



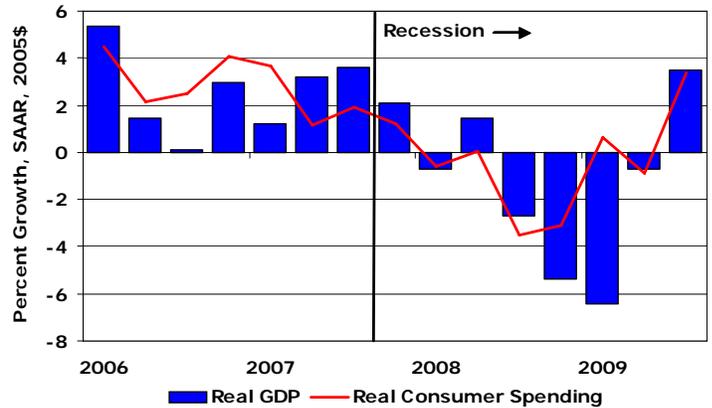
# ECONOMIC & REVENUE UPDATE

12 November 2009

## U.S.

- The economy returned to growth in the third quarter and the focus of the recovery has now shifted to labor markets. Employment growth lags the recovery in activity as employers hold off on rehiring workers until they are certain that demand has returned. On the downside, there are severe headwinds buffeting the economy. A second round of credit contraction is possible due to the vulnerability of local and regional banks around the country from their disproportionate exposure to commercial real estate. Credit to small businesses and retailers heading into the holiday season remains tight. Consumer confidence is up off the floor, but treading water and still in recessionary territory. We continue to expect a U-shaped recovery, which means we'll be crawling along the bottom for a while before a robust return to growth becomes evident.
- Third quarter real GDP growth was 3.5%, SAAR (see figure). This follows negative growth in 5 of the 6 previous quarters. Of the 3.5% growth, personal consumption expenditures accounted for 2.4%, of which 1% was the contribution of motor vehicle purchases, helped along by the cash-for-clunkers (CARS) program that has now been discontinued. New housing construction added 0.5% to overall GDP growth - its first positive contribution in three and a half years. The \$8,000 first time home buyer tax credit appears to have pushed it into the positive side of the ledger.
- Credit conditions continue to slow down the recovery. Regional and local banks remain vulnerable because of their disproportionately higher exposure to commercial real estate. The asset quality of state chartered banks has deteriorated faster than that of national banks. There is a risk, not insignificant, of a second round of credit contraction from regional and local bank failures. Even now, tighter regulatory requirements on bank capital

Both GDP and consumer spending returned to growth in Q3



- as their asset quality has deteriorated has meant tighter credit conditions, especially for small businesses who are mostly dependant on regional and local banks for credit. Small and medium sized retailers' access to credit for holiday inventory stocking remains limited.
- The greatest risk to the recovery is that consumer spending will not grow sufficiently to generate self-sustaining growth as the fiscal stimulus tapers off in about a year. Consumer confidence remains weak and is unlikely to improve until the job situation improves. The unemployment rate jumped to 10.2% in October, its highest level since May of 1983. Consumers continue to reduce revolving credit, paying down debt and saving more.
- The manufacturing sector has clearly returned to growth. Output, measured by the Federal Reserve Bank has grown in July, August and September; and is up 3.4% (SA) since June. An alternative measure, the ISM manufacturing index, also remained above 50 for a third consecutive month in October reinforcing that manufacturing is expanding (a number above 50 indicates expansion). Manufacturing jobs, however, continue to decline – with 61,000 more lost in October.

