



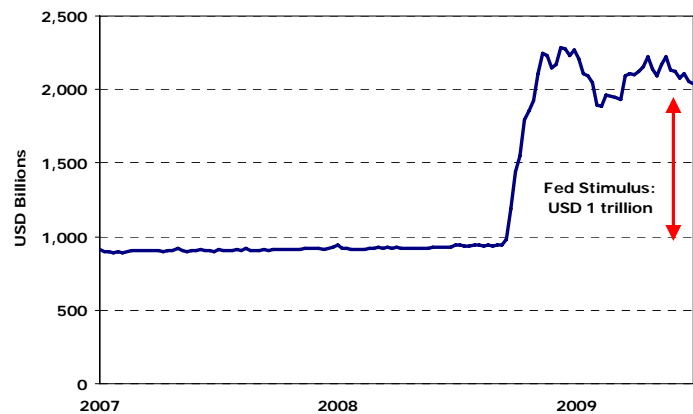
## ECONOMIC & REVENUE UPDATE

13 JULY 2009

### U.S.

- The economy is passing through an early summer lull, as the winds that were lifting it toward recovery appear to be flagging. Yet, this is not something that was unanticipated in our June forecast. It is normal for an economy headed for a trough after a long and hard recession, to pause for breath. We continue to believe that the recession will bottom out by the third quarter of this year, followed by a slow U-shaped recovery. There is a considerable amount of stimulus in the pipeline that has yet to work its way through the system and many of the "green shoots" we noticed in the spring remain green. Whether or not June will turn out to be the pause that refreshes, or the first sign of another leg down, only time will tell. We believe it is likely be the former.
- Both equity and bond markets are looking for direction. Expectations of a recovery have been clouded by doubt. Both the Dow and the S&P 500 are down about 7% from their peak on June 12, but are still 24% and 30% higher, respectively, from their March 9 low. Investors appear to be anxious prior to the second quarter earnings season, and much depends on the forecasts of future earnings that companies provide at that time. The bond market sell-off in late May that saw the 10-year treasury yield rise by close to 40 basis points has given way to a rally. Here too, expectations of a quick recovery have been overtaken by doubts about the strength of the recovery. The 10-year treasury's yields have now dropped over 60 basis points since June 10.
- Economic reports on employment have disappointed. In June the economy shed 467,000 jobs, which even after accounting for the reductions in temporary census workers was higher than May's revised 322,000. The trend in job losses, however, continues to slow. Even June's disappointing number was

The Fed balance sheet has grown significantly



much better than the first quarter's average monthly loss of 691,000 jobs.

- Despite investor skittishness and expectations getting ahead of reality, the economy remains on track for a recession trough by the third quarter. Of the USD 787 billion federal fiscal stimulus, only USD 56 billion have been disbursed through the second quarter. It is expected that another USD 200 billion will be spent in the third quarter. The Federal Reserve has increased the size of its balance sheet by USD 1 trillion (see figure), effectively pumping that amount into the economy through innovative quantitative easing. This too is working its way through the system.
- There are more reasons to be optimistic. Trade data for May provided an upside surprise. U.S. exports increased 1.6% (SA) while imports fell by 0.6%. Consequently, the trade deficit fell from April's USD 28.8 billion to USD 26 billion, its lowest in a decade. This will give a boost to second quarter GDP, which may well turn out to be stronger than we had anticipated in our June forecast. Also with both Chrysler and GM out of bankruptcy, published automotive production plans call for a sharp increase in production in that industry starting in July. This is further borne out by increases in truck tonnage indices in May – an indication that parts and supplies are being shipped to plants.

