



ECONOMIC & REVENUE UPDATE

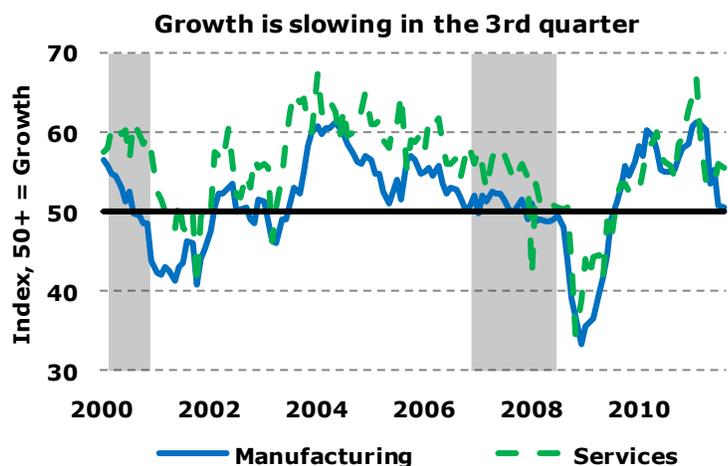
12 September 2011

summary

- The national economic outlook continues to worsen.
- Washington's economy is not immune to national and global economic developments. Like the nation, the outlook for the Washington economy has weakened since June.
- Major General Fund-State (GF-S) revenue collections for the August 11 – September 10, 2011 collection period were \$9.5 million (0.9%) below the June forecast. Cumulatively, collections are \$40.2 million (1.2%) below the forecast. Even though revenues have so far been close to the forecast, the outlook for future revenue growth has deteriorated considerably since June.

United States

The U.S. economy came close to stalling in the first half of this year, and the much anticipated bounce-back in the third quarter has yet to happen. Overseas, global economic growth continues to slow sharply. Europe's sovereign debt problems appear to be spreading, and will likely be a drag on growth for a while. China and India continue to grow, albeit at a slower rate than before. These economies are not yet big enough to drive global growth by themselves. Moreover, both are experiencing wage-push inflationary pressures, which will further slow their growth. It appears that we are, at best, in for an extended period of muddle-through – slow economic and job growth, high unemployment, and weak confidence. The risk of a double-dip recession has increased over the last month.



While the monetary policy stance of the federal policy authority is quite clear, the same cannot be said of federal fiscal policy. The Federal Reserve has telegraphed that it is likely to keep short-term interest rates at "exceptionally low" levels through mid-2013. They have also not ruled out further quantitative easing to lower long-term interest rates, if conditions warrant. On the other hand, the fiscal policy stance of the federal government is anything but clear. Its options are limited both by political gridlock in Washington D.C. and the size of the current national debt. For macroeconomic policy to work well, both monetary and fiscal policies need to be working in tandem. That does not appear to be happening right now.

Both the outlook for real GDP growth, and estimates for second quarter real GDP have been revised downward since the release of our [September preliminary economic forecast](#). According to the Bureau of Economic Analysis (BEA), real GDP grew at a seasonally adjusted annualized rate (SAAR) of just 1.0% in the second quarter, down from the 1.3% previously estimated. Exports and changes in private inventory were revised downward. These were partly offset by upward revisions to nonresidential investment and personal

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consumption expenditures. The Blue Chip Consensus real GDP growth forecasts, our objective starting point each forecast cycle, were also revised downward. They are now at 1.6% and 2.2% growth, for 2011 and 2012, respectively. At the time of the preliminary forecast, these numbers were 1.7% and 2.4% respectively.

The Institute for Supply Management's purchasing manager indices are signaling slowing growth for the third quarter. The manufacturing index fell in August to 50.6, barely staying above the 50 level that indicates growth ([see figure](#)). The business activity index for services, which tends to lag in downturns, also fell to 55.6 – a still respectable number. Both the manufacturing and services indices have an employment sub-component, which like the aggregate, is declining.

There were zero net jobs created in the economy in August. Private employment grew by 17,000 while government jobs declined by 17,000. The picture was somewhat clouded by 45,000 striking workers in the information sector, who were counted as unemployed, but have since returned to work. On the other side, government hiring was overstated by 22,000 striking public employees returning to work in a mid-western state. Netting the two out, the zero net employment growth understates job growth by 23,000 jobs. The unemployment rate stayed steady at 9.1% in August and remains elevated. Both hours worked and average hourly wages fell - a worrying sign.

