR).

The American Trucking Association's truck tonnage index increased 3.7% (SA) in November, the first increase in the index since July 2012. For the first 10 months of 2012, tonnage was up 2.8% compared to the same period in 2011. Rail carloads were 2.3% higher (SA) in December than in November; 2012 carloads were 3.1% below their 2011 levels, largely due to declining coal shipments. Intermodal units (shipping containers or truck trail-

united states

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ers) were 1.0% higher (SA) in December than in November and were 3.2% higher for 2012 compared to 2011.

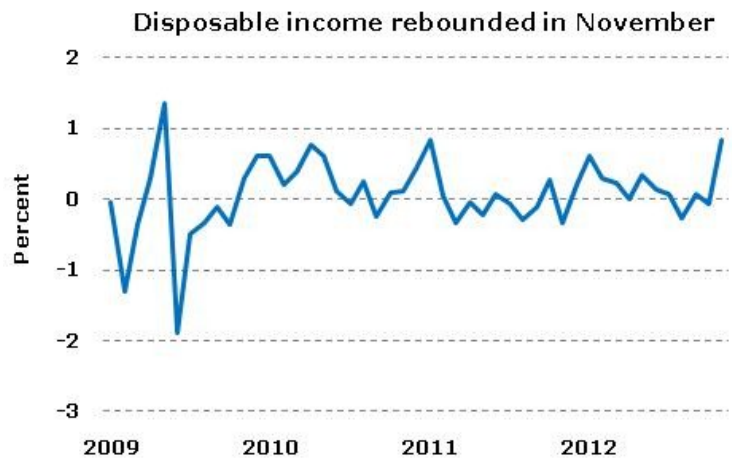
Nonfarm payroll employment (private sector and government) in the U.S. increased by 155,000 jobs in December and the unemployment rate remained unchanged at 7.8%. Notable employment gains occurred in health care (45,000), leisure and hospitality (31,000), construction (30,000), and manufacturing (25,000), while government employment declined by 13,000 jobs. Employment data for October and November were revised up by a combined 14,000 jobs. Employment growth for the year averaged 153,000 jobs per month. This is the same as the average monthly employment growth for 2011.

After three straight months of increases, the Conference Board index of consumer confidence decreased by 6.4 points, from 71.5 in November to 65.1 in December. The decrease was driven by a large drop in views regarding the economic outlook over the next six months, as consumers worried about higher taxes and the impact of the fiscal cliff. The University of Michigan consumer sentiment survey for December decreased by 9.8 points to 72.9 from 82.7 in November. This is the lowest level for the index since July.

Industrial production increased by 1.1% (SA) in November after having decreased by 0.7% in October. Industrial production is up 2.5% over the November 2011 level. The Institute for Supply Management's manufacturing Purchasing Managers Index for December increased to 50.7 from the November level of 49.5. Values of the index above 50 indicate that manufacturing activity is expanding. The December non-manufacturing index increased by 1.4 points to 56.1 and has remained above 50 for 36 straight months. Core capital goods orders (i.e. durables excluding aircraft and military) which are a proxy for business investment, increased 2.7% in November after increasing 3.2% in October and decreasing 0.5% in September.

Gasoline prices have risen slightly in the last few weeks, increasing to \$3.30 per gallon (regular, all formulations) for the week ending January 7th from a low of \$3.25 per gallon in mid-December. Spot prices for oil have also increased recently, with Brent petroleum at \$113 per barrel on January 3rd, about \$2 higher than spot prices in the prior week but still below the mid-October price of \$115. West Texas Intermediate crude followed a similar pattern, with the spot price of \$93 per barrel on January 3rd about \$1 above prior week prices but about \$4 below the mid-October price.

Sales of both new and existing homes increased in November. New home sales increased to 377,000 units (SAAR) from their October level of 361,000 units, an increase of 4.4% and 15.3% above the year-ago level. Existing home sales increased 5.9% (SAAR) compared to October and are 14.5% above the November 2011 sales level. The seasonally adjusted Case-Shiller 20-city home price index increased 0.7% in October from the previous month, the ninth consecutive monthly increase. The index is now 4.3% above the year-ago level (SA). Housing starts for November decreased by 3.0% (SAAR) over October but were 21.6% over the November 2011 level.