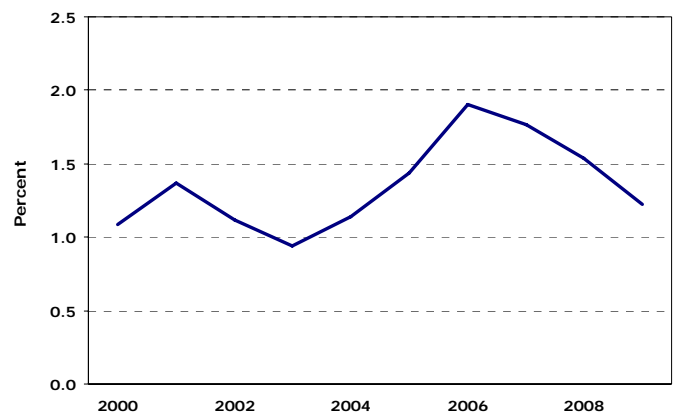
## WASHINGTON

- The tentativeness in the national economic recovery during the last month is not reflected in Washington data. Initial jobless claims are trending downward, and payroll employment registered a second month of moderate decline, providing more evidence that the free-fall phase is over. Housing permits too, came in ahead of our June forecast. The only discordant note was a modest decline in our state population growth.
- Washington weekly initial claims for unemployment insurance have resumed their downward trend in June. For the week ending July 4, the 4-week moving average was at its lowest level since February 14th. We continue to expect that Washington employment will bottom out in the fourth quarter of this year, at about the same time the U.S. job market hits bottom. Employment growth in the state is expected to turn positive in 2010, very gradually at first, gaining strength later in the year and in 2011.
- Payroll employment in Washington registered a second month of relatively moderate job loss, losing 6,700 jobs in May following a decline of 3,200 in April. This is a significant improvement over the previous five months when employment fell an average of 18,200 per month, excluding the impact of the Boeing strike. The May job cuts were mostly in the goods producing sectors. Construction continued to be especially hard hit, losing 3,100 jobs. Manufacturing employment was down 1,600 of which 100 were in aerospace. We continue to believe that there will be fewer and fewer job cuts during the second half of the year. The state unemployment rate, however, rose from 9.0% in April to 9.4% in May, matching the U.S. unemployment rate for May.
- Building permits issued in Washington increased to a seasonally adjusted annual rate of 15,600 in May from 12,100 in April. This was better than we had expected in our June forecast. Both single-family and multi-family permits

were up from April. Despite the improvement, however, housing activity remains very depressed. Multi-family construction, in particular, remains near all-time lows. Anecdotal evidence suggests that it is virtually impossible to get financing for multi-family housing projects. The pace of new housing construction is now well below the increase in demographic demand for housing. Once the economic recovery is in full swing by 2011, the excess housing stock will be largely absorbed, setting the stage for a recovery in housing construction.

- Home prices in Seattle continue to decline but at a slowing rate. Although it was widely reported that the S&P Case-Shiller index showed home prices rising in Seattle and in seven other metropolitan areas in April, this was a seasonal illusion. Home prices normally go up in the spring and summer and down in the fall and winter. On a seasonally adjusted basis, home prices fell in 16 of the 20 cities tracked by the Case-Shiller index, including Seattle. However, in every city but one the price fell less or rose more in April than in March. In Seattle the April decline was only 0.6% compared to an average of 2.3% per month during the previous five months.
- Washington's population growth rate is slowing as a result of the recession. The Office of Financial Management (OFM) recently released a Washington

Economy and housing weigh on WA population growth



**WASHINGTON (Continued)**

population estimate for April 1, 2009 putting the state's population at 6,668,200, an increase of 80,600 (1.2 %) over the previous year. This is 20,100 (0.3%) less than we had expected in the June forecast. The state's population grew 1.5% last year, down from 1.8% in 2007 and 1.9% in 2006 (see figure above). Difficulty selling one's home depresses mobility, and slows in-migration. The slowdown in population

growth is both good news and bad news for the Washington economy. Population growth adds to the labor supply and to the demand for goods and services, including housing. Thus, a slowdown in population growth has a negative impact on aggregate economic activity. On the other hand, slower labor supply growth is good news for Washington's unemployed, who will face less competition for jobs. Also, the unemployment rate will peak lower as a result of a slower growth in the labor force.

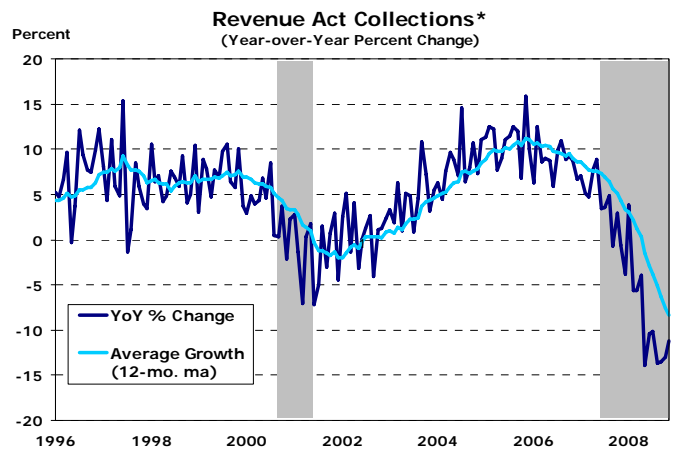
**REVENUE COLLECTIONS**

**Total General Fund-State Revenues**

- Major General Fund-State revenues for the June 11 – July 10, 2009 collection period were a relatively small \$2.0 million (0.2%) lower than our June forecast.
- The cumulative year-over-year decline in total General Fund-State revenues is \$1.37 billion (9.7%).