## ECONOMIC & REVENUE UPDATE

### U.S. ...continued

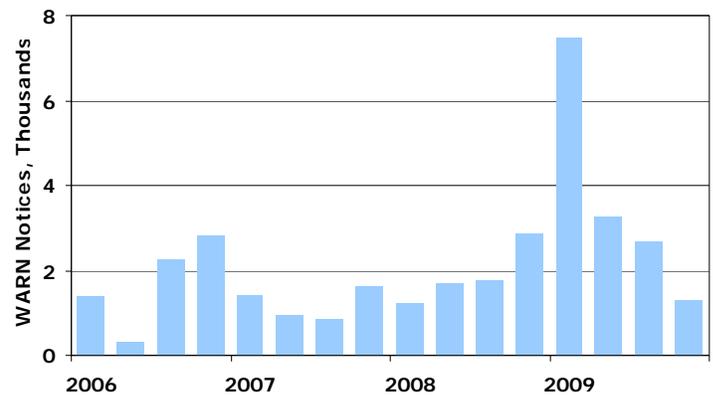
- The improvement in housing continues, but at a slow pace. Existing and new home sales and housing starts are up, and home prices appear to have bottomed out. But much of the improvement has been stimulated by the \$8,000 first time homebuyer tax credit.

It's extension to April, along with the addition of a \$6,500 credit for a wider set of buyers, should keep the housing recovery going, albeit slowly. The big question is what will happen after the credits run out? We don't have an answer yet.

### WASHINGTON

- The Washington economy is likely to have turned the corner in the third quarter of this year although employment in the state has continued to decline through September. The rate of job loss, however, has slowed sharply since the freefall stage of the recession. This is evidenced by the number of employees receiving Worker Adjustment and Retraining Notification (WARN) notices (see figure) which has fallen to its pre-recession level. We expect employment in Washington to bottom out in the fourth quarter of this year with a peak-to-trough decline of 165,000 jobs. The Washington recovery, like the national recovery, will be slow and U-shaped. However, we expect to once again outperform the U.S. economy thanks to our export orientation and the relative stability of our key basic industries, aerospace and software.
- Boeing's recent announcement that its second 787 line will be located outside the state does not affect our forecast for the current biennium. We had not assumed a second line in any of our earlier forecasts – so nothing has changed there. Boeing's order book while full has been vulnerable to cancellations and deferments. With a recovery in East Asia and Western Europe, the financial condition of a large portion of its passenger plane customers will start to get repaired, though a recovery in air cargo could take a while. Microsoft's balance sheet remains quite healthy and from all accounts its launch of Windows 7 in October has been a success. Microsoft has announced further layoffs that are relatively minor and will be offset by hiring in other areas. We do not expect to see any further reduction in overall

The rate of layoffs in the State is dropping



software employment. However, we do expect to see a further decline of about 1,400 aerospace jobs from October 2009 through the end of the biennium.

- Initial unemployment claims in Washington appear to have peaked and continue to trend downward. As of November 7, the four week moving average is at its lowest level since March 7. The level of initial claims is still quite high, however. The state's unemployment rate inched up to 9.3% in September from 9.0% in August. There has not been a statistically significant change in the unemployment rate since it jumped 0.8 percentage points from 7.3% to 9.1% in March 2009. We expect the unemployment rate to peak at 9.8% in the second quarter of 2010.
- The manufacturing sector is poised for a rebound. A number of national indicators are signaling growth including industrial production, factory orders, and the Institute of Supply Management (ISM) manufacturing index. Our local ISM index like the national index, is not only signaling overall growth, but also growth in its employment component.

## ECONOMIC & REVENUE UPDATE

### WASHINGTON...continued

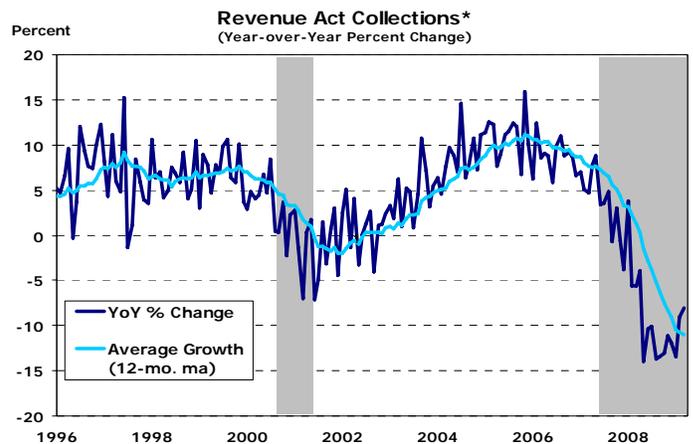
We now expect manufacturing employment to trough in the fourth quarter of this year compared to the second quarter assumed in the September forecast.