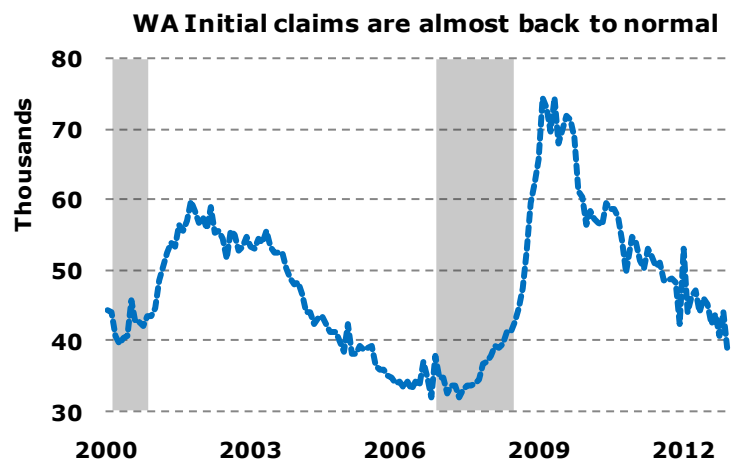


**Washington**

We have only one month of new employment data since the November forecast was released but previously published estimates have been revised lower for all of 2012. The Washington economy added 4,000 jobs in November which translates into a 1.7% seasonally adjusted annual rate of growth (SAAR). The November forecast had expected 4,600 net new jobs (1.7% growth, SAAR). Even though overall employment growth in November was only 600 lower than expected, the level in November was 6,700 lower due to revisions to history that date back to January 2012. The manufacturing sector added 1,400 jobs including 500 aerospace jobs. We had expected only 300 net new manufacturing jobs. The construction sector added 300 jobs, close to the forecast of 400 jobs. While the goods-producing sectors did well in November, the service-providing sectors fell short of expectations. Private service providers added 2,400 net new jobs in November (the forecast had expected 3,600) and government shed 300 jobs (the forecast had expected a gain of 300). The state's unemployment rate declined to 7.8% in November from 8.2% in October.

The gradually improving Washington labor market is also reflected in the data for initial claims for unemployment insurance. December's seasonally adjusted rate of 38,700 initial claims was the lowest since the recession began in December 2007. Initial claims are down nearly 50% since the peak in May 2005 (see figure).

Washington housing construction continues to strengthen. Total housing units authorized by building permits edged up to 28,400 units (SAAR) in the third quarter, up slightly from 28,100 in the second quarter. Single-family permits totaled 17,700 in the third quarter while multi-family permits came in at a 10,700 annual rate. With two month's data in hand, fourth quarter housing construction is likely to surprise on the upside. Multi-family units averaged 13,300 (SAAR) in October and November compared to the forecast of 11,100 for the fourth quarter as a whole and single-family permits averaged 19,100 in October and November compared to the 17,200 expected for the quarter. At this rate, single-family permits will be the strongest in any quarter since the second quarter of 2008. Total units authorized averaged 32,400 (SAAR) in October and November compared to our forecast of 28,300 for the fourth quarter. Most of the housing recovery to date has been in the multi-family segment which has largely recovered from historic lows. However, we believe the housing recovery will be increasingly led by single-family construction spurred by record affordability.



Regional home prices also appear to be on the upswing. According to the S&P/Case-Shiller Home Price Indices through October 2012, seasonally adjusted Seattle area home prices have risen in seven of the last eight months and are now 5.7% higher than in the previous October. Nationally the composite-20 index is up 4.3% over the year. Prior to the recent upturn, Seattle home prices had not registered a year-over-year gain since December 2007. Foreclosures continue to put downward pressure on home prices but demographics and record affordability are working in the opposite direction. Even with the recent gains, Seattle area home prices are 26.5% lower than their 2007 peak.

In December the Bureau of Economic Analysis (BEA) released preliminary state personal income estimates for the third quarter of 2012. According to these preliminary estimates, Washington personal income grew at a 2.7% seasonally adjusted annual rate in the third

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quarter of 2012 which was 16<sup>th</sup> best among the 50 states plus the District of Columbia. The comparable rate for the U.S. as a whole was 2.1%. The stronger growth rate in the third quarter was mostly due to the information sector which includes software. From the third quarter of 2011 to the third quarter of 2012 Washington personal income rose 4.4%, 3<sup>rd</sup> best in the nation, trailing only resource-rich North Dakota and Montana. U.S. personal income rose 3.2% over the year.

Despite some slippage in November and December, new light vehicle registrations continue to trend higher. Registrations edged down from 21,200 in October to 20,800 in November and 20,500 in December. However, each of the last three months was higher than any previous month since June 2008, including the spike in August 2008 that resulted from the “cash for clunkers” program. We expect the recovery in vehicle sales to continue due primarily to strong replacement demand.