**Revenue Act**

- The revenue collections reported here are for the June 11 – July 10, 2009 collection period. This corresponds to economic activity in May 2009.
- Adjusted for special factors (large refunds in June 2008 and June 2009), collections in the current period are down 11.2% from their year-ago level (see figure). Unadjusted, the decline is 11.1%.
- Two large refunds in May 2009 were not reported in last month's collection report. Taking these refunds into account, the adjusted year-over-year decline in collections for the May 11 – June 10, 2009 collection period was 13.0 percent. The adjusted decline was previously reported as 13.7 percent.
- Collections for this period are \$7.4 million (0.9%) above the June 2009 forecast.
- Cumulatively, collections are down \$1.08 billion (9.4%) from FY 2008.



\*Growth adjusted for new legislation and unusually large assessment payments, refunds etc.

- Preliminary ERFC monthly estimates indicate retail sales tax collections are down 18.6% year-over-year, while B&O taxes managed a 1.0 percent gain.
- Preliminary tax payments from electronic filers who also paid in the June 11 – July 10 collection period of last year were down 13.6 % year-over-year.
  - Payments in the retail trade sector were down 9.6%. The greatest drops were in furniture and home furnishings (-20.1%); motor vehicles and parts (- 19.4%); gas stations and convenience stores (-17.4%); and building materials and garden equipment (11.5%)
  - Payments in two major retail trade sectors showed a year-over-year increase: drug and health stores (+5.8%) and food and beverage stores (+3.0 %).

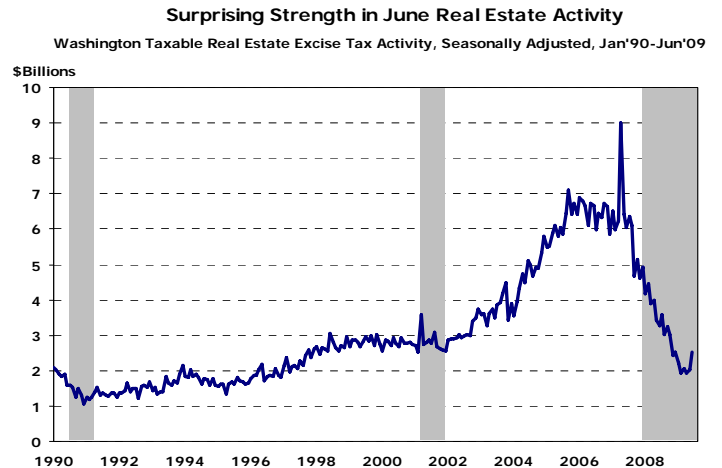
## ECONOMIC & REVENUE UPDATE

### Revenue Act (Continued)

- Payments in non-retail trade sectors were down 16.1% year-over-year.
- Payments in the construction sector were down 21.4%, while those in the manufacturing sector were down 39.1%.

### Non-Revenue Act

- June collections are down 11.0% year-over-year.
- Collections were \$9.0 million (3.7%) below the June forecast.
- Most of the shortfall was due to property tax receipts (state school levy), which came in \$9.4 million (5.7%) below the June forecast.
- June taxable real estate activity showed surprising growth (see figure). Real estate excise tax came in \$4.4million (14.3%) above the forecast.
- "Other" revenues came in \$3.5 million (10.2%) below the forecast due mainly to more-than-forecasted reversals of previous transfers of unclaimed property into the General Fund.
- July 2008 - June 2009 total collections are \$290.6 million (11.1%) below year-ago levels.
- The year-over-year decline in non-Revenue Act collections is mostly due to real estate excise tax collections, which are down \$274.2 million (41.3%) cumulatively from fiscal 2008.
- June Department of Licensing receipts were \$358 thousand (5.7%) below the June forecast.