Housing continues to bump along the bottom. Housing starts, new and existing home sales all fell in July. Prices remain weak. The Case-Shiller 20-city index fell 0.1% (SA) in June, and was 4.6% below a year ago. Prices are expected to stay weak as more foreclosed properties hit the market.

August light motor vehicle (LMV) sales were sluggish at 12.1 million (SAAR) units, and are still below their February peak. Nominal consumer spending grew 0.8% (SA) in July but consumer confidence measures are at their lowest since late 2008-early 2009, the free-fall stage of the recession, so it remains to be seen if this growth in spending will be sustained. Real disposable income fell 0.1% (SA) in July.

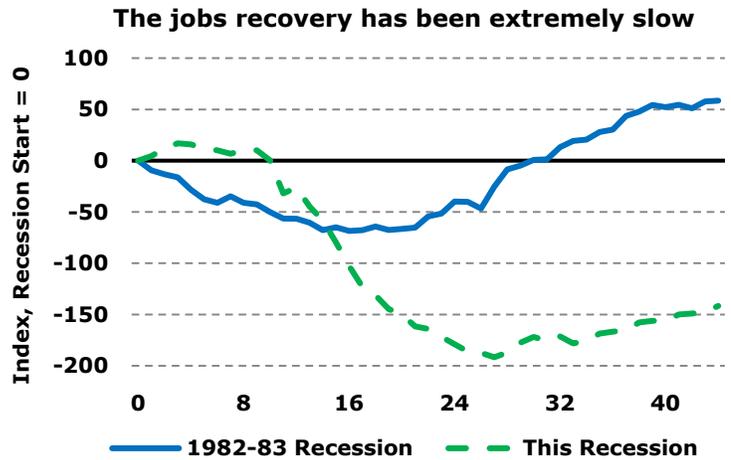
Washington

Washington's job market has also been weaker than was expected in June. While the data for August have not yet been released, the economy added 7,500 net new jobs in June and July. The forecast had expected 9,200 jobs. The manufacturing sector contributed 2,700 jobs thanks to 2,900 new aerospace jobs. Construction employment was up slightly in the last two months, adding 700 jobs. Private service-providing industries, which account for two out of three jobs in Washington, added only 4,500 jobs in the last two months, compared to the 10,600 that had been expected. The state's economy has added only 50,000 jobs since the trough in February 2010 which is less than one-quarter the 209,000 jobs lost during the recession ([see figure](#)). Consistent with the weak job growth, Washington's unemployment rate held steady at 9.3% in July.

The recently released national income and product accounts (NIPAs) showed a much more severe national recession than was previously believed. We expect to see similar downward revisions at the state level and have therefore made adjustments to our historical personal income data in anticipation of the upcoming revision. According to our current estimates, the peak-to-trough decline in Washington real personal income during the recession was actually 4.0% rather than the 1.6% we had previously believed. As of the second quarter of 2011, our new estimate of Washington personal income is \$4.6 billion (1.5%) lower than we thought it was when we made the June forecast.

washington

Single-family housing continues to languish. The 12,600 single-family permits (SAAR) in the second quarter of 2011 were the lowest since the second quarter of 2009 but multi-family permits came in at a relatively strong 13,400 units in the quarter. We believe the trend is positive in multi-family housing due to rising rents and declining apartment vacancies but multi-family permits are likely to retreat from the very high level reached in the second quarter. The outlook for single-family construction is flat to negative through 2012.



The Washington economy is benefitting from strong export growth and hiring at both Boeing and Microsoft. While welcome, these advantages to the regional economy will not outweigh the drag from the weakening national and global economies. According to our preliminary September forecast, the job growth forecast for 2011 is unchanged at 1.2% but we now expect 1.6% growth in 2012 and 2.3% in 2013 compared to the 2.2% per year expected in the June forecast. Our personal income growth forecast is now 4.9%, 3.2%, and 4.6% in 2011, 2012, and 2013 compared to 5.1%, 4.4%, and 5.3% earlier. We do not expect to see a significant upturn in housing construction until the first quarter of 2013 which is two quarters later than assumed in June. The final September forecast will be released later this week.