- It now appears clear that Washington housing construction has finally turned the corner. The second quarter of 2009 appears to have been the bottom for housing in Washington as measured by building permits. The number of building permits issues rose by 3,600 from 13,900 in the second quarter to 17,500 in the third quarter. Single-family units rose 2,800 from 11,700 to 14,500 and multi-family units rose 800 from 2,200 to a still depressed 3,000 units. The recovery will be slow, hampered by oversupply, low consumer confidence, and difficulty arranging financing. Nevertheless, housing will now begin to add to growth rather than detract from it which is a huge turnaround compared to the last few years. Our model indicates a lag of about a year between turning points in housing permits and housing-related construction employment, thus the prediction of a trough in housing-related construction employment in the second quarter of 2010. Nonresidential construction is lagging the residential side by about a year and will continue to decline well into 2011.
- The Bureau of Economic Analysis (BEA) has now incorporated the impact of the recent comprehensive revision to the national income and product accounts on state personal income. The revised data show that Washington nonwage personal income has been much higher than previously believed. The revisions were mainly to the proprietors' income and property (dividends, interest, and rent) components and reflected newly available IRS data. While the level was revised up, the growth in recent years was revised down. The new estimates of Washington wages are slightly lower than previously reported but the pattern of growth through the first quarter of 2009 is very similar to what we had assumed in September. While the revised data continue to show a sharp drop in wages in the first quarter, we have data for Washington wages that shows there will be a partial rebound in the second quarter. The second quarter wage data are not yet reflected in the official BEA data. The rebound in the second quarter confirms our belief that the very weak first quarter results were the result of a one-time collapse in bonus and stock option income in the first quarter and did not signal a trend. Still, Washington's personal income growth is likely to be negative in calendar year 2009 for the first time since 1949. However, the tax cuts and increased transfer payments in the stimulus package will keep disposable personal income growth slightly positive in 2009.

**REVENUE COLLECTIONS**

**Overview**

- While our economic forecasts have been accurate, our models appear to be over-forecasting revenue. To be fair, these are unprecedented times, and continued weakness in consumer spending is creating a “revenue-less recovery.”
- Major General Fund-State revenues for the October 11 – November 10, 2009 collection period were \$65.2 million (5.7%) lower than our September forecast. There were two large unexpected refunds totaling \$7.2 million during this period. Excluding the refunds, the variance was -\$58.0 million (-5.1%).
- Cumulatively, revenues from the September 11, November 10, 2009 period are \$97.4 million (4.7%) below the September forecast. Large one-time refunds accounted for \$20.2 million of the negative variance. Excluding refunds, the total variance is -\$77.2 million (-3.7%).
- After increasing for two months, seasonally adjusted revenue (after adjustments for large one-time payments and refunds) for the current period declined once again (see figure). The decline was approximately the same magnitude as the boost in last months collections from extra “cash for clunkers” vehicle sales, indicating underlying revenue-generating activity remains flat instead of gradually increasing as forecasted.
- The revenues reported here conform to the new definition of General Fund-State as set forth in Engrossed Substitute Senate Bill 5073 (ESSB 5073), which was passed in the 2009 legislative session. Under the bill, the Health Services (HSA), Water Quality (WQA), Violence Reduction and Drug Enforcement (VRDE), Student Achievement (SAF), and Public Safety and Education (PSEA) Accounts have been consolidated into the General Fund-State effective July 1, 2009. The changes to reported revenues are as follows:



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

- The B&O hospital tax, which formerly went to the HSA, has been added to total B&O (Revenue Act) taxes.
- The tobacco products taxes that formerly went to the HSA and WQA are added to total tobacco products (Revenue Act) taxes.
- Cigarette and Liquor taxes that formerly went to the HSA, WQA, and VRDE account are added to Department of Revenue cigarette and liquor (non-Revenue Act) taxes.
- Revenue that was formerly transferred from the state property tax levy to the SAF are retained in the property tax (non-Revenue Act).
- The syrup tax that formerly went to the VRDE account is added to “other” Department of Revenue non-Revenue Act taxes.
- Revenue that formerly went to the PSEA is reported under “Administrative Office of the Courts.”

**Revenue Act**

- The revenue collections reported here are for the October 11 – November 10, 2009 collection period. Collections correspond primarily to economic activity in September 2009.
- Collections for this period are \$52.1 million (5.3%) below the September 2009 forecast.

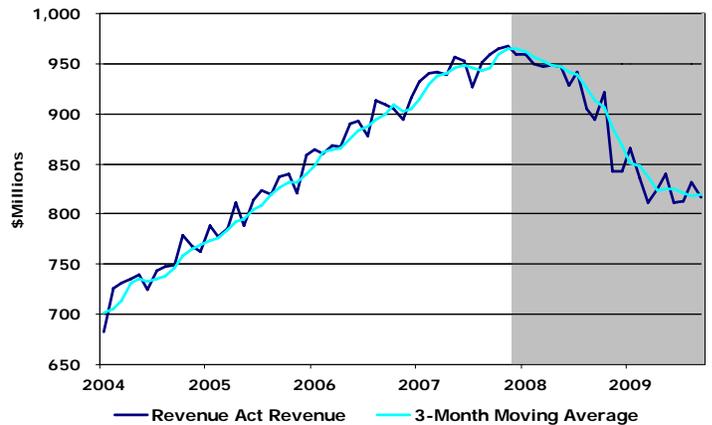
## ECONOMIC & REVENUE UPDATE

### Revenue Collections...continued

- Two one-time refunds of B&O taxes totaling \$7.2 million were paid during the period. Without these refunds, the shortfall would have been \$44.9 million (4.6%).
- Adjusted for legislative changes and the one-time payments and refunds, collections in the current period are down 8.1% from their year-ago level (see figure). Unadjusted, the decline is 9.5%. Last month's declines were 9.1% adjusted and 10.5% non-adjusted.
- Preliminary ERFC monthly estimates indicate retail sales tax collections are down 9.3% year-over-year and B&O taxes are down 11.1%.
- Preliminary tax payments from electronic filers who also paid in the October 11–November 10 collection period of last year were down 6.6% year-over-year.
  - Payments in the retail trade sector were down 2.8% year-over-year
  - Payments in six of twelve major retail trade sectors showed a year-over-year increase; the largest increases were in: food and beverage stores (+13.6%); drug and health stores (+4.5%); general merchandise stores (+2.2%) and sporting goods, toys, books, and music stores (+2.2%).
  - The greatest year-over-year declines in payments among retail trade sectors were in motor vehicles and parts (-11.8%); gas stations and convenience stores (-11.7%); building materials and garden equipment (-10.2%) and furniture and home furnishings (-7.4%).
  - Payments in non-retail trade sectors were down 8.7% year-over-year.
  - Payments in the construction sector were down 21.6%, while those in the manufacturing sector were down only 1.1% year-over-year due to last year's aerospace strike.

### Revenue Act Receipts "Bouncing Along the Bottom"

January 2004 through September 2009 Activity, Seasonally Adjusted  
Adjusted for Large Payments/Refunds, pre - ESSB 5073 Definition



### DOR Non-Revenue Act

- Collections were \$13.1 million (8.6%) below the September forecast.
- Cigarette taxes were \$2.1 million below the September forecast.
- "Other" revenues were \$5.5 million below the forecast, due mainly to large negative variances in brokered natural gas and leasehold excise taxes.
- Property taxes from the state school levy were \$6.7 million (20.0%) below the forecast, but the difference may be made up next month when the bulk of the semi-annual payments arrive.
- Due to the redefinition of GF-S revenue under ESSB 5073, September collections are up 24.2% year-over-year. Without the changes, revenue would be down approximately 16%.