## Key U.S. Economic Variables

|  | 2009  |       |       |        |         |         | 2007   | 2008   |
|--|-------|-------|-------|--------|---------|---------|--------|--------|
|  | Jan.  | Feb.  | Mar.  | Apr.   | May     | Jun.    |        |        |
| Real GDP (SAAR)                          | -     | -     | -5.5  | -      | -       | -       | 2.0    | 1.1    |
| Industrial Production (SA, 2002 = 100)   | 100.2 | 99.4  | 97.6  | 96.9   | 95.8    | -       | 111.4  | 109.2  |
| <i>Y/Y % Change</i>                      | -11.0 | -11.5 | -12.9 | -13.0  | -13.9   | -       | 1.7    | -2.0   |
| ISM Manufacturing Index (50+ = growth)   | 35.6  | 35.8  | 36.3  | 40.1   | 42.8    | 44.8    | 51.1   | 45.5   |
| ISM Non-Manuf. Index (50+ = growth)      | 42.9  | 41.6  | 40.8  | 43.7   | 44.0    | 47.0    | -      | 47.4   |
| Housing Starts (SAAR, mil.)              | 488   | 574   | 521   | 454    | 532     | -       | 1,342  | 900    |
| <i>Y/Y % Change</i>                      | -54.9 | -47.8 | -47.5 | -54.6  | -45.2   | -       | -25.9  | -32.9  |
| Light Motor Vehicle Sales (SAAR, mil.)   | 9.6   | 9.1   | 9.9   | 9.3    | 9.9     | 9.7     | 16.2   | 13.2   |
| <i>Y/Y % Change</i>                      | -37.7 | -40.6 | -34.7 | -35.8  | -30.5   | -29.2   | -2.3   | -18.5  |
| CPI (SA, 1982-84 = 100)                  | 212.2 | 213.0 | 212.7 | 212.7  | 212.9   | -       | 207.3  | 215.2  |
| <i>Y/Y % Change</i>                      | -0.2  | 0.1   | -0.4  | -0.6   | -1.0    | -       | 2.9    | 3.8    |
| Core CPI (SA, 1982-84 = 100)             | 217.3 | 217.7 | 218.0 | 218.6  | 218.9   | -       | 210.7  | 215.6  |
| <i>Y/Y % Change</i>                      | 1.7   | 1.8   | 1.8   | 1.9    | 1.8     | -       | 2.3    | 2.3    |
| IPD for Consumption (2000=100)           | 121.0 | 121.4 | 121.4 | 121.5  | 121.5   | -       | 117.7  | 121.6  |
| <i>Y/Y % Change</i>                      | 0.8   | 1.0   | 0.6   | 0.5    | 0.1     | -       | 2.6    | 3.3    |
| Nonfarm Payroll Empl., e-o-p (SA, mil.)  | 134.3 | 133.7 | 133.0 | 132.5  | 132.2   | 131.7   | 138.2  | 135.1  |
| <i>Monthly Change</i>                    | -0.74 | -0.68 | -0.65 | -0.52  | -0.32   | -0.47   | 1.15   | -3.08  |
| Unemployment Rate (SA, percent)          | 7.6   | 8.1   | 8.5   | 8.9    | 9.4     | 9.5     | 4.6    | 5.8    |
| Yield on 10-Year Treasury Note (percent) | 2.52  | 2.87  | 2.82  | 2.93   | 3.29    | 3.72    | 4.63   | 3.67   |
| Yield on 3-Month Treasury Bill (percent) | 0.13  | 0.30  | 0.22  | 0.16   | 0.18    | 0.18    | 4.47   | 1.39   |
| Broad Real USD Index** (Mar. 1973=100)   | 94.5  | 95.8  | 101.1 | 95.8   | 95.6    | -       | 92.5   | 88.7   |
| Federal Budget Deficit (\$ bil.)*        | 83.8  | 192.8 | 192.3 | 20.9   | 189.7   | 94.3    | 162.8  | 436.3  |
| <i>FYTD sum</i>                          | 569.0 | 761.8 | 954.1 | 975.0  | 1,164.6 | 1,258.9 |        |        |
| US Trade Balance (\$ bil.)               | -36.6 | -26.1 | -28.5 | -28.8  | -26.0   | -       | -701.4 | -695.9 |
| <i>YTD Sum</i>                           | -36.6 | -62.7 | -91.2 | -120.0 | -145.9  | -       |        |        |

\*Federal Fiscal Year 2008 runs from Oct. 1, 2007 to Sept. 30, 2008.