Revenue Collections

Overview

The June revenue forecast assumed the national slowdown in economic activity would continue through the end of June, show signs of improvement in July and then resume growth at close to the pre-slowdown pace for the remainder of the year. Because the slowdown through July had been forecasted, revenue collections have come in close to expected levels. Current signs, however, indicate that the slowdown did not end in July, and estimates of national growth for the remainder of this year and the following year have been revised down sharply. We do not, therefore, expect future revenues to come in close to the levels forecasted in June.

Major General Fund-State (GF-S) revenues for the August 11 – September 10, 2011 collection period came in \$9.5 million (0.9%) lower than our June forecast. Revenue Act receipts were \$25.2 million (2.7%) below the forecast and other receipts were \$15.7 million (13.8%) above the forecast.

Cumulatively, major GF-S receipts since the June forecast are \$40.2 million (1.2%) lower than forecasted. Revenue Act receipts are \$80.0 million (2.9%) below the forecast and other receipts are \$39.8 million (5.8%) above the forecast. Adjusted for large unanticipated payments and refunds since the June forecast, cumulative revenues are \$39.9 million (1.2%) lower than forecasted.

revenue collections

Revenue Act

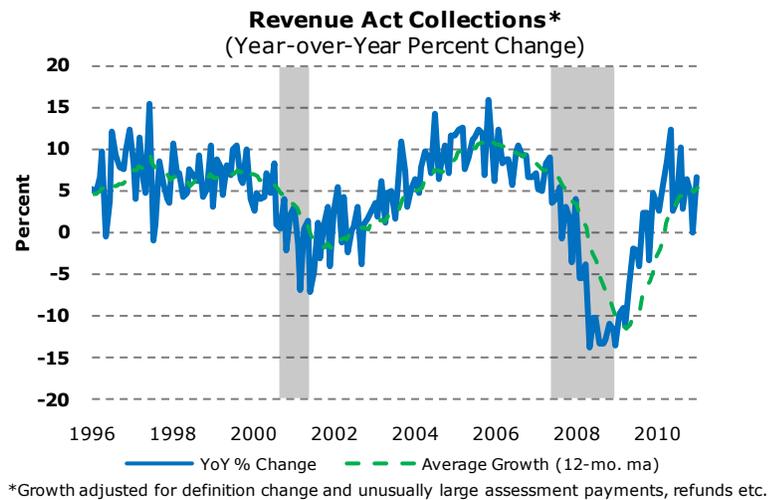
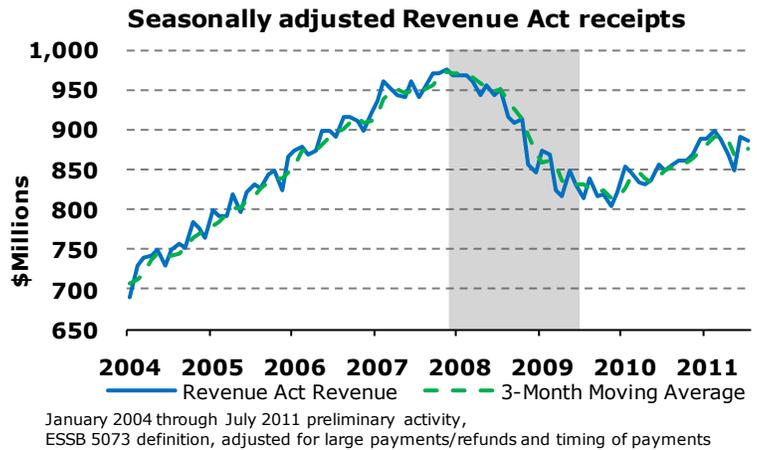
The revenue collections reported here are for the August 11 – September 10, 2011 collection period. Collections correspond primarily to economic activity in July 2011.

Revenue Act collections for the current period came in \$25.2 million (2.7%) below the June forecast. Cumulatively, the negative variance since the June forecast is \$80.0 million (2.9%). Adjusted for large unanticipated payments and refunds since the June forecast, cumulative revenues are \$79.6 million (2.9%) lower than forecasted.