### Other Revenue

- October Department of Licensing receipts were \$65,000 (19.1%) above the September forecast.
- October revenue from the Administrative Office of the Courts, which formerly was part of the PSEA, was \$73,000 (0.9%) below the September forecast.

## Key U.S. Economic Variables

	2009						2007	2008
	May	Jun.	Jul.	Aug.	Sep.	Oct.		
Real GDP (SAAR)	-	-0.7	-	-	3.5	-	2.0	1.1
Industrial Production (SA, 2002 = 100)	96.2	95.8	96.6	97.8	98.5	-	111.4	109.2
<i>Y/Y % Change</i>	<i>-13.5</i>	<i>-13.9</i>	<i>-13.2</i>	<i>-10.9</i>	<i>-6.0</i>	<i>-</i>	<i>1.7</i>	<i>-2.0</i>
ISM Manufacturing Index (50+ = growth)	42.8	44.8	48.9	52.9	52.6	55.7	51.1	45.5
ISM Non-Manuf. Index (50+ = growth)	44.0	47.0	46.4	48.4	50.9	50.6	-	47.4
Housing Starts (SAAR, 000)	551	590	593	587	590	-	1,342	900
<i>Y/Y % Change</i>	<i>-43.3</i>	<i>-45.3</i>	<i>-36.4</i>	<i>-30.9</i>	<i>-28.2</i>	<i>-</i>	<i>-25.9</i>	<i>-32.9</i>
Light Motor Vehicle Sales (SAAR, mil.)	9.9	9.7	11.2	14.1	9.2	10.5	16.2	13.2
<i>Y/Y % Change</i>	<i>-30.8</i>	<i>-29.1</i>	<i>-11.4</i>	<i>3.9</i>	<i>-26.7</i>	<i>-3.4</i>	<i>-2.3</i>	<i>-18.2</i>
CPI (SA, 1982-84 = 100)	212.9	214.5	214.5	215.4	215.8	-	207.3	215.2
<i>Y/Y % Change</i>	<i>-1.0</i>	<i>-1.2</i>	<i>-1.9</i>	<i>-1.4</i>	<i>-1.3</i>	<i>-</i>	<i>2.9</i>	<i>3.8</i>
Core CPI (SA, 1982-84 = 100)	218.9	219.3	219.5	219.7	220.1	-	210.7	215.6
<i>Y/Y % Change</i>	<i>1.8</i>	<i>1.7</i>	<i>1.6</i>	<i>1.5</i>	<i>1.5</i>	<i>-</i>	<i>2.3</i>	<i>2.3</i>
IPD for Consumption (2000=100)	104.2	104.3	104.5	105.6	105.0	-	105.6	105.4
<i>Y/Y % Change</i>	<i>-1.8</i>	<i>-1.5</i>	<i>-0.7</i>	<i>0.4</i>	<i>0.3</i>	<i>-</i>	<i>2.7</i>	<i>-0.2</i>
Nonfarm Payroll Empl., e-o-p (SA, mil.)	132.2	131.7	131.4	131.3	131.0	130.8	138.2	135.1
<i>Monthly Change</i>	<i>-0.30</i>	<i>-0.46</i>	<i>-0.30</i>	<i>-0.15</i>	<i>-0.22</i>	<i>-0.19</i>	<i>1.15</i>	<i>-3.08</i>
Unemployment Rate (SA, percent)	9.4	9.5	9.4	9.7	9.8	10.2	4.6	5.8
Yield on 10-Year Treasury Note (percent)	3.29	3.72	3.56	3.59	3.40	3.39	4.63	3.67
Yield on 3-Month Treasury Bill (percent)	0.18	0.18	0.18	0.17	0.12	0.07	4.47	1.39
Broad Real USD Index** (Mar. 1973=100)	92.8	92.3	91.7	90.5	89.5	88.3	92.0	88.3
Federal Budget Deficit (\$ bil.)*	189.7	94.3	180.7	111.4	46.6	176.4	162.8	436.3
<i>FYTD sum</i>	<i>1,164.6</i>	<i>1,258.9</i>	<i>1,439.6</i>	<i>1,551.0</i>	<i>1,597.6</i>	<i>176.4</i>		
US Trade Balance (\$ bil.)	-26.4	-27.5	-31.9	-30.7	-	-	-701.4	-695.9
<i>YTD Sum</i>	<i>-147.9</i>	<i>-175.4</i>	<i>-207.3</i>	<i>-238.0</i>	<i>-</i>	<i>-</i>		