### REVENUE COLLECTIONS

#### Overview

Major General Fund-State (GF-S) revenue collections for the December 11, 2012 – January 10, 2013 collection period were \$19.3 million (1.7%) higher than the November forecast. Cumulative General Fund-State collections are now \$92.1 million (3.2%) greater than forecasted.

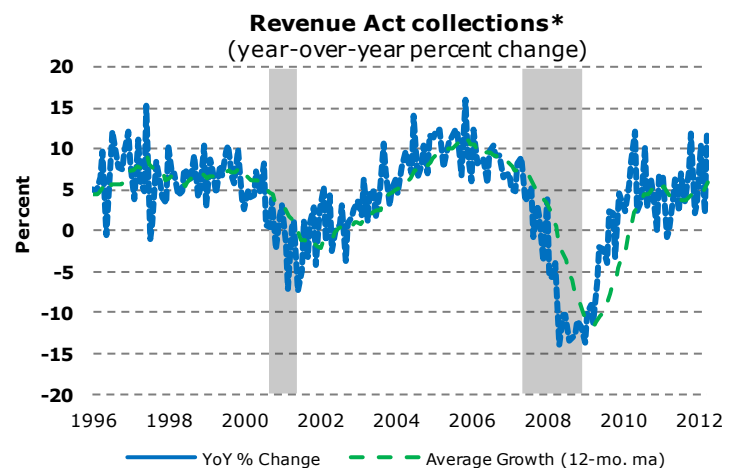
Revenue Act collections are now cumulatively \$54.1 million (3.0%) greater than forecasted due to a \$39.4 million positive variance last month. Because the revenue forecast is done on a quarterly basis, the exceptionally high year-over-year growth rate of collections last month could still indicate a shortfall in next month’s Revenue Act collections, which will reflect activity in the last month of the quarter. The \$35.3 million positive variance in real estate excise tax collections, however, should remain largely intact in future reports.

#### Revenue Act

The revenue collections reported here are for the December 11, 2012 – January 10, 2013 collection period. Collections correspond primarily to the November 2012 economic activity of monthly filers.

Revenue Act collections for the current period came in \$14.8 million (1.6%) above the November forecast. During the period there were \$5.9 million in large one-time payments. Without these payments, collections would have been \$8.8 million (1.0%) higher than forecasted. Adjusted for large one-time payments and refunds in the current and year-ago periods, Revenue Act collections increased 5.4% year-over-year after growing at 11.6% last month (see figure).

Due to a large positive variance in Revenue Act collections last month, cumulative collections are now \$54.1 million (3.0%) above the November forecast. Because the revenue forecast is done on a quarterly basis, the exceptionally high year-over-year growth rate of collections last month could still indicate a shortfall in



\*Growth adjusted for definition change and unusually large assessment payments, refunds etc.

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next month's Revenue Act collections, which will reflect activity in the last month of the quarter. Due to last month's upward jump in collections, seasonally adjusted collections decreased slightly this month even though the trend of collection is still upward (see figure).

As shown in the "Key Revenue Variables" table, unadjusted Revenue Act receipts increased by 10.0% year-over-year. This higher growth rate was mainly due to a large refund of B&O taxes last year. This refund boosted the preliminary estimate of B&O tax growth to 20.7% year-over-year. The preliminary estimate of year-over-year retail sales tax growth is 6.1%.

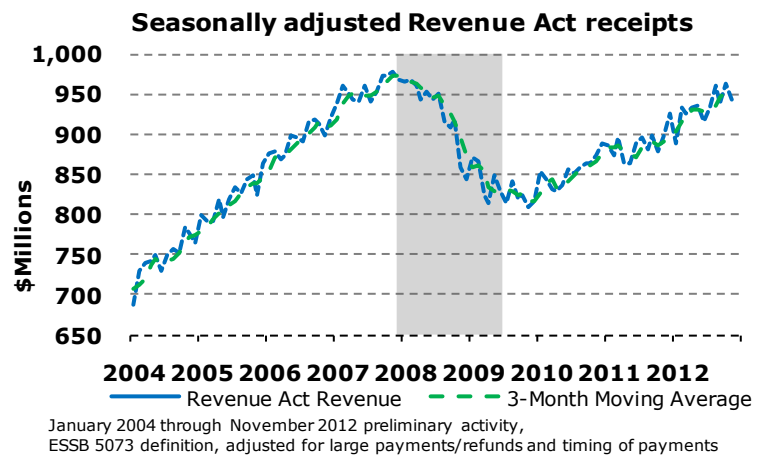
Total tax payments as of December 31st from electronic filers who also paid in the December 11 – January 10 collection period of last year were up 6.1% year-over-year (payments are mainly Revenue Act taxes but include some non-Revenue Act taxes as well). Last month, total payments increased by 11.1%.