Seasonally adjusted collections came in just below last month’s level ([see figure](#)). The three-month moving average of collections is a measure of the underlying trend. As shown in the chart above, the moving average has leveled off recently but remains lower than its levels during the spring.

Revenue Act collections increased 6.7% year-over year in the current period after adjustments for large one-time payments and refunds in current and prior periods ([see figure](#)). In the previous period adjusted revenues had decreased 0.1%. As reported in earlier Economic and Revenue Updates, however, year-over-year growth rates since the December 2010 report have been distorted by the shift of a large number of taxpayers from quarterly to monthly filing status. Adjusting for both one-time payments/refunds and the estimated effect of the change in the timing of payments from new monthly taxpayers, revenues would have increased approximately 3.7% year-over year in the current period and 5.1% year-over year in the previous period.

Unadjusted for non-economic factors, revenue grew 6.7% year-over-year as shown in the “Key Revenue Variables” table. Preliminary unadjusted ERFC monthly estimates indicate retail sales tax collections are up 6.5% year-over-year and B&O taxes are up 10.7%. Larger year-over-year growth in B&O taxes for previous months shown in the table were mainly the result of an increase in the tax rate for services that took effect on May 1, 2010. As the rate increase has now been in effect for over one year, it no longer results in inflated year-over-year growth.



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Tax payments as of August 29th from electronic filers who also paid in the August 11 – September 10 collection period of last year were up 3.7% year-over-year. This was a decrease from the previous period's growth rate of 3.8% even though growth rates in that period were lowered by the shift of taxpayers from quarterly to monthly payments mentioned above.

Some details of payments from electronic filers:

- Payments in the retail trade sector were up only 1.1% year-over-year. In the previous period, year-over-year payments increased 3.6%. Year-over-year growth for both the June and July reporting periods were negatively impacted by last year's short-lived application of the retail sales tax to candy and bottled water, which added an estimated \$5-\$6 million to last year's payments.
- Growth in payments from the motor vehicle and parts sector was flat, decreasing by 0.3% year-over-year. In the previous period, year-over-year payments increased 6.7%. Excluding the auto sector, payments from the retail trade sector were up 1.4% year-over-year in the current period and 2.8% in the previous period.
- Retail trade sectors showing strong year-over-year increases in tax payments were non-store retailers (+9.8%), apparel and accessories (+8.5%), miscellaneous retailers (+7.1%), sporting goods, toys, books and music (+4.8%) and electronics and appliances (+4.6%). The three sectors other than motor vehicles and parts which showed year-over-year declines in payments were all likely to have been impacted by last year's tax on candy and bottled water. They are: food and beverage stores (-7.0%), general merchandise stores (-1.0%) and drug and health stores (-0.9%).
- Payments in non-retail trade sectors were up 5.4% year-over-year in the current period and 3.9% in the previous period.
- Payments in the construction sector were down 3.9% year-over-year. Payments in the manufacturing sector were up 37.0% due to strong growth in payments from the petroleum refining and transportation equipment sectors.
- Excluding the construction sector, total payments were up 4.7% year-over-year and payments from non-retail trade sectors were up 7.5%. Excluding both construction and manufacturing, total payments were up 4.1% and payments from non-retail trade sectors were up 2.6%.

DOR Non-Revenue Act

August collections were \$15.9 million (15.3%) above the June forecast. August DOR non-Revenue Act collections were up 11.1% year-over-year, due mainly to high year-over-year growth in real estate excise tax collections. Cumulatively, DOR non-Revenue Act collections for June through August are \$40.4 million (6.3%) above the June forecast.

The main contributor of this month's positive variance was real estate excise taxes, which came in \$10.9 million (31.3%) higher than forecasted. The reason for the variance was a flurry of commercial real estate sales in the Seattle area, in which four transactions of over \$100 million each totaled \$723 million in sales. This brought in an extra \$9.3 million in

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excise taxes. This spike is clearly visible in the chart of seasonally adjusted taxable activity ([see figure](#)). Due to the sales, year-over-year collections were up 43.5%. Absent the sales, collections would have been up 14.4% year-over-year, mainly due to last year's post-tax-credit slump. In July (the most recent month for which transaction details are available), the number of transactions increased 3.7% year-over-year but the average value per transaction declined 12.9%, resulting in a net year-over-year decline of 8.7% in collections. Cumulatively, collections are \$13.6 million (13.3%) above the June forecast.