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

## Key Washington Economic Variables

|   | 2009    |         |         |         |         |        | 2007    | 2008                  |  |
|---|---------|---------|---------|---------|---------|--------|---------|-----------------------|--|
|   | Jan.    | Feb.    | Mar.    | Apr.    | May     | Jun.   |         |                       |  |
| <b>Employment</b>                       |         |         |         |         |         |        |         | <i>End-of-period</i>  |  |
| Total Nonfarm (SA, 000)                 | 2,904.4 | 2,884.2 | 2,864.4 | 2,861.2 | 2,854.5 | -      | 2,963.2 | 2,913.3               |  |
| <i>Change from Previous Month (000)</i> | -8.9    | -20.2   | -19.8   | -3.2    | -6.7    | -      | 71.7    | -49.9                 |  |
| Construction                            | 182.8   | 179.1   | 173.7   | 171.9   | 168.8   | -      | 209.3   | 185.1                 |  |
| <i>Change from Previous Month</i>       | -2.3    | -3.7    | -5.4    | -1.8    | -3.1    | -      | 9.0     | -24.2                 |  |
| Manufacturing                           | 280.3   | 278.1   | 274.1   | 271.0   | 269.4   | -      | 296.3   | 284.7                 |  |
| <i>Change from Previous Month</i>       | -4.4    | -2.2    | -4.0    | -3.1    | -1.6    | -      | 6.2     | -11.6                 |  |
| Aerospace                               | 85.3    | 84.8    | 84.3    | 83.6    | 83.5    | -      | 82.9    | 85.5                  |  |
| <i>Change from Previous Month</i>       | -0.2    | -0.5    | -0.5    | -0.7    | -0.1    | -      | 6.1     | 2.6                   |  |
| Software                                | 52.6    | 52.7    | 52.7    | 52.2    | 51.7    | -      | 48.4    | 53.0                  |  |
| <i>Change from Previous Month</i>       | -0.4    | 0.1     | 0.0     | -0.5    | -0.5    | -      | 2.0     | 4.6                   |  |
| All Other                               | 2,388.7 | 2,374.3 | 2,363.9 | 2,366.1 | 2,364.6 | -      | 2,409.2 | 2,390.5               |  |
| <i>Change from Previous Month</i>       | -1.8    | -14.4   | -10.4   | 2.2     | -1.5    | -      | 54.5    | -18.7                 |  |
| <b>Other Indicators</b>                 |         |         |         |         |         |        |         | <i>Annual Average</i> |  |
| Seattle CPI (1982-84=100)               | -       | 224.7   | -       | 225.9   | -       | -      | 215.7   | 224.7                 |  |
|   | -       | 1.4%    | -       | 1.2%    | -       | -      | 3.9%    | 4.2%                  |  |
| Housing Permits (SAAR, 000)             | 19.2    | 12.1    | 14.1    | 12.1    | 15.6    | -      | 45.6    | 27.3                  |  |
|   | -37.8%  | -63.3%  | -53.7%  | -61.5%  | -47.2%  | -      | -4.5%   | -40.2%                |  |
| WA Index of Leading Ind. (2004=100)     | 109.9   | 106.8   | 105.2   | 106.1   | 106.5   | -      | 115.7   | 115.4                 |  |
|   | -5.5%   | -9.0%   | -10.5%  | -9.9%   | -8.8%   | -      | 4.9%    | -0.3%                 |  |
| WA Business Cycle Ind. (Trend=50)       | 12.7    | 6.5     | 3.5     | 0.4     | -1.0    | -      | 59.0    | 36.4                  |  |
|   | -74.1%  | -86.7%  | -92.2%  | -99.0%  | -102.4% | -      | -0.9%   | -38.2%                |  |
| Avg. Weekly Hours in Manuf. (SA)        | 43.4    | 42.5    | 40.8    | 41.5    | 41.4    | -      | 42.0    | 42.2                  |  |
|   | 3.3%    | -0.7%   | -6.2%   | -4.8%   | -3.5%   | -      | 3.3%    | 0.6%                  |  |
| Avg. Hourly Earnings in Manuf.          | 23.1    | 23.0    | 23.6    | 23.5    | 23.4    | -      | 20.5    | 21.0                  |  |
|   | 9.4%    | 9.4%    | 11.1%   | 10.5%   | 10.0%   | -      | 3.0%    | 2.4%                  |  |
| New Vehicle Registrations (SA, 000)     | 15.0    | 13.8    | 12.5    | 12.5    | 12.3    | 12.9   | 23.9    | 19.0                  |  |
|   | -34.8%  | -36.1%  | -44.0%  | -39.3%  | -37.6%  | -37.3% | -1.2%   | -20.5%                |  |
| Initial Unemployment Claims (SA, 000)   | 62.4    | 76.2    | 74.4    | 69.4    | 75.9    | 68.6   | 34.1    | 45.7                  |  |
|   | 67.1%   | 89.5%   | 89.7%   | 74.2%   | 83.7%   | 65.1%  | -0.8%   | 34.1%                 |  |
| Personal Income (SAAR, \$bil.)          | -       | -       | 276.4   | -       | -       | -      | 265.7   | 277.1                 |  |
|   | -       | -       | 1.1%    | -       | -       | -      | 8.1%    | 4.3%                  |  |
| Median Home Price (\$000)               | -       | -       | 253.5   | -       | -       | -      | 306.4   | 283.4                 |  |
|   | -       | -       | -13.7%  | -       | -       | -      | 4.2%    | -7.5%                 |  |