Some details of payments from electronic filers:

- Total payments in the retail trade sector were up 8.8% year-over-year, down from last month's growth rate of 11.9%. Payments from food and beverage stores increased 15.5% year-over-year, due largely to the newly allowed private sales of spirits. Excluding food and beverage stores, however, payments from the retail trade sector still would have grown by 8.2%.
- Payments from the motor vehicle and parts sector increased 9.9% year-over-year. In the previous period, year-over-year payments increased 9.9% as well.
- Other retail trade sectors that showed strong growth in payments were electronics and appliances (+20.4%), drug and health stores (+12.3%), nonstore retailers (+11.2%), building materials and garden equipment (+10.7%) and furniture and home furnishings (+10.3%). One retail trade sector, miscellaneous retailers, saw a year-over-year decrease in payments this month (-5.9%).
- Payments in non-retail trade sectors were up 4.4% year-over-year in the current period and 10.7% in the previous period.
- Payments from the manufacturing sector were down 6.8% year-over-year. Last month payments increased 5.7% year-over-year. This month's decline was due to a large year-over-year decrease in payments from the petroleum refining sector, partially offset by increases in almost every other manufacturing sector, including transportation equipment. Without the petroleum and transportation equipment sectors, payments from the manufacturing sector would have increased 7.3% year-over-year.
- Tax payments by businesses in the construction sector increased 4.9% year-over-year. In the previous period, payments increased 15.1%.

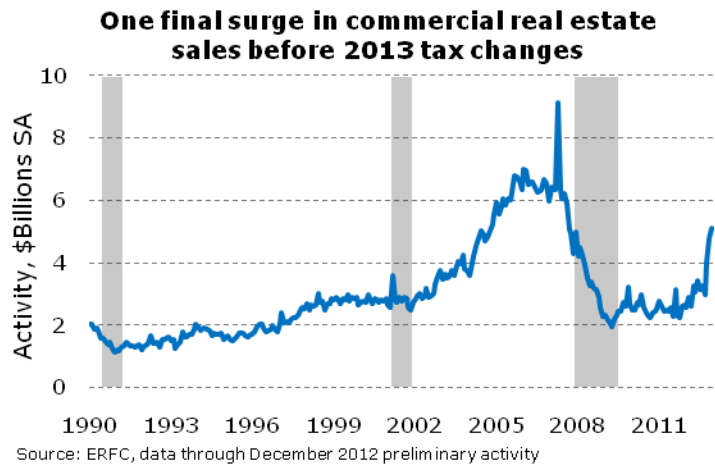
### DOR Non-Revenue Act

December collections came in \$5.0 million (1.9%) above the forecast. Most of this month's positive variance came from real estate excise tax (REET), which came in \$15.4 million (32.3%) higher than forecasted. As was the case last month, most of the variance was due





to sales of commercial real estate. The largest of these was the \$1.2 billion sale of the Amazon.com campus (which was included in the forecast), but there were close to \$1 billion in other commercial sales as well. The purchases extended last month's spike in the chart of seasonally adjusted activity (see figure). The upturn in commercial sales at the end of last year was mainly due to anticipated changes in the federal tax rate on capital gains and dividends that took effect in January 2013. Some high-end residential property sales were also influenced by the change in tax rates. Sales are expected to decrease to their levels of early 2012 during the first quarter. Due to the unanticipated size of the end-of-the-year increase in sales, REET collections are now cumulatively \$35.3 million (43.4%) above the November forecast. Total DOR non-Revenue Act collections are now cumulatively \$38.0 million (3.6%) higher than forecasted.



As anticipated in last month's report, December property tax collections came in \$8.4 million (5.6%) below the forecast. Collections this month fell short because many payments forecasted to arrive in December already arrived in November. Cumulatively, property tax collections are now \$0.9 million (0.1%) above the forecast.

Cigarette taxes also came in short of the forecast as anticipated last month. December collections were \$4.4 million (12.9%) less than forecasted due to greater-than-expected fraction of tax stamps that were paid for in November rather than deferred for payment in December. Cumulatively, collections are now \$1.6 million (2.4%) above the November forecast.