August cigarette tax receipts came in \$3.5 million (9.4%) higher than forecasted. Collections were up only 2.9% year-over-year due to a large spike in year-ago activity. The high growth rates of the previous two months, as seen in the "Key Revenue Variables" table, were the result of additional cigarette taxes which had previously been deposited into the Education Legacy Trust Account. Monthly taxes that formerly went into the account will continue to be deposited into the GF-S cigarette tax account through the end of the biennium as the result of legislation from the 2011 session. Cumulatively, collections are \$2.6 million (1.4%) above the June forecast.

"Other" revenue came in \$1.3 million (23.9%) below the June forecast due to smaller-than-expected refunds of unclaimed property. Cumulatively, "other" revenues are \$2.2 million (1.8%) below the June forecast.

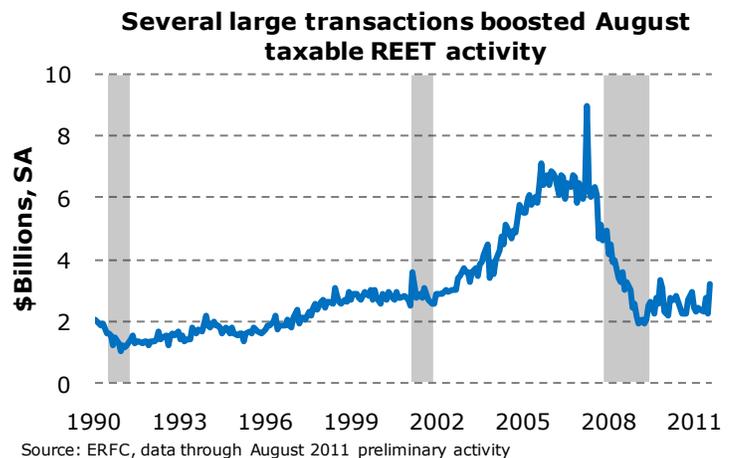
Property tax collections were \$212,000 (3.0%) above the forecast. Cumulatively, however, collections are \$26.5 million (15.1%) above the forecast due to June's large positive variance.

Liquor tax receipts came in \$503,000 (2.8%) higher than forecasted. Cumulatively, collections are \$363,000 (0.7%) above the June forecast.

Other Revenue

Department of Licensing receipts for August were \$271,000 (24.9%) higher than the June forecast. Cumulatively, collections are \$53,000 (0.5%) above the forecast.

August revenue from the Administrative Office of the Courts was \$511,000 (6.0%) lower than forecasted. Cumulatively, collections are \$436,000 (1.8%) below the forecast.



Key U.S. Economic Variables

	2011						2009	2010
	Mar.	Apr.	May	Jun.	Jul.	Aug.		
Real GDP (SAAR)	0.4	-	-	1.0	-	-	-3.5	3.0
Industrial Production (SA, 2002 = 100)	93.1	92.8	93.0	93.3	94.2	-	85.5	90.1
<i>Y/Y % Change</i>	5.3	4.6	3.4	3.7	3.7	-	-11.2	5.3
ISM Manufacturing Index (50+ = growth)	61.2	60.4	53.5	55.3	50.9	50.6	46.3	57.3
ISM Non-Manuf. Index (50+ = growth)	57.3	52.8	54.6	53.3	52.7	53.3	46.2	54.1
Housing Starts (SAAR, 000)	593	549	553	613	604	-	554	585
<i>Y/Y % Change</i>	-5.3	-20.1	-4.7	13.7	9.8	-	-38.4	5.6
Light Motor Vehicle Sales (SAAR, mil.)	13.1	13.2	11.7	11.6	12.2	12.1	10.4	11.6
<i>Y/Y % Change</i>	11.4	16.9	0.7	3.5	5.9	5.0	-21.5	11.6
CPI (SA, 1982-84 = 100)	223.5	224.4	224.8	224.3	225.4	-	31.5	32.5
<i>Y/Y % Change</i>	2.7	3.1	3.4	3.4	3.6	-	1.6	3.0
Core CPI (SA, 1982-84 = 100)	223.3	223.7	224.4	225.0	225.5	-	32.7	33.6
<i>Y/Y % Change</i>	1.2	1.3	1.5	1.6	1.8	-	1.3	2.5
IPD for Consumption (2000=100)	113.2	113.6	113.8	113.6	114.0	-	109.2	111.1
<i>Y/Y % Change</i>	2.0	2.3	2.6	2.6	2.8	-	0.2	1.8
Nonfarm Payroll Empl., e-o-p (SA, mil.)	130.8	131.0	131.0	131.0	131.1	131.1	129.3	130.3
<i>Monthly Change</i>	0.19	0.22	0.05	0.02	0.09	0.00	-5.06	0.94
Unemployment Rate (SA, percent)	8.8	9.0	9.1	9.2	9.1	9.1	9.3	9.6
Yield on 10-Year Treasury Note (percent)	3.41	3.46	3.17	3.00	3.00	2.30	3.26	3.21
Yield on 3-Month Treasury Bill (percent)	0.10	0.06	0.04	0.04	0.04	0.02	0.15	0.14
Broad Real USD Index** (Mar. 1973=100)	82.6	81.4	81.3	80.9	80.5	-	91.4	87.1
Federal Budget Deficit (\$ bil.)*	188.2	40.4	57.6	43.1	129.4	-	1,415.7	1,294.2
<i>FYTD sum</i>	829.4	869.8	927.4	970.5	1,099.9	-		
US Trade Balance (\$ bil.)	-46.4	-43.2	-50.2	-51.6	-44.8	-	-381.3	-500.0
<i>YTD Sum</i>	-140.0	-183.2	-233.4	-285.0	-329.8	-		