\*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	
	May	Jun.	Jul.	Aug.	Sep.	Oct.			
<b>Employment</b>								<i>End-of-period</i>	
Total Nonfarm (SA, 000)	2,849.9	2,842.2	2,854.7	2,846.0	2,830.0	-	2,962.8	2,912.3	
<i>Change from Previous Month (000)</i>	-7.1	-7.7	12.5	-8.7	-16.0	-	71.7	-50.5	
Construction	167.6	166.2	163.8	162.3	160.0	-	209.3	184.8	
<i>Change from Previous Month</i>	-2.5	-1.4	-2.4	-1.5	-2.3	-	9.0	-24.5	
Manufacturing	266.4	265.7	265.7	264.3	261.6	-	296.3	284.7	
<i>Change from Previous Month</i>	-2.3	-0.7	0.0	-1.4	-2.7	-	6.2	-11.6	
Aerospace	83.7	83.1	83.7	82.5	81.9	-	82.9	85.5	
<i>Change from Previous Month</i>	-0.1	-0.6	0.6	-1.2	-0.6	-	6.1	2.6	
Software	52.3	52.2	52.1	51.3	51.5	-	48.4	53.0	
<i>Change from Previous Month</i>	-0.3	-0.1	-0.1	-0.8	0.2	-	2.0	4.6	
All Other	2,363.6	2,358.1	2,373.1	2,368.1	2,356.9	-	2,408.8	2,389.8	
<i>Change from Previous Month</i>	-2.0	-5.5	15.0	-5.0	-11.2	-	54.5	-19.0	
<b>Other Indicators</b>								<i>Annual Average</i>	
Seattle CPI (1982-84=100)	-	227.3	-	227.1	-	-	215.7	224.7	
	-	-0.4%	-	-0.3%	-	-	3.9%	4.2%	
Housing Permits (SAAR, 000)	15.6	14.0	14.8	18.9	18.8	-	45.6	27.3	
	-47.2%	-54.8%	-38.4%	-34.0%	-25.2%	-	-4.5%	-40.2%	
WA Index of Leading Ind. (2004=100)	106.5	107.4	108.4	108.7	108.7	-	115.7	115.3	
	-8.8%	-8.6%	-7.0%	-6.1%	-5.2%	-	4.9%	-0.4%	
WA Business Cycle Ind. (Trend=50)	-0.7	-1.4	-1.7	-2.7	-2.0	-	58.2	36.2	
	-101.7%	-103.5%	-104.7%	-108.1%	-106.3%	-	-0.8%	-37.9%	
Avg. Weekly Hours in Manuf. (SA)	41.4	42.1	42.3	41.8	41.3	-	42.0	42.4	
	-3.5%	-3.9%	-2.6%	-3.0%	9.4%	-	3.3%	1.1%	
Avg. Hourly Earnings in Manuf.	23.4	23.3	23.3	23.1	22.9	-	20.5	21.0	
	9.9%	9.2%	8.1%	8.8%	17.0%	-	3.0%	2.4%	
New Vehicle Registrations (SA, 000)	12.3	12.9	14.2	18.8	16.4	14.3	23.9	19.0	
	-37.6%	-37.3%	-30.8%	9.9%	-7.7%	-15.8%	-1.2%	-20.5%	
Initial Unemployment Claims (SA, 000)	75.9	68.6	71.5	70.1	75.7	66.6	34.1	45.7	
	83.7%	65.1%	66.2%	61.8%	54.5%	25.8%	-0.8%	34.1%	
Personal Income (SAAR, \$bil.)	-	277.4	-	-	-	-	271.0	280.7	
	-	-1.1%	-	-	-	-	7.5%	3.6%	
Median Home Price (\$000)	-	265.1	-	-	260.0	-	306.4	283.4	
	-	-9.2%	-	-	-7.6%	-	4.2%	-7.5%	