\*Percentage Change is Year-over-Year  
July 2009

## Key Revenue Variables

|                                    | 2008                    |                          |                          | 2009                    |                           |                         |                         |                         |                          |                           |  |
|------------------------------------|-------------------------|--------------------------|--------------------------|-------------------------|---------------------------|-------------------------|-------------------------|-------------------------|--------------------------|---------------------------|--|
|                                    | Sep 11 -<br>Oct 10      | Oct 11 -<br>Nov. 10      | Nov. 11 -<br>Dec. 10     | Dec. 11 -<br>Jan 10     | Jan 11 -<br>Feb 10        | Feb 11 -<br>Mar 10      | Mar 11 -<br>Apr 10      | Apr 11 -<br>May 10      | May 11 -<br>Jun 10       | Jun 11 -<br>Jul 10*       |  |
| <b>Department of Revenue-Total</b> | 947,715<br><i>-10.8</i> | 1,135,361<br><i>-6.6</i> | 1,565,903<br><i>-2.5</i> | 942,557<br><i>-15.2</i> | 1,103,514<br><i>-11.7</i> | 769,461<br><i>-11.4</i> | 703,544<br><i>-24.4</i> | 970,946<br><i>-14.4</i> | 1,458,783<br><i>-6.6</i> | 1,028,278<br><i>-11.1</i> |  |
| <b>Revenue Act</b>                 | 896,300<br><i>-10.0</i> | 1,022,351<br><i>-5.3</i> | 858,807<br><i>-4.7</i>   | 781,369<br><i>-14.9</i> | 1,059,501<br><i>-10.6</i> | 735,791<br><i>-10.1</i> | 663,249<br><i>-19.1</i> | 873,625<br><i>-14.0</i> | 740,002<br><i>-14.1</i>  | 791,144<br><i>-11.1</i>   |  |
| Retail Sales Tax                   | 609,775<br><i>-11.1</i> | 675,162<br><i>-6.0</i>   | 579,492<br><i>-5.1</i>   | 527,414<br><i>-14.8</i> | 685,642<br><i>-13.2</i>   | 485,503<br><i>-8.7</i>  | 440,984<br><i>-18.6</i> | 554,314<br><i>-15.2</i> | 484,574<br><i>-14.7</i>  | 498,705<br><i>-18.6</i>   |  |
| Business and Occupation Tax        | 208,562<br><i>-4.9</i>  | 267,263<br><i>-2.1</i>   | 198,162<br><i>-4.9</i>   | 188,824<br><i>-11.8</i> | 280,267<br><i>-5.1</i>    | 173,954<br><i>-12.8</i> | 156,244<br><i>-17.0</i> | 236,433<br><i>-12.7</i> | 174,293<br><i>-16.6</i>  | 209,146<br><i>1.0</i>     |  |
| Use Tax                            | 42,199<br><i>-9.5</i>   | 41,442<br><i>-14.9</i>   | 40,891<br><i>4.7</i>     | 28,556<br><i>-33.5</i>  | 45,661<br><i>-8.7</i>     | 31,088<br><i>-12.4</i>  | 32,608<br><i>-17.1</i>  | 35,321<br><i>-19.9</i>  | 37,784<br><i>-8.4</i>    | 33,569<br><i>2.3</i>      |  |
| Public Utility Tax                 | 25,313<br><i>-5.2</i>   | 27,174<br><i>4.9</i>     | 28,969<br><i>14.1</i>    | 24,769<br><i>-19.2</i>  | 37,185<br><i>-1.6</i>     | 33,398<br><i>-12.4</i>  | 35,736<br><i>-5.4</i>   | 36,405<br><i>5.9</i>    | 32,871<br><i>0.5</i>     | 38,136<br><i>33.4</i>     |  |
| Tobacco Products Tax               | 832<br><i>-33.0</i>     | 1,006<br><i>25.4</i>     | 973<br><i>13.7</i>       | 860<br><i>3.6</i>       | 859<br><i>15.7</i>        | 822<br><i>-9.1</i>      | 993<br><i>13.4</i>      | 959<br><i>35.7</i>      | 951<br><i>6.0</i>        | 1,047<br><i>9.2</i>       |  |
| Penalties and Interest             | 9,618<br><i>-39.9</i>   | 10,305<br><i>-19.3</i>   | 10,319<br><i>-37.0</i>   | 10,945<br><i>2.4</i>    | 9,887<br><i>-16.0</i>     | 11,025<br><i>-13.2</i>  | -3,317<br><i>-128.7</i> | 10,193<br><i>-18.1</i>  | 9,530<br><i>2.5</i>      | 10,541<br><i>33.1</i>     |  |
| <b>Non-Revenue Act**</b>           | 51,415<br><i>-23.8</i>  | 113,011<br><i>-17.1</i>  | 707,096<br><i>0.4</i>    | 161,188<br><i>-16.9</i> | 44,013<br><i>-31.6</i>    | 33,671<br><i>-32.2</i>  | 40,296<br><i>-63.6</i>  | 97,321<br><i>-17.8</i>  | 718,781<br><i>2.5</i>    | 237,134<br><i>-11.0</i>   |  |
| Liquor Sales/Liter                 | 14,432<br><i>3.9</i>    | 12,282<br><i>3.5</i>     | 13,812<br><i>9.3</i>     | 13,466<br><i>-0.8</i>   | 18,972<br><i>4.4</i>      | 12,126<br><i>7.9</i>    | 11,408<br><i>-1.7</i>   | 12,368<br><i>2.6</i>    | 12,433<br><i>2.3</i>     | 13,934<br><i>-0.5</i>     |  |
| Cigarette                          | 4,470<br><i>2.2</i>     | 4,815<br><i>0.8</i>      | 3,487<br><i>-17.3</i>    | 3,527<br><i>-5.9</i>    | 4,153<br><i>-11.8</i>     | 3,498<br><i>-7.6</i>    | 4,050<br><i>0.4</i>     | 3,581<br><i>-0.1</i>    | 4,237<br><i>8.0</i>      | 3,229<br><i>-26.4</i>     |  |