"Other" revenue came in \$2.3 million above the forecast due to greater-than-anticipated transfers of unclaimed property into the GF-S. Cumulatively, "other" revenue is now \$0.5 million (1.0%) greater than forecasted.

Liquor taxes came in \$87,000 (0.4%) above the forecast. Adjusted for a decrease in this year's distribution of taxes to local governments, tax receipts increased by 7.8% year-over-year. Unadjusted receipts increased by 21.0% as reported in the "Key Revenue Variables" table. Cumulatively, liquor taxes are now \$175,000 (0.4%) below the November forecast.

**Other Revenue**

Department of Licensing receipts for December came in \$22,000 (10.1%) higher than the November forecast. Cumulatively, receipts are now \$48,000 (10.5%) above the forecast.

Revenue from the Administrative Office of the Courts was \$455,000 (6.2%) lower than forecasted. Cumulative receipts are now \$146,000 (0.9%) less than forecasted.

## Key U.S. Economic Variables

	2012						2011	2012
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.		
Real GDP (SAAR)	-	-	3.1	-	-	-	1.8	-
Industrial Production (SA, 2002 = 100)	97.9	97.0	97.1	96.5	97.5	-	93.7	-
Y/Y % Change	4.2	2.9	2.9	1.6	2.5	-	4.1	-
ISM Manufacturing Index (50+ = growth)	49.8	49.6	51.5	51.7	49.5	50.7	55.2	51.9
ISM Non-Manuf. Index (50+ = growth)	52.6	53.7	55.1	54.2	54.7	56.1	54.5	54.5
Housing Starts (SAAR, 000)	728	750	843	888	861	-	612	-
Y/Y % Change	18.6	29.1	30.3	41.0	21.6	-	4.5	-
Light Motor Vehicle Sales (SAAR, mil.)	14.1	14.5	14.9	14.3	15.5	15.4	12.8	14.5
Y/Y % Change	13.6	16.6	13.7	7.2	14.7	12.9	10.8	12.9
CPI (SA, 1982-84 = 100)	228.7	230.1	231.4	231.8	231.0	-	33.4	-
Y/Y % Change	1.4	1.7	2.0	2.2	1.8	-	2.8	-
Core CPI (SA, 1982-84 = 100)	230.1	230.2	230.6	231.0	231.3	-	34.7	-
Y/Y % Change	2.1	1.9	2.0	2.0	1.9	-	3.5	-
IPD for Consumption (2000=100)	115.6	116.0	116.3	116.5	116.2	-	113.8	-
Y/Y % Change	1.3	1.4	1.6	1.7	1.4	-	2.4	-
Nonfarm Payroll Empl., e-o-p (SA, mil.)	133.2	133.4	133.6	133.7	133.9	134.0	132.2	134.0
Monthly Change	0.18	0.19	0.13	0.14	0.16	0.16	1.84	1.84
Unemployment Rate (SA, percent)	8.3	8.1	7.8	7.9	7.8	7.8	9.0	8.1
Yield on 10-Year Treasury Note (percent)	1.53	1.68	1.72	1.75	1.65	1.72	2.79	1.80
Yield on 3-Month Treasury Bill (percent)	0.10	0.10	0.11	0.10	0.09	0.07	0.05	0.09
Broad Real USD Index** (Mar. 1973=100)	85.7	85.2	84.0	83.7	83.9	83.4	82.6	84.4
Federal Budget Deficit (\$ bil.)*	69.6	190.5	-75.2	120.0	172.1	-	1,296.8	1,089.2
FYTD sum	973.8	1,164.4	1,089.2	120.0	292.1	-		
US Trade Balance (\$ bil.)	-41.6	-42.6	-40.3	-42.1	-48.7	-	-559.9	-
YTD Sum	-327.4	-370.0	-410.3	-452.3	-501.1	-		