*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						2009	2010	
	Mar.	Apr.	May	Jun.	Jul.	Aug.			
Employment								<i>End-of-period</i>	
Total Nonfarm (SA, 000)	2,803.8	2,809.9	2,810.8	2,812.0	2,818.3	-	2,773.8	2,794.6	
<i>Change from Previous Month (000)</i>	0.1	6.1	0.9	1.2	6.3	-	-141.5	20.8	
Construction	137.0	137.6	137.8	137.5	138.5	-	146.0	138.3	
<i>Change from Previous Month</i>	-0.8	0.6	0.2	-0.3	0.9	-	-38.6	-7.6	
Manufacturing	264.0	265.4	266.4	267.9	269.0	-	256.9	260.1	
<i>Change from Previous Month</i>	1.2	1.4	1.0	1.6	1.1	-	-27.8	3.2	
Aerospace	83.3	83.8	84.7	86.4	87.6	-	81.1	81.9	
<i>Change from Previous Month</i>	0.5	0.5	1.0	1.6	1.2	-	-4.4	0.8	
Software	51.4	51.5	51.4	52.1	52.2	-	50.5	51.1	
<i>Change from Previous Month</i>	0.0	0.1	-0.1	0.6	0.2	-	-2.5	0.6	
All Other	2,351.4	2,355.4	2,355.2	2,354.5	2,358.6	-	2,320.4	2,345.0	
<i>Change from Previous Month</i>	-0.3	4.1	-0.2	-0.8	4.1	-	-72.6	24.6	
Other Indicators								<i>Annual Average</i>	
Seattle CPI (1982-84=100)	-	231.3	-	233.3	-	-	226.0	226.7	
	-	2.1%	-	3.2%	-	-	0.6%	0.3%	
Housing Permits (SAAR, 000)	16.9	34.6	26.7	16.6	21.4	-	16.0	19.6	
	-12.9%	104.1%	83.9%	-17.9%	15.5%	-	-42.0%	22.9%	
WA Index of Leading Ind. (2004=100)	119.8	121.9	122.2	122.0	124.1	-	108.9	114.8	
	5.4%	7.0%	7.5%	7.2%	8.3%	-	-5.9%	5.4%	
WA Business Cycle Ind. (Trend=50)	6.6	12.0	9.8	8.4	8.8	-	7.8	4.6	
	80.1%	244.2%	183.2%	39.8%	72.3%	-	-80.7%	-40.7%	
Avg. Weekly Hours in Manuf. (SA)	41.7	42.3	43.1	42.6	43.3	-	42.0	41.8	
	0.7%	1.6%	1.4%	2.9%	2.5%	-	-1.0%	-0.3%	
Avg. Hourly Earnings in Manuf.	24.2	24.2	23.9	23.9	23.9	-	23.4	23.5	
	1.6%	3.6%	3.7%	3.4%	2.8%	-	11.4%	0.4%	
New Vehicle Registrations (SA, 000)	17.2	18.0	16.8	16.3	16.6	15.9	14.0	15.5	
	23.7%	13.3%	3.6%	3.6%	11.7%	1.4%	-26.4%	10.8%	
Initial Unemployment Claims (SA, 000)	48.9	52.7	52.7	51.0	52.9	50.0	69.2	56.7	
	-12.7%	-6.3%	-7.8%	-14.7%	-12.5%	-17.0%	51.4%	-18.0%	
Personal Income (SAAR, \$bil.)	304.1	-	-	-	-	-	285.7	293.9	
	4.9%	-	-	-	-	-	-0.5%	2.9%	
Median Home Price (\$000)	228.2	-	-	226.9	-	-	255.7	245.2	
	-7.2%	-	-	-8.1%	-	-	-9.8%	-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