| Property (State School Levy)       | -15,964<br><i>24.3</i>  | 9,434<br><i>2.9</i>      | 611,756<br><i>5.4</i>    | 111,753<br><i>-6.8</i>  | -13,815<br><i>5.1</i>     | -16,785<br><i>-16.1</i> | 4,201<br><i>-44.0</i>   | 38,567<br><i>7.1</i>    | 663,407<br><i>6.7</i>    | 154,043<br><i>-12.9</i>   |  |
| Estate                             | 6<br><i>58.5</i>        | 132<br><i>-35.8</i>      | 72<br><i>-69.8</i>       | -40<br><i>-101.2</i>    | 59<br><i>-108.1</i>       | 125<br><i>204.4</i>     | -65<br><i>-116.2</i>    | -28<br><i>-125.0</i>    | -42<br><i>189.1</i>      | 15<br><i>-86.3</i>        |  |
| Real Estate Excise                 | 44,268<br><i>-23.9</i>  | 36,963<br><i>-40.7</i>   | 37,142<br><i>-42.2</i>   | 26,829<br><i>-48.7</i>  | 19,323<br><i>-48.6</i>    | 29,415<br><i>-19.1</i>  | 19,815<br><i>-56.3</i>  | 24,682<br><i>-46.1</i>  | 24,600<br><i>-44.3</i>   | 35,293<br><i>-23.6</i>    |  |
| Timber (state share)               | 0<br><i>NA</i>          | 0<br><i>NA</i>           | 1,508<br><i>-27.6</i>    | 0<br><i>NA</i>          | 0<br><i>NA</i>            | 1,001<br><i>-35.9</i>   | 0<br><i>NA</i>          | 0<br><i>NA</i>          | 668<br><i>-32.3</i>      | 0<br><i>#DIV/0!</i>       |  |
| Other                              | 4,203<br><i>7.1</i>     | 49,385<br><i>3.0</i>     | 39,318<br><i>-2.9</i>    | 5,652<br><i>472.6</i>   | 15,321<br><i>-13.6</i>    | 4,290<br><i>-74.3</i>   | 887<br><i>-97.9</i>     | 18,151<br><i>-13.1</i>  | 13,478<br><i>-24.3</i>   | 30,620<br><i>22.5</i>     |  |
| <b>Department of Licensing**</b>   | 404<br><i>-13.1</i>     | 324<br><i>4.5</i>        | 180<br><i>-38.6</i>      | 213<br><i>3.1</i>       | 242<br><i>35.9</i>        | 263<br><i>4.3</i>       | 429<br><i>-6.3</i>      | 5,650<br><i>15.2</i>    | 3,760<br><i>-20.8</i>    | 5,899<br><i>-9.2</i>      |  |
| <b>Lottery**</b>                   | 0<br><i>NA</i>          | 0<br><i>NA</i>           | 11,092<br><i>NA</i>      | 0<br><i>NA</i>          | 0<br><i>NA</i>            | 0<br><i>NA</i>          | 0<br><i>NA</i>          | 0<br><i>NA</i>          | 0<br><i>NA</i>           | 0<br><i>NA</i>            |  |
| <b>Total General Fund-State***</b> | 948,119<br><i>-10.8</i> | 1,135,685<br><i>-6.6</i> | 1,577,175<br><i>-1.8</i> | 942,770<br><i>-15.2</i> | 1,103,757<br><i>-11.7</i> | 769,724<br><i>-11.3</i> | 703,973<br><i>-24.4</i> | 976,597<br><i>-14.3</i> | 1,462,543<br><i>-6.7</i> | 1,034,177<br><i>-11.6</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 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>June 11 - July 10, 2009</b>                                      |                    |                    |                          |                |
| <b>July 10, 2009 Collections Compared to the June 2009 Forecast</b> |                    |                    |                          |                |
| Department of Revenue-Total   | \$1,029,915        | \$1,028,278        | (\$1,636)                | -0.2%          |
| Revenue Act** (1)   | 783,759            | 791,144            | 7,385                    | 0.9%           |
| Non-Revenue Act(2)  | 246,156            | 237,134            | (9,022)                  | -3.7%          |
| Liquor Sales/Liter  | 14,358             | 13,934             | (424)                    | -3.0%          |
| Cigarette   | 3,306              | 3,229              | (77)                     | -2.3%          |
| Property (State School Levy)  | 163,439            | 154,043            | (9,396)                  | -5.7%          |
| Estate  | 60                 | 15                 | (45)                     | -75.0%         |
| Real Estate Excise  | 30,889             | 35,293             | 4,405                    | 14.3%          |
| Timber (state share)  | 0                  | 0                  | 0                        | 0.0%           |
| Other   | 34,105             | 30,620             | (3,485)                  | -10.2%         |
| Department of Licensing (2)   | 6,257              | 5,899              | (358)                    | -5.7%          |
| Lottery (5)   | 0                  | 0                  | 0                        | 0.0%           |
| <b>Total General Fund-State***</b>                                  | <b>\$1,036,172</b> | <b>\$1,034,177</b> | <b>(\$1,994)</b>         | <b>-0.2%</b>   |