\*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

	2012						2011	2012	
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.			
<b>Employment</b>								<i>End-of-period</i>	
Total Nonfarm (SA, 000)	2,874.3	2,880.2	2,884.7	2,888.8	2,892.8	-	2,839.6	-	
Change from Previous Month (000)	3.2	5.9	4.5	4.1	4.0	-	38.0	-	
Construction	140.0	140.9	141.3	142.1	142.4	-	137.7	-	
Change from Previous Month	0.1	0.9	0.4	0.8	0.3	-	-0.5	-	
Manufacturing	282.3	282.8	282.7	283.6	285.0	-	274.5	-	
Change from Previous Month	1.4	0.5	-0.1	0.8	1.4	-	13.3	-	
Aerospace	95.2	95.5	96.2	95.9	96.4	-	91.0	-	
Change from Previous Month	1.1	0.3	0.7	-0.4	0.5	-	9.1	-	
Software	52.7	53.1	52.9	52.9	52.9	-	51.9	-	
Change from Previous Month	0.4	0.4	-0.2	0.1	0.0	-	0.8	-	
All Other	2,399.3	2,403.4	2,407.9	2,410.2	2,412.4	-	2,375.5	-	
Change from Previous Month	1.3	4.1	4.5	2.4	2.2	-	24.3	-	
<b>Other Indicators</b>								<i>Annual Average</i>	
Seattle CPI (1982-84=100)	-	240.2	-	241.4	-	-	232.8	-	
	-	2.7%	-	2.3%	-	-	2.7%	-	
Housing Permits (SAAR, 000)	29.8	24.7	30.8	30.0	34.8	-	21.2	-	
	43.0%	17.5%	53.6%	78.8%	40.5%	-	8.3%	-	
WA Index of Leading Ind. (2004=100)	114.6	115.0	115.9	116.8	117.0	-	111.1	-	
	1.9%	2.4%	3.7%	4.6%	3.6%	-	6.0%	-	
WA Business Cycle Ind. (Trend=50)	28.1	27.4	29.0	32.4	36.7	-	18.4	-	
	58.1%	33.5%	58.1%	82.8%	70.2%	-	39.1%	-	
Avg. Weekly Hours in Manuf. (SA)	41.0	41.5	41.6	42.2	42.3	-	42.4	-	
	-4.5%	-1.6%	-2.1%	-0.5%	-1.1%	-	1.2%	-	
Avg. Hourly Earnings in Manuf.	24.0	23.6	24.0	24.2	24.5	-	24.0	-	
	0.3%	0.9%	0.7%	1.0%	1.3%	-	2.1%	-	
New Vehicle Registrations (SA, 000)	19.5	19.7	19.6	21.2	20.8	20.5	17.0	19.8	
	15.9%	22.6%	19.8%	26.8%	14.3%	12.3%	9.9%	16.6%	
Initial Unemployment Claims (SA, 000)	45.1	42.5	43.6	40.7	44.0	38.7	49.9	44.6	
	-11.7%	-12.6%	-9.9%	-16.3%	-9.0%	-8.4%	-11.8%	-10.6%	
Personal Income (SAAR, \$bil.)	-	-	313.9	-	-	-	299.7	-	
	-	-	4.4%	-	-	-	5.8%	-	
Median Home Price (\$000)	-	-	243.1	-	-	-	224.4	-	
	-	-	7.9%	-	-	-	-8.5%	-	