	2010				2011								
	Sep 11- Oct 10	Oct 11- Nov 10	Nov 11- Dec 10	Dec 11- Jan 10	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*	
Department of Revenue-Total	928,373 3.9	1,150,677 8.0	1,584,564 5.7	1,106,158 10.4	1,153,220 1.0	834,514 6.6	870,549 10.4	1,335,204 27.7	1,641,571 2.5	1,270,126 16.1	1,092,482 2.9	1,020,032 7.2	
Revenue Act	835,533 4.2	983,708 6.3	857,053 11.3	835,444 13.2	1,047,776 0.0	754,431 5.0	767,732 11.7	1,179,888 32.2	861,245 7.0	816,518 2.0	983,045 2.0	899,856 6.7	
Retail Sales Tax	533,504 -0.5	605,478 2.3	540,948 8.6	528,065 10.0	662,598 -1.9	453,708 2.4	458,338 3.5	664,871 19.1	524,437 3.8	505,397 -3.3	599,837 1.2	588,056 6.5	
Business and Occupation Tax	221,128 14.1	293,354 14.1	236,261 17.3	227,441 30.0	284,676 -0.4	214,154 12.3	219,836 30.1	342,902 35.7	239,931 13.3	230,620 17.8	289,075 1.7	236,863 10.7	
Use Tax	36,873 10.5	42,233 15.3	34,719 8.5	35,461 18.2	45,743 7.3	32,900 4.5	36,181 12.3	109,077 191.1	41,435 16.1	38,934 10.2	49,191 17.6	35,712 -6.9	
Public Utility Tax	26,868 1.8	28,555 4.9	29,190 12.9	27,393 -22.2	39,451 19.9	39,836 10.5	36,583 23.6	40,003 23.0	33,817 9.1	30,194 3.7	29,135 5.8	26,797 3.7	
Tobacco Products Tax	3,530 -24.8	4,332 56.7	4,210 56.2	3,413 37.0	4,342 43.8	3,983 81.3	3,338 36.5	4,053 24.1	3,865 12.1	4,243 78.1	4,334 20.4	3,335 -5.4	
Penalties and Interest	13,630 87.8	9,756 2.6	11,726 22.5	13,671 -11.2	10,967 32.0	9,851 -35.3	13,456 17.5	18,982 139.1	17,759 -1.6	7,130 -54.4	11,473 -13.7	9,092 -8.2	
Non-Revenue Act**	92,840 1.4	166,968 19.0	727,511 -0.2	270,714 2.4	105,444 12.1	80,083 24.9	102,817 1.5	155,316 1.4	780,325 -2.1	453,608 54.7	109,437 11.3	120,176 11.1	
Liquor Sales/Liter	16,531 3.5	15,859 2.1	16,725 -1.9	16,848 5.7	23,633 2.4	13,913 -0.1	14,524 2.8	16,020 4.3	16,164 3.9	16,594 3.3	17,247 6.3	18,625 2.2	
Cigarette	29,057 16.2	33,520 42.8	26,149 16.9	36,538 40.6	29,800 15.7	25,441 98.3	27,921 17.2	28,463 20.8	23,966 -33.4	107,936 210.6	38,924 61.3	41,012 2.9	
Property (State School Levy)	9,871 7.5	33,355 24.0	613,332 0.4	173,492 -3.4	12,406 13.0	6,857 8.8	25,700 4.8	67,364 1.2	694,837 0.3	184,883 13.7	9,491 -12.5	7,295 2.8	
Real Estate Excise	27,326 -20.0	31,038 -6.7	26,960 -14.5	33,257 -6.9	22,902 10.7	19,704 4.9	27,816 -12.9	28,763 -11.9	27,102 -19.9	39,094 -0.8	31,156 -8.7	45,591 43.5	
Timber (state share)	0 NA	0 NA	1,058 31.1	0 NA	0 NA	788 -14.2	0 NA	0 NA	825 27.6	0 NA	0 NA	1,166 -29.0	
Other	10,055 56.8	53,196 29.3	43,286 -6.1	10,579 52.2	16,703 23.6	13,379 18.6	6,855 -20.1	14,707 -2.5	17,432 -2.9	105,100 160.8	12,619 -2.9	6,488 -31.7	
Department of Licensing**	494 18.6	319 13.3	121 -39.4	131 -34.0	129 -23.4	341 20.5	521 16.6	1,733 65.8	2,861 23.0	6,300 -14.4	3,004 -20.6	1,362 10.8	
Lottery**	0 NA	0 NA	1,912 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	6,651 NA	0 NA	0 NA	
Administrative Office of the Courts**	7,922 -7.6	7,796 -7.0	8,747 -2.8	7,372 -4.0	7,958 0.4	6,350 -5.1	8,165 -0.3	9,371 -6.4	8,399 -4.9	7,997 11.9	8,416 -6.1	7,961 -2.1	
Total General Fund-State***	936,789 3.8	1,158,791 7.9	1,595,344 5.8	1,113,661 10.2	1,161,307 1.0	841,205 6.5	879,235 10.2	1,346,308 27.4	1,652,830 2.5	1,291,073 16.5	1,103,901 2.7	1,029,355 7.1	