\*Percentage Change is Year-over-Year

## Key Revenue Variables

	2009									
	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*
<b>Department of Revenue-Total</b>	1,103,514	769,461	703,544	970,946	1,458,783	1,028,278	1,041,295	916,965	893,466	1,065,342
	-11.7	-11.4	-24.4	-14.4	-6.6	-11.1	-7.4	-6.9	-5.7	-6.2
<b>Revenue Act</b>	1,059,501	735,791	663,249	873,625	740,002	791,144	934,166	828,176	801,901	925,039
	-10.6	-10.1	-19.1	-14.0	-14.1	-11.1	-11.1	-11.5	-10.5	-9.5
Retail Sales Tax	685,642	485,503	440,984	554,314	484,574	536,955	600,362	559,803	536,300	612,412
	-13.2	-8.7	-18.6	-15.2	-14.7	-12.4	-13.0	-12.1	-12.0	-9.3
Business and Occupation Tax	280,267	173,954	156,244	236,433	174,293	178,945	252,507	195,689	193,883	237,487
	-5.1	-12.8	-17.0	-12.7	-16.6	-13.6	-9.0	-10.3	-7.0	-11.1
Use Tax	45,661	31,088	32,608	35,321	37,784	34,213	40,621	35,296	33,364	35,122
	-8.7	-12.4	-17.1	-19.9	-8.4	4.3	-10.5	-16.9	-20.9	-15.2
Public Utility Tax	37,185	33,398	35,736	36,405	32,871	28,498	26,775	25,761	26,399	27,880
	-1.6	-12.4	-5.4	5.9	0.5	-0.3	-0.3	-0.4	4.3	2.6
Tobacco Products Tax	859	822	993	959	951	1,008	3,033	2,705	4,695	2,709
	15.7	-9.1	13.4	35.7	6.0	5.2	234.1	172.6	464.2	169.4
Penalties and Interest	9,887	11,025	-3,317	10,193	9,530	11,525	10,870	8,922	7,259	9,428
	-16.0	-13.2	-128.7	-18.1	2.5	45.6	4.8	-25.3	-24.5	-8.5
<b>Non-Revenue Act**</b>	44,013	33,671	40,296	97,321	718,781	237,134	107,128	88,789	91,565	140,303
	-31.6	-32.2	-63.6	-17.8	2.5	-11.0	47.3	81.5	78.1	24.2
Liquor Sales/Liter	18,972	12,126	11,408	12,368	12,433	13,934	16,203	18,738	16,044	15,534
	4.4	7.9	-1.7	2.6	2.3	-0.5	24.2	31.4	11.2	26.5
Cigarette	4,153	3,498	4,050	3,581	4,237	3,229	30,015	25,777	25,007	23,475
	-11.8	-7.6	0.4	-0.1	8.0	-26.4	557.5	511.7	459.5	387.6
Property (State School Levy)	-13,815	-16,785	4,201	38,567	663,407	154,043	10,182	6,655	9,186	26,889
	5.1	-16.1	-44.0	7.1	6.7	-12.9	NA	NA	NA	185.0
Real Estate Excise	19,323	29,415	19,815	24,682	24,600	35,293	36,403	31,242	34,147	33,271
	-48.6	-19.1	-56.3	-46.1	-44.3	-23.6	-26.5	-24.3	-22.9	-10.0
Timber (state share)	0	1,001	0	0	668	0	0	730	684	0
	NA	-35.9	NA	NA	-32.3	NA	NA	-49.8	NA	NA
Other	15,380	4,415	822	18,123	13,436	30,635	14,326	5,647	6,498	41,135
	-16.7	-73.5	-98.0	-12.8	-24.6	23.1	-28.1	0.2	54.8	-16.5
<b>Department of Licensing**</b>	242	263	429	5,650	3,760	6,891	3,136	898	416	407
	35.9	4.3	-6.3	15.2	-20.8	6.1	5.0	1.9	3.0	25.7
<b>Lottery**</b>	0	0	0	0	0	0	4,728	0	0	0
	NA									
<b>Administrative Office of the Courts**</b>	0	0	0	0	0	0	9,124	8,627	8,575	8,380
	NA									
<b>Total General Fund-State***</b>	1,103,757	769,724	703,973	976,597	1,462,543	1,035,169	1,058,281	926,489	902,457	1,074,130
	-11.7	-11.3	-24.4	-14.3	-6.7	-11.5	-6.1	-6.0	-4.8	-5.4