\*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

	2012											
	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>	1,269,913	865,345	937,324	1,137,572	1,693,935	1,270,633	1,116,873	1,061,104	1,093,845	1,204,793	1,765,423	1,171,289
	<i>10.1</i>	<i>3.7</i>	<i>7.7</i>	<i>-14.8</i>	<i>3.2</i>	<i>0.0</i>	<i>2.2</i>	<i>4.0</i>	<i>10.0</i>	<i>5.7</i>	<i>8.5</i>	<i>9.4</i>
<b>Revenue Act</b>	1,135,635	777,433	813,701	955,769	865,462	913,691	997,454	930,247	978,985	998,628	932,829	913,153
	<i>8.4</i>	<i>3.0</i>	<i>6.0</i>	<i>-19.0</i>	<i>0.5</i>	<i>11.9</i>	<i>1.5</i>	<i>3.4</i>	<i>9.2</i>	<i>2.3</i>	<i>10.4</i>	<i>10.0</i>
Retail Sales Tax	698,431	466,023	496,275	573,036	527,329	563,227	619,525	591,474	611,737	622,517	581,784	579,996
	<i>5.4</i>	<i>2.7</i>	<i>8.3</i>	<i>-13.8</i>	<i>0.6</i>	<i>11.4</i>	<i>3.1</i>	<i>3.5</i>	<i>8.1</i>	<i>2.4</i>	<i>10.0</i>	<i>6.1</i>
Business and Occupation Tax	340,789	220,285	230,858	286,091	252,983	266,304	291,723	254,860	283,106	292,223	270,761	254,807
	<i>19.7</i>	<i>2.9</i>	<i>5.0</i>	<i>-16.6</i>	<i>5.4</i>	<i>15.5</i>	<i>0.8</i>	<i>1.2</i>	<i>11.1</i>	<i>2.5</i>	<i>13.5</i>	<i>20.7</i>
Use Tax	43,966	34,971	37,187	47,458	39,617	43,499	44,514	43,658	40,673	44,502	37,794	32,880
	<i>-3.9</i>	<i>6.3</i>	<i>2.8</i>	<i>-56.5</i>	<i>-4.4</i>	<i>11.7</i>	<i>-9.6</i>	<i>12.5</i>	<i>9.5</i>	<i>6.0</i>	<i>3.9</i>	<i>5.2</i>
Public Utility Tax	38,561	40,167	37,340	36,047	32,770	28,036	28,612	25,413	27,691	25,746	28,514	33,943
	<i>-2.3</i>	<i>0.8</i>	<i>2.1</i>	<i>-9.9</i>	<i>-3.1</i>	<i>-7.1</i>	<i>2.9</i>	<i>1.3</i>	<i>4.3</i>	<i>-6.8</i>	<i>8.4</i>	<i>9.4</i>
Tobacco Products Tax	3,554	3,763	3,300	3,746	3,700	3,882	3,644	3,884	3,873	3,146	3,145	2,907
	<i>-18.1</i>	<i>-5.5</i>	<i>-1.1</i>	<i>-7.6</i>	<i>-4.3</i>	<i>-8.5</i>	<i>-15.9</i>	<i>-3.0</i>	<i>-13.2</i>	<i>-25.8</i>	<i>-20.6</i>	<i>-19.1</i>
Penalties and Interest	10,333	12,223	8,742	9,391	9,063	8,744	9,436	10,958	11,904	10,494	10,831	8,621
	<i>-5.8</i>	<i>24.1</i>	<i>-35.0</i>	<i>-50.5</i>	<i>-49.0</i>	<i>22.6</i>	<i>-17.8</i>	<i>24.5</i>	<i>47.1</i>	<i>13.7</i>	<i>1.5</i>	<i>36.5</i>
<b>Non-Revenue Act**</b>	134,278	87,913	123,623	181,803	828,473	356,942	119,419	130,858	114,860	206,164	832,594	267,886
	<i>27.3</i>	<i>9.8</i>	<i>20.2</i>	<i>17.1</i>	<i>6.2</i>	<i>-21.3</i>	<i>9.1</i>	<i>8.9</i>	<i>17.9</i>	<i>26.4</i>	<i>6.5</i>	<i>11.4</i>
Liquor Sales/Liter	24,559	14,892	15,940	17,799	16,306	20,002	19,416	26,234	24,032	20,300	21,303	21,568
	<i>3.9</i>	<i>7.0</i>	<i>9.7</i>	<i>11.1</i>	<i>0.9</i>	<i>20.5</i>	<i>12.6</i>	<i>40.9</i>	<i>34.3</i>	<i>19.4</i>	<i>26.0</i>	<i>21.0</i>
Cigarette	31,419	31,768	32,932	33,406	34,027	38,519	31,927	39,614	34,893	36,228	37,100	30,050
	<i>5.4</i>	<i>24.9</i>	<i>17.9</i>	<i>17.4</i>	<i>42.0</i>	<i>-64.3</i>	<i>-18.0</i>	<i>-3.4</i>	<i>-7.1</i>	<i>5.3</i>	<i>5.2</i>	<i>-15.5</i>
Property (State School Levy)	9,659	6,023	31,469	69,804	697,392	198,703	12,949	6,545	10,389	36,286	676,660	140,457
	<i>-22.1</i>	<i>-12.2</i>	<i>22.4</i>	<i>3.6</i>	<i>0.4</i>	<i>7.5</i>	<i>36.4</i>	<i>-10.3</i>	<i>-1.8</i>	<i>-6.9</i>	<i>3.4</i>	<i>-3.7</i>
Real Estate Excise	22,471	22,495	31,182	39,445	35,731	54,062	36,940	48,957	36,155	49,081	53,398	63,154
	<i>-1.9</i>	<i>14.2</i>	<i>12.1</i>	<i>37.1</i>	<i>31.8</i>	<i>38.3</i>	<i>18.6</i>	<i>7.4</i>	<i>16.5</i>	<i>108.5</i>	<i>79.5</i>	<i>93.5</i>
Timber (state share)	0	1,019	0	0	620	0	0	804	0	0	795	0
	<i>NA</i>	<i>29.2</i>	<i>NA</i>	<i>NA</i>	<i>-24.9</i>	<i>NA</i>	<i>NA</i>	<i>-31.1</i>	<i>NA</i>	<i>NA</i>	<i>-17.0</i>	<i>NA</i>
Other	46,170	11,717	12,099	21,350	44,398	45,656	18,188	8,704	9,393	64,270	43,338	12,657
	<i>180.8</i>	<i>-12.1</i>	<i>76.5</i>	<i>43.8</i>	<i>161.5</i>	<i>-56.5</i>	<i>52.8</i>	<i>35.1</i>	<i>2,496.3</i>	<i>31.4</i>	<i>-3.1</i>	<i>49.1</i>
<b>Department of Licensing**</b>	194	307	538	2,161	2,775	5,079	3,384	1,308	513	358	260	245
	<i>50.6</i>	<i>-10.2</i>	<i>3.3</i>	<i>24.7</i>	<i>-3.0</i>	<i>-19.4</i>	<i>12.7</i>	<i>-4.6</i>	<i>0.5</i>	<i>19.0</i>	<i>6.2</i>	<i>11.0</i>
<b>Lottery**</b>	0	0	0	0	0	0	0	0	0	0	0	0
	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>
<b>Administrative Office of the Courts**</b>	7,401	6,212	8,522	8,356	8,375	8,158	7,571	7,957	7,431	7,303	8,667	6,853
	<i>-7.0</i>	<i>-2.2</i>	<i>4.4</i>	<i>-10.8</i>	<i>-0.3</i>	<i>2.0</i>	<i>-10.0</i>	<i>0.0</i>	<i>-14.0</i>	<i>-8.4</i>	<i>4.7</i>	<i>-8.2</i>
<b>Total General Fund-State***</b>	1,277,509	871,864	946,385	1,148,089	1,705,086	1,283,871	1,127,829	1,070,369	1,101,789	1,212,454	1,774,349	1,178,387
	<i>10.0</i>	<i>3.6</i>	<i>7.6</i>	<i>-14.7</i>	<i>3.2</i>	<i>-0.6</i>	<i>2.2</i>	<i>4.0</i>	<i>9.8</i>	<i>5.6</i>	<i>8.5</i>	<i>9.3</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, 2012 - January 10, 2013</b>				
<b>January 10, 2013 Collections Compared to the November 2012 Forecast</b>				
Department of Revenue-Total	\$1,161,281	\$1,181,039	\$19,758	1.7%
Revenue Act** (1)	898,403	913,153	14,750	1.6%
Non-Revenue Act(2)	262,878	267,886	5,008	1.9%
Liquor Sales/Liter	21,481	21,568	87	0.4%
Cigarette	34,485	30,050	(4,435)	-12.9%
Property (State School Levy)	148,822	140,457	(8,365)	-5.6%
Real Estate Excise	47,727	63,154	15,427	32.3%
Timber (state share)	0	0	0	0.0%
Other	10,363	12,657	2,293	22.1%
Department of Licensing (2)	223	245	22	10.1%
Lottery (5)	0	0	0	0.0%
Administrative Office of the Courts (2)	7,308	6,853	(455)	-6.2%
<b>Total General Fund-State***</b>	<b>\$1,168,812</b>	<b>\$1,188,138</b>	<b>\$19,325</b>	<b>1.7%</b>