*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
August 11, 2011 - September 10, 2011				
September 10, 2011 Collections Compared to the June 2011 Forecast				
Department of Revenue-Total	\$1,029,269	\$1,020,032	(\$9,237)	-0.9%
Revenue Act** (1)	925,028	899,856	(25,173)	-2.7%
Non-Revenue Act(2)	104,241	120,176	15,935	15.3%
Liquor Sales/Liter	18,123	18,625	503	2.8%
Cigarette	37,496	41,012	3,516	9.4%
Property (State School Levy)	7,083	7,295	212	3.0%
Real Estate Excise	34,722	45,591	10,869	31.3%
Timber (state share)	1,583	1,166	(417)	-26.3%
Other	5,235	6,488	1,252	23.9%
Department of Licensing (2)	1,091	1,362	271	24.9%
Lottery (5)	0	0	0	0.0%
Administrative Office of the Courts (2)	8,472	7,961	(511)	-6.0%
Total General Fund-State***	\$1,038,832	\$1,029,355	(\$9,477)	-0.9%

Cumulative Variance Since the June Forecast (June 11, 2011 - September 10, 2011)

Department of Revenue-Total	\$3,422,243	\$3,382,639	(\$39,603)	-1.2%
Revenue Act** (3)	2,779,395	2,699,418	(79,977)	-2.9%
Non-Revenue Act(4)	642,848	683,222	40,374	6.3%
Liquor Sales/Liter	52,104	52,467	363	0.7%
Cigarette	185,294	187,872	2,578	1.4%
Property (State School Levy)	175,177	201,668	26,491	15.1%
Real Estate Excise	102,251	115,841	13,590	13.3%
Timber (state share)	1,583	1,166	(417)	-26.3%
Other	126,438	124,207	(2,231)	-1.8%
Department of Licensing (4)	10,612	10,665	53	0.5%
Lottery	6,888	6,651	(237)	-3.4%
Administrative Office of the Courts	24,810	24,374	(436)	-1.8%
Total General Fund-State***	\$3,464,553	\$3,424,329	(\$40,224)	-1.2%

1 Collections August 11, 2011 - September 10, 2011. Collections primarily reflect July 2011 activity of monthly filers.

2 August 2011 collections.

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

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

5 Lottery transfers to the General Fund

* Based on the June 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.