**Cumulative Variance Since the June Forecast (June 11 - July 10, 2009)**

|                                    |                    |                    |                  |              |
|------------------------------------|--------------------|--------------------|------------------|--------------|
| Department of Revenue-Total        | \$1,029,915        | 1,028,278          | (1,636)          | -0.2%        |
| Revenue Act** (3)                  | \$783,759          | 791,144            | 7,385            | 0.9%         |
| Non-Revenue Act(4)                 | \$246,156          | 237,134            | (9,022)          | -3.7%        |
| Liquor Sales/Liter                 | \$14,358           | 13,934             | (424)            | -3.0%        |
| Cigarette                          | \$3,306            | 3,229              | (77)             | -2.3%        |
| Property (State School Levy)       | \$163,439          | 154,043            | (9,396)          | -5.7%        |
| Estate                             | \$60               | 15                 | (45)             | -75.0%       |
| Real Estate Excise                 | \$30,889           | 35,293             | 4,405            | 14.3%        |
| Timber (state share)               | \$0                | 0                  | 0                | 0.0%         |
| Other                              | \$34,105           | 30,620             | (3,485)          | -10.2%       |
| Department of Licensing (4)        | 6,257              | 5,777              | (480)            | -7.7%        |
| Lottery (5)                        | 0                  | 0                  | 0                | 0.0%         |
| <b>Total General Fund-State***</b> | <b>\$1,036,172</b> | <b>\$1,034,055</b> | <b>(\$2,117)</b> | <b>-0.2%</b> |

1 Collections June 11, 2008 - July 10, 2009. Collections primarily reflect May 2009 activity of monthly taxpayers.

2 June 2009 collections.

3 Cumulative collections, estimates and variance since the June 2009 forecast; (June 11 - July 10, 2009) and revisions to history.

4 Cumulative collections, estimates and variance since the June forecast (June 2009) and revisions to history.

5 Lottery transfers to the General Fund

\* Based on the June 2009 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 and the Department of Licensing.