\*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

Period/Source	Estimate*	Actual	Difference Amount	Percent
<b>October 11 - November 10, 2009</b>				
<b>November 10, 2009 Collections Compared to the September 2009 Forecast</b>				
Department of Revenue-Total	\$1,130,521	\$1,065,342	(\$65,179)	-5.8%
Revenue Act** (1)	977,096	925,039	(52,057)	-5.3%
Non-Revenue Act(2)	153,425	140,303	(13,122)	-8.6%
Liquor Sales/Liter	15,179	15,534	355	2.3%
Cigarette	25,598	23,475	(2,123)	-8.3%
Property (State School Levy)	33,626	26,889	(6,738)	-20.0%
Real Estate Excise	32,406	33,271	865	2.7%
Timber (state share)	0	0	0	0.0%
Other	46,615	41,135	(5,481)	-11.8%
Department of Licensing (2)	342	407	65	19.1%
Lottery (5)	0	0	0	0.0%
Administrative Office of the Courts (2)	8,453	8,380	(73)	-0.9%
<b>Total General Fund-State***</b>	<b>\$1,139,317</b>	<b>\$1,074,130</b>	<b>(\$65,187)</b>	<b>-5.7%</b>

## Cumulative Variance Since the September Forecast (September 11 - November 10, 2009)

Department of Revenue-Total	\$2,056,293	1,958,808	(97,485)	-4.7%
Revenue Act** (3)	\$1,812,670	1,726,940	(85,731)	-4.7%
Non-Revenue Act(4)	\$243,623	231,869	(11,754)	-4.8%
Liquor Sales/Liter	\$32,791	31,578	(1,214)	-3.7%
Cigarette	\$47,847	48,482	635	1.3%
Property (State School Levy)	\$42,372	36,074	(6,298)	-14.9%
Real Estate Excise	\$68,827	67,418	(1,409)	-2.0%
Timber (state share)	\$684	684	0	0.0%
Other	51,101	47,633	(3,468)	-6.8%
Department of Licensing (4)	818	824	6	0.7%
Lottery	0	0	0	0.0%
Administrative Office of the Courts	16,861	16,955	94	0.6%
<b>Total General Fund-State***</b>	<b>\$2,073,972</b>	<b>\$1,976,587</b>	<b>(\$97,385)</b>	<b>-4.7%</b>

1 Collections October 11, 2008 - November 10, 2009. Collections primarily reflect August 2009 activity of monthly taxpayers

2 October 2009 collections.

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

4 Cumulative collections, estimates and variance since the September forecast (September - October 2009) and revisions to history

5 Lottery transfers to the General Fund

\* Based on the September 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, Department of Licensing, Lottery Commission and Administrative Office of the Courts.