### Cumulative Variance Since the November Forecast (November 11, 2012 - January 10, 2013)

Department of Revenue-Total	\$2,854,301	\$2,946,462	\$92,160	3.2%
Revenue Act** (3)	1,791,853	1,845,982	54,129	3.0%
Non-Revenue Act(4)	1,062,448	1,100,480	38,032	1.9%
Liquor Sales/Liter	43,046	42,871	(175)	-0.4%
Cigarette	65,584	67,150	1,566	2.4%
Property (State School Levy)	816,223	817,117	894	0.1%
Real Estate Excise	81,278	116,552	35,274	43.4%
Timber (state share)	869	795	(74)	-8.5%
Other	55,449	55,995	546	1.0%
Department of Licensing (4)	458	506	48	10.5%
Lottery	0	0	0	0.0%
Administrative Office of the Courts	15,666	15,520	(146)	-0.9%
<b>Total General Fund-State***</b>	<b>\$2,870,425</b>	<b>\$2,962,488</b>	<b>\$92,063</b>	<b>3.2%</b>

1 Collections December 11, 2012 - January 10, 2013. Collections primarily reflect November 2012 activity of monthly filers.

2 December 2012 collections.

3 Cumulative collections, estimates and variance since the November 2012 forecast; (November 11, 2012 - January 10, 2013) and revisions to history.

4 Cumulative collections, estimates and variance since the November forecast (November - December 2012) and revisions to history.

5 Lottery transfers to the General Fund

\* Based on the November 2012 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.